Global Entrepreneurship Monitor

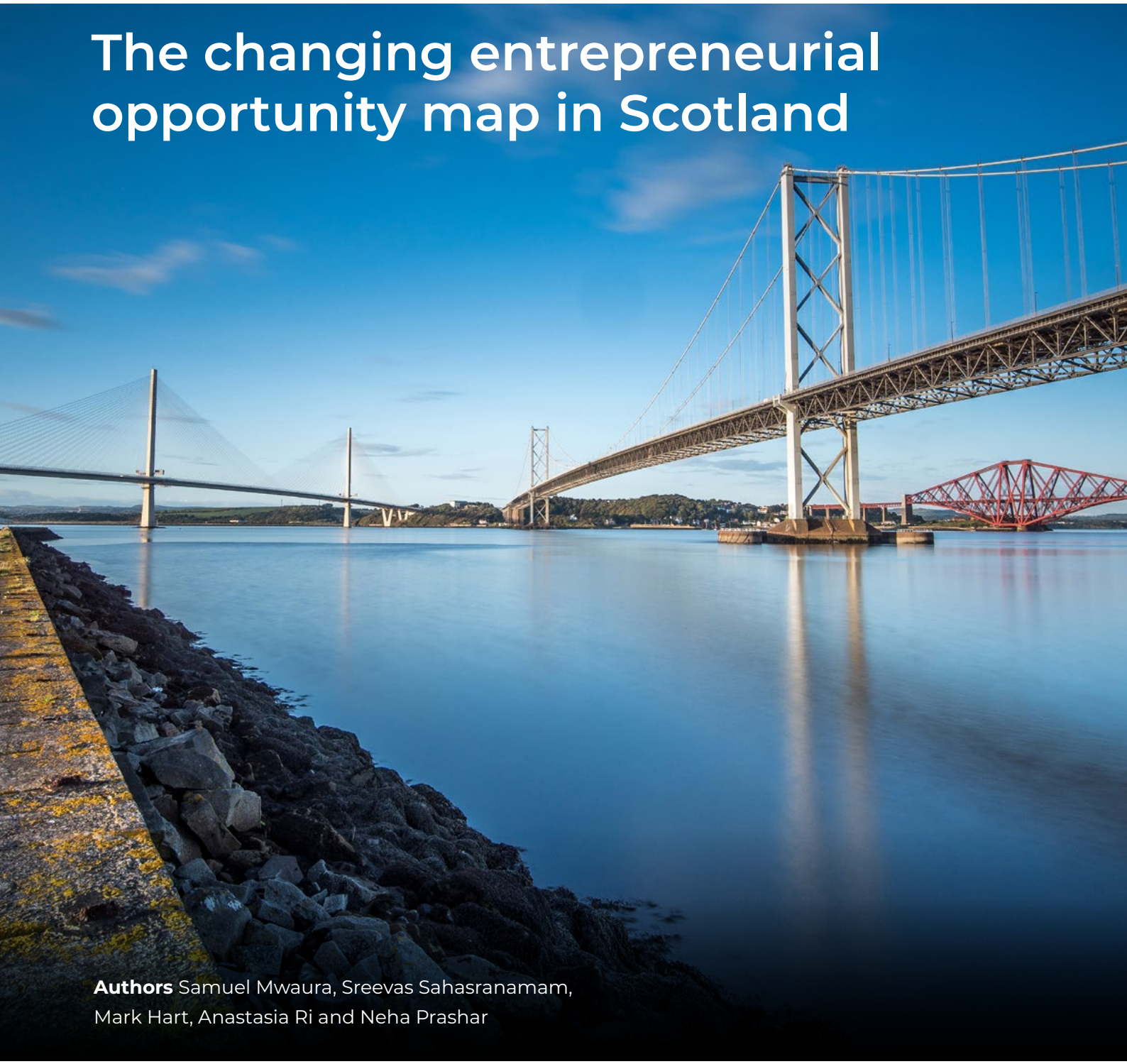
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2025/2026 Report

The changing entrepreneurial opportunity map in Scotland



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Summary

In recent years, nations across the world have had to contend with much uncertainty resulting from multiple global issues, including unending geopolitical tensions, the climate crisis, disruptive technological change, and difficult public finances. Scotland has not been immune to this. The rate of economic growth has remained modest since the initial recovery from the COVID-19 pandemic, concerns around the cost of living remain salient in society, and deep-seated regional inequalities persist. There have also been emerging concerns around chronic economic inactivity, particularly among young people.

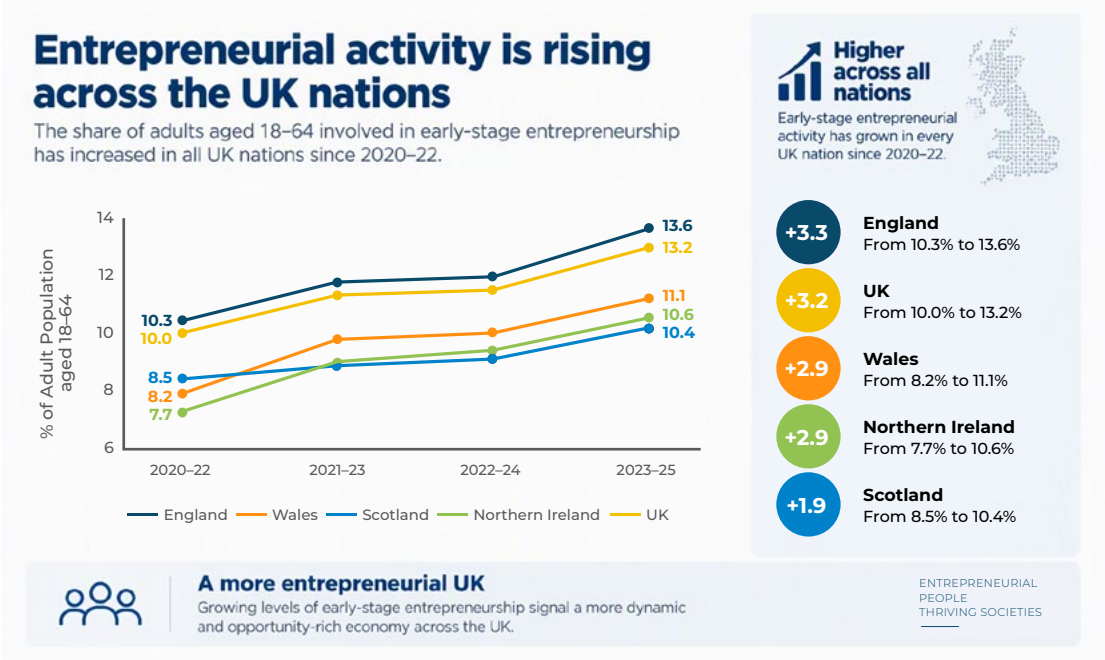
Entrepreneurship has traditionally been considered an effective mechanism to help governments and societies address such problems and build towards inclusive economic development and other sustainable outcomes. Scotland's National Strategy for Economic Transformation (NSET) itself identifies Entrepreneurial People and Culture as the principal Programme of Action towards realising Scotland's vision to be an all-round wellbeing economy by 2032. In 2024, the Global Entrepreneurship Monitor (GEM) reported that Scotland hit a significant milestone with nearly one in five working-age Scots found to have been engaging in early-stage or established entrepreneurial activity. Building on this, this report examines data from 2,085 adult respondents surveyed by GEM in 2025 in Scotland, as part of a larger sample of 8,513 respondents in the UK, to highlight emerging evidence on entrepreneurial attitudes, aspirations and activity in Scotland.

KEY FINDINGS

- Growing Entrepreneurial Participation: In 2025, the Total early-stage Entrepreneurial Activity rate in Scotland grew to a new height of 11.7% of working-age adults. With the Established-Business Ownership rate also increasing to 10.4%, around one in five of 18–64-year-olds in Scotland are classified as entrepreneurs engaged in either early-stage entrepreneurial activity (actively trying to set up a business or owner-manager of a start-up that is less that 42 months old), or established business ownership (being owner-manager of a business that is at least 42 months old).
- Regional Entrepreneurial Disparities: The division of the old Eastern Scotland region into East Central and a new Eastern Scotland north of the Firth of Forth has highlighted previously hidden disparities in regional entrepreneurial activity. In 2025, Eastern Scotland has a TEA of 9%, below the national baseline of 11.7%. In contrast, East Central Scotland has a TEA of 13%, indicating stronger entrepreneurial activity.
- Perceptions of Enterprise Support: 59% of entrepreneurs in Scotland are content with business support in their area. However, there are important regional variations, with Southern Scotland (51%), Highlands and Islands (52%), and Eastern Scotland (55%) below the national average.
- Gender Inequalities: The national gender gap remains significant, with the estimated 2023-25 average Female TEA at 8.7% while Male TEA is 12.2%. In 2025, Female TEA in Eastern Scotland was the lowest in the country at 4.6%, half the national Female TEA rate of 10% and significantly lower than the Male TEA of 13% in Eastern Scotland.
- Youth Economic Participation: Amid concerns around rising economic inactivity rates among the youth, entrepreneurship is positively regarded by 18–24-year-olds. TEA among 18–24-year-olds remains stable at around 12% and roughly equal between young men and women. However, established business ownership rates are much lower among 18–24-year-old women compared to their male peers.
- Ethnicity: In 2025, categorisation of ethnicity has been redefined to include White Other within the Minority Ethnic group. The TEA rate for this group remains high at 21%, compared to 11% for the White British and Irish category.
- Multiple Deprivation: Early-stage entrepreneurial activity is similarly distributed across all deprivation levels, with people living in the most deprived 20% of areas almost as likely to participate in TEA as those in the least deprived 20%. However, TEA was highest in the middle deprivation quintile in 2025, suggesting greater entrepreneurial vibrancy in communities that more closely reflect national averages across socioeconomic conditions.

RECOMMENDATIONS

- **Recognise the distinct needs of liminal regions.** Alongside established support for peripheral regions, policy should also recognise liminal regions, such as Eastern Scotland, whose "betwixt and between" position may produce distinct structural weaknesses and capacity-development needs.
- **Build support for women entrepreneurs to establish and grow, not just start.** Targeted interventions for women entrepreneurs should go beyond supporting start-up activity to strengthen capacity to fully establish and grow, particularly in weaker regions such as Eastern Scotland.
- **Recognise entrepreneurship as a distinct form of youth economic participation.** Entrepreneurship offers considerable potential to support young people's economic participation. Amid concerns about rising economic inactivity and the number of young people not in education, employment or training (NEET), participation in entrepreneurship has remained steady at around 12% since 2020. Therefore, to robustly inform policy on youth entrepreneurship and economic participation, official government statistics should identify entrepreneurship as a distinct category rather than subsuming it within wage employment.



1. Deep Dive: Regional disparities across the Firth of Forth and beyond

The Scottish Government considers entrepreneurship to be critical to the realisation of the nation's vision for 2032, in designating Entrepreneurial People and Culture as Programme One of the National Strategy for Economic Transformation (NSET). The specified aim of this programme is "to establish Scotland as a world-class entrepreneurial nation founded on a culture that encourages, promotes and celebrates entrepreneurial activity in every sector of our economy".[1] The NSET further recognises that "there are deep-seated regional inequalities in economic activity" in Scotland.[2] A regional approach has both been a long-established strategy to deliver economic development policy in Scotland,[3] and is further identified as a priority in the current Programme for Government (2026–2031).[4]

A regional approach to policy is dependent on how regional boundaries are defined. It is imperative that regions are mapped in a balanced way that captures economic conditions and other regional characteristics accurately for the respective statistics to inform policy effectively. For such reasons, while stability is considered key for data consistency, regional boundaries are periodically reviewed. Drawing on international standards adopted by the Organisation for Economic Co-operation and Development (OECD) member countries for statistical purposes, the UK classifies regions in three hierarchical International Territorial Levels (ITLs). Scotland is classified as one ITL1 region within the UK, similar to the former Government Office Regions in England, such as the West Midlands or Yorkshire and the Humber. ITL3 regions are the lowest level and comprise local authority areas or combinations thereof, with a recommended population of between 150,000 and 800,000 people. ITL2 regions are in turn combinations of a number of ITL3 regions with a recommended population range of 800,000 to 3,000,000.[5]

1 Scotland's National Strategy for Economic Transformation Programme 1: Entrepreneurial People and Culture Equality Impact Assessment (Record and Results)

2 Scotland's National Strategy for Economic Transformation: Fairer Scotland Duty summary

3 Regional economic policy review: paper 1 – the national perspective

4 Ambitious for Scotland Programme for Government 2026–2031

5 International geographies

In 2025, a number of ITL2 and ITL3 boundaries in Scotland were redefined to better align regions to administrative areas (i.e. local authorities), capture unique regional characteristics, and rebalance regions by population while observing the international OECD guidelines. The new ITL2 and ITL3 regions in Scotland are presented in Figure 1.1. For purposes of how GEM measures entrepreneurial activity in Scotland, the main change of interest is at the ITL2 level. Here, the former Eastern Scotland Region was separated into East Central Scotland and Eastern Scotland. East Central Scotland comprises a population of 1,077,010 within the local authority areas of the City of Edinburgh, East Lothian, Midlothian, West Lothian, and Falkirk. The new Eastern Scotland region captures the region north of the Firth of Forth and combines Angus, Dundee City, Clackmannanshire, Fife, Perth and Kinross, and Stirling with a total population of around 937,390.[6]

Figure 1.2 presents the Total early-stage Entrepreneurial Activity rates in the new Scottish ITL2 regions. Against the national baseline of just under 12%, we see that in 2025, the new Eastern Scotland region had the lowest TEA in Scotland at 9%. In contrast, the East Central region returned a TEA that was higher by 4 percentage points, with 13% of all working-age adults in the Eastern Central Belt area estimated to have been involved in start-up activity in 2025. Using the pre-2025 Eastern Scotland boundaries, we find that the overall TEA for the larger Eastern Scotland region would have been just over 11%, virtually on a par with the national rate. With the new boundaries, however, we are now able to detect apparent disparities in entrepreneurial activity across the Firth of Forth. Weaknesses in entrepreneurial capacity north of the firth are no longer concealed by the thick economic muscle in the capital and wider East Central area.

6 Changing the International Territorial Level geography for Scotland: consultation

Indeed, with the new boundaries, East Central is found to perform at similar rates to West Central, which returned a rate of around 14%, leading the way in Scotland. North Eastern Scotland, while traditionally highly volatile, tracked the overall Scotland early-stage entrepreneurial activity rate at 12.3%. Crucially, in 2025, North Eastern Scotland, covering Aberdeen City and Aberdeenshire, returned a slightly higher TEA than its neighbour to the south that includes Angus and Dundee City, Fife and Clackmannanshire, Perth and Kinross, and Stirling. This suggests that the new Eastern Scotland region has unique characteristics that are quite different from the well-known features of the North Eastern economy and the apparent strengths of the Eastern Central Belt area.

The Highlands and Islands region has traditionally demonstrated high entrepreneurial activity rates. In 2025, the region's performance with a TEA of 12.3% virtually matched the national average. In contrast, Southern Scotland, with a similar rural and peripheral profile, returned a nominally lower TEA of 10%, a percentage point decrease on the 11% observed in 2024. Due to their unique profiles relative to the rest of the country, the Highlands and Islands and South of Scotland regions receive place-based enterprise support through their respective regional economic development agencies and local partners, with the enterprise support ecosystem in the Highlands and Islands arguably more mature. Since 2024, GEM has been asking respondents engaged in business activity at any stage whether they feel there are adequate sources of business support in their region. Overall, 59% of entrepreneurs in Scotland are content with the level of business support available.

Figure 1.3, however, shows that entrepreneurs perceive this differently across the various Scottish regions. Notably, our data suggests that compared to the rest of Scotland with an average of 59%, entrepreneurs in the Highlands and Islands (52%) and in Southern Scotland (51%) are relatively less confident about the adequacy of business support in their area. This is despite the presence of specific regional economic development agencies in these areas. Entrepreneurs in Eastern Scotland (55%) are also less likely to be content with business support in the area as compared to their peers across the water in East Central Scotland (63%). Surprisingly, around 75% of sampled entrepreneurs in the North Eastern region felt there were adequate sources of business support in their region, with perceptions among entrepreneurs in West Central more in line with the national average. We note that the margin of error with this new variable calls for some caution in interpreting these regional differences, although the discrepancies will become clearer as we gather more data in coming years.

Besides disparities between regions, inequalities within regions are also a policy priority within Scotland's National Strategy for Economic Transformation.[7] Gender differences in entrepreneurial participation rates constitute a primary indicator of inequality within and between regions. Figure 1.4 paints the picture of gender participation rates in early-stage entrepreneurial activity in Scottish ITL2 regions in 2025.

Looking first at the national level, we observe a gender gap of around three percentage points. Drawing on three-year moving averages, Figure 1.5 demonstrates that the gender disparity in entrepreneurship has remained fairly stubborn over recent years. In 2025, the gender gap in TEA stood at around four percentage points and is statistically significant. This is despite the ephemeral gender parity observed in 2023 when there was a precipitous drop in Male TEA in Scotland. Still, Female TEA rate in Scotland has more than doubled in the last two decades, from around 3.5% of adult working-age women in the early 2000s to 9.5% in 2025.

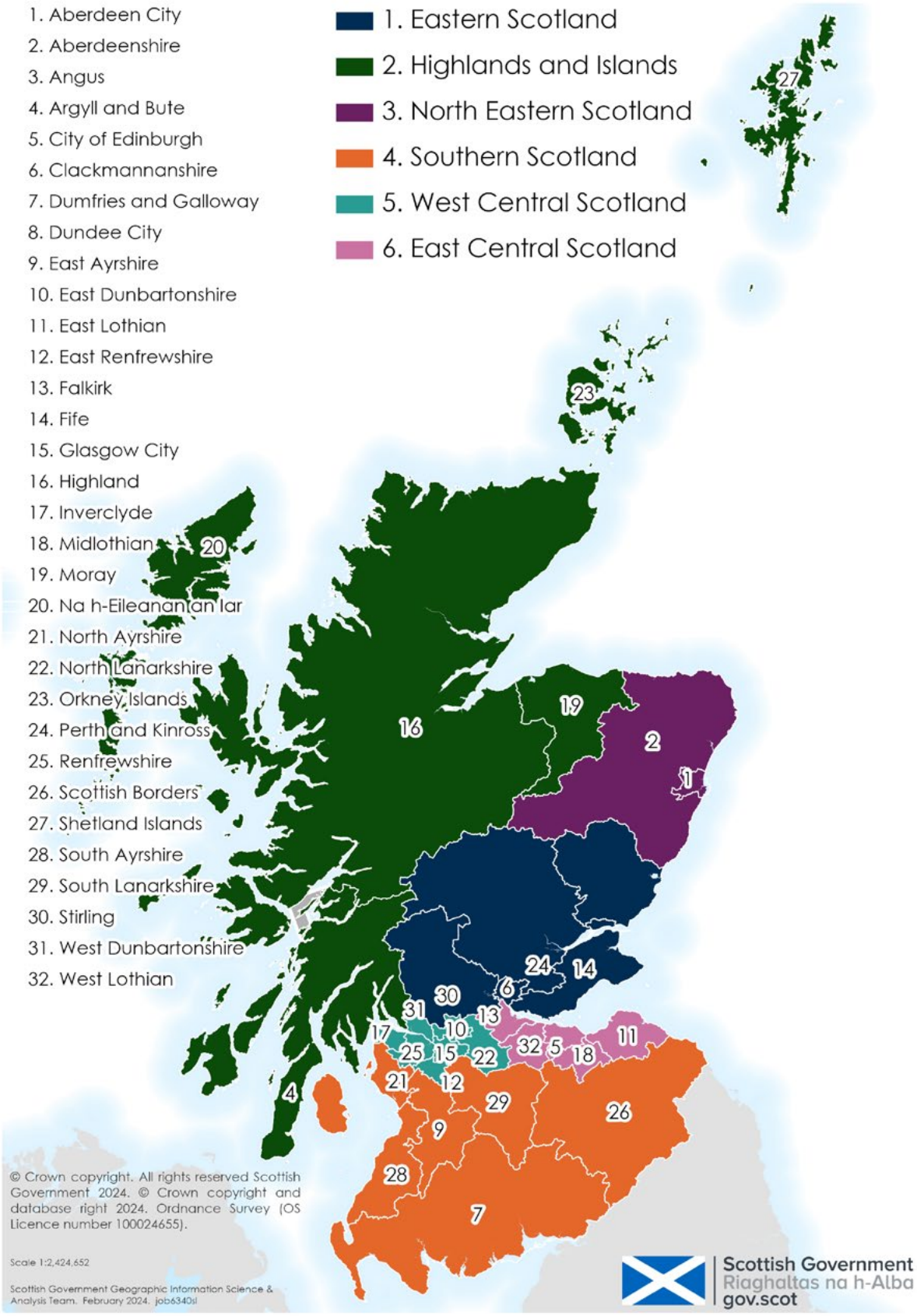
Figure 1.4, however, shows that female participation rates and gender disparity in early-stage entrepreneurial activity in Scotland are different by region, with marked gender gaps in some regions against apparent parity in others. Notably, the Highlands and Islands region has traditionally shown very strong female participation in TEA that closely matches Male TEA. In 2025, the region's Female TEA was again on a par with Male TEA and higher than the female baseline for Scotland.

West Central, however, did even better, with Female TEA virtually matching Male TEA in the region and nationally. TEA among both men and women in East Central was slightly higher than the respective national baselines at 15% and 11% respectively, but the four-percentage point gender gap remained. In contrast, participation rates among men and women in Southern Scotland were both lower than the respective national baselines, with men at 12% and women at 8%, but again the gender gap observed here was four percentage points.

Of specific note, however, are the gender gaps seen in the new Eastern Scotland region and the North East. In 2025, the North East returned a Male TEA of 17%, the highest in Scotland, with Female TEA lagging way behind at 8%. As expected, figures for the Old Eastern Scotland region show that the performance of the combined region is lower than East Central separately. This again highlights previously veiled weaknesses north of the Firth of Forth. Indeed, looking at New Eastern Scotland discretely, we find that Male TEA stood at 13%, lower than the national baseline of 14% albeit within the margin of error, while Female TEA was lowest in Scotland at about half the national female participation rate in early-stage enterprise and less than half of the rate seen in neighbouring East Central. This suggests that the newly defined Eastern Scotland region may be characterised by specific deficiencies that not only stunt participation in entrepreneurial activity in general, but that such deficiencies are seemingly more acutely exacerbated for women in the area.

7 Regional economic policy review: paper 1 – the national perspective

FIGURE 1.1:
ITL2 and ITL3
Regions in Scotland



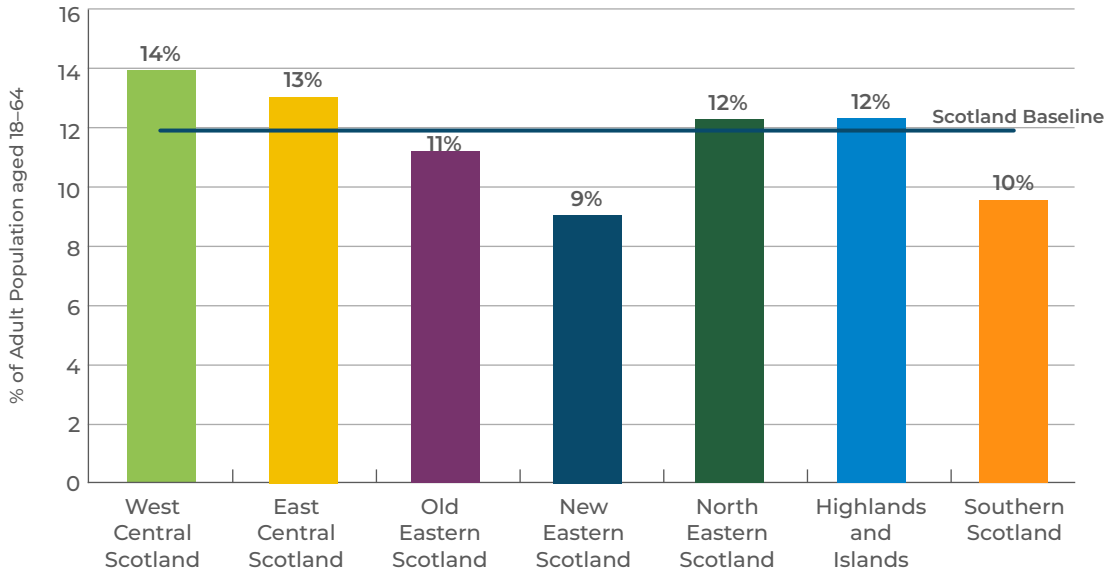


FIGURE 1.2: Total early-stage Entrepreneurial Activity in Scottish regions

(Source: GEM UK APS 2025)

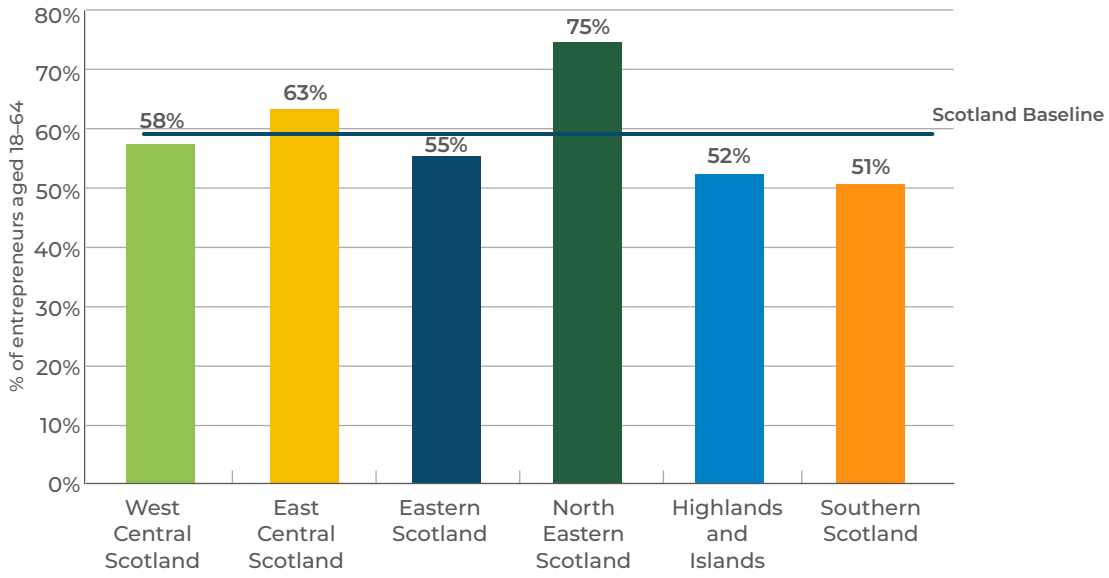


FIGURE 1.3: Perception of adequacy of business support in Scottish regions

(Source: GEM UK APS 2025)

FIGURE 1.4: Total early-stage Entrepreneurial Activity in Scottish regions by gender

(Source: GEM UK APS 2025)

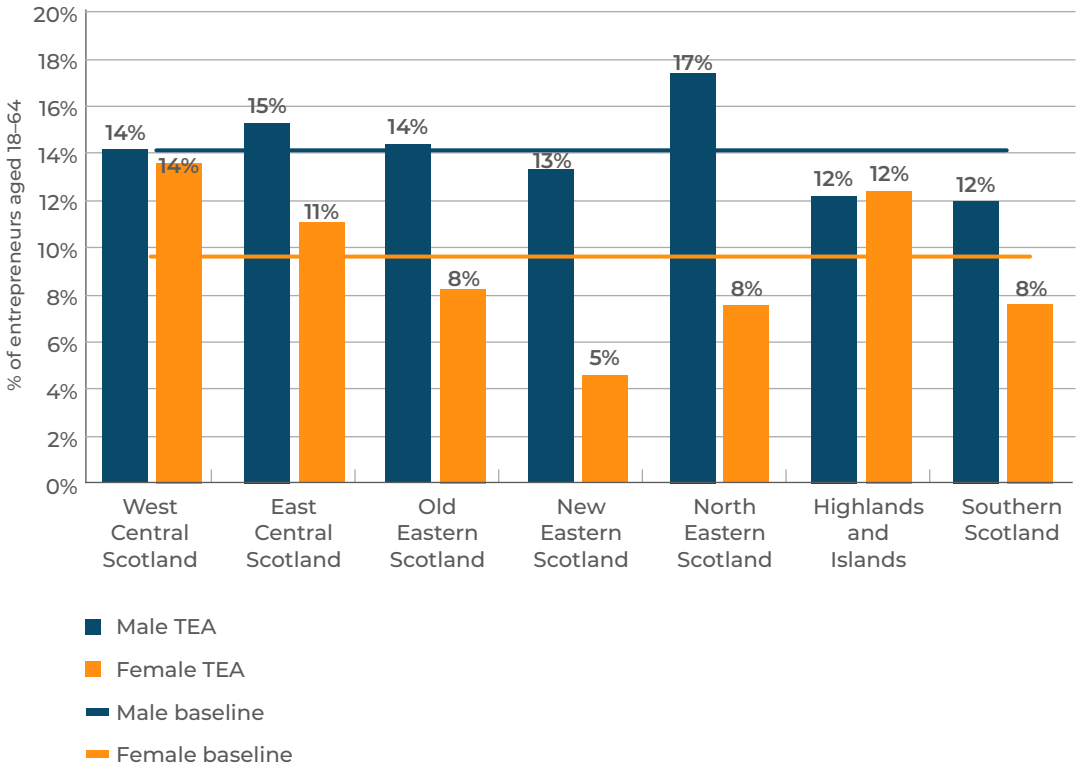
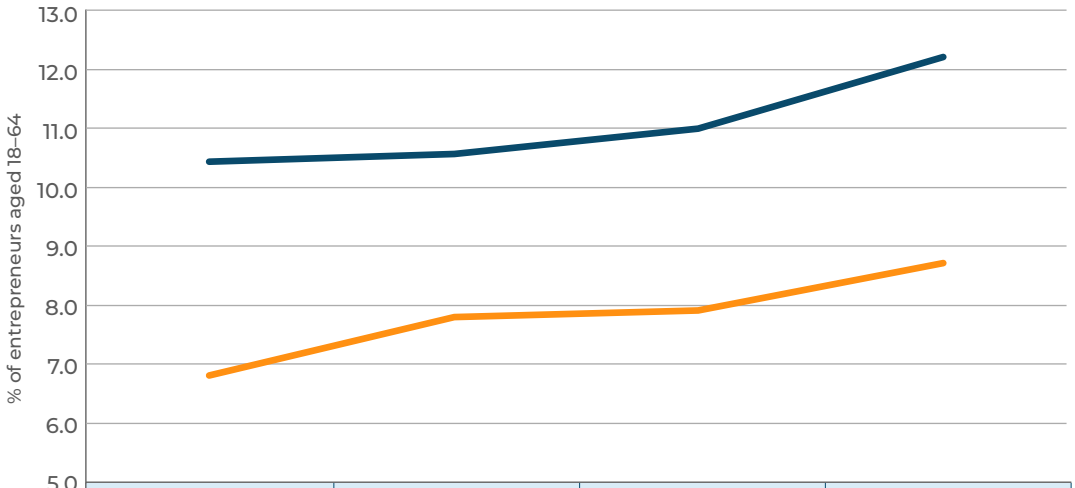


FIGURE 1.5: Total early-stage Entrepreneurial Activity trend by gender, 2020–2025

(Source: GEM UK APS 2020–2025)



	2020–22	2021–23	2022–24	2023–25
Male	10.4	10.6	11.0	12.2
Female	6.8	7.8	7.9	8.7

To further understand disparities in early-stage entrepreneurial activity within and between the regions, entrepreneurial attitudes among the non-entrepreneurial population of the different regions can be highly informative indicators of underlying entrepreneurial capacity. The blue columns in Figure 1.6 present the share of the non-entrepreneurial male and female residents in the various regions who observed that there will be good entrepreneurial opportunities where they live in the next six months. Among those perceiving good entrepreneurial opportunities locally, the orange columns then present the percentage who indicated that the fear of failure would prevent them from going on to start a business.

Against a national average of 36%, we see that the perception of good entrepreneurial opportunities varies by region and by gender. The Highlands and Islands region stands out with both a higher-than-average perception of good opportunities, and lower-than-average fear of failure, both of which are seemingly equal by gender. By contrast, people in the South of Scotland were much less likely to perceive good entrepreneurial opportunities in 2025, and among those who did, women reported a greater incidence of the fear of failure. Gender differences are also apparent in the North Eastern region, with men more likely to observe potential opportunities, although women in the region are on a par with the national average. However, the fear of failure is seemingly higher among both men and women in the North Eastern region.

Eastern Scotland again presents a peculiar picture, with women in the area much less likely to perceive good entrepreneurial opportunities compared to both the men in the region and women across the Firth of Forth in East Central. Furthermore, of the smaller share of women in Eastern Scotland perceiving good opportunities, a higher proportion of them have apprehensions about starting a business. Nevertheless, women in the East Central area, while more likely to perceive good business opportunities, are yet more likely to have their potential entrepreneurial pursuits curtailed by the fear of failure.

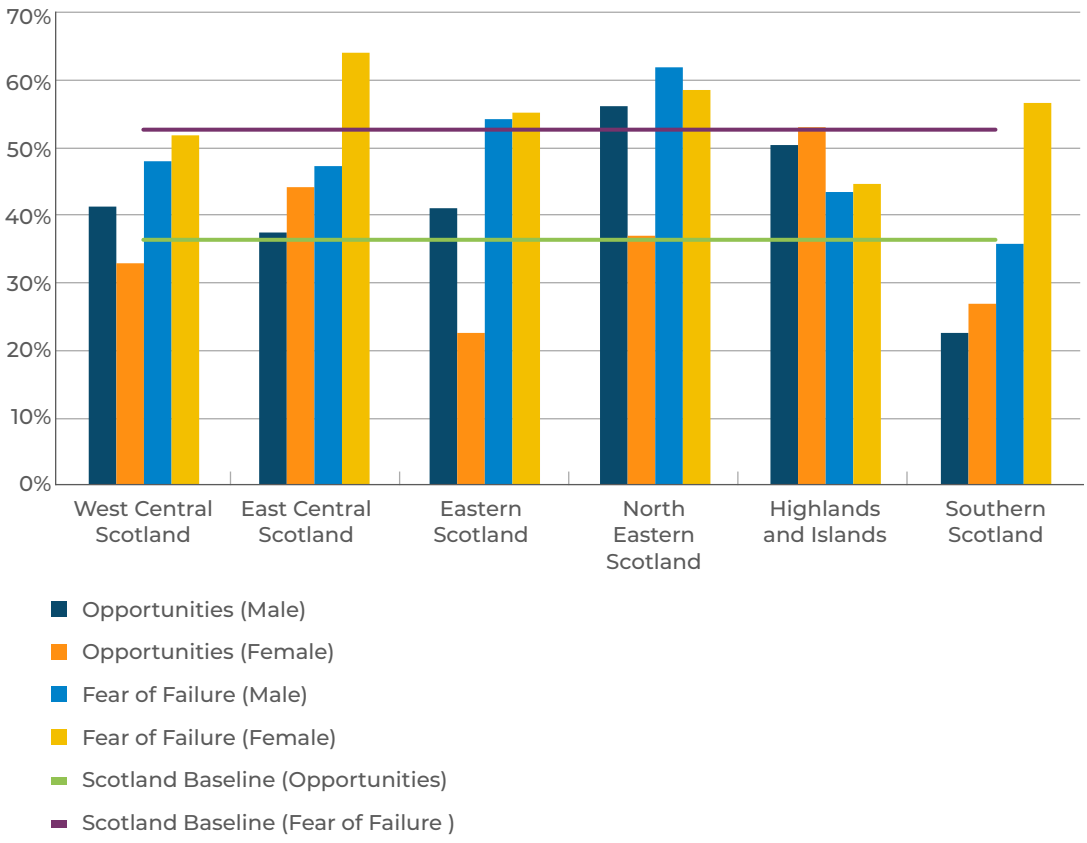
For entrepreneurship potential to materialise, those who perceive good opportunities and are not afraid of failure still require entrepreneurial self-efficacy, which is engendered by having suitable knowledge, skills and experience required to start a new business. In addition, personally knowing people who have started a business in the past two years could provide necessary networks for advice, role modelling and other direct or indirect support. Figure 1.7 explores the capacity for these elements in Scottish regions by gender. Across Scotland, among adults not presently engaged in early-stage or established entrepreneurial activity, we see that women are less likely than men to perceive themselves as having the necessary entrepreneurial skills. Male rates here are above the national average everywhere, as male rates are themselves uneven between regions. This suggests there are gendered entrepreneurial skills gaps both at the national and regional levels.

Only non-entrepreneurial women in the Highlands and Islands have an entrepreneurial self-efficacy rate that is above the Scottish national baseline. This may be attributable to greater regular exposure to entrepreneurship in action, with business demographics statistics showing that the region has a very high density of small firms such that much local employment is in small firms,[8] with a greater incidence of family businesses further providing opportunities to acquire skills from a young age. In contrast, women in Eastern Scotland appear to be relatively disadvantaged in this regard, with the lowest entrepreneurial self-efficacy rate in the country.

Across the country, around half of adults in the non-entrepreneurial population personally know someone who has set up a business over the last two years. Perhaps in line with the lower TEA rate observed in the region, Eastern Scotland yet again stands out as relatively disadvantaged. With neighbouring East Central and North Eastern Scotland both reporting higher rates of entrepreneurial activity and greater social association with entrepreneurs in the population, it would appear that Eastern Scotland is not only internally weak on these aspects but that links to entrepreneurs in the neighbouring regions may also be constrained.

FIGURE 1.6: Perceptions of entrepreneurial opportunities and the fear of failure in society, Scottish ITL2 regions, 2025

(Source: GEM UK APS 2025)



8 Businesses in Scotland: 2025

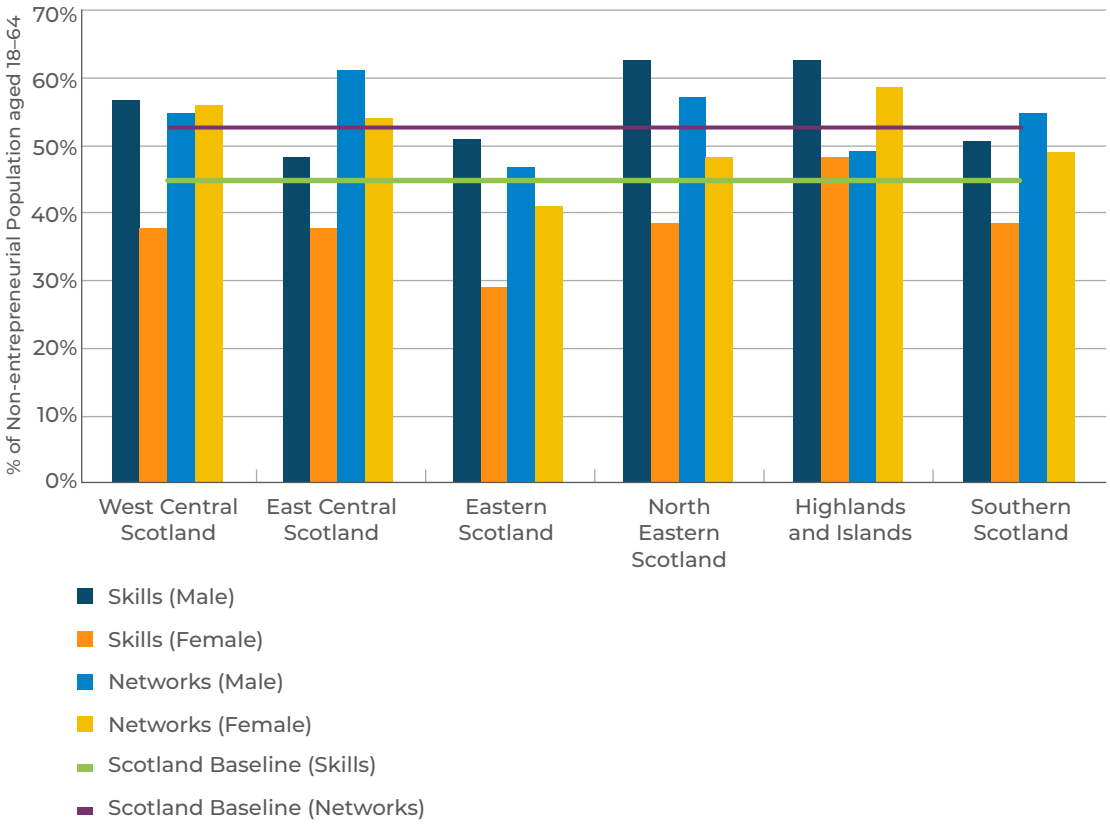


FIGURE 1.7: Entrepreneurial skills and networks in society, Scottish ITL2 regions, 2025

(Source: GEM UK APS 2025)

Figure 1.8 looks more widely at how entrepreneurship is culturally regarded in regional communities. Across all regions, we find that about two-thirds of working-age adults take the view that most people consider starting a business as a good career choice. Complementing the desirability of entrepreneurship as a career, a greater percentage of the non-entrepreneurial population further observes that those successful at starting a business have a high level of status and respect in society. This is more pronounced in the Highlands and Islands region, that may again be explained by the high density of small firms in the region, with many thus able to directly and regularly interact with employer entrepreneurs in society.

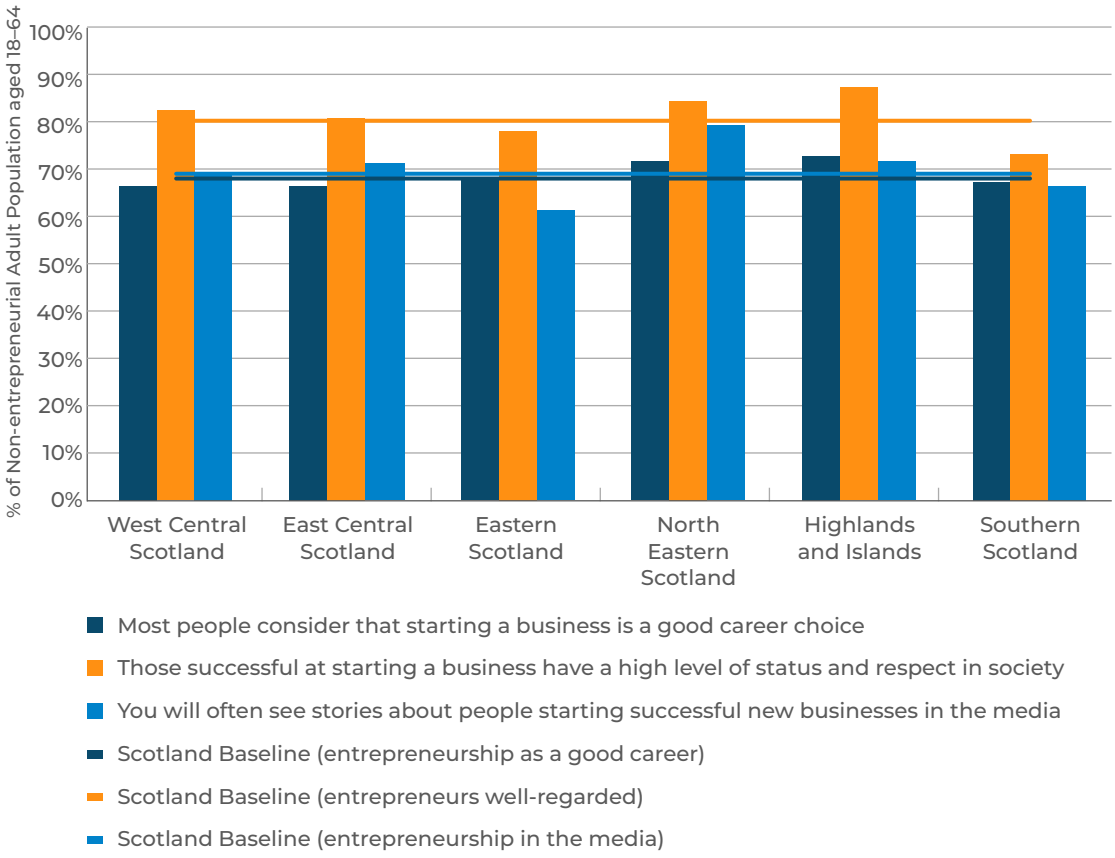
The role of the media in shaping culture and public perceptions is well established, and research finds this to be the case for entrepreneurship too.[9] Across Scotland, around 70% of the non-entrepreneurial population noted that you will often see stories about people starting successful businesses in the media. Reporting a rate of 61%, however, the Eastern Scotland region stands out as the only region in Scotland where perceptions of positive endorsement of entrepreneurship in the media are much lower than the national trend and, remarkably, strikingly lower than the region's immediate neighbours. Across the Firth of Forth to the south, East Central is ten percentage points ahead at 71%, while to the north of Eastern Scotland, the North Eastern region returns an even greater rate with 79% of the non-entrepreneurial population perceiving a positive media endorsement of entrepreneurship.

9 Entrepreneurship and the Mass Media: Evidence from Big Data

Overall, our analysis strongly suggests that the new regional boundaries separating Eastern Scotland from the stronger East Central region have enabled the uncovering of a battery of weaknesses afflicting Eastern Scotland. Our 2025 data on entrepreneurial attitudes and activity outlines an emerging picture of Eastern Scotland as the previously invisible straggler of Scotland that was sheltered in the data by the greater entrepreneurial prowess of the eastern corridor of the Central Belt. Indeed, despite its proximity to East Central, Eastern Scotland does not appear to have benefited from potential regional spillovers that translate into stronger entrepreneurial activity in the region. As established by other studies in regional economics,[10] this highlights the importance of the internal capacity of a given region, aside from the strength of neighbours that may afford the potential for spillovers. We must be careful not to interpret these first approximations too strongly, and more data in coming years and retrospective analysis of existing statistics using the new regional demarcations will undoubtedly yield further insights, particularly whether Eastern Scotland has always had these hidden deficits. In the interim, however, the apparent relative weakness in entrepreneurial capacity and activity in Eastern Scotland supports the case for further examination and appropriately tailored support to be directed to the region without delay.

FIGURE 1.8: Perceptions of entrepreneurship in society, Scottish ITL2 regions, 2025

(Source: GEM UK APS 2025)



10 Research and Development, Spillovers, Innovation Systems, and the Genesis of Regional Growth in Europe

2. Spotlight On: Young Adult Scots

The participation of young people in the economy has been a controversial issue recently with ONS data suggesting that 13% of 16–24-year-olds were not in education, employment or training (NEET) in the second quarter of 2026, continuing the upward trend in economic inactivity among young people that has taken root in recent years.[11] Economic inactivity among young people in the UK is complex and perplexing with research, for example, finding that people in their twenties are now more likely to be economically inactive as a result of ill-health as compared to those in their forties, and that mental health conditions account for two-thirds of inactivity among young people.[12]

The ONS does not report NEET statistics for 16–24-year-olds at the Home Nations level. In Scotland, official statistics on economic activity and inactivity among young people are produced by Skills Development Scotland (SDS) and focus on the Annual Participation Measure (APM) that reports the percentage of young adults (16–19-year-olds) participating in education, training or employment.[13] However, a recent study for the Scottish Government estimated the inactivity rate among 16–24-year-olds not in full-time education to have been around 16% in 2022 with over 78% further indicating that they did not want a job.[14]

Much of the focus in the inactivity debate has been on the role of ill health, particularly mental health, and potential support to help inactive young people engage with the labour market.[15] Within this debate, entrepreneurship is not recognised as a substantive economic participation category. Yet a survey by Small Business Britain found that a third of disabled entrepreneurs started a business because they could not find a job that accommodated their needs.[16] This is relevant given that disability under the Equality Act 2010 is defined as a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on ability to do normal daily activities.[17] Increased rates of inactivity attributable to long-term ill-health, particularly mental health, could thus be addressed directly through support to engage in entrepreneurial activity, separate from engagement in wage employment. Understanding entrepreneurial attitudes and activity among young people can therefore provide much-needed additional insight into the complex debate around the worrying economic inactivity trends among young adults and how this can be improved.

11 Young people not in education, employment or training (NEET), UK: August 2026
12 Economic inactivity in Scotland: supporting those with longer-term health conditions and disabilities to remain economically active
13 Annual Participation Measure
14 Economic inactivity of young people aged 16–24: Definition, reasons and potential future focus
15 Young People and Work Diagnostic Report
16 Disability and Entrepreneurship
17 Definition of disability under the Equality Act 2010

Figure 2.1 presents early-stage entrepreneurial participation rates among different age-bands in Scotland. Using three-year moving averages, we find that the participation rate in early-stage entrepreneurial activity among 18–24-year-olds has remained stable at around 12% since 2020. In the same period, UK-level data suggests that the inactivity rate among 18–24-year-olds rose from 11.4% at the start of 2020 to about 13% at the end of 2025.[18] This suggests that while overall participation in economic activity among young people has been in decline, participation in early-stage entrepreneurship by young people has held steady in Scotland. Among young people with increasingly complex needs, entrepreneurship can thus be argued to afford a strong buffer against economic inactivity.

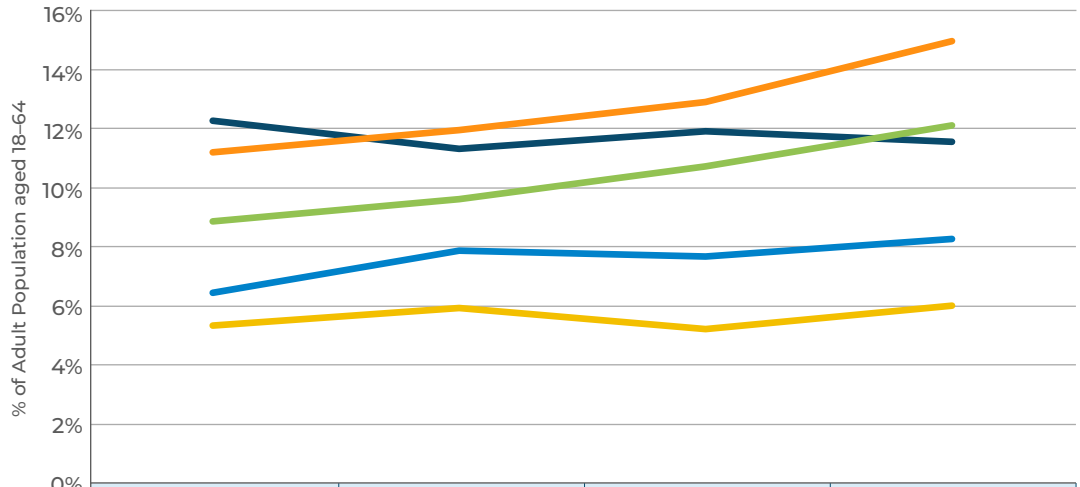
Figure 2.2 disaggregates participation rates in 2025 by age and gender. Among 18–24-year-olds, we see that young men and women are seemingly more likely to choose entrepreneurship at similar rates, while there is a clear gender divide among the older demographics. However, early-stage activity rates among both young men and women were below the national baseline and strikingly lower than the 25–34 group. While young women may start new businesses at similar rates to men, Figure 2.3 reveals discrepancies in established business ownership rates by age and gender, with young women clearly disadvantaged.

It is important to note that small sample sizes can reduce precision at this level of disaggregation. However, these findings are corroborated by data from The Gender Index that examines the population of businesses in the Companies House register. An examination of active businesses in Scotland in 2025 found that among companies whose owners were in the Generation Z category (16–28 years old in 2025), only 18% were women-led, with 71% male-led and 10% led by mixed-gender teams or had gender unidentified.[19] Support for young people to start and fully establish and sustain businesses must thus further include specific positive actions for young women who face additional gendered barriers.[20]

Figures 2.4–2.6 explore perceptions and attitudes towards entrepreneurship among people not presently engaged in entrepreneurial activity, comparing young people and other demographics. We find that young people are more likely to perceive good entrepreneurial opportunities in their local area, and those who do perceive good opportunities fear failure at rates similar to the general tendency in the nation (Figure 2.4). However, as Figure 2.5 shows, young people are less likely to express confidence that they have the skills, knowledge and experience required to start a new business, even as they are more likely to report having at least one entrepreneur in their personal network. Finally, 18–24-year-olds in Scotland are more likely to take the view that starting a business is a good career choice and that they have seen media stories of people who have successfully engaged in start-up activity (Figure 2.6).

It is clear, therefore, that entrepreneurship may offer an additional route to greater economic participation among young people in Scotland. More importantly, however, our 2025 data suggests that young people in Scotland more readily manifest the Entrepreneurial People and Culture pillar set out as the number one Programme of Action in the current National Strategy for Economic Transformation. It is therefore important that Scotland should take concerted action to remedy the entrepreneurial skills gap our spotlight on young adult Scots has revealed.

18 Young people not in education, employment or training (NEET), UK: August 2026
19 The Gender Index Report 2026: Scotland Narrative
20 Pathways: A New Approach for Women in Entrepreneurship



	2020–22	2021–23	2022–24	2023–25
18–24	12%	11%	12%	12%
25–34	11%	12%	13%	15%
35–44	9%	10%	11%	12%
45–54	6%	8%	8%	8%
55–64	5%	6%	5%	6%

FIGURE 2.1: Total early-stage Entrepreneurial Activity by age-bands, 2020–2025

(Source: GEM UK APS 2020–2025)

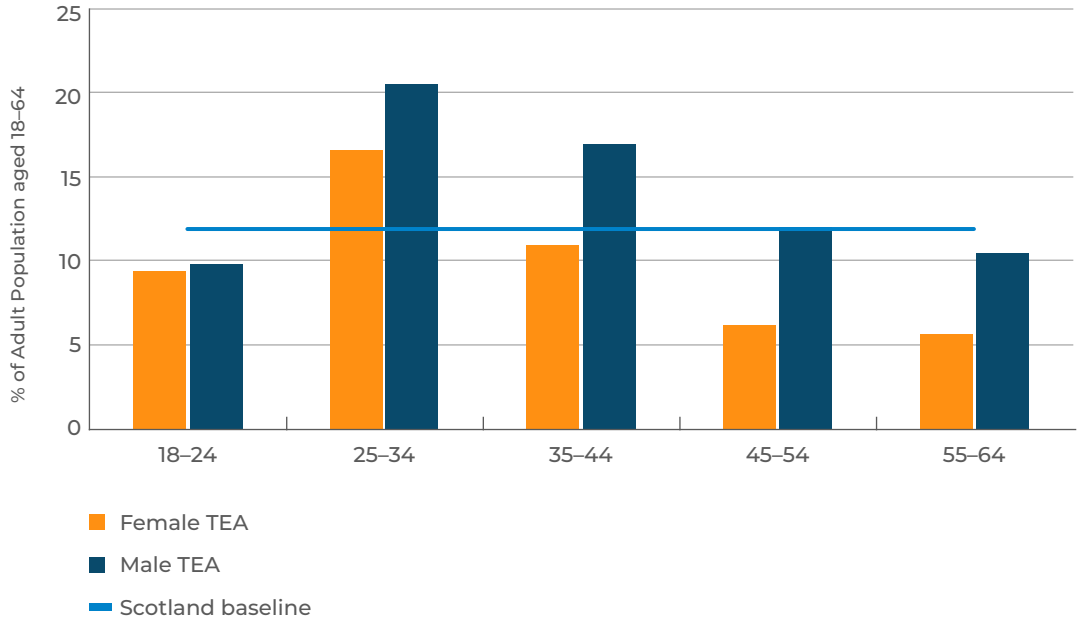


FIGURE 2.2: Total early-stage Entrepreneurial Activity by age-bands and gender, 2025

(Source: GEM UK APS 2025)

FIGURE 2.3: Established Business Ownership rates by age-bands and gender, 2025

(Source: GEM UK APS 2025)

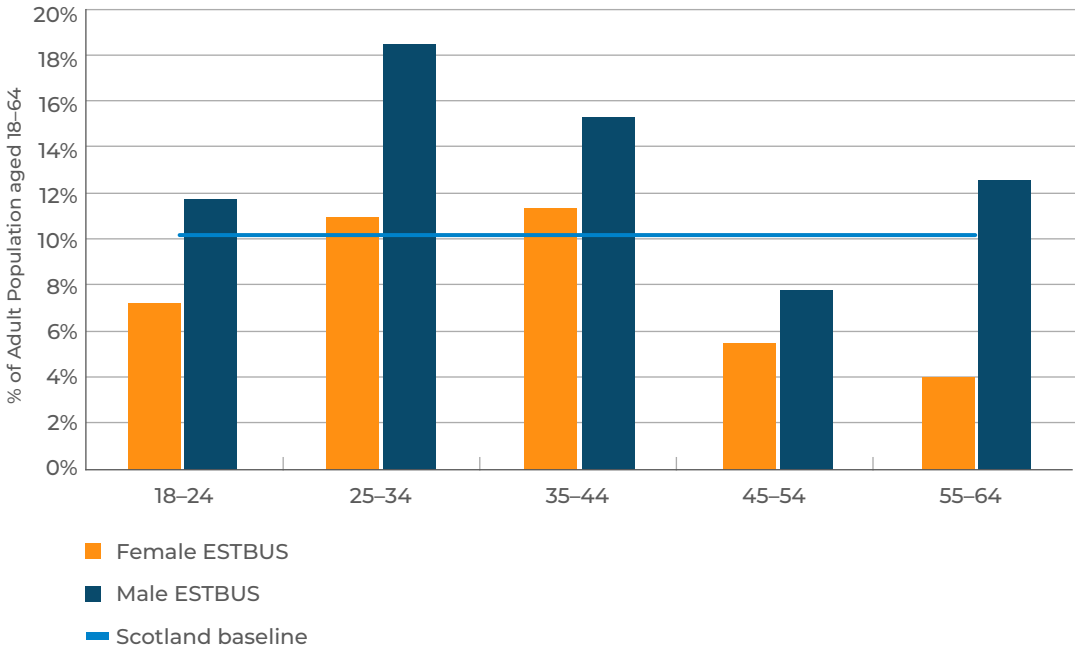
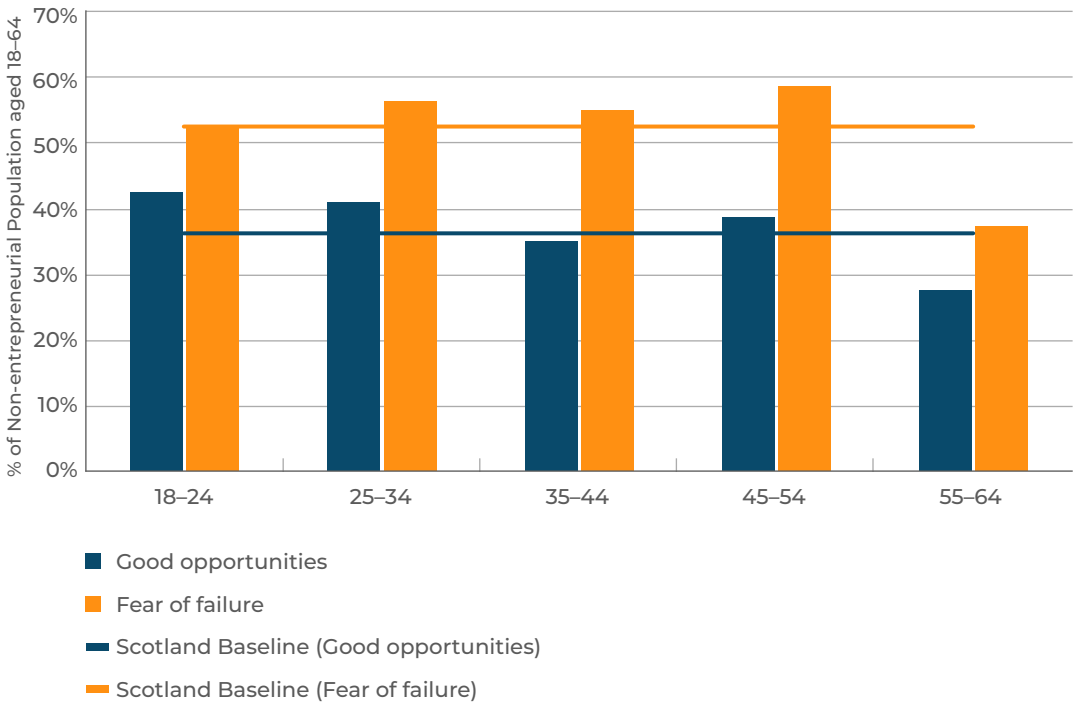


FIGURE 2.4: Perceptions of entrepreneurial opportunities and the fear of failure by age, 2025

(Source: GEM UK APS 2025)



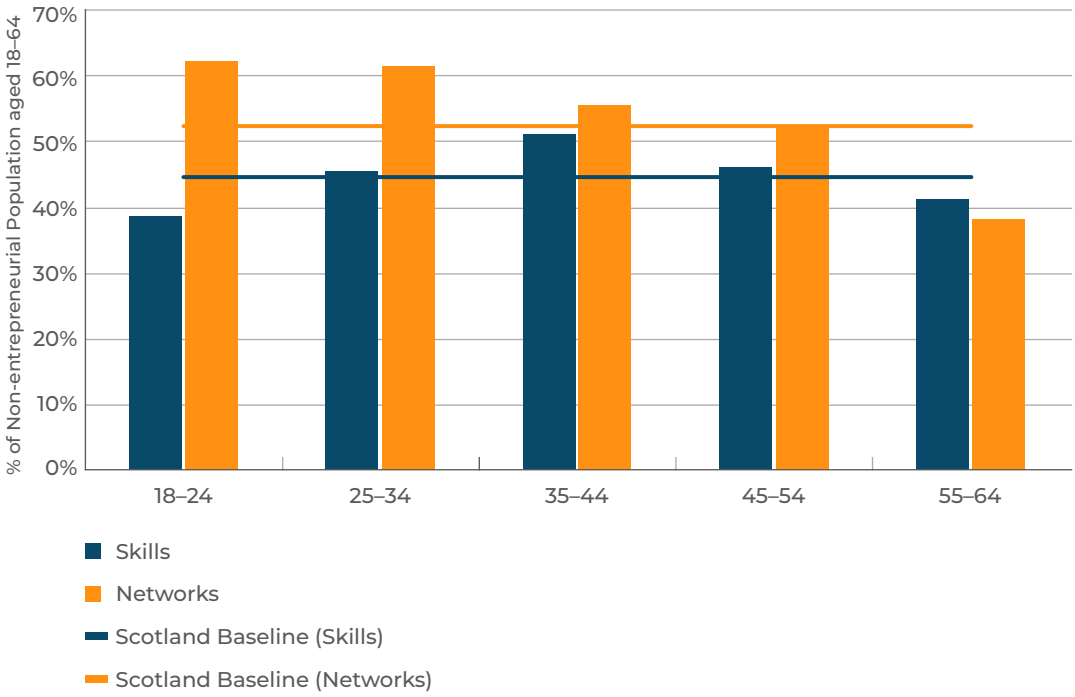


FIGURE 2.5: Entrepreneurial skills and networks by age, 2025

(Source: GEM UK APS 2025)

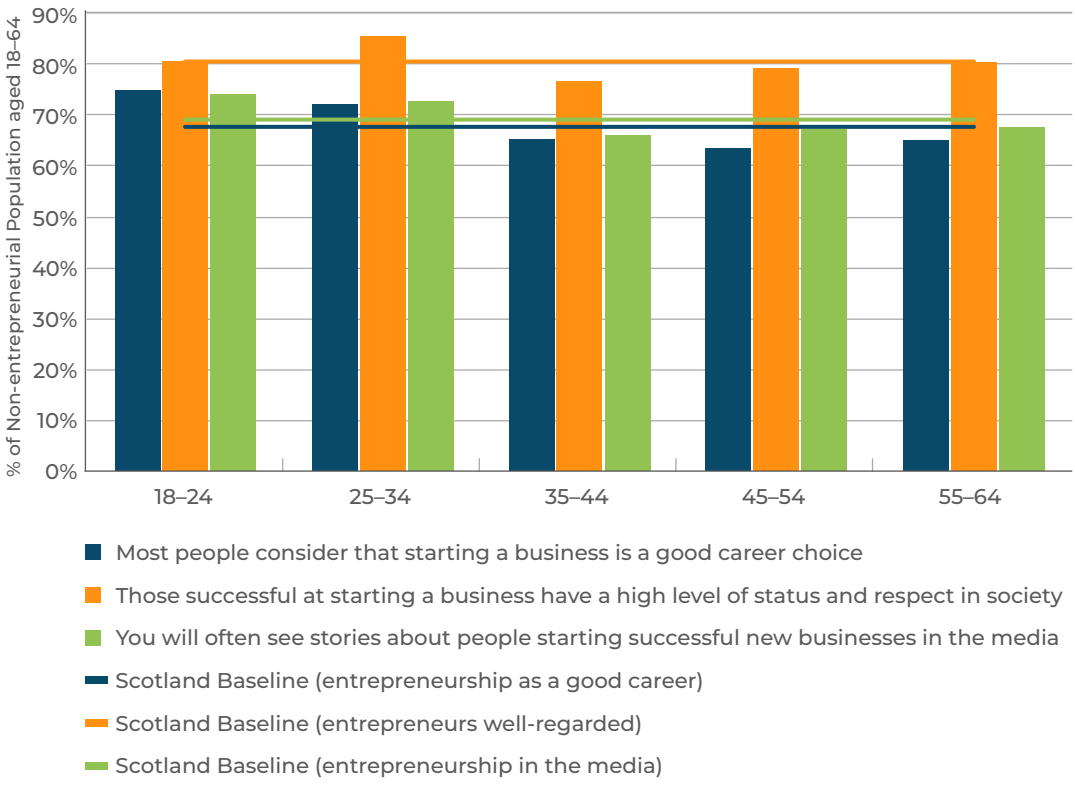


FIGURE 2.6: Perceptions of entrepreneurship in society by age, 2025

(Source: GEM UK APS 2025)

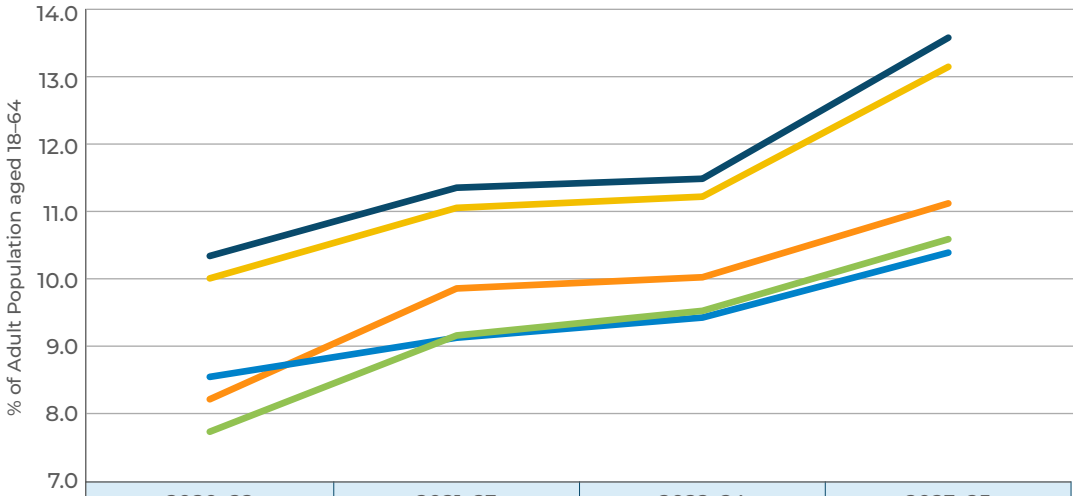
3. Other GEM Highlights

A. OVERALL TEA TREND AMONG UK HOME NATIONS

GEM data from 2024 indicated that Scotland reached a new milestone in 2024 by crossing the 10% TEA mark for the first time since the GEM survey began in 2002. In 2025, GEM estimates show that TEA grew by around 1.5 percentage points to a new height of 11.7%. Figure 3.1 presents TEA performance across the UK Home Nations using three-year moving averages. We find that while Scotland has experienced a steady growth in TEA over recent years, start-up activity rates remain consistently lower than those seen in England, with Scotland's performance more aligned with that of Wales and Northern Ireland. Indeed, in 2025, England saw a sharp rise in TEA to 17.8% of working-age adults. The six percentage points differential between TEA in Scotland and other Home Nations and the higher entrepreneurial activity rates in England is both statistically significant and substantively informative.It suggests that there might be systematic differences in the conditions for early-stage entrepreneurial activity in England as compared to Scotland, Wales and Northern Ireland.

FIGURE 3.1: Total early-stage Entrepreneurial Activity trend among UK Home Nations, 2020–2025

(Source: GEM UK APS 2020–2025)



	2020–22	2021–23	2022–24	2023–25
	Home Nations TEA (3 Year Moving Average)			
England	10.3	11.4	11.5	13.6
Wales	8.2	9.9	10.0	11.1
Scotland	8.5	9.1	9.4	10.4
Northern Ireland	7.7	9.2	9.5	10.6
UK	10.0	11.1	11.2	13.2

B. DISAGGREGATED OVERALL ENTREPRENEURSHIP PARTICIPATION RATES IN SCOTLAND

The main TEA metric captures the sum of the nascent activity rate and the new business owner-manager rate in the adult working-age population without double counting. GEM, however, also captures established business ownership (EBO) rates, with established businesses counting as those that are 42 months or older. While a lot of start-up activity is effectively experimental, with many not transitioning into established businesses for a range of reasons, it is expected that past growth in TEA should result in a growing EBO rate. In 2025, our data suggests that 10.4% of 18–64-year-olds in Scotland were established business owners.

Smoothing the data using three-year moving averages, Figure 3.2 shows that the EBO rate in Scotland has been steadily growing in recent years, suggesting that greater start-up activity has converted into more established business ownership in Scotland. However, activity in the new business category appears to have slowed since 2022. Only about 4% of 18–64-year-olds have been running start-ups that have been paying salaries for more than 3 months but are less than 42 months old (equivalent to 3.5 years). At the same time, nascent activity has seen an increase of approximately one percentage point across the four rolling periods. This suggests that while there have been more people prospecting by actively committing resources to start a new business, the stock of young enterprises proper has not seen concomitant growth. This may have implications for established business ownership rates in coming years.

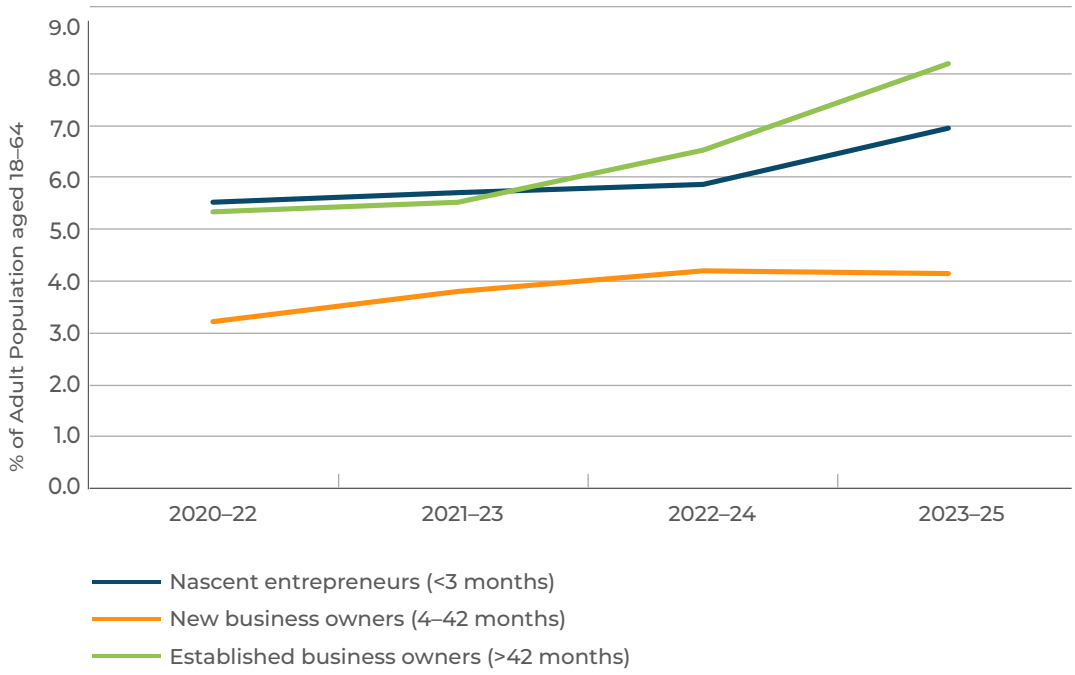


FIGURE 3.2: Entrepreneurial activity rates trend by type, Scotland 2020–2025

(Source: GEM UK APS 2020–2025)

C. TEA BY ETHNICITY

Globally, research establishes that migrants and people from minority ethnic backgrounds are more likely to engage in entrepreneurial activity.[21] Previous GEM reports have also found this to be the case in Scotland and the UK. In 2022, the Scottish Government issued detailed guidance on how data on ethnicity should be collected and reported.[22] Here, the main Minority Ethnic group includes everyone that is not White Scottish or White Other British. This includes White Irish, White Polish and Other White, in addition to people of a Black, Asian or other minority background.

The GEM survey is undertaken at the UK level, including Northern Ireland, and only disaggregates the White category into White British (including white Scottish and Welsh), White Irish, and Any other White background. Due to the risk of categorising White Northern Irish people within the minority ethnic group in Scotland while they would usually categorise under White Other British under Scottish census guidelines, the minority ethnic group categorisation employed in this report includes all people not of a White British or Irish ethnic origin. This is a departure from the approach in previous reports that used the traditional White/Non-white classification. The new approach thus better aligns with both official government guidelines on ethnicity data and research that establishes that entrepreneurs of a non-native white background face similar barriers to traditionally racialised entrepreneurs.[23]

21 What Does GEM Say About Minority Entrepreneurship?
22 Data collection and publication – ethnic group: guidance
23 Mixed embeddedness and new migrant enterprise in the UK

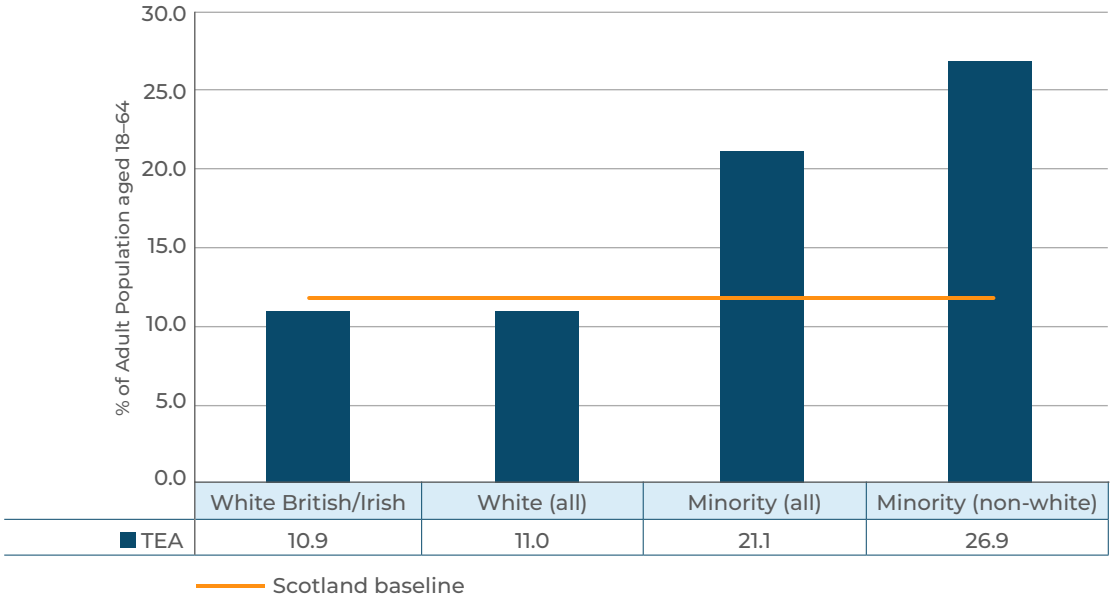


FIGURE 3.3: Entrepreneurial activity rates by ethnicity, Scotland 2025

(Source: GEM UK APS 2020–2025)

Figure 3.3 presents TEA rates by ethnicity using both the old categorisations and the new one described above. The data suggests that people from a minority ethnicity background continue to demonstrate significantly higher early-stage entrepreneurial activity than White British and Irish people in Scotland. Notably, however, the estimated non-White TEA rate falls considerably from nearly 27% to 21% once White Other is included in the minority group, while White British and Irish TEA lowers only very slightly. This suggests that while White Other residents in Scotland are nominally more entrepreneurial than the autochthonous White British and Irish community, they are yet less likely to engage in early-stage start-up activity compared to non-White minority ethnic groups. This is, however, not a definitive conclusion, as we have only explored a small sample from 2025 data. Richer data over time will enable a more detailed evaluation of differences among the various ethnicity groups.

D. TEA BY DEPRIVATION CATEGORIES

The link between entrepreneurship and social deprivation is a matter of interest to research and policy, with some research arguing that entrepreneurship can be a route out of deprivation.[24] Figure 3.4 reports participation rates among sub-populations within each of five graduated deprivation categories drawn from the Scottish Index of Multiple Deprivation (SIMD).[25] The SIMD identifies around 7,000 small localities, called data zones, in Scotland and evaluates them on seven factors: income, employment levels, education, health, access to services, crime and housing. The resulting index is then used to rank the localities from the most deprived to the least deprived. This then allows further categorisation such as quintiles, which put the ranked areas into five equal groups according to the deprivation index, such that the bottom quintile comprises areas with the highest 20% score in the deprivation index from the seven factors considered.

GEM 2025 data suggests that participation in early-stage entrepreneurial activity is relatively similar across all deprivation categories. Thus, people who live in the poorest 20% of the country are seemingly just as likely to engage in early-stage enterprise as those that live in the wealthiest 20%. We note, however, that the middle quintile demonstrated higher TEA in 2025. This suggests that early-stage entrepreneurial activity is likely more vibrant in areas that more or less reflect the national average in terms of income, employment levels, education, health, access to services, crime and housing.

24 Is Entrepreneurship a Route Out of Deprivation?

25 Scottish Index of Multiple Deprivation: data and resources

That the most deprived have similar TEA to the least deprived must, however, be interpreted carefully. Research suggests that while people in deprived areas face significant structural barriers, they may still engage in entrepreneurial activity. However, such activity will often be in businesses with low entry barriers, which is therefore more survivalist and prone to failure. Further, policy support to increase entrepreneurial participation in deprived areas may only result in the displacement of similar businesses in the area with no new value generated.[26] Therefore, beyond surface-level entrepreneurial activity rates, it is important to understand underlying drivers, barriers and contingencies associated with entrepreneurship and social deprivation.

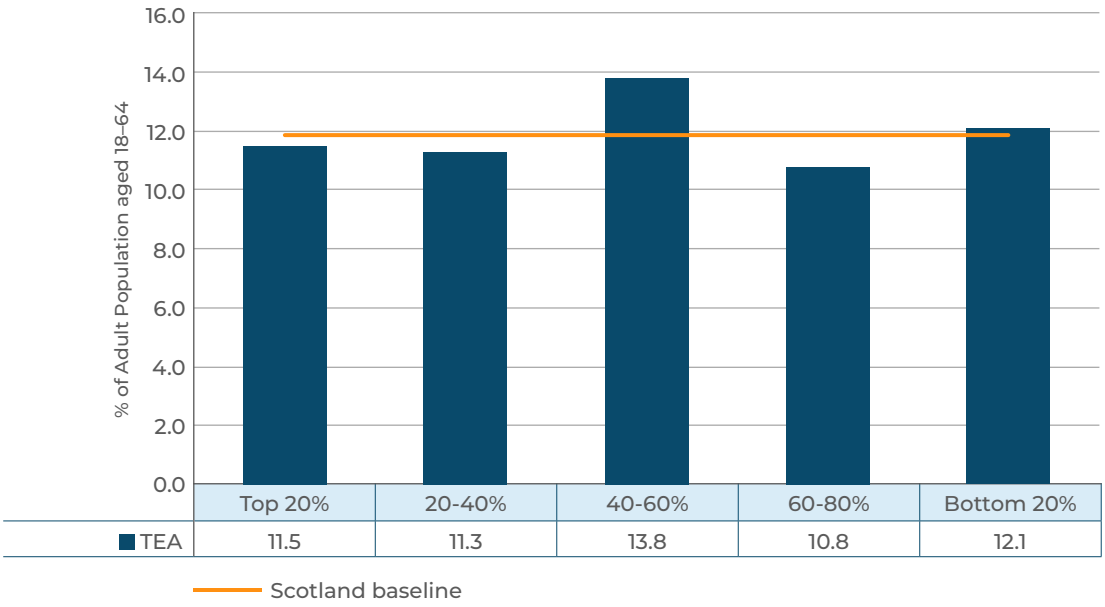


FIGURE 3.4: Entrepreneurial activity rates by deprivation (SIMD) category, Scotland 2025

(Source: GEM UK APS 2025)

26 Entrepreneurship and deprived urban areas: understanding activity and the hidden enterprise culture

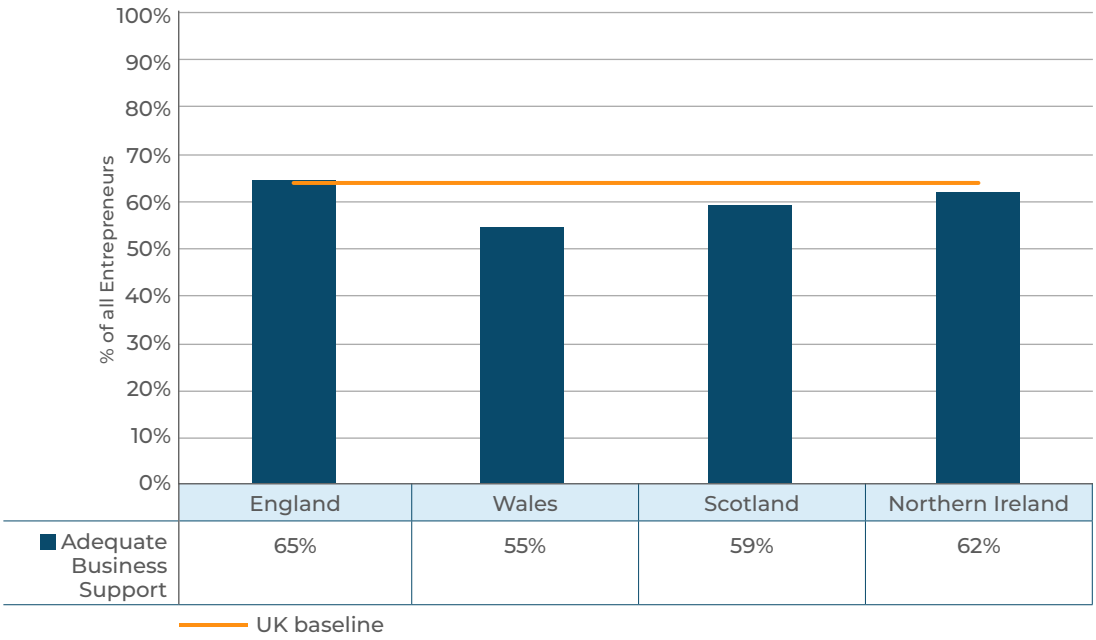
E. PERCEPTIONS OF ADEQUACY OF BUSINESS SUPPORT ACROSS THE HOME NATIONS

As previously observed, our analysis suggests that 59% of entrepreneurs in Scotland felt that there were adequate sources of business support in their region in 2025. As Figure 3.5 shows, this was lower than the UK average of 64%, with England leading the way with 65% of entrepreneurs satisfied with the levels of business support available to them. Without inferring any direct association as such, recall that England returned a TEA rate of 17.8% in 2025.

To be sure, Scotland does have a rich provision of business support. At the start of September 2026, the Find Business Support platform, managed by Scottish Enterprise, indicated that there were 474 support options available to entrepreneurs in Scotland.[27] Scottish Enterprise's own Entrepreneurial Ecosystem Guide[28] identifies over 150 different organisations that support new and growing businesses across Scotland. Among those that engage with support, such as the locally delivered Business Gateway provision, reported satisfaction rates are very high, with 81% of service users reporting positive experiences in 2024-25 and 82% indicating they would recommend the support received to others.[29] This suggests that there might be challenges not with the supply of business support itself or the quality of it, but perhaps with the awareness and uptake of such support among entrepreneurs in Scotland.

FIGURE 3.5: Perception of adequacy of business support in region, UK Home Nations, 2025

(Source: GEM UK APS 2025)



27 Find business support in Scotland
28 Ecosystem guide
29 Year in review: A look back at Business Gateway's impact in 2024–25

4. Recommendations

Official economic estimates for Scotland show that annual GDP growth has slowed to just over 1% in the years following the recovery from the COVID-19 crisis.[30] At the same time, the cost of living crisis has remained a prominent concern for people in Scotland since 2022.[31] In times like these, participation in entrepreneurship can help provide individuals with alternative ways to try and cope with economic difficulties, particularly when the wider economy is sluggish. Generally, entrepreneurship is considered to be an effective way for economies to grow themselves out of a crisis towards inclusive prosperity. Our analysis of GEM Scotland 2025 data has primarily focussed on disparities among Scottish regions and by age, two important inclusivity aspects with implications for how entrepreneurship works across the country today and in the future. Drawing on this analysis, this report offers the following key recommendations.

Scotland has prioritised a regional and local approach to developing and delivering policy and enterprise support. In light of longstanding perceptions of a structural advantage for the Central Belt, focus at the regional level has been on rural and peripheral regions argued to require tailored regional economic development programmes. In turn, more foundational business support is delivered locally by local authorities. Our analysis, however, highlights the risk that liminal regions like Eastern Scotland that are neither central nor peripheral may have been neglected in this debate. This has left Eastern Scotland straggling behind other regions in entrepreneurial activity and capacity, despite the presence of national programmes that are locally delivered, such as Business Gateway, and other local provisions. We find that proximity to the Central Belt has not produced spillovers that would keep Eastern Scotland on pace with higher-performing East and West Central areas. This report thus recommends that beyond the present policy recognition of peripheral regions, there is a need to also consider liminal regions like Eastern Scotland that seemingly have unique structural weaknesses and capacity development needs attributable to their unique betwixt and between location.

More specifically, we find notable deficiencies in both entrepreneurial activity and perceptions of entrepreneurial opportunities, self-efficacy and attitudes towards entrepreneurship among women in Eastern Scotland, despite the region being sandwiched between relatively better performing East Central and North Eastern regions. This proximity cannot therefore be assumed to facilitate access to opportunities or potential for spillovers. While support for female entrepreneurship has been growing nationally in recent years, it is recommended that specific attention is given to women in Eastern Scotland to not only support start-up activity but to further build underlying capacity in entrepreneurship where more women can perceive entrepreneurship as a plausible economic activity they can confidently engage in.

30 Scotland's GDP 2025 Quarter 4, First Quarterly Estimate
31 Understanding Scotland Economy Tracker – August 2026

Our analysis of young adults in Scotland further points to a similar recommendation. Scotland has a proud history of supporting young people's engagement in enterprise and the recently launched First Minister's Start Up Challenge[32] further demonstrates the national commitment to invest in young people. Drawing on our analysis, we recommend that specific programmes are required to support young women beyond the start-up stage, given the clear gender discrepancies we find in established business ownership rates despite similar start-up activity rates.

Finally, young people not presently engaged in entrepreneurial activity have positive attitudes towards it, including as a good career option, and are more likely to perceive plausible start-up opportunities than other demographics. Entrepreneurship is thus an economic activity that has great potential to enhance young people's economic participation amid recent concerns around rising economic inactivity among the young. We would suggest, therefore, that it might be beneficial for the way economic participation among young people is captured to isolate entrepreneurship as a distinct category not subsumed under employment. Indeed, while gaps remain in young people's confidence that they have the skills required to start a business, entrepreneurship education in schools and other entrepreneurial skills enhancement schemes targeting young people have been on the rise in Scotland. Significant and growing support by the Scottish Government through programmes such as the Entrepreneurial Education Fund has further legitimised this as a priority area. With many entrepreneurship education and training programmes now formally accredited, identifying entrepreneurship as a unique leaver destination would therefore further help evaluate progress in making entrepreneurship a positive economic participation category for young people and identify areas for targeted support.

32 The First Minister's Start Up Challenge

ABOUT GEM SCOTLAND 2025/2026

The Global Entrepreneurship Monitor (GEM) is an Annual Population Survey (APS) undertaken in a number of participating countries around the world. The survey is identical in each country and asks respondents about their attitudes and perceptions related to entrepreneurship and whether they are involved in some form of entrepreneurial activity. By 2025, GEM has been running for over 25 years and has collected insights on entrepreneurial activity from over four million entrepreneurs across the world. Since 2002, GEM UK has undertaken structured interviews with over 380,000 adults with over 48,000 from Scotland. Analysis of GEM Scotland 2025 data drew on a sample of 2,085 participants in Scotland as part of an overall sample of 8,513 participants across the UK Home Nations. The full sampling and weighting methodology is detailed in the GEM UK Report.

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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