Global Entrepreneurship Monitor

United Kingdom 2009 Monitoring Report

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Disclaimer

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Executive Summary

- In 2009, the Global Entrepreneurship Monitor (GEM) research consortium measured entrepreneurial activity of individuals in 55 economies, making it the world's most authoritative comparative study of entrepreneurial activity in the general adult population. In 2009, 30,003 adults aged 16-80 participated in the GEM UK survey.

- This monitoring report compares Global Entrepreneurship Monitor (GEM) measures of entrepreneurial attitudes and activity in the UK and participating G7 and BRIC countries. It also summarises entrepreneurial attitudes, activity and aspirations within Government Official Regions of the UK. It presents analysis on how the UK compares in terms of social entrepreneurial activity. It examines the views of entrepreneurs on the impact of the global recession on their own businesses. Finally, it reports expert views on the environment for entrepreneurship in the UK.

- Between 2007 and 2009, there was a decline in opportunity perception, in the perceived merit of starting a business as a career choice, and in perceived media coverage of successful entrepreneurs. Around one in four (23%) of UK working age adults who were not entrepreneurs thought there would be good opportunities for starting a business in their local area in the second half of 2009. This compares with 33-35% in 2006 and 2007, before the recession began. In 2009, 48% of the UK working age population thought that starting a business was a good career choice, down from 52% in 2008.

- In 2009, all those who expressed fear of failure were asked for their reasons. The balance of reasons tips towards the combination of fear of bankruptcy and losing one's property, with 69% of non-entrepreneurial respondents citing either or both of these reasons or both in combination with embarrassment.

- In the UK the number of people who expect to start a business within the next 3 years (i.e., 6.1% of the adult population) fell by 10% between 2008 and 2009. This drop is not statistically significant and is slightly smaller than the US and G7 average fall of around 14%. However, rates of future start-up expectation are still higher in the US and G7 in 2009 – 11% and 8% respectively.

- Total early-stage entrepreneurial activity or TEA (the sum of the nascent entrepreneurship rate and the new business owner-manager rate - without double counting) in the UK in 2009 was 5.8%[1], broadly the same as in 2008. This continues a long term pattern in the UK of lower TEA rates than the US, Canada and BRIC nations other than Russia, and higher TEA rates than other G7 nations and Russia. The UK TEA rate has closely tracked the G7 average since 2002. However, in 2009 the gap between the UK and the US was the lowest it has been as a result of falling levels of entrepreneurial activity in the US: the UK TEA rate was around three quarters (71%) of the USA's equivalent rate of 7.9% and above the G7 average of 5%.

- The UK TEA rate rose a mere 4 per cent in relative terms since 2008 and has now remained relatively unchanged in the period 2002-2009, ranging from 5.4% to 6.4% over that period. In contrast, the US TEA rate has fallen steadily since 2002 when the TEA rate was 10.5% – a relative decrease of 24%. For the G7 countries, the fall was less marked since 2002 – around 16%.

- When surveyed in mid-2009, 2.7% of the adult population in the UK were actively trying to start a business (*nascent entrepreneurs*), compared with 5 per cent in the US and 2.8 per cent in the G7. The number of start-up business attempts fell much less in the UK (a 4% decline), than in the US (17%) and the G7 (18%) between 2008 and 2009.

[1] This differs slightly from the 2009 GEM Global Repor t (5.74 versus 5.78) because the Global report did not weight for ethnicity. A more detailed note is available from the GEM UK team.

- When surveyed, 3.2% of the UK working age adult population were owner-managers of a business that was 3 - 42 months old (*new business owner-managers*). This slight but not significant rise of 10% on the 2008 value of 2.9% compares well with falls in the US (36%) and the G7 (18%).

- In 2009, the UK had intermediate rates of established business ownership and business "churn" in comparison to other G7 and BRIC nations. In the UK the proportion of the adult population who owned and managed a business older than 42 months (*established business owner-managers*) was 6.1% – an insignificant relative increase of 2% in the 12 months since 2008. This is similar to the fall of 3% in the G7 but contrasts with a sharp fall in the US of 29% in the same period.

- In 2009, the social early-stage entrepreneurial activity (SEA) rate for the UK was 2.1%, compared with 1.8% across 49 countries and 2.0% for G7 countries. In the UK in 2009, males were significantly more likely to be social entrepreneurs than females (2.6% versus 1.7%). Social entrepreneurial activity was strongly linked to education levels, with graduates being almost six times more likely to be social entrepreneurs than those who left school early (4.1% versus 0.7%).

- The proportion of UK TEA entrepreneurs reporting new product/market combinations, and new technology sectoral choices is above the G7 average, while for high growth expectations it is below the G7 average. Necessity-driven entrepreneurship in the UK is relatively low and remains broadly unchanged since 2008.

- In 2009, UK levels of female entrepreneurship remained at 47% of male entrepreneurial activity, similar to other developed countries with the notable exception of the US.

- The regional distribution of TEA rates in 2009 was slightly wider than in 2008 but the only statistically significant difference was between Scotland (3.6%) and Wales (6.0%), Yorkshire & Humberside (6.1%), South East (6.2%), East of England (6.9%) and London (7.4%). Levels of female TEA in Northern Ireland and the East Midlands (both 2.4%) were significantly lower than rates in the UK overall (3.7%).

- In the UK in 2009, 26% of early-stage entrepreneurs and 14% of established business owner-managers thought there were more opportunities for their business as a result of the global slowdown.

- 51% of UK early-stage entrepreneurs (58% in the US, 50% across the G7) and 53% of established UK business owner-managers (69% in the US and 62% across the G7) thought they faced fewer opportunities as a result of the global slowdown.

- Three-quarters (76%) of UK established business owner-managers thought that starting a business was more difficult than a year ago, the same as in the US (77%) and G7 countries (75%). However, two-thirds (65%) of UK early-stage entrepreneurs thought that starting a business was more difficult than a year ago; this is more than in the US (54%) and the G7 average (56%).

- Half (50%) of UK established UK business owner-managers had lower expectations for business growth than a year ago. This is very similar to the estimates for the US (53%) and the G7 (49%). However, only a minority of early-stage entrepreneurs had lower expectations for growth: 45% (UK), 40% (US) and 36% (G7).

- In 2009, there was a two-fold increase in the number of nascent entrepreneurs who tried but failed to secure funding from friends and family, other individuals, and unsecured bank loans and overdrafts.

- Experts on entrepreneurship in the UK gave government programmes significantly lower ratings than their peers in Germany, and rated UK Cultural and Social Norms significantly more negative for entrepreneurship than their peers in the US.

1 INTRODUCTION

1.1 SCOPE OF REPORT

This report compares Global Entrepreneurship Monitor (GEM) measures of entrepreneurial attitudes, activity and aspiration in the UK with participating G7 countries and the large industrialized or industrializing countries of Brazil, Russia, India and China ("BRIC"). It also summarizes entrepreneurial attitudes, activity and aspiration within Government Official Regions of the UK and sets out the level of social entrepreneurial activity in the UK compared to other G7 and BRIC countries.

The GEM UK team continues to maintain the harmonized, pooled database of almost 190,000 responses from individuals aged 18 to 64 for the period 2002 to 2009. Historical data for the UK in this report are based on this harmonized database. As a result, there may be small differences in point estimates of entrepreneurial attitudes, activity and aspiration in the UK between figures reported in previous years and those in this report. In addition, the reporting of some measures in the GEM Executive reports has evolved in recent years, and in the body of this report we display attitudinal measures that are harmonized with the 2008 GEM Executive Report and 2008 GEM UK Monitoring Report. Readers who wish to update time series data using older measures or that align with the 2009 GEM Global report are invited to consult Appendix 2, since some measures used in the 2009 GEM Global report have reverted to those used prior to 2008.

1.2 GEM: HISTORY, PURPOSE AND MEASURES

The Global Entrepreneurship Monitor (GEM) research consortium has been measuring entrepreneurial activity of working age adults across a wide range of countries in a comparable way since 1998. In 2009, the study covered 55 economies (53 sovereign nations plus Hong Kong SAR and Shen Zhen province of China) and represented the world's most authoritative comparative study of entrepreneurial activity in the general adult population.

GEM's primary focus is on the study of three areas:

1. To measure differences in entrepreneurial attitudes, activity and aspiration between countries
2. To uncover factors which underpin these differences
3. To identify policies that may enhance entrepreneurial activity.

The 2009 GEM global study was based on an analysis of adult population survey (APS) results from 55 economies and more than 170,000 adults aged 18 to 64 across the world. The core of the APS is identical in each country and asks respondents their *attitudes* towards entrepreneurship, if they are involved in some form of entrepreneurial *activity*, and if so what their *aspirations* for their business are. The global GEM Executive 2009 Report was published in January 2010[2] and can be downloaded from www.gemconsortium.org.

[2] Bosma, N. and Levie, J. (2009) Global Entrepreneurship Monitor 2009 Executive Report, GERA and Babson College, Babson Park, MA.

From the 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 shut down 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 closure. 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[3], which is represented in the Figure 1 below.

As much of this entrepreneurial activity is pre-start-up or includes very small new businesses that do not have to register, TEA rates will not necessarily match with published 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 2009 adult population survey are explained in more detail in Appendix 1.

[3] 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.

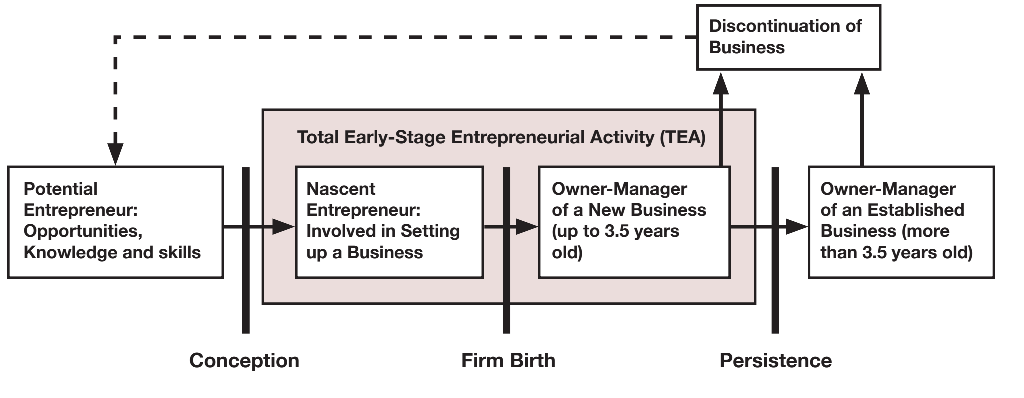


Figure 1: The Entrepreneurial Process and GEM Operational Definitions
(Source: Bosma and Levie, 2010)

2.1 ENTREPRENEURIAL ATTITUDES IN THE UK, G7 AND BRIC NATIONS

At least some of the difference in entrepreneurial activity rates between countries may be explained by differences in attitudes of the population towards entrepreneurship. Some researchers have suggested that GEM attitudinal data is best treated at the group rather than individual level, because individuals who are already entrepreneurs may feel compelled to provide positive answers in the APS. In Table 1 we provide attitudinal estimates for the UK for that portion of the working age (18-64) population who are not already nascent entrepreneurs or business owner/managers for participating G7 and BRIC countries for 2008[4]. Comparing like for like measures, the main differences with 2008 are as follows:

- In the UK, the proportion of the non-entrepreneurial working age population who perceived good opportunities in the next 6 months declined from 27% in the 2008 survey to 23% in the 2009 survey. However, skills perception remained stable at 44.5% in the UK, and remained above skills perception rates of other participating G7 countries with the exception of the US. Fear of failure among those who perceived opportunities dropped slightly but not significantly to 35%. In other G7 nations, skills perception and fear of failure were stable. Consistent with previous years, the UK had a smaller proportion of non-entrepreneurs of working age who said they personally knew someone who had started a business than any other participating G7 nation except Japan.

- In the US, perception of the prevalence of start-up opportunities dropped from 31% to 25%, but it should be noted that the nine year average in the US is 25.7%. Perceptions of entrepreneurship in Brazil, India and China are on the whole more positive than in Russia and G7 countries.

[4] In Appendix 2, the data on entrepreneurial attitudes and perceptions for all adults aged 18-64 are presented in Table 1a. These data are comparable with data in the 2009 GEM UK report.

Table 1:
Attitudes towards entrepreneurship in participating G7 and BRIC countries in 2009 - percentage of working age population who are neither nascent entrepreneurs nor existing business owner/managers, who expressed an opinion and agreed with the statement at the top of the column
(Source: GEM 2009 APS)

	I know someone who has started a business in the last 2 years	There are good start-up opportunities where I live in the next 6 months	I have the skills, knowledge and experience to start a business	Fear of failure would prevent me starting a business (for those who agree there are good start-up opportunities)
G7				
UK	**23.4**	**23.0**	**44.5**	**35.2**
France	36.4	24.1	27.1	46.6
Germany	28.0	20.6	34.7	42.4
Italy	27.9	24.1	36.3	39.4
Japan	18.5	7.2	9.2	58.8
US	28.8	25.4	50.2	28.8
G7 average	27.2	20.7	33.7	41.9
BRIC				
Brazil	35.0	43.3	44.5	33.2
Russia	28.6	16.1	20.4	53.7
India (2008)	55.7	53.9	45.3	48.8
China	48.6	19.3	20.1	40.4

2.2 ENTREPRENEURIAL ATTITUDES IN THE UK IN 2008 AND 2009

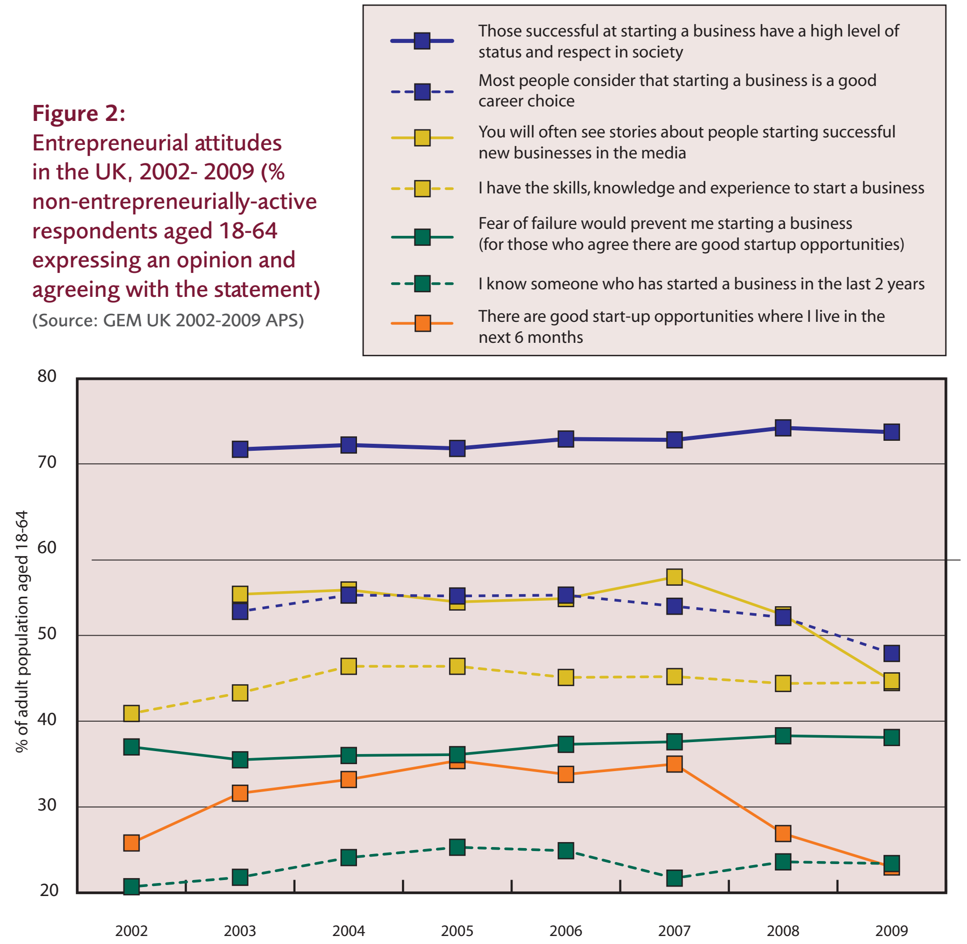
Table 2 shows estimates of the prevalence of attitudes towards entrepreneurship in the UK among the non-entrepreneurially active working age population by gender between 2008 and 2009, and Figure 2 shows the trend from 2002 to 2009. Between 2008 and 2009, there was a reduction in the percentage of people who thought there were good opportunities to start a business in their local area from 27% to 23%. The drop in opportunity perception was significant for males but not for females.

There were also reductions in the percentage of (non-entrepreneurially active) people who thought that starting a business was a good career choice and of people who agreed that "you often see stories in the media about people starting successful new businesses". This is the first time since data collection began in 2003 that these two estimates have fallen below 50% of the population. Figure 2 suggests that the decline in opportunity perception has matched the decline in these estimates over the 2007 to 2009 period. However, the proportion of the population who think that successful entrepreneurs have status and respect has held up, as has the proportion of people who know someone who started a business in the last two years and the proportion of people who think they have the skills, knowledge and experience to start a business.

Table 2:
Entrepreneurial attitudes in the UK in 2008 and 2009 (% non-entrepreneurially active respondents aged 18-64 expressing an opinion and agreeing with the statement)
(Source: GEM UK 2008-2009 APS)

	2008	2009	2008	2008	2009	2009
	All	All	male	female	male	female
I personally know someone who has started a business in the last two years	23.6	23.4	27.3	20.0	25.7	21.0
There will be good start-up opportunities where I live in the next six months	26.9	23.0	30.9	23.0	24.9	21.0
I have the skills, knowledge and experience to start a business	44.4	44.5	53.7	35.5	52.5	36.5
Fear of failure would prevent me from starting a business (for those who agree there are good start-up opportunities)	38.3	35.2	35.9	41.4	32.4	38.6
Most people consider that starting a business is a good career choice	52.1	47.9	53.4	50.7	48.9	46.8
Those successful at starting a business have a high level of status and respect in society	74.2	73.7	75.2	73.3	74.7	72.7
You will often see stories about people starting successful new businesses in the media	52.4	44.7	54.2	50.8	46.8	42.7

Figure 2:
Entrepreneurial attitudes in the UK, 2002- 2009 (% non-entrepreneurially-active respondents aged 18-64 expressing an opinion and agreeing with the statement)
(Source: GEM UK 2002-2009 APS)



[5] The distribution among all the sample was exactly the same as that for the non-entrepreneurial population.

[6] The 2002-09 regional data for the 'Good Opportunities' attitude variable in the GEM UK pooled dataset is included in the Appendix 2 (Table 3b).

Table 2 shows that males tend to have more positive entrepreneurial attitudes than females. The gap is particularly marked in skills self-perception where it has been very stable since 2002. The gap in fear of failure between females and males widened again in 2009 to a significant six percentage points.

In 2009, all those who expressed fear of failure were asked if their reasons for fear of failure included any of the following: fear they might become bankrupt, fear they might lose their property, embarrassment if the business failed, or any other reason. Figure 3 shows the distribution of these answers among non-entrepreneurial respondents[5] and, in brackets, for the non-entrepreneurial population who saw opportunities for starting a business. The balance of reasons tips towards the combination of fear of bankruptcy and losing one's property, with 69% of non-entrepreneurial respondents citing either or both of these reasons or both in combination with embarrassment. The combination of bankruptcy and loss of property was more frequent among those non-entrepreneurs who saw opportunities but feared failure; embarrassment was less frequently cited by these individuals and they were more likely to say they didn't know.

Male and female non-entrepreneurs did not differ significantly in their reasons. However, among those non-entrepreneurs who saw opportunities but feared failure, females were significantly more likely to cite bankruptcy (78% versus 51%) and possible loss of property (65% versus 41%) as reasons for not starting a business, while males were more likely to cite other reasons (20% versus 4%).

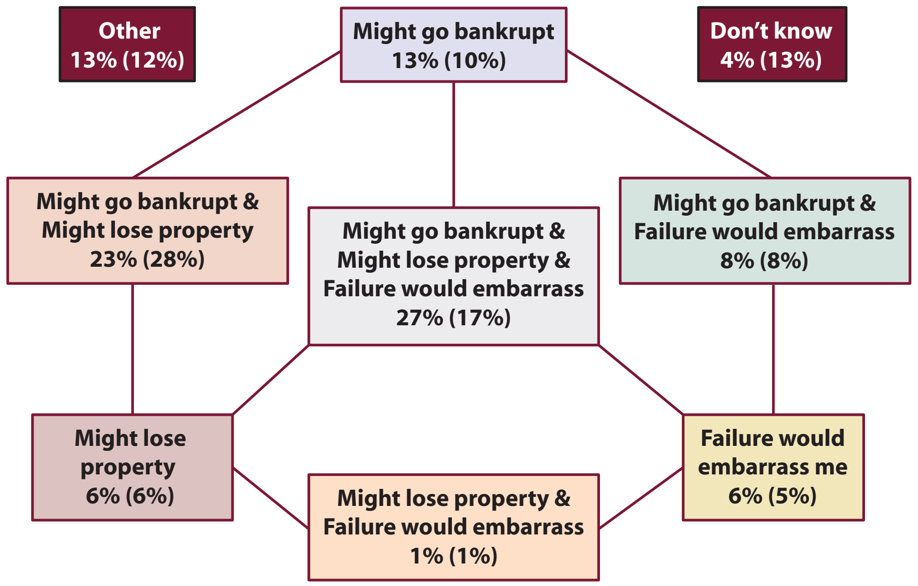


Figure 3:
Distribution of reasons for 'Fear of Failure' among the non-entrepreneurial population of adults aged 18-64 (numbers in brackets are for those who see opportunities and fear failure)
(Source: GEM UK 2009 APS)

2.3 ATTITUDES TOWARDS ENTREPRENEURSHIP IN THE UK REGIONS

The self-reporting of attitudes of the non-entrepreneurially active working age population towards entrepreneurship in each UK region in 2009 is presented in Table 3. The key findings are as follows:

- The item "I personally know someone who has started a business in the last two years" is intended as a proxy measure of networking with entrepreneurial individuals. Londoners were significantly more likely to agree with this item than respondents in any other region. Respondents in the East of England region were significantly more likely to agree with this item than respondents in West Midlands, East Midlands, Yorkshire & Humberside, and Wales.
- London had the highest proportion of the non-entrepreneurially active population reporting that there were good start-up opportunities in their local area in the next 6 months at 28%, significantly above West Midlands, North East, Wales and Northern Ireland. Opportunity perception fell sharply between 2008 and 2009 in Scotland (down 12 percentage points), East of England (down 9 percentage points), and South East (down 7%).[6]
- None of the estimates of fear of failure are significantly different from each other, because of the small proportion of people who both saw good opportunities and feared failure in 2009. When the requirement that only those who see good opportunities is removed, then the point estimate for Northern Ireland (44%) is significantly higher than that of the East region (33%), and the unusually low estimate for the South West disappears (37%).
- Half of respondents in London thought they had the skills to start a business; this was the highest proportion of respondents in any region, and significantly higher than in the North East, Scotland, and Northern Ireland. Northern Ireland had the lowest percentage of adults agreeing that they have the skills to start a business (37.1%).

	I personally know someone who has started a business in the last two years	There will be good start-up opportunities where I live in the next six months	I have the skills, knowledge and experience to start a business	Fear of failure would prevent me from starting a business (for those who agree there are good start-up opportunities)
East of England	28.5	22.9	44.7	36.8
East Midlands	19.6	23.4	42.8	35.9
London	40.0	28.3	50.0	37.7
North East	22.5	19.7	41.0	34.0
North West	21.7	23.1	44.1	38.5
Northern Ireland	22.4	17.0	37.1	41.5
Scotland	22.1	21.2	39.9	34.1
South East	22.3	24.5	45.8	30.7
South West	21.2	24.4	44.7	23.6
Wales	21.2	20.4	45.2	34.0
West Midlands	21.2	19.9	43.2	40.5
Yorkshire & Humberside	21.1	20.9	45.6	41.0
United Kingdom	**23.4**	**23.0**	**44.5**	**35.2**

Table 3:
Perceptions of entrepreneurship among non-entrepreneurially active individuals in the UK regions, 2009
(Source: GEM UK 2009 APS)

3.1 ENTREPRENEURIAL ACTIVITY IN THE UK, G7 AND BRIC COUNTRIES

GEM views entrepreneurship as a process in which individuals become increasingly engaged in entrepreneurial activity. Figure 4 illustrates the proportion of respondents by stage of entrepreneurial activity in the UK over the period 2002 to 2009. In this figure, individuals who engaged in more than one stage of the process at a time are included in their most established stage (see Figure 4a in Appendix 2 for gross rates for each stage). In the UK in 2009, 84.7% of working age individuals were not engaged in entrepreneurial activity and had no intention of starting a business within the next three years. A further 3.8% expected to start a business in the next three years, but were not actively trying to start a business or running an existing business. A further 2.5% were nascent entrepreneurs and an additional 3.1% were new business owner/managers. Finally, 5.8% were established business owner/managers. Apart from intention to start rates, which have declined from 5.9% in 2004, the proportions have changed little since 2002.

Total early-stage Entrepreneurial Activity (TEA) is the sum of the nascent entrepreneurship rate and the new business owner/manager rate. Figure 5 shows trends in TEA rates of the G7 + Brazil, Russia, India and China (BRIC) nations between 2002 and 2009. Over the past eight years, the relative position of the G7 countries on TEA has not changed. The US had the highest TEA rate of G7 nations in 2009 at 8%, but the gap between the US and UK is much narrower than any year since 2002. This is mainly due to reductions in the US nascent entrepreneurial activity rate.

Three of the four BRIC countries have higher levels of entrepreneurial activity than the UK: Brazil (15.3%), India (11.5% - 2008 estimate) and China (18.8%). Russia (3.9%) had the lowest TEA rate among these nations in 2009. The UK's TEA rate has varied little during the period 2002 to 2009 and has tracked the G7 average very closely. Estimates of TEA for France have fluctuated over this period, possibly due to small sample sizes and changes in collection methods. Official statistics on enterprise creation in France show a reduction in new company formations from the beginning of 2008, ending a ten year rising trend[7]. TEA in Japan appears to have risen each year between 2004 and 2008 but fell sharply in 2009 and is now 2.6 percentage points lower than in the UK.

In addition to TEA, GEM measures the proportion of established business owner-managers in the working age population (EBO). Established business owner-managers have owned or managed a business for more than 42 months. Finally, GEM measures the proportion of individuals of working age who closed down a business in the last 12 months, one that did not continue under a different form or ownership.

The ratio of established business ownership to early-stage entrepreneurship gives a proxy

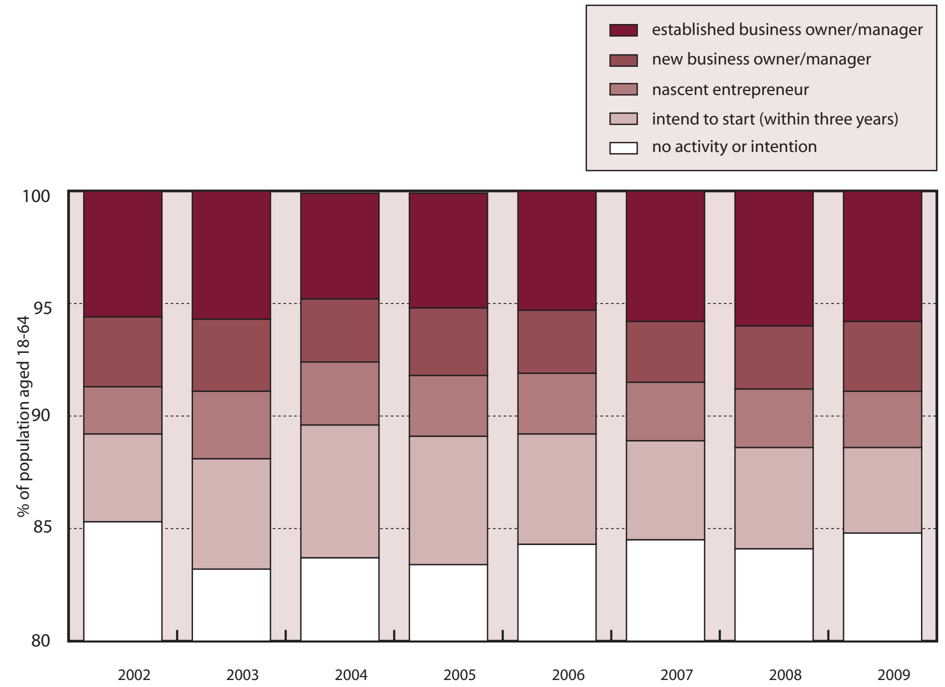


Figure 4:
Participation in entrepreneurship in the UK by most established stage of entrepreneurial activity, 2002 to 2009
(Source: GEM UK 2002-2009 APS)

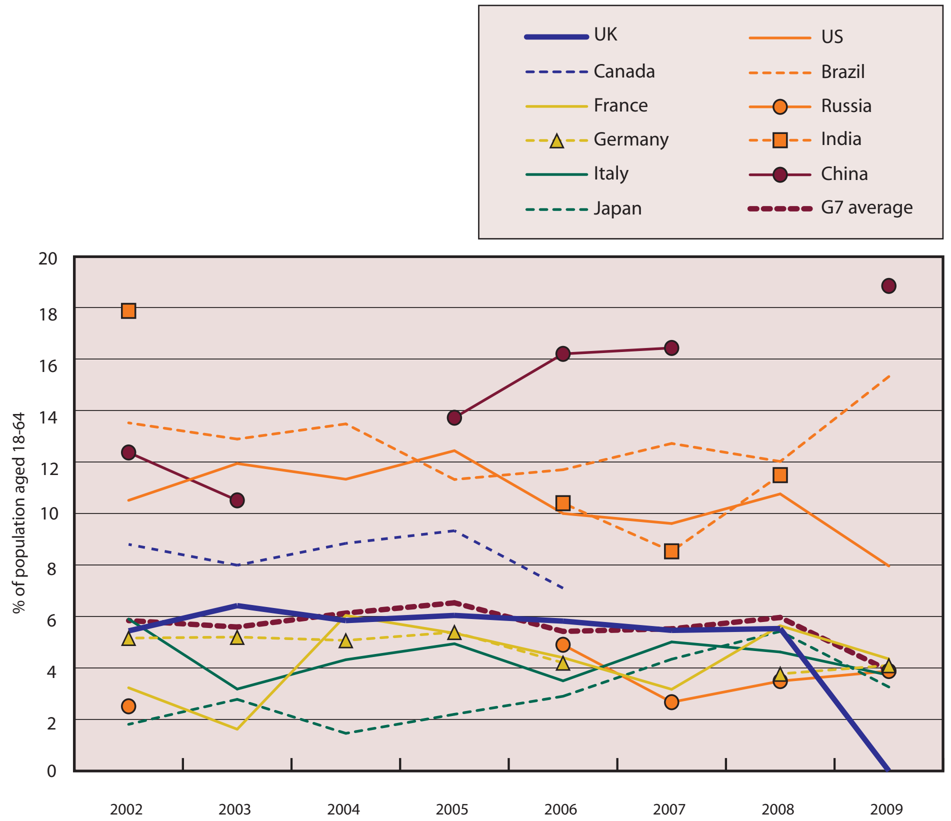


Figure 5:
Total early-stage Entrepreneurial Activity (TEA) in participating G7 and BRIC Countries (2002-2009)[8]
(Source: GEM 2002-2009 Global Adult Population Survey (APS))

[7] Source: Insee, REE (Répertoire des Entreprises et des Établissements – Sirene)

[8] Canada and India did not participate in GEM in 2009.

9 This measure assumes that early stage entrepreneurship and established business ownership does not fluctuate over time.

10 Correlation coefficient of .164, p = .230

11 Correlation coefficient of -.481, p = .000

measure of transition rates from early stage entrepreneurship to established business ownership[9]. This can be interpreted as a proxy survival measure. The ratio of closure to business ownership (new plus established) gives a proxy of entrepreneurial dynamism or "churn". The 2009 results for participating G7 and BRIC countries are given in Table 4.

GEM is a survey of individuals and not a survey of registered businesses. Therefore, the figures reported for business ownership will not necessarily tally with official statistics on the size of the registered business stock in GEM participant countries. Nevertheless, the table presents some interesting summary points:

- Rates for the UK on almost all these measures and ratios are very close to the G7 average.
- France and Russia stand out as having low established business owner rates and relatively high business churn rates.
- With the exception of Russia, the BRIC countries have higher numbers of people expecting to start a business than G7 countries.
- Survival rates and churn rates are negatively correlated with each other. Countries with high apparent early-stage survival rates have low apparent churn rates. There is no significant correlation across the countries in Table 4 between TEA rates and either survival or churn rates. Across all 55 countries there was no correlation between TEA rates and churn rates[10] but a weak negative correlation between TEA rates and survival rates[11].

	Nascent Entrepreneurial Activity rate (paying wages for 3 months or less) (NEA)	New Business Owner-manager rate (4-42 months) (NBO)	Nascent + New business owner-manager rate (TEA)	Established Business Owners (>42 months) (EBO)	Business closure rate (Business closed in the last 12 months that has not continued) (BC)	Proxy early-stage business survival rate (EBO/TEA)	Proxy business churn rate BC/(NBO+EBO)
G7							
UK	**2.7**	**3.2**	**5.8**	**5.8**	**1.7**	**1.0**	**0.2**
France	3.1	1.4	4.3	3.2	1.3	0.7	0.3
Germany	2.2	2.1	4.1	5.1	1.3	1.3	0.2
Italy	1.8	1.9	3.7	5.8	0.7	1.6	0.1
Japan	1.9	1.3	3.3	7.8	1.0	2.4	0.1
US	4.9	3.2	8.0	5.9	2.3	0.7	0.3
G7 average	2.8	2.2	4.9	5.6	1.4	1.2	0.2
BRIC							
Brazil	5.8	9.8	15.3	11.8	2.4	0.8	0.1
Russia	1.8	2.3	3.9	2.3	1.8	0.6	0.4
India							
China	7.4	11.8	18.8	17.2	4.3	0.9	0.1

Table 4:
Measures of entrepreneurial activity in participating G7 and BRIC countries, 2009
(Source: GEM 2009 APS)

3.2 OPPORTUNITY AND NECESSITY ENTREPRENEURSHIP

One way of distinguishing between different types of entrepreneurial activity is the extent to which the activity is based on necessity (i.e. there are no better alternatives for work) or opportunity (where entrepreneurs may be exploiting the potential for new market creation).

Opportunity-motivated entrepreneurship rates (Opportunity TEA) and Necessity-driven entrepreneurship rates (Necessity TEA) for G7 and BRIC countries in 2009 are presented in Figure 6. Levels of necessity entrepreneurship in 2009 are lower than levels of opportunity entrepreneurship in all participating G7 and BRIC countries. In the UK, 4.3% of the working age adult population were opportunity-motivated early-stage entrepreneurs, with 1% identified as necessity-driven early-stage entrepreneurs. While the level of necessity entrepreneurship in the UK rose sharply between 2007 and 2008 there was only a further small increase in 2009 except for London where it almost tripled. Ratios of necessity to opportunity entrepreneurship are less than 1:5 in the UK, US, France and Italy. However, in Germany, Japan, and BRIC countries, necessity entrepreneurship is proportionately higher. These findings were similar to those observed in the 2008 GEM survey. Necessity entrepreneurship tends to be proportionately higher in low and medium income countries than in high income countries[12]. Japan and Germany are noticeable for their unusually high necessity to opportunity TEA ratios of around 1:2 in 2009.

12 See the GEM 2009 Executive Report for a comparison of necessity and opportunity entrepreneurship across 55 economies.

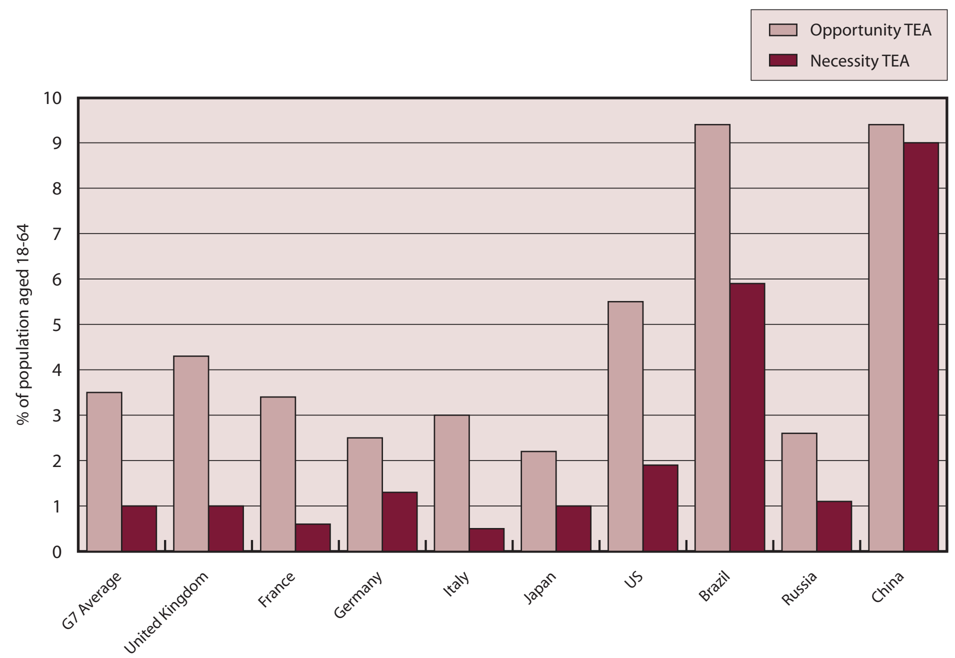


Figure 6:
Necessity and opportunity entrepreneurship in participating G7 and BRIC countries in 2009
(Source: GEM 2009 APS)

3.3 MALE AND FEMALE ENTREPRENEURIAL ACTIVITY COMPARED

Figure 7 presents a summary of Total early-stage Entrepreneurial Activity (TEA) rates for the G7 and BRIC countries by gender. In most high income countries, men are around twice as likely to be entrepreneurially active as women. But in the US and Germany in 2009, the gender gap was much narrower than in the other G7 countries. In the UK the level of female early stage entrepreneurial activity was 47% that of males, broadly the same as in 2007 and 2008: 3.7% compared to 7.8% for men. In the US the ratio of female to male TEA in 2009 was 60%, slightly down on the 70% observed in 2008 (in 2007 it was also 60%). The gap between UK and US female early-stage entrepreneurial activity in 2009 is the smallest it has been since the GEM survey began: 3.7% in the UK compared to 5.8% in the US. This is due to a fall of three percentage points in the US female TEA rate from 8.8 per cent in 2008.

With the exception of Eastern Europe, the gender gap tends to be narrower in low and middle income countries. However, in 2009, there were generally higher female to male TEA ratios in the BRIC countries: 70% in Russia; 78% in China and 107% in Brazil.

The gender gap in participation rates appears to be wider among established business owner-managers than among early-stage entrepreneurs (see Figure 8) in all countries except Russia and China, where private enterprise was essentially illegal two decades ago. For example, in the UK female early stage entrepreneurial activity is 47% of male activity, while established business ownership at 3.3% is just 40% that of males (8.3%). The equivalent proportions for the US are 60% and 70% respectively.

Overall, levels of female early-stage entrepreneurial activity in the G7 and BRIC countries appear to be static since 2002, with the possible exception of Japan, as illustrated in Figure 9. Female TEA in the UK was slightly under the G7 average since 2003 but in 2009 it was slightly higher due to a fall in female early-stage entrepreneurial activity in the G7 countries.

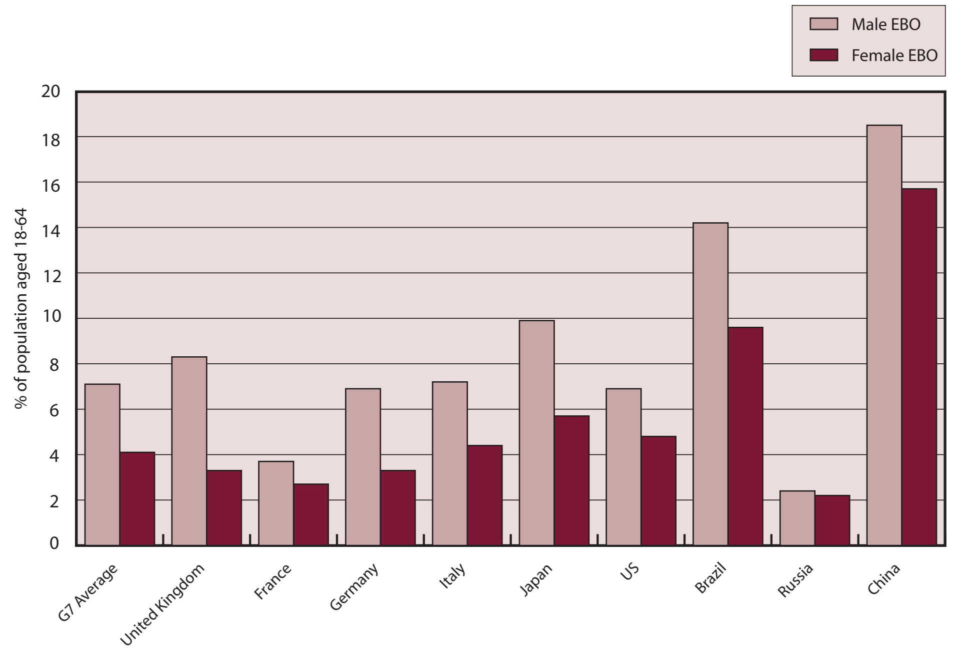


Figure 8: Established business ownership by gender in participating G7 and BRIC countries, 2009
(Source: GEM 2009 APS)

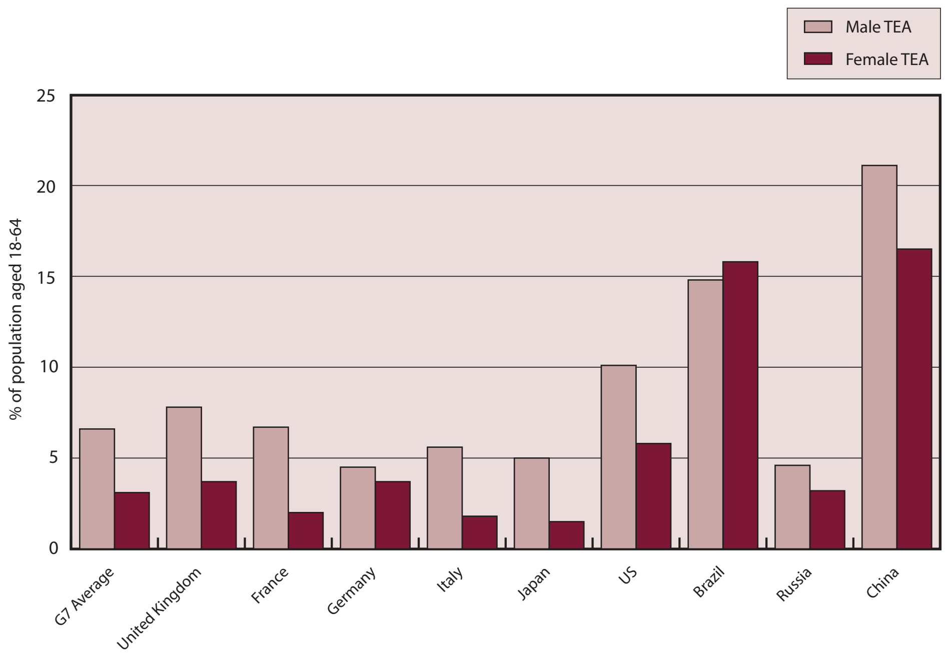


Figure 7: Total early-stage entrepreneurial activity by gender in participating G7 and BRIC countries in 2009
(Source: GEM 2009 APS)

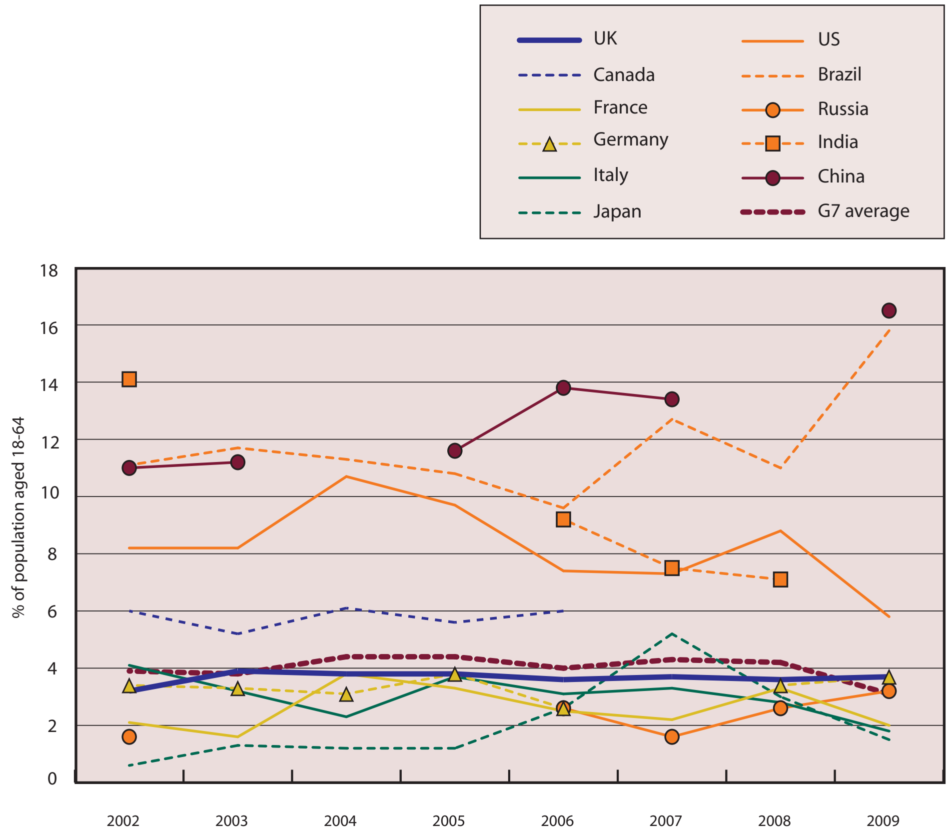


Figure 9: Female entrepreneurial activity in participating G7 and BRIC countries, 2002-2009
(Source: GEM 2002-2009 APS)

3.4 SOCIAL ENTREPRENEURIAL ACTIVITY

In 2009, the social early-stage entrepreneurial activity (SEA) rate for the UK was 2.2%, compared with 2.1% across 49 countries and 2.1% for G7 countries (see Table 5). This is the first year that social entrepreneurial activity was measured in a comparable way across GEM countries. A modified version of the items used to measure SEA in the UK in 2008 was used, and the UK estimate for 2009 is higher than that obtained in 2008 (1.7%). All respondents were asked the question "Are you alone or with others, currently trying to start or currently managing any kind of activity, organisation or initiative that has a particularly social, environmental or community objective? This might include providing services or training to socially deprived or disabled persons, using profits for socially oriented purposes, or organising self-help group for community action."

Across all 49 countries, social entrepreneurs were over-represented among young adults, well-educated individuals, and men, although the gender gap was not as wide as with business entrepreneurs. In the UK in 2009, males were significantly more likely to be social entrepreneurs than females (2.6% versus 1.7%). Compared with 2008, female SEA rates were unchanged, but male SEA rates were significantly higher, up from 1.8%. Social entrepreneurial activity was strongly linked to education levels, with graduates being almost six times more likely to be social entrepreneurs than those who left school early (4.1% versus 0.7%). The peak age for SEA was 35-44, as it was in 2008; however in 2009, 18-24 year olds had SEA rates almost as high as 35-44 year olds (2.6% versus 3.0%).

There was no significant variation in SEA rates by region across the UK.

This year, all those starting businesses were asked to indicate how their goals for their business were split between economic, social and environmental goals. Sixteen percent of early-stage business (TEA) entrepreneurs allocated 50% or more points out of a maximum of 100 to social goals, compared with 57% of early-stage social entrepreneurs, while 60% allocated 50% or more points to economic goals (compared with 22% of SEA entrepreneurs). Based on this points system, the early stage social entrepreneurial activity rate for the UK would be 2.2% (the same as the above estimate). Only 4.6% of SEA entrepreneurs allocated 50% or more points to environmental goals, compared with 3.9% of TEA entrepreneurs. This would give an early stage environmental enterprise activity rate of 0.3%.

Table 5: Early-stage social entrepreneurial activity rate in participating G7 and BRIC countries, 2009
(Source: GEM 2009 APS)

	SEA rate	Females as % of all social entrepreneurs
G7		
UK	**2.19**	**40%**
France	2.31	29%
Germany	0.72	29%
Italy	1.25	40%
US	4.15	49%
G7 average	2.12	37%
BRIC		
Brazil	0.37	5%
Russia	0.91	65%
China	2.89	49%

3.5 ENTREPRENEURIAL ACTIVITY IN UK REGIONS

Table 6 displays different measures of entrepreneurial activity in regions of the UK for 2009. In London, the number of people expecting to start a business in the next three years was twice that reported in any of the other UK regions. Once again in 2009 London displays a unique pattern of entrepreneurial activity; it has relatively high TEA rates, a relatively low established business owner/manager rate, and a relatively high business closure rate. The ratio of EBO to TEA, a proxy of early-stage business survival, is relatively low in London while its rate of business closure to business ownership is unusually high. Overall, London consistently stands out as a high churn region.

At the other end of the activity spectrum, the South West and Scotland have relatively high ratios of TEA to EBO and low churn rates. The North East, another low activity region has relatively low TEA rates and EBO rates, but a relatively low ratio of EBO to TEA, which suggests that it may be maintaining a relatively high flow of early-stage businesses given its business stock while maintaining an average level of churn.

Table 6: Measures of entrepreneurial activity in the UK regions, 2009
(Source: GEM UK 2009 APS)

	I expect to start a business in the next 3 years	Nascent Entrepreneurial Activity rate (paying wages for 3 months or less)	New Business Owner-manager rate (4-42 months)	Nascent + New business owner-manager rate	Established Business Owners (>42 months)	Business closure rate (Business closed in the last 12 months that has not continued)	Proxy early-stage business survival rate	Proxy business churn rate
	(FUT)	(NEA)	(NBO)	(TEA)	(EBO)	(BC)	(EBO/TEA)	BC/ (NBO+EBO)
East of England	5.4	2.3	4.6	6.9	5.5	1.1	0.8	0.11
East Midlands	5.8	2.4	3.0	5.3	4.8	1.7	0.9	0.22
London	10.2	4.5	3.3	7.4	5.5	3.2	0.7	0.36
North East	5.0	2.7	2.3	4.9	4.7	1.5	1.0	0.21
North West	5.5	2.5	2.4	4.9	5.8	2.4	1.2	0.29
Northern Ireland	5.1	2.9	2.5	5.2	6.4	1.4	1.2	0.16
Scotland	4.3	1.1	2.6	3.6	4.8	1.0	1.3	0.14
South East	6.2	3.1	3.2	6.2	6.4	1.6	1.0	0.17
South West	5.3	1.4	4.5	5.8	8.0	1.3	1.4	0.10
Wales	5.1	3.4	2.8.	6.0	6.0	1.4	1.0	0.23
West Midlands	6.4	2.8	2.4	5.2	5.1	1.5	1.0	0.20
Yorkshire & Humberside	6.6	3.0	3.3	6.1	6.7	1.0	1.1	0.10
UK	**6.2**	**2.7**	**3.2**	**5.8**	**5.8**	**1.7**	**1.0**	**0.19**

Figure 10 contrasts TEA rates in the UK regions in 2009 with rates in the previous two years. The distribution of TEA rates in 2009 was slightly wider than in previous years but the only statistically significant difference was between Scotland (3.6%) and five other regions: Wales (6.0%), Yorkshire & Humberside (6.1%), South East (6.2%), East of England (6.9%) and London (7.4%). Only Scotland had a significantly lower TEA rate than the estimate for the UK as a whole. None of the fluctuations in point estimates of TEA in individual UK regions between 2008 and 2009 are statistically significant.

While female early-stage entrepreneurial activity in the UK remains unchanged in 2009 compared to 2008, there are some important differences across the regions. Figure 11 displays male and female early-stage entrepreneurial activity rates by region. It shows that London had the highest level of female early-stage entrepreneurial activity in 2009 at 5.5%. Northern Ireland and the East Midlands had the lowest level of female TEA at 2.4%. The female TEA rate for Northern Ireland and the East Midlands was significantly lower than in the UK overall and London. The only significant regional differences in female TEA rates in 2009 were between London (5.5%) and three other regions: Northern Ireland (2.4%), the East Midlands (2.4%) and the North East (2.5%). Further, Northern Ireland and the East Midlands, along with two other regions, also had the widest gap between male and female TEA rates: the level of female TEA was 47% that of males in the UK as a whole, but considerably lower in Northern Ireland (30%), the East Midlands (30%), Yorkshire and Humberside (30%) and the North East (34%).

Male TEA rates in Scotland (4.8%) were significantly below those of Yorkshire & Humberside (9.5%), London (9.3%), South East (8.8%), and East Midlands (8.1%), and male TEA rates in West Midlands (6.1%) were significantly lower than the estimate for Yorkshire & Humberside.

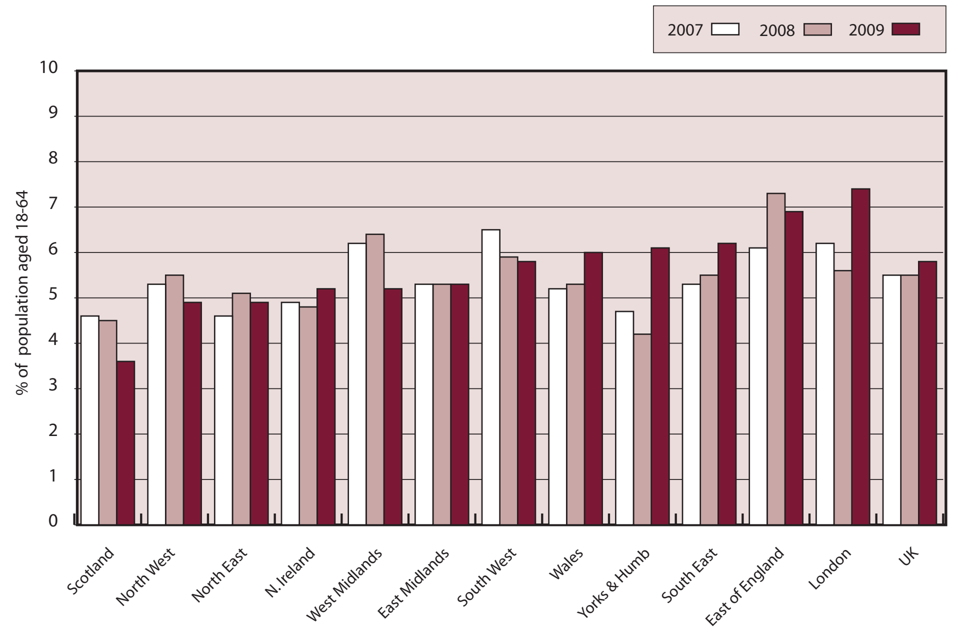


Figure 10:
Total early-stage Entrepreneurial Activity in the UK Regions in 2007, 2008 and 2009
(Source: GEM UK 2007-09 APS)

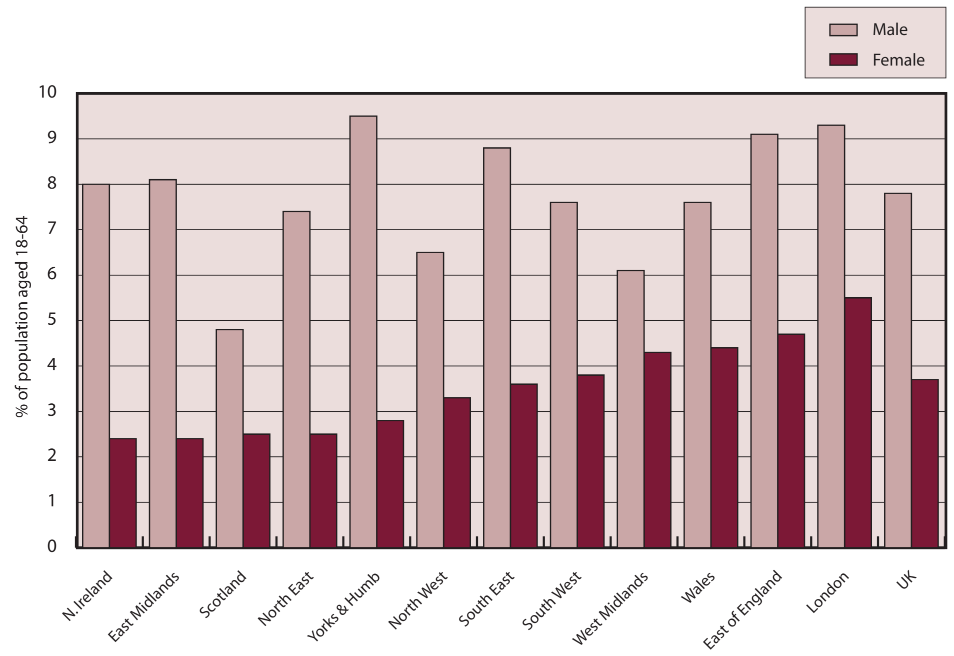


Figure 11:
Male and Female Total early-stage Entrepreneurial Activity in the UK Regions, 2009
(Source: GEM UK 2009 APS)

The potential of entrepreneurial activity to promote regeneration and growth will reflect the types of business being established. If an entrepreneur expects to create a large number of jobs, or if the product market is new, then his or her potential contribution to growth and regeneration through entrepreneurship may be greater.

Across the world, the majority of businesses expect little or no growth[13]. To identify individuals who expect to create a relatively high number of jobs, GEM created a variable which measures the percentage of all early-stage entrepreneurs who have created more than ten jobs and who expect more than 50% growth in jobs in the next five years. The results are illustrated in Table 7 for early-stage entrepreneurs and established business owner-managers. Table 7 also shows the proportion of early-stage entrepreneurs and established business owner-managers who state they operate in new product markets[14], operate in "high" or "medium" technology sectors (according to OECD definitions), and have more than 25% of their customers from outside the country, for each G7 and BRIC country.

Almost one in five (18%) of UK early stage entrepreneurs had high job expectations in 2009 which was below the G7 average by around 10 percentage points. High job expectation varies substantially and is highest in France and lowest in Brazil. In all G7 and BRIC countries the proportion of established business owners with high job expectation was much lower than the proportion of early-stage entrepreneurs.

In almost all countries (the exceptions being Italy and China) early-stage entrepreneurs were more likely than established business owners to report new product-market creation. In the UK in 2009 early-stage entrepreneurs were more likely to report new product-market creation than in all other G7 countries except Japan. The proportion of established business owners reporting new product-market creation was the same in the UK as the G7 average.

The third variable in Table 7 illustrates the percentage of early-stage entrepreneurs and established business owner-managers who were active in high or medium tech sectors according to OECD definitions[15]. In 2009, as in 2008, the UK had a relatively high proportion of early-stage entrepreneurs and established business owners in high or medium tech sectors – almost double the G7 average.

The final variable shows the proportion of early-stage entrepreneurs and established business owners who have (or expect to have, in the case of nascent entrepreneurs) over one in four customers from outside the country. The UK performs relatively well on this measure. The low scores of BRIC countries in comparison with G7 countries are notable.

There is some degree of overlap between these measures of aspiration. For example, entrepreneurs with significant foreign trade are more likely to be engaged with new product-market combinations, and to have high job growth expectations. However, there appeared to be no association between whether an entrepreneur was working in a high or medium technology sector and the other measures of aspiration in Table 7.

One measure of aspiration that has been measured consistently by GEM since 2002 has been the rate of "high expectation entrepreneurial activity", or HEA for short. This is the proportion of early-stage entrepreneurs in the population who expect to employ at least 20 people, in addition to the owners, in five years' time. Over this period, the proportion of HEA entrepreneurs in the UK working age population has declined steadily, from 0.9% in 2002 to 0.5% in 2009. Because HEA entrepreneurs are so rare, annual comparisons with other countries that have relatively small GEM samples can be misleading. However, the UK estimate for 2009 was close to the G7 average. In 2009, the country estimates of HEA were 0.7 for the US, 0.6 for France, 0.4 for Germany and Japan, and 0.2 for Italy, for a G7 average of 0.5.

Table 7:
Measures of entrepreneurial aspiration in participating G7 and BRIC countries, 2009
(Source: GEM 2009 APS)

	High Job Expectation (% TEA or EBO greater than ten jobs and growth >50%)		New Product-Market (% of all TEA or EBO)		High or Medium tech sectors (% of all TEA or EBO)		> 25% of customers outside the country (% of all TEA of EBO)	
	TEA	EBO	TEA	EBO	TEA	EBO	TEA	EBO
G7								
UK	**17.6**	**5.0**	**25.8**	**10.9**	**8.3**	**9.5**	**20.5**	**11.5**
France	40.8	0.0	21.7	14.5	3.8	6.5	23.1	8.4
Germany	25.5	2.8	15.3	10.6	5.4	5.6	17.5	9.2
Italy	25.2	1.7	4.2	6.4	1.8	3.5	10.7	5.6
Japan	27.3	1.9	28.6	10.5	5.6	7.6	6.4	3.7
US	24.7	4.6	20.1	12.0	1.9	2.9	13.2	9.9
G7 average	26.8	2.7	19.3	10.8	4.5	5.9	15.2	8.1
BRIC								
Brazil	10.2	5.0	5.5	3.6	1.4	0.4	3.0	2.0
Russia	16.7	4.5	19.9	7.4	2.8	0.0	9.6	0.0
India (2008 est.)	3.1	6.6	5.3	0.7	0.8	1.9	5.0	16.8
China	20.2	3.0	15.7	19.6	0.3	0.5	2.9	0.3

13 According to the 2009 GEM Global Report, expectations of high growth are rare among nascent and new entrepreneurs. Across 47 economies, only 70% of all start-up attempts expected any job creation at all. Only 14% of all start-up attempts expected to create 20 or more jobs.

14 Where the product is new to all or most customers and where there is little or no competition.

15 GEM collects data for high, medium and low technology sectors according to OECD definitions and also asks if their technology was available one year ago, 2-5 years ago or longer than that. The latter set of variables have been reported in the past but these only give an indication of the newness of the technology in the perception of the respondent. The measure in Table 6 uses OECD definitions of technology.

5 IMPACT OF GLOBAL ECONOMIC DOWNTURN

In 2009, the GEM survey carried questions on the attitudes of entrepreneurs to start-up and growth in the recession. Whilst starting a business in the UK has got tougher for most people since 2007, one in five (20.5%) early-stage entrepreneurs (nascent and new business owners) in 2009 were more positive about their prospects for growth than they were before the global slowdown (Table 8). Established business owners (EBOs) in the UK are less positive than those involved in start-ups, but still around one in six (15.9%) of these owner-managers were more positive about their prospects for growth. These two groups of business owners have the potential to be the job and wealth creators of tomorrow.

In the UK, a fifth (20.3%) of early-stage entrepreneurs and 14.2 per cent of established business owner-managers thought there were more opportunities for their business as a result of the global slowdown (Table 8). Almost one in 10 (7.7%) of established business owner-managers in the UK thought that starting a business was less difficult than a year ago while a slightly higher number of early-stage entrepreneurs (11.8%) thought that starting a business was less difficult than a year ago. Obviously, the vast majority of entrepreneurs report that it is more difficult to start a business in 2009 than in 2008, but for a significant group of business owners in the UK opportunities do exist for entrepreneurial actions in the economy.

There has been an increase in the proportion of nascent entrepreneurs reporting that they had tried but failed to secure certain types of funding. Table 9 shows a doubling in the number of nascent entrepreneurs who tried but failed to secure funding from friends and family, other individuals, and unsecured bank loans and overdrafts. Other sources of funds have not seen such a rise in rejections. This fits with the trend in the informal investment rate, or proportion of working age individuals who invested in other people's new businesses over this period, which according to GEM UK data has fallen significantly from 1.57% in 2006 to 1.16% in 2009, and which is among the lowest of any participating GEM nation.

	Nascent UK entrepreneurs and New Business Owners (TEA)	Established Business Owners (EBO)
Starting a business is…		
More difficult	64.4%	75.8%
About the same	23.8%	16.5%
Less difficult	11.8%	7.7%
Expectations for growth are…		
Lower	43.8%	49.8%
About the same	35.8%	34.3%
Higher	20.5%	15.9%
The economic slowdown created		
More business opportunities	20.3%	14.2%
No impact	28.6%	32.2%
Fewer business opportunities	51.1%	53.5%

Table 8:
Entrepreneurs views on the impact of global recession on their own business, 2009
(Source: GEM UK 2009 APS)

	2006	2007	2008	2009
Type of funding sought and refused				
Friends and family	4.7	3.0	4.8	10.9
Individual investors (not friends and family)	5.7	2.6	4.5	9.9
Unsecured bank loans	6.8	4.4	6.1	9.6
Bank overdraft	7.8	5.1	5.6	9.5
Non-bank unsecured loan	2.7	1.9	2.7	4.2
Mortgage or other secured loan	4.2	5.5	4.7	4
Equity finance or formal venture capital	2.5	2.3	2.1	2.4
Government grants	6.1	8.1	6.1	7.8
Credit cards	4.4	4.6	4.7	4.8

Table 9:
Percentage of UK nascent entrepreneurs who have been refused funding, by type of funding refused, 2006 to 2009.
(Source: GEM UK 2006-2009 APS)

6 THE ENVIRONMENT FOR ENTREPRENEURSHIP IN 2009

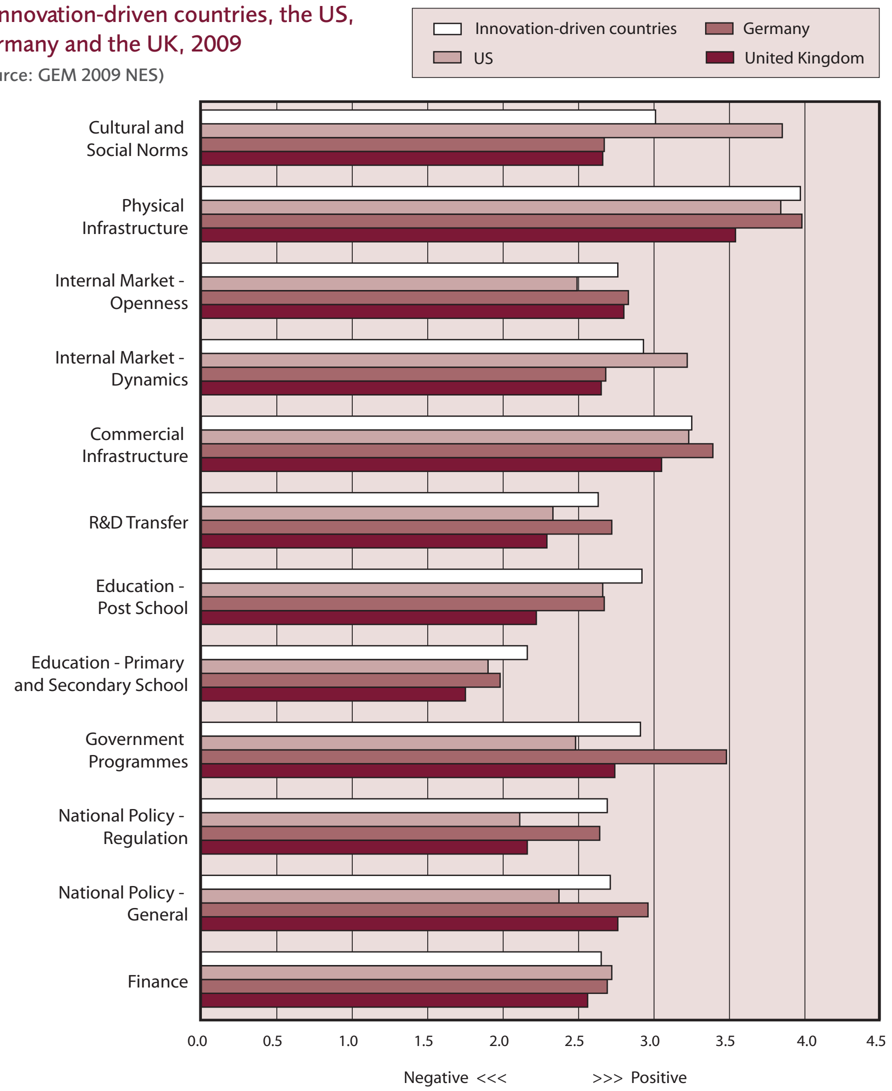
In 2009, 25 experts in different aspects of the environment for entrepreneurship were interviewed across the United Kingdom using a structured questionnaire. The individuals were selected from four different groups: knowledgeable practitioners, resource providers, academics and observers across nine different entrepreneurial framework conditions (EFCs), or distinct dimensions of the environment for entrepreneurship. Each EFC is described in the adjacent boxed insert. Experts were asked to rate on a 5 point scale their agreement with sets of statements that represent different aspects of each EFC. Their results were "factor-analysed" to produce a measure of the strength of each underlying EFC in each participating economy. Figure 12 compares the scores for each EFC for the United Kingdom with the equivalent scores for Germany, the United States, and all 18 participating "innovation-driven" countries derived from the responses of experts in those countries.

Figure 12 shows that all countries do relatively poorly on entrepreneurship education in schools. The US scores significantly higher on Cultural and Social Norms than the UK, while Germany scores significantly higher on Government Programmes. Innovation-driven countries as a whole do well on physical infrastructure. There are no other significant differences between the country EFC scores in Figure 12. The UK does not stand out as relatively strong in any EFC. The only EFCs where the score for the UK exceeds the neutral rating of 3.0 are Physical and Commercial Infrastructure.

Figure 13 displays the scores for each item used to create the Government Programmes factor score. It shows that the UK scored relatively low in comparison to Germany for effectiveness-related items, and also for accessibility of help. Eighty per cent of German experts mentioned government programmes as a positive aspect of the environment for entrepreneurship in their country, compared with just 38% of UK experts.

Figure 14 displays the scores for each item used to create the Cultural and Social Norms factor score. This highlights the perceptions of UK experts that the UK culture does not encourage entrepreneurial risk-taking, even though success through individual efforts is tolerated, as suggested by the neutral score on this rating. In the US, both of these items get positive scores.

Figure 12:
Mean scores awarded by experts to Entrepreneurial Framework Conditions in Innovation-driven countries, the US, Germany and the UK, 2009
(Source: GEM 2009 NES)



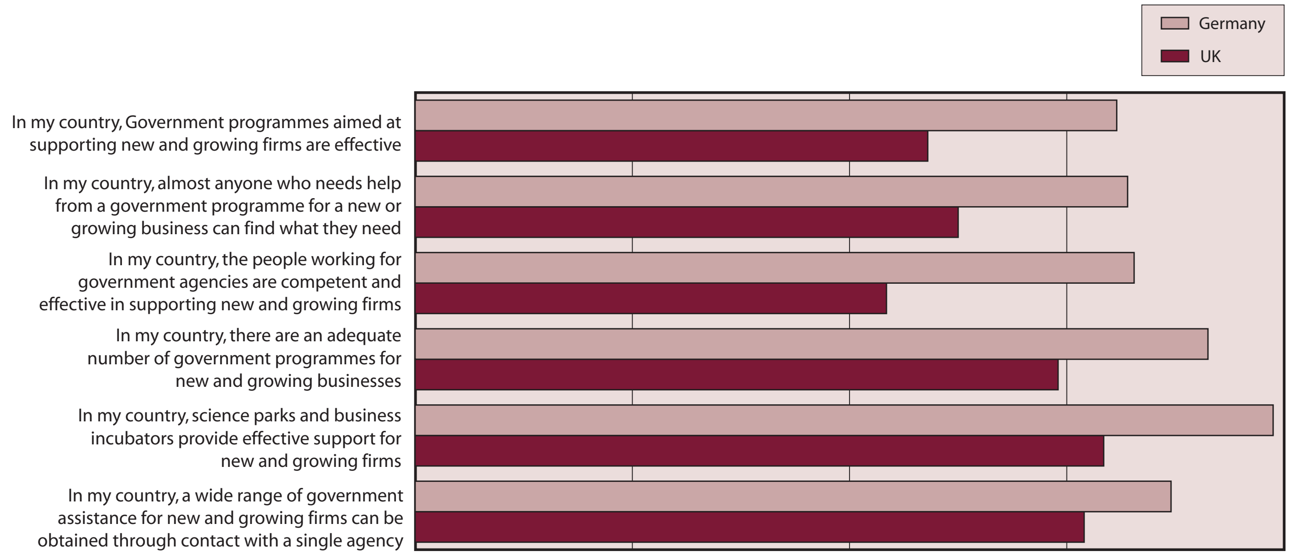
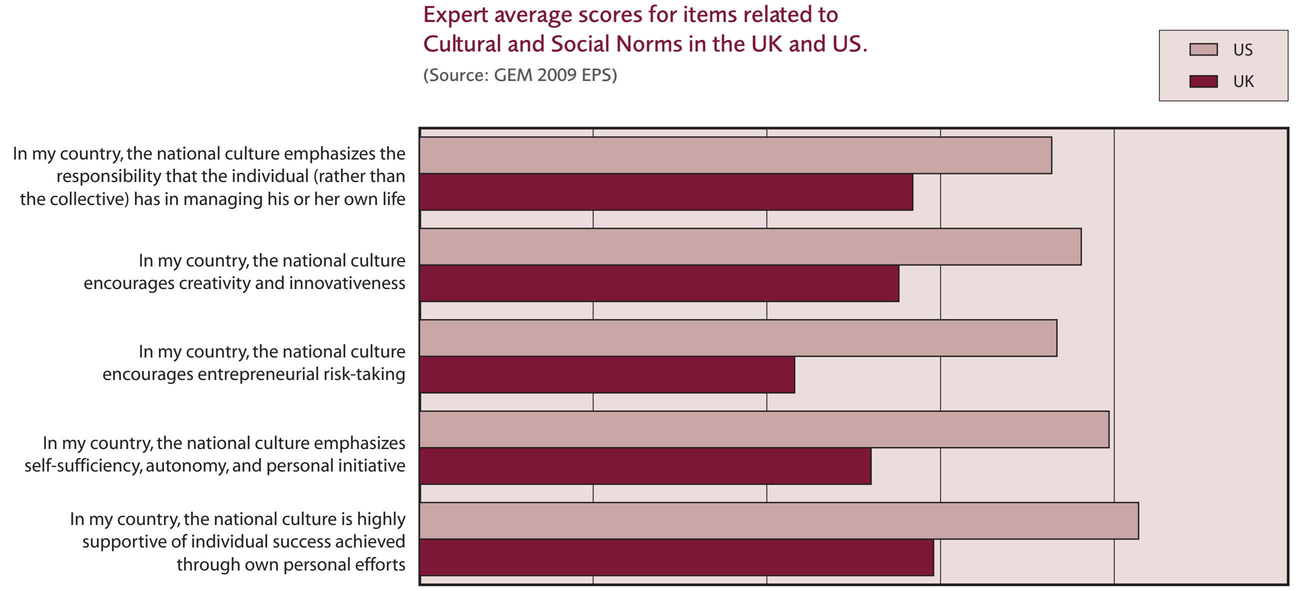


Figure 13:
Expert average scores for items related to Government Programmes in the UK and Germany.
(Source: GEM 2009 EPS)

Figure 14:
Expert average scores for items related to Cultural and Social Norms in the UK and US.
(Source: GEM 2009 EPS)



Conclusion

Entrepreneurial activity in the UK in 2009 was little changed on the previous year, continuing a pattern of no substantial change in activity rates since 2002. Overall, entrepreneurial activity in the UK has tracked the G7 average very closely for the past six years.

However, there is evidence of a downturn in sentiment in 2009, particularly among non-entrepreneurial individuals and established business owner-managers. This downturn, which began in 2008, is manifested in lower opportunity perception, lower perceived merit of starting a business as a career choice, and lower perceived media coverage of successful entrepreneurs. For the first time since recording began in 2002, less than half of the working age population of the UK agree that most people would think that starting a business is a good career choice. There is also some evidence that it became more difficult for nascent entrepreneurs to find funding, and that fewer people were investing in other people's new businesses.

Given the economic conditions in the UK in 2009, this downturn in sentiment is not surprising. What is surprising, perhaps, is the resilience of entrepreneurial activity in the face of negative economic growth in the UK, and the significant minority of early-stage entrepreneurs – over one quarter – who thought the global economic slowdown had created more opportunities for their business.

Appendix 1

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 230,000 individuals interviewed since monitoring began with a sample of 1,000 adults in 1998. In 2009, 30,003 adults aged 16-80 were interviewed. The distribution of respondents is not even across the UK. This is because some Regional Development Agencies (RDAs) and the Devolved Administrations, Government Agencies and Organisations in Wales, Northern Ireland and the West Midlands choose to boost their sample in order to have more detail about entrepreneurship in their region.

The raw sample of 30,003 was distributed across 14 geographic areas within which representative sub-samples of the population aged 16-80 were taken. These areas and the sample sizes are: South West: 1002; South East: 2995; East of England: 998; Birmingham: 1543; West Midlands excluding Birmingham: 2455; East Midlands: 3004; Yorkshire & Humberside: 2999; North East: 3000; North West: 3004: Wales: 2998; Scotland: 1999; London: 1006; Belfast: 1301; Northern Ireland excluding Belfast: 1699. The Scottish sample was paid for by the Hunter Centre for Entrepreneurship from its endowment income.

Every attempt is made to ensure that the results reported are as reliable and robust as possible. To do this, four sets of weights are 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. Ten out of twelve GORs were not sub-sampled in 2009; the West Midlands had one over-sample (Birmingham) and Northern Ireland had one over-sample (Belfast)[16].
- In addition, separate weights were constructed for England, based on balanced GOR samples for each English region, as some variables (e.g. urbanity, deprivation) are only available for English regions.

[16] In order to minimise the effect of over-samples in sub-regions within a GOR, random samples were created from these areas to produce representative samples of GORs.

Appendix 2

Additional Tables and Data for Figures

Table 1a:
Attitudes towards entrepreneurship in participating G7 and BRIC countries in 2009 - percentage of total working age population (including the entrepreneurially active) who expressed an opinion and agreed with the statement at the top of the column
(Source: GEM 2009 APS. These estimates are comparable with measures used in the 2007 GEM UK report)

	I know someone who has started a business in the last 2 years	There are good start-up opportunities where I live in the next 6 months	I have the skills, knowledge and experience to start a business	Fear of failure would prevent me starting a business
G7				
UK	**26.5**	**27.0**	**52.4**	**35.1**
France	36.4	24.1	27.1	50.9
Germany	31.1	22.2	39.7	45.5
Italy	29.9	24.7	41.2	49.6
Japan	21.1	8.0	13.8	34.6
US	32.5	28.4	56.2	32.5
G7 average	29.6	22.4	38.4	41.4
BRIC				
Brazil	38.9	47.0	52.9	33.2
Russia	31.6	17.1	23.7	49.3
India (2008)	60.5	58.5	58.0	44.2
China	57.3	25.3	35.2	32.2

Table 2a:
Entrepreneurial attitudes in the UK in 2008 and 2009 (% respondents aged 18-64 expressing an opinion and agreeing with the statement)
(Source: GEM UK 2008-2009 APS. These estimates are comparable with measures used in the 2007 GEM UK report)

	2008	2009	2008	2008	2009	2009
	All	All	male	female	male	female
I personally know someone who has started a business in the last two years	25.8	26.5	30.3	21.2	29.8	22.8
There will be good start-up opportunities where I live in the next six months	28.8	27.0	32.7	24.6	29.9	23.6
I have the skills, knowledge and experience to start a business	49.0	52.4	58.7	38.8	61.3	42.1
Fear of failure would prevent me from starting a business	37.2	35.1	34.2	40.4	31.6	39.1
Most people consider that starting a business is a good career choice	51.7	48.1	53.1	50.3	49.5	46.4
Those successful at starting a business have a high level of status and respect in society	73.8	73.7	74.5	73.2	74.6	72.8
You will often see stories about people starting successful new businesses in the media	53.2	46.0	55.1	51.2	48.3	43.3

Figure 2:
Entrepreneurial attitudes and perceptions in the UK, 2002- 2009
(% non-entrepreneurial respondents aged 18-64 expressing an opinion and agreeing with the statement)
(Source: GEM UK 2002-2009 APS)

	2002	2003	2004	2005	2006	2007	2008	2009
I know someone who has started a business in the last 2 years	20.7	21.8	24.1	25.3	24.9	21.7	23.6	23.4
There are good start-up opportunities where I live in the next 6 months	25.8	31.6	33.2	35.4	33.8	35.0	26.9	23.0
I have the skills, knowledge and experience to start a business	40.9	43.3	46.4	46.4	45.1	45.2	44.4	44.5
Fear of failure would prevent me starting a business (for those who agree there are good start-up opportunities)	37.0	35.5	36.0	36.1	37.3	37.6	38.3	35.2
Those successful at starting a business have a high level of status and respect in society		71.7	72.2	71.8	72.9	72.8	74.2	73.7
Most people consider that starting a business is a good career choice		52.8	54.7	54.6	54.7	53.4	52.1	47.9
You will often see stories about people starting successful new businesses in the media		54.8	55.3	53.9	54.3	56.8	52.4	44.7

Figure 2a:
Attitudes towards entrepreneurship in UK from 2002 to 2009 - percentage of total working age population who expressed an opinion and agreed with the statement at the left of the row
(Source: GEM 2002-2009 APS)

	2002	2003	2004	2005	2006	2007	2008	2009
I know someone who has started a business in the last 2 years	23.9	24.6	26.6	27.7	27.3	24.0	25.8	26.5
There are good start-up opportunities where I live in the next 6 months	29.1	35.0	35.7	38.2	36.7	38.1	28.8	27.0
I have the skills, knowledge and experience to start a business	46.0	48.3	50.3	50.9	49.6	50.0	49.0	52.4
Fear of failure would prevent me starting a business	34.4	33.8	33.7	34.3	35.7	35.2	37.2	35.1

Note: These figures are calculated on the same basis as in GEM UK Report prior to 2008 – that is, for the 18-64 year sample overall and not solely the non-entrepreneurial adult population. However, due to the revisions undertaken in the new pooled 2002-09 UK database there will be small differences between these figures and those published prior to 2008.

Table 3a:
Attitudes towards entrepreneurship in UK regions in 2009 - percentage of total working age population who expressed an opinion and agreed with the statement at the top of the column
(Source: GEM 2009 APS)

	I personally know someone who has started a business in the last two years	There will be good start-up opportunities where I live in the next six months	I have the skills, knowledge and experience to start a business	Fear of failure would prevent me from starting a business
East of England	31.8	29.6	54.3	28.7
East Midlands	22.8	26.7	50.9	35.1
London	35.3	34.0	57.5	36.0
North East	25.8	23.3	48.1	36.5
North West	24.5	25.6	51.2	35.3
Northern Ireland	24.9	19.7	45.6	41.8
Scotland	24.7	23.9	45.8	36.2
South East	25.3	28.6	54.4	36.3
South West	23.4	26.9	53.6	33.0
Wales	24.1	24.1	52.5	34.2
West Midlands	24.4	23.8	50.1	35.3
Yorkshire & Humberside	24.2	25.5	54.5	36.7
United Kingdom	**26.5**	**27.0**	**52.4**	**35.1**

Table 3b:
Good Opportunities for Start-up in the local area in next 6 months - in UK from 2002 to 2009 - percentage of non-entrepreneurially active working age population who expressed an opinion and agreed with the statement
(Source: GEM 2002-2009 APS)

	2002	2003	2004	2005	2006	2007	2008	2009	% change 2002-09	% change 2008-09
East	32.1	31.9	35.3	38.2	35.3	37.1	31.9	22.9	-9.2	-9.0
East Midlands	28.0	29.8	34.0	36.5	33.7	32.4	22.7	23.4	-4.6	0.7
London	29.4	28.6	32.6	41.4	37.3	38.8	32.8	28.3	-1.1	-4.5
N. Ireland	24.8	28.9	32.2	32.8	32.9	38.8	21.9	19.7	-5.1	-2.2
North East	21.9	29.5	28.7	32.5	30.2	33.1	20.8	23.1	1.2	2.3
North West	22.6	28.8	33.8	32.0	31.6	32.6	25.6	17.0	-5.6	-8.6
Scotland	23.3	34.0	33.3	28.5	33.6	33.5	33.1	21.2	-2.1	-11.9
South East	28.9	40.1	35.3	36.0	36.3	40.9	31.5	24.5	-4.4	-7.0
South West	25.0	36.5	32.1	39.4	35.9	35.0	24.8	24.4	-0.6	-0.4
Wales	21.1	29.6	30.7	31.8	28.6	29.6	19.5	20.4	-0.7	0.9
West Midlands	25.0	31.6	33.1	37.4	32.4	31.0	21.3	19.9	-5.1	-1.4
Yorkshire & Humber	21.8	25.0	32.7	32.7	30.1	33.2	20.2	20.9	-0.9	0.7
UK average	25.8	31.6	33.2	35.4	33.8	35.0	26.9	23.0	-2.8	-3.9

Figure 4:
Participation in entrepreneurship in the UK by most established stage of entrepreneurial activity, 2002 to 2009
(Source: GEM UK 2002-2009 APS)

	2002	2003	2004	2005	2006	2007	2008	2009
Established business owner/manager	5.6	5.7	4.7	5.1	5.3	5.8	6.0	5.8
New business owner/manager	3.1	3.2	2.8	3.0	2.8	2.7	2.8	3.1
Nascent entrepreneur	2.1	3.0	2.8	2.7	2.7	2.6	2.6	2.5
Intend to start (within three years)	3.9	4.9	5.9	5.7	4.9	4.4	4.5	3.8
No activity or intention	85.3	83.2	83.7	83.4	84.3	84.5	84.1	84.8
Total	100	100	100	100	100	100	100	100

Figure 4a:
Participation in entrepreneurship in the UK by stage of entrepreneurial activity (percentage of working age population), 2002 to 2009
(Source: GEM UK 2002-2009 APS. Note: individuals can be in more than one stage at a time; hence annual percentages do not total to 100)

	2002	2003	2004	2005	2006	2007	2008	2009
Established business owner/manager	5.6	5.7	4.7	5.1	5.3	5.8	6.0	5.8
New business owner/manager	3.1	3.2	2.9	3.1	2.8	2.7	2.9	3.2
Nascent entrepreneur	2.5	3.5	3.2	3.2	3.2	2.9	2.8	2.7
Intend to start (within three years)	6.7	8.0	8.6	8.7	7.9	6.8	6.8	6.2
No activity or intention	85.3	83.2	83.7	83.4	84.3	84.5	84.1	83.7

Figure 5:
Total early-stage Entrepreneurial Activity (TEA) in participating G7 and BRIC Countries (2002-2009)[18]
(Source: GEM 2002-2009 Global Adult Population Survey (APS))

	2002	2003	2004	2005	2006	2007	2008	2009
UK	**5.4**	**6.4**	**5.8**	**6.0**	**5.8**	**5.5**	**5.5**	**5.8**
Canada	8.8	8.0	8.8	9.3	7.1			
France	3.2	1.6	6.0	5.4	4.4	3.2	5.6	4.3
Germany	5.2	5.2	5.1	5.4	4.2		3.8	4.1
Italy	5.9	3.2	4.3	4.9	3.5	5.0	4.6	3.7
Japan	1.8	2.8	1.5	2.2	2.9	4.3	5.4	3.3
US	10.5	11.9	11.3	12.4	10.0	9.6	10.8	8.0
Brazil	13.5	12.9	13.5	11.3	11.7	12.7	12.0	15.3
Russia	2.5				4.9	2.7	3.5	3.9
India	17.9				10.4	8.5	11.5	
China	12.4	10.5		13.7	16.2	16.4		18.8
G7 average	**5.8**	**5.6**	**6.1**	**6.5**	**5.4**	**5.5**	**6.0**	**4.9**

[18] Canada and India did not participate in GEM in 2009

	Opportunity TEA	Necessity TEA
G7 Average	3.5	1.0
United Kingdom	**4.3**	**1.0**
France	3.4	0.6
Germany	2.5	1.3
Italy	3.0	0.5
Japan	2.2	1.0
US	5.5	1.9
Brazil	9.4	5.9
Russia	2.6	1.1
China	9.4	9.0

Figure 6:
Necessity and opportunity entrepreneurship in participating G7 and BRIC countries in 2009
(Source: GEM 2009 APS)

	Male TEA	Female TEA
G7 Average	6.6	3.1
United Kingdom	**7.8**	**3.7**
France	6.7	2.0
Germany	4.5	3.7
Italy	5.6	1.8
Japan	5.0	1.5
US	10.1	5.8
Brazil	14.8	15.8
Russia	4.6	3.2
China	6.6	3.1

Figure 7:
Early stage entrepreneurial activity by gender in participating G7 and BRIC countries in 2009
(Source: GEM 2009 APS)

	Male EBO	Female EBO
G7 Average	7.1	4.1
United Kingdom	**8.3**	**3.3**
France	3.7	2.7
Germany	6.9	3.3
Italy	7.2	4.4
Japan	9.9	5.7
US	6.9	4.8
Brazil	14.2	9.6
Russia	2.4	2.2
China	7.1	4.1

Figure 8:
Established business ownership by gender in participating G7 and BRIC countries, 2009
(Source: GEM 2009 APS)

	2002	2003	2004	2005	2006	2007	2008	2009
UK	**3.2**	**3.9**	**3.8**	**3.7**	**3.7**	**3.7**	**3.6**	**3.7**
Canada	6.0	5.2	6.1	5.6	6.0			
France	2.1	1.6	3.8	3.3	2.5	2.2	3.3	2.0
Germany	3.4	3.3	3.1	3.8	2.6		3.4	3.7
Italy	4.1	3.2	2.3	3.7	3.1	3.3	2.8	1.8
Japan	0.6	1.3	1.2	1.2	2.6	5.2	3.0	1.5
US	8.2	8.2	10.7	9.7	7.4	7.3	8.8	5.8
Brazil	11.1	11.7	11.3	10.8	9.6	12.7	11.0	15.8
Russia	1.6				2.6	1.6	2.6	3.2
India	14.1				9.2	7.5	7.1	
China	11.0	11.2		11.6	13.8	13.4		16.5
G7 average	**3.9**	**3.8**	**4.4**	**4.4**	**4.0**	**4.3**	**4.2**	**3.1**

Figure 9:
Female entrepreneurial activity in participating G7 and BRIC countries, 2002-2009
(Source: GEM 2002-2009 APS)

	2007	2008	2009
Scotland	4.6	4.5	3.6
North East	4.6	5.1	4.9
North West	5.3	5.5	4.9
N. Ireland	4.9	4.8	5.2
West Midlands	6.2	6.4	5.2
East Midlands	5.3	5.3	5.3
South West	6.5	5.9	5.8
Wales	5.2	5.3	6
Yorks & Humb	4.7	4.2	6.1
South East	5.3	5.5	6.2
East of England	6.1	7.3	6.9
London	6.2	5.6	7.4
UK	**5.5**	**5.5**	**5.8**

Figure 10:
Total early-stage Entrepreneurial Activity in the UK Regions in 2007, 2008 and 2009
(Source: GEM UK 2007-2009 APS)

	Male	Female	Ratio
N. Ireland	8.0	2.4	30.0
East Midlands	8.1	2.4	29.6
Scotland	4.8	2.5	52.1
North East	7.4	2.5	33.8
Yorkshire & Humberside	9.5	2.8	29.5
North West	6.5	3.3	46.2
South East	8.8	3.6	40.9
South West	7.6	3.8	50.0
West Midlands	6.1	4.3	70.5
Wales	7.6	4.4	57.9
East of England	9.1	4.7	51.6
London	9.3	5.5	59.1
UK	**7.8**	**3.7**	**47.4**

Figure 11:
Male and Female Early-stage entrepreneurial activity in the UK Regions, 2009
(Source: GEM UK 2009 APS)

	UK	Germany
In my country, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency	3.08	3.48
In my country, science parks and business incubators provide effective support for new and growing firms	3.17	3.95
In my country, there are an adequate number of government programmes for new and growing businesses	2.96	3.65
In my country, the people working for government agencies are competent and effective in supporting new and growing firms	2.17	3.31
In my country, almost anyone who needs help from a government programme for a new or growing business can find what they need	2.5	3.28
In my country, Government programmes aimed at supporting new and growing firms are effective	2.36	3.23

Figure 13:
Expert average scores for items related to Government Programmes in the UK and Germany.
(Source: GEM 2009 EPS)

	United Kingdom	GERMANY	US	Innovation-driven countries
Finance	2.56	2.69	2.72	2.65
National Policy - General	2.76	2.96	2.37	2.71
National Policy - Regulation	2.16	2.64	2.11	2.69
Government Programmes	2.74	3.48	2.48	2.91
Education - Primary and Secondary School	1.75	1.98	1.90	2.16
Education - Post School	2.22	2.67	2.66	2.92
R&D Transfer	2.29	2.72	2.33	2.63
Commercial Infrastructure	3.05	3.39	3.23	3.25
Internal Market - Dynamics	2.65	2.68	3.22	2.93
Internal Market - Openness	2.80	2.83	2.49	2.76
Physical Infrastructure	3.54	3.98	3.84	3.97
Cultural and Social Norms	2.66	2.67	3.85	3.01

Figure 12:
Mean scores awarded by experts to Entrepreneurial Framework Conditions in Innovation-driven countries, the US, Germany and the UK, 2009
(Source: GEM 2009 NES)

	UK	US
In my country, the national culture is highly supportive of individual success achieved through own personal efforts	2.96	4.14
In my country, the national culture emphasizes self-sufficiency, autonomy, and personal initiative	2.6	3.97
In my country, the national culture encourages entrepreneurial risk-taking	2.16	3.67
In my country, the national culture encourages creativity and innovativeness	2.76	3.81
In my country, the national culture emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life	2.84	3.64

Figure 14:
Expert average scores for items related to Cultural and Social Norms in the UK and US.
(Source: GEM 2009 EPS)

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