

Alone, together

Entrepreneurship and
diversity in the UK



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Foreword



Catherine Lewis La Torre

Starting and building a business should be open to all.

Every day, the UK's entrepreneurs take their ideas, turn them into businesses, and make them part of people's lives.

This extraordinary entrepreneurial path should be a choice equally accessible to everyone. However, opportunities or barriers to success often depend on who a person is and how they fit in with the society around them.

This report examines the effect of entrepreneurs' backgrounds and experiences on their outcomes. While it is clear that career experience, business development activities and access to loans and other finance do matter, other factors such as ethnicity, gender, location and how much money a person has to begin with strongly influence their degree of success.

The British Business Bank aims to highlight the challenges that entrepreneurs and businesses from all walks of life face, understand the underlying causes, and develop effective solutions. We collaborate with others on these complex and interconnected issues because we recognise that finance is only one part of a wider challenge. We will therefore be submitting this report, alongside other evidence, to the more broadly-based Commission on Race and Ethnic Disparities later this year.

Our economy and country are at their best when everyone has the opportunity to make the most of their skills and character. Achieving this requires that entrepreneurs be equally welcomed, understood, and supported, regardless of their background.

Whilst this year, in particular, has been challenging in many ways, we remain committed to supporting more people in fulfilling their true potential. In shining a light on the disparities that exist in the UK business landscape, we hope this report will prove invaluable in bringing about the changes we all want to see.

Catherine Lewis La Torre
CEO, British Business Bank



Roianne Nedd and Lisa Quest

Entrepreneurialism isn't simply a career choice, it's a way of life. Entrepreneurs have passion, purpose, and desire to succeed running through their veins.

Yet despite this being a career where foresight, innovation and tenacity should determine success, this research shows that sadly this is not the case. Instead, a person's identity and wealth unfairly influence their outcomes.

As a result, women, Black people, and those from Asian and Other Ethnic Minority backgrounds are struggling. What should be a level playing field is littered with obstacles, many of which are products of a complex system of racial and gender disadvantage, underpinned by the pervasive impact of wealth.

Yet there is hope. This research not only highlights the barriers we must begin to tear down, but also the many factors that can positively shape an entrepreneur's journey.

It's up to all of us to learn these lessons and act now to affect change. Let's open our networks to entrepreneurs who are different from us, recruit into our organisations from a diverse talent pool, and put inclusion at the heart of our culture. Let's design financial products that reach people most in need and take a more thoughtful approach to selecting diverse suppliers. Let's build support programmes that ensure those who are under-represented have the practical tools necessary to transform their business from surviving to thriving.

These are just some of the many, simple actions that can create significant and positive change. But alone they are not enough. We must also continue to address the structures and norms in our society that have created such stark inequalities.

Building inclusive organisations and societies is a journey, rather than a destination, and we recognise there is much work still to be done. That's why we are committed to using our best and brightest minds to challenge the status quo, delve deeper into the underlying causes of under-representation, and work with others to improve diversity within financial services, the public sector, and industry at large.

With boldness and bravery, we can all be the change we want to, and must, see.

Roianne Nedd

Global Head of Inclusion and Diversity,
Oliver Wyman

Lisa Quest

Partner, Head of Public Sector UK and Ireland,
Oliver Wyman

Executive summary

Entrepreneurship is integral to our country.

The UK has 5.9 million small and medium sized businesses (SMEs), started and run by a great many entrepreneurs. From tech startups to local restaurants and shops, together these SMEs generate over £2.2 trillion of revenue, annually.^{1,2}

Entrepreneurship can be a desirable personal path. For many, it provides independence, a way to contribute to a community and a chance to amass personal wealth. For others, it can be one of very few options. Entrepreneurship is accessible for everyone because it has some of the lowest barriers to entry.

Entrepreneurs forge their own path, but that does not mean there is a level playing field.

Support is much weaker as an entrepreneur than as an employee, bringing a person's individual characteristics to the fore. Social circumstances affect educational attainment. Pay gaps between genders and ethnicities affect financial resources.^{3,4} Choices and expectations around family affect priorities and options.

This report aims to understand the common ground between people as well as the disparities, with a view to improving opportunity for those disadvantaged.

We present a view of entrepreneurship and diversity in the UK based on a survey of 3,727 entrepreneurs.

Personal identity is deeply complex and 'who you are' can have different answers in different situations.

Here, we take ethnicity, gender, and place as our main lenses because these are characteristics that many people identify with personally. We bring in other factors such as money, education, deprivation, age, and disability in discussion.

In many places, our sample allows us to draw conclusions on ethnicity at a granular level, but in others we are restricted to groupings of ethnicities such as 'Black', 'Asian and Other Ethnic Minority' and 'White'. We recognise these are imperfect and have examined in more detail where possible, as well as sought out nuanced qualitative insight.

We find that Black, and Asian and Other Ethnic Minority entrepreneurs experience far worse outcomes, on average.

Black business owners have median turnover of just £25,000, compared to £35,000 for White business owners. The median productivity of their businesses is less than two thirds of White entrepreneurs'. Only half of Black entrepreneurs meet their non-financial aims, compared to nearly 70% of White entrepreneurs.

Those from Asian and Other Ethnic Minority backgrounds have better outcomes than Black entrepreneurs. However, they have a substantially lower success rate for starting a business and see less success overall compared to White entrepreneurs.

Access to finance, deprivation, education, and under-representation in senior workforce positions partially explain these disparities. However, systemic disadvantage also appears to play a role.

Many female entrepreneurs have a fundamentally different experience to those who are male. Outcomes are worst for Black, and Asian and Other Ethnic Minority female entrepreneurs.

Median turnover for female entrepreneurs' businesses is a third of male entrepreneurs' and productivity is less than half. This can partly be explained by factors such as lower household income, more limited opportunity to accumulate human capital in the workforce, part-time working, and caring roles. However, even after accounting for these, gender disparities persist.

Gender and ethnic disparities compound. 37% of Black female entrepreneurs did not make a profit last year, compared to just 16% of White male entrepreneurs.

Money is critical to success. Those who are poorer experience much worse outcomes.

Regardless of ethnicity, gender, or place, poorer entrepreneurs see less success. 87% of those with household income of £75,000 or more made a profit last year, compared to just 76% of those with income below £20,000. Poorer entrepreneurs are less able to invest in their ideas, have fewer resources to develop their business prior to launch, and struggle to access the finance they need.

The place an entrepreneur lives can shape their entrepreneurial outcomes. Being outside Greater London is better for many.

Entrepreneurs in the South East and North East see most success. Outcomes are worst in Greater London. Only 71% of entrepreneurs in the capital made a profit last year – this figure was above 80% in all other UK regions. This is explained by high levels of competition, high costs of living and operating, and factors such as higher deprivation. Only a small share of entrepreneurs run the kind of business that can benefit from the investment ecosystem London is globally known for.



This report shows clearly that there is not a level playing field in entrepreneurship, whether for opportunities or outcomes.

People's experiences are entangled with their ethnicity, their gender, and the place they live, as well as many other aspects of their circumstances and characteristics. This creates different starting points and also leads to different outcomes.

There is systemic disadvantage for entrepreneurs who come from an ethnic minority background and who are female.

In the entrepreneur population, having less education, a low income, and living in a deprived area are connected to each other. They are also correlated with coming from an ethnic minority background.

Working part-time, spending time in caring roles, and working in lower productivity sectors are connected to each other. They are also correlated with identifying as female. Each of these effects leads to worse entrepreneurial outcomes.

However, even after controlling for more than 30 such explanatory factors – including sector, money, human and social capital, and finance – disparities persist. For some people, their ethnicity and gender are intimately tied to worse outcomes.

This report is a clear evidence base on which to build insight and action, for the British Business Bank and for others.

The Bank has a number of actions underway with which we intend to make progress for entrepreneurs facing disadvantage:

- We are submitting evidence to the [Commission on Race and Ethnic Disparities](#), established by the Prime Minister. The Commission will consider the causes of persistent disparities across health, education, crime, employment and enterprise, and set out a new, positive agenda for change.
- We will continue to provide [Start Up Loans](#) and mentoring support to entrepreneurs across the UK. To date, entrepreneurs from various backgrounds have received over 75,000 loans: 10% of recipients are Black, 3% Asian, and 5% Mixed ethnicity; 40% are female and a third were previously unemployed.
- In our [venture capital programmes](#) (Enterprise Capital Funds and British Patient Capital), we will continue to seek out fund managers with networks beyond the norm and assess approaches to diversity, both in investment strategy implementation as well as team composition, as an integrated part of our due diligence process.

- We are a signatory to the [Investing in Women Code](#) and will continue to work with investors, fund managers, UK Business Angels Association, UK Finance and HM Treasury to increase transparency in this area.
- We will continue to address regional imbalances in finance through [regionally targeted investment funds](#). These currently represent £690 million in the Northern Powerhouse, Midlands Engine and Cornwall and the Isles of Scilly regions. The Bank also runs a £100 million [regional angel investment](#) programme. The Bank's regional network team provides further local insight and support.

As an institution, the British Business Bank is conscious of the benefits brought by having a greater understanding of these challenges and their drivers.

We will continue to perform and publish research in this area and work with others to ensure that it is as valuable and relevant as possible.

We welcome approaches by those who wish to collaborate on these important issues. There is work to be done in understanding the issues that people face but also in improving the methods and tools with which we study people's experiences.

Research questions and key findings

The main themes of ethnicity, gender, money, and place emerge from detailed analysis of five areas:

1. Who are the UK's entrepreneurs?
2. What motivates entrepreneurs and how do they develop businesses?
3. Which entrepreneurs experience success?
4. What are the enablers and barriers for success?
5. What has been the impact of COVID-19?

1.

There are a wide range of entrepreneurs in the UK, with clear differences between groups.

Most entrepreneurs are middle-aged, but slightly older than those in employment. Those from Black, and Asian and Other Ethnic Minority backgrounds tend to be younger and more highly qualified, although variation exists within these groupings. Indian entrepreneurs are evenly distributed across more and less deprived areas, but many more Black Caribbean, Black African, Other Asian and Other Ethnic Minority entrepreneurs live in deprived areas and in London. Entrepreneurs in these ethnic groups also tend to have lower household incomes.

Only 37% of entrepreneurs identify as female. Many female entrepreneurs work part-time prior to entrepreneurship and many spend considerable time in caring roles. However, even after accounting for these factors, female entrepreneurs are still significantly under-represented.

Female entrepreneurs and those with low household income are also disproportionately represented in sectors with the lowest labour productivity.

5 out of 6

Female entrepreneurs are over-represented in 5 out of 6 of the lowest productivity sectors.

2.

Most entrepreneurship comes from personal desires not financial aspirations. For those with lower household income, lack of other avenues is also a vital piece of the puzzle.

Hobbies and jobs are the most common source of ideas, although the latter is less common among female entrepreneurs. One in six Black entrepreneurs decide to start a business after identifying a gap in the availability of products suited to them.

Entrepreneurs with the lowest household incomes are twice as likely to say they had no other choice.

Performing more activities to develop a business idea is strongly linked to success for all entrepreneurs. But Black, Asian and Other Ethnic Minority, and female entrepreneurs complete fewer activities.

Black, Asian and Other Ethnic Minority, and female entrepreneurs complete fewer of the activities which can develop their business ideas (e.g. identifying customers, financial forecasting). Access to advice is associated with doing more development activities, as is access to finance.

Black, and Asian and Other Ethnic Minority entrepreneurs are investing more time and money developing their ideas than White entrepreneurs. Female entrepreneurs invest similar time to male entrepreneurs, but less money. These effects speak to the increased caution that under-represented people may feel entering a sphere which is ‘not usually for people like me’, or where tacit knowledge is less available to them.

3.

Entrepreneurs who are White, male, and living outside Greater London see most success.

Asian and Other Ethnic Minority entrepreneurs and those living in Greater London are least successful in taking the step from aspiring to actually starting a business.

Once a business has launched, Black business owners report substantially worse outcomes across all objective and subjective measures of success. Median turnover for Black African entrepreneurs is just £17,000, compared to £35,000 for White entrepreneurs. Only half of Black, and Asian and Other Ethnic Minority business owners meet their non-financial aims, compared to 69% of White business owners.

For female business owners, median turnover is only a third of that of male business owners and median productivity is less than half. Black, and Asian and Other Ethnic Minority female entrepreneurs see least success.

Across the UK, a balancing act is playing out between objective financial success and subjective quality of life.

Those living in the South East and North East report the most success and those in Greater London the least. Entrepreneurs meet their non-financial aims most commonly in Scotland, Northern Ireland, Wales and the North East.

£5,000

Median productivity for Asian and Other Ethnic Minority female entrepreneurs’ businesses.

£30,000

Median productivity for White male entrepreneurs’ businesses.

4.

Money, finance, and working background are critical enablers of success.

Money is critical to success, irrespective of ethnicity, gender, or place. 87% of business owners with household income of £75,000 or more reported making a profit last year, compared to 76% of those with income below £20,000. Wealthier entrepreneurs also have higher turnover and higher productivity businesses. They are far less likely to face funding constraints and far more likely to be able to invest personal funds. Correspondingly, they complete more business development activities.

Access to finance appears to be a major barrier for Black, and Asian and Other Ethnic Minority entrepreneurs and the reason why 39% and 49%, respectively, stop working on their business idea. This is also the case for poorer entrepreneurs.

Careers prior to starting a business are strongly related to success as an entrepreneur.

Those previously working full-time have a median turnover six times that of those previously working part-time.

Level of education is less directly related to success. However, education is a critical step in gaining the work experience that many successful entrepreneurs have had.

Social capital is inherently intangible but several metrics show it can be an important contributor to success. The nature of the networks in which entrepreneurs operate – and the manner in which they access advice from them – differs between ethnic groups.

49%

of Asian and Other Ethnic Minority entrepreneurs cite ‘difficulties getting finance’ as the reason for stopping work on their business idea.

5.

2020’s economic environment is one which has not been seen for a generation. Entrepreneurs have been significantly affected by COVID-19, primarily due to the sector they operate in.

As the global economic disruption caused by the COVID-19 pandemic unfolded this year, we added survey questions on its effects on aspiring entrepreneurs and business owners.

Sectors with lower output per hour were among the hardest hit because many of these businesses require face-to-face activities (e.g. Food services, Arts, Health and social work).

Sector also explains a large proportion of the impact by region. Business owners who live in Northern Ireland, the North East, and Scotland saw the biggest negative impacts.

The substantial impact on lower productivity sectors meant entrepreneurs with lower household incomes were worse affected. Other demographic factors also contribute to differences in outcomes, particularly for those with a disability or long-term health problem, or those who are older.

Black male business owners report being particularly badly affected and having to take drastic action to save their businesses in response. However, sector is not the main driver of this. It appears that ethnicity itself is an important factor, potentially reflecting the knock-on consequences of the more severe health impacts of COVID-19 that many Black people have faced.⁶

Gender differences in impact are clear only once ethnicity has been accounted for. Within Black, and Asian and Other Ethnic Minority groups, male entrepreneurs were typically worse affected than female entrepreneurs. By contrast, within the White ethnic group, female entrepreneurs were somewhat more affected than male entrepreneurs.

48%

of entrepreneurs closed their business or saw sales reduce by more than 75% due to COVID-19.

70%

of Black male entrepreneurs took ‘drastic action’ to protect their business.



Part A.

Themes and challenges: ethnicity, gender, money and place



Key findings:

1.

Black, and Asian and Other Ethnic Minority entrepreneurs experience far worse outcomes on average.

The success rate for starting a business is substantially lower for entrepreneurs from Asian and Other Ethnic Minority backgrounds. Having started their businesses, Black entrepreneurs report substantially worse outcomes across all five objective and subjective measures of success, with a median turnover of just £25,000, compared to £35,000 for White business owners. Systemic disadvantage appears to play a role in entrepreneurship.

2.

Many female entrepreneurs have a fundamentally different entrepreneurial experience to male entrepreneurs.

Female entrepreneurs see less success overall: their median turnover is a third of male entrepreneurs' and median productivity is less than half. Factors such as lower household income, more limited opportunity to accumulate human capital in the workforce, part-time working, and caring roles partly explain this. However, even accounting for these, gender disparities persist.

3.

Money is critical to success. Those who are poorer experience much worse outcomes.

Regardless of ethnicity, gender, or place, those who are poorer experience less success. 87% of entrepreneurs with household income of £75,000 or more reported making a profit last year, compared to 76% of those with income below £20,000. Poorer entrepreneurs are less able to invest in their ideas, have fewer resources to develop their business prior to launch, and struggle to access the finance they need, typically even when controlling for other explanatory factors.

4.

The place an entrepreneur lives can shape their entrepreneurial outcomes. Being outside Greater London is better for many.

Entrepreneurs in the South East and North East see most success, with outcomes substantially worse in Greater London. Only 71% of entrepreneurs in London made a profit last year; this figure was above 80% in all other UK regions. This is explained by high levels of competition, high costs of living and operating, and demographic factors such as higher deprivation in the capital.

Entrepreneurs from Black, and Asian and Other Ethnic Minority backgrounds experience far worse outcomes, on average.

There are large disparities in outcomes between entrepreneurs who are Black, or from Asian and Other Ethnic Minority backgrounds, and those who are White.

The success rate for starting a business is substantially lower for entrepreneurs from Asian and Other Ethnic Minority backgrounds.* Black and White entrepreneurs have greater levels of success, which are similar to each other.

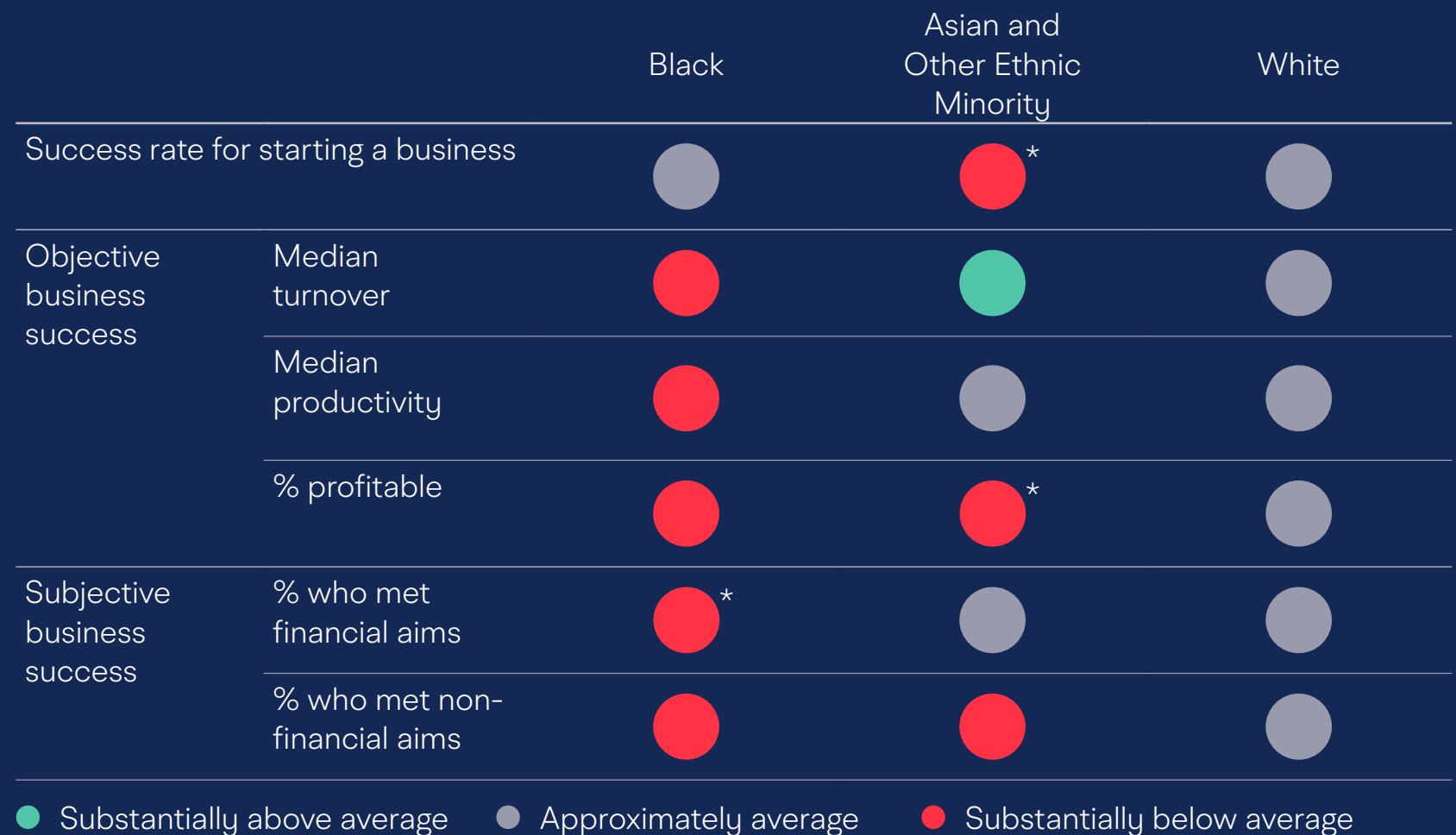
Having started their businesses, Black entrepreneurs report substantially worse outcomes across all five objective and subjective measures of success. For Asian and Other Ethnic Minority entrepreneurs, the picture is more mixed: they report higher turnover but are substantially below average on two metrics.

- Median turnover for Black business owners is £25,000 compared to £35,000 and £40,000 for White, and Asian and Other Ethnic Minority business owners, respectively. Among those from a Black African background, it is just £17,000.
- 72% of Black and 62% of Asian and Other Ethnic Minority business owners report making a profit last year, compared to 84% of White business owners.
- Entrepreneurship is not always about financial success, however only half of Black, and Asian and Other Ethnic Minority business owners said they met their non-financial goals from entrepreneurship, compared to 69% of White business owners.

These findings are not driven by any one particular sub-group within the Black, and Asian and Other Ethnic Minority groups.

Ethnicity and success

Aspiring entrepreneurs (n=871) and business owners (n=1,754)





Differences in outcomes cannot be fully explained by the features of entrepreneurs and their businesses. Systemic disadvantage appears to play a role in entrepreneurship.

Several interconnected factors contribute to explaining the large differences in outcomes between ethnic groups, including:

- Over-representation of Black Caribbean, Black African, Other Asian and Other Ethnic Minority entrepreneurs in more deprived areas and in London more generally.
- Poorer educational outcomes for a greater proportion of Black Caribbean entrepreneurs, which limits their career opportunities.
- Under-representation of Black people among managers, directors and officials in the workplace, which reduces the opportunity to develop relevant human capital.¹
- Lower household income among Black Caribbean, Black African, Other Asian and Other Ethnic Minority entrepreneurs, particularly relative to living costs for those in London.
- Poorer access to finance, particularly among Black African and Indian entrepreneurs (echoing similar findings from past research).²

After controlling for more than 30 explanatory factors – including sector, money, human and social capital, and access to finance – some of these disparities persist. This highlights the role played by systemic disadvantage, which manifests and compounds across dimensions such as poverty, education, employment, health, and criminal justice. Until these wider systemic disparities are addressed, many entrepreneurs will remain unable to make the most of their talents and opportunities.

“This is a White, male-dominated business that I’m in. I’ve had people doubting me due to my gender and because I’m Black. [They think]... that maybe I’m not credible or that I don’t know what I’m doing...”

**Aspiring entrepreneur
Black Caribbean, female**

“My ethnicity does surprise people sometimes. Because I’m Black Caribbean, they think the [White] guy that works with me is the boss... I guess there’s a subconscious bias there...”

**Business owner
Black Caribbean, male**



Many women have a fundamentally different entrepreneurial experience to men.

Female entrepreneurs have fundamentally different characteristics to male entrepreneurs, leading to some large disparities in outcomes.

Women are under-represented among entrepreneurs.³ They also experience less success overall.

Female entrepreneurs have similar success in starting a business. A similar share of women and men reported making a profit last year and meeting non-financial aims.

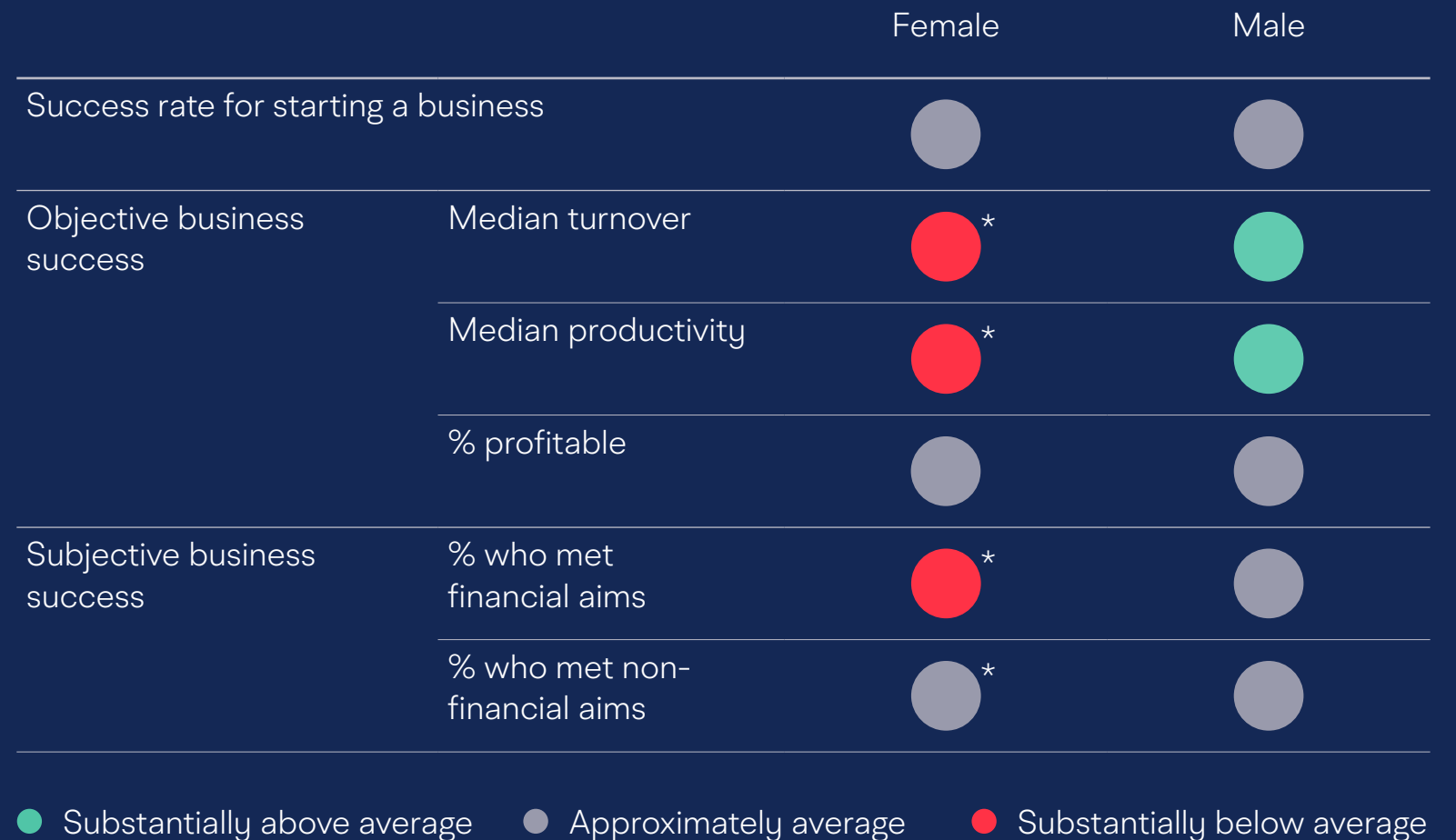
However, median turnover of female business owners is only a third of that of male business owners and median productivity of their businesses is less than half.

Female entrepreneurs' outcomes are heavily affected by the different realities and expectations that are imposed on women in society:

- Women are under-represented in higher occupational grades, limiting their ability to accumulate human capital at work.⁴
- Women in employment are paid less than men.^{5,6} Lower household income and more limited access to personal savings are negatively associated with entrepreneurial success.
- More women work part-time before entering entrepreneurship. Entrepreneurs who were previously full-time workers have five times higher median turnover.
- More female entrepreneurs play a caring role. 53% of them spend 5-7 days per week caring for others, almost twice the level of male entrepreneurs with a caring role.

Gender and success

Aspiring entrepreneurs (n=871) and business owners (n=1,754)



Source: British Business Bank, Entrepreneur survey, 2020. Note, clarifying definitions are provided the Appendix. * These disparities persist even when controlling for other factors (including sector, money, human and social capital, and access to finance). Note, female entrepreneurs were slightly more likely to meet their non-financial aims, but only when other factors were controlled for.



- Female aspiring entrepreneurs perform fewer of the business development activities associated with success.
- Irrespective of ethnicity, female entrepreneurs are over-represented in lower productivity sectors.⁷

The intersection of gender and ethnicity compounds disparities, with women from Black, and Asian and Other Ethnic Minority backgrounds seeing the lowest levels of success. For example, the median productivity of Asian and Other Ethnic Minority female entrepreneurs' businesses is just £5,000,[#] compared to £30,000 for White male entrepreneurs.

Similar to ethnicity, differences in characteristics are not sufficient to fully explain differences in outcomes between female and male entrepreneurs. Systemic gender disadvantage persists.

Even after controlling for a range of explanatory factors, many disparities persist. For example:

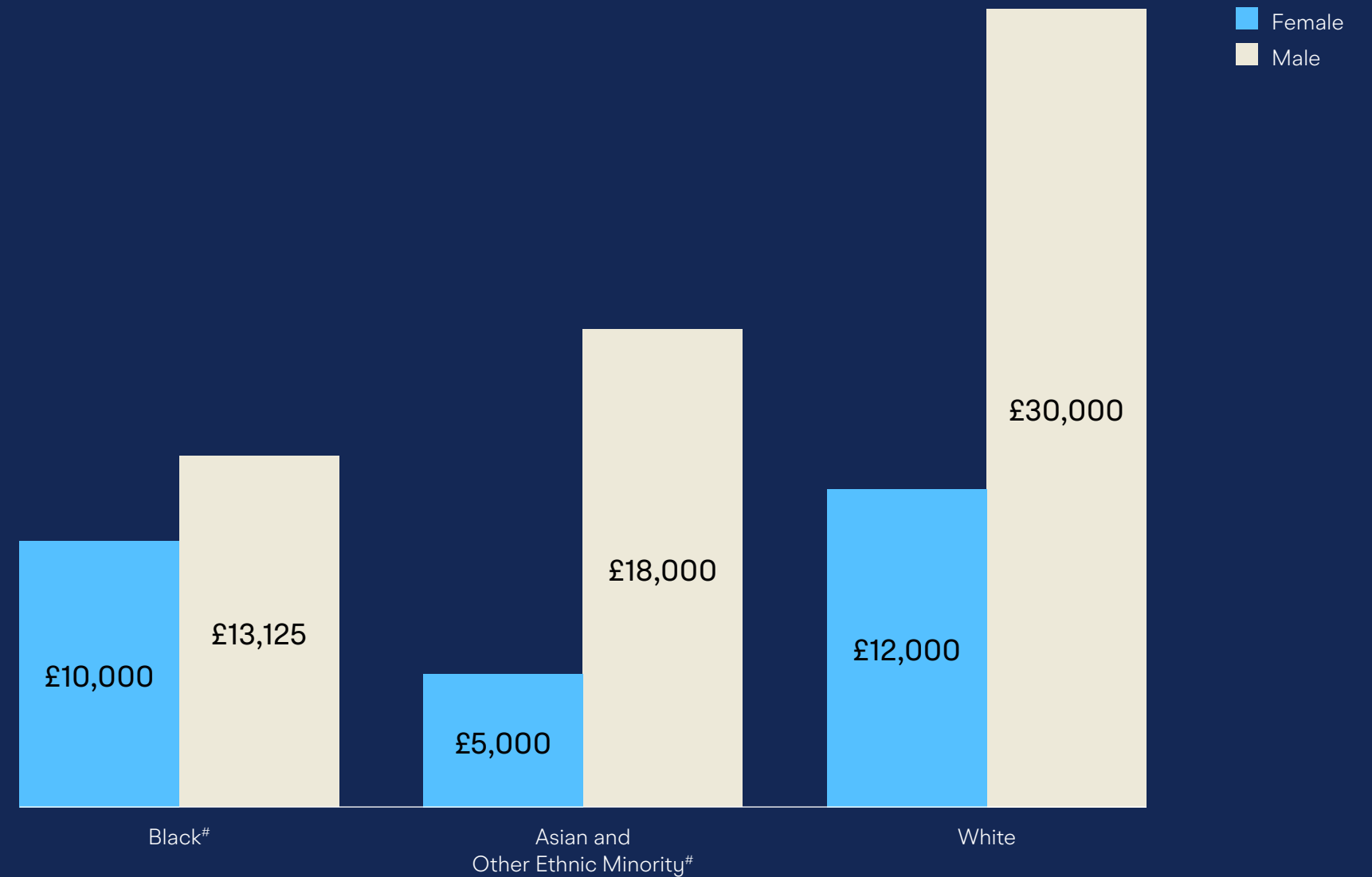
- Female entrepreneurs without caring responsibilities still have much lower median turnover and productivity than comparable male entrepreneurs.
- A similar effect persists for women working full-time prior to starting a business.

These findings highlight the systemic disadvantage faced by many women of all ethnicities. This takes various forms, including some gender bias in investment decision making.⁸

The economic impact of this disadvantage is significant. Only one in three UK entrepreneurs is female (a gender gap equivalent to around 1.1 million missing businesses) and up to £250 billion could be added to the UK economy if women started and scaled businesses at the same rate as men.⁹

Gender, ethnicity, and median business productivity

Business owners (n=1,407)



Money is critical to success. Those who are poorer experience much worse outcomes.

Irrespective of ethnicity, gender, or place, money is vital to success.

The success rate for starting a business is similar between entrepreneurs with different household incomes. However, once a business starts, money is strongly related to better entrepreneurial outcomes. For example:

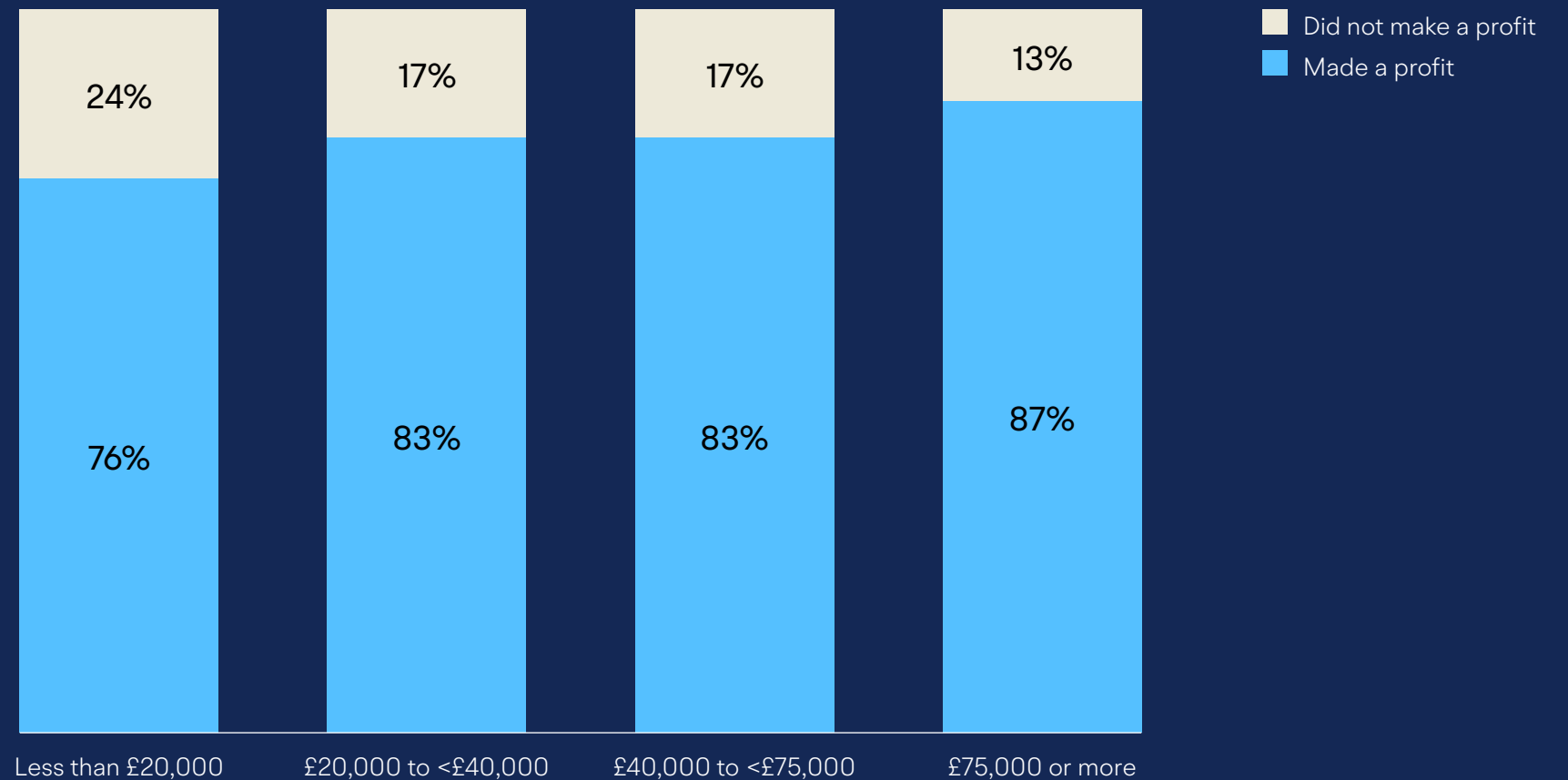
- 87% of business owners with income of £75,000 or more reported making a profit last year, compared to 76% of those with income below £20,000.*
- These wealthier business owners were nearly twice as likely to see their business grow by at least 20% last year.
- The median turnover of business owners with income of £75,000 or more is twelve times that of business owners with income less than £20,000. Median productivity is six times higher.*
- The share of entrepreneurs reporting that they have met their financial and non-financial aims increases substantially with income.*

Most of these relationships hold for male, female, ethnic minority, and White entrepreneurs, even after controlling for other explanatory factors.

Similar results were found when looking at other measures of income and wealth. For example, entrepreneurs who said they could draw on personal savings if they needed to invest £10,000 in their business see significantly more success than those who said they could not.

Clearly, causality between income and success can run in both directions. However, businesses surveyed here are young and median turnovers relatively low. It is therefore unlikely that profits from the business are the main driver of a higher household income. Instead, it appears that money is leading to success.

Household income and profitability last year
Business owners (n=1,104)





Pre-existing money enables entrepreneurs to invest in their ideas and develop their business more prior to launch.

22% of aspiring entrepreneurs with incomes of £75,000 or more had spent over £5,000 developing their idea, compared to just 4% of those with incomes less than £20,000. The average time spent developing the idea was also higher among business owners with income of £75,000 or more.

Completing more business development activities (e.g. identifying customers) is strongly related to success for all groups of entrepreneurs.* The number of activities rises with income, further contributing to wealthier entrepreneurs' success. It seems likely that higher value businesses require more time and resources to develop and so are the preserve of those with more money.

In contrast, those without money struggle to access the finance they need to fund their business.

Obtaining finance can be vital to starting and scaling a business. This is even more the case for those who do not have personal resources to invest.

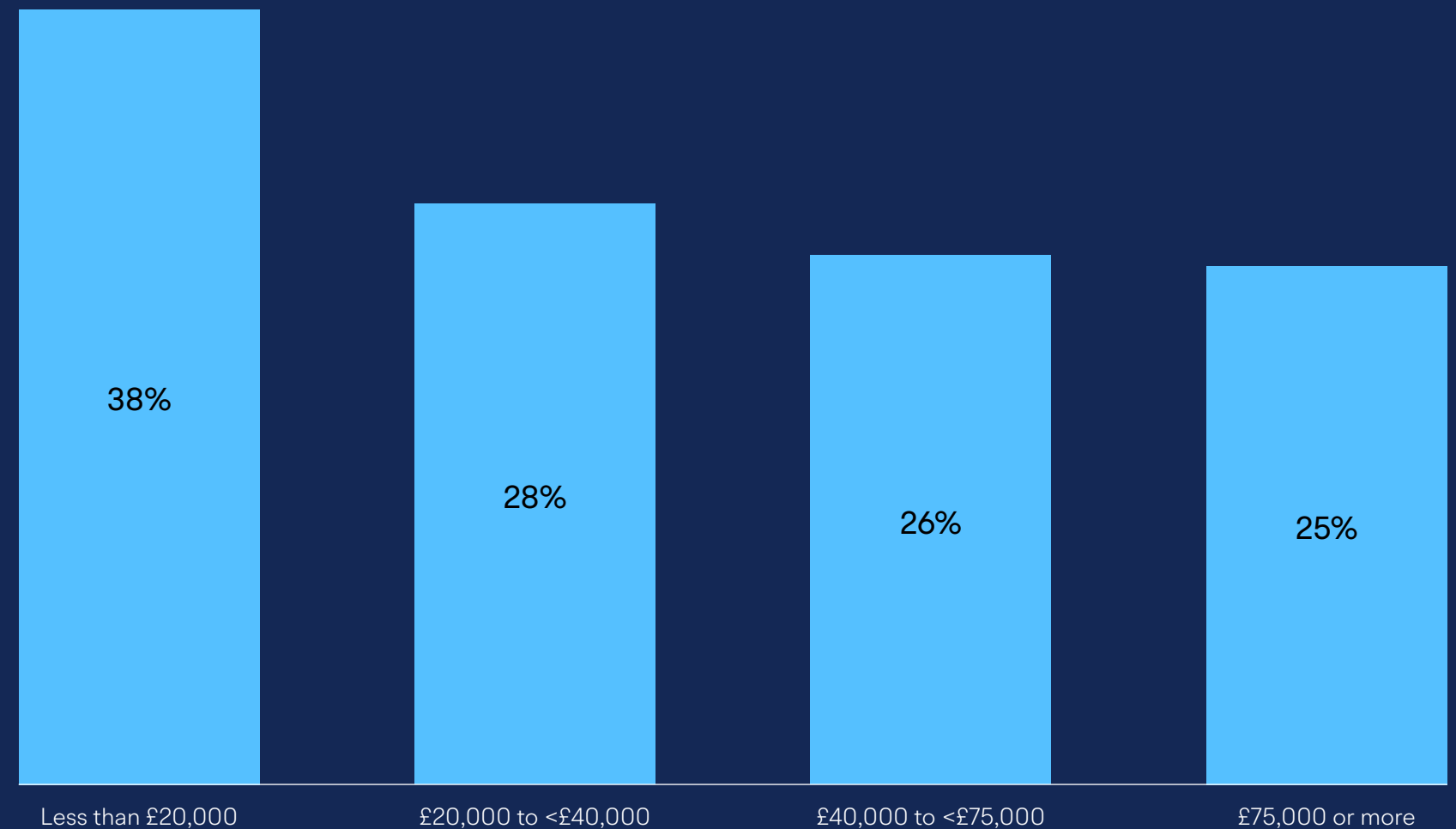
However, poorer entrepreneurs face the biggest challenges in obtaining finance. Substantially more entrepreneurs with income below £20,000 cite 'difficulties getting finance' as the reason they stopped working on their business idea, compared to other groups with more household income.

This is also a driver of ethnic disparities. Data from the Office for National Statistics (ONS) shows pay gaps between White employees and those who are Black, Bangladeshi, or Pakistani.¹⁰ Unsurprisingly therefore, those from Black, and Asian and Other Ethnic Minority* backgrounds were much more likely to cite difficulties getting finance as a reason for stopping work on their idea.

In contrast, those who are richer – and often from White backgrounds – are able to 'try, fail, and try again' in their pursuit of entrepreneurial success.

Household income and entrepreneurs citing 'difficulties getting finance' as a reason for stopping work on their idea

Previous aspiring entrepreneurs (n=784)



The place an entrepreneur lives can shape their entrepreneurial outcomes. Being outside Greater London is better for many.

The place an entrepreneur lives can shape their outcomes.

Entrepreneurs in the South East and North East[#] see most success, with outcomes substantially above average on four of the five success metrics used. Entrepreneurs in Greater London face the most significant challenges:

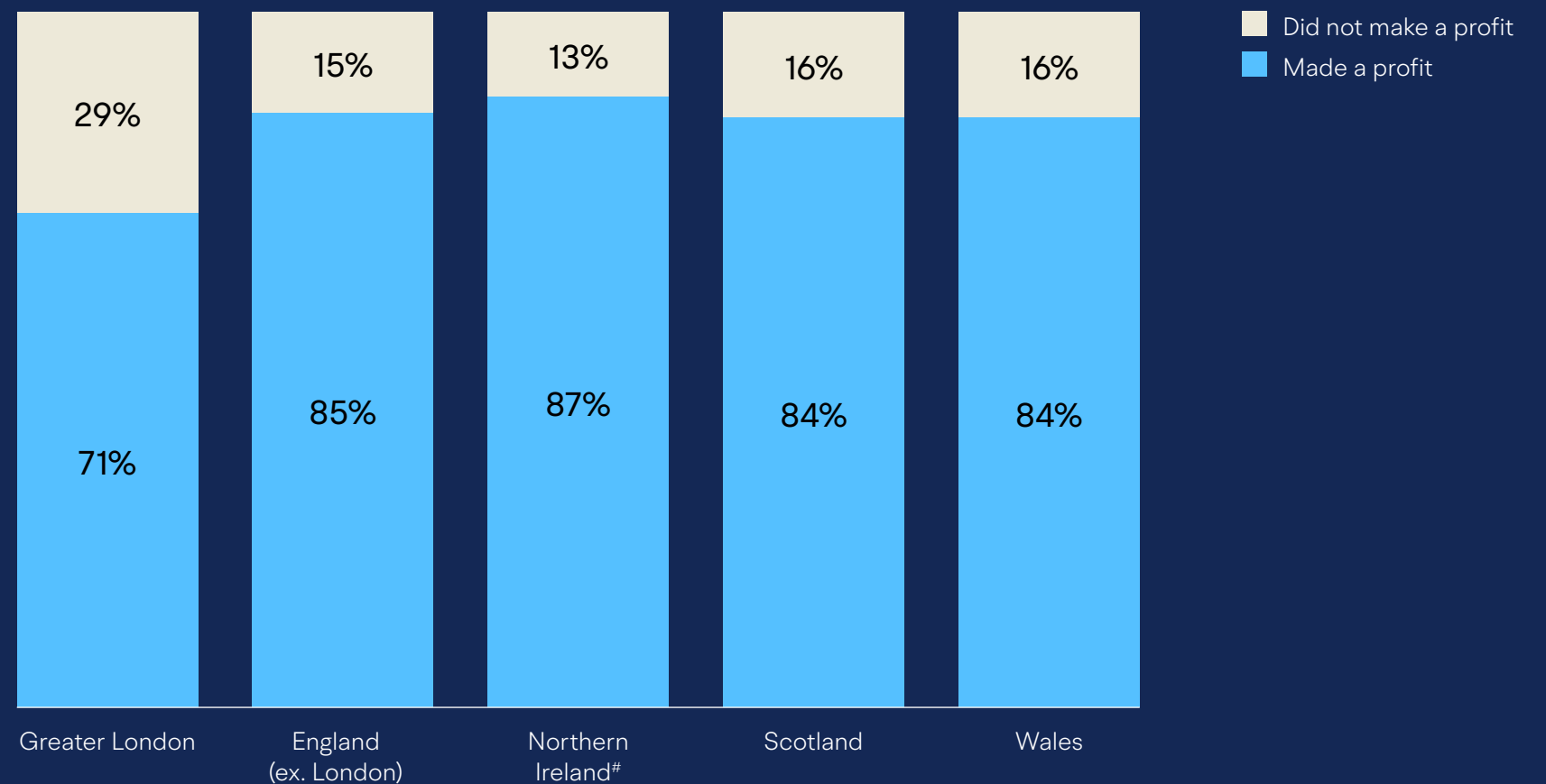
- Only 71% reported making a profit last year, compared to 84% UK-wide.* No other region recorded below 80%.
- One in five business owners saw revenue decline last year, compared to 14% in the rest of the UK.
- Fewer business owners reported meeting their financial aims or non-financial aims than in other parts of the UK.

Lack of success for entrepreneurs in London presents a paradox. Competition is one factor that helps explain this.

London is the start-up capital of Europe and the UK region with the most high-growth businesses.¹¹ Poor outcomes for entrepreneurs are therefore potentially surprising and cannot be explained solely by demographic factors.

However, a higher density of business start-ups is often accompanied by an increase in competition, making it harder for entrepreneurs in London to scale or defend a niche. A relatively high share of those in the capital cite 'too much competition' as a 'major obstacle' to progressing their business idea. Business failure rates in London are higher than anywhere else in the UK.¹²

Place and profit last year
Business owners (n=1,109)





Cost of living and operating also contributes to Londoners' relative lack of entrepreneurial success.

Median turnover is slightly above average in London and higher than in seven other UK regions. However, business owners in the capital report levels of subjective financial success far below the average. London is the only region in which these two measures diverge.

The cost of living in London is 7% above the UK average,¹³ meaning entrepreneurs' financial position must be considerably stronger to afford the same opportunities as in other places in the UK. London entrepreneurs' household incomes are twice as likely to be over £75,000 but they nevertheless report strongly that money is an obstacle. Higher costs of operating (such as employee wage costs and premises rental) contribute to this challenge. The evidence therefore suggests that for many, somewhat higher turnover is insufficient to compensate for higher costs overall.

Whilst London is one city, it is also two worlds.

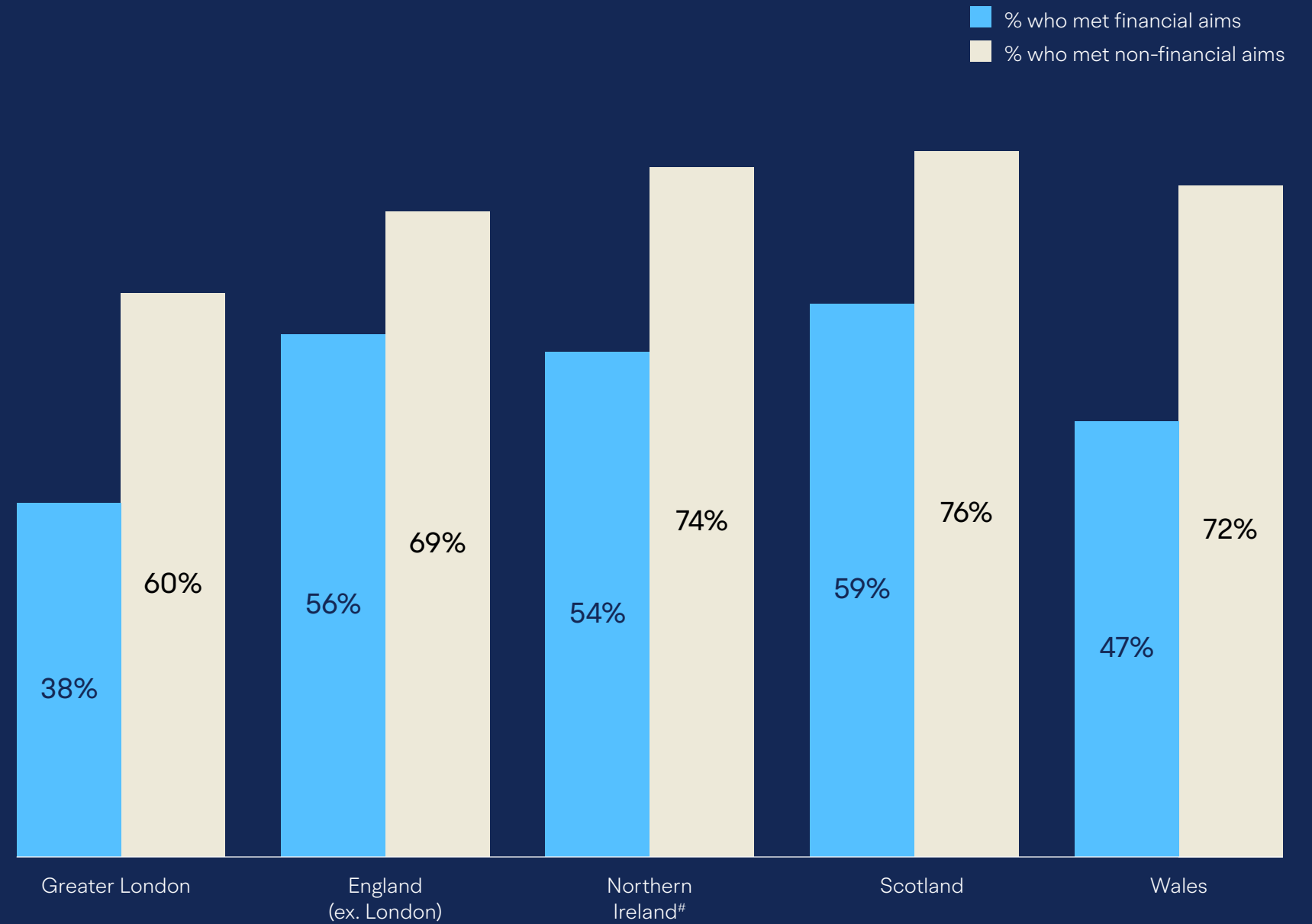
The capital is a world-leading financial centre, home to Europe's leading venture capital investment market.

However, London boroughs are more likely to be deprived than other places in England,¹⁴ and the capital is home to 2.5 million people living in poverty.¹⁵ Social mobility is also worse relative to the national average,¹⁶ The vast majority of entrepreneurs do not run the kind of businesses that can benefit from London's investment ecosystem.

In this second world, the confluence of higher deprivation, lower income relative to the cost of living and considerable ethnic disparities create significant challenges for many entrepreneurs. Relocation is difficult for many due to factors such as familial ties and the importance of community.

Place, meeting financial aims and meeting non-financial aims

Business owners (n=1,337 and n=1,305)





Part B.

Detailed findings

Who are the UK's entrepreneurs?

What motivates entrepreneurs and how do they develop businesses?

Which entrepreneurs experience success?

What are the barriers and enablers for success?

What has been the impact of COVID-19?



Part B.

Who are the UK's entrepreneurs?

Who are the UK's entrepreneurs?

1.

Most entrepreneurs are middle-aged, but slightly older than those in employment.

Many entrepreneurs are highly qualified and few have no qualifications at all. They exist across a wide range of socioeconomic backgrounds and household incomes. There are clear differences in characteristics between sub-groups within the entrepreneur population.

2.

Black, and Asian and Other Ethnic Minority entrepreneurs tend to be more highly qualified.

Variation exists within these groups, with Indian entrepreneurs most qualified on average. Indian entrepreneurs are also evenly distributed across more and less deprived areas, but many more Black Caribbean, Black African, Other Asian and Other Ethnic Minority entrepreneurs live in deprived areas and in London.

3.

Women are under-represented in the overall entrepreneur population.

Overall, only 37% of entrepreneurs identify as female. Many female entrepreneurs work part-time prior to entrepreneurship and many spend considerable time in caring roles. However, even after accounting for these factors, female entrepreneurs are still under-represented.

Female entrepreneurs and those with low household incomes are disproportionately represented in sectors with the lowest labour productivity.

4.

There are clear differences between the entrepreneur population in different places.

The most ethnically diverse entrepreneur population is in London, followed by the West Midlands. Whilst entrepreneurs' household incomes are higher in the capital, so is the cost of living. Women are under-represented in the entrepreneur population of every region in the UK.

The survey

In 2020, the British Business Bank worked with Oliver Wyman and Ipsos MORI to survey and explore the experiences of 3,727 people who are either aspiring entrepreneurs or running a business they started themselves.

'Aspiring entrepreneurs' are developing an idea that has business potential. 'Business owners' are self-employed or running a business that they started themselves (in the past 10 years). We also explored the experiences of people who had previously been in one of these categories but no longer are.

The aim of this work is to understand what helps these entrepreneurs progress and make the most of their potential and, conversely, what can hold them back.

We considered four key questions:

- Who are the UK's aspiring entrepreneurs?
- What motivates entrepreneurs and what steps do they take to develop businesses?
- Which entrepreneurs experience success?
- What are the enablers and barriers for success?

A fifth question was added as global economic disruption unfolded this year:

- What has been the impact of COVID-19?

We constructed the survey sample to ensure we could analyse three major personal characteristics that people identify with: ethnicity, gender, and the place where they live.

Responses were weighted to reflect the known make-up of the UK entrepreneur population within both aspiring entrepreneurs and business owners based on data from the Global Entrepreneurship Monitor.¹ This is standard treatment for survey data and makes these findings broadly comparable to previous work in this field. However, weighting of a sample in this way precludes us from making certain comparisons between the entrepreneur population and the general population in the UK.

Statistical significance at small sample sizes limits our ability to present granular findings for smaller, tightly defined groups. This limits certain intersectional analyses, particularly the combination of some ethnicities and gender. Where relevant, we have presented such findings (indicating a relatively small sample size with a '#' symbol) and used third-party data sources to explore findings.

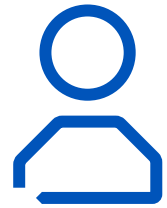
In many places, the data allows us to draw conclusions on ethnicity at a granular level but in others our sample restricts us to groupings such as 'Black entrepreneurs', 'Asian and Other Ethnic Minority entrepreneurs' and 'White entrepreneurs'. The grouping of 'Black entrepreneurs' includes those who identified as 'Mixed Black African and White' and 'Mixed Black Caribbean and White', reflecting how the experiences of many can be shaped more by their particular heritage than the fact that they have a mixed ethnic background.

We recognise the imperfect nature of such high-level categorisations and have examined in more detail where possible, as well as sought out nuanced qualitative insight. In future research we hope to go beyond these high-level labels. We also hope to examine in more detail the interaction of gender and ethnicity, which was possible only in some instances due to sample size.

A complete description of the sample sourcing and construction, as well as the definitions used in the survey questioning and this report is included in the appendix.

Surveyed entrepreneurs by main lenses

All entrepreneurs (n=3,727)



Ethnicity

4.4%

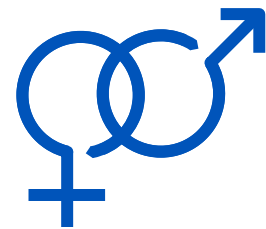
Black

5.9%

Asian and Other
Ethnic Minority

89.7%

White



Gender

37%

Female

63%

Male

0.2%

Non-binary



Place

14%

Greater London

67%

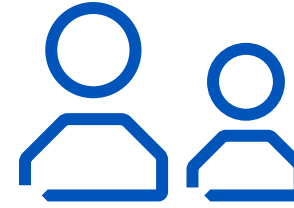
Other places
in England

19%

Northern Ireland,
Scotland, Wales

Surveyed entrepreneurs by additional lenses

All entrepreneurs (n=3,727)



Age

26%

Younger
(16-34)

62%

Middle-aged
(35-59)

12%

Older
(60+)



Deprivation

38%

Live in the 40% most
deprived areas

62%

Live in the 60% least
deprived areas



Disability and ill health

19%

Have a disability or
long-term health
condition

81%

Have no disability or
long-term health
condition

Ethnicity

Most entrepreneurs are middle-aged, but slightly older than those in employment. However, there are clear differences between sub-groups.

The overall age profile of entrepreneurs is slightly younger than that of the UK adult population² and slightly older than those in employment.³

Entrepreneurs from Black Caribbean and White British backgrounds have a similar age profile to each other, older on average than other groups.

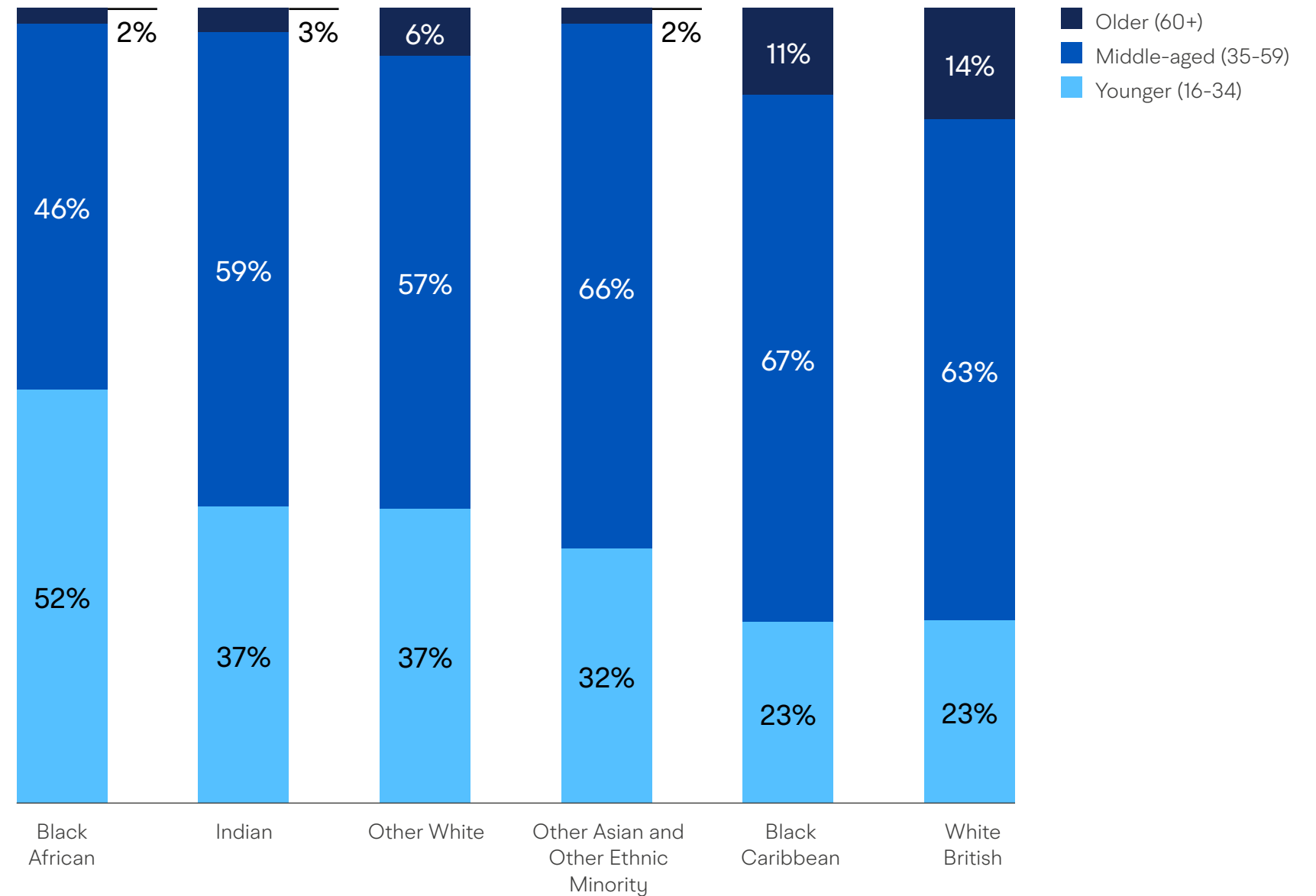
People born abroad are under-represented in entrepreneurship for all groups except those from an Indian background and those from a White British background.

Groups with a greater proportion born outside the UK tend to have younger entrepreneurs. Half of Black African, Indian, and Other Ethnic Minority entrepreneurs were born abroad, as were 71% of Other White entrepreneurs.

Within each ethnic group, those born outside the UK are under-represented as entrepreneurs. 67% of Black African people in the UK were born abroad, but only 46% of Black African entrepreneurs were.⁴ For Black Caribbean people born abroad, the figures are 40% vs 21%, and for Indians 57% vs 47%.⁴ Only Other Asian and Other Ethnic Minority, and White British entrepreneurs born abroad are over-represented.

Ethnicity and age

All entrepreneurs (n=3,632)





Many entrepreneurs are highly qualified and few have no qualifications.

64% of entrepreneurs have a degree-level of higher qualification. Less than 2% have no qualifications at all.

Whilst most qualifications have little direct relevance to entrepreneurship, they are highly relevant to employment and to the learning that working affords.

On average, entrepreneurs with an Indian background are most qualified. White British and Black Caribbean groups are the least qualified.

Other Asian and Other Ethnic Minority, and Black African groups have similar educational levels and types.

Entrepreneurs from Black Caribbean and White British backgrounds have similar levels of educational attainment. 36% and 37% respectively have only A-levels as their highest qualification. At degree-level, the groups diverge; a greater proportion of Black Caribbean entrepreneurs have a degree.

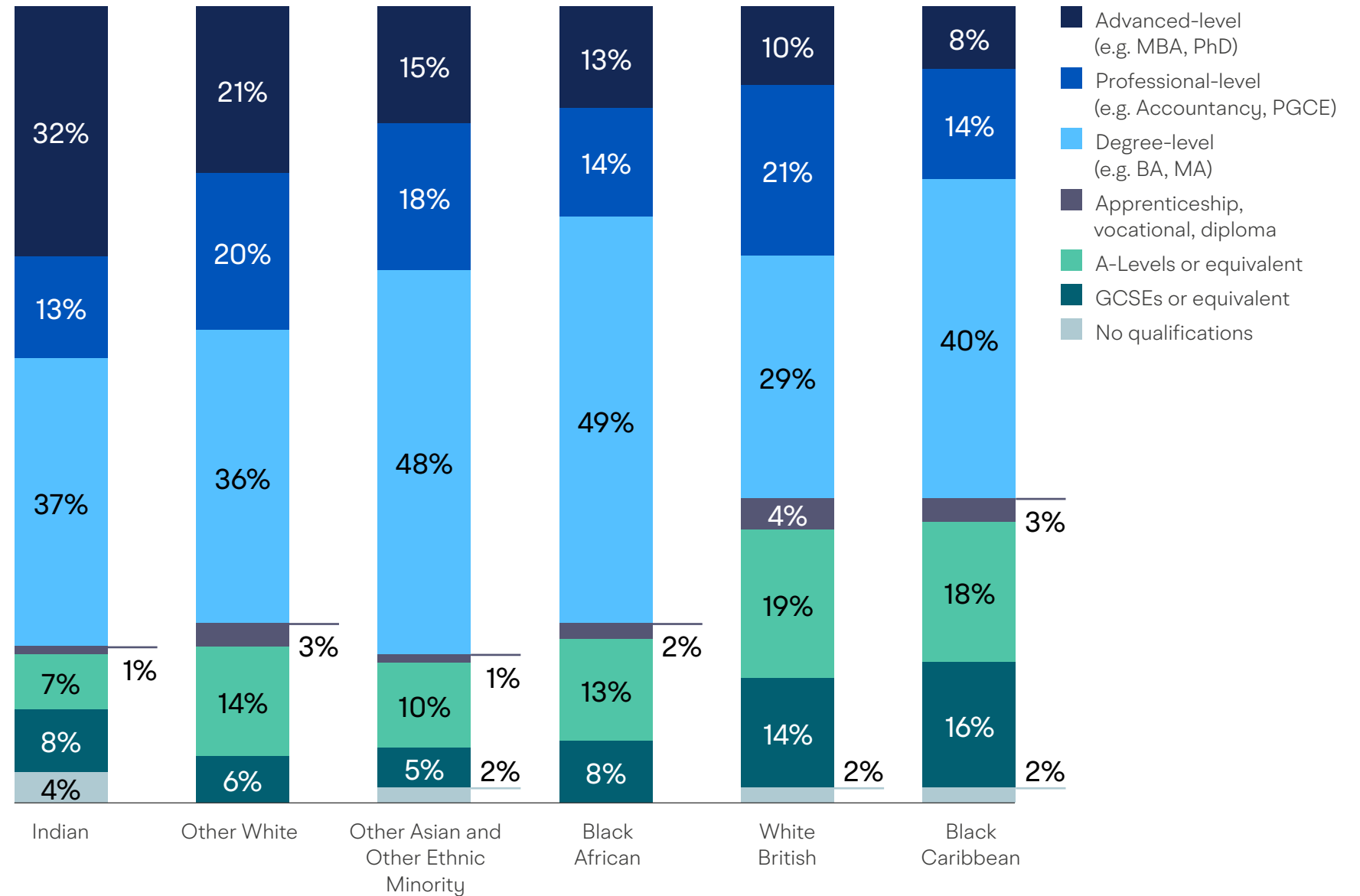
Entrepreneurs from White backgrounds have more professional-level qualifications, instead. However, in the overall workforce, a greater proportion of Black, Indian and Asian workers are in professional jobs (21%, 33%, and 27%, respectively), compared to those who are White (20-21%).⁵ This may suggest that fewer Black, Indian and Asian professionals take steps to become entrepreneurs.

64%

of entrepreneurs have at least a degree-level qualification.

Ethnicity and highest level of education

All entrepreneurs (n=3,619)





Entrepreneurs exist across a wide range of socioeconomic backgrounds. Many more Black Caribbean, Black African, Other Asian and Other Ethnic Minority entrepreneurs live in deprived areas, and in London more generally.

Indian and White entrepreneurs are broadly evenly represented across areas by deprivation. For example, 59% of Indian entrepreneurs live in areas in the 60% of least deprived postcodes in the UK (i.e. in line with the population average).

In contrast, Black Caribbean entrepreneurs are heavily over-represented in more deprived areas, as are Black African, and Other Asian and Other Ethnic Minority entrepreneurs (albeit to a lesser extent).

This pattern is partly due to the concentration of ethnic minorities in Greater London, which has some of the highest level of deprivation in the country.⁷ 46% of Black entrepreneurs and 33% of Asian and Other Ethnic Minority entrepreneurs are in Greater London, compared to 11% of White entrepreneurs.

46%

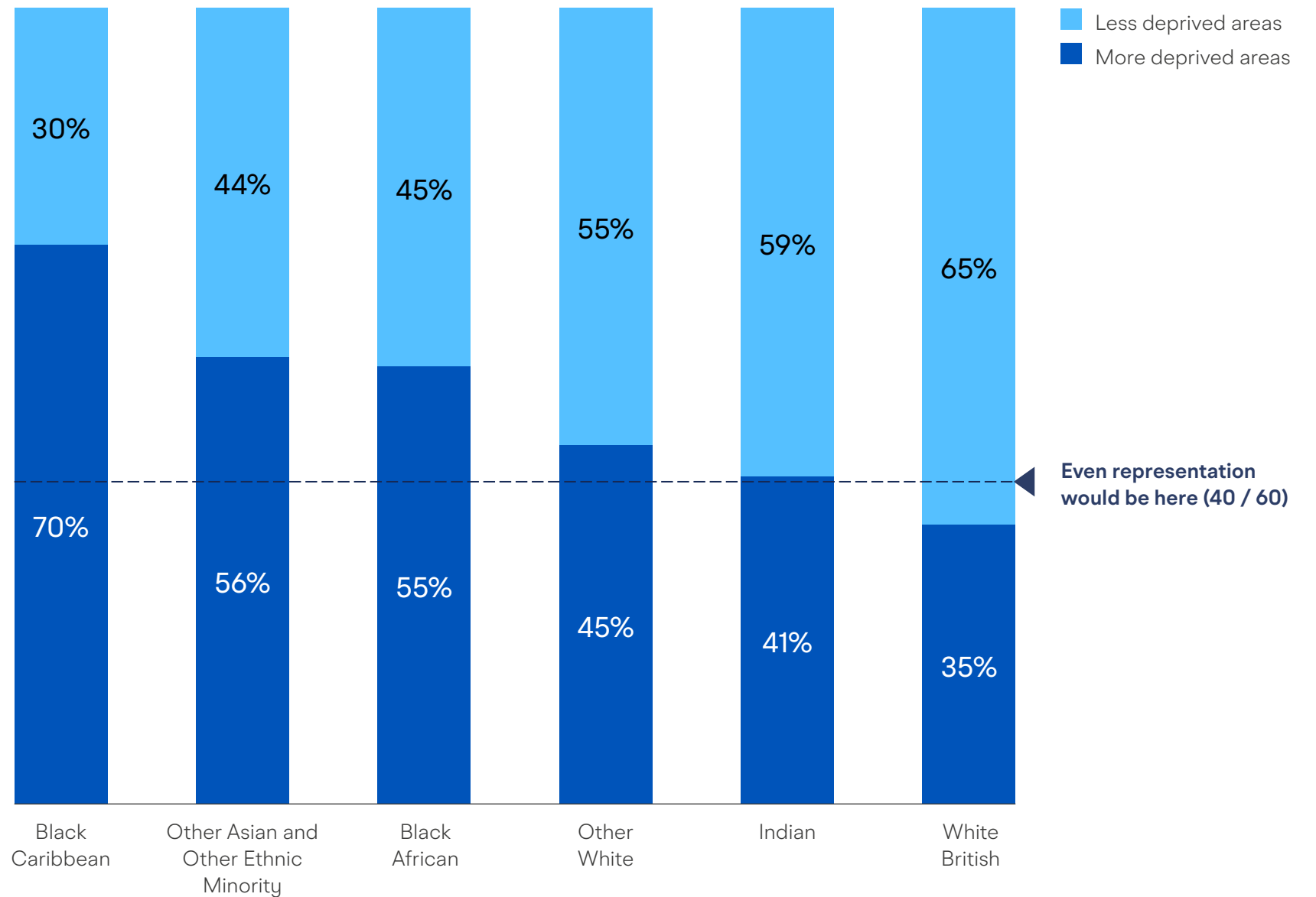
share of Black entrepreneurs who live in Greater London.

11%

share of White entrepreneurs who live in Greater London.

Ethnicity and deprivation status of where entrepreneurs live

All entrepreneurs (n=3,027)





Unsurprisingly, household income correlates with deprivation of the area where an entrepreneur lives. This likely translates to a double disadvantage for poorer entrepreneurs.

At the low income end: 23% of Black Caribbean and 22% of Other Asian and Other Ethnic Minority entrepreneurs have household income below £20,000. For White and Black African entrepreneurs this is 17-19%.

At the high income end: 16% of Black Caribbean and 17% of Other Asian and Other Ethnic Minority entrepreneurs have household income of £75,000 or more. For White and Black African entrepreneurs this is 18-20%.

Indian entrepreneurs stand out as an ethnic minority with only 8% of household incomes below £20,000 and 22% above £75,000. This aligns with their observed educational attainment.

These relationships mirror the broader working population. Bangladeshi, Pakistani and Black employees have the lowest average hourly pay. Chinese and Indian employees have the highest. White employees' average pay is between the two broader groups.⁷

ONS data shows that the ethnicity pay gap between White British employees and most other ethnic groups narrows once other characteristics such as education and occupation are taken into account. However, significant gaps still remain, particularly for those born outside the UK.⁸

23%

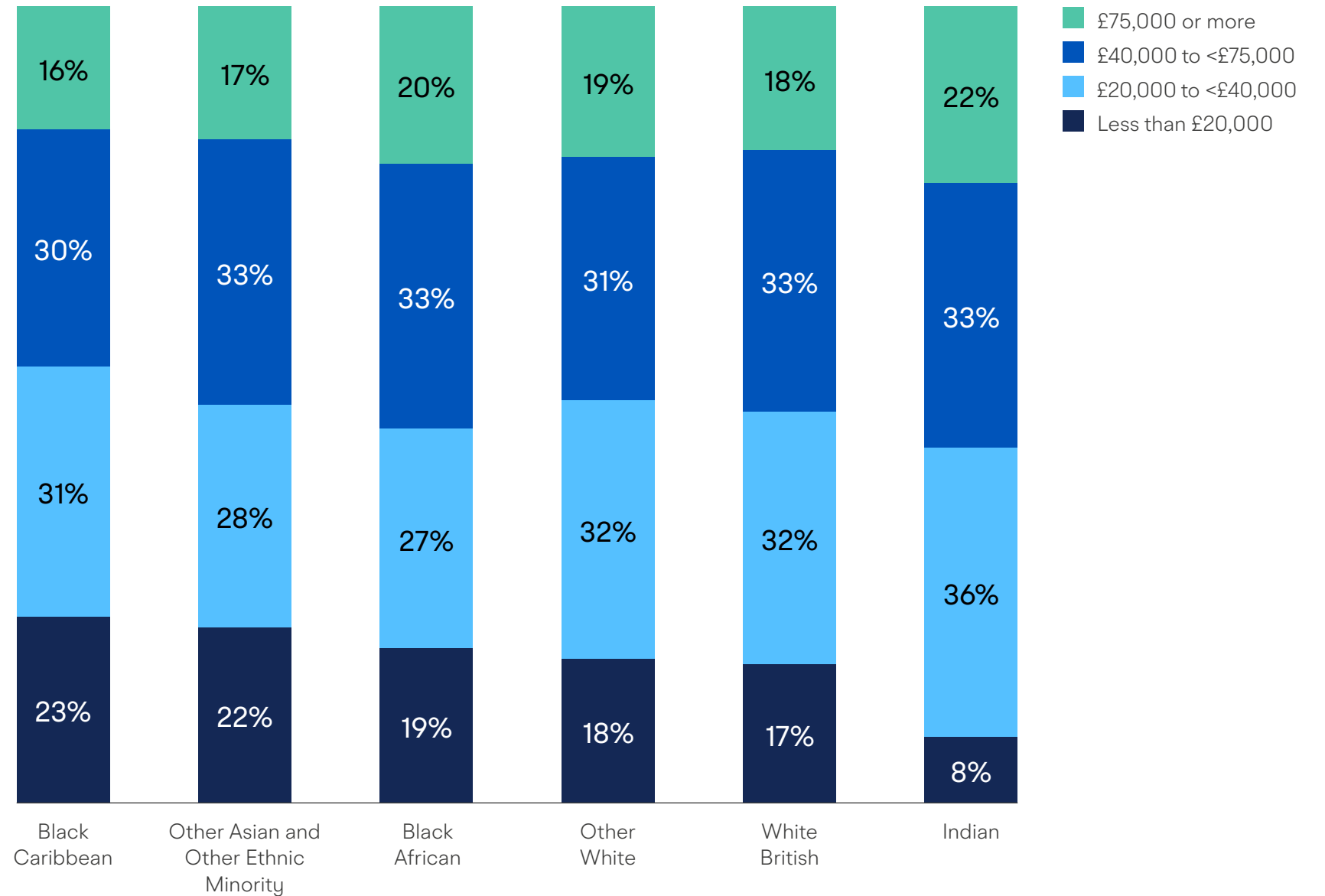
of Black Caribbean entrepreneurs have household income less than £20,000.

8%

of Indian entrepreneurs have household income less than £20,000.

Ethnicity and household income

All entrepreneurs (n=3,198)



Gender

Women are significantly under-represented in the overall entrepreneur population.

Women are 37% of entrepreneurs, compared to 48% of the total workforce⁹ and 51% of the general population.¹⁰

Black Women are 28% of Black entrepreneurs but they are 50% of the Black working population.¹¹ For Asian and Other Ethnic Minority women and White women this gap also exists but is half the size.

Where there are female entrepreneurs, they are over-represented in lower productivity sectors and under-represented in the highest.

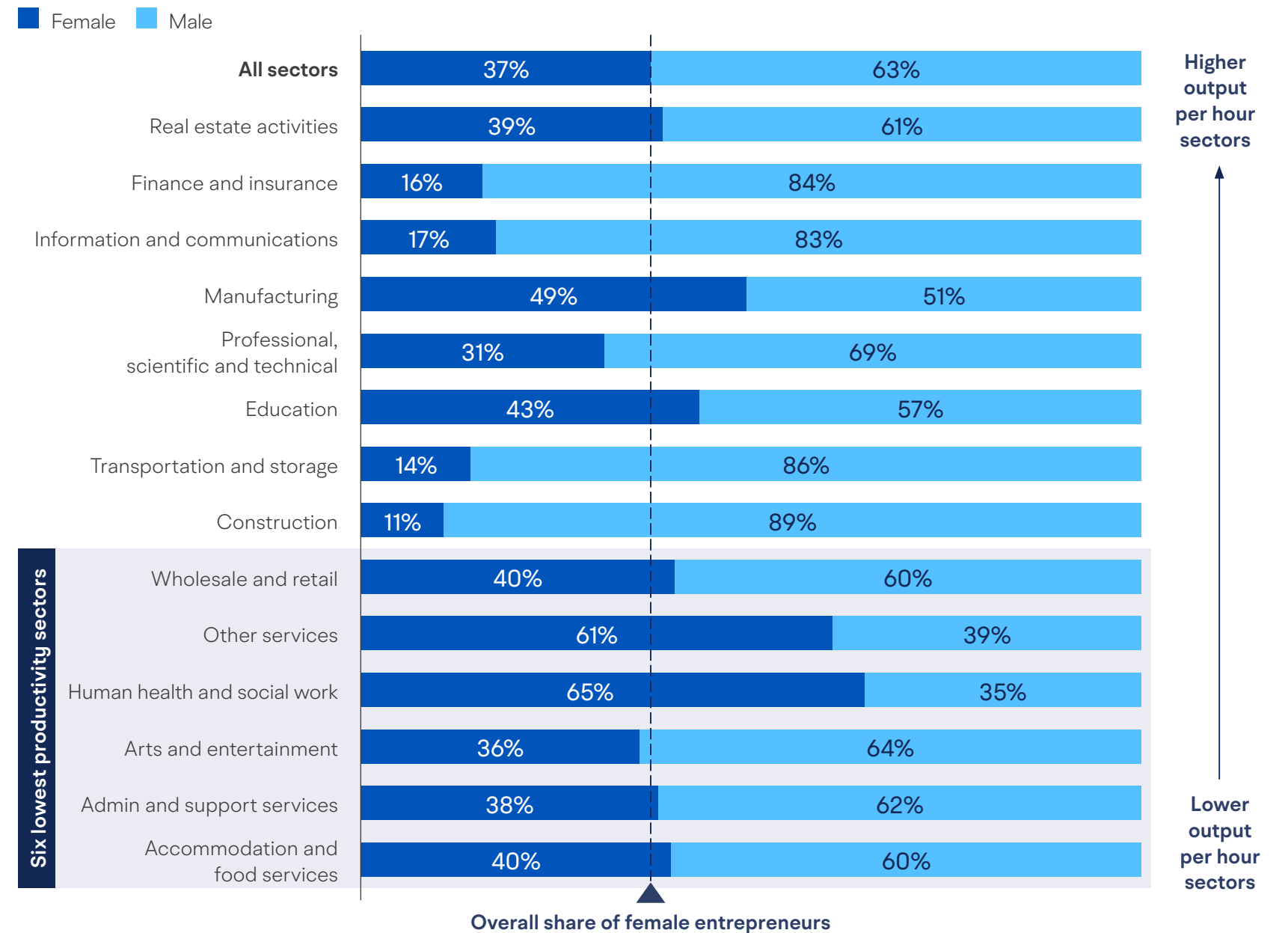
This skew persists even compared to women's overall participation in each sector. For example, women hold 46% of full-time positions in Real estate, but are only 39% of entrepreneurs. In Finance and insurance, they hold 42% of full-time positions but are only 16% of entrepreneurs. For Information and communications, the figures are 29% and 17% respectively.¹²

These skews suggest that women face higher barriers to developing a business in higher productivity sectors. This is also seen for lower income entrepreneurs. Whilst less clear in this dataset, a similar effect has also been reported for ethnic minority entrepreneurs.

Reasons for this may include 'pattern-matching', whereby investors, sector participants, and customers perceive under-represented people as 'atypical' and therefore riskier, as well as cultural mismatch between the majority and the under-represented groups.

Gender and business sector – ranked by output per hour (productivity)¹²

All entrepreneurs (n=3,536)





28% of female entrepreneurs spend time in caring roles, and more women work part-time prior to becoming an entrepreneur than men.

When in caring roles, on average, women dedicate substantially more time than men. 53% of female entrepreneurs spend 5-7 days per week caring for others, almost twice the level of male entrepreneurs.

Most entrepreneurs work full-time before embarking on entrepreneurship. Similarly to the general workforce,¹³ more women are working part-time prior to becoming an entrepreneur, compared to men (22% compared to 7%).

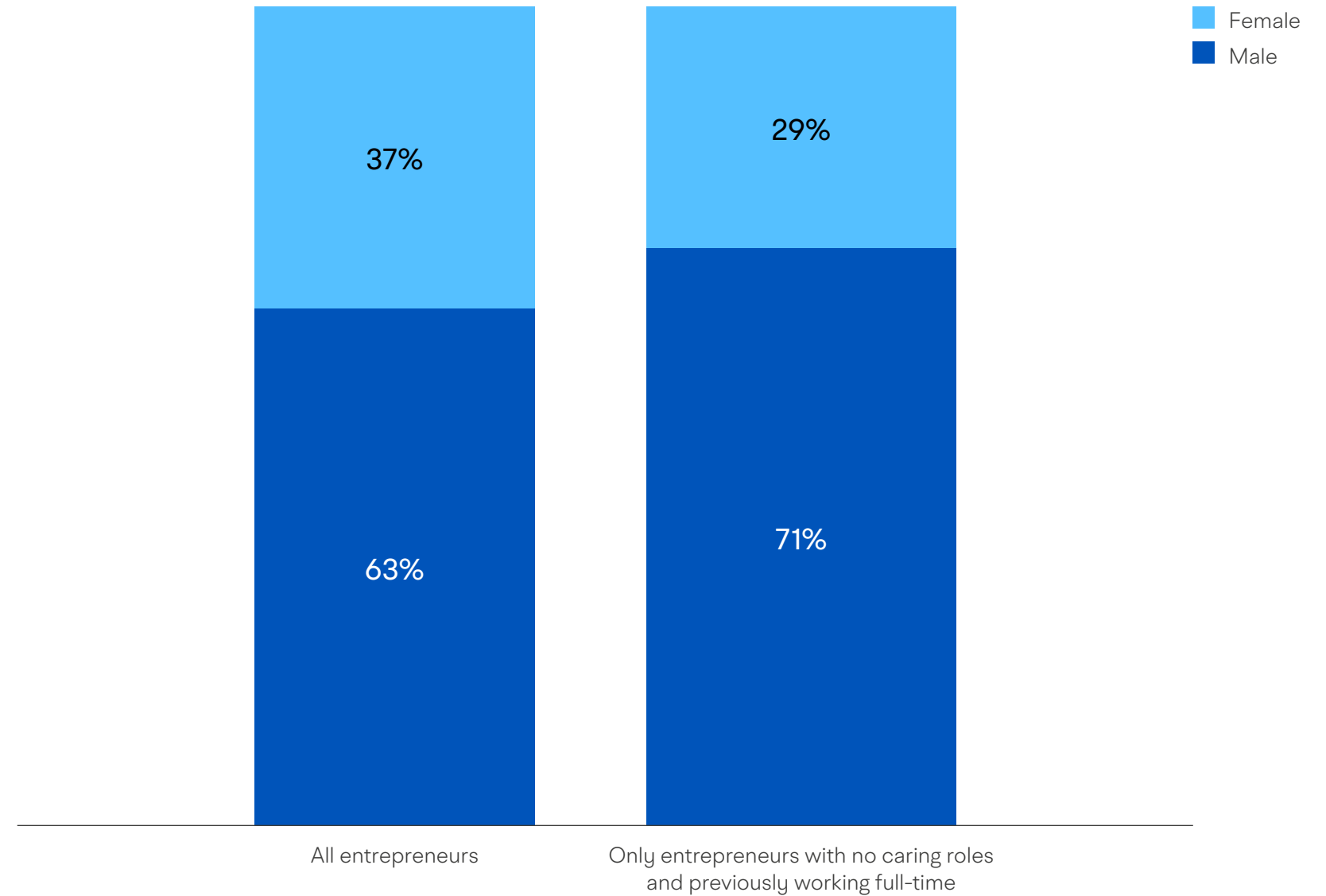
However, even when looking at only entrepreneurs with no caring roles and who worked full-time, female entrepreneurs are still substantially under-represented.

Women make up just 29% of entrepreneurs that worked full-time prior to entrepreneurship and have no caring roles.

Whilst dedicating time to non-working activities can clearly reduce a person's ability to progress an entrepreneurial idea, women who do not face such a constraint remain under-represented.

Gender and non-working activities

All entrepreneurs (n=3,700) and entrepreneurs with no caring role and previously working full-time (n=1,745)



Place

There are clear differences between the entrepreneur population in different places.

The concentration of people from ethnic minorities in cities¹⁴ is reflected in the relatively high share of Black, and Asian and Other Ethnic Minority entrepreneurs in regions with large urban centres. Greater London has the most ethnically diverse entrepreneur population, followed by the West Midlands.¹⁵ This reflects similar findings from past research.¹⁶

Women are under-represented in the entrepreneur population of every region in the UK. The South West has the highest share of female entrepreneurs (44%), and Northern Ireland has the lowest (28%).

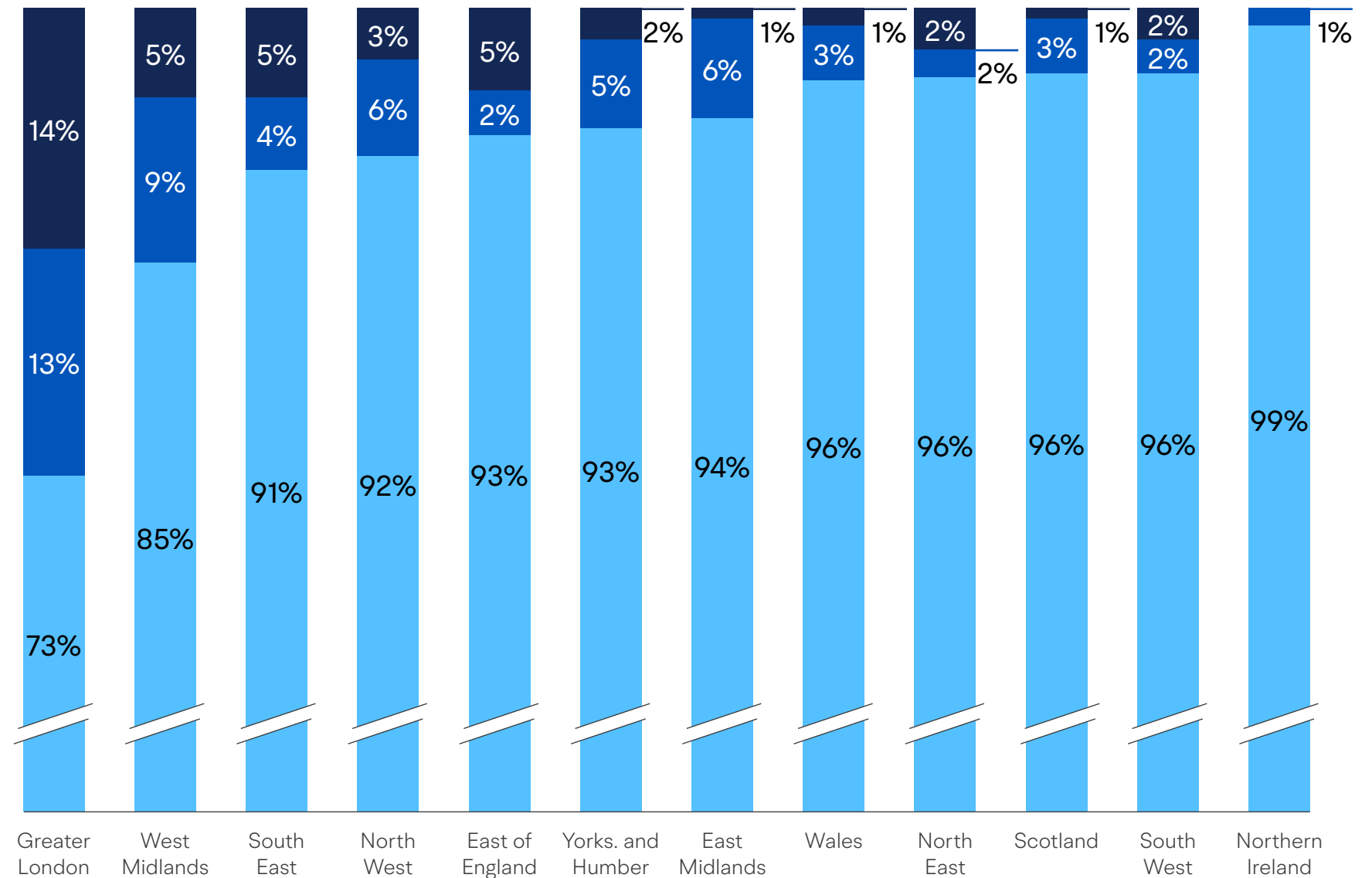
Wales has the oldest entrepreneur population with 22% aged 60+, compared to 6-15% elsewhere. London's entrepreneurs are the youngest. 40% are aged 16-34, compared to 14-30% elsewhere.

A higher share of entrepreneurs in London (19%), Scotland (12%) and the South (10%) have an Advanced-level qualification (e.g. MBA). Wales is the region with the highest share of entrepreneurs with no qualifications (17%), followed by the West Midlands (15%) and Yorkshire and Humber (14%).

Place and ethnicity

All entrepreneurs (n=3,085)

■ Black ■ Asian and Other Ethnic Minority ■ White





Entrepreneurs' socioeconomic situations vary significantly across the UK.

The level of deprivation differs between places. 57% of entrepreneurs in the North West, 51% in the North East, and 47% of those in Greater London live in 'more deprived' areas. In contrast, the figure for the South East is only 22%.

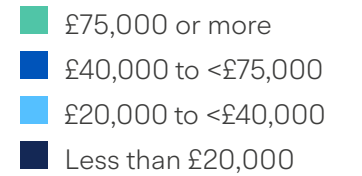
Entrepreneurs' household incomes also differ materially between places.

Despite more often living in deprived areas, entrepreneurs in London typically have higher household income. 32% were in the top bracket (£75,000 or more) compared to 10-18% across the other groups of UK regions. However, those in London also face significantly higher living costs (7% above the UK average),¹⁷ meaning real incomes may be similar to – or less than – other places.¹⁸

Looking at the intersection of ethnicity and place; on average, Black, and Other Asian and Other Ethnic Minority entrepreneurs have lower household incomes than White entrepreneurs, and they are also more likely to live in London. This suggests that real income after accounting for cost of living may be lower for Black, and Other Asian and Other Ethnic Minority entrepreneurs.

Place and household income

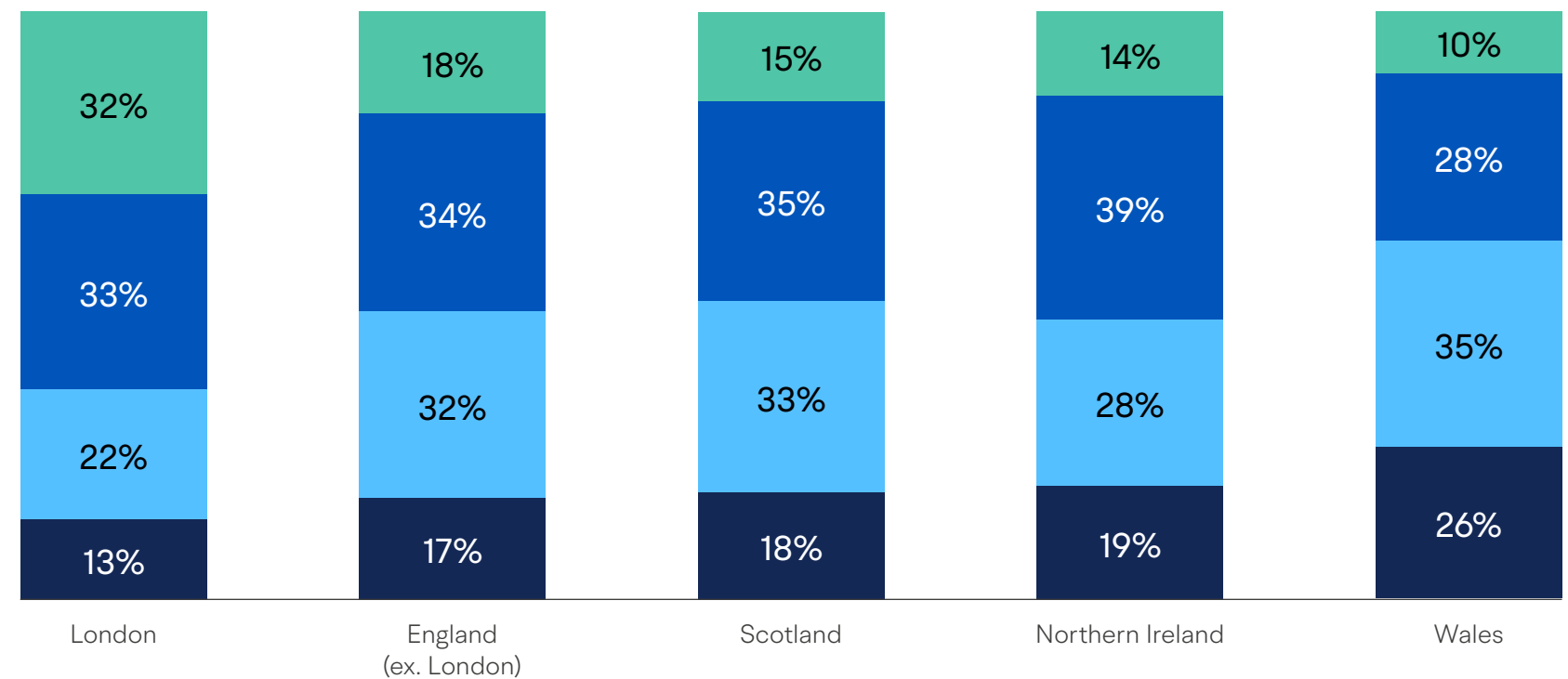
All entrepreneurs (n=2,800)



Relative cost of living¹⁷



Entrepreneurs' household incomes





Part B.

What motivates entrepreneurs and how do they develop businesses?

What motivates entrepreneurs and how do they develop businesses?

1.

Most entrepreneurship comes from personal desires not financial aspirations.

For those with lower household incomes, lack of other avenues is also a vital piece of the puzzle.

More Black entrepreneurs start a business because they want to do something for their community. Entrepreneurs with a caring role are more likely to cite a desire for more control.

2.

Hobbies and jobs are the most common sources of ideas.

Although for one in six Black entrepreneurs, identifying a gap in the availability of products suited to them is the reason they decide to start a business.

3.

Black, and Asian and Other Ethnic Minority entrepreneurs are investing more time and money developing their ideas.

Female entrepreneurs invest similar time to male entrepreneurs, but less money.

These effects speak to the increased caution that under-represented people may feel entering a sphere which is 'not usually for people like me', or where tacit knowledge is less available to them.

4.

Performing more activities to develop a business idea is strongly linked to success for all entrepreneurs.

However, Black, Asian and Other Ethnic Minority, and female entrepreneurs complete fewer such activities. Access to advice is associated with doing more development activities, as is access to external finance.

Motivations

Most entrepreneurship comes from personal desires rather than financial aspirations. However, lack of other avenues is also a vital piece of the puzzle.

Three times as many entrepreneurs are motivated by a desire to do something for themselves rather than for financial reasons. Given the uncertainty and financial risk that entrepreneurs take on, it is unsurprising that they are personally committed to what they do.

However, entrepreneurs with the lowest household incomes are twice as likely to say they had no choice.

More Black entrepreneurs start a business because they want to do something for their community.

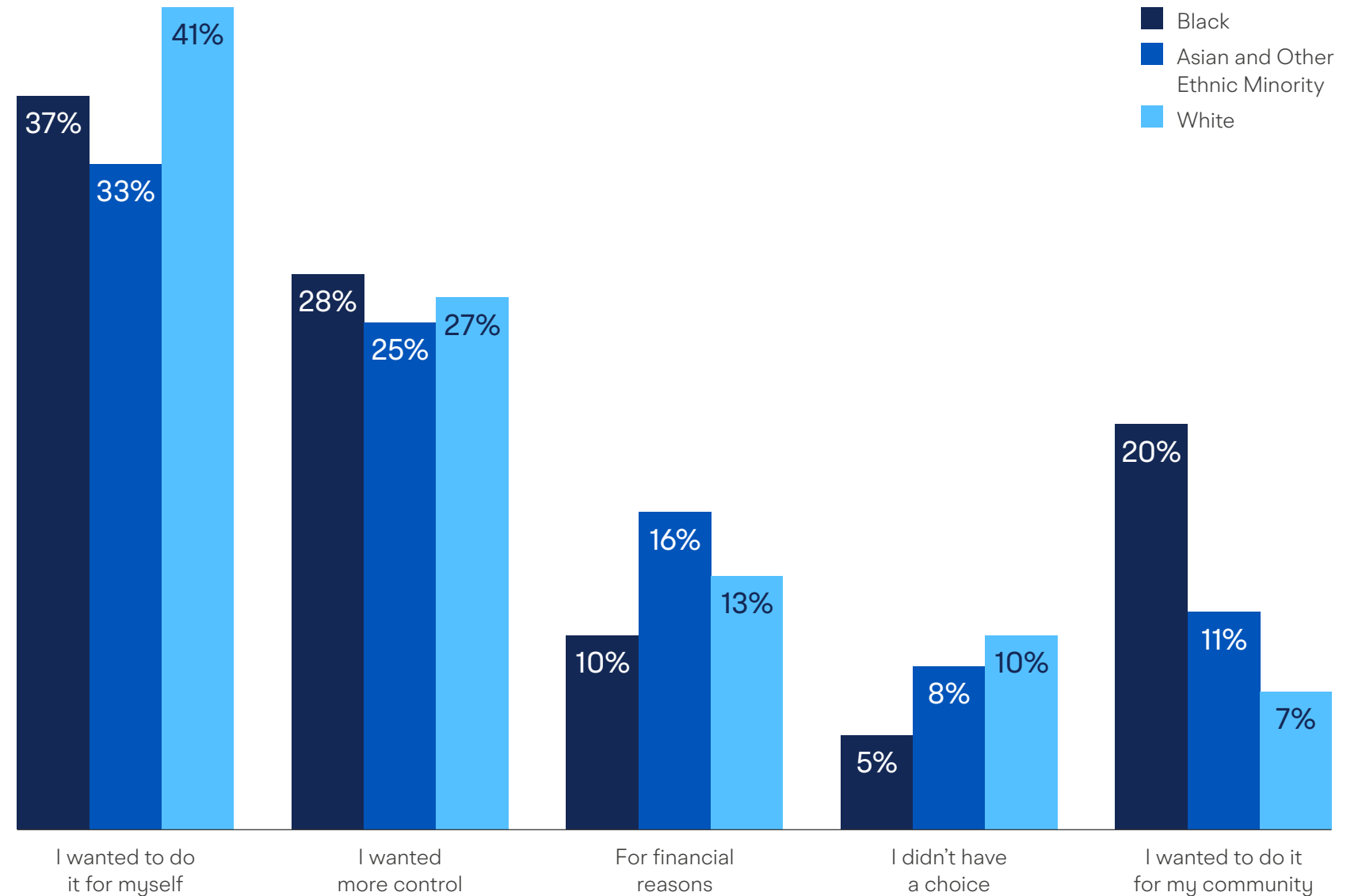
This may reflect more general desires among Black entrepreneurs to build social capital by using the ‘value of their pound’ to benefit their community and is driven by those from a Black African background at 23% (for Black Caribbean entrepreneurs it is 14%). Other motivations were similar across ethnic groups.

Entrepreneurs with a caring role are more likely to cite a desire for more control. Female entrepreneurs – irrespective of caring roles – are also more likely to cite this reason. In combination, 39% of female entrepreneurs with a caring role cited this motivation.

Looking at places, there are limited differences with the exception of Wales and Northern Ireland. Welsh entrepreneurs are twice as likely to say that they did not have a choice (21% compared to 10% UK-wide). Northern Irish entrepreneurs are much less likely to say this (3%).

Most common motivations for starting a business

All entrepreneurs (n=3,645)



Ideas

Hobbies and jobs are the most common sources of entrepreneurs' ideas.

Overall, a third of entrepreneurs get their idea from their hobby, more than those who get it from their job.

Female entrepreneurs are less likely to source their idea from their job than male entrepreneurs (24% versus 33%). This is partly driven by fewer women being in full-time work prior to starting a business (but not by more women having caring roles).

More Black entrepreneurs get their idea from not being able to a product or service that they need.

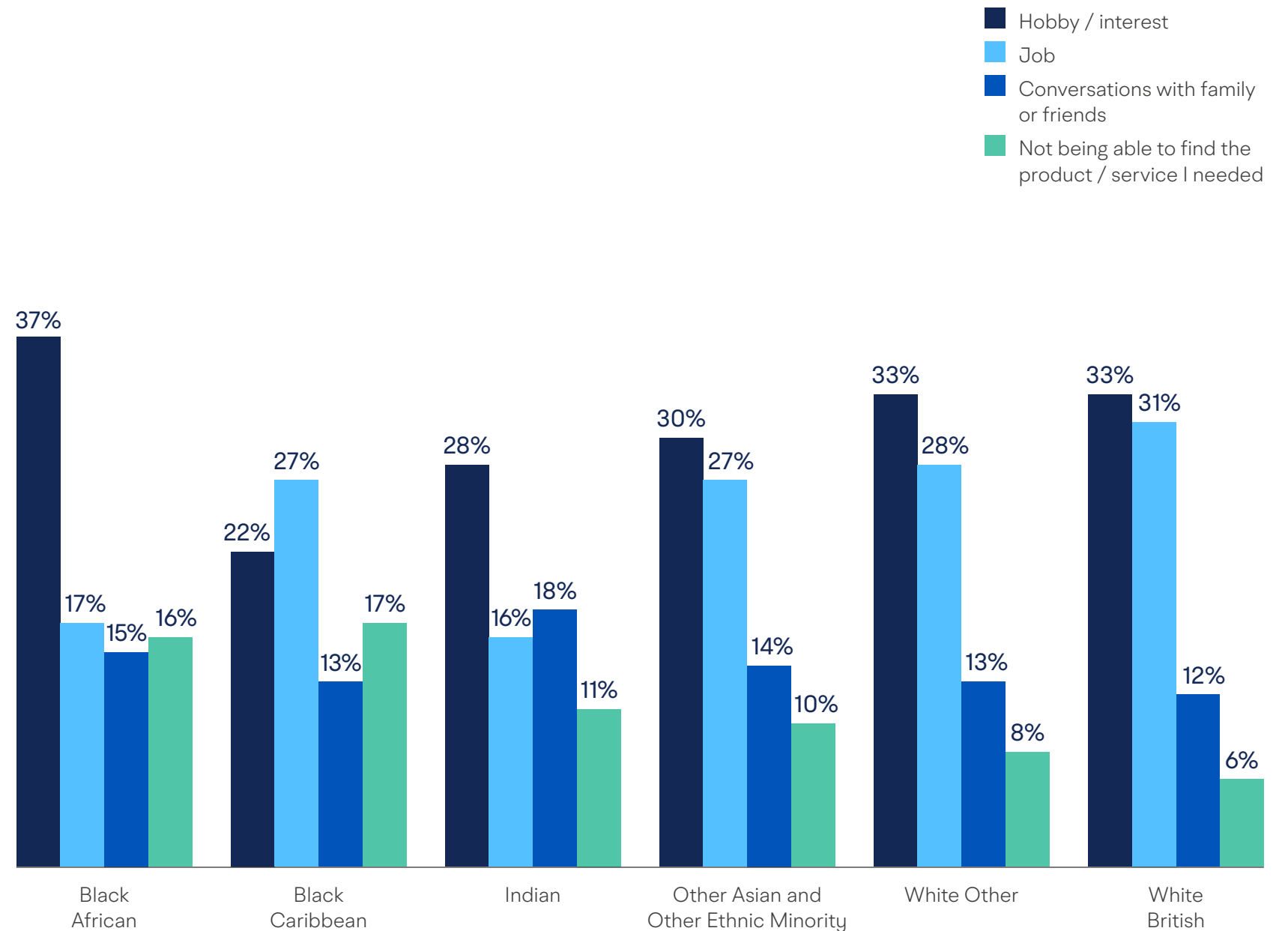
This trend is seen across all ethnic minorities. It likely stems from many mainstream products and services in the UK being designed to cater for the majority White influenced culture.

Looking within Black entrepreneurs, those with a Black African background are most likely to get their idea from their hobby (37%), whilst those with a Black Caribbean background are more likely to be inspired by their job.

When taken together, the findings on motivations and ideas suggest that most entrepreneurial activity is driven by 'lifestyle' factors, but an important element is driven by necessity.

Most common sources of business idea

All entrepreneurs (n=3,655)



Source: British Business Bank, Entrepreneur survey, 2020. Note: For visual clarity, sources of ideas with a very low number of responses were omitted. These were: 'From somewhere else' (8% of responses); 'It was something I always wanted to do' (1%); 'Related to a course, qualification or new skill' (<1%) and 'I bought the business' (<1%). No trends were evident when analysing these responses.

Investment

When developing their ideas, Black, and Asian and Other Ethnic Minority entrepreneurs are investing more time each week and more money.

Black aspiring entrepreneurs are twice as likely as White aspiring entrepreneurs to be spending three or more days a week working on their idea. For entrepreneurs from a Black Caribbean background, 48% are spending three or more days a week.

Other Ethnic Minority entrepreneurs are also more likely to be investing significant time. 38% of entrepreneurs from an Indian background are spending three or more days a week.

The same relationship holds for money. Black aspiring entrepreneurs are much more likely to have spent £1,000 or more developing their idea. In contrast, White entrepreneurs are far more likely to have spent less than £100.

These findings speak to greater personal risks that those from certain under-represented groups may face, whether perceived or genuine.

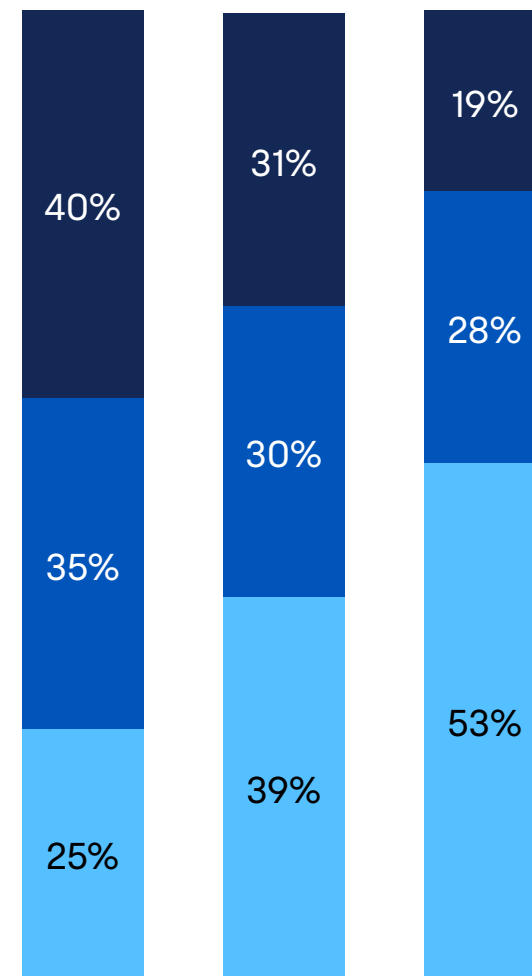
Getting comfortable in an area 'not usually for people like me' could result in feeling that the idea must be more credible, a product must be more developed or an investment pitch must be more solid to be accepted by customers, lenders, or family. Some may also face a tacit knowledge disadvantage. Black entrepreneurs that do not have a business background in the family invest substantially more time, relative to those who do have such a background in the family.

Ethnicity and time / money spent developing business idea

Aspiring entrepreneurs (n=1,827 and n=1,840)

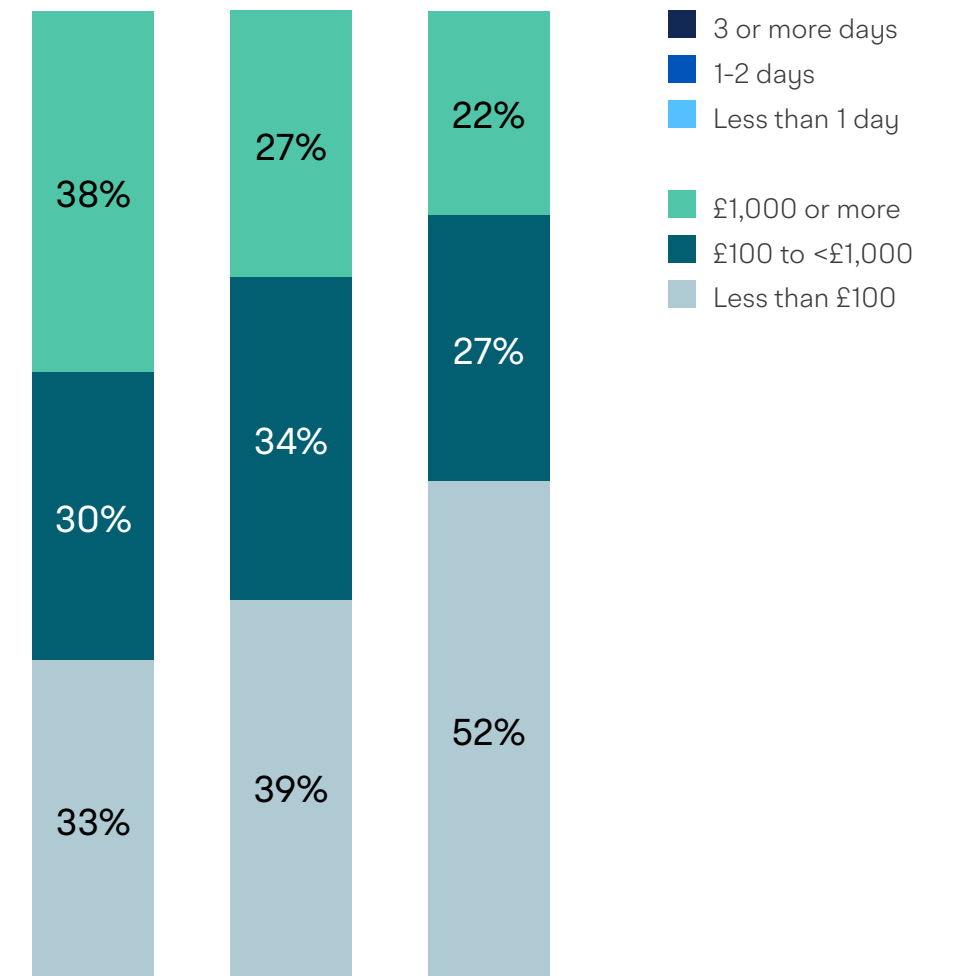
Time spent

(days per week working on idea)



Money spent

(total to date)





Female entrepreneurs are investing a similar number of days per week as male entrepreneurs, but less money.

Female and male entrepreneurs were similarly likely to be spending three or more days a week working on their idea. Caring roles and working full-time or part-time prior to starting a business did not affect the time female entrepreneurs invested. In contrast, male entrepreneurs who previously worked part-time, and those with caring roles, invested more time.

On money, male entrepreneurs were nearly twice as likely to have spent £1,000 or more developing their idea. This correlates with:

- Male entrepreneurs having higher household incomes.
- Money invested rising with household income.
- Male entrepreneurs investing more than female entrepreneurs for any given level of household income.

These findings echo those in the Rose Review of Female Entrepreneurship. This highlights ‘the more cautious approach’ taken by female entrepreneurs to funding their business at the early stages, as well as the financing challenges created by the fact that women earn on average £223,000 less during their working life than men.¹

58%

of female aspiring entrepreneurs had spent less than £100 developing their idea.

45%

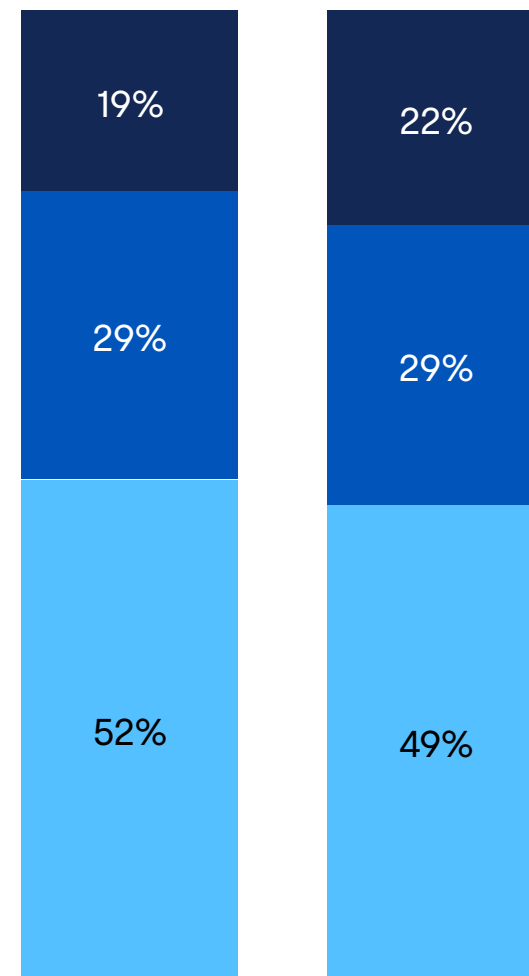
of male aspiring entrepreneurs had spent less than £100 developing their idea.

Gender and time / money spent developing business idea

Aspiring entrepreneurs (n=1,843 and n=1,856)

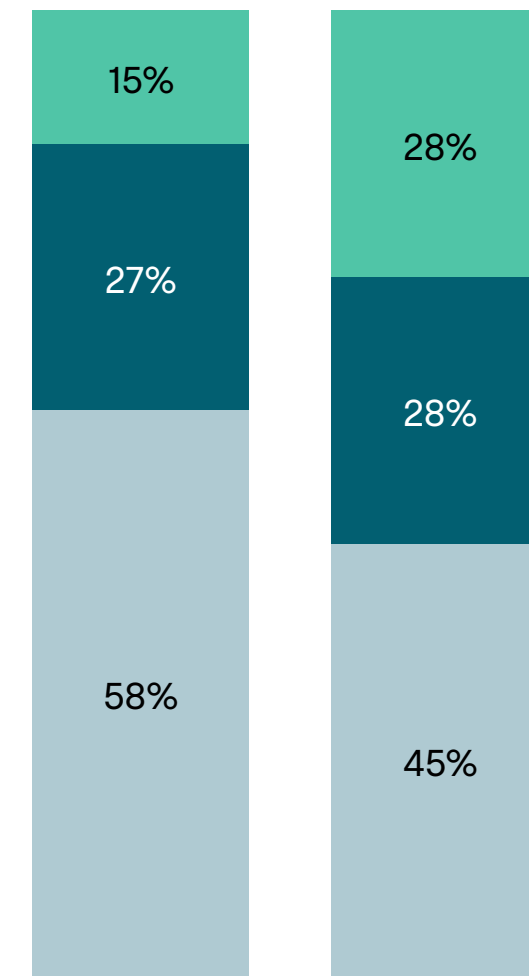
Time spent

(days per week working on idea)



Money spent

(total to date)



- 3 or more days
- 1-2 days
- Less than 1 day
- £1,000 or more
- £100 to <£1,000
- Less than £100

Business development

Entrepreneurs perform a wide range of business development activities prior to launch. However, less than half have a clear view of their expected financials at the start.

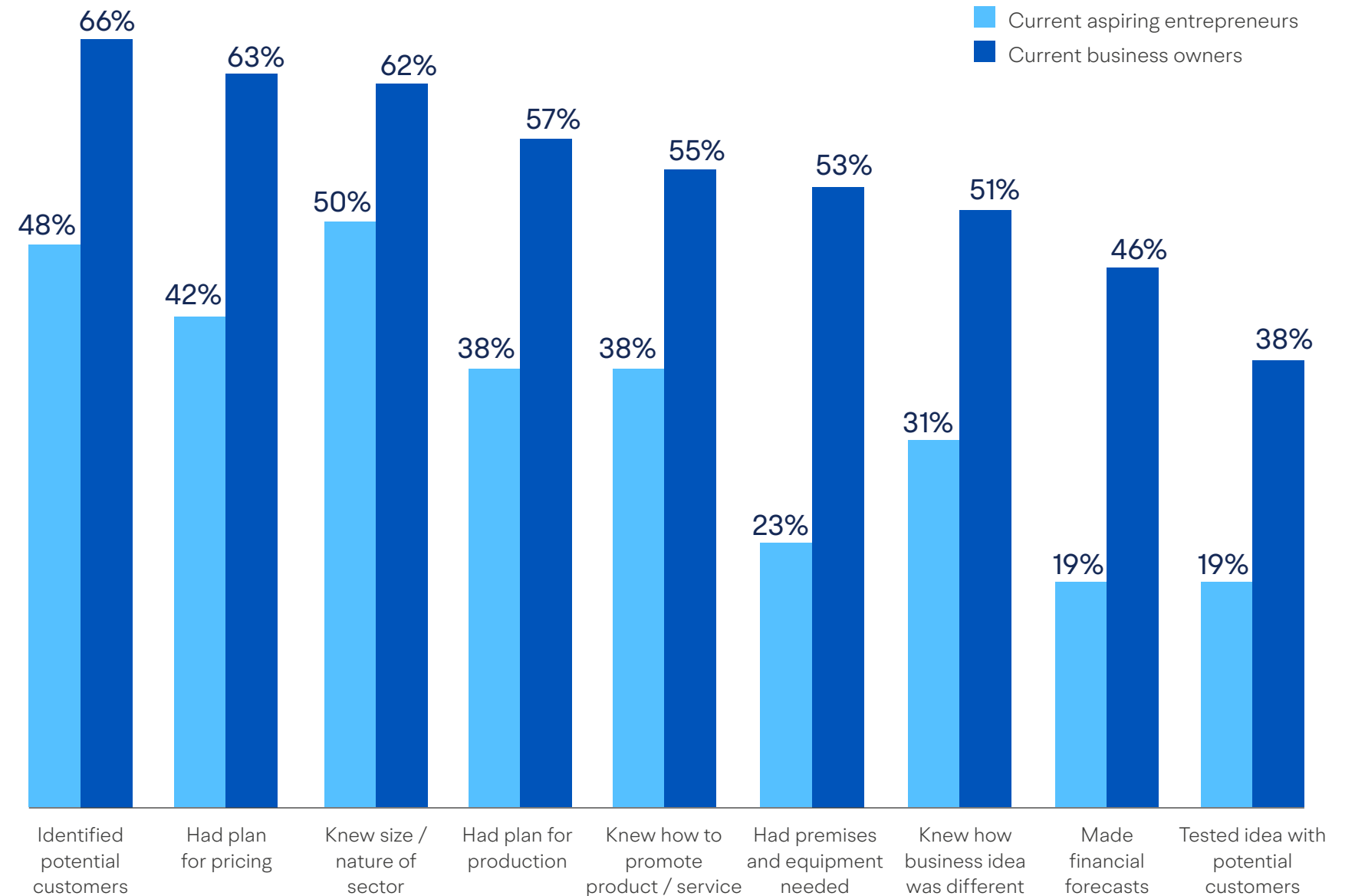
For current business owners, the most common pre-launch activities are identifying potential customers, having a specific plan for pricing, and knowing the size and nature of the sector within which they will operate.

Current aspiring entrepreneurs show a similar pattern of activities and the same most common activities (all at lower levels as they are still developing their business ideas). However, three divergences stand out:

- Few have made forecasts of costs, turnover and profits.
- Few have tested their idea with potential customers.
- Few have the premises and equipment needed.

Business development activities completed prior to launch and type of entrepreneur

Current aspiring entrepreneurs (n=1,102) and current business owners (n=1,480)





Completing more business development activities is strongly related to higher turnover and higher productivity businesses.* It is also related to successfully starting a business.*

This relationship holds for Black, Asian and Other Ethnic Minority, and White business owners, as well as for female and male entrepreneurs, even when controlling for other explanatory factors.

However, some groups of under-represented entrepreneurs complete fewer such activities.

In terms of completing four or more such activities:

- Only 50% of Asian and Other Ethnic Minority women# and 51% of Asian and Other Ethnic Minority men# did this.
- Only 51% of Black women# did this.
- Only 55% of White women did this.

This compares to 71% of Black men and 68% of White men who completed four or more activities.

Although business development activities are strongly related to success, they are not the sole explanation of differences in outcomes. For example, when looking just at those that had completed four or more activities:

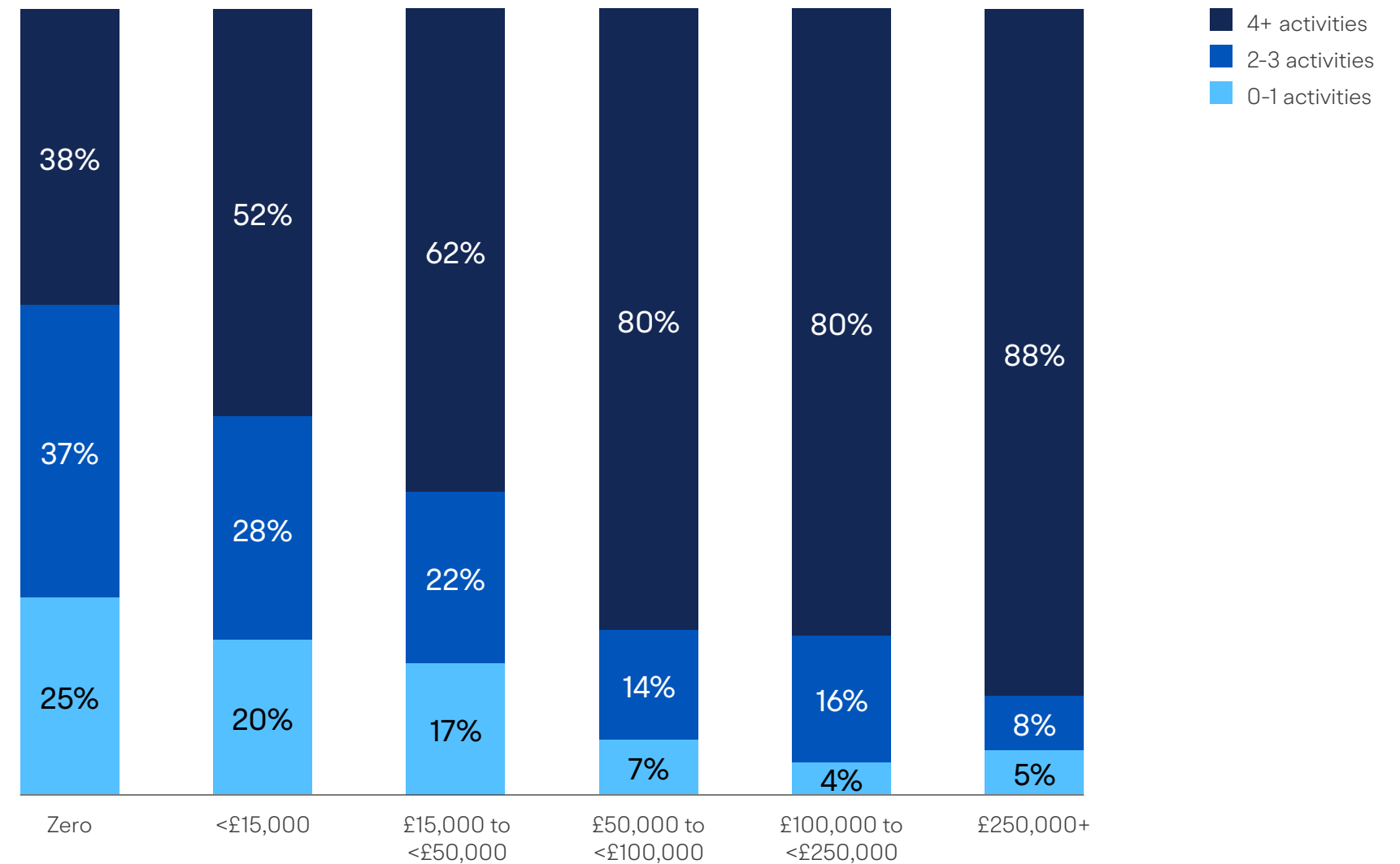
- 20% of White business owners had turnover exceeding £250,000.
- This figure was 10% for Black business owners and 14% Asian and Other Ethnic Minority entrepreneurs.

88%

of business owners with turnover of £250,000+ completed 4+ business development activities prior to launch.

Turnover last year and number of business development activities completed (out of nine activities)

All business owners (n=1,454)





Access to advice was associated with doing more business development activities.

Those who received valuable advice or assistance completed more development activities. The relationship was stronger for Black and White entrepreneurs than for the Asian and Other Ethnic Minority group. However, for Asian and Other Ethnic Minority entrepreneurs, receiving advice was more strongly related to making a profit.

Access to finance was also associated with more business development activities.

Those seeking external finance (e.g. a bank loan, credit card, or overdraft) completed more activities on average. This is consistent with external finance being suited to more mature business propositions.

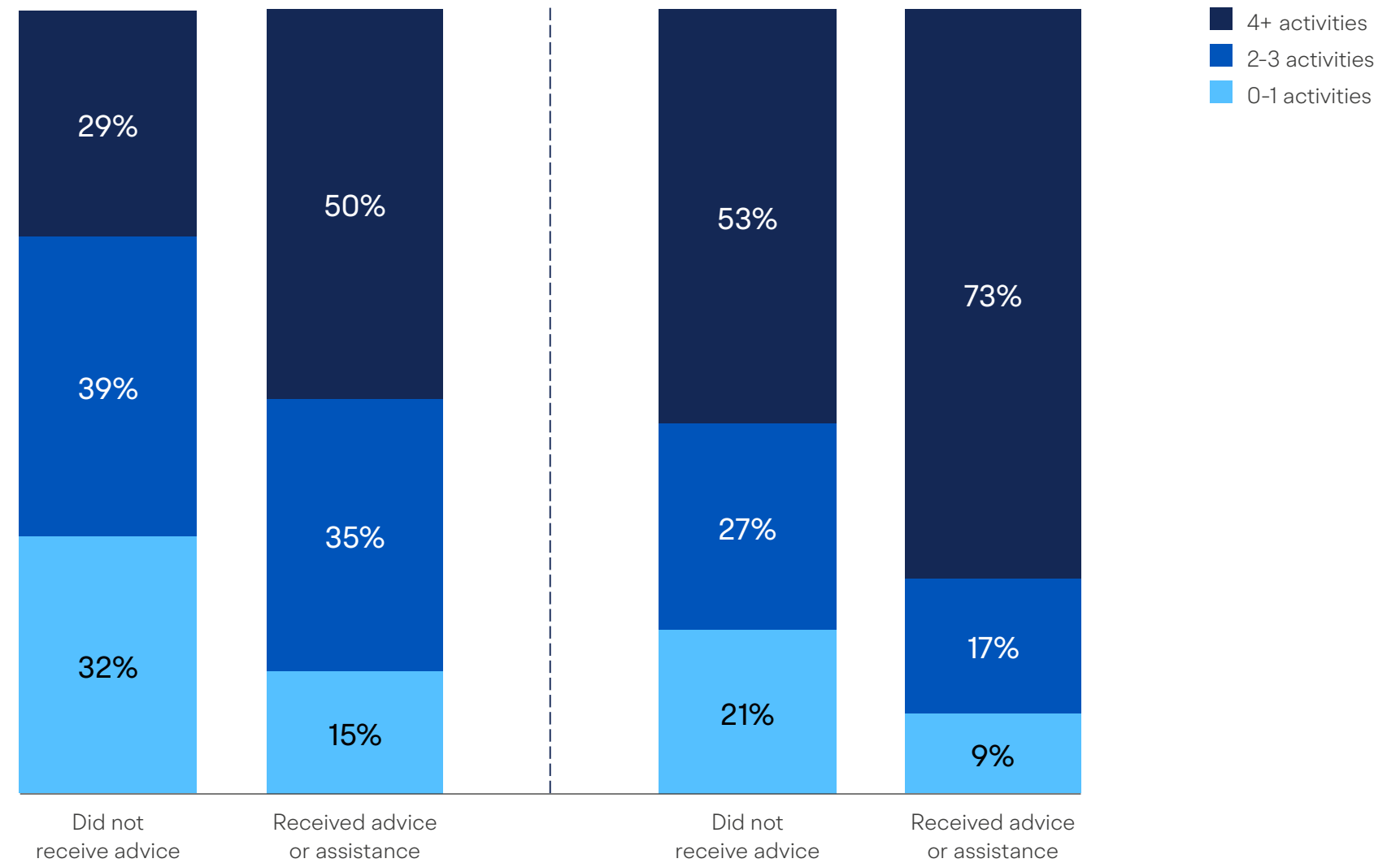
Taken together, these findings suggest that business support that entrepreneurs consider valuable could improve outcomes for many people.

Access to advice and number of business development activities

Aspiring entrepreneurs (n=1,887) and business owners (n=1,694)

Aspiring entrepreneurs

Business owners





Part B.

Which entrepreneurs experience success?

Which entrepreneurs experience success?

1.

The success rate for starting a business is substantially lower for Asian and Other Ethnic Minority entrepreneurs and those in Greater London.

Those born outside the UK are also over-represented among those who aspire to start a business but do not succeed.

Black and White entrepreneurs are consistently represented among business owners and those aspiring entrepreneurs who did not succeed in starting a business.

2.

Once a business has launched, Black business owners experience substantially worse outcomes across all objective and subjective measures.

Black business owners see substantially lower turnover and productivity than White business owners. The picture is more mixed for Asian and Other Ethnic Minority entrepreneurs.

Substantially fewer Black, and Asian and Other Ethnic Minority entrepreneurs made a profit last year. Business performance last year also appears more variable for ethnic minority entrepreneurs.

3.

On average, female business owners have smaller and lower productivity businesses.

The median turnover of female business owners is £15,000, only a third of that of male business owners. Female entrepreneurs also report somewhat less subjective success.

Many of these differences persist even when excluding commonly-cited factors such as caring roles and lower representation in full-time jobs.

4.

The place an entrepreneur lives can be important to their success.

Business owners who live in the South East and North East report the most success and those in Greater London report the least.

Entrepreneurs meet their non-financial aims most commonly in Scotland, Northern Ireland, Wales, and the North East.

Summary

The success rate for starting a business is substantially lower for Asian and Other Ethnic Minority entrepreneurs and those in Greater London.

Asian and Other Ethnic Minority entrepreneurs make up 3.4% of business owners but 8.2% of aspiring entrepreneurs who did not succeed in starting a business.* This echoes similar findings in previous research, which highlight the challenges facing ethnic minority entrepreneurs in making such a step.¹

Black and White entrepreneurs are consistently represented in both populations (3.5% and 3.4%; and 93.2% and 88.5%, respectively).

These outcomes persist even when controlling for all other factors, suggesting that for some, ethnicity itself is an important factor.

Entrepreneurs living in Greater London, particularly in more deprived areas, are less likely to successfully start a business, as are younger entrepreneurs. There is not a substantial difference by gender.

Those born outside the UK are also over-represented among those who aspire to start a business but do not succeed.

However, this is due to the features they have which tend to come with migrancy (e.g. low income, being an ethnic minority). Absent these features, migrancy is associated with more success for Black, and Asian and Other Ethnic Minority entrepreneurs.*

Success rate for starting a business and entrepreneur group

Previous aspiring entrepreneurs (n=871) and current business owners (n=1,480)

Success rate for starting a business



● Substantially above average ● Approximately average ● Substantially below average

Source: British Business Bank, Entrepreneur survey, 2020. 'Success rate' compares the share of those from a given group in the current business owner population and the share in the previous aspiring entrepreneur population.

* These relationships persist even when controlling for other factors (including sector, money, human and social capital, and access to finance).



Once a business has been launched, there are also large differences in success between groups. Success rates are higher among those who are White, male, and living outside London. The picture for Asian and Other Ethnic Minority business owners is mixed.

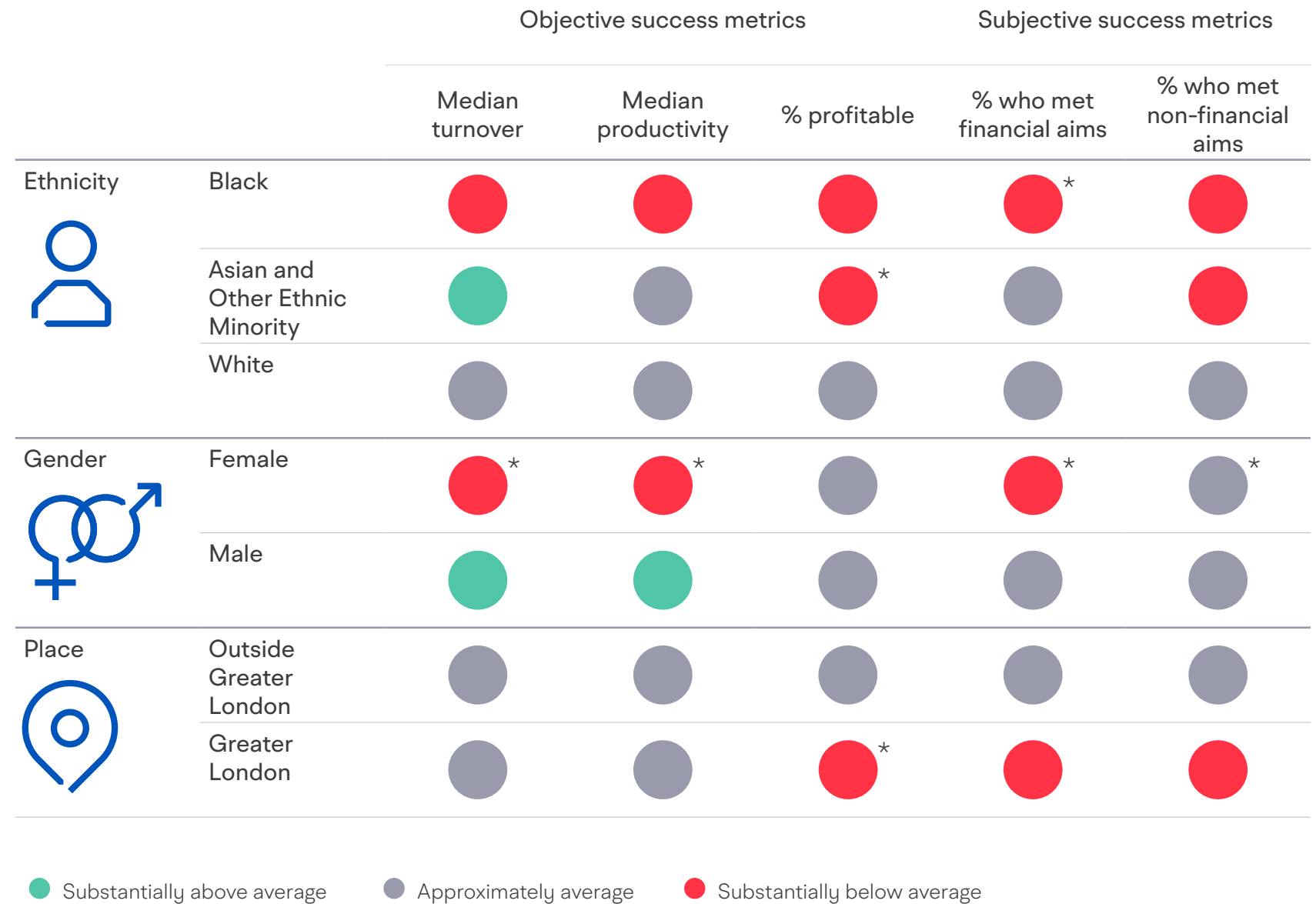
Black business owners report substantially worse outcomes across all objective and subjective measures of business success. Asian and Other Ethnic Minority business owners report less success across two measures but above average turnover.

Female business owners have lower turnover and lower productivity businesses and fewer meet their financial aims.* However, the share of those making a profit is similar to that of male business owners.

Business owners in Greater London, in more deprived areas and with lower household income see less success. Fewer business owners aged 16-34 report making a profit and they are less likely to have met their non-financial aims.*

Business success and business owner group

Business owners (n=1,754)



Source: British Business Bank, Entrepreneur survey, 2020. * These disparities persist even when controlling for other factors (including sector, money, human and social capital, and access to finance). Note, female entrepreneurs were more likely to meet their non-financial aims, but only when other factors were controlled for.

Ethnicity

Black business owners see substantially lower turnover and productivity than White business owners. The picture is more mixed for Asian and Other Ethnic Minority entrepreneurs.

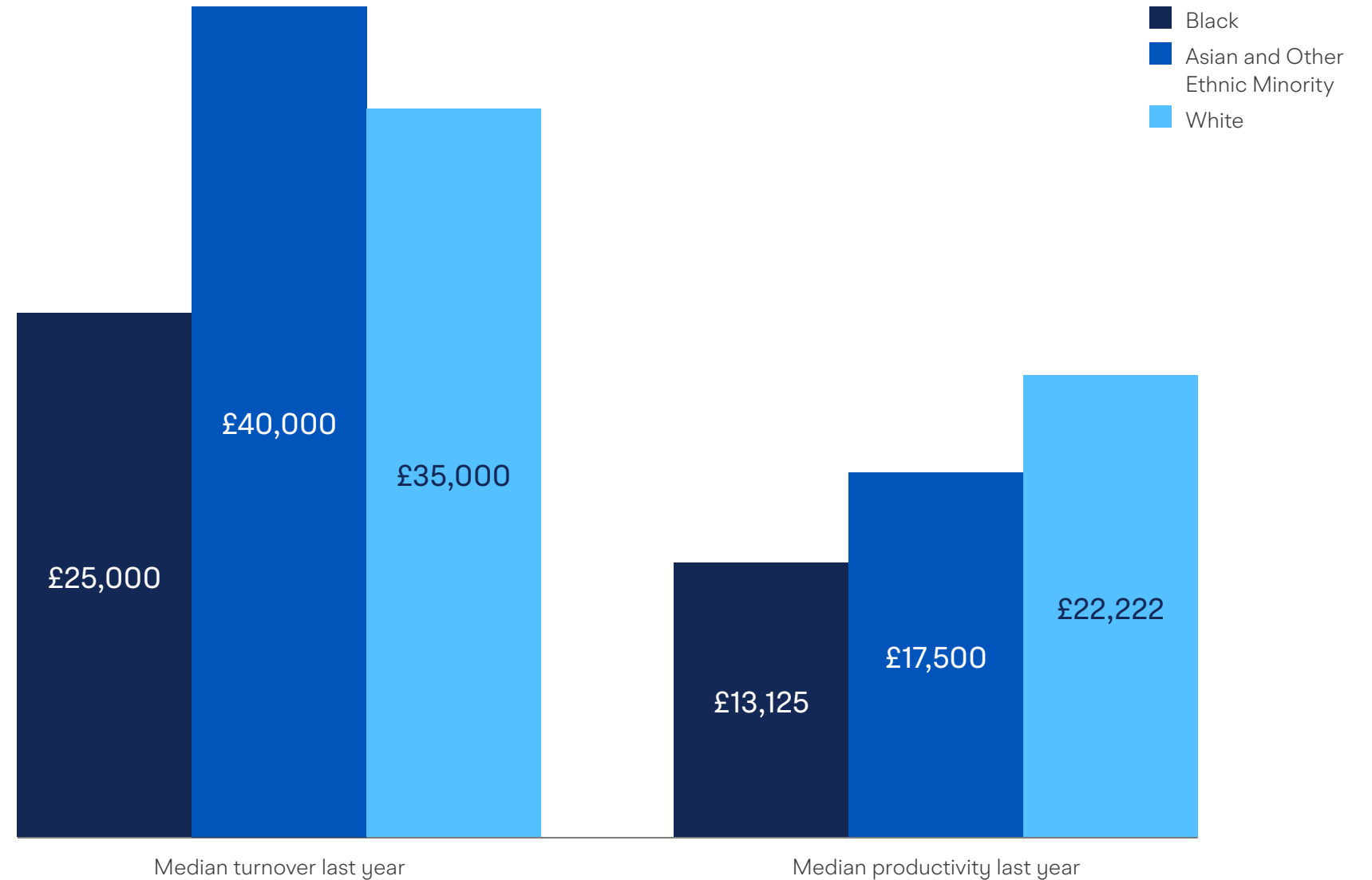
The median turnover for Black business owners is £25,000. This compares to £35,000 for White and £40,000 for Asian and Other Ethnic Minority business owners. The group with the lowest median turnover is business owners from a Black African background at £17,000.#

For Asian and Other Ethnic Minority business owners, median turnover is slightly higher than for White business owners. However, median productivity is lower.

The data here cannot determine the balance of factors that could impact success, whether these are externally imposed factors such as racism, or softer but influential factors such as aiming to build social capital by preferentially serving an ethnically defined customer base.

Ethnicity, median business turnover, and median productivity last year

Business owners (n=1,440 and n=1,411)





Substantially fewer Black, and Asian and Other Ethnic Minority entrepreneurs made a profit last year.

Significantly fewer Black business owners (particularly women) and Asian and Other Ethnic Minority business owners report making a profit.* This is particularly the case for Indian entrepreneurs, less than a third of whom reported a profit last year.#

The context in which each business exists is important. Where a business is the sole source of income for a family, some living costs may be taken out of revenue, thus reducing the likelihood of a residual 'profit'. Therefore, compared to the family purpose of such businesses, lower profit does not necessarily mean 'less successful'.

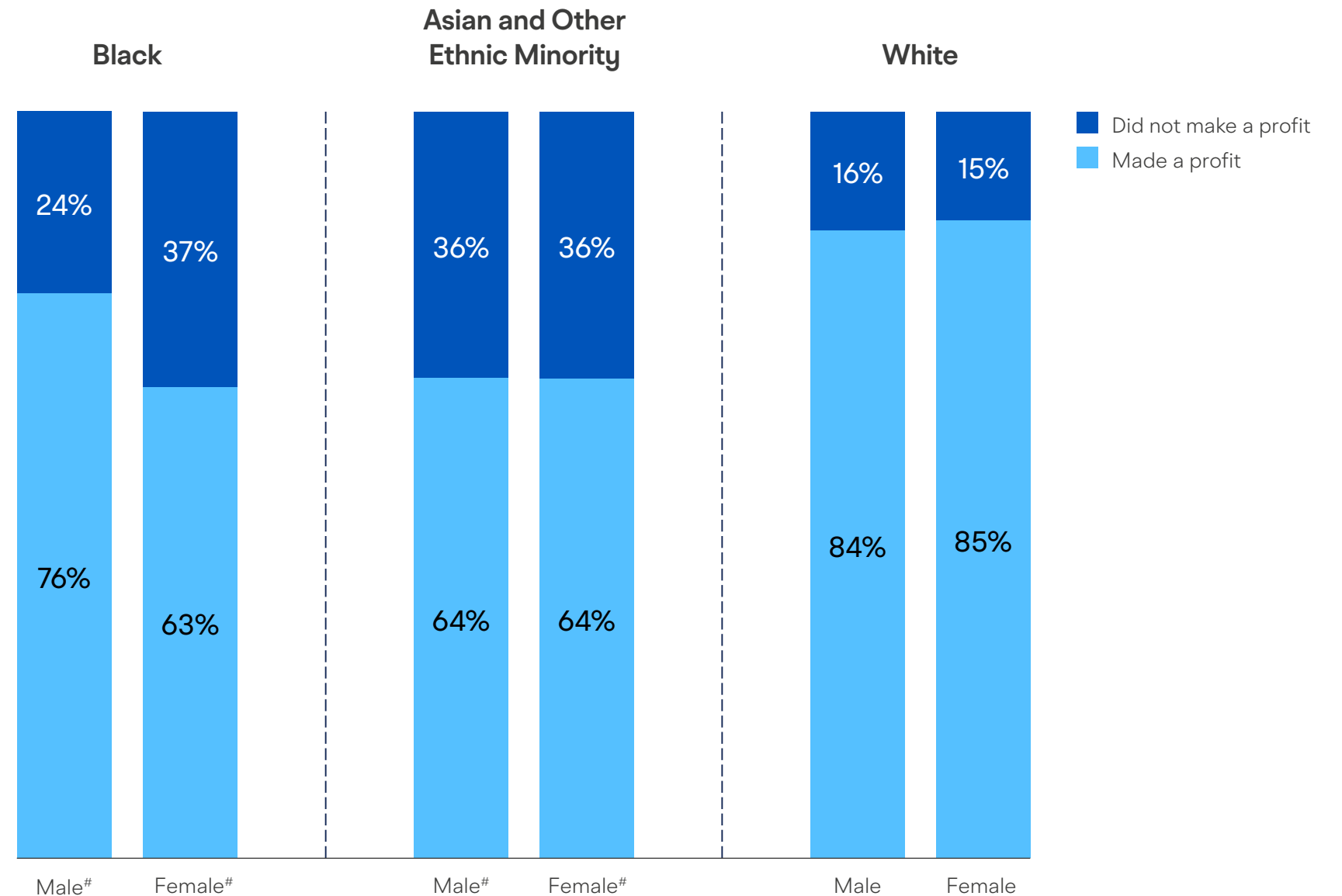
However, together with other data, outcomes do appear to be worse for ethnic minorities. Asian, Black, Chinese, and Mixed ethnicity-run businesses have historically been less likely to make a profit than White-run businesses.²

Business performance last year also appears more variable for ethnic minority groups.

20% of Black and 19% of Asian and Other Ethnic Minority business owners had declining revenues during 2019, compared to 15% of White business owners. However, substantial growth was also more often reported by Black, and Asian and Other Ethnic Minority business owners (compared to White business owners). This latter finding is echoed in previous research.³

Ethnicity, gender, and profitability of the business last year

Business owners (n=1,245)



On subjective metrics, Black business owners report the lowest levels of success. Business owners from Asian and Other Ethnic Minorities report mid-levels of success, and White business owners report the highest.

Around half of all business owners met their financial aims. For Black business owners, this is less than a third, and differences persist even after controlling for other explanatory factors.* Among Black entrepreneurs, those from a Black African background are least likely to meet their financial aims (27%).#

In general, business owners are more likely to have met their non-financial aims. By ethnicity, the same pattern is seen as above: half of Black, and Asian and Other Ethnic Minority business owners have met their aims, compared to 69% of White business owners. Those from Indian# and Black African# backgrounds were least likely to meet their non-financial aims (45%).

Unsurprisingly, achieving the financial aims the entrepreneur set is correlated with profit, turnover, and productivity. Meeting non-financial aims is also correlated with these metrics, albeit less so. This likely explains a portion of why Black, and Asian and Other Ethnic Minority business owners report less subjective success.

Ethnicity and subjective business success metrics

Business owners (n=1,566 and n=1,535)



Black business owners

30%

Met financial aims

49%

Met non-financial aims



Asian and Other Ethnic Minority business owners

48%

Met financial aims

53%

Met non-financial aims



White business owners

54%

Met financial aims

69%

Met non-financial aims

Gender

On average, female business owners have lower turnover and lower productivity businesses.

The median turnover of female business owners is £15,000, only a third of that of male business owners.* Turnover per employee (productivity) is less than half.* This mirrors findings from the 2019 Rose Review of Female Entrepreneurship.⁴

The impact of ethnicity persists within gender. The median productivity of Asian and Other Ethnic Minority female entrepreneurs is just £5,000, compared to £30,000 for White male entrepreneurs.

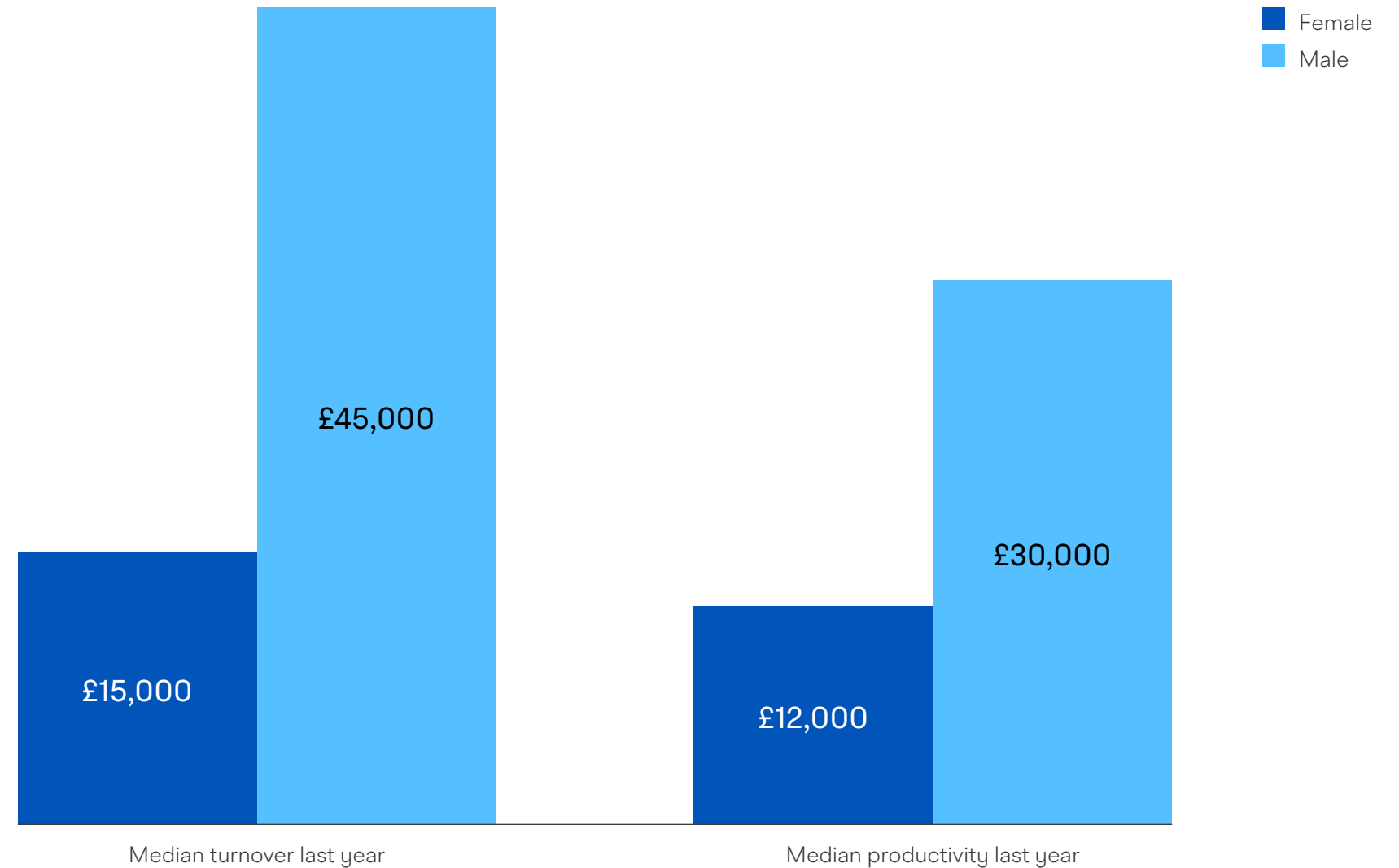
Whilst lower productivity is in part driven by over-representation of female entrepreneurs in lower productivity sectors, disparities persist even when controlling for sector and other explanatory factors.

Female business owners also report somewhat less subjective success.

In line with the above, female entrepreneurs are less likely than male entrepreneurs to say they had met their financial aims, even when controlling for other factors.* However, there are no differences by gender in terms of profitability in 2019 or meeting non-financial aims.

Gender, median business turnover, and median productivity

Business owners (n=1,448 and n=1,419)



Source: British Business Bank, Entrepreneur survey, 2020. * These disparities persist even when controlling for other factors (including sector, money, human and social capital, and access to finance). Note, female entrepreneurs were slightly more likely to meet their non-financial aims, but only when other factors were controlled for.



Female entrepreneurs' more limited success is not purely the result of commonly-cited factors such as caring roles and lower representation in full-time jobs.

Entrepreneurs with caring roles reported slightly lower turnover and productivity than those without. Women were more likely to play a caring role than men.

However, even when looking at entrepreneurs without a caring role, female business owners still typically had lower turnover and productivity.

Similarly, entrepreneurs who worked full-time prior to starting a business have much higher turnover and productivity than those who worked part-time. More female entrepreneurs were working part-time prior to starting a business.

However, even when looking at those who worked full-time prior to starting a business, female entrepreneurs still saw less success.

Similar findings are mirrored when looking at subjective success metrics, and speak to the systemic disadvantage that women still face. For example, among those without caring roles, fewer women report meeting their financial aims than men (48% compared to 56%).

Gender, median business turnover, and productivity last year

Business owners with caring roles (n=1,047 and 1,027) and previously working full-time (n=911 and n=898)

Entrepreneurs without caring roles

Entrepreneurs working full-time prior to starting a business



Place

The place an entrepreneur lives can be important to their success.

In terms of starting a business, there is some variation between different places in how successful entrepreneurs are:

- The success rate for starting a business is higher in Wales and the East of England.
- Greater London has the lowest success rate, with 15% of previous aspiring entrepreneurs living in the capital, but only 11% of current business owners.

Having started a business, the places where entrepreneurs see most / least success are:

- **North East# and South East:** entrepreneurs report above-average levels of success on four of the five metrics analysed.
- **Wales and Northern Ireland:#** entrepreneurs report lower median turnover, and fewer met their financial aims in Wales (sample size is very low in Northern Ireland, but there are indications of poorer outcomes overall).
- **Greater London:** significantly fewer entrepreneurs report making a profit and meeting their financial and non-financial aims.

Whilst these findings are presented at the region level, there will be variation within each region.

Business success and place

Business owners (n=1,754)

	Objective success metrics			Subjective success metrics	
	Median turnover	Median productivity	% profitable	% who met financial aims	% who met non-financial aims
Scotland	●	●	●	●	●
Northern Ireland#	●	●	●	●	●
Wales	●	●	●	●	●
North East#	●	●	●	●	●
North West	●	●	●	●	●
Yorks. and Humber	●	●	●	●	●
West Midlands	●	●	●	●	●
East Midlands	●	●	●	●	●
East of England	●	●	●	●	●
South West	●	●	●	●	●
South East	●	●	●	●	●
Greater London	●	●	●	●	●

● Substantially above average ● Approximately average ● Substantially below average



Those living in the South East and North East see most success.

Subjective and objective success metrics are well above average in both regions. Median turnover in the North East is £53,000,[#] almost twice the UK average. In the South East it is £35,000.

In the North East, more entrepreneurs are in full-time employment prior to entrepreneurship and more complete business development activities. In the South East, high household income and low levels of deprivation may be responsible. Whilst the South East is the economically richer region, North East entrepreneurs may find that a comfortable lifestyle is more achievable in their region.

Entrepreneurs living in Wales and Greater London see substantially less success overall.

Overall success is lower for those in Wales, but the picture is nuanced. Only 47% of business owners met their financial aims, which may be due to a relatively low share of entrepreneurs in full-time work prior to starting a business (56% compared to 67% overall) and a large number with income below £20,000 (26% compared to 17% overall). However, entrepreneurs in Wales still have high levels of meeting their non-financial aims, again suggesting quality of life can be high despite less financial success.

In London, meeting financial aims and meeting non-financial aims are both very low. Median turnover is above average but only 71% of business owners report making a profit (versus 84% UK-wide). London's entrepreneurs are younger and more diverse, both of which are associated with less success. However, this does not explain the full impact seen. It is likely that London's high competition,⁴ high cost of living and operating,⁵ and high relative deprivation environment are major causes.^{6,7}

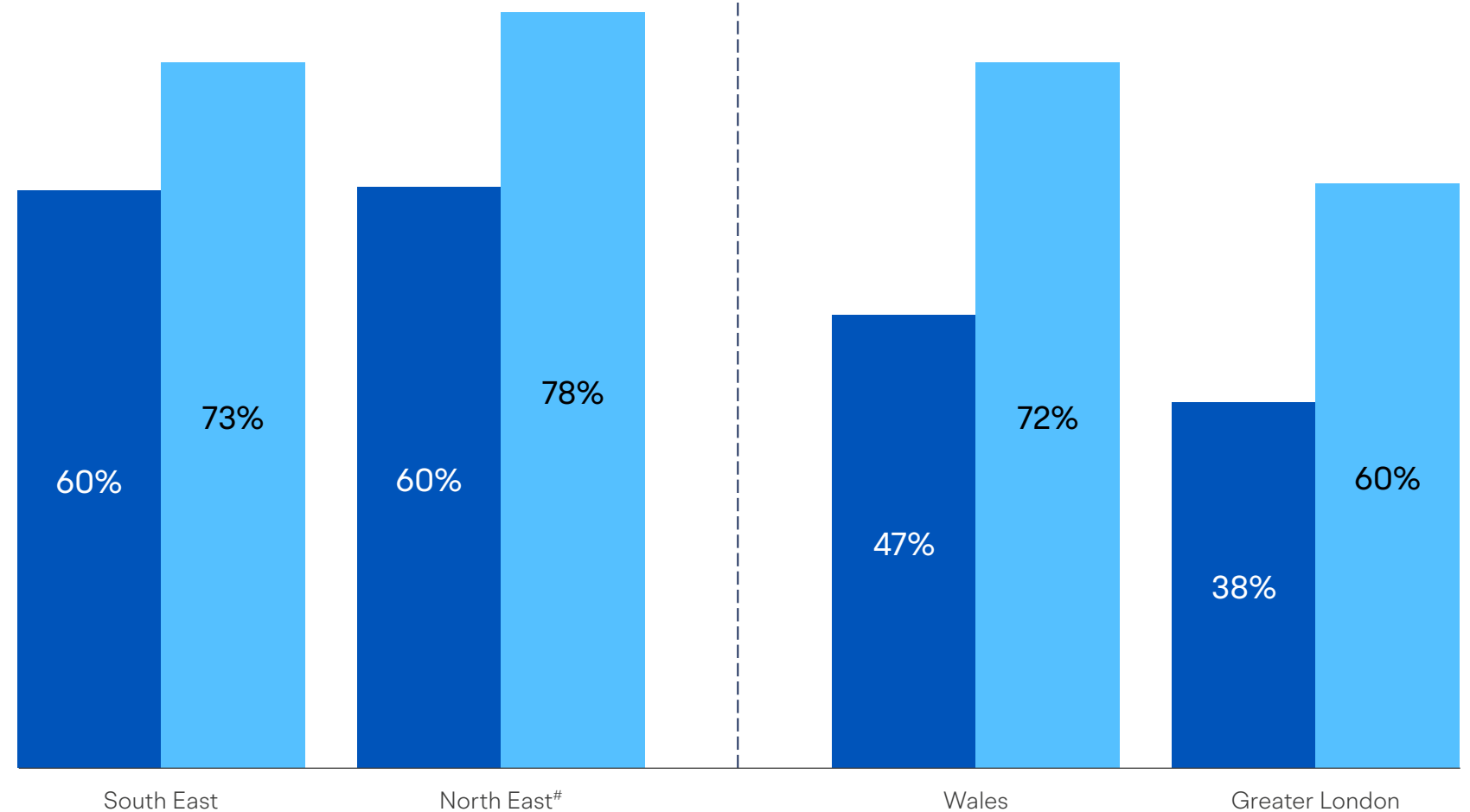
Place and subjective business success

Business owners (n=1,337 and n=1,305)

■ % met financial aims
■ % met non-financial aims

Places where entrepreneurs saw most success overall

Places where entrepreneurs saw least success overall





Part B.

What are the barriers and enablers for success?

What are the barriers and enablers for success?

1.

Money is critical to success, irrespective of ethnicity, gender, or place.

Wealthier entrepreneurs are much more likely to have made a profit last year, to have higher turnover businesses, and to have higher productivity businesses. They are far less likely to face funding constraints for their business and far more likely to be able to invest personal funds. Correspondingly, they complete more business development activities.

2.

Access to finance appears to be a barrier for Black, and Asian and Other Ethnic Minority entrepreneurs.

It is the reason why 39% and 49% respectively stop working on their business idea. Access to finance also appears to be a barrier for poorer entrepreneurs.

3.

Careers prior to starting a business are strongly related to success as an entrepreneur.

Those previously working full-time have a median turnover six times that of those previously working part-time. The level of education is less directly related. However, education is a critical step in gaining the work experience that many successful entrepreneurs have had.

4.

Social capital is inherently intangible, but several metrics show it can be an important contributor to success.

The nature of the networks in which entrepreneurs operate – and the manner in which they access advice from them – differs between ethnic groups.

Money

Money is critical to success, irrespective of ethnicity, gender or place.

Entrepreneurs with higher household income are much more likely to have made a profit last year.* Their businesses also have significantly higher turnover and productivity.*

All of these relationships hold for female, male, Black, Asian and Other Ethnic Minority, and White entrepreneurs, and the majority even when controlling for other factors.

Those with household income of £75,000 or more are also almost twice as likely to have seen their business grow by 20% or more last year.

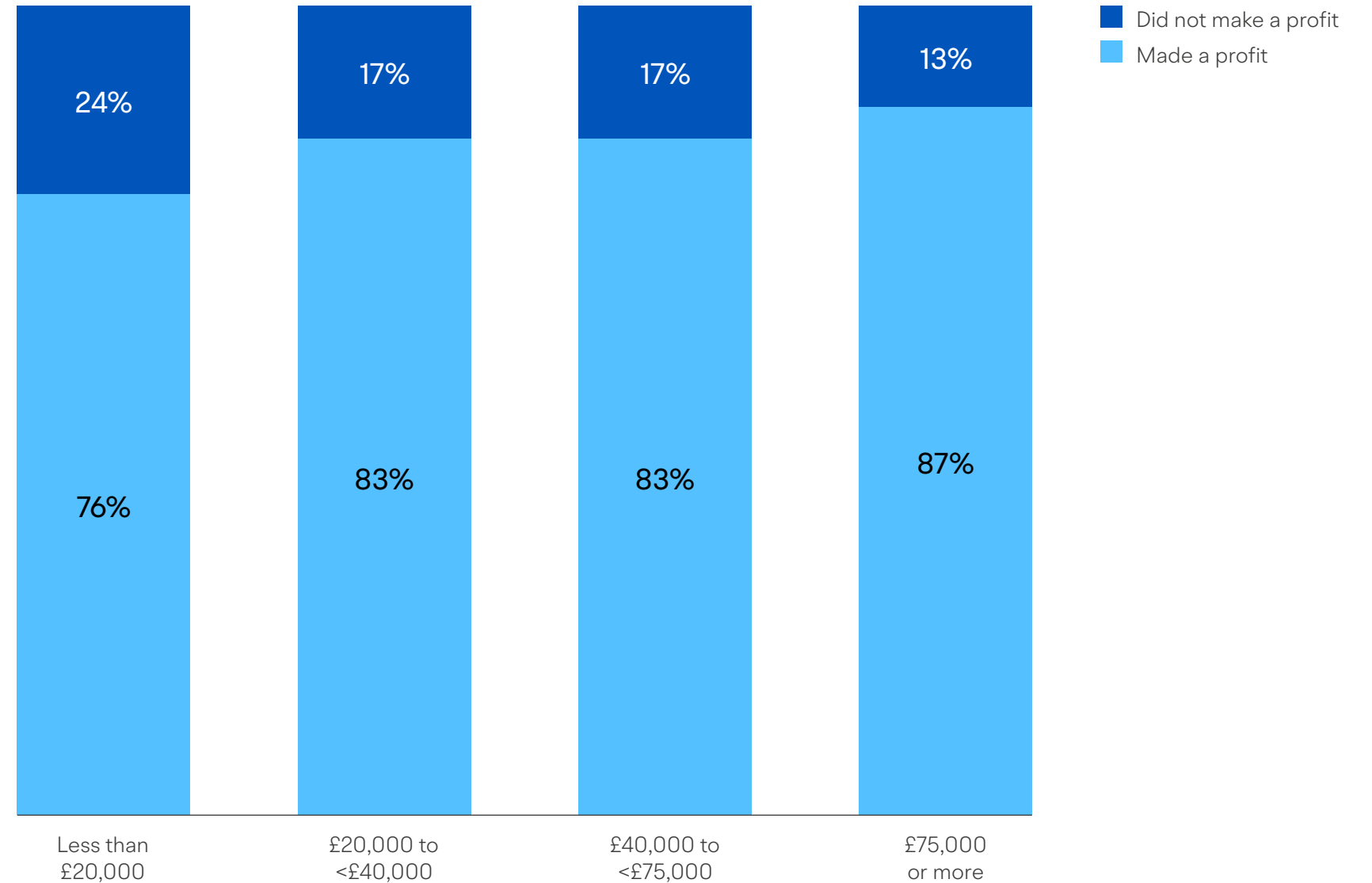
Money likely leads to success, exacerbating the impact of existing gender and ethnicity pay gaps.

Clearly, causality between income and success can run in both directions. However, businesses surveyed here are young and median turnovers relatively low. It is therefore unlikely that profits from the business are the main driver of a higher household income. Instead, it appears that money is leading to success.

There are well-known pay gaps between female and male employees, as well as between White employees and Black, Bangladeshi, and Pakistani employees.¹ The relationship shown here suggests that this likely translates to a systemic driver of differences in entrepreneurial outcomes.

Household income and profitability last year

Business owners (n=1,104)





Entrepreneurs with higher incomes invest more money in their idea and complete more business development activities.

22% of aspiring entrepreneurs with household income of £75,000 or more had spent £5,000 or more developing their business idea. The equivalent figure for those in the lowest household income category was just 4%.

The number of business development activities undertaken rises with household income, independent of ethnicity or gender.

Those with the lowest incomes are much less likely to be able to find money for their business.

When asked how they would obtain £10,000 to progress their business or idea, entrepreneurs with lower incomes were half as likely to say they would use personal savings and five times more likely to say they would be unable to source the money.

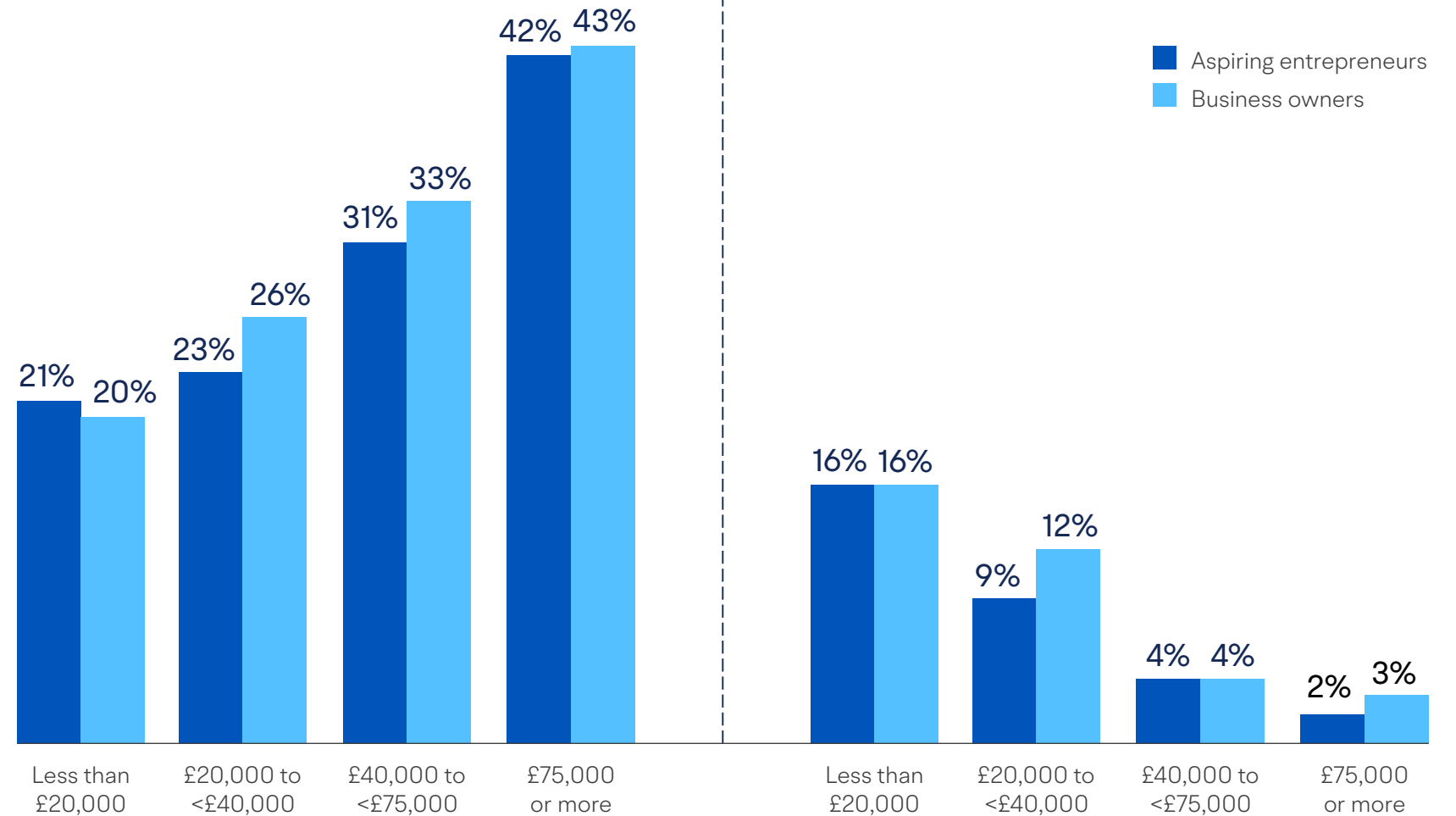
These findings are consistent with entrepreneurs with more money being able to ‘try, fail, and try again’ in their pursuit of success. They also suggest that entrepreneurs on low incomes will have a greater reliance on external financing, both generally and at an earlier stage in their business development.

Household income and hypothetical source of £10,000 to progress business / idea in next 3-months

Aspiring entrepreneurs (n=1,765) and business owners (n=1,436)

% who would use **personal savings**

% who would be **unable to source £10,000**



Access to finance

Access to finance appears to be a barrier for Black, Asian, and Other Ethnic Minority entrepreneurs and the reason they stop working on their business ideas.

Nearly half of Asian and Other Ethnic Minority aspiring entrepreneurs appear to have stopped developing their business idea because of difficulties getting finance.* Black and Other White aspiring entrepreneurs experienced a similarly sized effect at 39%-49% and White British at 25%. Stopping due to finance was most common among those from an Indian background.#

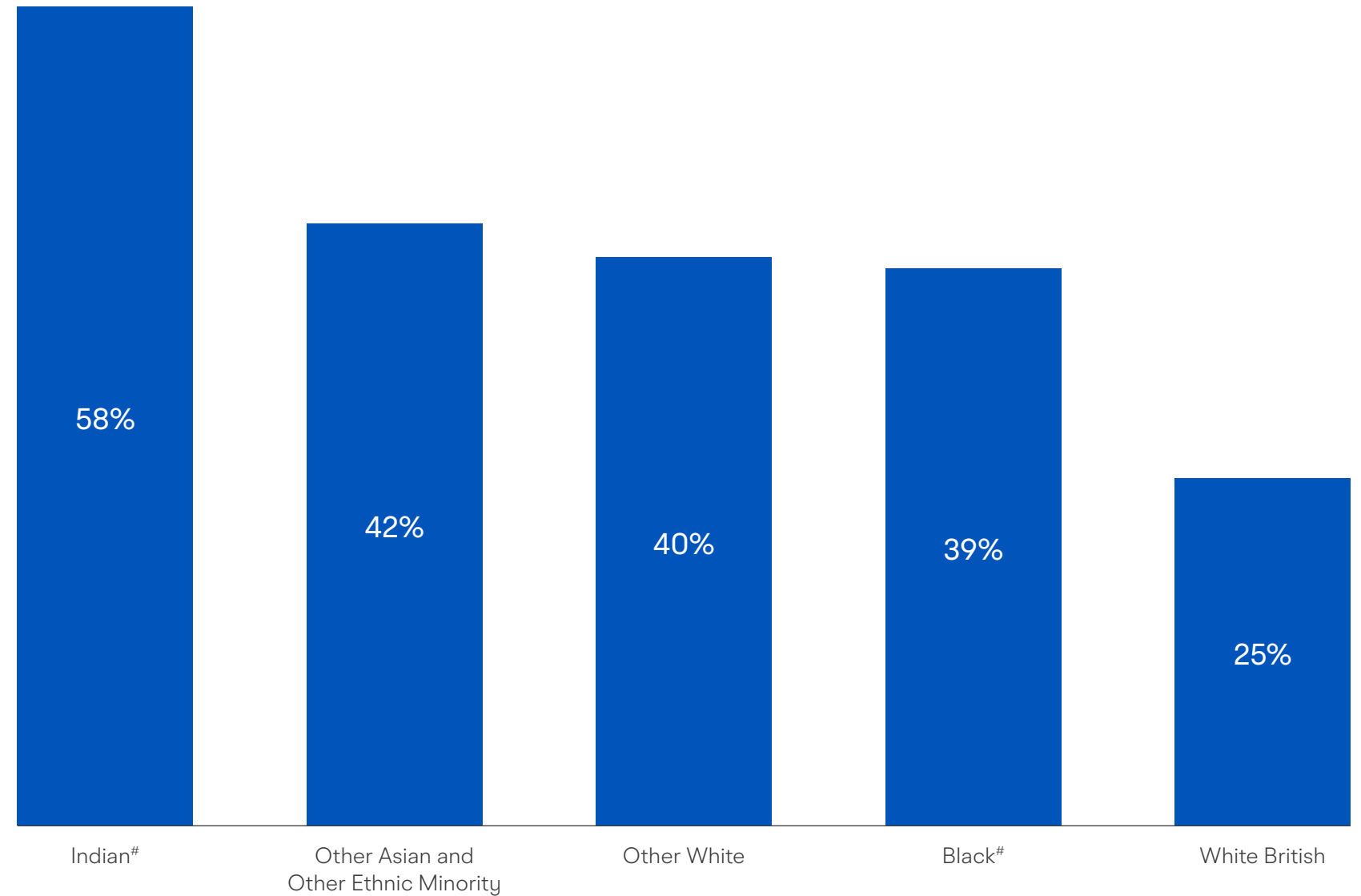
For those who closed their business, statistics are less robust due to very low sample size. However, it appears that around one in five Black ex-business owners closed their business because of difficulties getting finance. This figure was around one in twenty for Asian and Other Ethnic Minority and White ex-business owners.#

Previous research has identified similar patterns and has shown that Black-run businesses are more than four times more likely to be denied a loan outright than White-run businesses.² The research shows that this is primarily due to businesses' credit characteristics and not discrimination.

In addition, 'discouragement' (where a firm needs finance but does not submit a formal application to a lender for fear of rejection) is significantly higher among Black, and Asian and Other Ethnic Minority-run business owners.³ Discouragement amongst Black African business owners is 10 times that of White business owners.

Ethnicity and % of entrepreneurs citing 'difficulties getting finance' as a reason for stopping working on their idea

Previous aspiring entrepreneurs (n=849)





More entrepreneurs with lower incomes cite ‘lack of money’ as a major obstacle.

Aspiring entrepreneurs with household income below £20,000 are 13% points more likely to cite ‘lack of money’ as a ‘major obstacle’ to success, compared to those with household income of £75,000 or more. A similar magnitude of effect is seen for Black, Asian and Other Ethnic Minority women. 54% of Asian and Other Ethnic Minority women and 48% of Black women cite this as a major obstacle, versus 44% overall.#

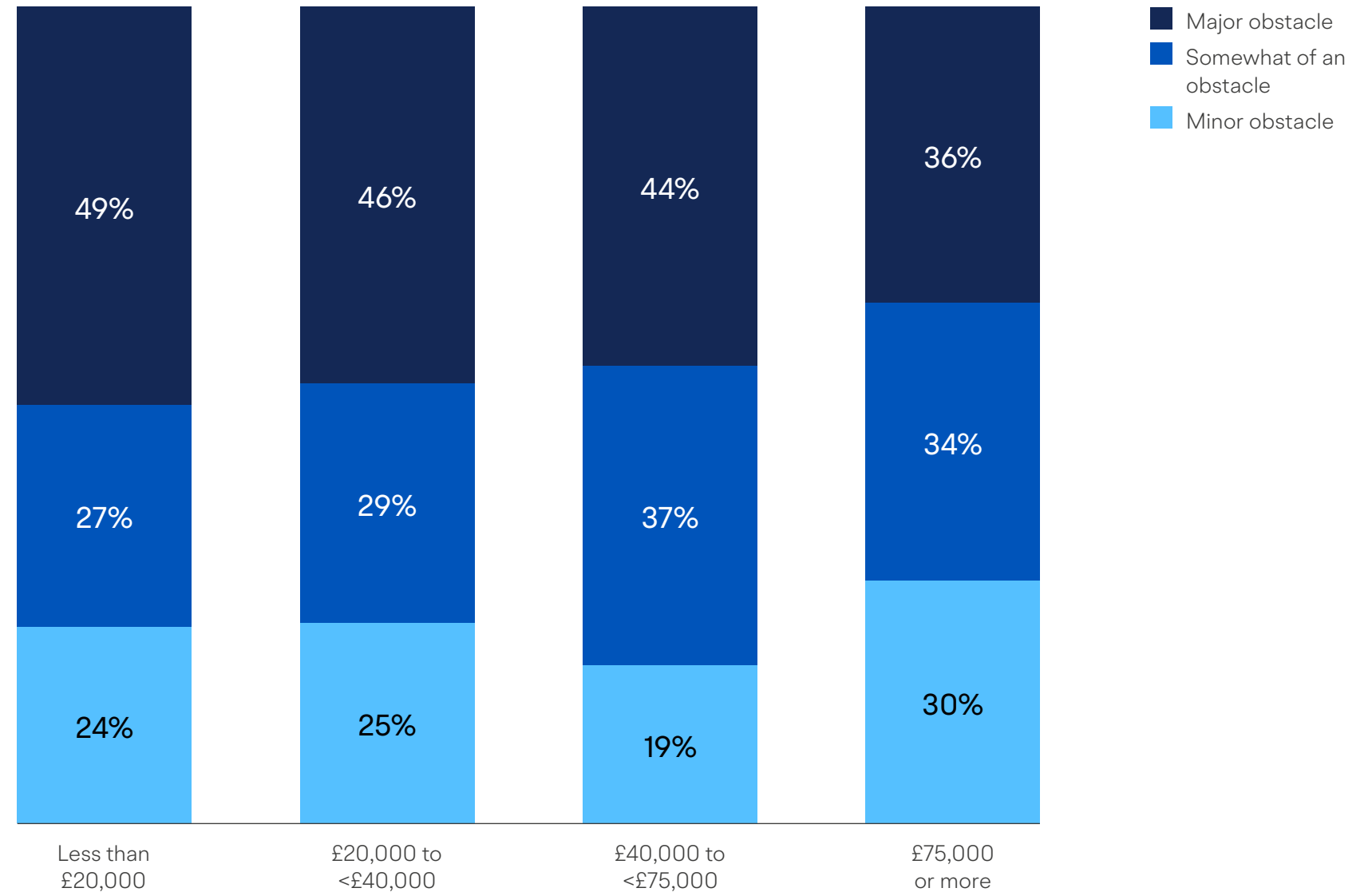
Lower income entrepreneurs are also more likely to stop working on their idea due to lack of access to finance.

Similarly to the previous page, 38% of those with household income below £20,000 cite ‘lack of access to finance’ as the reason for discontinuity, compared to just 25% of those with income of £75,000 or more.

These findings again suggest the pervasive impact of wealth on the entrepreneurial experience and the higher barriers facing those from poorer backgrounds.

Household income and % of aspiring entrepreneurs citing ‘lack of money’ as an obstacle to success

Aspiring entrepreneurs (n=979)



Human capital

Careers prior to starting a business are strongly related to success as an entrepreneur.

Those working full-time prior to starting their business run significantly higher turnover and productivity businesses,* a finding that holds even when controlling for other factors. Those who were previously self-employed also see more success. In contrast, entrepreneurs who were previously 'looking after the home' see far less financial success; 78% of them are women.

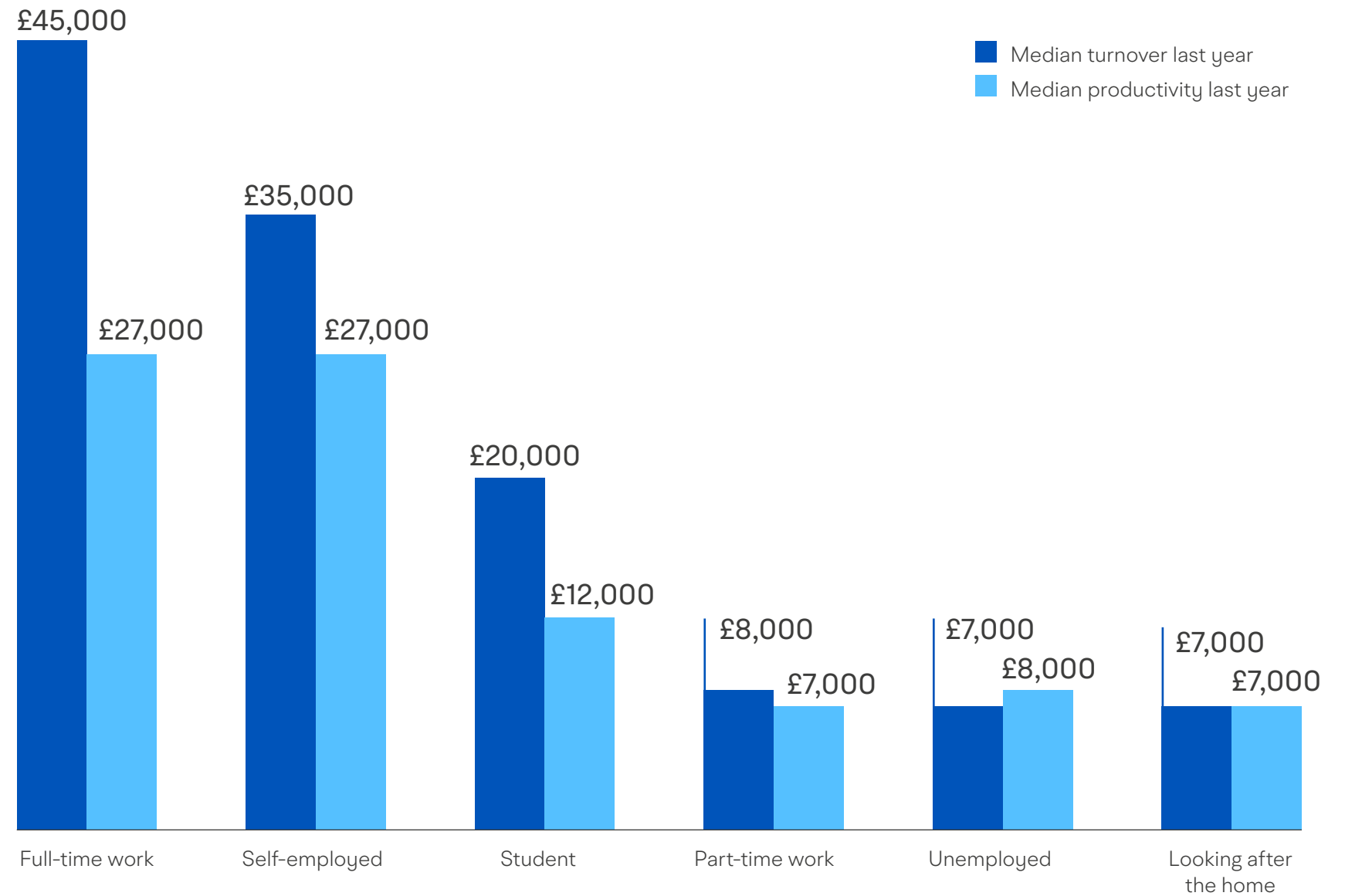
Other measures of human capital accumulated in the workplace also relate to success. Entrepreneurs who source their business idea from their job are more likely to successfully start a business and have higher median turnover and productivity. For female entrepreneurs, the relationship with productivity persists after controlling for other factors.

The role of previous work experience highlights the knock-on effect of under-representation of Black people and women among managers, directors, and senior officials in the workforce.^{4,5,6}

Fewer Black entrepreneurs have had the opportunity to develop the skills and knowledge that come with senior positions, and can find the transition into entrepreneurship tougher as a result. Just 3% of Black business owners working full-time prior to starting their business had turnover above £250,000, compared to 16% of business owners overall.

Activity prior to starting a business, median turnover, and median productivity last year

Business owners (n=1,388 and n=1,361)





Level of education appears less directly related to entrepreneurial success than previous work experience.

Entrepreneurs are generally well-qualified and those without formal qualifications see much less success. Only 64% of those without qualifications reported making a profit compared to 83% overall. Their businesses also had substantially lower turnover and lower productivity.

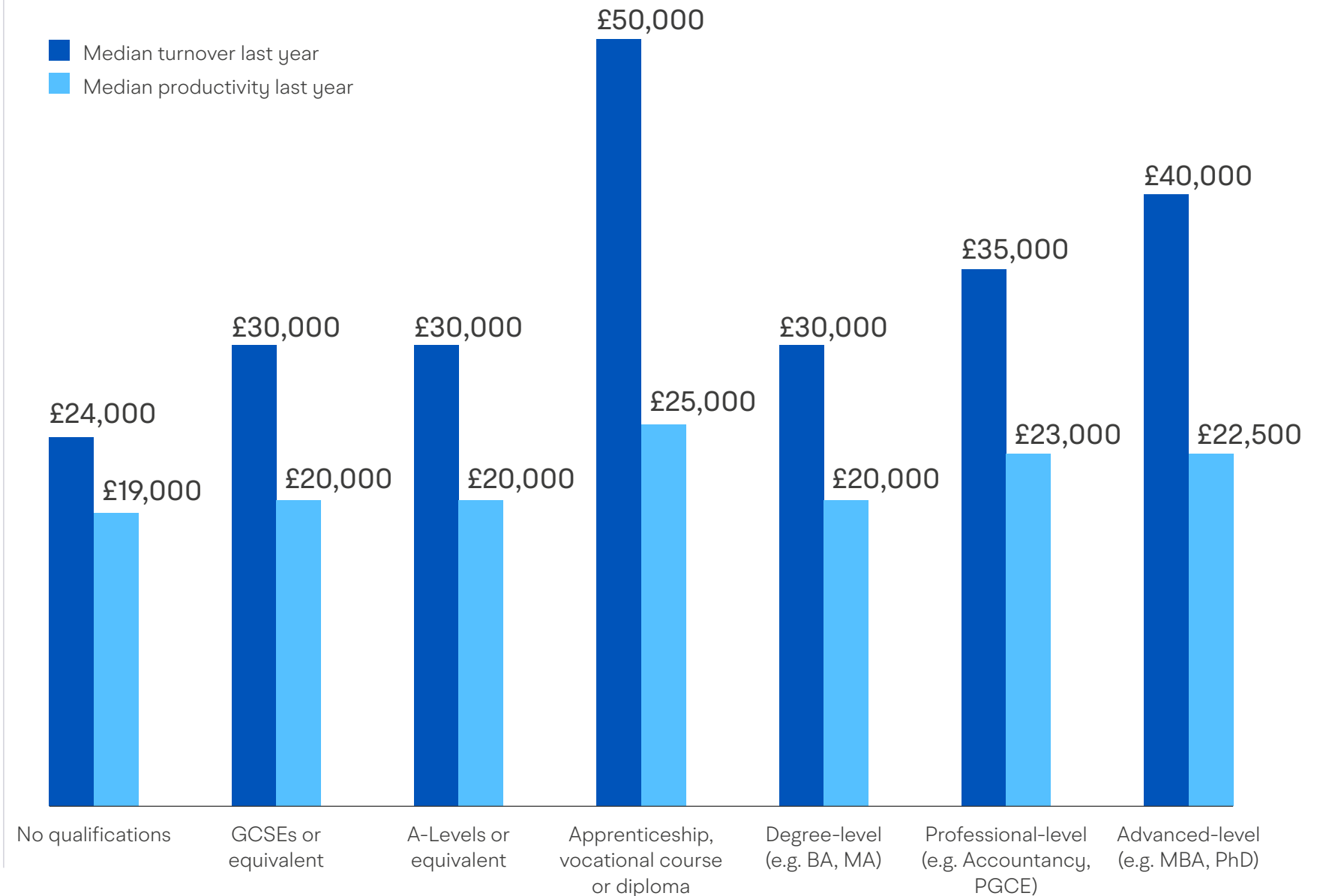
However, once a baseline level of qualifications have been obtained, the relationship with success is present but seemingly slight. Those whose highest education was an apprenticeship or vocational course had the highest median turnover and productivity. Once other factors were controlled for, there was no clear statistical relationship between highest educational attainment and entrepreneurial success.

However, education is a critical step in getting the kind of work experience that many successful entrepreneurs have had.

More than three quarters of postgraduates and around two-thirds of graduates are employed in highly-skilled occupations, compared to less than a quarter of non-graduates.⁷ Education is therefore a path to skilled employment, which in turn can be a path to successful entrepreneurship.

Highest level of education, median turnover, and median productivity

Business owners (n=1,442 and n=1,413)



Social capital

Social capital is inherently intangible, but several metrics show it can be an important contributor to success.

Access to personal and professional networks is an important source of advice and information. They provide feedback on business ideas and help entrepreneurs to find available business support and navigate the financial system. They can also be sources of 'insider knowledge' which is otherwise hard to obtain. Visible role models also play a key role in inspiring and empowering entrepreneurs.

In our survey, receiving advice that the entrepreneur found valuable is related to higher median turnover and productivity, a relationship that holds across all ethnic groups.

Knowing somebody who gave advice on refining a product or service was particularly important,* possibly highlighting the importance of connections within your chosen sector or market niche.

This echoes findings from past research and highlights the importance of building networks.

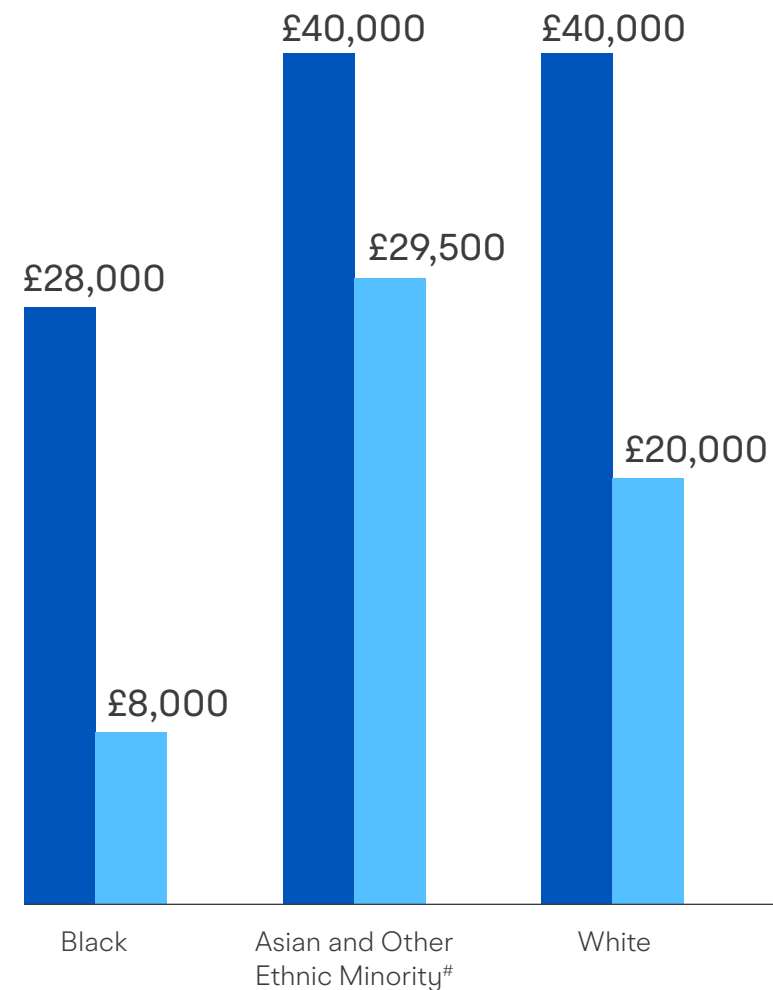
Previous work has shown a positive quantitative relationship between business networks and entrepreneurial success, as well as how faster growing and more ambitious firms have higher levels of engagement with business support and training.^{8,9} It has also shown the difficulties faced by some under-represented groups in accessing these networks.^{10,11}

Building social capital is therefore important. Those who are afforded more and better opportunities to do so (e.g. through their jobs, or professional training) are more successful, and those with less opportunity (e.g. because they were previously looking after the home) are less successful.

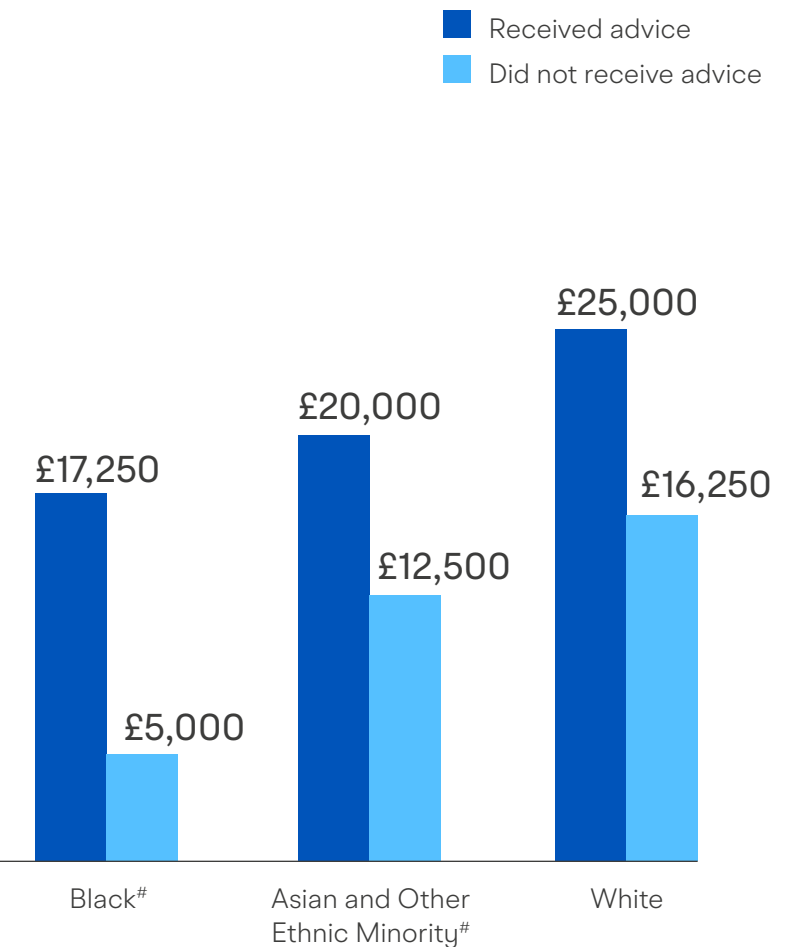
Receiving advice, ethnicity, median turnover, and median productivity

Business owners receiving advice (n=799 and n=788) and those not (n=621 and n=606)

Median turnover last year



Median productivity last year





The nature of networks in which entrepreneurs operate differs between ethnic groups.

Businesses led by those from an ethnic minority are more likely to members of informal, rather than formal, networks.¹¹ Feedback during this research highlighted how such networks can often be drawn along ethnic lines, matching a strong community focus for many and more general desires among some groups of entrepreneurs to use the ‘value of their pound’ to benefit their community.

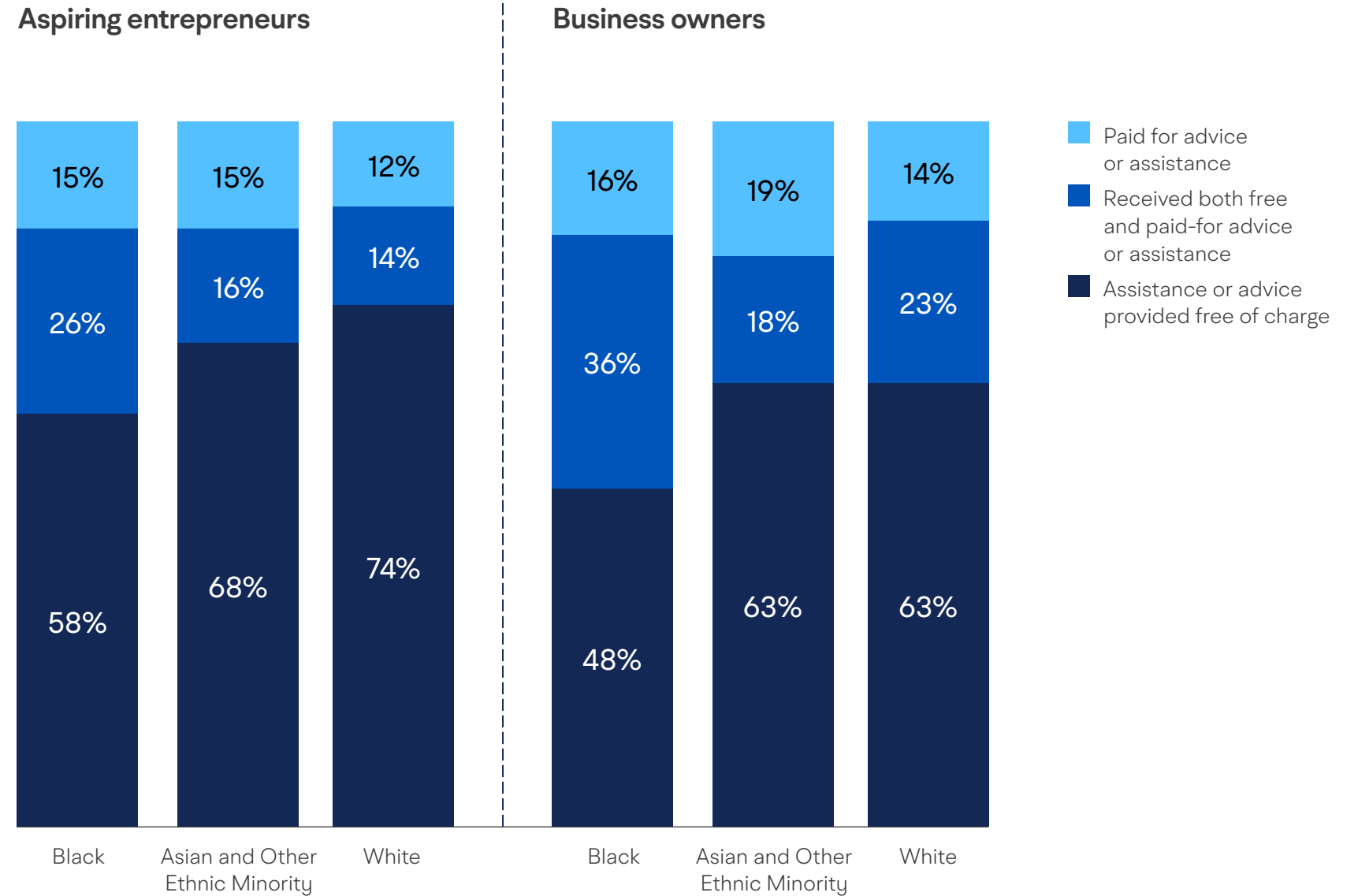
Such an approach offers tangible benefits (e.g. mutual support, understanding, and flexibility) and is the natural reaction to an environment in which many feel excluded. However, it is possible that it could also constrain business potential and may not facilitate access to decision-makers in the formal financial system. A gateway into this system is often vital to securing the funding required by high-growth firms.¹²

How entrepreneurs access advice also varies between ethnic groups.

Fewer Black, and Asian and Other Ethnic Minority entrepreneurs access valuable advice for free, relative to White entrepreneurs. Whilst those who are Black are most likely overall to access advice, the cost of doing so may create an additional challenge.

Ethnicity and whether entrepreneurs paid for advice or received it for free

Aspiring entrepreneurs (n=687) and business owners (n=904)





Part B.

What has been the impact of COVID-19?

What has been the impact of COVID-19?

1.

Much of the impact of COVID-19 on entrepreneurs has been due to the sector they operate in.

Sectors with lower output per hour (productivity) were amongst the hardest hit because many of these businesses require face-to-face activities (e.g. Food services, Arts, Health and social work).

2.

Business owners in the North East, Scotland, and Northern Ireland report seeing the biggest negative impacts.

This is largely explained by the concentration of different sectors in different places. Having a disability or long-term health condition, or being older, also contribute to experiencing worse outcomes.

3.

The substantial impact on lower productivity sectors meant entrepreneurs with lower household incomes were worse affected.

This is because entrepreneurs with the lowest incomes are over-represented in these sectors. However, once sector was controlled for, there was no statistical relationship between income and COVID-19 impact.

4.

Black male business owners report being particularly badly affected and taking more drastic action as a result.

However, sector is not the main driver of this. Instead, it appears that ethnicity itself is an important factor, potentially reflecting the knock-on consequences of the more severe health impacts that many people in Black communities have faced.¹ Gender differences are clear only once ethnicity has been accounted for.

Summary

'Lockdown' began in the UK in mid-March, shortly before the survey underpinning this report opened. Entrepreneurs reported the effects that they had already felt by April – July this year.

2020's economic environment is one which has not been seen for a generation. Entrepreneurs have been badly affected.

Nearly half of business owners either closed their business (temporarily or permanently) or saw a reduction in sales of more than three quarters. In response to the pandemic's impact, around half of all business owners took 'drastic action' (such as reducing pay or their number of employees by 50% or more).

Aspiring entrepreneurs were similarly affected. Almost half either paused all development of their idea or permanently stopped.

Sector plays a key role in understanding the impact on entrepreneurs.

Business owners operating in sectors with the lowest output per hour have been worst hit.* Entrepreneurs with the lowest incomes are over-represented in these sectors and so have also been badly affected. The places where entrepreneurs are more concentrated in these sectors have also seen a substantial negative impact.

However, even when accounting for sector, Black business owners and Asian and Other Ethnic Minority aspiring entrepreneurs still experienced more severe impacts.*

These outcomes persist even when controlling for other factors, suggesting ethnicity itself is important to understanding the impact of COVID-19 on entrepreneurs. Male entrepreneurs in these groups were typically worse affected than female entrepreneurs. By contrast, within the White ethnic group, female entrepreneurs were somewhat more badly impacted than male entrepreneurs.

Others who were most strongly affected were those who have a disability or long-term health condition* and those who are older.*

COVID-19 impacts

Current business owners (n=1,440 and n=1,480), and current aspiring entrepreneurs (n=1,068)



Business sales

48%

Closed their business or saw sales reduce by more than 75%.



Protecting businesses

50%

Took 'drastic action' to protect their business.



Business ideas

46%

Permanently stopped or paused all work on their idea.

Sector

Much of the impact of COVID-19 on entrepreneurs has been due to the sector they operate in.

Sectors with lower output per hour (productivity) were among the hardest hit. Many businesses in these sectors require face-to-face activities or being physically present in the workplace.

Those with the lowest household incomes are substantially over-represented in such sectors. With only one in ten lower earners able to work from home,² the more substantial impacts on these groups is not surprising.

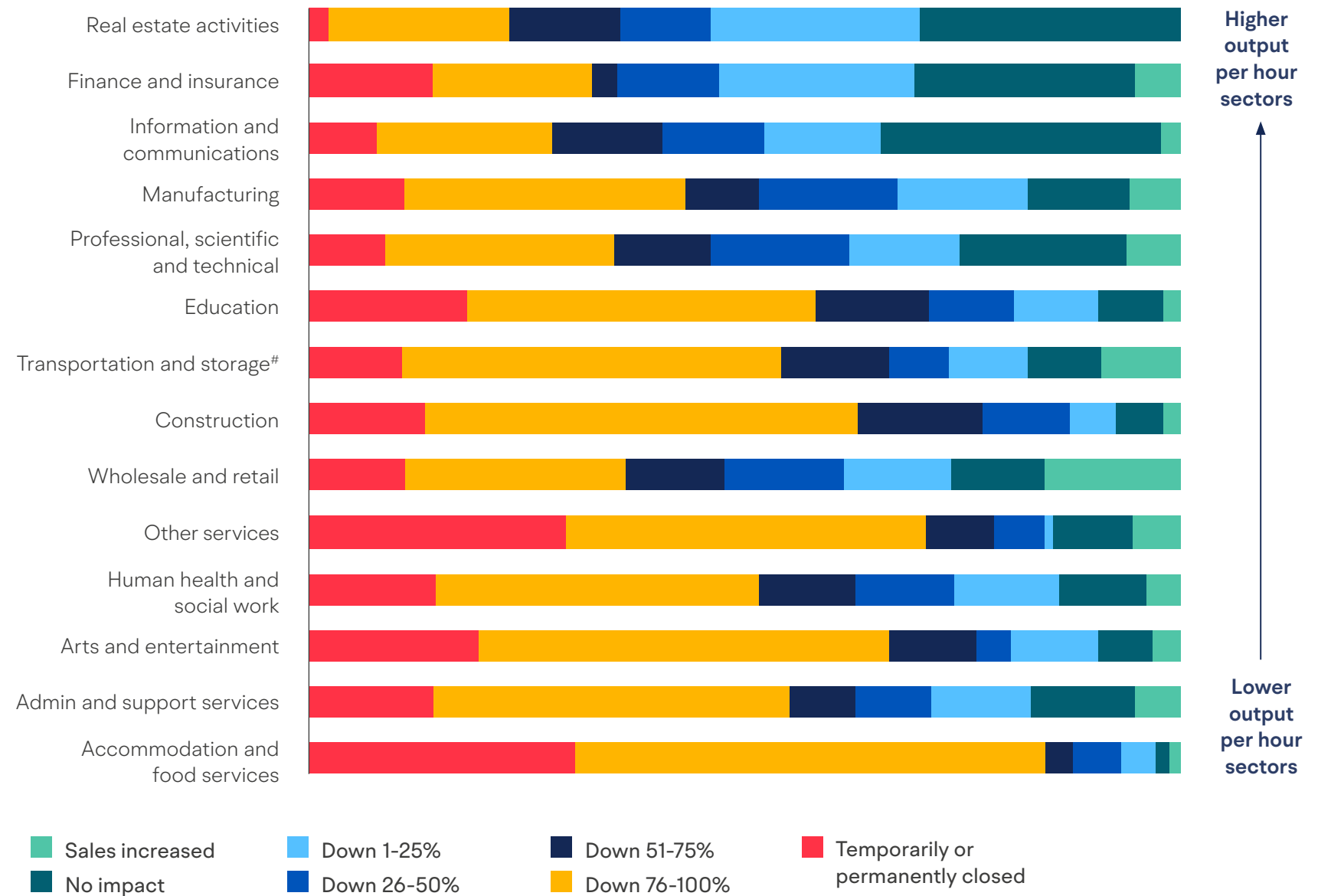
In contrast, 'white collar' sectors such as Finance have a disproportionate number of wealthier entrepreneurs and are more easily operable from home.

Similar impacts and patterns are evident for aspiring entrepreneurs.

57% of those working on an idea in Accommodation and food services either paused all development of their idea or permanently stopped. Those with an idea in the Professional, scientific, and technical sectors were least affected, but 41% were still severely impacted.

Sector and impact of COVID-19 on business sales

Current business owners (n= 1,423)



Place

Business owners in Northern Ireland, the North East, and Scotland report seeing the biggest negative impacts.

More business owners in these places reported closing their business or a reduction in sales of more than three quarters. They were consequently more likely to take 'drastic action' to protect their businesses (56%, 72%, and 58%, respectively).

The pattern for aspiring entrepreneurs differed in places. More of those in Scotland (62%), the South East (58%) and the East Midlands (51%) paused work on their idea or stopped entirely.

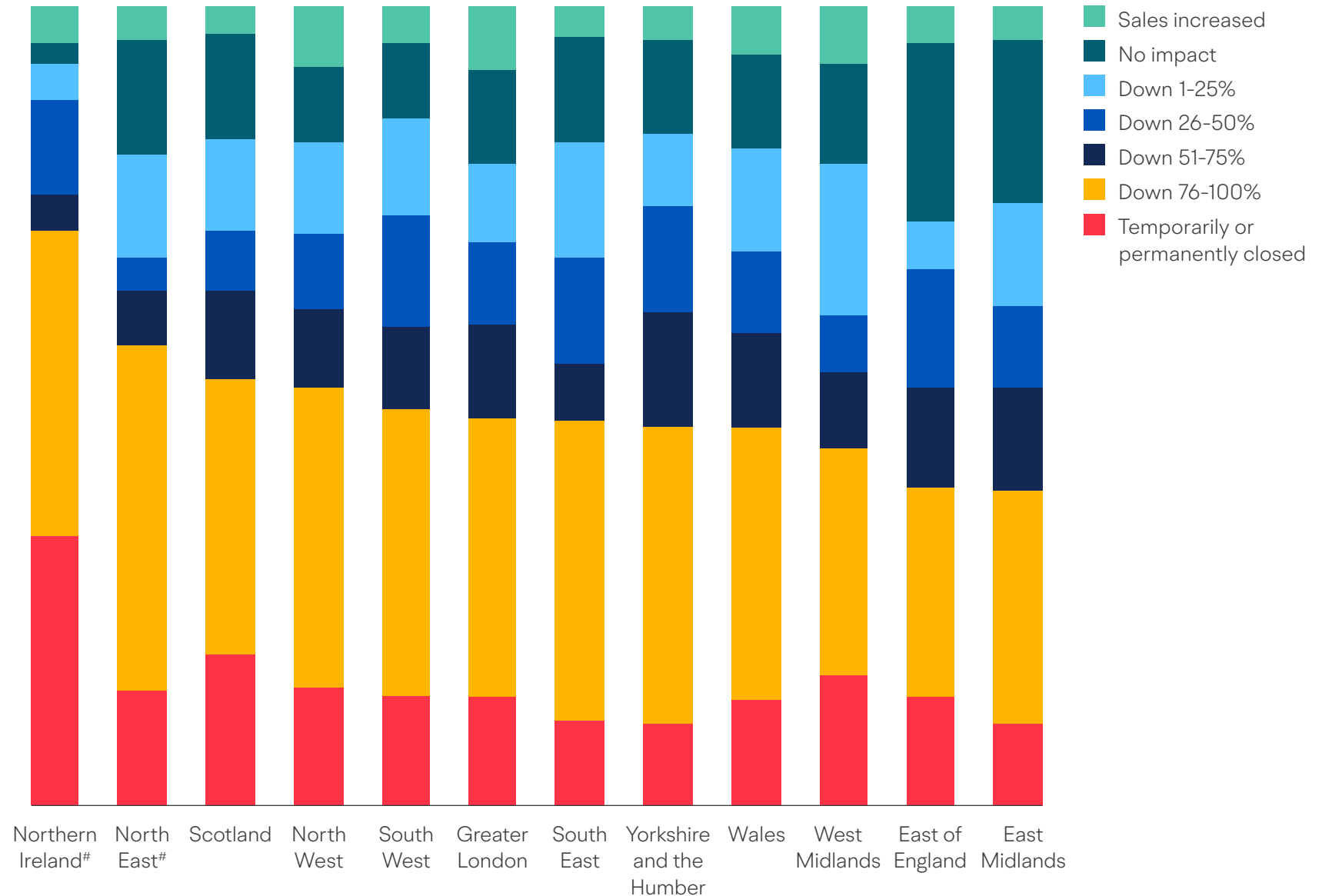
Sector is a key part of the explanation.

In the North East, over-representation of entrepreneurs in lower productivity sectors and those badly impacted such as Accommodation and food services and Arts and entertainment may help explain the worse outcomes. In Scotland, there are also signs of sector effects.

In Northern Ireland, whilst sample is very low, there appear to be few entrepreneurs in the least impacted sectors. However, over-representation of older entrepreneurs also plays a part, as does a lack of access to personal money among entrepreneurs.

Place and impact of COVID-19 on business sales

Current business owners (n=1,201)



Money

The substantial impact on lower productivity sectors meant entrepreneurs with lower household incomes were worse affected.

Nearly 60% of business owners with household income below £20,000 either closed their business or saw a reduction in sales of more than three quarters. For those with income of £75,000 or more, the figure was just 41%.

Consequently, more of those on low incomes took drastic action to protect their businesses (56% compared to 49%).

Sectors with the lowest output per hour were the hardest hit, and entrepreneurs with lowest incomes are over-represented here. Once sector was controlled for, there was no statistical relationship between income and COVID-19 impact.

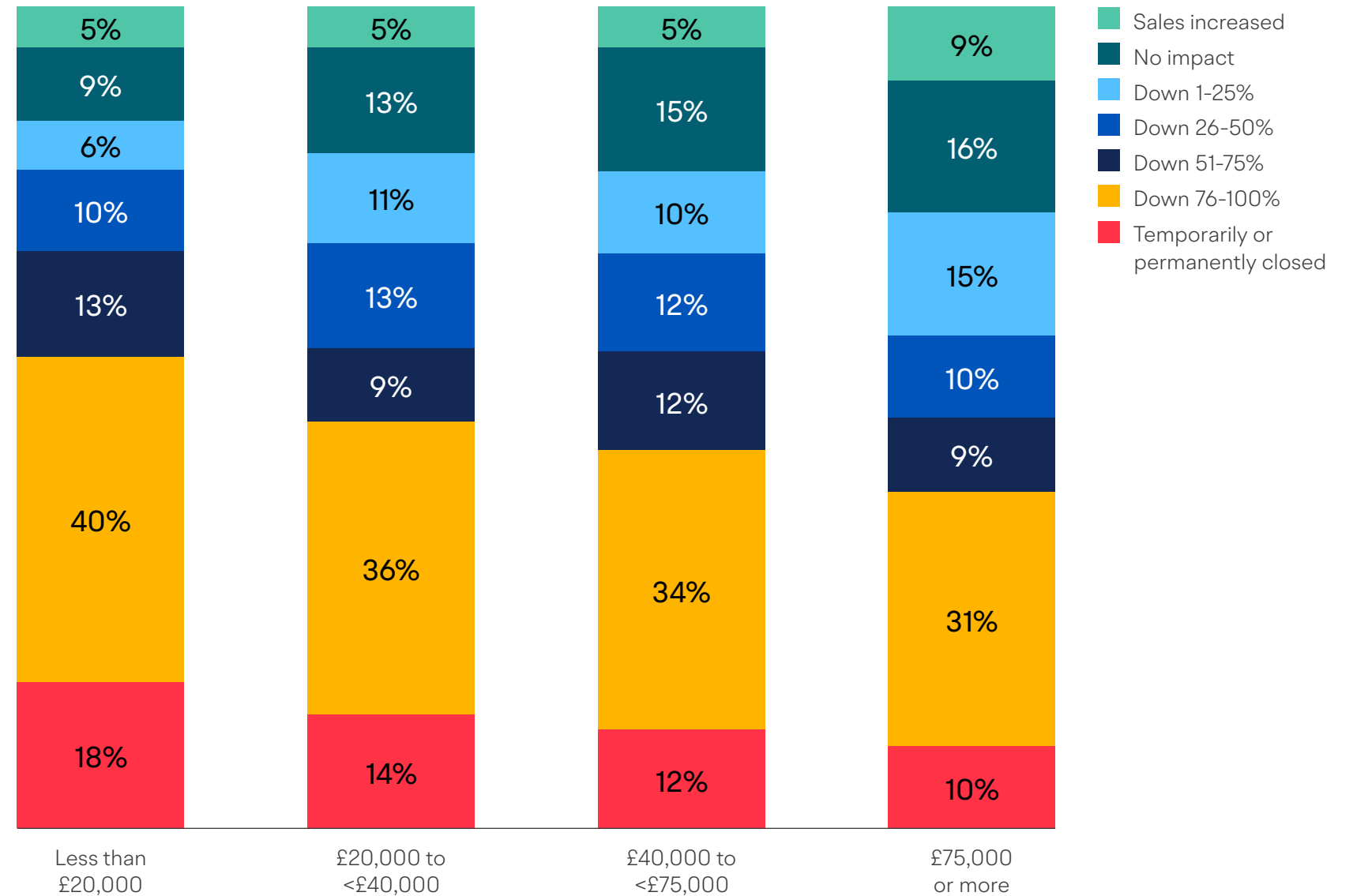
For aspiring entrepreneurs, there was no clear relationship between household income and COVID-19 impact.

37% of those with income below £20,000 said they were pausing all work on their business idea, compared to 41% of those with income of £75,000 or more.

This speaks to the greater ability of those who are still developing their ideas to pause or pivot in response to changing circumstances, regardless of their background. Once a business has been established, this can become much more difficult.

Household income and impact of COVID-19 on business sales

Current business owners (n=1,192)



Ethnicity

Black male business owners report being particularly badly affected and taking more drastic action as a result.

Over 60% of Black male business owners either closed down their business (temporarily or permanently) or saw a reduction in sales of more than three quarters.* Far more consequently took 'drastic action' as a result. Female entrepreneurs from Asian and Other Ethnic Minorities reported similarly severe impacts but took less drastic action.

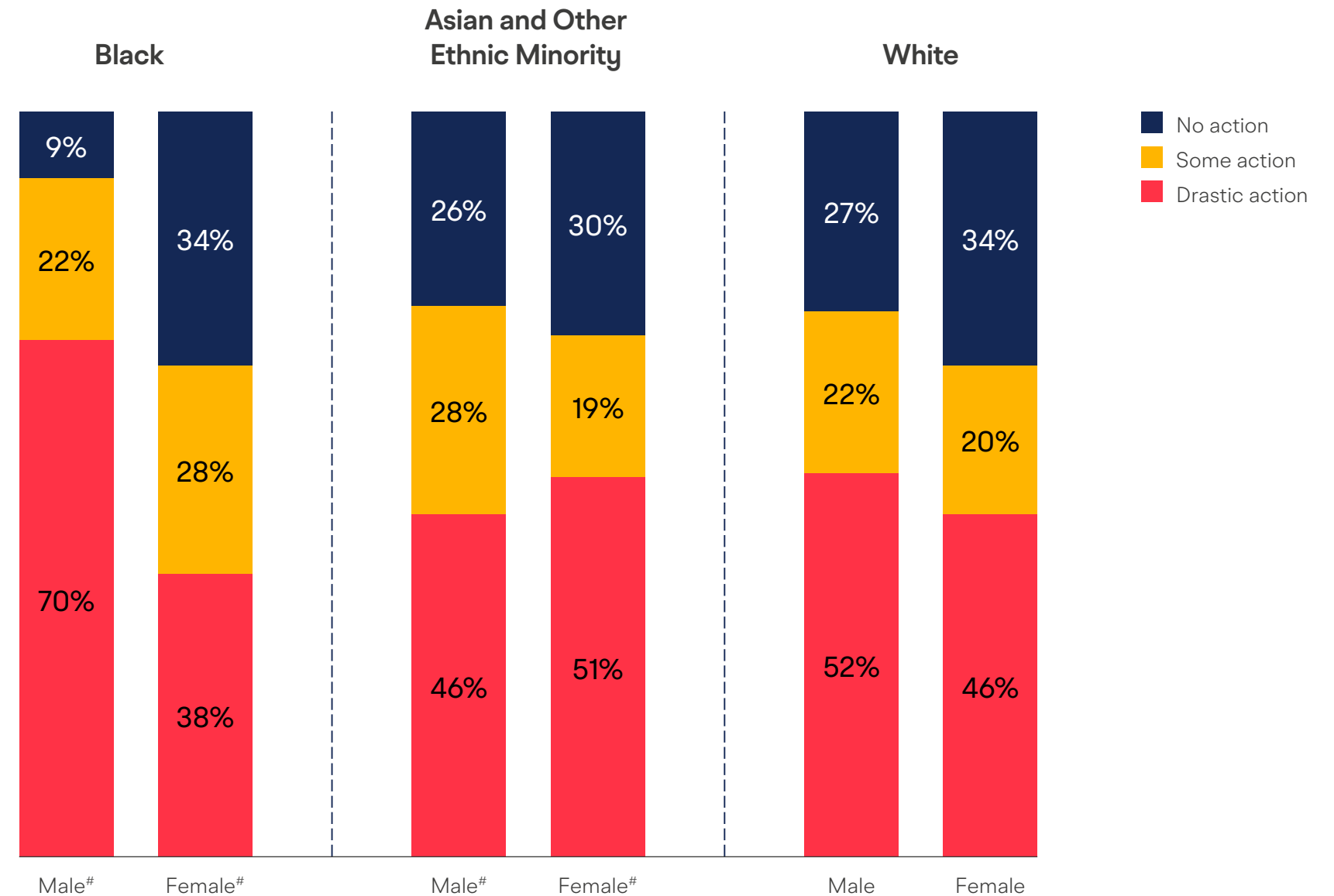
This is not the result of the sectors in which these entrepreneurs operate. Instead, being Black is itself an important factor. This may reflect the knock-on economic consequences of the more severe health impacts that many Black people have faced. This is particularly true for Black men, with ONS statistics showing a mortality rate from COVID-19 that is 3.3 times greater than that for White men of the same age.²

Among aspiring entrepreneurs, Asian and Other Ethnic Minorities report the most significant impact on developing their business ideas.

61% had either paused all work on their idea or permanently stopped. This was twice that of Black entrepreneurs and one and a half times the figure for White entrepreneurs. Among Asian and Other Ethnic Minority entrepreneurs, men reported more substantial impacts than women.

Ethnicity, gender, and action taken to protect business from COVID-19 impact

Current business owners (n=1,449)



Source: British Business Bank, Entrepreneur survey, 2020. # Small sample size.

* For Black business owners overall (male and female combined), these disparities persist even when controlling for other factors (including sector, money, human and social capital and access to finance).



Next steps

Next steps

This report shows clearly that there is not a level playing field in entrepreneurship, whether for opportunities or outcomes.

People's experiences are entangled with their ethnicity, their gender and the place they live, as well as many other aspects of their circumstances and characteristics. This creates different starting points, and also leads to different outcomes.

There is systemic disadvantage for entrepreneurs who come from an ethnic minority background and who are female.

In the entrepreneur population, having less education, a low income, and living in a deprived area are connected to each other. They are also correlated with coming from an ethnic minority background.

Working part-time, spending time in caring roles, and working in lower productivity sectors are connected to each other. They are also correlated with identifying as female. Each of these effects leads to worse entrepreneurial outcomes.

However, even after controlling for more than 30 such explanatory factors – including sector, money, human and social capital, and finance – disparities persist. For some people, their ethnicity and gender are intimately tied to worse outcomes.

This report is a clear evidence base on which to build insight and action, for the British Business Bank and for others.

The British Business Bank has a number of actions underway with which we intend to make progress for entrepreneurs facing disadvantage:

- We are submitting evidence to the **Commission on Race and Ethnic Disparities**, established by the Prime Minister. The Commission will consider the causes of persistent disparities across health, education, crime, employment and enterprise, and set out a new, positive agenda for change.
- We will continue to provide **Start Up Loans** and mentoring support to entrepreneurs across the UK. To date, entrepreneurs from various backgrounds have received over 75,000 loans: 10% of recipients are Black, 3% Asian, and 5% Mixed Ethnicity; 40% are female and a third were previously unemployed.
- In our **venture capital programmes** (Enterprise Capital Funds and British Patient Capital), we will continue to seek out fund managers with networks beyond the norm and assess approaches to diversity, both in investment strategy implementation as well as team composition, as an integrated part of our due diligence process.

- We are a signatory to the **Investing in Women Code** and will continue to work with investors, fund managers, UK Business Angels Association, UK Finance and HM Treasury to increase transparency in this area.
- We will continue to address regional imbalances in finance through **regionally targeted investment funds**. These currently represent £690 million in the Northern Powerhouse, Midlands Engine and Cornwall and the Isles of Scilly regions. The Bank also runs a £100 million **regional angel investment** programme. The Bank's regional network team provides further local insight and support.

As an institution, the British Business Bank is conscious of the benefits brought by having a greater understanding of challenges and their drivers.

We will continue to perform and publish research in this area and work with others to ensure that it is as valuable and relevant as possible.

We welcome approaches by those who wish to collaborate on these important issues. There is work to be done in understanding the issues that people face but also in improving the methods and tools with which we study people's experiences.



Appendices

Footnotes and references

Methodology

Glossary of key terms

Acknowledgements

References

Executive summary and key findings

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2. Department for Business, Energy, and Industrial Strategy, Business population estimates for the UK and regions, 2020.
3. ONS, Ethnicity pay gaps in Great Britain: 2018, 2019.
4. ONS, Gender pay gap in the UK: 2019, 2019.
5. This report uses the term 'ethnicity' throughout to reflect the wording of the survey completed by entrepreneurs. We recognise that in common parlance in the UK, the terms 'ethnicity' and 'race' are often used interchangeably.

We also primarily uses the term 'female entrepreneurs', again reflecting the wording in our survey. At times we use 'female entrepreneurs' and 'women' interchangeably. This distinction was felt to be generally appropriate given the very small number of respondents that identified outside the gender binary.
6. ONS, Coronavirus (COVID-19) related deaths by ethnic group, England and Wales, 2020.

Part A: Themes and challenges

1. Ethnicity facts and figures, Employment by occupation, 2020. See also: The McGregor-Smith Review: Race in the workplace, 2017; and Business in the Community, Race at the top, 2020.
2. FSB, ERC and CREME, Unlocking opportunity, 2020.
3. The Rose Review of Female Entrepreneurship, 2019.
4. House of Commons, Briefing Paper: Women and the Economy, 2020.
Based on 8% of women working as managers, directors or senior officials, compared to 14% of men.
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6. The Rose Review of Female Entrepreneurship, 2019.
7. The Rose Review of Female Entrepreneurship, 2019.
8. British Business Bank, UK VC & Female Founders, 2019.
9. The Rose Review of Female Entrepreneurship, 2019.
10. ONS, Ethnicity pay gaps in Great Britain: 2018, 2019.
11. ONS, Business demography: UK, 2018, 2019.
Based on 5-year survival rate of companies born in 2013. Robust across different birth dates and survival periods.

12. ONS, Business demography: UK, 2018, 2019.
London was the region with the largest number of businesses showing high growth measured by employment between 2015 and 2018, a count of 2,850 or 5.8%. The South East had the second-largest high growth at 2,030 businesses or 5.1%.
13. ONS, Relative regional consumer price levels of goods and services, 2018.
14. Trust for London, London's Poverty Profile: 2020, 2020.
15. London Councils, Indices of Deprivation 2019, 2019.
16. Oliver Wyman and the Mayors Fund for London, One City, Two Worlds, 2020.

Part B: Detailed findings

Section 1: Who are the UK's entrepreneurs?

1. Global Entrepreneurship Monitor, 2019.
2. ONS, Mid-Year Population Estimates: mid-2019, 2020.
Based on ONS figures, 31% of the UK adult population are aged 15-34, 40% are aged 35-59 and 29% are aged over 60.

3. ONS, Dataset A05 SA: Employment, unemployment and economic inactivity by age group (seasonally adjusted), 2020.
Based on 32,979,455 people in employment from May to July 2020. Of these, 11,347,552 (34%) are aged 16-34, 10,959,854 are aged 35-49 (33%), 9,393,002 (28%) are aged 50-64 and 1,279,047 (4%) aged 65 and above.
4. Ethnicity Facts and Figures, People born outside the UK, 2020.
According to England and Wales 2011 Census, 67.3% of people in the Black African ethnic group were born outside the UK. The figure for the Black Caribbean ethnic group was 39.9%. Note, this excludes those who identified as Mixed.
5. Ethnicity Facts and Figures, Employment by occupation, 2020.
6. London Councils, Indices of Deprivation 2019, 2019.
7. ONS, Ethnicity pay gaps in Great Britain: 2018, 2019.
8. ONS, Ethnicity pay gaps in Great Britain: 2018, 2019.
9. Nomis, March 2020 workforce jobs by industry, 2020.
Share of total workforce is calculated based on March 2020 Workforce Jobs. This is a quarterly measure of numbers of jobs in the UK that draws on employer surveys, household surveys and administrative sources.

10. ONS, mid-year 2019 population estimates, 2019.
11. Ethnicity Facts and Figures, Employment, 2020.
Based on 940,900 Black people aged 16 to 64 years old who were employed. Of these 470,300 were women and 470,500 were men.
12. Nomis, March 2020 workforce jobs by industry, 2020.
Note, excludes sectors where number of responses was less than 30. These are: 'Mining, quarrying, electricity, gas, and water management' and 'Public administration and defence'.
13. Nomis, March 2020 workforce jobs by industry, 2020.
14. Ethnicity Facts and Figures, Regional ethnic diversity: Ethnic groups by type of location (urban or rural), 2020.
This data show that, overall, 81.5% of the population of England and Wales lived in an urban location and 18.5% lived in a rural location. In every region of England and Wales, people from White ethnic groups were least likely to live in an urban location compared with other ethnic groups, and people from the Asian and Black ethnic groups were most likely to.
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17. ONS, Relative regional consumer price levels of goods and services, 2018.
18. CV Library, Where do the richest and poorest workers live in the UK?, 2018.

Section 2: What motivates entrepreneurs and how do they develop businesses?

1. The Rose Review of Female Entrepreneurship, 2019.
2. The Rose Review of Female Entrepreneurship, 2019.
3. ONS, Business demography: UK, 2018, 2019.
~61% of firms founded in the capital do not survive more than five years. This is based on 5-year survival rate of companies born in 2013. Relative survival rates between regions are robust across different birth dates and survival periods.

Section 3: Which entrepreneurs experience success?

1. FSB, ERC and CREME, Unlocking opportunity, 2020.
2. BDRC, Ethnic Minority Businesses – Analysis from the SME Finance Monitor Q1 2015 to Q2 2016, 2017.
3. FSB, ERC and CREME, Unlocking opportunity, 2020.
4. ONS, Business demography: UK, 2018, 2019.
Based on 5-year survival rate of companies born in 2013. Robust across different birth dates and survival periods.
5. ONS, Relative regional consumer price levels of goods and services, 2018.
6. Trust for London, London's Poverty Profile: 2020, 2020.
7. London Councils, Indices of Deprivation 2019, 2019.

Section 4: What are the barriers and enablers for success?

1. ONS, Ethnicity pay gaps in Great Britain, 2018, 2019.
2. FSB, ERC and CREME, Unlocking opportunity, 2020.
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6. Business in the Community, Race at the top, 2020.
7. Department for Education, Graduate Labour Market Statistics 2018, 2019.
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10. The Rose Review of Female Entrepreneurship, 2019.
11. British Business Bank, UK VC & Female Founders, 2019.
12. FSB, ERC and CREME, Unlocking opportunity, 2020.
13. British Business Bank, UK VC & Female Founders, 2019.

Section 5: What has been the impact of COVID-19?

1. ONS, Coronavirus (COVID-19) related deaths by ethnic group, England and Wales, 2020.
2. Resolution Foundation, Doing what it takes: Protecting firms and families from the economic impact of coronavirus, 2020.

Methodology

This research combines quantitative survey data with qualitative insights from a panel of experts and follow-up interviews with survey participants.

The data presented in this report combines the findings from five different surveys, each of which was administered by Ipsos MORI. The eligibility criteria for participating was:

- Individuals with a current idea for a business.
- Current businesses that had launched in the last ten years.
- Entrepreneurs who had discontinued their business or idea in the last five years.

The aggregated survey data was weighted to the Global Entrepreneurship Monitor UK survey profile from 2017 to 2019, to ensure it was representative of the UK entrepreneur population on gender and ethnicity, within aspiring entrepreneurs and business owners. Note, there was no weighting applied between these two groups. Consistency checks were undertaken against internal and external benchmarks on certain outlier values.

In addition to survey data, the British Business Bank and Oliver Wyman also engaged an external advisory panel which provided feedback on the research findings between July and October 2020. Ipsos MORI also conducted 15 follow-up in-depth interviews with survey participants who agreed to be re-contacted. Interviewees were selected to enable further analysis on topics such as ethnicity, gender, and access to finance, in particular for groups where survey sample sizes were relatively low (e.g. Black female entrepreneurs). These interviews took place between 27 July and 11 August 2020.

Surveys completed for this research

Survey	Interviews	Sample definition and source	Data collection method	Fieldwork dates
Global Entrepreneurship Monitor UK recontact	325	Individuals who took part in the 2017-2019 UK GEM surveys and agreed to be re-contacted	Computer-assisted telephone interviews (CATI)	9 April to 1 May (a live pilot was conducted between 27 to 31 March)
British Business Bank SME finance survey recontact	254	Individuals who took part in British Business Bank's 2019 SME finance survey and agreed to be re-contacted	CATI	9 April to 1 May
SME finance monitor recontact	250	Individuals who took part in the 2019 SME finance monitor survey and agreed to be re-contacted	CATI	5 May to 4 June
Ipsos MORI online panel	2,812	Adult panel of individuals in the UK aged 16 and over	Online panel	16 April to 21 May
Ethnic minority sample boost	86	Ethnic minority entrepreneurs within publicly contactable business networks	Online	2 June to 1 July

The research used multivariate analysis to investigate the relationships between different factors. This allows us to look at relationships between particular variables, whilst holding other factors constant. A mixture of linear regression and logistic regression was used. Logistic regression was used for most models as the outcome variables were binary. Linear regression was used in relation to turnover and turnover per employee models as the outcome was a continuous variable (the natural log of values was used to avoid skew effects). Relationships identified through this analysis are identified with a * throughout this document.

The models were developed using a stepwise approach, where a pool of over 30 explanatory factors were considered as potential predictor variables. The stepwise approach selects the variables that have the strongest relationship with the outcome variable and enters them into the model. The threshold was purposively set low (p=0.1) to allow any 'borderline' relationships to be identified. This approach means any predictor variables not significantly related to the outcome are dropped from the model. The final model only contains the predictor variables that best predict the outcome.

Key drivers analysis was also used. This is a type of regression analysis that can be used to show the relative importance of different factors in explaining the variation in an outcome variable. It was used to explore the factors relating to business discontinuity and which business development factors relate most strongly to success.

In addition, comparison between median values of turnover and productivity (turnover per employee) were used throughout the analysis. Medians were calculated based on the weighted data set, with two businesses that had more than 249 employees and therefore were not SMEs excluded. Sensitivity analysis was carried out using the unweighted data set and by calculating interpolated median values. To enable consistent and easy-to-understand comparisons between groups, median values are defined as 'substantially' different from the overall average if there was a +/- £5,000 difference. In a similar vein, a +/- 5 percentage point difference from the average is used to define 'substantially' different for percentage figures. The exception to this rule was when looking at the 'success rate' for starting businesses, which often look at very small percentage figures and was therefore defined by a 1.2x difference from average.

Factors controlled for as part of regression models

	<p>Demographic characteristics</p>	<p>Gender; age; whether the entrepreneur was born in the UK; whether the entrepreneur has a disability or long-term health condition; caring roles; place; deprivation of postcode in which the entrepreneur lives; type of entrepreneurial activity (e.g. full-time or part-time); survey sample effects.</p>
	<p>Business characteristics</p>	<p>Business sector; sector productivity; type of business activity (e.g. e-commerce, platform-based); target customer base (e.g. business-to-business or business-to-consumer); time and money invested; number and type of business development activities; business age; time before the business made its first sale; reason for business discontinuity (if applicable).</p>
	<p>Human and social capital</p>	<p>Qualifications; source of business idea; employment prior to becoming an entrepreneur; access to advice; type of advice received; history of entrepreneurship among family / friends.</p>
	<p>Money and access to finance</p>	<p>Household income; previous sources of finance invested in business; hypothetical source of future finance invested in business.</p>

Glossary

Demographic characteristics

Entrepreneurs

Aspiring entrepreneurs	<ul style="list-style-type: none"> • Current aspiring entrepreneurs: Responded that ‘I am thinking about starting a business or becoming self-employed, or have an idea for a business that I may start in the future’. • Previous aspiring entrepreneurs: Responded that ‘I have thought about starting a business or becoming self-employed in the past (or had an idea for a business), but I decided not to go ahead’ (in the last five years).
Business owners	<ul style="list-style-type: none"> • Current business owners: Responded that ‘I am self-employed, or own a business or businesses (either started by myself or with others)’. • Previous business owners: Responded that ‘I was previously self-employed, or previously owned a business or businesses that I started by myself or with others’ (in the last five years).

Ethnicity

Black	Respondents self-identifying as: African, Caribbean, Mixed White and Black African, Mixed White and Black Caribbean, Other Black Background.
Black African	Respondents self-identifying as: African, or Mixed White and Black African.
Black Caribbean	Respondents self-identifying as: Caribbean, or Mixed White and Black Caribbean.
Asian and Other Ethnic Minority	Respondents self-identifying as: Bangladeshi, Chinese, Indian, Mixed White and Asian, Other Asian background, Other ethnic background, Other mixed background, Pakistani.
Other Asian	Respondents self-identifying as: Bangladeshi, Chinese, Mixed White and Asian, Other Asian background, Other Mixed Asian background, Pakistani.
Other Ethnic Minority	Respondents self-identifying as: Other ethnic background, Other mixed background.
Other White	Respondents self-identifying as: White Irish, Other White Background.
White	Respondents self-identifying as: White British, White Irish, Other White Background.

Age

Older	Respondents aged: 60-69 and 70+.
Middle-aged	Respondents aged: 35-39, 40-49, and 50-59.
Younger	Respondents aged: Under 24, 25-29, and 30-34.

Deprivation

Less deprived areas	Postcodes in quintile 3, quintile 4, or quintile 5 of the Index of Multiple Deprivation (i.e. the top 60% of least deprived postcodes).
More deprived areas	Postcodes in quintile 1 or quintile 2 of the Index of Multiple Deprivation (i.e. the bottom 40% of most deprived postcodes).

Other personal characteristics

Caring roles	Caring roles for children or for any adults who are sick, disabled, or elderly.
Highest level of education	To determine ‘highest level of education’, qualifications are ranked: no qualifications, GCSEs or equivalent, A-levels or equivalent, apprenticeship / vocational course / diploma or equivalent, degree-level, professional-level, advanced-level.
Household income	Total household income per year from all sources, before tax and other deductions.
Migrant	Respondents that self-identified as being ‘born outside the UK’.

Glossary

Outcomes

Entrepreneurial success

Number of employees	Total number of people employed by the entrepreneur's business in the UK (including both full-time and part-time employees).
Productivity (as measured by turnover per employee)	Turnover, divided by the total number of employees (both full-time and part-time).
Profit	Responding 'yes' to 'Did your business make a profit in 2019 / the last financial year before it ceased trading / the last financial year?'
Substantially different from average	To enable a consistent and easy to understand comparison between groups, this is defined as a +/- £5,000 difference from overall median level of turnover and turnover per employee (productivity). In a similar vein, for percentage figures, a +/- 5 percentage point difference from the average is used. Given that the 'success rate' for starting a business often looks at very small percentage figures, 'substantially' different is defined as 1.2x difference.
Success rate for starting a business	Compares the share of those from a given group in the current business owner population and the share in the previous aspiring entrepreneur population.
Successfully starting a business	Measured by having made a sale – this is assessed by being a current business owner (as opposed to a previous aspiring entrepreneur).
Successfully running a business	Measured by three metrics: 2019 turnover, 2019 turnover per employee, and making a profit in 2019.
Turnover (last year)	Approximate turnover of the entrepreneur's business in 2019 or the last financial year before it ceased trading.

COVID-19 derived impact

Impact on business idea / current aspiring entrepreneurs	Responses to the question: 'What, if any, have been the effects of the coronavirus pandemic (taken to begin on February 15th) on developing your business idea?'
Impact on business income / current business owners	Responses to the question: 'What has been the impact so far of the coronavirus pandemic (taken to begin on February 15th) on your business' sales?'

Action taken to protect business from COVID-19 impact

Action taken	Includes: <ul style="list-style-type: none"> • Using business cash reserves. • Using personal cash reserves. • Reducing hours. • Reducing pay for employees (including furlough). • Reducing pay for yourself (including furlough). • Temporarily reducing number of employees. • Permanently reducing number of employees.
Drastic action	Taking any of the above actions: <ul style="list-style-type: none"> • By between a half and three quarters. • Or, by three quarters or more.

Glossary

Barriers, enablers, and activities

Access to advice	Responding 'yes' to the question 'did you receive advice or assistance from other people, that you consider valuable (paid for advice or provided free of charge)?'	Major obstacle	Respondents are asked to score the extent of the difficulty on a scale of 1-10. A 'minor obstacle' is scores of 1-3, 'somewhat of an obstacle' is scores 4-6 and a 'major obstacle' scores 7-10.
Access to finance	<p>Measured by several metrics, including:</p> <ul style="list-style-type: none"> • Whether 'difficulties accessing finance' was a reason for discontinuing the business idea (aspiring entrepreneurs) or the business itself (business owners). • Hypothetical source of £10,000 that would be used to finance the business / idea in the next three months. • Types of finance used to fund any (past) business development projects or investments. 	Money invested	Response to the question: 'Approximately how many days a week on average, if any, were you spending on developing your business idea in January?'
Business development activities	<p>Activities done prior to the business's launch, or prior to the entrepreneur deciding not to go ahead with the business idea. Options to select are:</p> <ul style="list-style-type: none"> • Knew size and nature of the sector my idea will operate in. • Clear understanding of how my business idea differs from other suppliers in the market. • Identified potential customers. • Tested my product / service idea with potential customers. • Knew how I should promote my product or service to potential customers. • Specific plans for how much I will charge for my product or service. • Specific plans for how I will produce my product or service. • Forecasted my costs, turnover and profit, based on my expected level of sales. • Premises and equipment I need / needed to run the business. 	Time invested	Response to the question: 'And approximately how much money, in total, have you spent on developing your idea / before you decided not to go ahead with your idea?'

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Our remit is to design, deliver, and efficiently manage UK-wide smaller business access to finance programmes for the UK government.

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