

# Pockets of growth in West Midlands entrepreneurship whilst investment in UK, overall, declines

29 March 2010

**The number of female and young entrepreneurs in the West Midlands has risen in 2009, according to a report published by Aston University and University of Strathclyde researchers, to be launched this week.**

The report, which also shows that fewer people across the UK have started or invested in new business in the past four years, has been generated by [The Global Entrepreneurship Monitor \(GEM\)](#) - an international research consortium responsible for the largest single study of entrepreneurship activity in the world. GEM's UK team is co-directed by Aston Business School's (part of Aston University) [Professor Mark Hart](#) and findings from the UK report will be officially launched at GEM's annual conference on Tuesday 30 March – 'Global Economic Downturn and Entrepreneurial Behaviour' – to be held at Aston Business School.

The research findings paint, in part, a positive picture for the West Midlands. Data from the region shows that female entrepreneurship is again slightly above the UK average (4.3%) and a higher proportion of 18-24 year olds are engaged in early-stage entrepreneurial activity compared to other parts of the UK. However, entrepreneurial activity for males in the region has declined sharply from 8.9 to 6.1 per cent - 1.7 percentage points below the UK average.

## **Other findings from the region include:**

- The West Midlands has now slipped to 8th position in a group of UK regions in 2009 with respect to total early-stage entrepreneurial activity. However, the regional differences in 2009 are much narrower than in previous years and the rate in the West Midlands is only significantly higher than that observed in Scotland.
- The proportion of the non-entrepreneurial population reporting that there are good opportunities for start-up in their local areas in the next six months has fallen again in the West Midlands since 2009 – a continuation of the trend since 2005. However, the fall was not as stark as between 2007 and 2008.
- Almost one in three entrepreneurs (nascent and new business owners) in the West Midlands in 2009 were more positive about their prospects for growth than they were before the global slowdown
- In the last 12 months, future start-up expectation rates have risen slightly in the West Midlands – especially by women. This has begun to reverse the downward trend since 2005.

**Commenting on the results, Professor Mark Hart, Aston Business School researcher and co-director of GEM UK, said:**

”There are some important and encouraging messages from the GEM survey for the West Midlands region as it emerges from recession. Yes, the number of actual start-ups has fallen in the last 12 months, but there has been a rise in the number of women starting their own business and an increased number expect to do so. Graduates in the region are, as in previous years, more likely than in many other regions to be engaging in entrepreneurial actions. Confidence would seem to be returning and a remarkable one in three entrepreneurs in the region are now more positive about their growth prospects than before the recession hit”

Places are still available for GEM’s annual conference on 30 March at a price of £65 per person. [Visit the Aston University website for further information.](#)

**ENDS**

**Further findings will be released at GEM’s annual conference on 30 March (places for members of the press are free). For further press information, please contact Laura Plotnek, Aston Business School press officer on [l.plotnek@aston.ac.uk](mailto:l.plotnek@aston.ac.uk) or 0121 204 4540.**

**Notes to the editor**

- GEM’s annual conference on Tuesday 30 March, 9am – 5pm can be attended by members of the press – contact Laura Plotnek for further information.
- **About GEM** - [The Global Entrepreneurship Monitor \(GEM\)](#), which was started in 1998 by researchers at Babson College and the London Business School, has become the world’s most comprehensive research consortium dedicated to understanding the relationship between entrepreneurship and national economic development. [Find out more >>](#)
- **About the 2009 GEM survey** - based on a sample of 30,003 working age adults in the UK, weighted so that it is representative of the UK adult population by age, gender, ethnicity, and region. The full UK report, written by Dr Jonathan Levie (University of Strathclyde) and [Professor Mark Hart](#) (Aston Business School), will be released by Aston Business School and the University of Strathclyde on 30th March 2010 at the annual GEM UK Research and Policy Conference.
- **About Prof Mark Hart** - Mark is a Professor of Small Business and Entrepreneurship in the [Economics and Strategy Group](#), Aston Business School. He has worked and

published extensively in entrepreneurship, enterprise and small business development. He jointly manages the GEM consortium and advises a number of Government Departments including BERR, UKTI, HMT and HMRC on enterprise issues. He recently completed a project for NESTA (National Endowment for Science, Technology and the Arts) on the [economic impact of high growth firms in the UK](#).

## Other UK research findings

### Interest in entrepreneurship declines in UK:

- **Informal investment:** The number of people of working age (18-64) making investments in other peoples' new businesses fell by 21% in relative terms in the UK between 2008 and 2009 – from 1.4% to 1.1% and 28% between 2006 and 2009.
- **Start-up expectation:** In the UK the number of people who expect to start a business within the next three years has fallen by 10% since 2008, and 23% since 2006, to 6.1% of the working age population.

### Existing entrepreneurship activity:

- **Active attempts to start a business** – During 2009, 2.7% of the adult population in the UK were actively trying to start a business, compared with 5% in the US and 2.8% in the G7. The longer term trend in startup attempts in the UK appears to be stable compared to the US, where estimates have declined each year since 2005.
- **Established business owners** - In the UK the proportion of the adult population who owned and managed a business older than 42 months (established businesses) was 6.1% – essentially unchanged on the previous year's estimate of 6.0%.
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- One in five UK individuals see an opportunity for entrepreneurship in the recession: essentially unchanged on the previous year's estimate of 6.0%.
- 17% of UK working age adults who were not entrepreneurs thought there would be good opportunities for starting a local business in the second half of 2009. This compares with 25% in 2006 and 2007, before the recession began.
- 67% of UK non-entrepreneurs thought there would not be good opportunities for starting a business, compared with 55% in 2006 and 2007.
- in 2009, 20% of early-stage entrepreneurs and 14% of established business owner-managers thought there were more opportunities for their business as a result of the global slowdown.

- 51% of UK early-stage entrepreneurs and 53% of established UK business owner-managers thought they faced fewer opportunities as a result of the global slowdown.