



Global
Entrepreneurship
Monitor

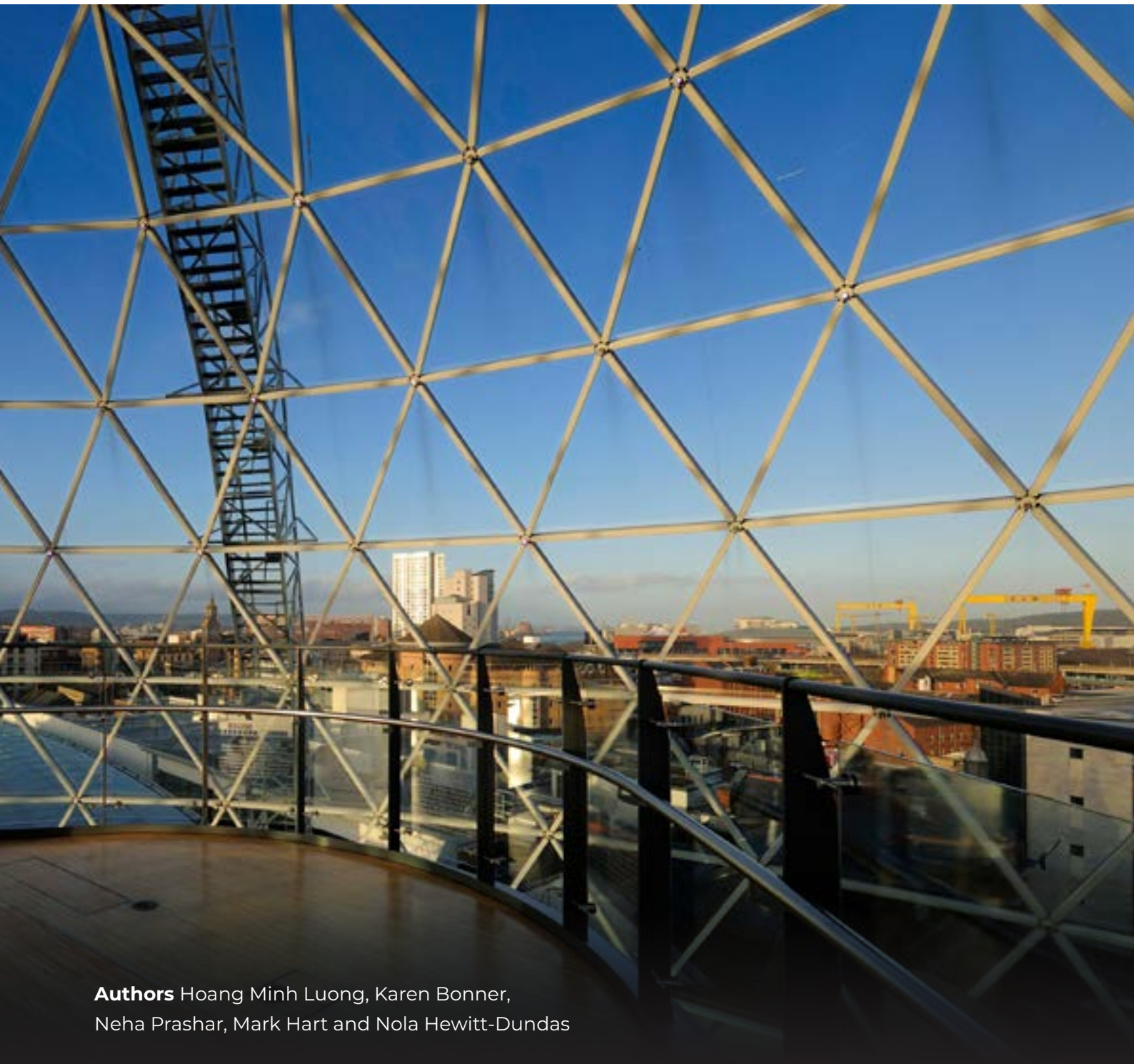
In partnership with



Ulster Bank

Northern Ireland

2023/2024 National Report



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Although GEM data were used in the preparation of this report, the interpretation and use of the data are the sole responsibility of the authors.

SPONSORS



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Foreword

DARREN PIRIE, ULSTER BANK HEAD OF ACCELERATOR

The GEM report has been a singular voice in the measurement of attitudes and trends in entrepreneurship since 1999, so Ulster Bank is glad once again to be sponsoring the UK version. We especially welcome this unique examination of how entrepreneurship has evolved over the past 25 years.

As the UK's biggest bank for start-ups, we recognise that entrepreneurs make a huge contribution to business in the UK. They create a wide range of employment opportunities and are often the first to innovate, spotting trends and pivoting their ideas.

The seven key questions posed by this report underline how the confidence of entrepreneurs to start and grow businesses was rocked by the pandemic. However, the perception that great opportunities for start-ups exist is returning to levels not seen since the 2000s. For example, 30% of working age individuals in the UK were engaged in entrepreneurship by the end of 2023.

It's pleasing to see that early-stage business activity is on the rise across all regions of the UK and that the motivations for starting a business are becoming multifaceted. Entrepreneurs are moving away from just opportunity or necessity as the key driver, with female founders especially valuing social considerations.

At NatWest Group in 2023 50% of support from our enterprise programmes went to women and 34% went to people from ethnic minority backgrounds*, which backs up the GEM finding that non-white ethnic groups have become a cornerstone of the UK's entrepreneurial activity.

In 2023 we supported over 1,300 entrepreneurs through our unique Accelerator programme, which empowers UK entrepreneurs to develop and grow. We have ambitious plans to develop the programme to help more people than ever start, run and grow their own businesses and meet the challenges of contributing to a robust national economy.

*NatWest Group, 2023 Environmental, Social and Governance Disclosures report

Main Findings

The Global Entrepreneurship Monitor (GEM) is an international project which seeks to provide information on the entrepreneurial landscape of 46 countries in 2023. This is essential as many studies have shown that entrepreneurship is an important driver of economic growth, competitiveness and job creation.

The results of the GEM data analysis are used as key entrepreneurial benchmarking indicators by regional and national authorities around the world. The sample size in Northern Ireland in 2023 was 1,103 adults over 18 years of age.

- Levels of entrepreneurial activity are a vital sign of any economy as it has been shown that the creation of new ventures is positively connected to the drivers of economic growth and productivity through increased innovation, competition and job creation.
- Northern Ireland has historically lagged behind the rest of the UK in terms of enterprise start-up activity and the GEM Global project tracks this through its unique annual survey which focuses on the measurement of new business formation at the level of the individual.
- The rate of Total early-stage Entrepreneurial Activity (TEA) in Northern Ireland in 2023 is 9.7%, up from 8.7% in 2022. This figure is just slightly lower than a figure of 10.7% in the UK overall and 10.8% in England in 2023, the differences are statistically insignificant.
- Pooling the data over the most recent three years (2021-23), to remove annual fluctuations, gives a TEA rate of 9.2% for Northern Ireland. This rate, along with that in Scotland (9.1%) is significantly lower than the rate of 11.4 % in England and 11.0% in the UK.
- The female TEA rate in Northern Ireland in 2023 is 8.2%, continuing its increasing trend in the most recent years (it was 7.3% in 2022). The male rate in 2023 is 11.3%, also higher than that of 2022 (10.2%). As a result, the gap in TEA rate between males and females has remained the same in 2023, after its slight decrease in 2022.
- With regards to gender differences, on average female TEA rates over the 2021-23 period are around three fifths the male TEA rates although the ratios vary from 25.3% in Derry and Strabane to over 130% in Causeway Coast and Glens. In fact, 2023 saw that three councils: Causeway Coast and Glens, Newry, Mourne and Down, and Belfast reported higher female TEA rate than that for males, while Antrim and Newtownabbey and Mid and East Antrim, together with Derry and Strabane, are the three councils in which the female TEA rate is considerably lower than the male rate, even though the differences are mostly statistically insignificant.
- TEA rates tend to vary by age with individuals in the UK aged between 25 and 34 typically having higher rates of early-stage entrepreneurial activity than other groups. In 2023, however, two nations that diverge from this pattern are Wales and Northern Ireland (where the 18 to 24 age groups have the highest rate, although these are not statistically significant). In particular, the TEA rate for this younger group in Northern Ireland has increased considerably from 10.5% in 2022 to 13% in 2023. However, the differences between this and other older groups are statistically insignificant.
- Within Northern Ireland, the highest TEA rates are typically found in the Mid-Ulster Council area, while Derry City and Strabane and Antrim and Newtownabbey remain the lowest.

- Nearly half of the non-entrepreneurial working age population perceive good start-up opportunities locally in both Northern Ireland and the UK in 2023.
- The proportion of non-entrepreneurial working age adults in Northern Ireland who expect to start a business within the next three years is 18.9% in 2023, a slight increase from its value of 18.1% in 2022. For the UK, this figure also increased from 18.5% in 2022 to 19.7% in 2023.
- In 2023 there was a slight increase in fear of failure, with the proportion of non-entrepreneurial individuals of working age in Northern Ireland who agreed there were good start-up opportunities but also report they are afraid of starting a business in case it might fail, raising from 60.6% in 2022 to 62.9% in 2023. The opposite trend is found for the UK, where the figure decreased slightly from 58% in 2022 to 56.5% in 2023.
- In 2023, less than one-sixth of Northern Ireland early-stage business owners expect to achieve high growth (15.3%), continuing the decreasing trend from 21.3% in 2021 to 17.1% in 2022. In contrast, this rate has increased slightly in the UK, from 14.6% in 2022 to 15.1% in 2023.
- GEM measures motivation to start a business across four main categories, they are: to make a difference in the world; to build great wealth or a very high income; to continue a family tradition; or to earn a living because jobs are scarce.
- In 2023, “to build great wealth or a very high income” was the most stated motivation for entrepreneurs in Northern Ireland, overcoming the “to earn a living because jobs are scarce” option that consistently dominated in previous years. In fact, while the proportion of respondents who stated that “to earn a living because jobs are scarce” is their main motivation decreased from 63.3% to 56.3% for Northern Ireland, it has actually increased from 63.9% in 2022 to 66.5% in 2023 in the UK.
- Around half of early-stage entrepreneurs in both Northern Ireland and the UK were also motivated by making a difference in the world. Starting a business to continue a family tradition is the least motivating factor and is significantly lower than all other reasons.
- The National Expert Survey (NES) reports on each of the thirteen entrepreneurial framework conditions describing the entrepreneurial context in Northern Ireland. Overall, just two of the thirteen are deemed sufficient in Northern Ireland – (i) physical infrastructure and (ii) Government policies: taxes and bureaucracy.
- When compared to Scotland and the UK, entrepreneurial education at school age is the only framework condition in which the scores are deemed insufficient in each nation.

1. Background

The Global Entrepreneurship Monitor (GEM) research consortium is an international project which tracks rates of entrepreneurship. It is the world's most authoritative comparative study of entrepreneurial activity in the general adult population and is based on the following premises. First, an economy's prosperity is highly dependent on a dynamic entrepreneurship sector. Second, an economy's entrepreneurial capacity is composed of individuals from all groups in society with the ability and motivation to start businesses, and requires positive societal perceptions about entrepreneurship. Third, high-growth entrepreneurship is a key contributor to new employment in an economy, and national competitiveness depends on innovative and cross-border entrepreneurial ventures.

The results from the GEM data analysis are used as key benchmarking indicators by regional and national authorities around the world. They also enable comparisons to be made with the other regions of the UK and other countries participating in GEM. Overall, GEM's unique ability to provide information on the entrepreneurial landscape of countries in a global context makes the data a necessary resource for any serious attempt to study and track entrepreneurial behaviour.

It is important that we better understand the determinants of early-stage entrepreneurship because there is evidence to suggest a connection between higher rates of entrepreneurship and overall economic prosperity, particularly in innovation-driven economies like Northern Ireland.

In 2023 the Department for the Economy and Invest NI sponsored the Northern Ireland component of the GEM UK research project. Stimulating entrepreneurship remains an important challenge for the region; Invest NI has committed significant resources over the years in ensuring that it is embedded within their core activities. Of the 381,800 respondents to GEM UK surveys for the period 2002-2023, around 45,700 respondents were from Northern Ireland. The region now has a large database on entrepreneurial attitudes, activity and aspirations. This is particularly useful in conducting trend analysis for important sub-populations in Northern Ireland, such as females and young people, and enables comparisons to the other UK home nations.

2. How GEM Measures Entrepreneurial Activity

The Global Entrepreneurship Monitor (GEM) research consortium has been measuring the entrepreneurial activity of working age adults across a wide range of countries in a comparable way since 1998. In 2023, GEM Global conducted surveys in 46 sovereign nations and represented the world's most authoritative comparative study of entrepreneurial activity in the general adult population. In previous years, a telephone survey of a random sample of the adult population was conducted each year between May and September (the only difference was GEM 2020 which was conducted in Q4 of 2020 due to the effect of the Covid-19 pandemic).

In addition, in a major departure in 2020 an online mode for respondents to complete was introduced, and this was provided alongside the traditional mode of CATI surveys. Using both approaches helped to ensure that the UK sample of approximately 10,000 respondents was maintained, providing data for the home nations as well as other important sub-groups of the population such as immigrants, ethnic minorities and women. The methodology, sample sizes and weighting systems used for the GEM UK 2023 adult population survey are explained in more detail in the GEM UK 2023 report.

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

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

The 2023 GEM Global study was based on an analysis of adult population survey (APS) results from 46 economies which together represent around 70% of global Gross Domestic Product (GDP) and 57% of the global population in 2023¹. It includes China with a population of 1.4 billion, as well as India, which according to the United Nations is likely to be declared the world's most populous country in 2023. The core of the APS is identical in each country and asks respondents about their *attitudes* towards entrepreneurship; whether they are involved in some form of entrepreneurial activity, and if so, about their *aspirations* for their business. The global GEM Executive 2023/24 Report was published in February 2024² and can be downloaded from [GEM website](#).

¹ Estimates based on World Bank data for GDP and populations.

² Hill, S., Ionescu-Somers, A.; Coduras, A.; Guerrero, M.; Menipaz, E.; Boutaleb, F.; Zbierowski, P.; Sahasranamam, S. and Shay, J. (2024) Global Entrepreneurship Monitor 2023/24 Global Report – 25 Years and Growing.

From the APS survey, we examine individual entrepreneurs at three key stages:

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

In addition, we measure general intention to start a business by asking individuals if they expect to start a business within the next three years. Finally, we ask individuals if they have sold, shut down, discontinued or quit a business in the past year. It is important to understand that the main subject of study in GEM is entrepreneurs rather than the businesses that they run. GEM measures the entrepreneurial activity of people from intention to exit. The first two stages of active business development, the nascent entrepreneur stage³ and the new business owner-manager stage⁴, are combined into one index of Total early-stage Entrepreneurial Activity, or TEA⁵, which is represented in Figure 2.1 opposite.

3 The active planning phase in which the entrepreneur has done something during the past 12 months to help start a new business, a new business that he/she will at least part own, and which has not paid wages or other income to the owners in the past 3 months.

4 The second phase is defined as from 4 to 42 months after the new venture begins to provide income to the owners. Entrepreneurs who at least part own and manage a new business that has been paying some form of income to the owners for at least 4 and not more than 42 months are referred to as new firm entrepreneurs.

5 TEA is calculated in an identical way in each country. A telephone and/or face-to-face survey of a representative sample of the adult population in each country is conducted between May and September. Respondents are asked to respond to three questions that are the basis of the TEA index: 1) “are you, alone or with others, currently trying to start a new business independently of your work?”, 2) “are you, alone or with others, currently trying to start a new business as part of your work?”, and 3) “are you, alone or with others, currently the owner or manager of a business?” Those who respond positively to these questions are also asked filter questions to ensure they are actively engaged in business creation as owners and managers, how long they have been paying wages to employees, and other questions about cost and time to start up, sources of finance and numbers of jobs created. A distinction is made between two types of entrepreneurs: nascent entrepreneurs (those whose businesses have been paying wages for not more than three months) and new business owner-managers (those whose businesses have been paying salaries for more than three months but not more than 42 months). The TEA index is the proportion of nascent entrepreneurs and new business owner/managers (minus any double counting, i.e. those who respond positively to both are counted once) in the working age population.

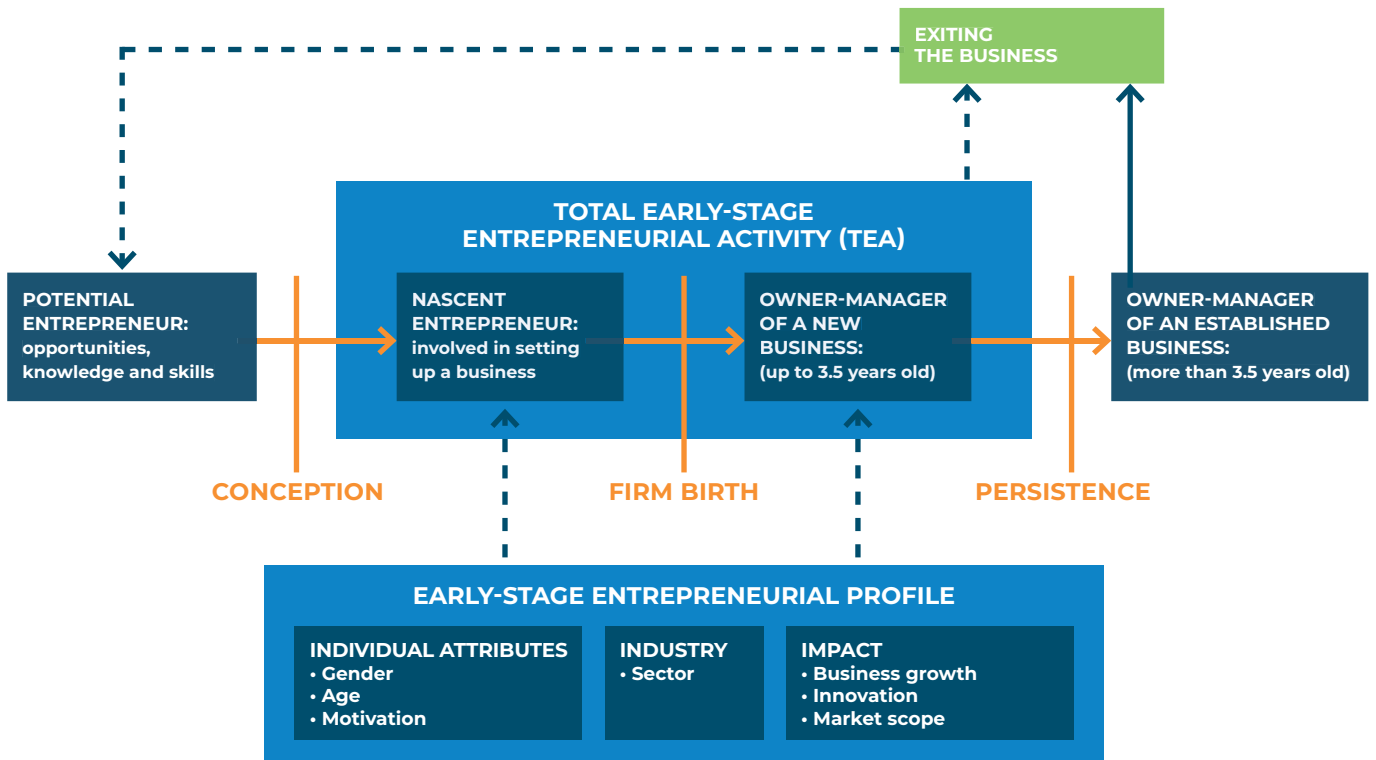


FIGURE 2.1 The Entrepreneurial Process and GEM Operational Definitions
 (Source: Hill, S., Ionescu-Somers, A.; Coduras, A.; Guerrero, M.; Menipaz, E.; Boutaleb, F.; Zbierowski, P.; Sahasranamam, S. and Shay, J. 2024, pg.34)

As much of this entrepreneurial activity is pre-start-up or includes very small new businesses that do not have to formally register, TEA rates will not necessarily match with published official statistics on business ownership and, indeed, should not be interpreted as such. Rather, GEM enables the measurement of the propensity of individuals in particular countries to be entrepreneurial given the current social, cultural and economic framework conditions that exist there. Another important change in the sample design was introduced in 2010 when 10% of respondents in each Government Office Region (GOR) were selected at random from households which had mobile phones but not fixed phone landlines. The proportion of mobile-only households in this survey was designed to

match Ofcom estimates of the proportion of adults in mobile-only households in 2020 for the UK, to account for the higher mobile phone use (around 20%) of some hard to reach individuals, such as young men. Once again in 2020 there are no significant differences between landline only data and the full sample which includes mobile only households. Consequently, in this report, comparisons with other countries and time-based trends within the UK are made using the full sample (landline and mobile only households as well as the CATI/Online mixed method).

The following report presents a summary of the headline results, and key themes arising from the GEM survey in 2023 and the analysis of the twenty-one years of GEM data (2002-23).

3. Total Early-Stage Entrepreneurial Activity

Figure 3.1 shows the changes in the TEA rate across the 4 UK nations over the 2021-2023 period. While the rate has continued to decrease slightly for England, there is an increasing trend recorded for all other 3 nations. In particular, Wales reports the highest figure of 11.5%, a marked increase from its 7.8% figure in 2022.

The TEA rate also increased in Northern Ireland, from 8.7% in 2022 to 9.7% in 2023. This is still lower than that of 10.7% for the UK, however the difference is statistically insignificant.

Pooling the data over the most recent three years (2021-23), to remove annual fluctuations, gives a TEA rate of 9.2% for Northern Ireland. This rate, along with that in Scotland (9.1%) is significantly lower than the rate of 11.4 % in England and 11.0% in the UK.

Overall, the TEA rate of 9.7% in Northern Ireland in 2023 equates to around one in every ten adults aged 16-64, or approximately 85,600 individuals, engaged in early-stage entrepreneurial activity, around 69% of whom were in the very early stages of starting a business (nascent entrepreneurs: 7.2%) and the remainder being those who had a new business which was between 3 and 42 months old (3.2%).

Figure 3.2 presents the entrepreneurial activity in both the UK and Northern Ireland over time. 2023 saw the gap between the two narrow, as Northern Ireland recorded an increasing trend while the rate has continued declining for the UK.

FIGURE 3.1: Total early-stage Entrepreneurial Activity (TEA) in the UK Home Nations 2021-2023 (Source: GEM APS)

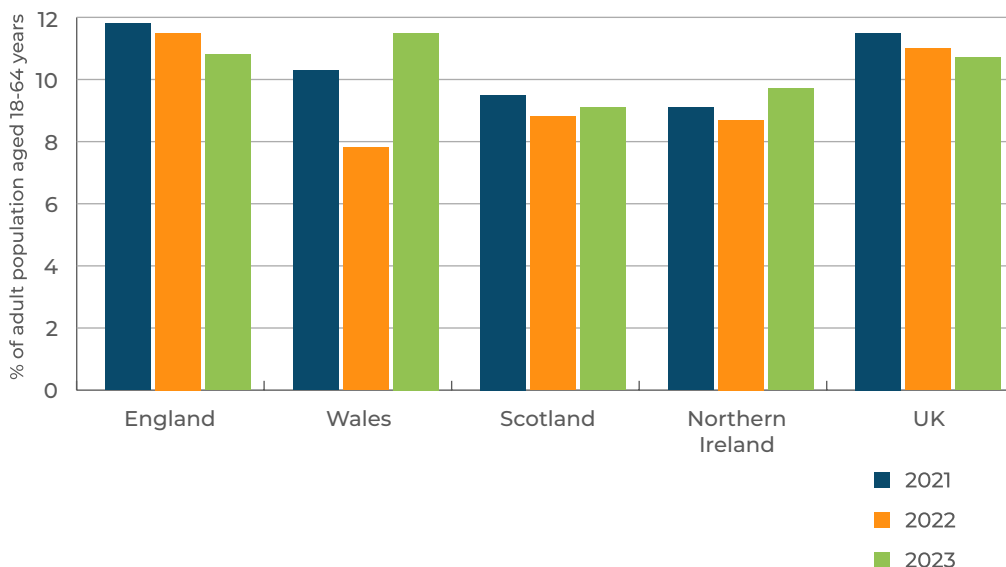
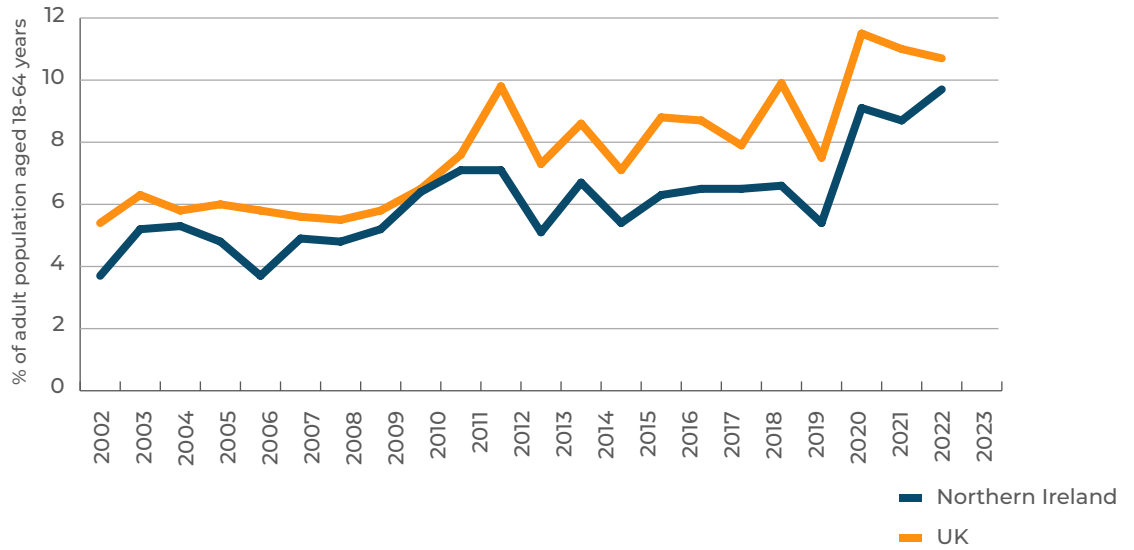


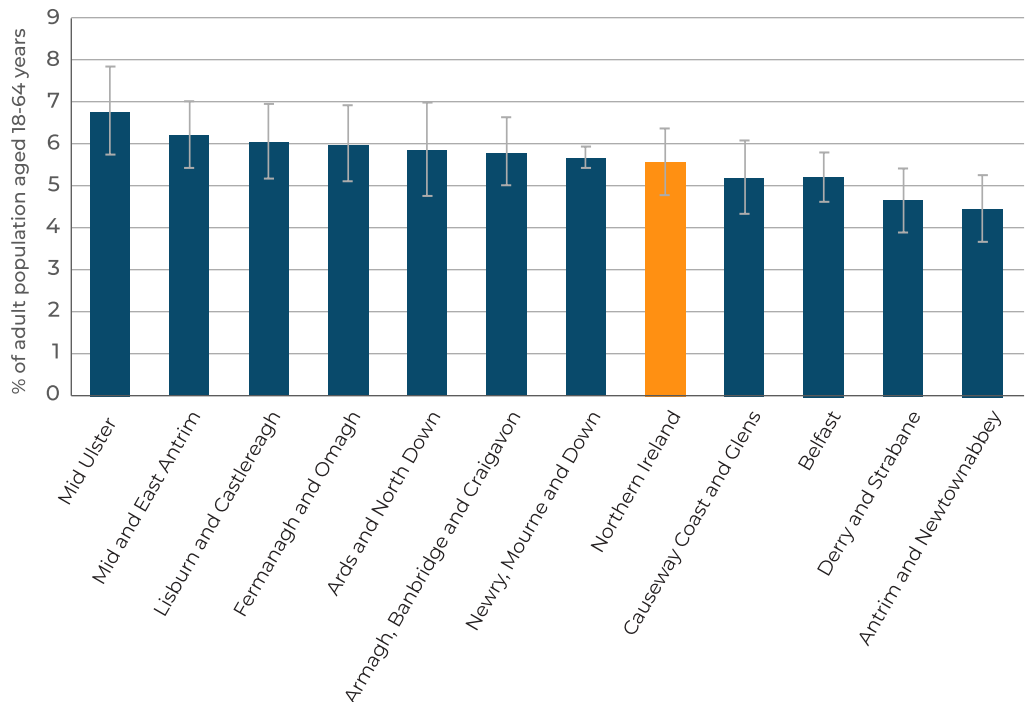
FIGURE 3.2
Total early-stage
Entrepreneurial
Activity in Northern
Ireland and the
UK 2002-2023
(Source: GEM
APS 2002-23)



Analysing annual TEA rates in Northern Ireland Council areas can be problematic due to small sample sizes in localised areas. Pooled analysis over periods of time helps remove this variability by averaging out random annual fluctuations. Figure 3.3 presents TEA rates over the entire 2003-2023 period. It indicates that over the entire period of observation the highest rate of

entrepreneurial activity was in the Mid Ulster area with a TEA rate of 6.8% whilst the lowest was the two areas, Derry City and Strabane and Antrim and Newtownabbey, with a rate of just 4.7% and 4.5% respectively; the differences are statistically significant. Belfast's rate of 5.3% lies below the Northern Ireland average (5.6%), but the difference is statistically insignificant.

FIGURE 3.3
Total early-stage
Entrepreneurial
Activity in Northern
Ireland in 2003-2023
by council area,
with 95% confidence
intervals⁶
(Source: GEM
APS 2003-23)



⁶ Confidence intervals for a mean specify a range of values within which the unknown population mean may lie. At the 95% level we are 95% confident that the interval contains the true population mean.

Table 3.1 displays the trend by Council area using 3 year rolling averages from 2002-04 to 2021-23. There was little variation in entrepreneurial activity rates across Council areas in the decade to 2010, with rates for some areas diverging thereafter. Recently, Ards and North Down has had the largest increase and continues to outpace all other areas, recording the rate of 13% for the 2021-23 period. Similarly, a considerable

increase can be found for Derry City and Strabane, from 7.5% for the 2020-22 period to 11.4% for the 2021-23 period, the figure only below that of Ards and North Down and Belfast.

In contrast, the rate has consistently decreased for Causeway Coast and Glens over the last few 3-year periods, to only 5.6% for the most recent one, the lowest rate in the whole of Northern Ireland.

TABLE 3.1 Total early-stage Entrepreneurial Activity in Northern Ireland by council area, rolling averages 2002-2004 to 2021-2023 (Source: GEM APS)

	2002-04	2003-05	2004-06	2005-07	2006-08	2007-09	2008-10	2009-11	2010-12
Antrim and Newtownabbey	5.4%	3.9%	3.8%	3.2%	4.8%	5.1%	6.5%	6.1%	6.9%
Ards and North Down	4.5%	4.6%	4.6%	4.7%	4.6%	6.1%	7.3%	7.0%	6.6%
Armagh, Banbridge and Craigavon	4.4%	5.2%	4.2%	5.0%	4.6%	5.6%	6.6%	7.8%	11.0%
Belfast City	3.6%	4.4%	3.8%	3.9%	4.2%	4.3%	4.4%	4.6%	4.7%
Causeway Coast and Glens	3.7%	4.9%	3.9%	4.6%	3.9%	4.3%	3.9%	5.6%	6.4%
Derry City and Strabane	5.7%	4.8%	4.3%	4.0%	3.0%	3.5%	2.9%	3.5%	4.5%
Fermanagh and Omagh	4.5%	6.1%	5.7%	5.4%	4.9%	5.6%	4.9%	6.9%	4.5%
Lisburn and Castlereagh	4.1%	5.8%	4.8%	5.4%	6.1%	6.3%	6.0%	7.0%	6.6%
Mid Ulster	5.6%	6.6%	6.5%	4.5%	4.4%	4.6%	6.8%	7.8%	9.8%
Mid and East Antrim	6.3%	5.2%	4.3%	4.9%	4.4%	5.1%	4.5%	5.9%	5.8%
Newry, Mourne and Down	5.4%	5.4%	5.2%	4.4%	5.3%	4.9%	6.0%	6.7%	8.1%
Northern Ireland	4.7%	5.1%	4.6%	4.5%	4.5%	5.0%	5.5%	6.3%	6.9%

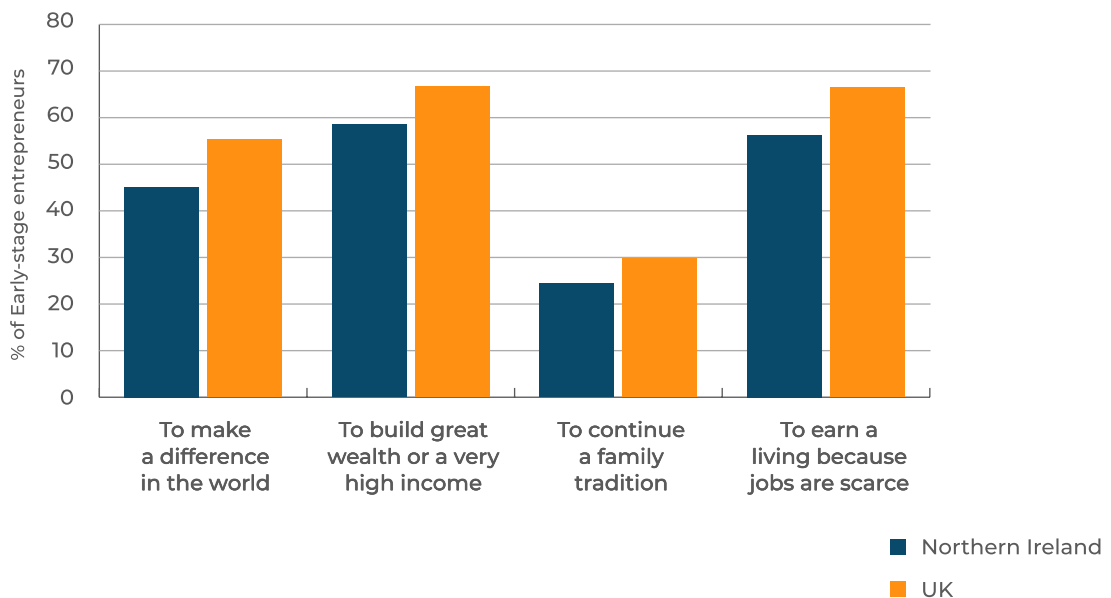
	2011-13	2012-14	2013-15	2014-16	2015-17	2016-18	2017-19	2018-20	2019-21	2020-22	2021-23
	5.4%	4.8%	4.2%	4.7%	5.3%	4.8%	6.3%	5.1%	5.7%	4.9%	6.9%
	5.4%	7.0%	5.6%	6.7%	5.4%	6.0%	5.5%	5.8%	9.3%	12.4%	13.0%
	10.4%	9.4%	5.4%	4.5%	5.8%	7.7%	6.6%	5.3%	4.8%	6.1%	5.9%
	4.6%	4.5%	4.7%	5.3%	5.7%	5.5%	4.4%	4.5%	6.5%	9.3%	11.8%
	5.9%	5.9%	5.8%	6.4%	5.8%	5.1%	6.8%	8.0%	7.9%	6.7%	5.6%
	5.1%	6.1%	3.7%	4.2%	3.3%	6.8%	5.1%	5.3%	4.2%	7.5%	11.4%
	4.1%	2.4%	5.9%	7.6%	6.4%	4.0%	6.6%	8.0%	9.8%	7.7%	8.3%
	5.8%	4.2%	5.8%	6.4%	6.0%	6.0%	7.1%	6.2%	7.5%	7.1%	9.8%
	9.1%	10.6%	9.6%	9.0%	9.3%	8.0%	8.2%	4.6%	8.7%	7.5%	9.7%
	6.6%	6.2%	8.0%	8.7%	10.5%	10.2%	10.6%	10.1%	9.3%	9.4%	8.5%
	7.3%	6.5%	7.1%	7.9%	6.7%	6.9%	6.5%	6.0%	3.9%	2.8%	6.0%
	6.5%	6.3%	5.8%	6.2%	6.1%	6.4%	6.5%	6.1%	7.0%	7.7%	9.2%

Motivations to start a business can be varied and more multi-faceted than the previous opportunity and necessity measures revealed. As a result, since 2019 a new and improved method of measuring motivation to start a business across four main categories was introduced. They are: (i) to make a difference in the world; (ii) to build great wealth or a very high income; (iii) to continue a family tradition; or (iv) to earn a living because jobs are scarce. The former two can be thought of as more opportunity driven, while the third is more complex as this could be both due to opportunity and necessity. The final option can be thought of as more necessity driven.

Figure 3.4 shows that “to build great wealth or a very high income” was the most stated motivation for entrepreneurs in Northern Ireland, overcoming the “to earn a living because jobs are scarce” option that consistently dominated in previous years. In fact, while the proportion of respondents who stated that “to earn a living because jobs are scarce” is their main motivation decreased from 63.3% to 56.3% for Northern Ireland, it has actually increased from 63.9% in 2022 to 66.5% in 2023 in the UK.

Besides, and similar to previous years, around half of early-stage entrepreneurs in both Northern Ireland and the UK were also motivated by making a difference in the world. Starting a business to continue a family tradition is again the least motivating factor, and is significantly lower than all other reasons.

FIGURE 3.4
Motivation for early-stage entrepreneurship in Northern Ireland and the UK 2023
(Source: GEM APS)



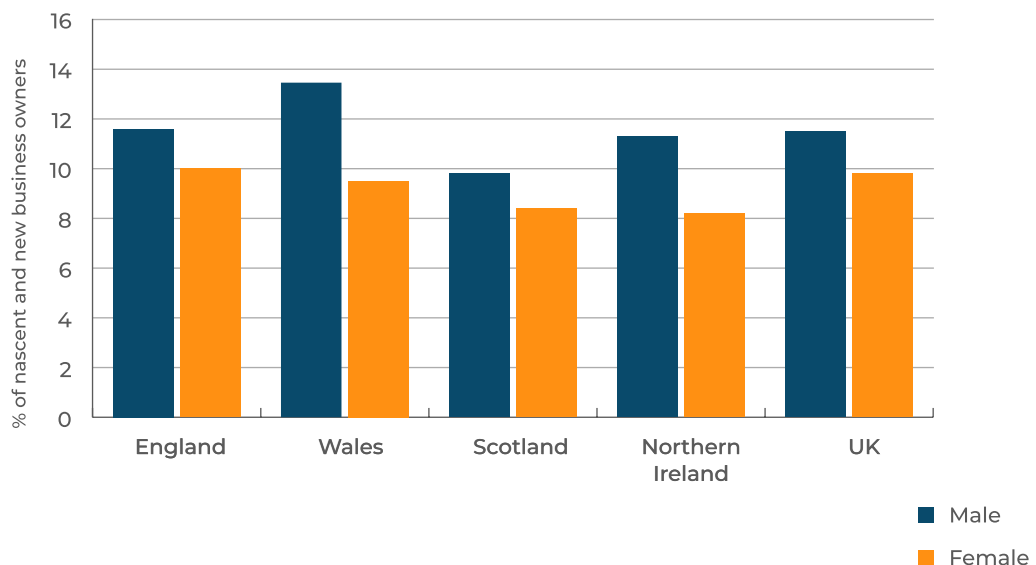
4. Who are the Entrepreneurs in Northern Ireland?

4.1 GENDER

In 2023 males in Northern Ireland have a considerably higher TEA rate than females, at 11.3% compared to 8.2%. A similar trend can be found for all other three nations in the UK, even though the difference is statistically insignificant (Figure 4.1). Despite the fact that the TEA rate for females in Northern Ireland has continued its increasing trend recently (from 4.5% in 2020 to 7.3% in 2021 and 2022 to 8.2% in 2023), the gap in TEA rate between males and females has remained the same in 2023, as the rate for males has also increased from 10.2% in 2022 to 11.3% in 2023.

Across the UK home nations, the highest increase in the TEA rate is found for males in Wales, rising from 9.5% in 2022 to 13.5% in 2023. While, except for England with a decreasing TEA rate for females from 10.3% in 2022 to 10.0% in 2023, all the other three nations reported an increasing trend in the female TEA rate.

FIGURE 4.1
Total early-stage Entrepreneurial Activity in the UK Home Nations in 2023
(Source: GEM APS)



For the UK as a whole the TEA rate translates into a female to male early-stage entrepreneurship ratio of 85%, a further increase from 73% in 2021 and 79% in 2022. England is the nation with the highest ratio (86%), while the lowest ratio is for Wales at 70%, slightly lower than that of Northern Ireland at 73%.

Annual ratios in female to male entrepreneurial activity can vary, for example, previous ratios for the UK have been around 50%, with twice as many male entrepreneurs as females. Using the long run average ratios from 2002-23, to get a longer perspective, suggests a ratio of 44% in Northern Ireland compared to 54% in England, 59% in Wales and 57% in Scotland. The significantly lower female to male ratio in

Northern Ireland over the long term is due to historically lower female TEA rates compared to males. Northern Ireland's female TEA rate for the whole period 2002-23 has averaged around 3.8% compared to a male rate of 8.4%. In the UK the equivalents are 5.4% and 9.8% respectively.

Comparing the female TEA rate in Northern Ireland to the UK over the long term shows a long-standing gap (Figure 4.2). This narrowed somewhat during the recession but diverged strongly as the economy recovered during 2011/12. Recently, after slightly widening in 2021 and 2022, it has narrowed again in 2023 due to both a steady UK rate and an increase in Northern Ireland.

FIGURE 4.2
Total early-stage female Entrepreneurial Activity in Northern Ireland and the UK, 2002-2023
(Source: GEM APS)

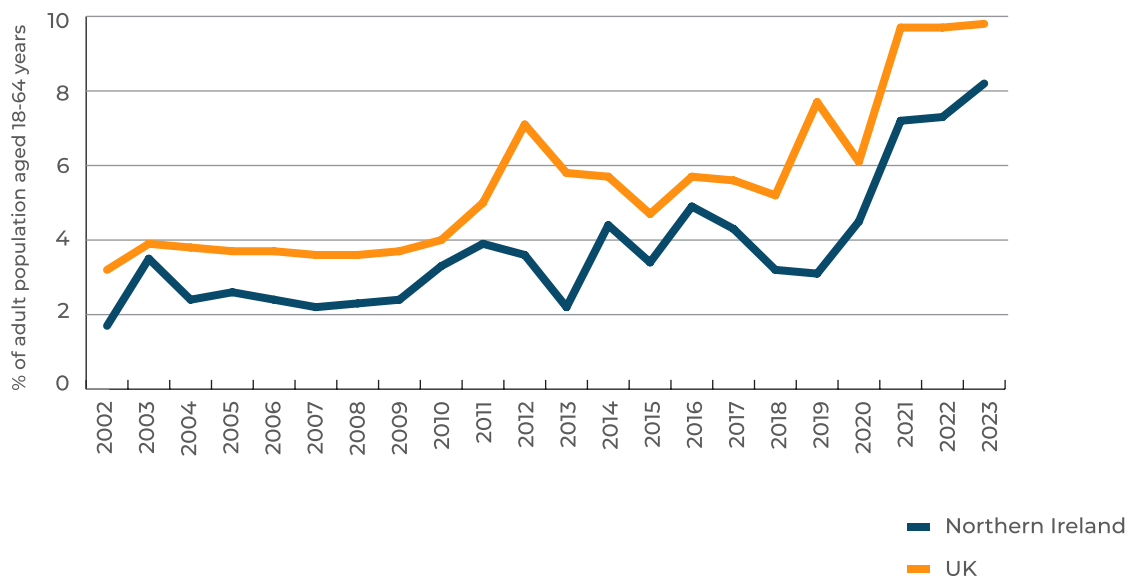
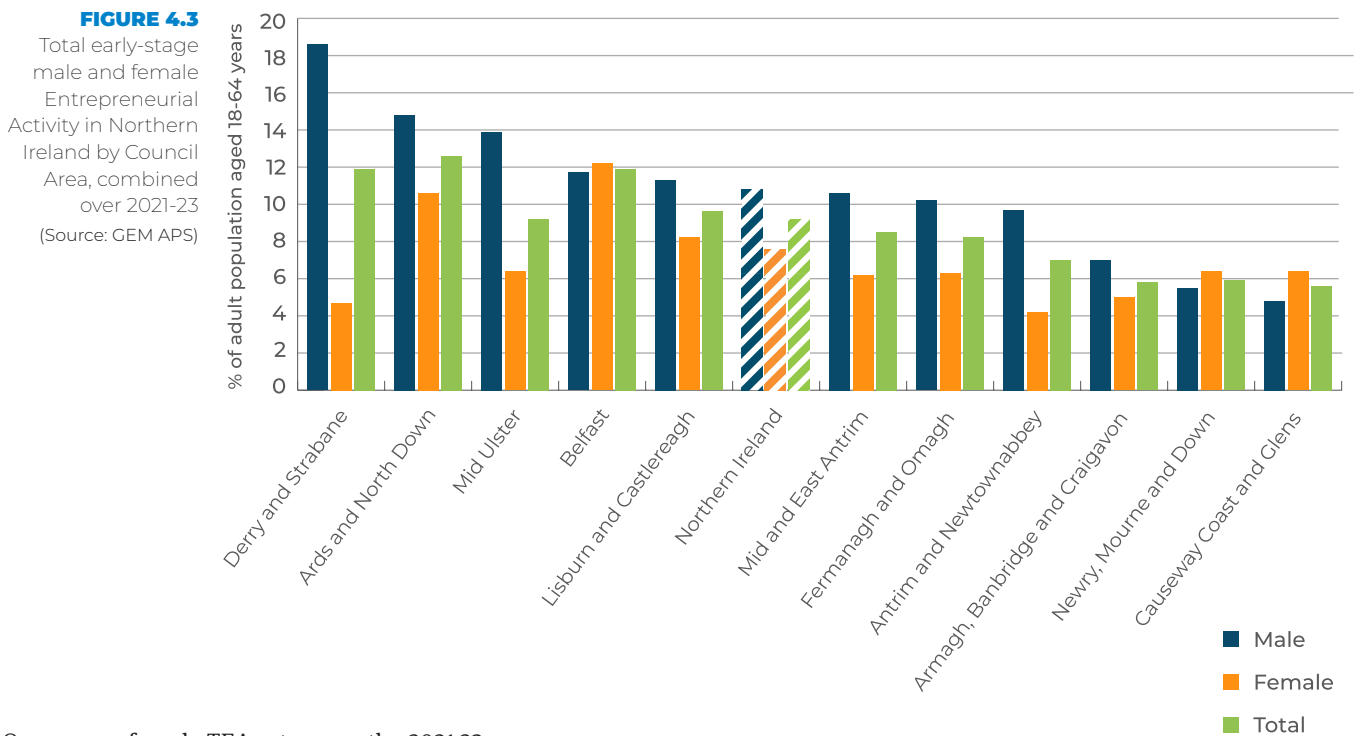


Figure 4.3 shows TEA rates for males and females by Council area over the 2021-23 period combined. The male rates are plotted in descending order although there is no significant difference between them. There is also no correlation between the entrepreneurial activity rates of males and females, in that those areas with the highest male rates do not also have the highest female rates. This suggests differing opportunities for entrepreneurship by gender in each council area.



On average female TEA rates over the 2021-23 period are around three-fifths of the male TEA rates although the ratios vary from 25.3% in Derry and Strabane to over 130% in Causeway Coast and Glens. In fact, 2023 saw that three councils: Causeway Coast and Glens, Newry, Mourne and Down, and Belfast reported higher female TEA rate than that for males. In contrast, Antrim and Newtownabbey and Mid Ulster, together with Derry and Strabane, are the three councils in which the female TEA rate is considerably lower than the male rate, even though the differences are mostly statistically insignificant.

4.2 AGE

Figure 4.4 shows TEA rates by age in 2023. In the UK individuals aged between 25 and 34 typically have higher rates of early-stage entrepreneurial activity than other groups. In 2023, however, two nations that diverge from this pattern are Wales and Northern Ireland (where the 18 to 24 age groups have the highest rate, although the differences are not statistically significant). In Northern Ireland, the TEA rate for this younger group (aged between 18 and 24) has increased considerably from 10.5% in 2022 to 13.0% in 2023. However, the differences between this and other older groups are statistically insignificant.

An alternative analysis by age is to assess how the TEA rate has changed in the 18 to 29 age group over time compared to the 30 to 64 age group over time. Figures 4.5 and 4.6 show that for both age groups, rates in England are driving the UK trends and it is diverging from the other home nations, particularly in the 30-64 age group.

In Northern Ireland, Figure 4.5 shows an increasing trend for the 18-29 group over recent years. It now has surpassed that of Scotland and reached closer to the level of Wales and England. However, the rate for the 30-64 group is still the lowest for Northern Ireland and Scotland – at 8.3%, it is considerably lower than the figure of 10.8% for England.

FIGURE 4.4
Total early-stage Entrepreneurial Activity by age group in the UK Home Nations 2023
(Source: GEM APS)

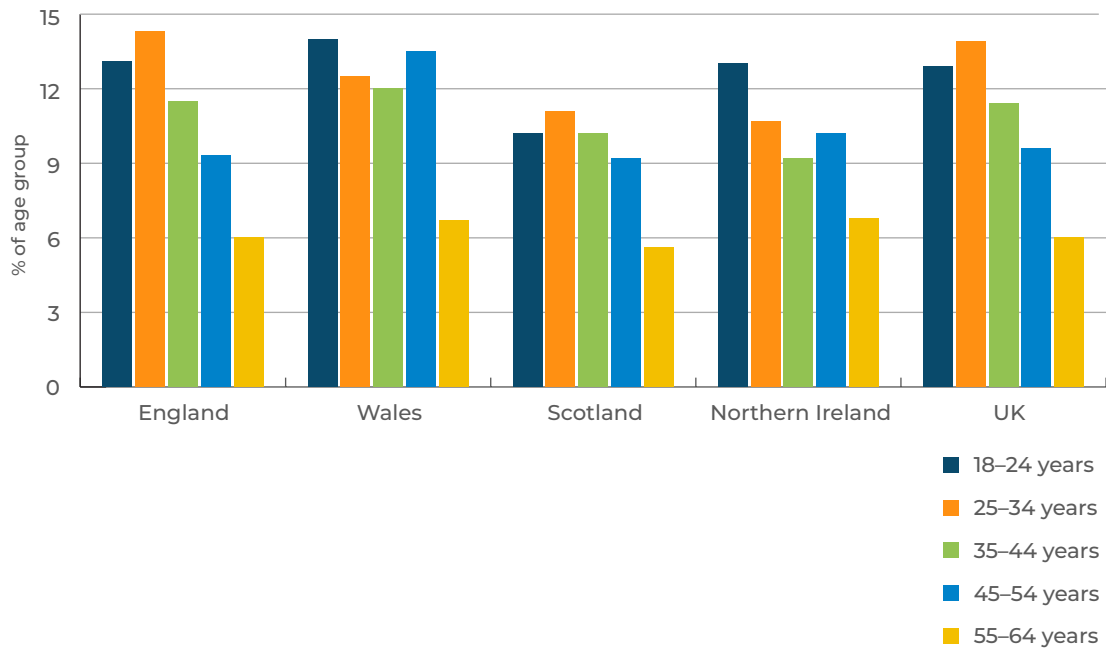


FIGURE 4.5
Trend in Total early-stage Entrepreneurial Activity in the UK Home Nations for 18-29 year olds, rolling averages 2002-04 to 2021-23 (Source: GEM APS)

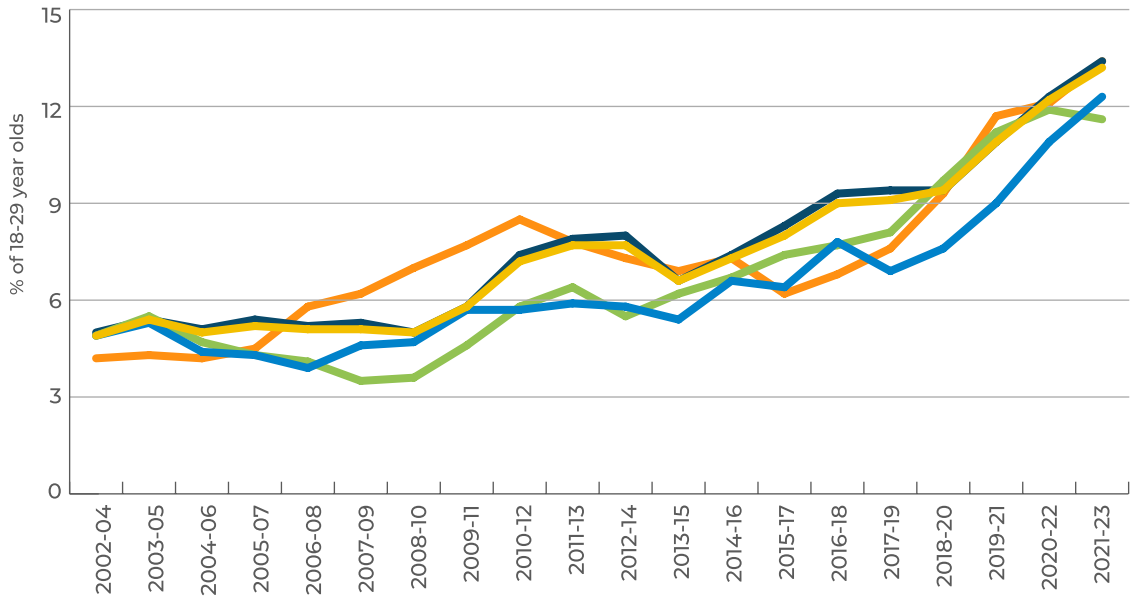
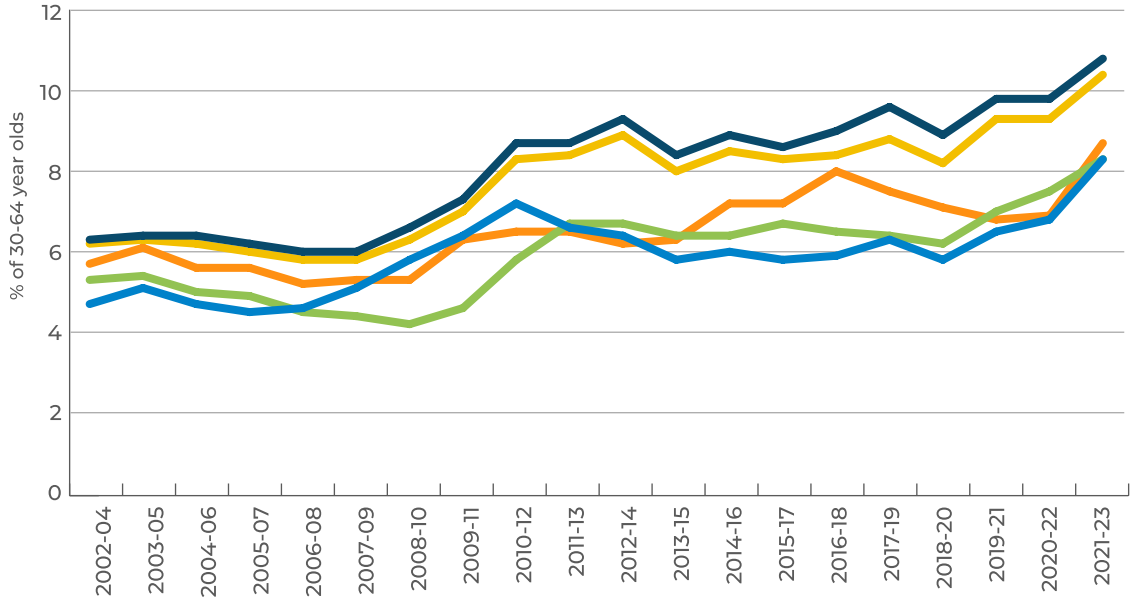


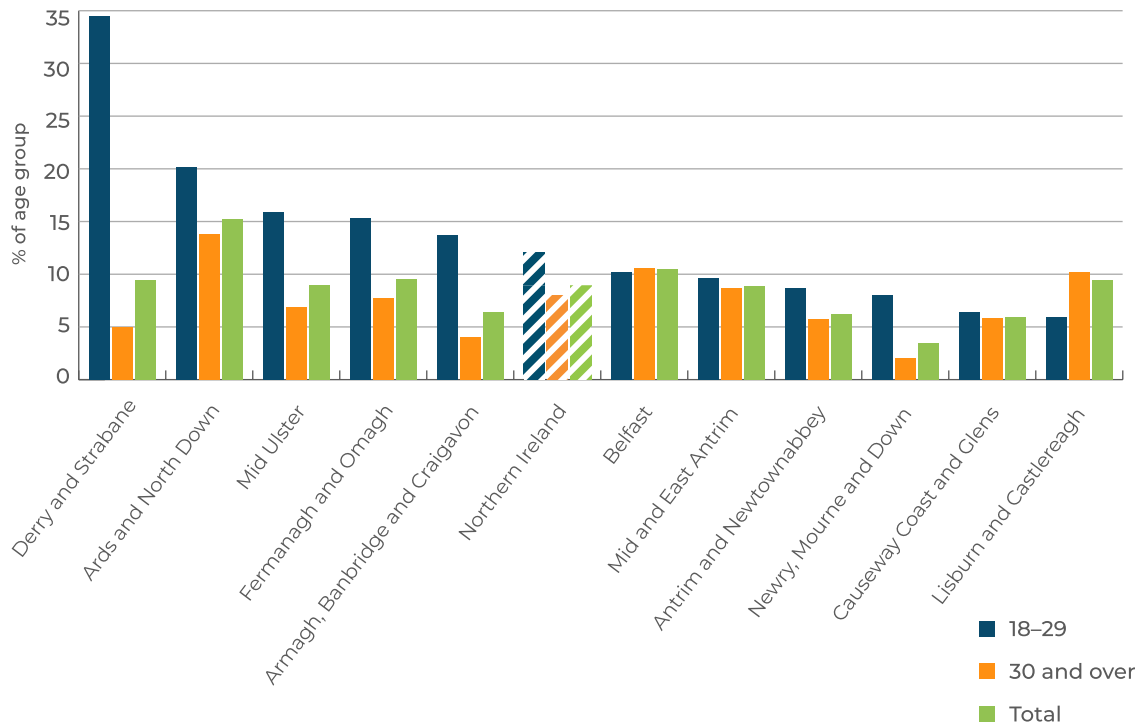
FIGURE 4.6
Trend in Total early-stage Entrepreneurial Activity in the UK Home Nations for 30-64 year olds, rolling averages 2002-04 to 2021-23 (Source: GEM APS)



- England
- Wales
- Scotland
- Northern Ireland
- UK

Total early-stage Entrepreneurial Activity by these broader age groups is plotted in Figure 4.7 for the council areas, combined over 2021-23. For Northern Ireland as a whole, the TEA rate for the older group (aged 30 and over), at 8%, is around two thirds the rate for 18-29 year olds, at 12.1%. Figure 4.7 plots the series in descending order for 18-29 year olds, where the highest rates of 34.5% can be seen for Derry and Strabane. However, despite the wide variation in the rates, most of the differences are not significant. Likewise for the 30 years old and over group across council areas.

FIGURE 4.7
Total early-stage Entrepreneurial Activity in Northern Ireland by Age and council area, combined over 2021-23
(Source: GEM APS)



4.3 EDUCATION

The rate of Total early-stage Entrepreneurial Activity for graduates in the UK in 2023 is 14.4% (Figure 4.8), significantly higher than for non-graduates (7.8%). Graduate TEA rates are also significantly higher than non-graduates for all three nations except Northern Ireland. More specifically, while the rate for graduates in Northern Ireland has stayed almost the same (it was 12.3% in 2022), its rate for non-graduates has increased from 6.0% in 2022 to 7.7% in 2023, slightly narrowing the gap between the two.

FIGURE 4.8
Total early-stage Entrepreneurial Activity in the UK Home Nations by graduate status, 2023
(Source: GEM APS)

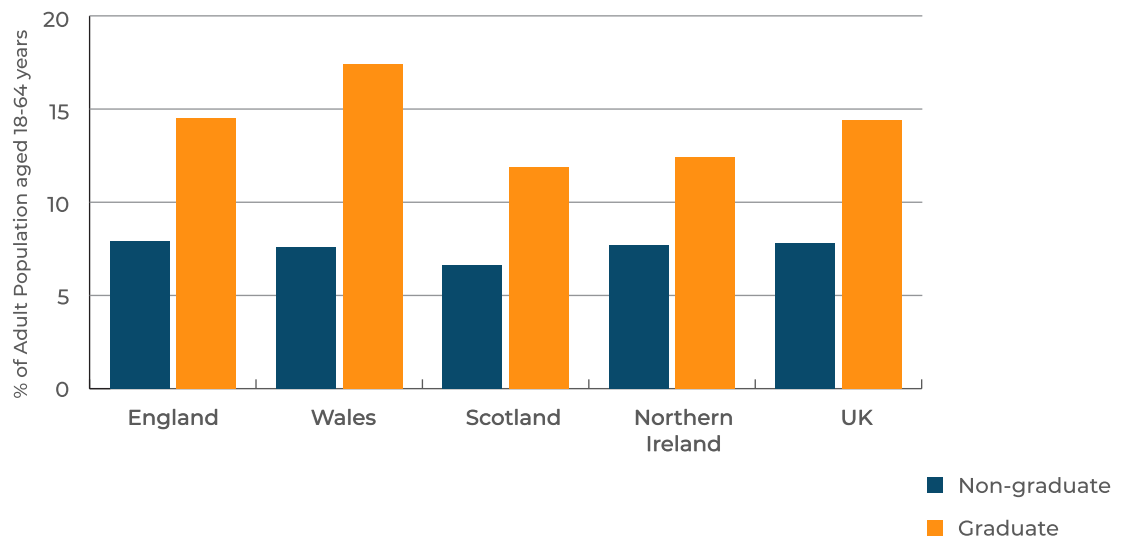
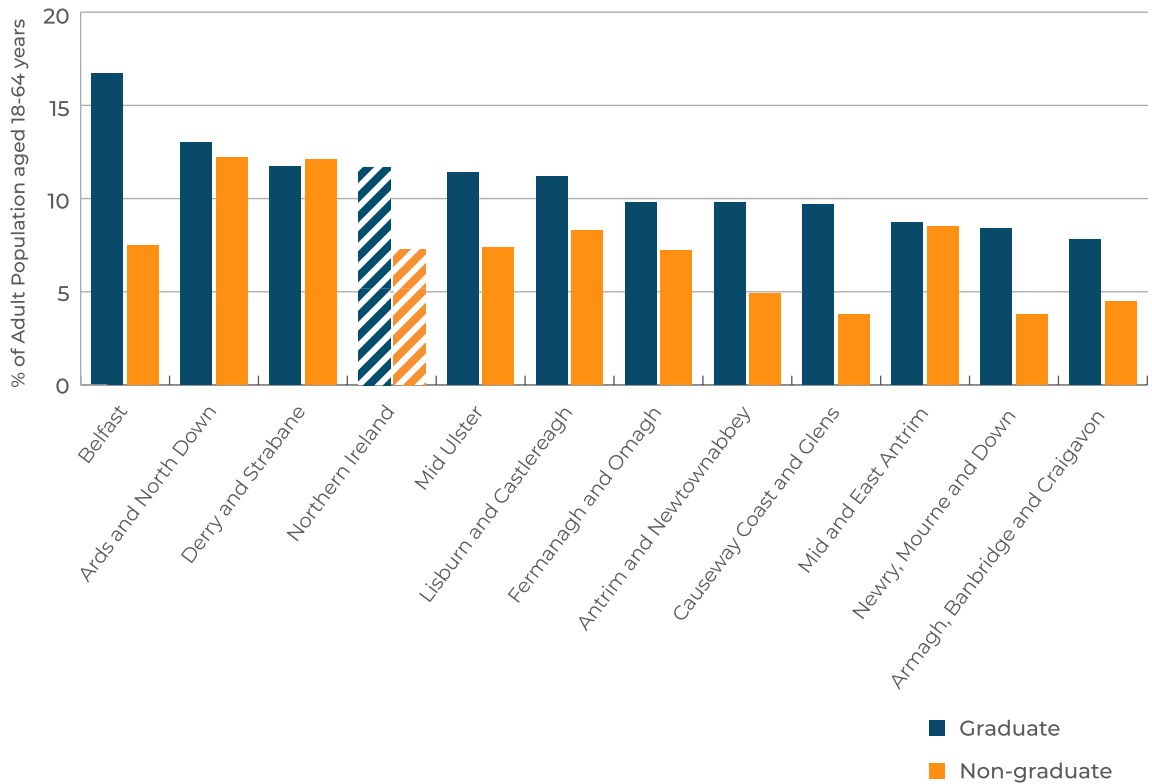


FIGURE 4.9
Total early-stage
Entrepreneurial
Activity in Northern
Ireland by graduate
status and council
area, combined
over 2021-23
(Source: GEM APS)



The graduate and non-graduate TEA rates by Council area, for the combined 2021-23 period, are shown in Figure 4.9, where the series are presented in descending order for the graduate TEA rate. The highest rate for graduates can be seen for Belfast at 16.7%, while the lowest one is for Armagh, Banbridge and Craigavon at 7.8%. The widest gap between the two rates is reported for Belfast, with its non-graduate TEA rate of 7.5% in 2023. In fact, Belfast is the only council where the gap is statistically significant.

4.4 MIGRANT STATUS

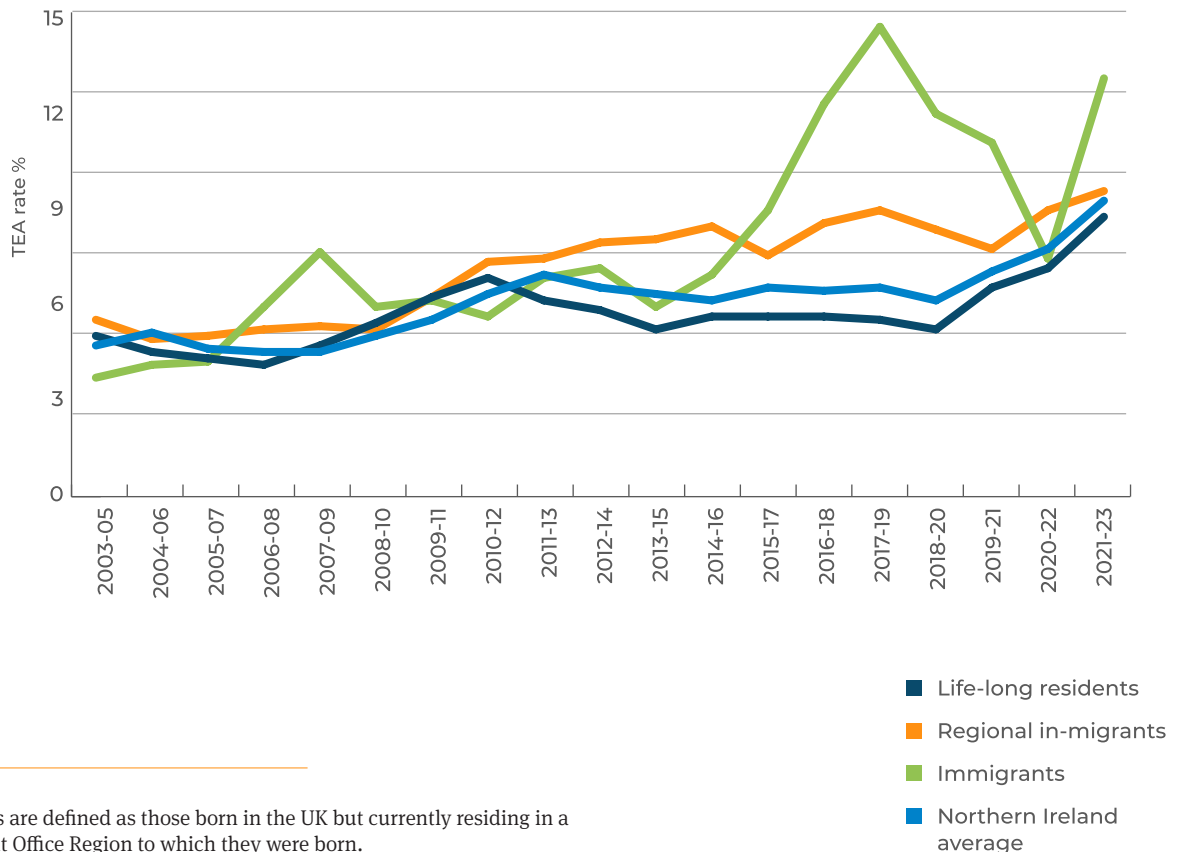
Figure 4.10 presents TEA rates for regional in-migrants⁷, immigrants and life-long residents in Northern Ireland, using 3 year rolling averages. As life-long residents comprise the majority of the population, the Northern Ireland average typically mirrors their trend. Overall, entrepreneurial activity for life-long residents in Northern Ireland peaked around 7% over 2010-12, and even though being relatively stable at just under 6% over several years, it has reached 7% again in the 2019-21 period and continued the increasing trend consistently to the new peak of 8.7% in the 2021-23 period.

Similarly, the TEA rate for in-migrants has also reached its new peak of 9.5% for the 2021-23 period. The TEA rate for immigrants has seen the largest increase over the entire period, with a particularly rapid rise from 2013-15 to 2017-19.

But probably due to the effect of the Covid-19 pandemic, this group has reported a continuing decrease in its rate for several periods after that, before going up again in 2021-23 to 13% (from 7.4% in the 2020-22 period). In the UK immigrants have typically been found to be more entrepreneurial than the resident population, driven by opportunity rather than necessity motivations.

The sample sizes for the ethnic population in Northern Ireland are too small to produce reliable estimates for entrepreneurial activity rates by ethnicity. However, combining the entire 2002-2023 results gives an average TEA rate of 5.5% for the white population and 9.8% for the non-white population. The difference between the two is statistically significant.

FIGURE 4.10
Total early-stage Entrepreneurial Activity in Northern Ireland by migrant status, rolling averages 2003-2005 to 2021-2023
(Source: GEM APS)



⁷ Regional in-migrants are defined as those born in the UK but currently residing in a different Government Office Region to which they were born.

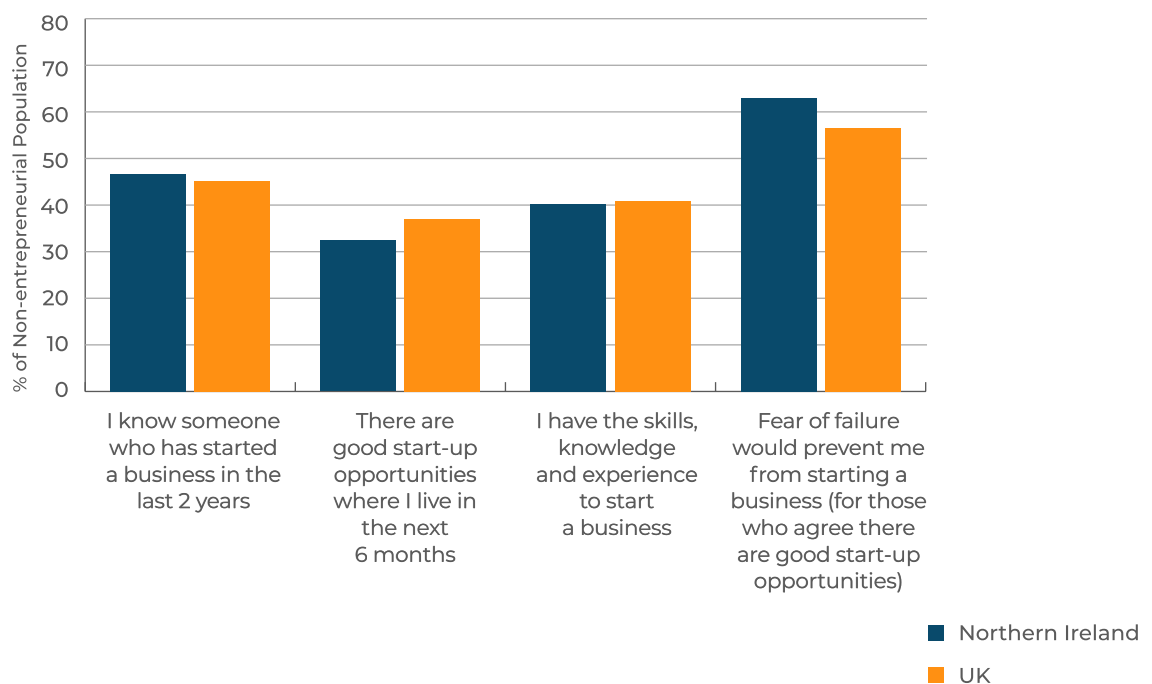
5. Entrepreneurial Attitudes and Intentions

GEM has developed a number of attitudinal statements which provide a proxy for entrepreneurial potential in a country/region. They include knowing a person who has started a business in the last 2 years⁸, perception of good opportunities for start-up, self-belief in possessing the relevant skills to set up in business and the prevalence of fear of failure as a deterrent to setting up in business.

Individuals who are entrepreneurs may feel compelled to provide positive answers in the Adult Population Survey (APS). Hence, as in the last number of years, we report attitudinal data **only for that portion of the population who are not already entrepreneurs.**

After decreasing considerably from 46.7% in 2021 to 29.4% in 2022, the perception of start-up opportunities has slightly increased to 32.4% in 2023 for Northern Ireland, while this rate has remained steady at 37.1% for the UK. However, the share of individuals in Northern Ireland who recognised opportunities for start-up but also stated their fear of failure would prevent them from doing so has also continued its increasing trend from the last few years, from 56.5% in 2021 to 60.6% in 2022 to 62.9% in 2023. The opposite trend has been recorded for the UK, where this “fear of failure” rate decreased slightly from 58% in 2022 to 56.5% in 2023. However, the difference between these two figures (62.9% for Northern Ireland and 56.5% for the UK in 2023) is statistically insignificant.

FIGURE 5.1
Entrepreneurial attitudes and perceptions in Northern Ireland and the UK 2023
(Source: GEM APS)



⁸ Note that the wording of this question has changed in 2019 so rates are not comparable with previous years.

Nearly half (46.7%) of individuals in Northern Ireland stated that they know an entrepreneur (Figure 5.1), while this figure is 45.2% for the UK in 2023. And finally, around two fifths of the non-entrepreneurial population in both Northern Ireland and the UK felt they have the skills, knowledge and experience to start a business.

Figure 5.2 shows that all these characteristics of entrepreneurial potential are very much the same for the young aged between 18 and 24 in both Northern Ireland and the UK, except that a slightly higher proportion of this young group reported their perception of start-up opportunities (36.7% for Northern Ireland and 41.2% for the UK). But this positive note comes with a slightly higher proportion also reporting that their fear of failure would prevent them

from starting a business (71.6% for Northern Ireland and 58.8% for the UK).

As identified on the previous page, 32.4% of the non-entrepreneurial working age population in Northern Ireland agreed that there were good opportunities for starting a business in their local area in the next six months compared to 37.1% in the UK (Figure 5.1). Prior to the financial recession 2007-2009, opportunity perception in Northern Ireland and the UK were similar, however a significant difference has since opened-up between the two and continued to prevail until 2019. Even though the gap was closed up in 2021 (probably due to the effect of the Covid-19 pandemic), it appeared again in 2022, and just slightly narrowed in 2023 with the increasing trend in Northern Ireland's rate (Figure 5.3).

FIGURE 5.2
Entrepreneurial attitudes and perceptions among 18-24-year olds in Northern Ireland and the UK 2023
(Source: GEM APS)

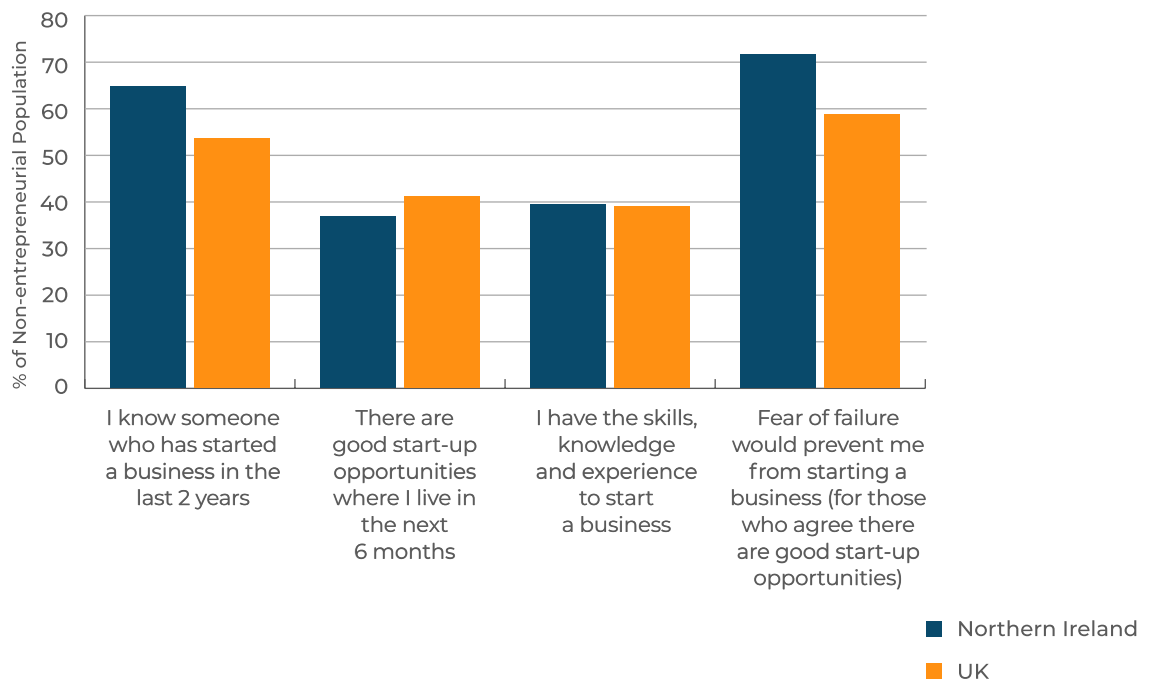


FIGURE 5.3

Extent to which good start-up opportunities in the local area, over the next 6 months, are perceived in Northern Ireland and the UK, 2002-2023
(Source: GEM APS)

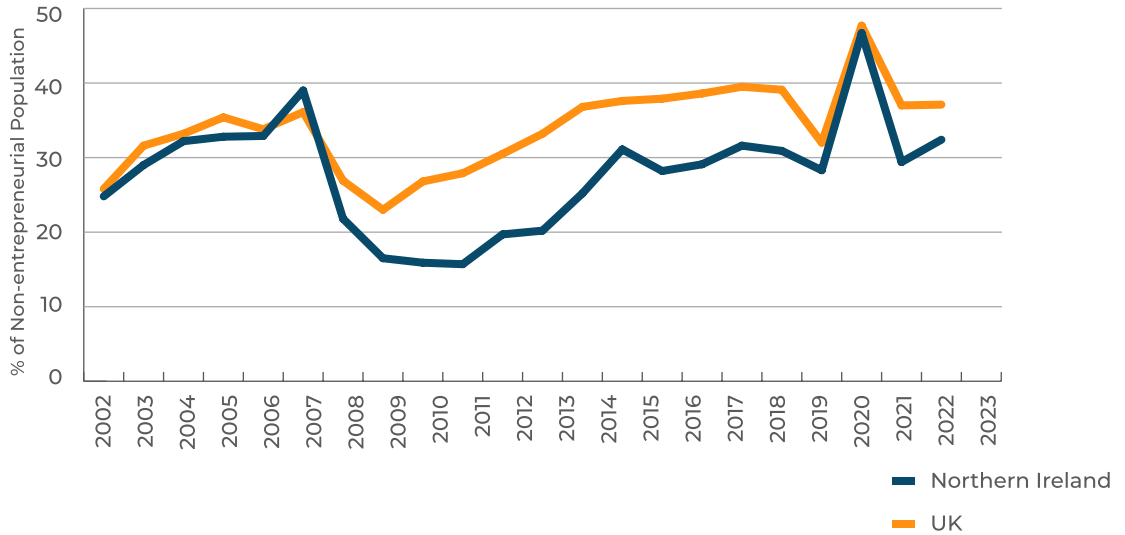
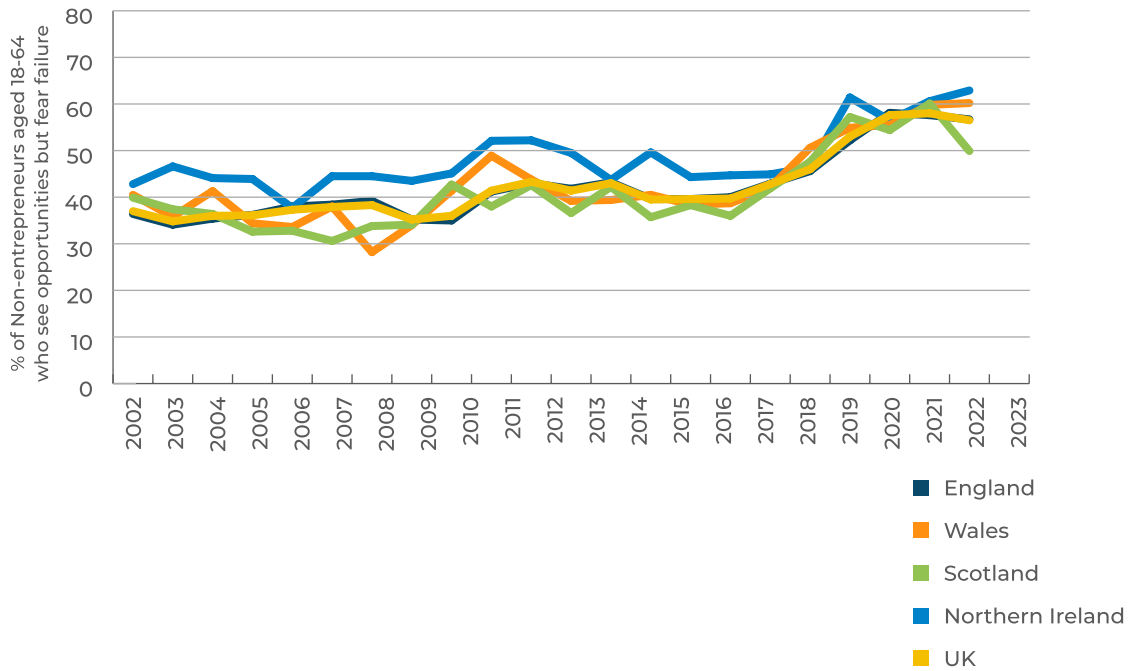


FIGURE 5.4

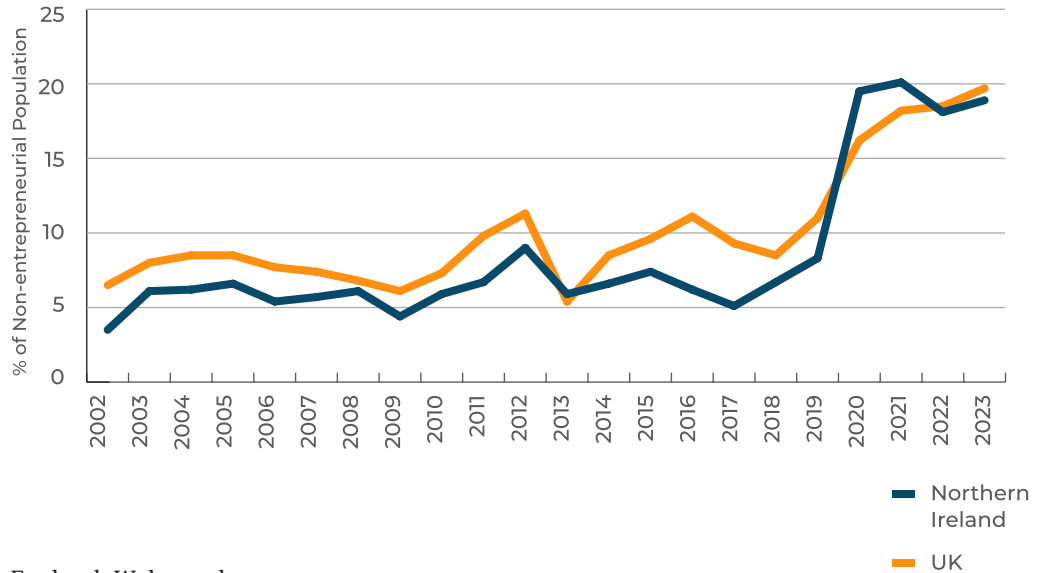
Fear of failure among those who see opportunities in the UK Home Nations, 2002-2023
(Source: GEM APS)



Besides, 2023 saw that more than three fifths of those who see good opportunities in their local area in the next six months in Northern Ireland state that fear of failure would prevent them from starting a business (62.9%). Figure 5.4 shows that this is now the highest rate across the four nations.

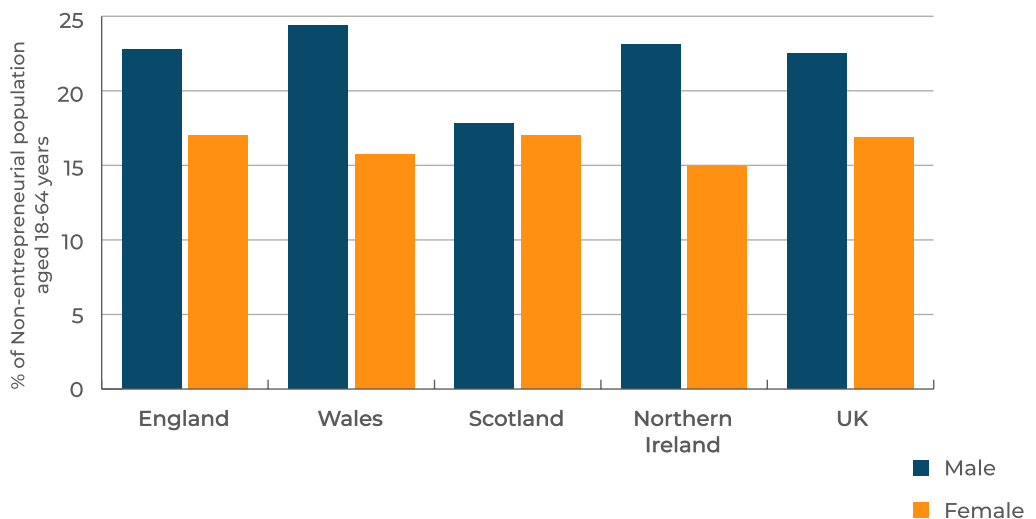
Looking to the future, the proportion of non-entrepreneurial working age adults in Northern Ireland in 2023 who expect to start a business within the next three years is 18.9%, slightly increased from that of 18.1% in 2022 (Figure 5.5). This figure is 19.7% for the UK in 2023.

FIGURE 5.5
 Future start-up expectations (within 3 years) in Northern Ireland and the UK, 2002-2023
 (Source: GEM APS)



In 2023 males in the UK, England, Wales and Northern Ireland are significantly more likely than females to report that they intend to start a business in the next three years. In particular, Figure 5.6 shows that the difference in the intention rates between males and females is second largest for Northern Ireland, where the rate is 23.1% for males and 14.9% for females (only behind Wales). Translated into a female to male ratio, the figure for Northern Ireland equates to 65% compared to a UK average of 75%. Furthermore, Northern Ireland’s 14.9% is also the lowest rate for females across all four nations.

FIGURE 5.6
 Future start-up expectations (within 3 years) in the UK Home Nations by gender, 2023
 (Source: GEM APS)



6. High Growth

Research has consistently suggested that a relatively small number of firms can create a disproportionate number of jobs⁹. If an entrepreneur expects to create a large number of jobs then his or her potential contribution to growth and regeneration through entrepreneurship may be greater.

To identify such individuals GEM generates a variable which measures the percentage of all early-stage entrepreneurs (and separately established business owners) who expect to create more than ten jobs with a growth in employment of more than 50% in the next five years. Figure 6.1 displays the trend in these high growth expectation entrepreneurs for both Northern Ireland and the UK, using three year rolling averages. Previously, high growth expectation rates amongst TEA entrepreneurs in the UK were typically around three to four times higher than those for established business owners. However, recently, with a consistently increasing trend in the rate for established business owners (from 7.5% for 2018-2020 period to 9.3% for 2021-23 period) and a marked decrease in the rate for TEA entrepreneurs (from 18.6% for 2019-2021 period to 15.1% for 2021-23 period), this ratio has decreased to less than two times higher.

It can be seen from Figure 6.1 that in Northern Ireland, less than one in six early-stage business owners expect to achieve high growth. Even though there was a considerable decrease from 21.3% for the 2019-2021 period to 15.3% for the 2021-23 period, this rate was still slightly higher in Northern Ireland than in the UK (15.1%). Overall, high expectation rates in the UK have been broadly more consistent over time than for Northern Ireland, the latter saw the rate dropping in the 2015-18 period, rebounding in 2018-21, and then dropping again over more recent years.

The trend in high growth expectation for established business owners has also been less variable over time for the UK. Until 2006-08 the share reporting high job expectation averaged around 5% in both Northern Ireland and the UK. This subsequently dropped to around 2% in Northern Ireland, but has shown a considerable increase in the recent years to its new peak of 13.2% for the 2021-23 period. This is markedly higher than the rate of 9.3% for the UK in 2023.

Along with high growth, GEM now also measures the potential impact of businesses in the national and world markets. Table 6.1 shows that 1.4% of Northern Ireland early-stage entrepreneurs have a business with potential national impact, a slight decrease from 1.7% in 2022. This figure for the UK is 1.9% compared to its value of 1.6% in 2022. However, the percentage of established business owner-managers whose businesses have potential national impact is considerably lower in Northern Ireland at 0.4% compared to 0.9% for the whole UK. In terms of international impact, the shares are even smaller, although consistent between Northern Ireland and the UK, in that, early-stage business have marginally more international scope than established businesses.

⁹ See for example, Hart, M. and Anyadike-Danes, M. (2014) "Moving on from the vital 6%"; Enterprise Research Centre Insight Report, February

FIGURE 6.1
Relative frequency of high job expectation early-stage entrepreneurs and established business owners in Northern Ireland and the UK, three year rolling averages, 2003-2005 to 2021-2023
(Source: GEM APS)

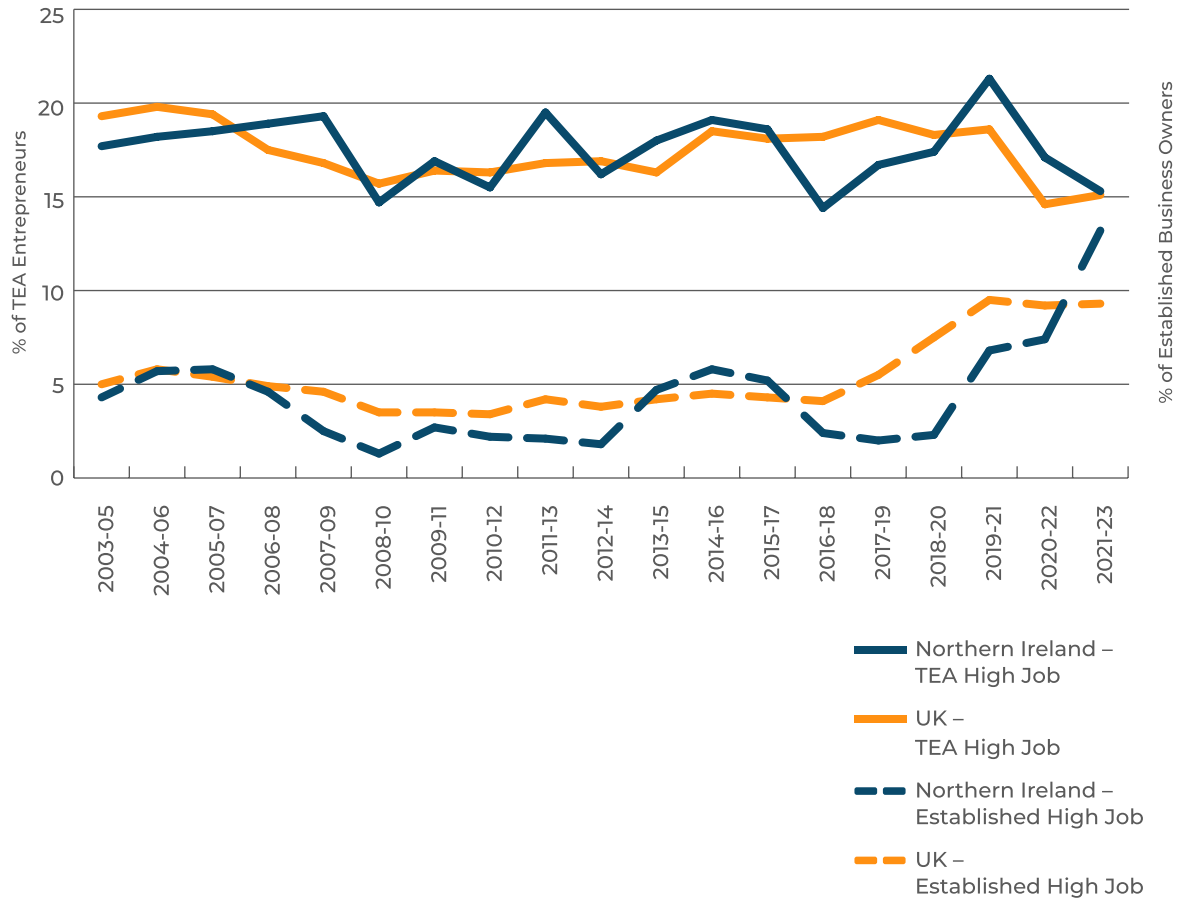


TABLE 6.1
Measures of entrepreneurial potential impact rates in Northern Ireland and the UK, 2023
(Source: GEM UK APS 2022)

	Early-Stage Businesses		Established Businesses	
	NI	UK	NI	UK
At least national scope for market and at least national scope for new product or new process	1.4%	1.9%	0.4%	0.9%
At least international scope for market and at least international scope for new product or new process	0.3%	0.7%	0.1%	0.1%

7. Funding

Obtaining funding is a key issue for many start-up businesses. Combining data for five years from 2019 to 2023, Table 7.1 shows that in Northern Ireland just over half of all nascent entrepreneurs expected to self-fund (54.2%), slightly higher than the UK figure of 46.3%. In addition, 4.6% of nascent entrepreneurs expect that they will not need any funding, and even less than that expect that they personally will fund none of the start-up costs (1.5%). These figures are 8.0% and 1.0% for the UK, respectively.

Of those expecting funding from elsewhere, funding from government programmes, donations or grants are most favoured in Northern Ireland followed by funding from close family members, and banks or other financial institutions. In the UK funding by close family ranks highest followed by bank funding. Even though raising funds from online crowdfunding has become more prevalent in recent years, it accounts for only 8.8% in 2019-2023 period in the UK, and even less in Northern Ireland (7.4%).

TABLE 7.1
Percentage of nascent entrepreneurs expecting funding from different sources 2019-23
(Source: GEM UK APS 2019-23)

Type of funding expected	Northern Ireland %	UK %
No funding needed	4.6	8.0
All funded by entrepreneur	54.2	46.3
None funded by entrepreneur	1.5	1.0
Sources of funding		
Close family member (spouse, parent, sibling)	25.3	26.8
Other relatives, kin or blood relations	10.5	9.2
Employer or work colleagues	6.9	8.2
Private investor or venture capital	11.4	13.1
Friends or neighbours	9.1	8.2
Banks or other financial institutions	21.9	22.4
Government programmes, donations or grants	27.9	17.5
Online crowdfunding	7.4	8.8
Any other source	10.3	8.1

Around a quarter of nascent entrepreneurs in Northern Ireland and the UK expect to source funding primarily from family. This coincides with increasing trends in informal investment, or investment by individuals in other people's new businesses, as shown in Table 7.2. The informal investment rate over the combined 2019-2023 period stood at 6.3% in Northern Ireland, just

under the UK rate of 6.7%. Investment into companies owned by close family was the most common investment choice in Northern Ireland and, at 40.6%, was slightly higher than the UK share of 39.9%. Consequently, Northern Ireland had lower shares investing in friends, neighbours or strangers' businesses.

TABLE 7.2

Percentage of individuals aged 18-64 who have invested in someone else's new business in the last 5 years, and the distribution of relationships to the latest investee, 2019-2023
(Source: GEM APS 2019-23)

Informal investment rate	Northern Ireland	UK
% aged 18-64 who have invested in someone else's new business in the last 3 years	6.3	6.7
Relationship of latest investee (% of latest investments)		
Close family member (spouse, parent, sibling)	40.6	39.9
Other relative, kin or blood relations	17.5	13.9
Work colleague	13.7	10.2
Friend or neighbour	17.8	21.6
A stranger with a good business idea	9.5	12.4
Other	0.9	1.9

8. Entrepreneurial Framework Conditions in Northern Ireland

To assess the context in which entrepreneurial activity takes place, GEM created a specific tool which assesses an economy’s entrepreneurial ecosystem against *Entrepreneurship Framework Conditions* (EFCs). To create a quantifiable measure of EFCs, GEM seeks out expert views on the state of the entrepreneurial ecosystem by carrying out the *National Expert Survey* (NES). At least 36 experts in each country are selected according to their knowledge and experience to participate in the NES each year. Historically there were nine EFCs but three (Government policy, Entrepreneurship education and Ease of entry) have subsequently been split into two subsets, while in 2021 the NES introduced a new dimension related to the ease of accessing funds for entrepreneurship.

This brings the overall number of constructs describing the national entrepreneurship context to 13, as shown in Figure 8.1¹⁰.

The state of these conditions directly influences the existence of entrepreneurial opportunities, entrepreneurial capacity and preferences, which in turn determines business dynamics. Hence, it is expected that different economies and regions have different structures and quality of EFCs that directly affect its entrepreneurial activity’s inputs and outputs.

In 2021 the NES introduced a new construct to assess support for women entrepreneurs, while in 2023 the NES asked national experts to score additional statements about entrepreneurial priorities, including good environmental and sustainable practice.

FIGURE 8.1

Entrepreneurship Framework Conditions (EFCs)

(Source: Hill, S., Ionescu-Somers, A.; Coduras, A.; Guerrero, M.; Roomi, M.; Bosma, N., Sahasranamam, S. and Shay, J., 2022, pg.86)

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

¹⁰ Please refer to the UK GEM 2023/24 report for further detail on the NES methodology.

8.1 NATIONAL ENTREPRENEURSHIP CONTEXT INDEX (NECI)

In order to provide an overall view of how favourable an environment is for entrepreneurial activity across countries, GEM introduced the National Entrepreneurship Context Index (NECI)¹¹ in 2018. It is a composite index which represents the arithmetic average of EFCs as set out in Figure 8.1.

EFCs and NECI are based on experts' perceptions of the entrepreneurial conditions within a particular economy and in a particular moment of time. Any cross-country analysis should be performed with caution. Entrepreneurial activity, deeply rooted in cultural traditions and norms, can persist despite difficult conditions and, on the contrary, can be lagging despite a relatively favourable setting. However, these metrics provide a useful benchmarking tool to capture

the strengths and the weaknesses of the national entrepreneurial context by comparing it with other countries. This exercise may provide guidance on the possible directions of improvement to better support and stimulate thriving entrepreneurial activity.

In 2023, the UK with a total NECI score of 4.6 ranked 22nd among 49 participating countries (Figure 8.2). Scotland and Northern Ireland, as sub-regions of the UK, scored 4.9 and 4.2 respectively. A score below 5 out of 10 (neutral point) indicates that experts regard the conditions for entrepreneurship to have room for improvement. In 2023, the Northern Ireland overall index is much lower than the scores of top-ranked countries, including Lithuania, the highest ranked in Europe, with a score of 6.1, the Netherlands and Estonia at 5.9 each, and the UAE with the highest score overall of 7.6.

¹¹ See, Bosma et al. (2020) for details.

FIGURE 8.2 National Entrepreneurship Context Index (NECI) in 2023, (Source: GEM Global NES 2021)

2023

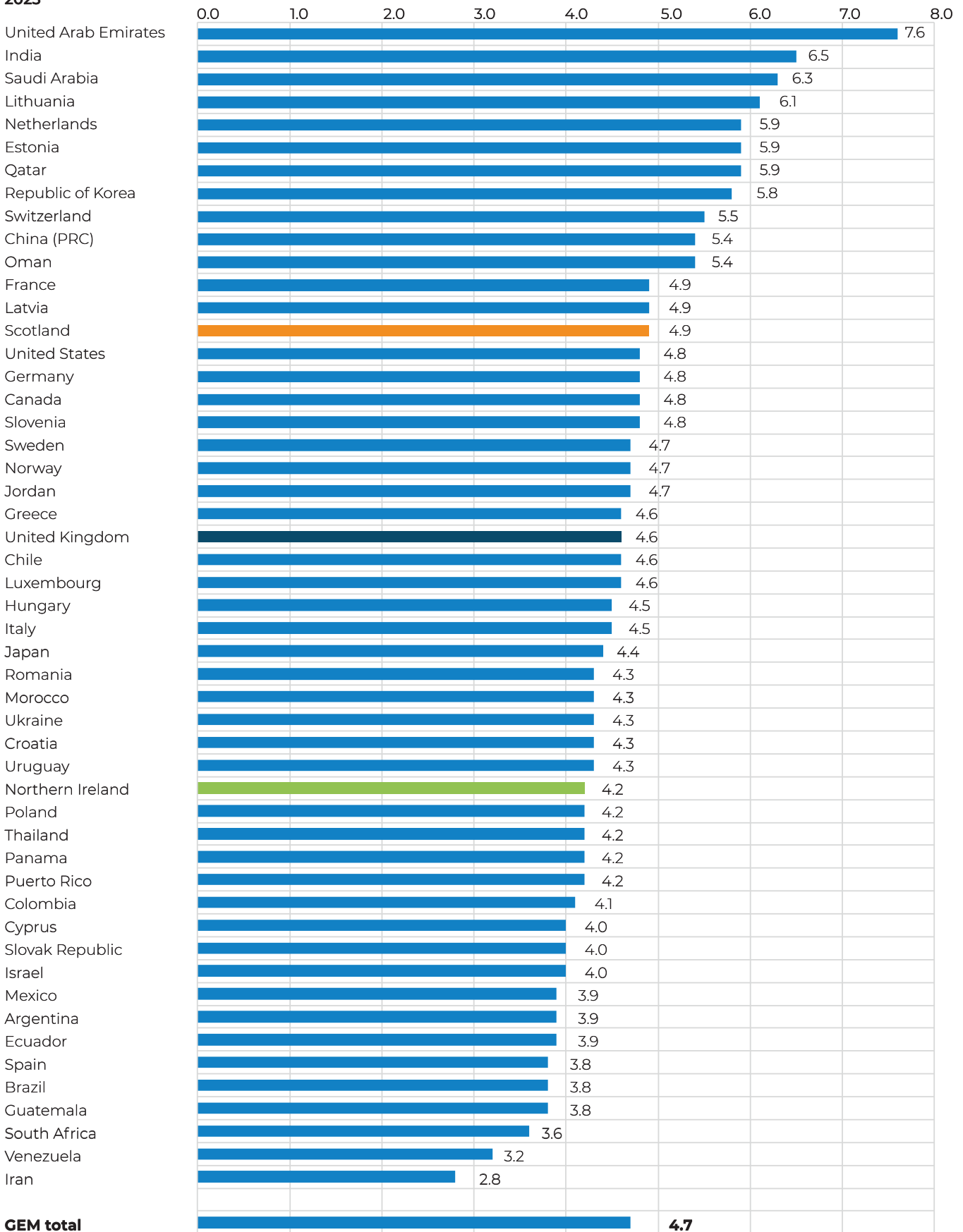
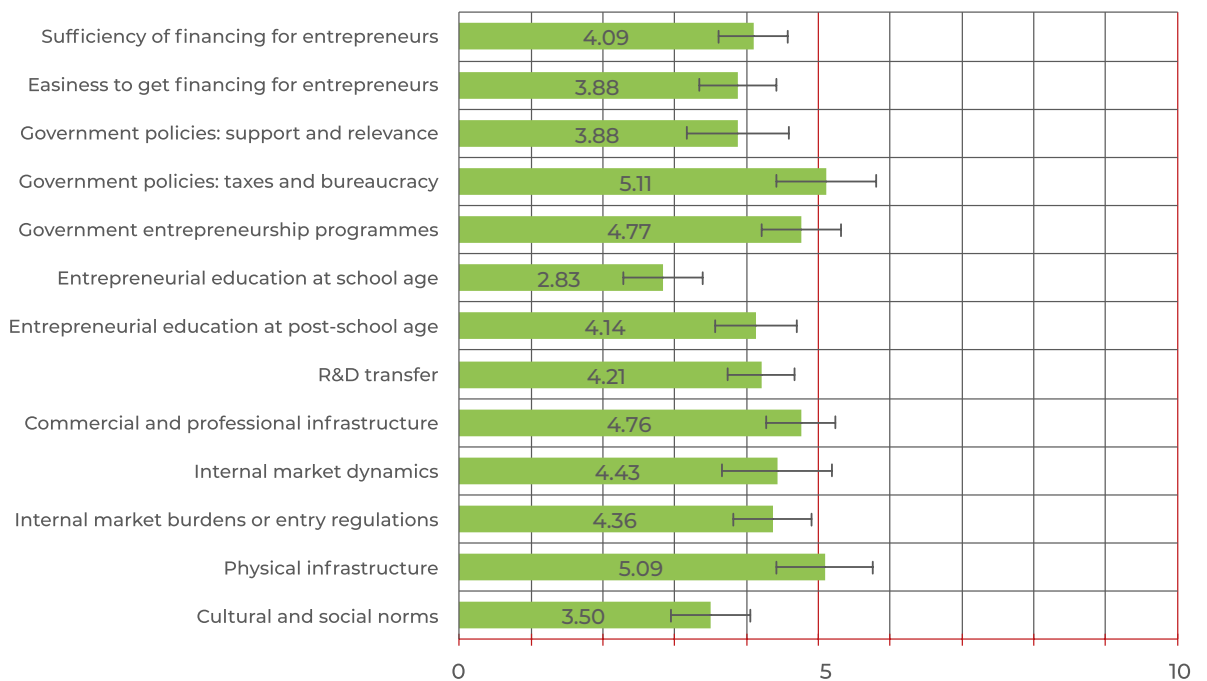


Figure 8.3 reports the values, and 95% confidence intervals, for each of the 13 pillars describing the entrepreneurial context in Northern Ireland. Among these pillars, two have values higher than the sufficient level of 5 (out of 10) – physical infrastructure (5.09), and Government policies: taxes and bureaucracy (5.11). But the values are not statistically significantly different from 5, therefore, we cannot definitively conclude that they are in sufficient state to support entrepreneurial activity. In contrast, eight conditions are statistically significantly lower than 5 and therefore need considerable improvement. They are entrepreneurial education at school age (2.83), cultural and social norms (3.50), Government policies support and relevance, (3.88), easiness to get finance for entrepreneurs (3.88), sufficiency of financing for entrepreneurs (4.09), entrepreneurial education at post-school age (4.14), internal market burdens or entry regulations (4.36), and R&D transfer (4.21).

When compared to Scotland and the UK, entrepreneurial education at school age is the only EFC in which the scores are below 5 for each nation, indicating that is an area of concern, and one which needs improvement, across countries (Figure 8.4). In relation to the conditions identified above as needing significant improvement, Northern Ireland has significantly lower scores than both Scotland and the UK for cultural and social norms¹². There, both scores are above 5, thus the statistically lower Northern Ireland score in this EFC highlights it as an area of particular weakness.

FIGURE 8.3
Entrepreneurial Framework Conditions in Northern Ireland in 2023
(Source: GEM UK National Expert Survey (NES) 2023)
Note: black bars represent the 95% confidence intervals



¹² Refer to Appendix for comparisons of the underlying elements of each EFC.

FIGURE 8.4
 Entrepreneurial Framework Conditions in Northern Ireland, Scotland and the UK in 2023
 (Source: GEM UK National Expert Survey (NES) 2023)
 Note: black bars represent the 95% confidence intervals



8.2 DYNAMICS OF NECI AND EFCS IN NORTHERN IRELAND IN 2020-23

Table 8.1 shows the dynamic of each EFC during 2020, 2021, and 2023. Green cells indicate a sufficient state of EFC (value above 5) and orange cells otherwise. In 2023 there was no improvement in any of the scores. In fact, a number of the EFCs moved from a previously sufficient state to insufficient – Government policies: support and relevance, Government entrepreneurship programmes, and commercial and legal infrastructure – although it should

be noted that the survey was undertaken before the launch of the new “Go Succeed” entrepreneurship programme. R&D transfer also moved back to an insufficient state, having previously been deemed sufficient in 2021.

TABLE 8.1
Entrepreneurial
Framework Conditions
in Northern Ireland
2020-23:
(Source: GEM UK National
Expert Survey (NES)
2020, 2021, 2023)

		2020	2021	2023
A /A1	Sufficiency of financing for entrepreneurs	4.85	4.48	4.09
A2	Easiness to get financing for entrepreneurs	-	4.41	3.88
B1	Government policies: support and relevance	5.04	5.37	3.88
B2	Government policies: taxes and bureaucracy	5.01	5.68	5.11
C	Government entrepreneurship programmes	5.36	5.67	4.77
D1	Entrepreneurial education at school age	3.71	3.56	2.83
D2	Entrepreneurial education at post-school age	4.61	4.96	4.14
E	R&D transfer	4.18	5.11	4.21
F	Commercial and legal infrastructure	5.27	5.66	4.76
G1	Internal market dynamics	4.86	4.59	4.43
G2	Internal market burdens or entry regulations	5.01	4.45	4.36
H	Physical infrastructure	5.86	6.11	5.09
I	Cultural and social norms	4.84	4.38	3.50

8.3 EFCS IN NORTHERN IRELAND AND BENCHMARKS IN 2023

In 2023, the NECI was 4.9 in Scotland and 4.2 in Northern Ireland compared to 4.6 in the UK. Northern Ireland had lower scores than both Scotland and the UK across many of the EFCs (Figure 8.5). Indeed, Scotland scored better than the UK across some of the framework conditions. The only area where Northern Ireland had a notably higher score than the UK was for Government entrepreneurship programmes, although this was not statistically significant.

In contrast, the EFC scores indicate less favourable conditions in Northern Ireland than in the UK and Scotland when it comes to sufficiency of entrepreneurial finance, cultural and social norms, commercial and physical infrastructure, and internal market dynamics and burdens. As previously indicated, only the cultural and social norms EFC was statistically significant.

Where Northern Ireland scored similarly to the UK and Scotland was in Government policy: taxes and bureaucracy. This is not surprising as all broadly operate within the same national fiscal and legislative policy.

FIGURE 8.5
Entrepreneurial Framework Conditions in Northern Ireland, Scotland and the UK in 2023
(Source: GEM Scotland NES 2023, GEM NI NES 2023, GEM UK NES 2023)

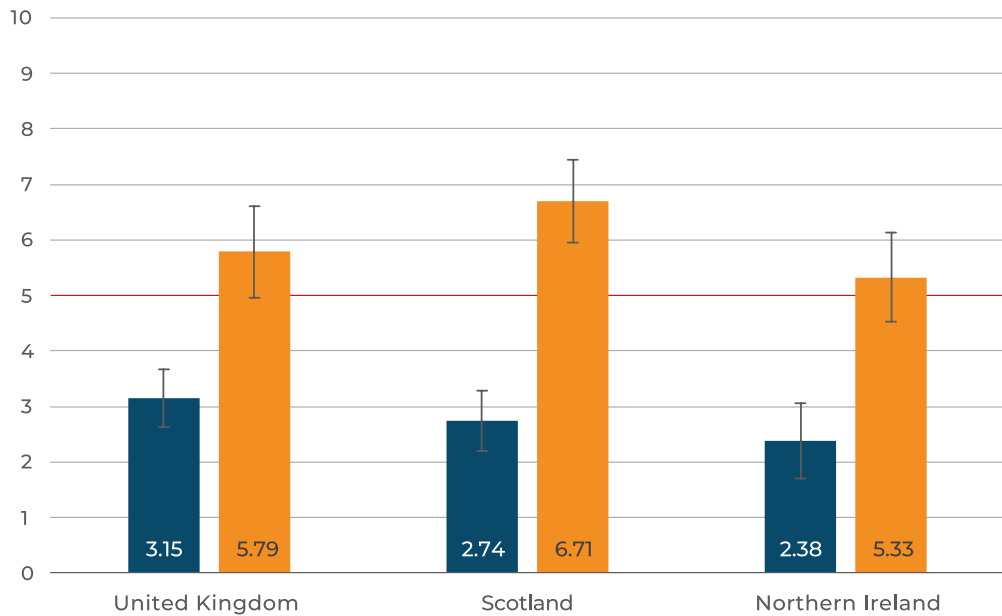


8.4 SUPPORT TO WOMEN ENTREPRENEURS

The relatively new pillar describing the state of support to women entrepreneurs shows the insufficiency across all benchmark nations and may help explain the observed entrepreneurial gender gap. In the three comparator areas, experts agree that support to women entrepreneurs is insufficient. In Northern Ireland the EFC score is 2.38 compared to 2.74 in Scotland and 3.15 in the UK. Although the other nations score higher the differences are not statistically significant, and all are below the sufficiency threshold of 5 (Figure 8.6).

In contrast, and perhaps more optimistically, the scores reflecting accessibility of resources for women entrepreneurs are all higher than those representing support, and all are above 5. This indicates sufficiency in this condition. In Northern Ireland although the score is 5.33, it is not statistically different from 5, the same for the UK. Only Scotland's score can be deemed statistically different with a score of 6.71. Nevertheless, the results suggest that women's access to resources is in a greater shape than the level of support available to them.

FIGURE 8.6
Support to women entrepreneurs in 2023 in NI, Scotland and the UK
(Source: GEM UK NES 2023, GEM Global NES 2023)
Note: black bars represent the 95% confidence intervals



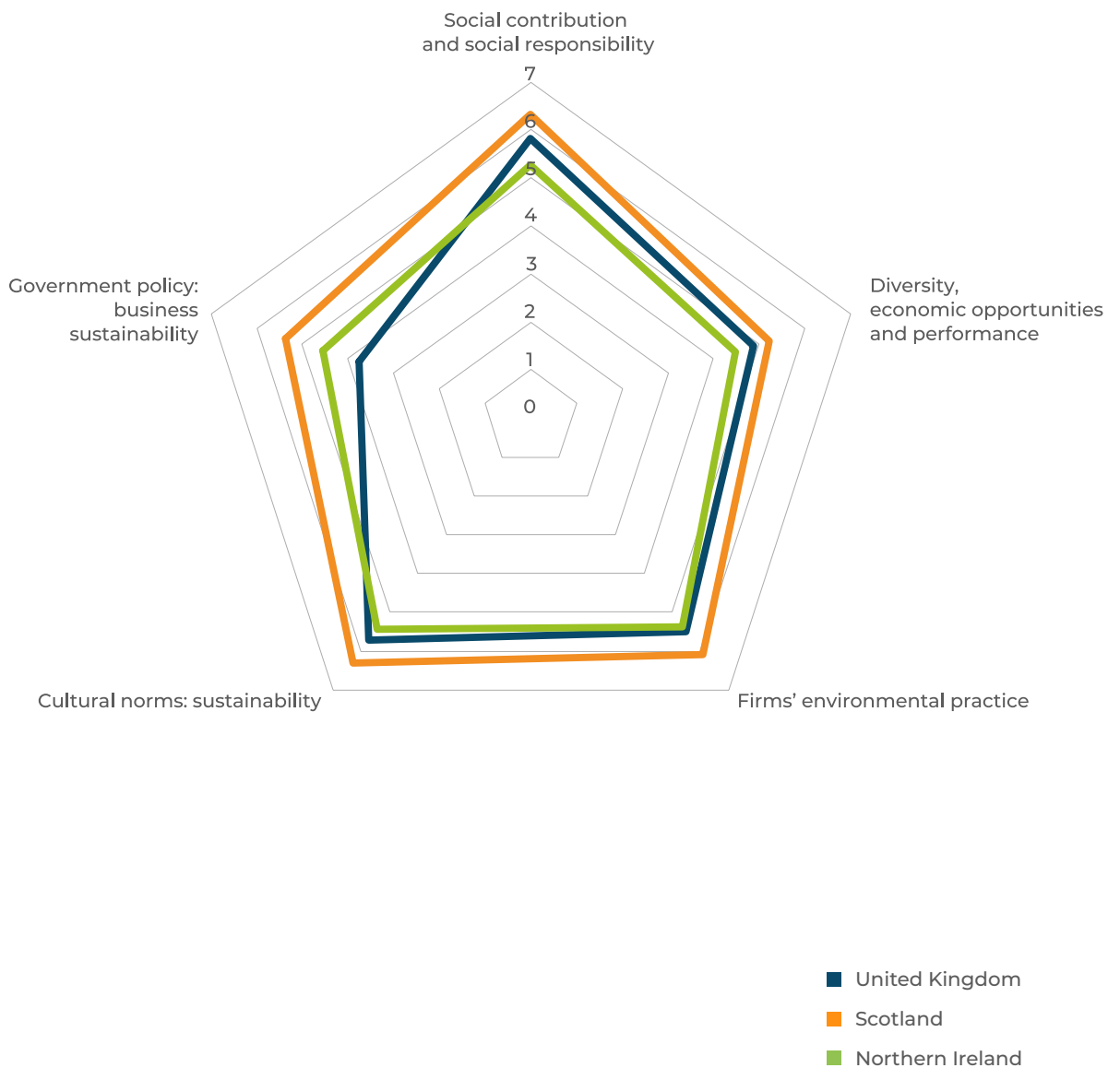
- Women's entrepreneurship: level of support
- Women's entrepreneurship: accessibility of resources

8.5 SUSTAINABLE DEVELOPMENT GOALS (SDGS) IN NORTHERN IRELAND

In 2023 the NES introduced new measures in relation to the aims of the Sustainable Development Goals (SDGs), particularly in terms of entrepreneurial priorities, including good environmental and sustainable practice. Northern Ireland, as well as the UK and Scotland generally scored well with a number of the measures deemed sufficient (Figure 8.7) – social contribution and responsibility (5.26), firms’ environmental practices (5.38) and

cultural norms in terms of sustainability (5.44). Where Northern Ireland in particular was weaker, was in relation to diversity, economic opportunities and performance (4.47) and in Government policy on business sustainability (4.56). Northern Ireland did score higher than the UK in the latter measure although only Scotland was deemed sufficient in this EFC, with a score above 5.

FIGURE 8.7
Sustainable Development Goals in 2023 in the UK, Scotland and Northern Ireland
(Source: GEM UK NES 2023, GEM Global NES 2023)



Concluding Observations

Levels of entrepreneurial activity are a vital metric in any economy as the creation of new ventures is positively connected to the drivers of economic growth and productivity through increased innovation, competition and job creation. While recent years have seen record levels of start-up in the UK in an international context, there still remains an 'entrepreneurial deficit' in Northern Ireland, as measured by business start-up activity. Although recent years saw a considerable increase in the overall entrepreneurial activity rate in Northern Ireland, the combined Northern Ireland rate for 2021-23 has remained lower than the UK.

Northern Ireland has historically lagged behind the rest of the UK in terms of some of the attitudinal measures of entrepreneurship, particularly in the perception of start-up opportunities in the local area, even though self-perception of skills to start a business in Northern Ireland has indicated a stronger increasing trend in comparison with the UK. Besides, the share perceiving good opportunities for start-up in Northern Ireland, after recording a considerable marked decrease from 46.7% in 2021 to 29.4% in 2022, has increased again to 32.4% in 2023. However, fear of failure in Northern Ireland has continued its increasing trend to 62.9% in 2023.

Nearly half of individuals in Northern Ireland and the UK stated that they know someone that started a business recently. This may reflect the increased presence of entrepreneurs in society and/or may be a sign of increased networking.

Entrepreneurs who expect to create a large number of jobs potentially make a greater contribution to growth and regeneration. However, a warning sign is that the rate of nascent entrepreneurs with high job expectation in Northern Ireland has continued to show a decreasing trend for Northern Ireland. On the other hand, Northern Ireland's rate of established business owners with high job expectation has markedly increased from 7.4% in 2022 to 13.2% in 2023, leading to it now being higher than that rate of 9.3% for the UK.

Stimulating start-ups will continue to be important but providing a support framework from both the private and public sector to help them survive and grow is now also a crucial element of any developing policy framework. Further efforts to stimulate the number of start-ups and those with the potential to provide jobs will now be crucial for economic development, as creating good jobs is the first of four priorities set by Economy Minister Conor Murphy recently.¹³ Entrepreneurship and GEM data are also highly relevant to the other priorities of promoting regional balance, raising productivity and reducing carbon. This is also in line with the work DfE and InvestNI are participating in through the MIT Regional Acceleration Program (MIT REAP).¹⁴

¹³ DfE – Minister sets out his vision for the economy

¹⁴ MIT REAP – Northern Ireland

Appendix:

ENTREPRENEURIAL FRAMEWORK CONDITIONS

FIGURE 1: A1 – Entrepreneurial finance

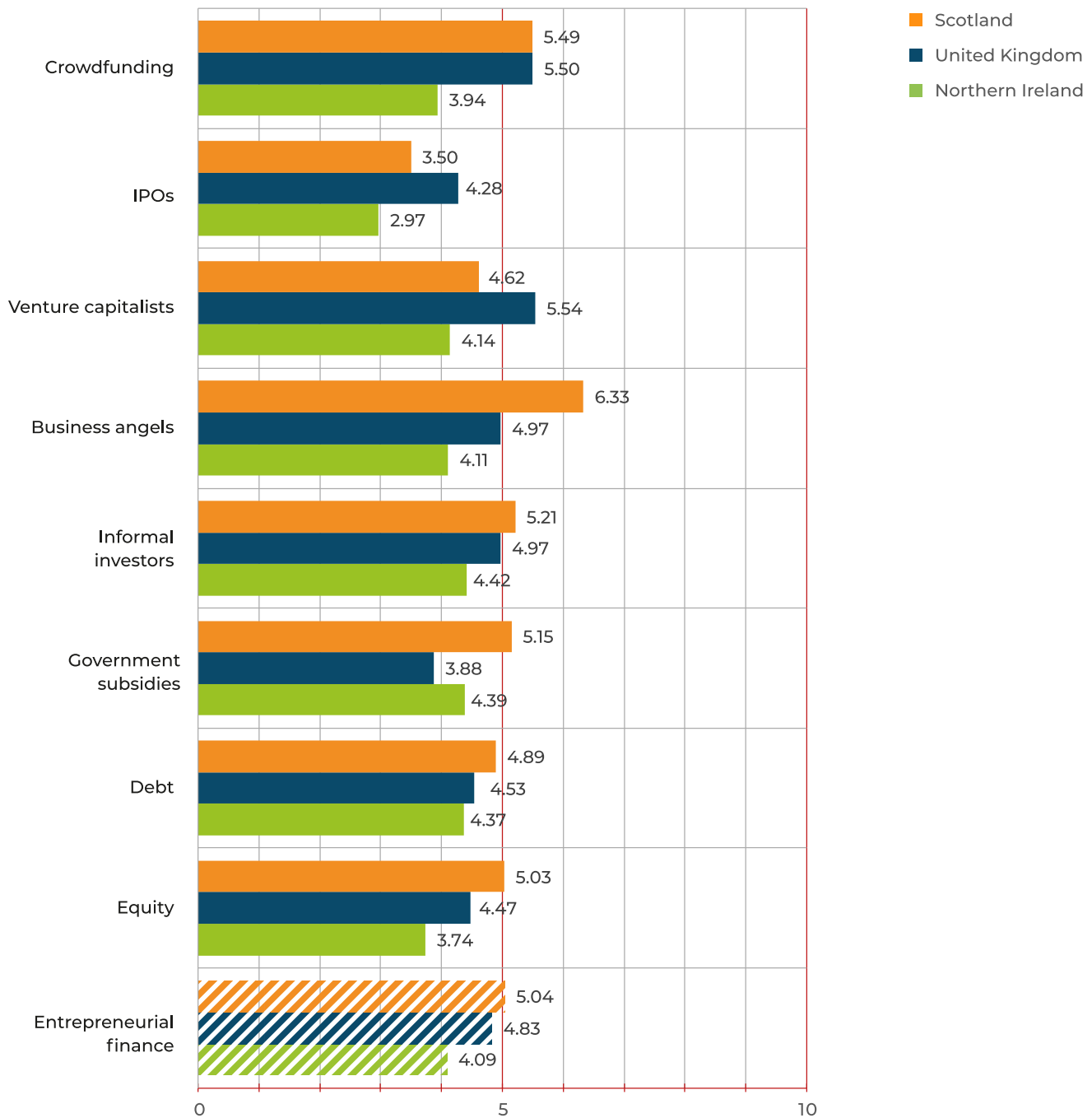


FIGURE 2: A2 – Ease of access to entrepreneurial finance

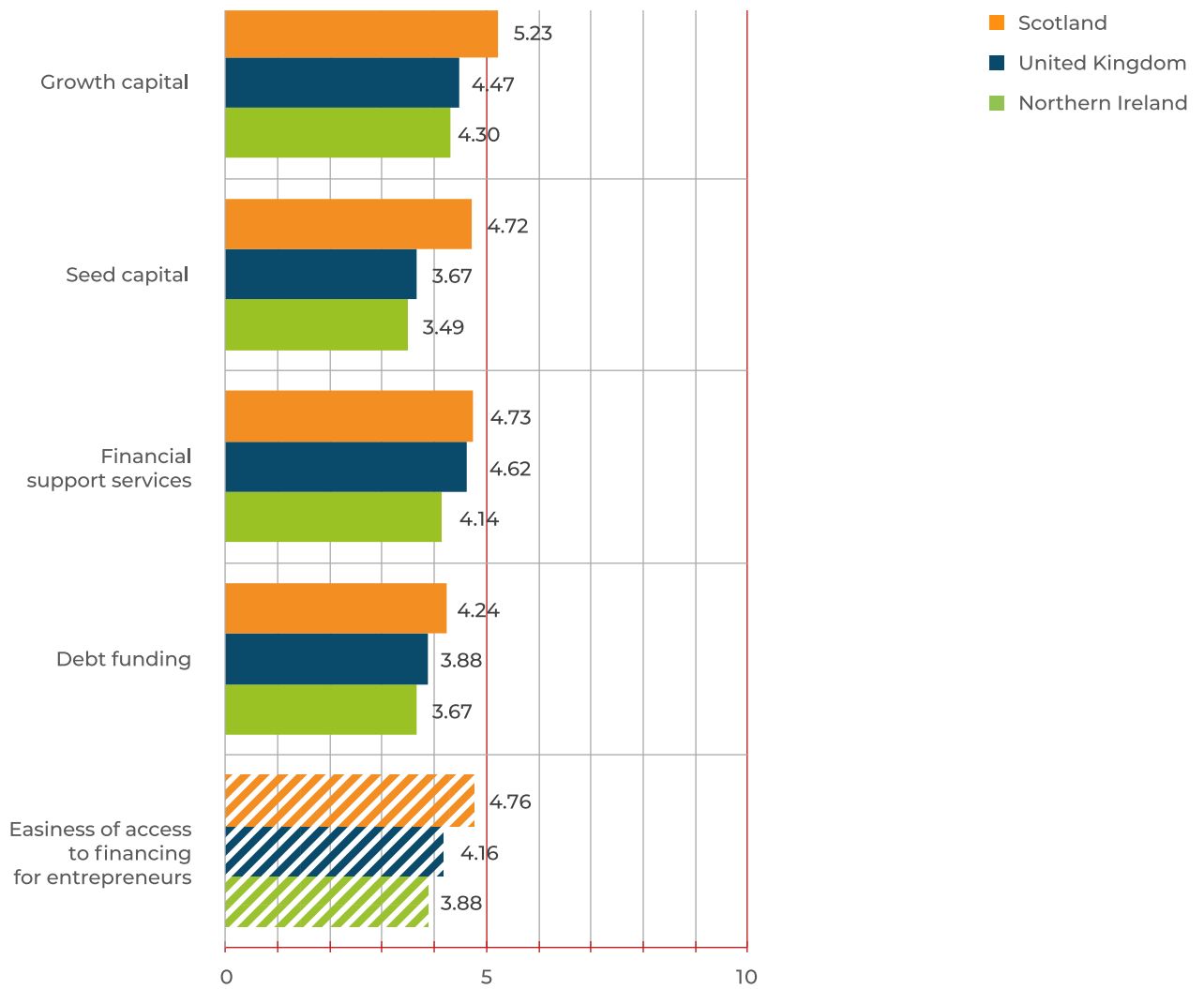


FIGURE 3: B1 – Government policy: support and relevance

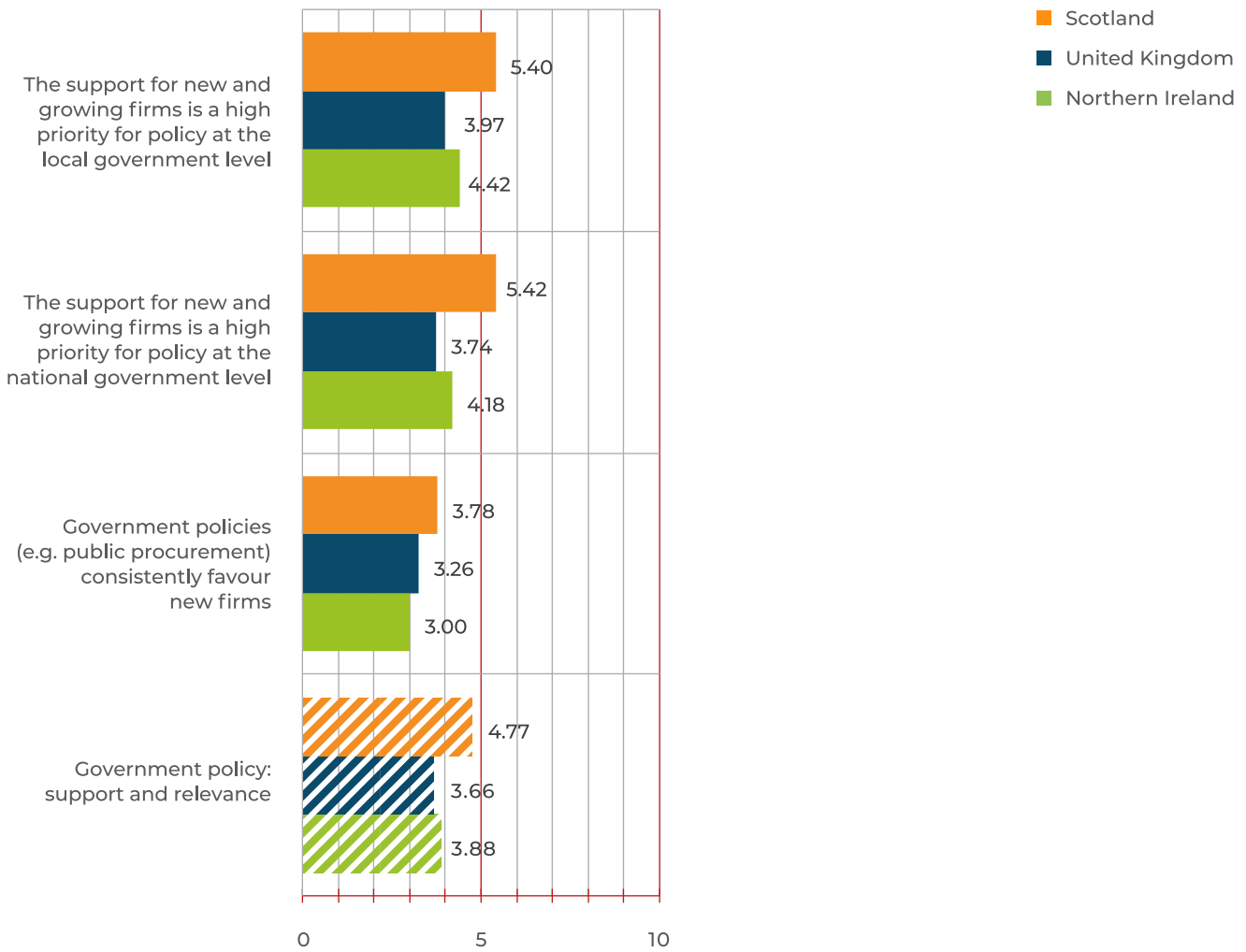


FIGURE 4: B2 – Government policy: taxes and bureaucracy

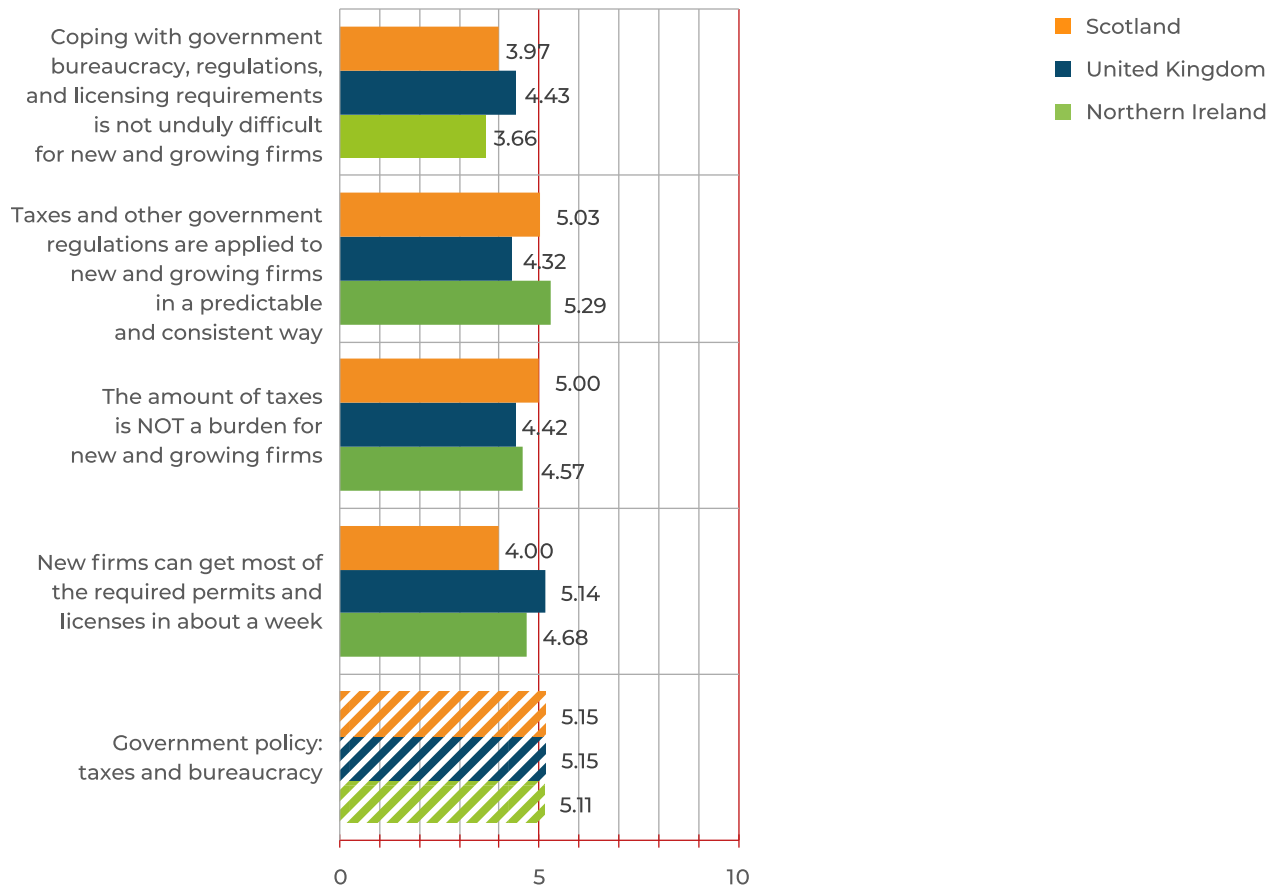


FIGURE 5: C – Government entrepreneurial programmes

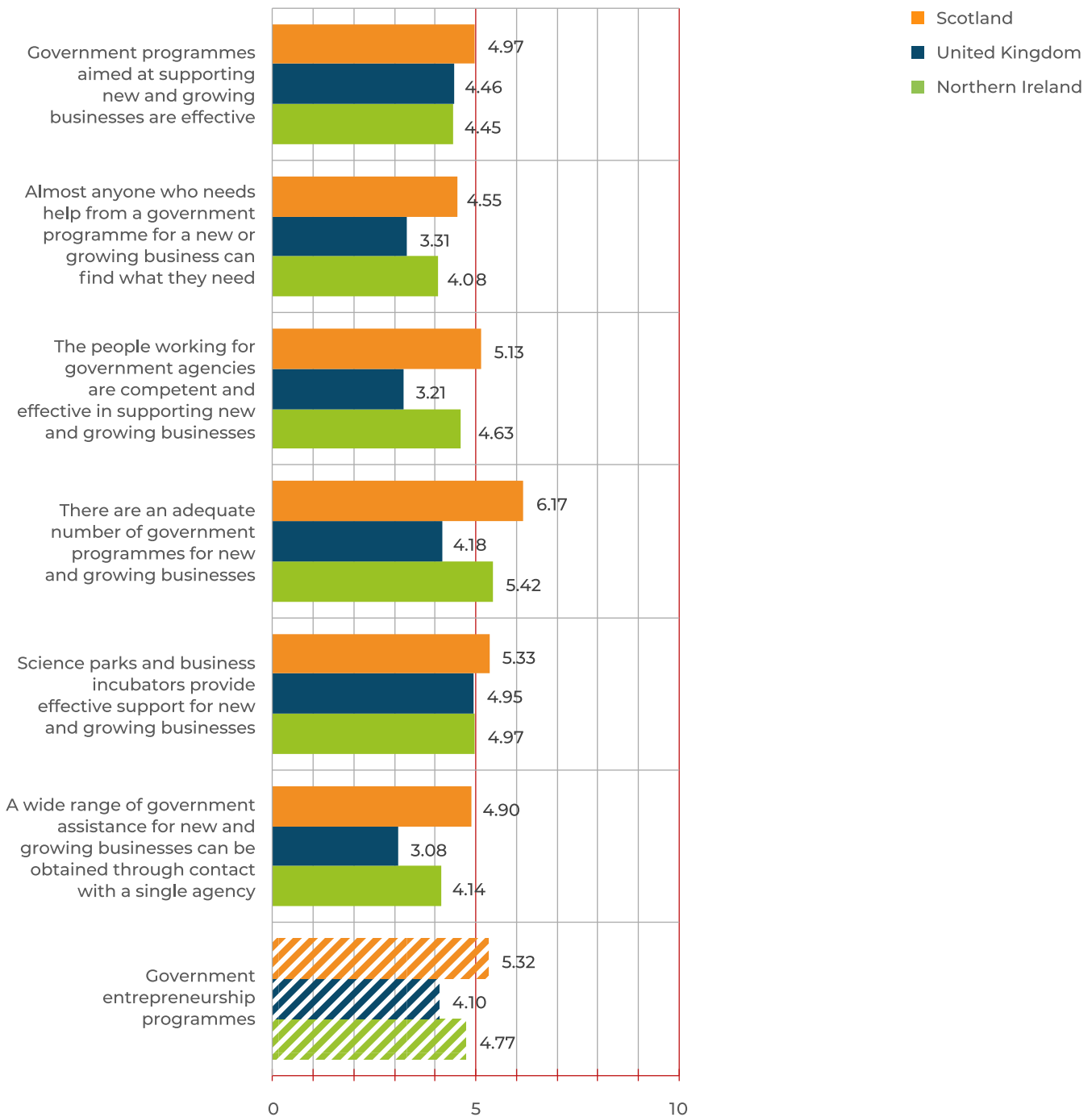


FIGURE 6: D1 – Entrepreneurial education at school

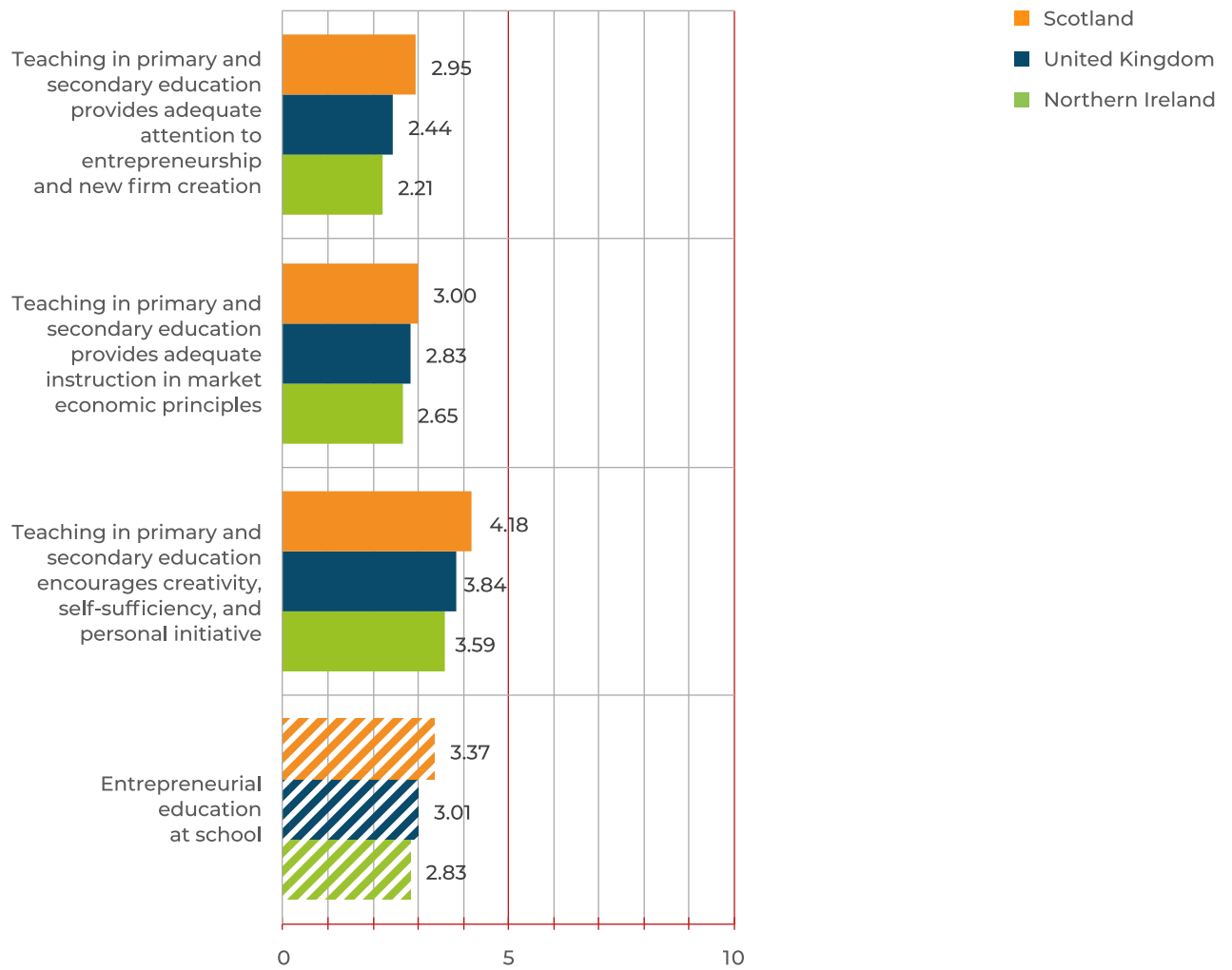


FIGURE 7: D2 – Entrepreneurial education post-school

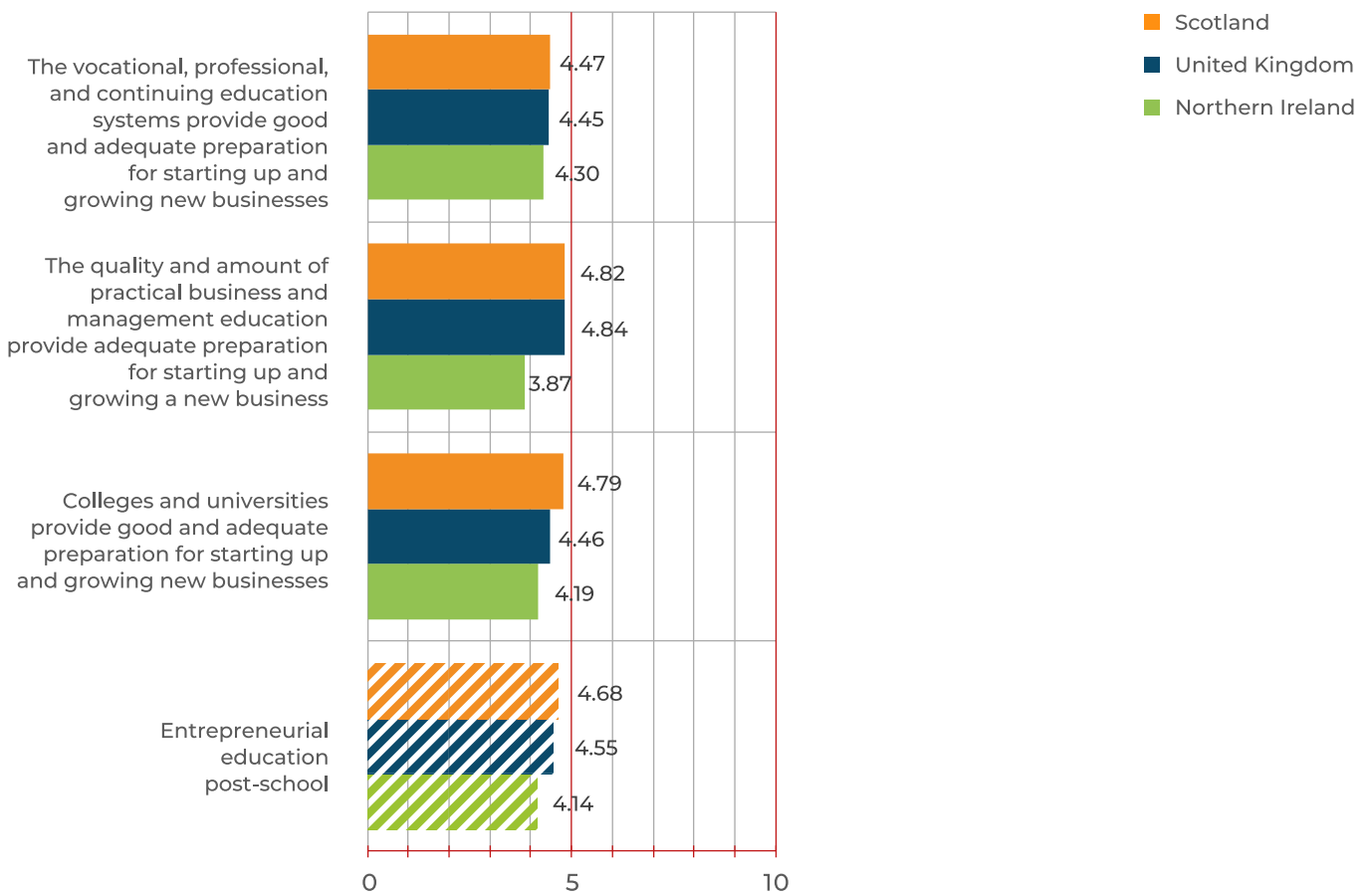


FIGURE 8: E – Research and development (R&D) transfer

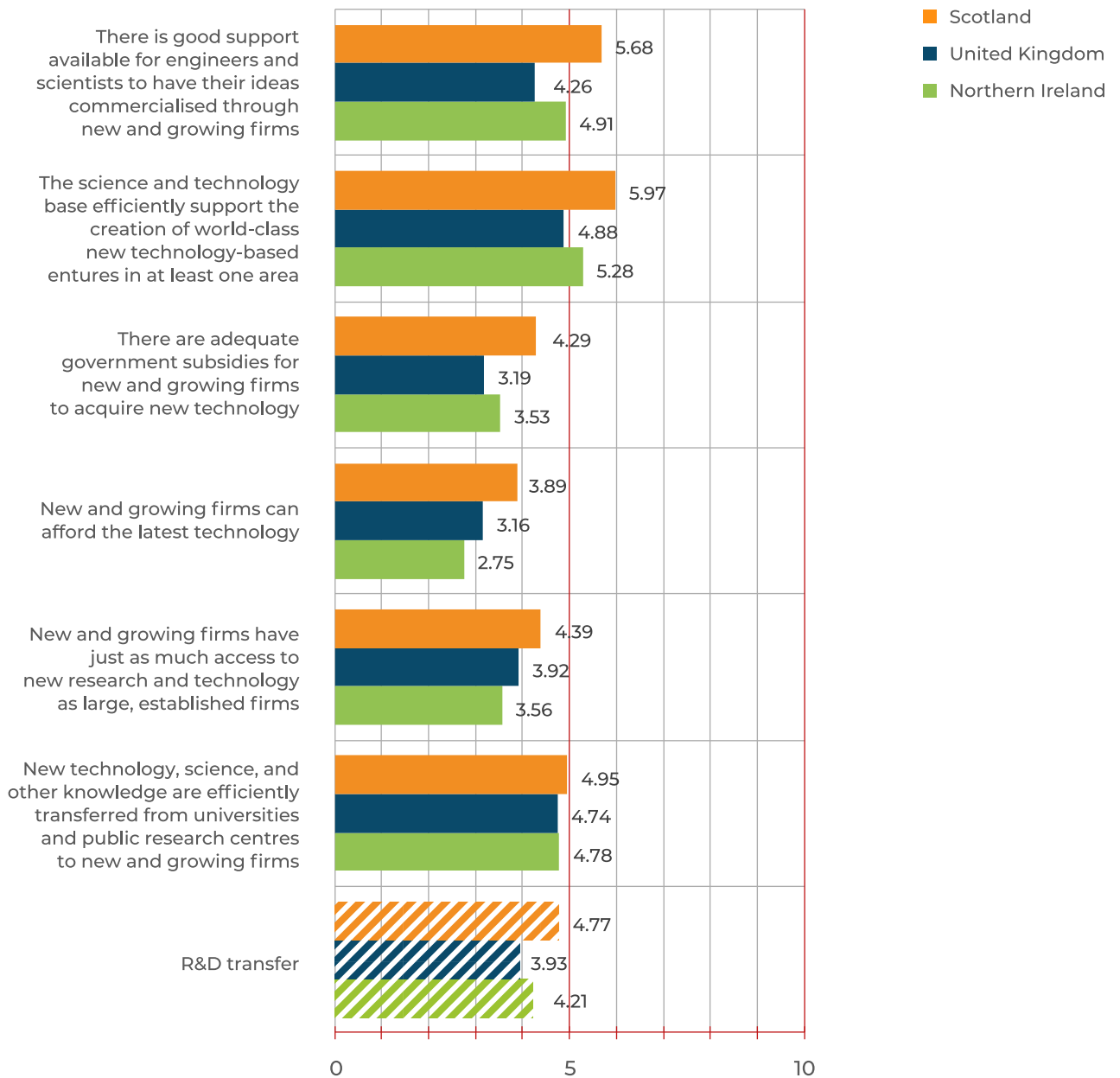


FIGURE 9: F – Commercial and professional infrastructure

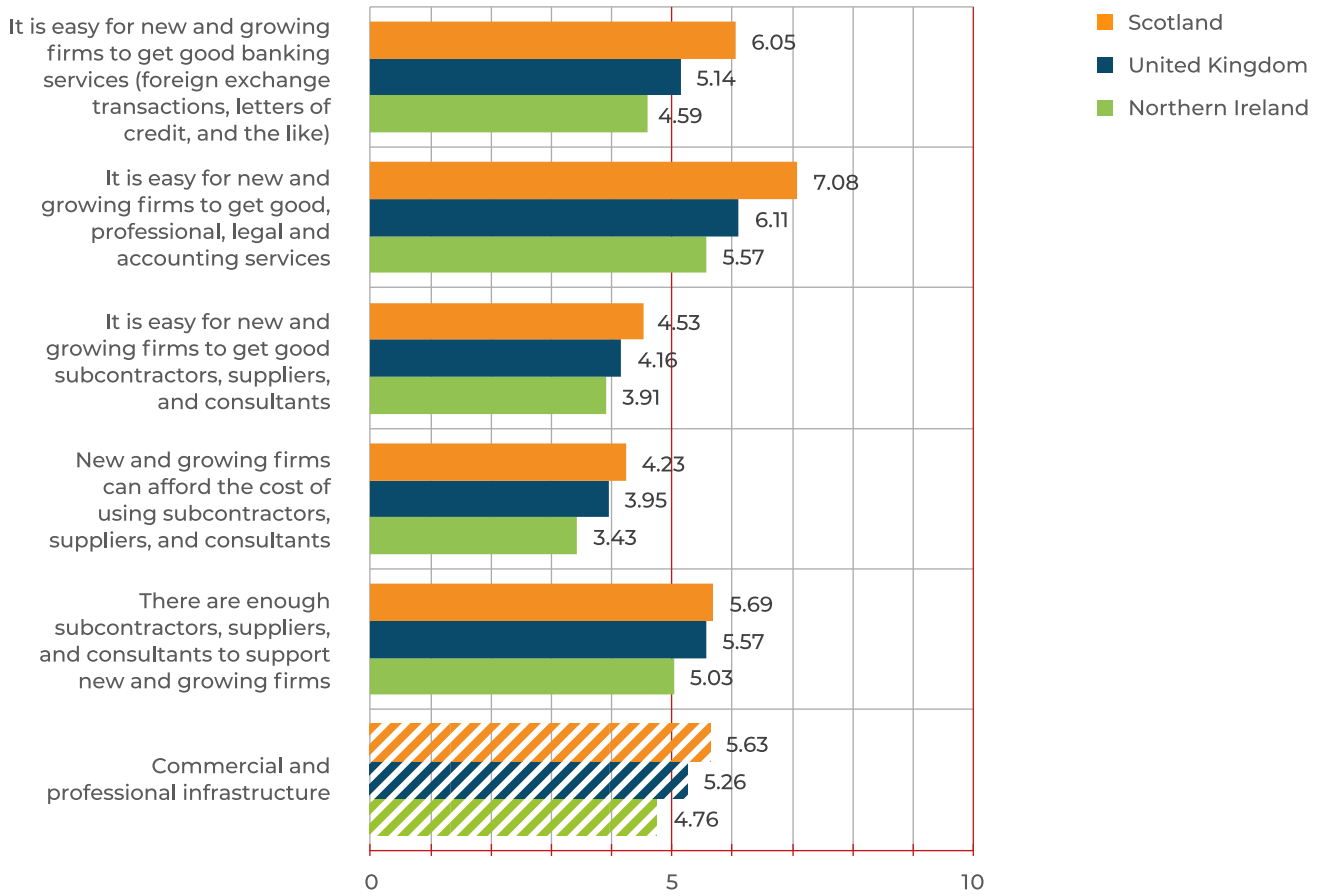


FIGURE 10: GI – Ease of entry: market dynamics

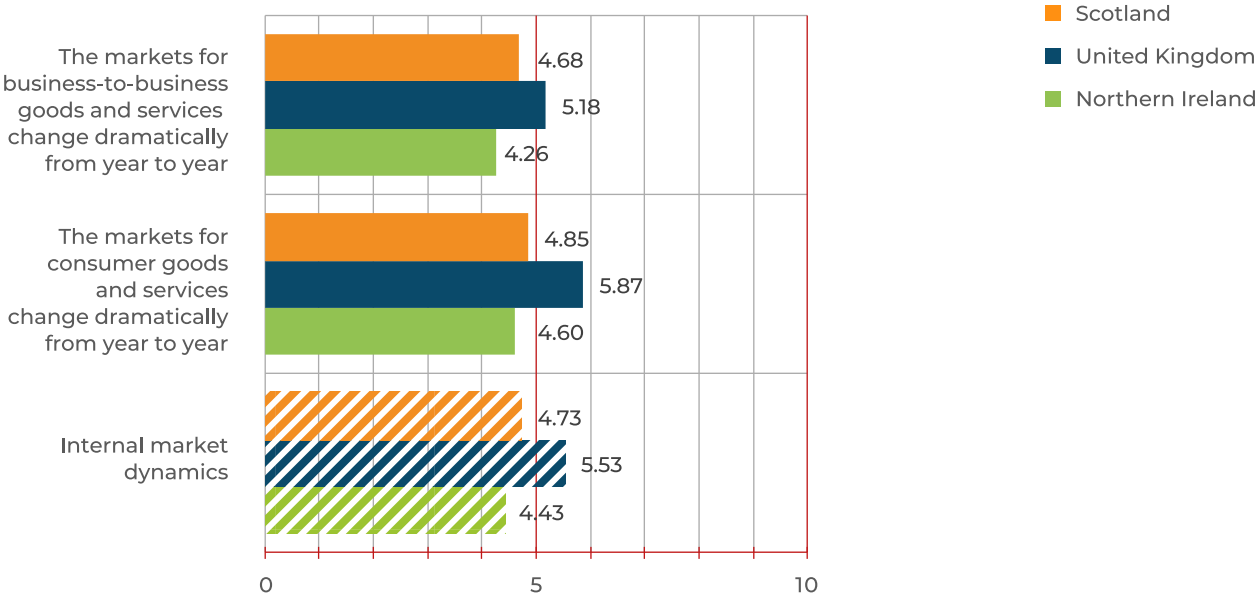


FIGURE 11: G2 – Ease of entry: burdens and regulation

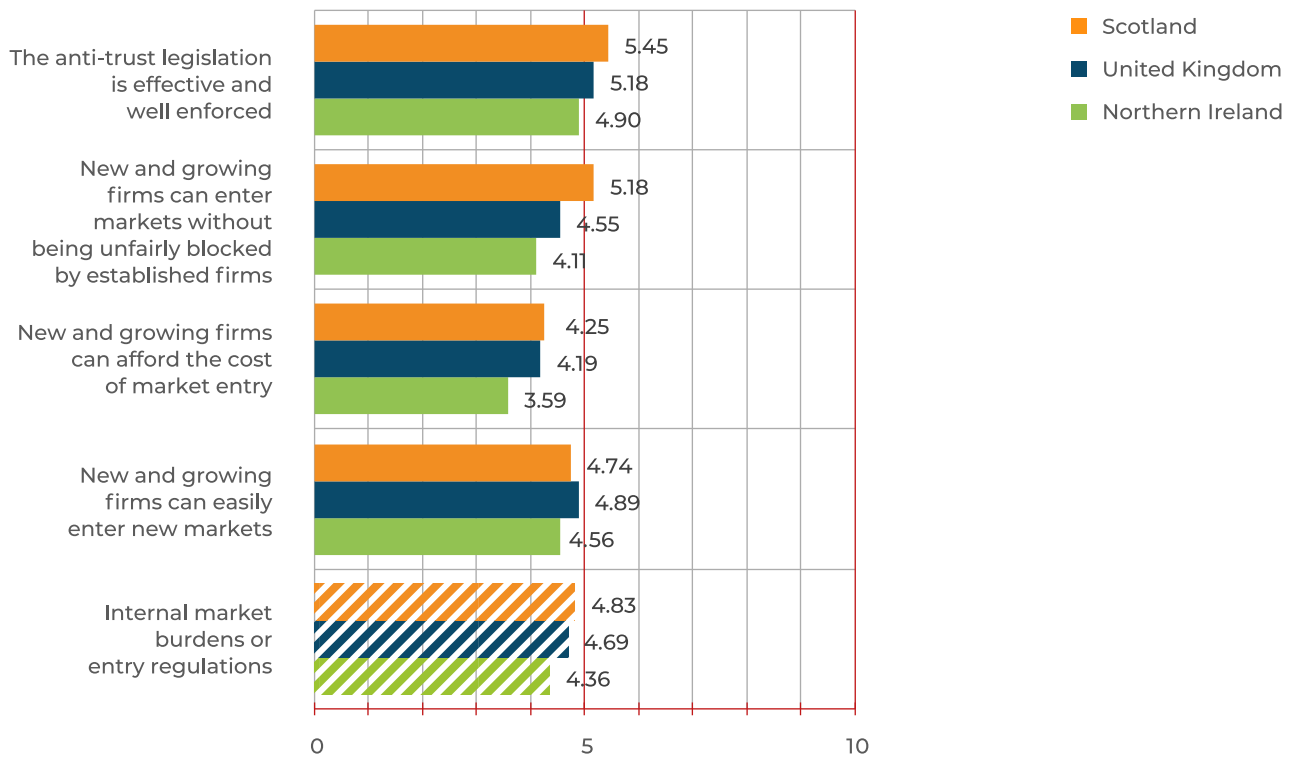


FIGURE 12: H – Physical infrastructure

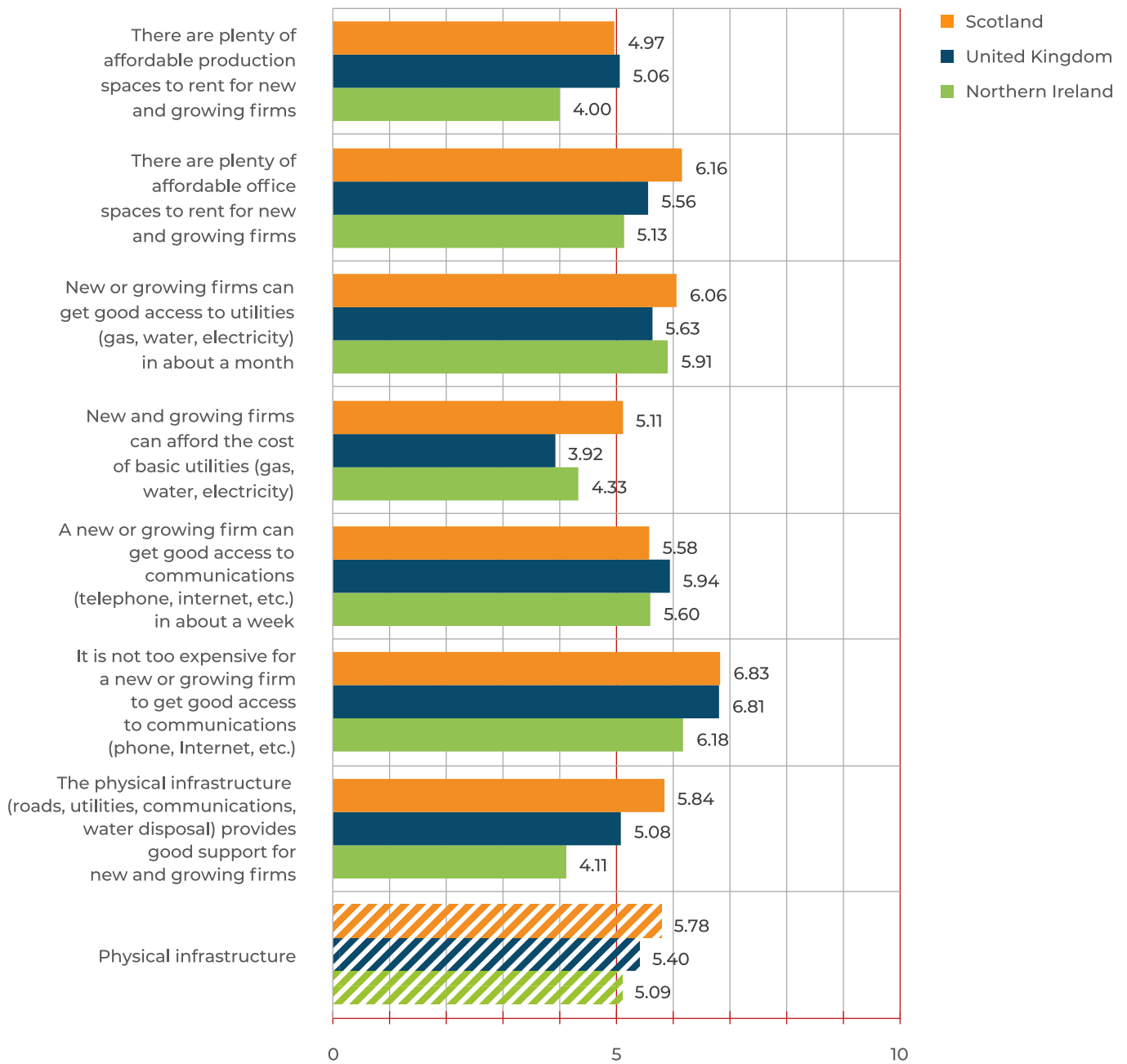
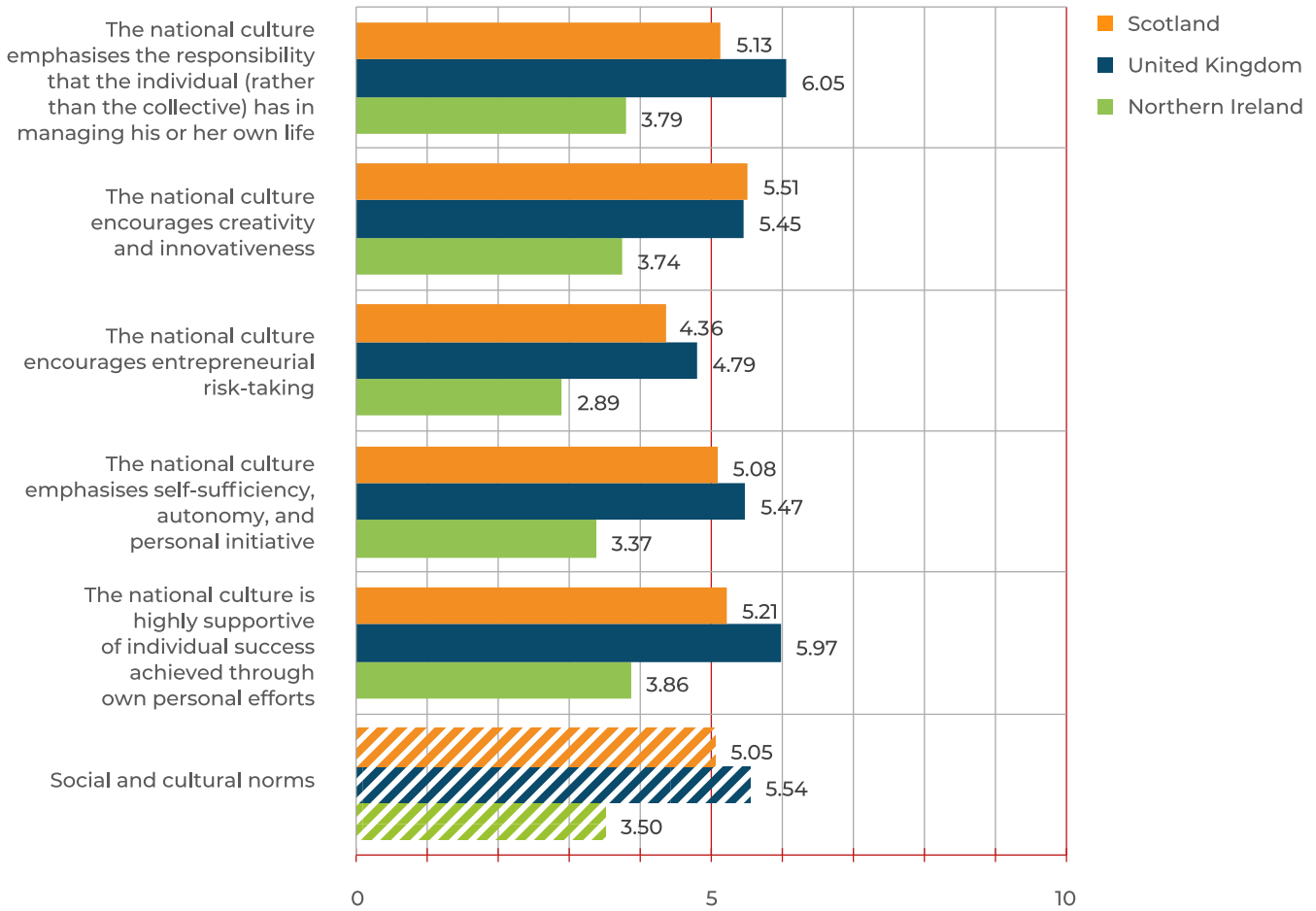


FIGURE 13: I – Social and cultural norms



DISCLAIMER

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

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