



Global
Entrepreneurship
Monitor

In partnership with



Llywodraeth Cymru
Welsh Government

Global Entrepreneurship Monitor

Wales Report 2022/23

Authors Mark Hart, Karen Bonner, Neha Prashar, and Anastasia Ri



In partnership with



NatWest

The Global Entrepreneurship Monitor (GEM) is an international project involving 49 economies in 2022 which seeks to provide information on the entrepreneurial landscape of countries. Many studies have shown that entrepreneurship is an important driver for economic growth, competitiveness and job creation. The results of the GEM data analysis are used as key benchmarking indicators by regional and national authorities around the world. The sample size in Wales in 2022 was 1,513 adults aged over 18 years as a result of the Welsh Government boosting the UK national sample.

Acknowledgements

We are pleased to have NatWest sponsor the 2022 Global Entrepreneurship Monitor UK Report. As one of the UK's biggest supporter of small businesses, they understand the important role that start-ups, scale-ups and high-growth businesses play in a strong and prosperous UK economy. Special thanks to the Welsh Government.

Participation in the GEM Global project in 2021 by the UK consortium was made possible by funding from the Department for Business and Trade (DBT) Business Innovation Directorate, Hunter Centre for Entrepreneurship at the University of Strathclyde, the Welsh Government, Department for the Economy (NI) and NatWest Group.

The vendor for the Adult Population Survey (APS) was BMG Research Ltd and we would like to thank Dawn Hands, Roger Sant and Julie Hollingsworth for their role in the timely execution of the survey and the creation of the UK dataset. In particular, we would like to thank Roger Sant for his invaluable contribution to the weighting that was undertaken this year due to the dual method used to obtain responses to the GEM survey – that is, CATI and Online.

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.

For further information on the GEM UK project, contact:

Professor Mark Hart
Enterprise Research Centre
Aston Centre for Growth
Aston Business School,
Aston University
Aston Triangle,
Birmingham, B4 7ET
Email: mark.hart@aston.ac.uk

GEM Report 2022/23

Foreword by James Holian, NatWest Managing Director of Business Banking

The latest Global Entrepreneurship Monitor provides an authoritative voice on the past year's entrepreneurial trends. With over 10,000 adults participating in the UK survey alone, the research continues to maintain its high standard. Equally, NatWest continues to be proud to sponsor this report, and, for the second year, additional reports for Northern Ireland, Scotland and Wales.

Despite a backdrop of geopolitical turmoil, a cost-of-living squeeze and rocketing inflation, 2022 was a robust year for UK entrepreneurs, with almost a third of respondents engaged in entrepreneurial activity or planning to start a business; a figure that is still up from 2020.

Research from the report shows that when looking to the future of their businesses, social impact is a bigger consideration for early-stage entrepreneurs than established businesses. And new ventures are more likely to consider the environmental consequences of their decisions than established businesses, although are no more likely to act.

SMEs have reported that one of the biggest obstacles to this lack of movement is accessing tools to measure and reduce their carbon output amid high energy and material costs. Government policies and regulations to help businesses reach the United Nations' Sustainable Development Goals through grants or tax cuts is an area that needs improvement.

However, on a positive note, findings reveal that the female-to-male early stage entrepreneurial activity ratio was at its highest in 2022, a testament to female resilience in a time of flux, when fear of failure is slightly higher among women. Meanwhile, youth entrepreneurship is still rising, with those under 35 years of age significantly more likely to start a business than their older counterparts.

The number of people of working age who perceive good start-up opportunities during the six months ahead has fallen, reflecting the challenges of last spring and summer and highlighting the need to keep our pre-pandemic recovery energised and on track.

At NatWest we see this as a call to unlock the potential of our businesses and their communities. For those entrepreneurs starting up and scaling up, we are determined to be there to ensure they thrive, while supporting climate, talent and growth during economic uncertainty.

Main Findings

- The rate of total early-stage entrepreneurship (TEA) in Wales in 2022 was 7.8 per cent. This was down but not significantly different from the 2021 rate of 10.3 per cent. The rate in 2022 was, however, significantly lower than that in England (11.5%) and the UK (11.0%).
- In 2022 early-stage entrepreneurs in Wales were most strongly motivated to start up to earn a living as jobs are scarce (over 60 percent). They were least likely to set up a business to carry on a family tradition.
- At 6.1 per cent the female TEA rate in Wales in 2022 was not significantly different to the male rate of 9.5 per cent. Both rates were down, but not significantly different, from 2021 which was the highest on record for Wales. The female TEA rate in Wales in 2022 was significantly lower than in the UK, there was no such difference for males.
- The level of youth entrepreneurship in Wales is significantly higher in 2022 than it was in 2002: 12.4 per cent compared to 2.0 per cent. There were no significant differences in the TEA rate across age groups in Wales in 2022.
- Around two-fifths (42.6%) of non-entrepreneurs state that they have the skills, knowledge and experience to start a business and a similar share (44.8%) know an entrepreneur that has started a business within the past two years. At 60.8 per cent a much higher share of young people (aged 18-24) know an entrepreneur compared to the wider non-entrepreneurial population.
- At around one-third, a similar proportion of non-entrepreneurs in Wales and the UK, believe there are good start-up opportunities locally within the next six months. Fear of failure rates are also similar. In 2022 almost three-fifths of those in Wales that identified start-up opportunities stated that fear of failure would prevent them from starting a business.
- Intention to start a business remains elevated in 2022. In total 15.7 per cent of non-entrepreneurial working age adults in Wales expect to start a business within the next three years, just below the UK rate of 18.5 per cent.

Background

The Global Entrepreneurship Monitor (GEM) is an international project which seeks to provide information on the entrepreneurial landscape of countries 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 Welsh Government (WG) sponsors the Welsh component of the GEM UK research project. Stimulating entrepreneurship remains an important challenge for the region and WG has taken the lead in ensuring that it is embedded within its core activities. This is the twentieth year in which the WG has participated in GEM. Of the 372,000 respondents to GEM UK surveys for the period 2002-2022, around 68,000 respondents are from Wales. Wales now has one of the largest databases on entrepreneurial attitudes, activity and aspirations of the home nations of the UK for this period. This is particularly useful when conducting trend analysis for important sub-populations in Wales, such as women, the young or older people.

The results from GEM 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 its 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 Wales.

How GEM Measures Entrepreneurial Activity

GEM creates an index of early-stage entrepreneurial activity (known as TEA) using the following approach:

- A telephone survey of a random sample of the adult population is conducted between May and September each year.
- The TEA index is the sum of those respondents classified as nascent¹ entrepreneurs and new firm entrepreneurs².

The TEA index does not measure all entrepreneurial activity and is not based on a survey of business entities. It measures the characteristics of entrepreneurial individuals and the types of entities they establish. As such it is a unique and internationally comparative measure of the cultural propensity of a nation, or region, to be entrepreneurial.

Previously in GEM, the method to distinguish between different types of entrepreneurial activity was to measure the extent to which the activity was based on necessity (i.e., there are no better alternatives for work) or opportunity (where entrepreneurs may be exploiting the potential for new market creation). The current motivation questions, spanning a wider choice, enable a more detailed disaggregation of entrepreneurial motivation than the previous binary choice allowed. In addition to activity, the GEM survey asks all respondents about their attitudes to entrepreneurial activity and asks entrepreneurs about their aspirations.

The methodology, sample sizes and weighting systems used for the GEM UK 2022 adult population survey are explained in more detail in the GEM UK 2022 report (www.gemconsortium.org). An important change in the sample design was introduced in 2010 when 10 per cent of respondents in each Government Office Region (GOR) were selected at random from households which had mobile phones but not fixed phone landlines. In 2015, this was increased to 20 per cent, in line with recent estimates in the proportion of mobile-only households in the UK and that has been maintained in the 2022 survey. 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/CAWI mixed method).

The following report presents a summary of the headline results and key themes arising from the GEM survey in 2022 as well as an analysis of over twenty years of GEM data (2002-22).

¹ 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.

² 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.

Total Early-Stage Entrepreneurial Activity

The rate of early-stage entrepreneurship in Wales in 2022 was 7.8 per cent which was lower than the estimate of 10.3 per cent in 2021 although the difference was not statistically significant. The rate in 2022 was, however, significantly lower than the 2022 rates in England (11.5 per cent) and the UK estimate of 11.0 per cent (Figure 1).

Overall, a TEA rate of 7.8 per cent in Wales equates to around one in every twelve adults aged 18-64, or around 142,000 individuals, 67 per cent of whom were in the very early stages of starting a business (nascent entrepreneurs 5.2 per cent) and the remainder those who had a new business which was between 4 and 42 months old. The comparable figure for nascent business owners in the UK was 7.1 per cent.

As Figure 2a shows the rate of early-stage entrepreneurial activity in both Wales and the UK remained relatively stable between 2004 and 2010, at around 6 per cent. The rates diverged thereafter, accompanied by volatility in both series. As with other parts of the UK, early-stage

entrepreneurial activity in Wales peaked in 2021 at 10.3 per cent. In 2022 the UK rate has held up at around 11 per cent but the rate in Wales has fallen back to under 8 per cent, widening the gap with the UK once again. These results underline the impact of the pandemic on early-stage entrepreneurial activity and in 2022 it has now just about its average over the last 10 years.

In 2022 the nascent entrepreneurial activity rate in Wales was 5.2 per cent, down, but not significantly so, from 7.4 per cent in 2021. The new business ownership rate of 2.7 per cent was also not significantly different to the rate of 3.0 per cent in 2021. In comparison, the nascent entrepreneurship rate in the UK was largely unchanged between 2021 and 2022 at 7.2 per cent and 7.1 per cent respectively. The new business ownership rate for the UK was also similar in both years at 4.5 per cent in 2021 and 4.3 per cent in 2022. Based on this, the difference in TEA rates between Wales and the UK in 2022 is due to the differences both in nascent and new business ownership.



Figure 1: Total early-stage entrepreneurial activity (TEA) in the UK Home Nations 2022 (Source: GEM APS, 2022)

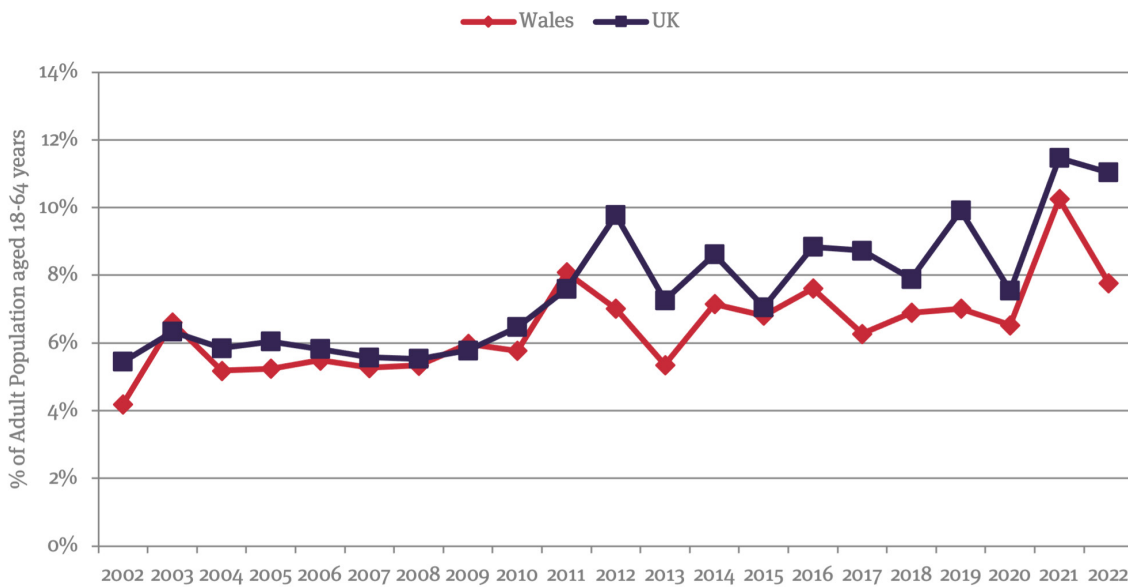


Figure 2a: Total Early-Stage Entrepreneurial Activity in Wales and the UK 2002-22 (Source: GEM APS, 2002-2022)

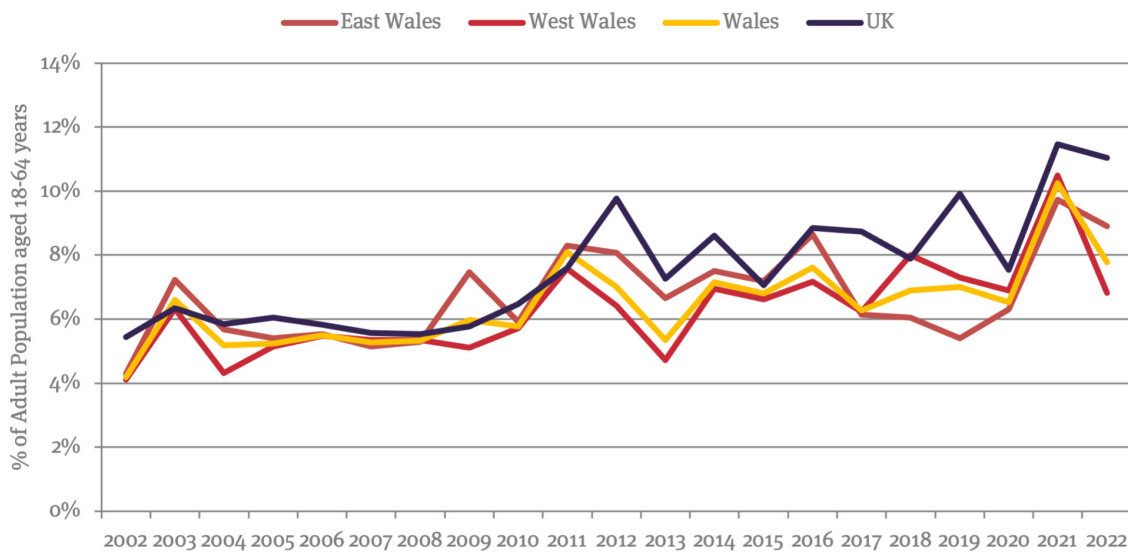


Figure 2b: Total Early-Stage Entrepreneurial Activity in East Wales, West Wales & Valleys, Wales and the UK 2002-22 (Source: GEM APS, 2002-2022)

Until 2011 the TEA rates of East and West Wales followed similar trends (Figure 2b). Although a gap subsequently opened between the two, the rates were not significantly different. From 2017 the rate in West Wales was higher than in East Wales but, again, the difference was not statistically significant. This is still the case in 2022 where the TEA rate in East Wales was 8.9 per cent compared to a rate of 6.8 per cent in West Wales.

Since the 2020 GEM APS survey, a new and improved method of looking at founders' motives for starting their business was introduced. Previously the question asked was too constrained and only allowed for a choice between necessity and opportunity entrepreneurship. These questions were replaced with those which allowed for a combination of motives, enabling a more realistic set of drivers for start-up.

The four motives are “to make a difference in the world”, “to build great wealth or very high income”, “to continue a family tradition” and “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 either opportunity or necessity. The final one can be thought of as more necessity driven. However, the fundamental point is that these options are now not mutually exclusive, and entrepreneurs can report more than one motivation and the degree to which they identify with them. Note that these motivations do not include autonomy or independence; this is because pre-tests showed that this was a universal motivation for entrepreneurs and does not distinguish between types of entrepreneurs.

Figure 3 shows a breakdown of these motives by home nation as a percentage of early-stage entrepreneurs. As in previous years, early-stage entrepreneurs in all home nations were much less likely to report starting a business “to continue a family tradition” than all other motivations. Similar to 2021, more than three-fifths of all entrepreneurs reporting starting a business “to earn a living because jobs are scarce”. A similar share of entrepreneurs in Wales and the UK reported that they were motivated to start-up their business ‘to make a difference in the world’ at 53.4 per cent compared to 53.2 per cent in the UK overall. Around 60 per cent were motivated by the need ‘to build great wealth or a very high income’ compared to 63 per cent in the UK overall.

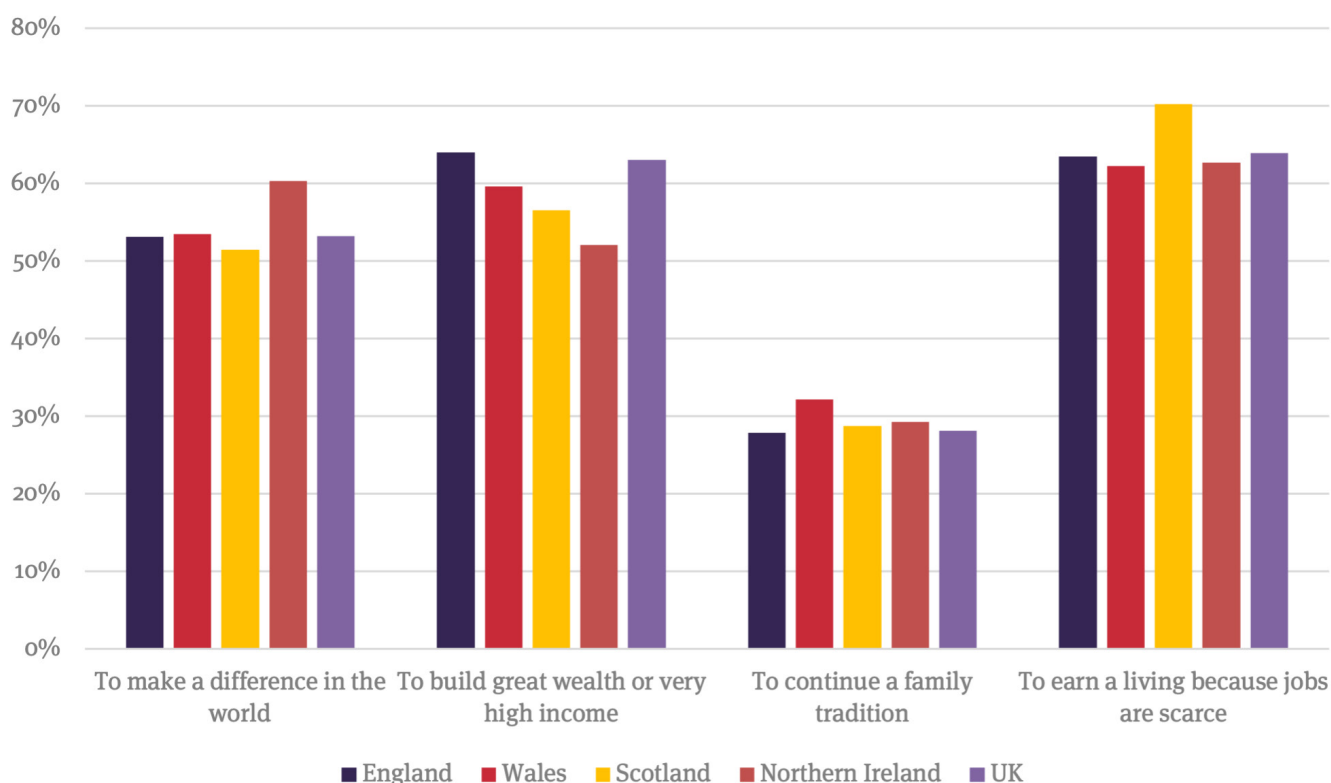


Figure 3: Motivation for Entrepreneurship in UK Home Nations 2022 (Source: GEM APS, 2022)

Who are the Entrepreneurs in Wales?

Gender: Males typically have higher early-stage entrepreneurial activity rates than females. In Wales the rates between genders have been similar over recent years. In 2022 the male TEA rate in Wales was 9.5 per cent compared to a female rate of 6.1 per cent - the difference was not statistically significant. In the UK in 2022 male TEA rates were significantly higher than for

females (Figure 4) but there were no differences across the home nations.

The ratio of female to male early-stage entrepreneurial activity has historically been around 50 per cent in the UK but the gap has recently narrowed, standing at 78 per cent in 2022. The ratio in Wales in 2022 was 64 per cent, down from 92 per cent in 2021. Northern Ireland and Scotland's ratios were similar at 71 per cent and 68 per cent respectively while England was similar to the UK ratio at 81 per cent.

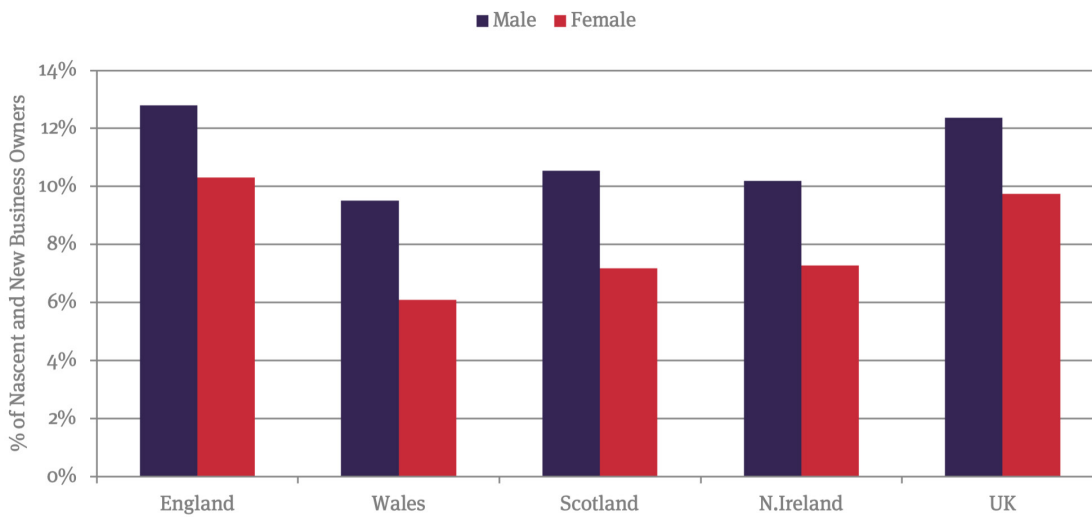


Figure 4: Total Early-Stage Entrepreneurial Activity by Gender in the UK Home Nations in 2022
(Source: GEM APS)

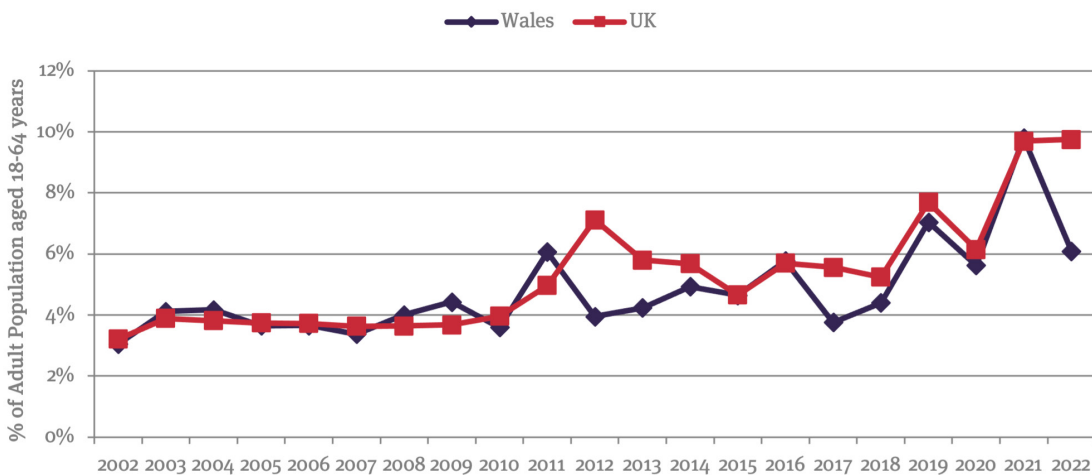


Figure 5: Total Early-Stage Female Entrepreneurial Activity in Wales and the UK, 2002-2022
(Source: GEM APS, 2002-2022)

Annual ratios may vary from year to year, so they are best viewed over the longer term. The long run average ratios over the 2002 to 2022 period suggest that males are twice as likely to be early-stage entrepreneurs as females with a ratio of 58 per cent in Wales, 54 per cent in England and 57 per cent in Scotland. The Northern Ireland female to male TEA ratio is lower at just 43 per cent due to the historically low female entrepreneurial activity rates.

The female TEA rate in Wales has fluctuated over time, previously reaching a pre-pandemic record high of 7.0 per cent in 2019 which was subsequently exceeded by a rate of 9.8 per cent in 2021 (Figure 5). In 2022 the rate dropped back to 6.1 per cent. The Welsh male TEA rate previously peaked in 2011 at 10.2 per cent but reached a new record of 10.7 per cent in 2021.

This also dropped to 9.5 per cent in 2022. Figure 5 demonstrates that female TEA rates in Wales matched the UK trend until 2010 and after a period of divergence appeared to be tracking the UK trend. By 2022 the gap in the female rates had widened to almost 4 percentage points.

Age: In the UK individuals aged between 25-34 years typically display the highest rates of early-stage entrepreneurial activity. In 2022 in the UK those aged 45 years old or more had significantly lower entrepreneurial activity rates than 25-34 year olds. In Scotland those aged 55-64 also had a significantly lower TEA rate than 25-34 year olds. In Wales, and in Northern Ireland, there were no significant differences in the entrepreneurial activity rates across the age-bands (Figure 6).

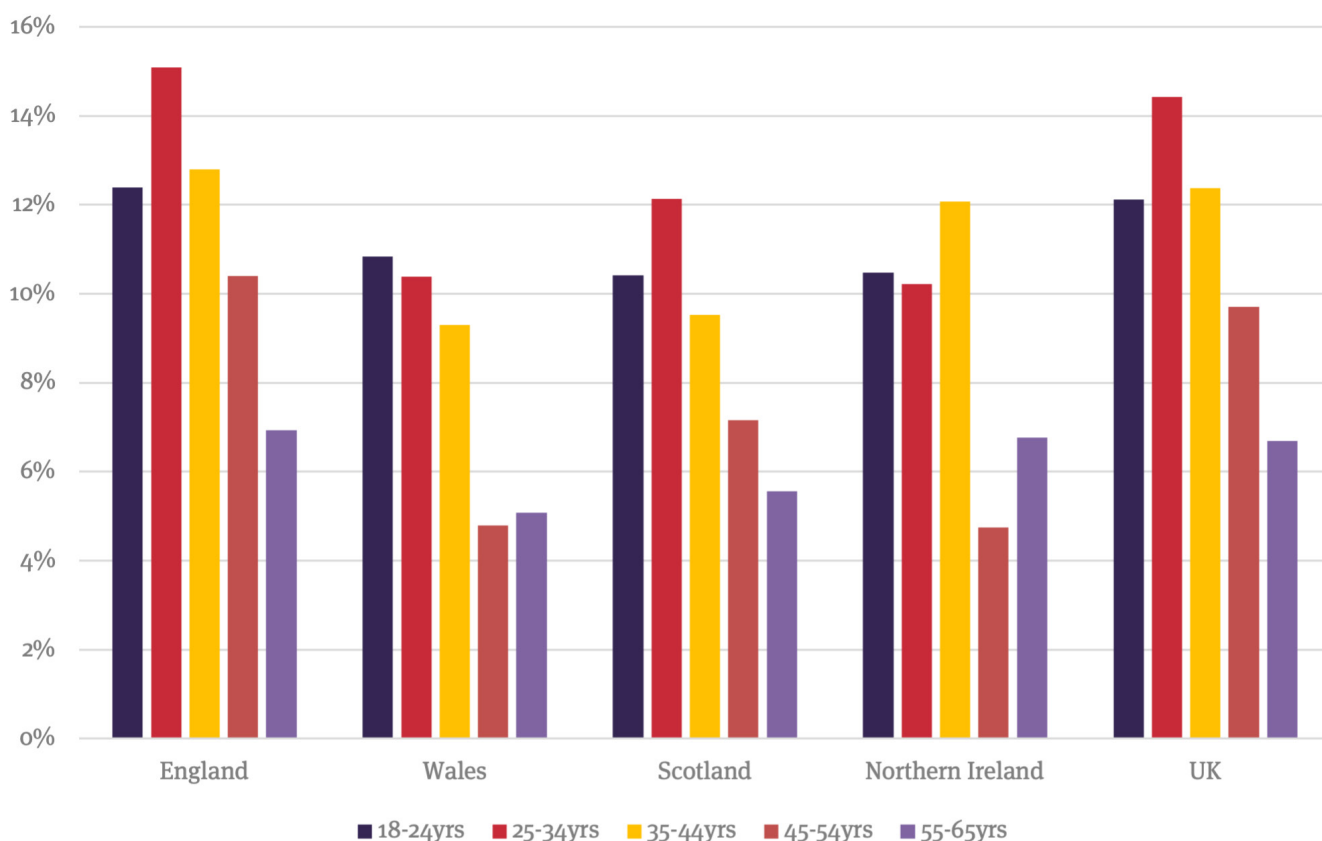


Figure 6: Total Early-Stage Entrepreneurial Activity by Age in the UK Home Nations, 2022
(Source: GEM APS, 2022)

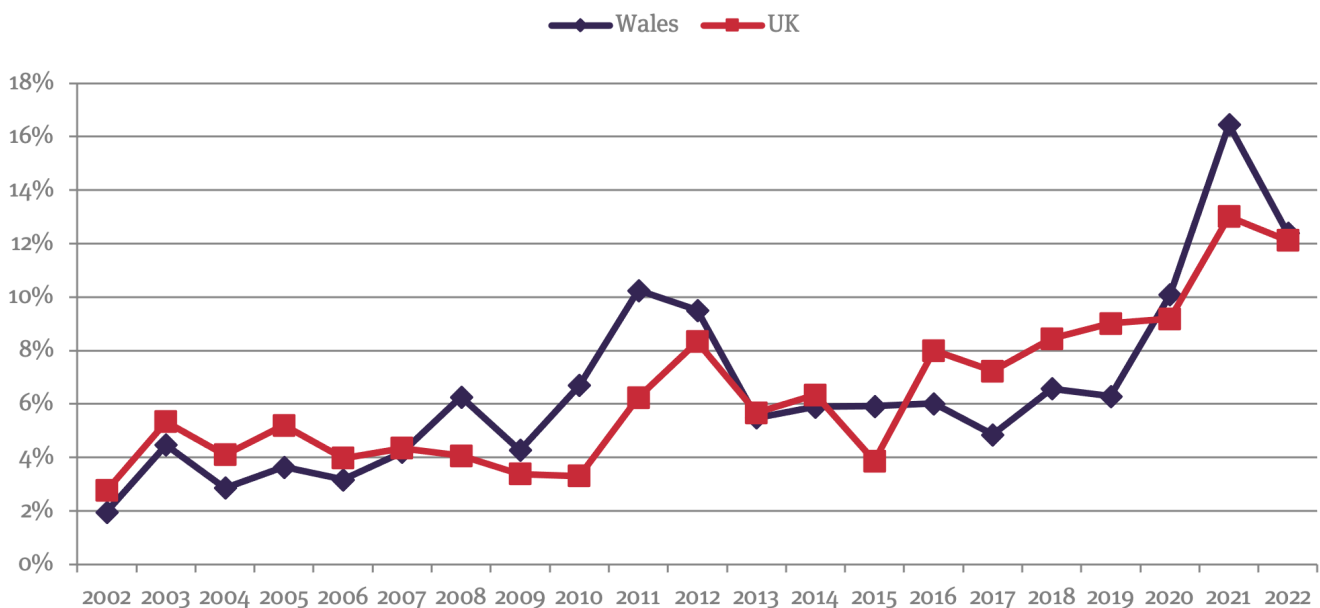


Figure 7: Trend in Total early-stage Entrepreneurial Activity amongst 18-24 year olds in Wales and the UK, 2002 to 2022 (Source: GEM APS, 2002-2022)

For several years, entrepreneurial activity in Wales had been shifting towards a younger generation, for example there were particularly high TEA rates for 18-24 year olds during the Great Recession period, peaking at 10.2 per cent in 2011. It dropped back in the intervening period but rose to a record high of 16.5 per cent in 2021. In 2022 the rate has dropped but remains elevated at 12.4% (Figure 7). The UK rate has also been steadily increasing over recent years and although it rose to its highest rate of 13.0 per cent in 2021, this has dropped back in 2022 to 12.1%.

Compared to the UK, the higher rate of early-stage entrepreneurial activity amongst 18-24 year olds in Wales witnessed during the recession suggests they faced a tougher economic climate, the lack of jobs necessitating entry into self-employment which dissipated as the economy recovered. Since 2015 there has been a rise in youth entrepreneurship in the UK which has not been mirrored in Wales, that is until 2020 when the pandemic appears to have again driven necessity entrepreneurship among this age group. This has continued into 2021 and 2022 and may well reflect the increased provision of youth entrepreneurship activities by the Welsh Government. Enterprise education has been a major contributor factor in recent decades and this evidence indicates it may well be having an impact on the actual entrepreneurial activities of these young people.

A potentially more helpful analysis is to assess the trend in the TEA rate for the 18 to 29 age group (where there seems to be a natural break in UK GEM activity data) and compare that to the 30 to 64 age group. Figures 8 and 9 show that the TEA rate for young adults in Wales, despite a lot of annual fluctuations, has risen over three-fold over two decades from 3.4 per cent in 2002 to 10.3 per cent in 2022. The 2022 rate was, however, down from its peak of 15.3% in 2021. The other home nations also experienced an increase in the TEA rates of 18-29 year olds over the period, at a similar rate of increase to Wales.

The TEA rates of those aged 30-64 peaked in all home nations in 2021. This was despite the decline observed in 2020. The increase in early-stage entrepreneurial activity for this age group has risen at a slower rate over the last two decades compared to the 18-29 age group. In Wales the TEA rate for those aged 30-64 rose from 4.4 per cent in 2002 to 7.1 per cent in 2022. The UK rate rose from 5.8 per cent to 10.4 per cent over the period, while Northern Ireland saw the fastest growth, rising from 3.5 per cent in 2002 to 8.1 per cent in 2022.

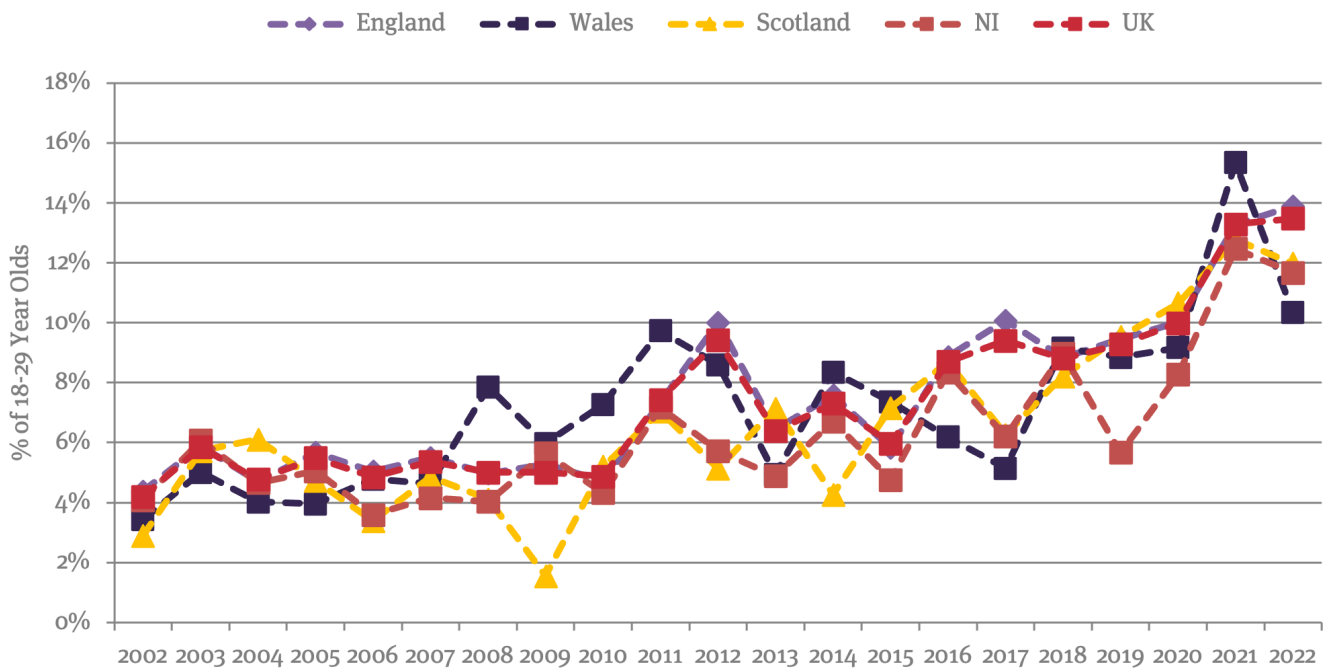


Figure 8: Trend in Total early-stage Entrepreneurial Activity in the UK Home Nations for 18 to 29 year olds, 2002 to 2022 (Source: GEM APS, 2002-2022)

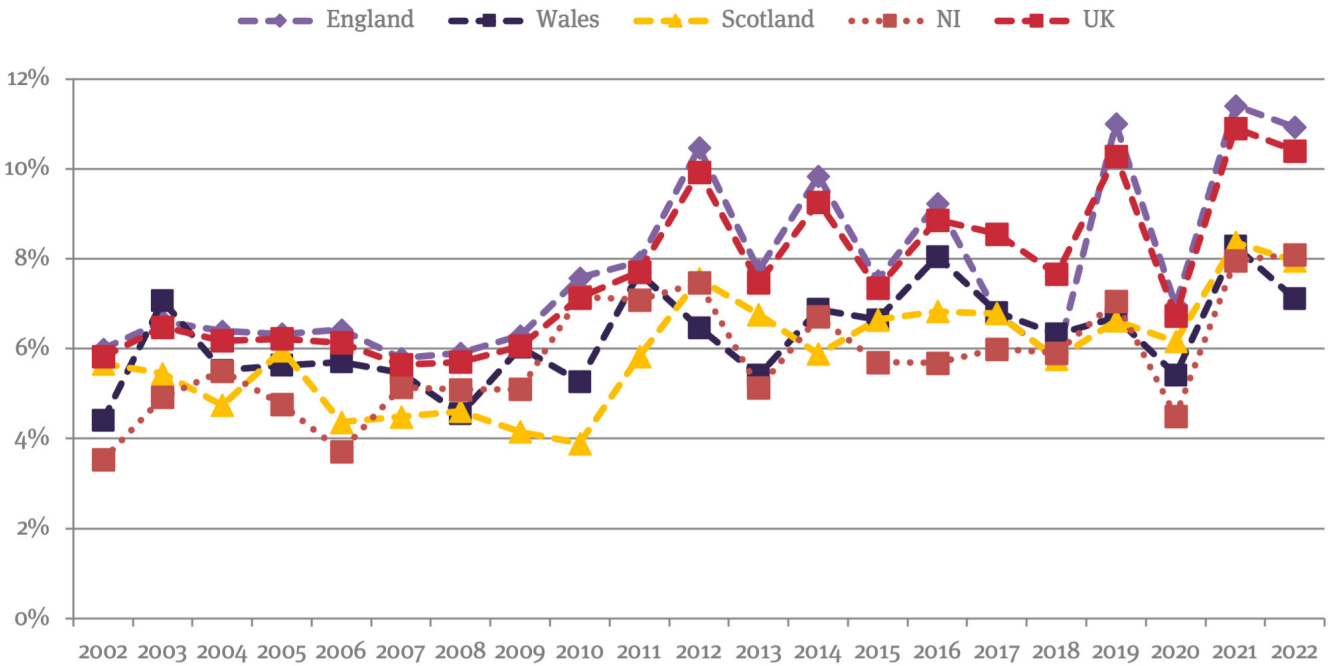


Figure 9: Trend in Total early-stage Entrepreneurial Activity in the UK Home Nations for 30 to 64 year olds, 2002 to 2022 (Source: GEM APS, 2002-2022)

Education: Graduates in the UK typically have higher rates of early-stage entrepreneurial activity than non-graduates. In 2022 the UK graduate TEA rate of 14.3 per cent was significantly higher than the rate of 8.5 per cent for non-graduates (Figure 10). Although both rates differed from those in 2021, neither were significantly different.

The Welsh graduate TEA rate in 2022 was 10.3 per cent compared to the non-graduate rate of 6.0 per cent; this

difference was not statistically significant. England and NI were the only home nations in which the TEA rate for graduates was significantly higher than for non-graduates in 2022. This was also the case for the UK. Compared to 2021 the graduate TEA rate in Wales remained unchanged in 2022 however the non-graduate TEA rate had a statistically significant drop from 10.2 per cent to 6 per cent. Wales was the only home nation in which there was a statistically significant change over the year in the TEA rates.

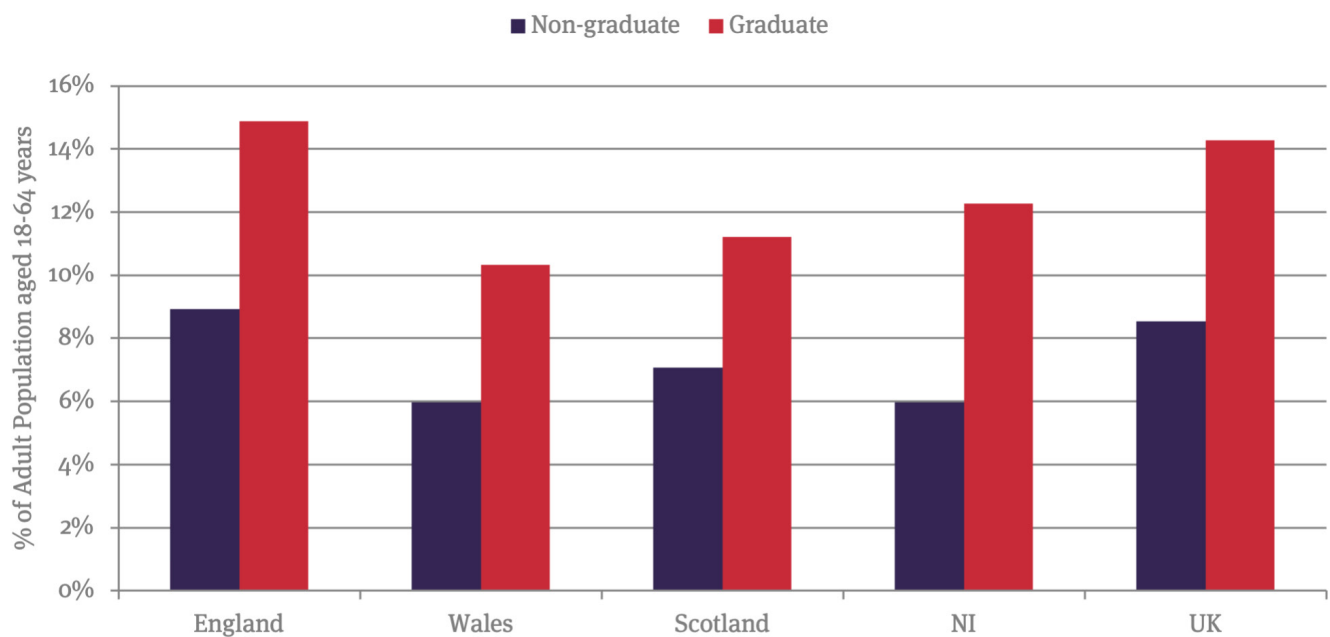


Figure 10: Total Early-Stage Entrepreneurial Activity in the UK Home Nations by Graduate Status, 2022
(Source: GEM APS, 2022)

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 years; 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.

GEM attitudinal data is reported here for that portion of the population who are not already entrepreneurs, as individuals who are involved in entrepreneurial activity may feel compelled to provide positive answers in the Adult Population Survey (APS).

In Wales in 2022 44.8 per cent of non-entrepreneurial individuals state that they know an entrepreneur, which is not significantly different to the UK rate of 43.7 per cent (Figure 11), nor to the rate in 2021. In total 42.6

per cent of non-entrepreneurs in Wales believe they have the skills to set up in business, again similar to the UK average of 40.9 per cent.

Just 33.0 per cent of non-entrepreneurs in Wales believe there are good start-up opportunities in their area in the next six months. This was down from 40.8 per cent in 2021 but this was not statistically significant. In comparison 37 per cent of non-entrepreneurs in the UK perceived there to be good start-up opportunities, notably this was down significantly on the 47.7% observed in 2021.

Fear of failure remained relatively high in 2022. Almost three-fifths of non-entrepreneurs in both Wales and the UK, who perceived good start-up opportunities, stated that fear of failure would prevent them from starting a business.

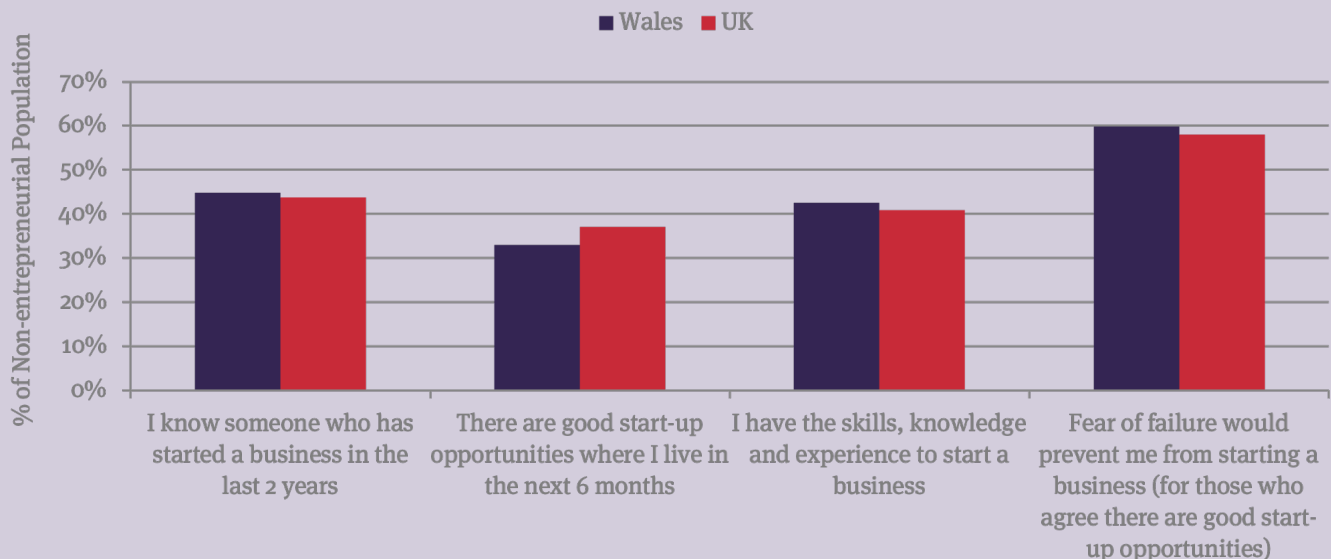


Figure 11: Entrepreneurial Attitudes and Perceptions in Wales and the UK 2022 (Source: GEM APS, 2022)

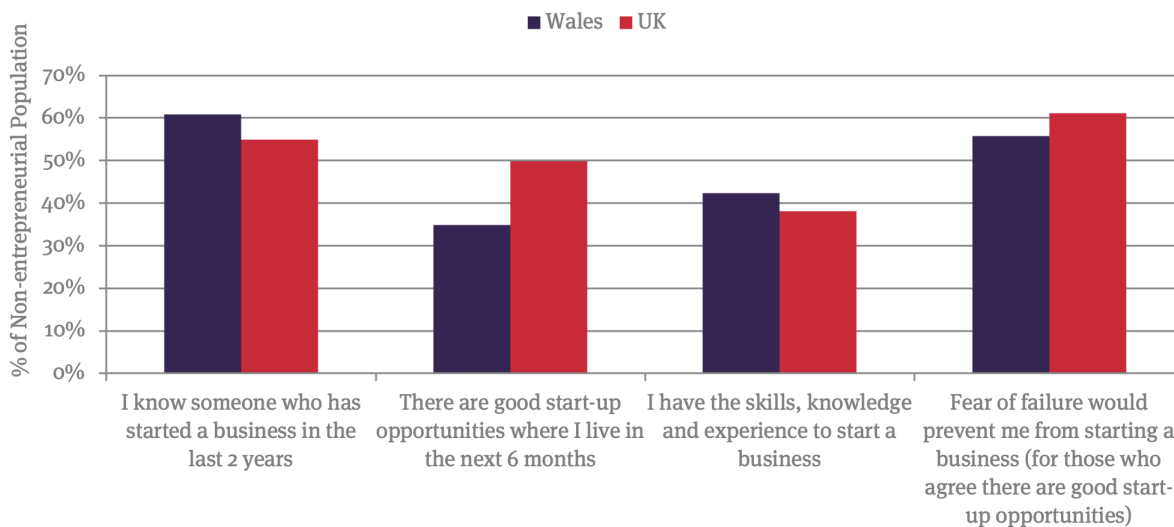


Figure 12: Entrepreneurial Attitudes and Perceptions among 18-24 year olds in Wales and the UK 2022 (Source: GEM APS, 2022)

Figure 12 displays the same attitudes towards entrepreneurship when restricted to 18-24 year olds only. The greatest difference between Wales and the UK was in the perception of start-up opportunities; just 34.8 per cent of young non-entrepreneurs in Wales perceived good start-up opportunities in their area in the next 6 months, significantly lower than the 49.9% in the UK.

past two years, at 60.8 per cent compared to 44.8 per cent for the wider non-entrepreneurial population. There were no significant differences in the other attitudinal measures. In the UK a significantly higher share of young people also know someone that has started a business (54.9 per cent) than the wider population (43.7 per cent). Similarly, a higher share of young people saw good opportunities for start-up (49.9 per cent) compared to the wider population (37.0 per cent).

When comparing the attitudes of young people against all non-entrepreneurs (as shown in Figure 11) a significantly higher proportion of young people in Wales know someone who has started a business in the

In the 2022 survey 33.0 per cent of the non-entrepreneurial working age population in Wales agreed there were good opportunities for starting a

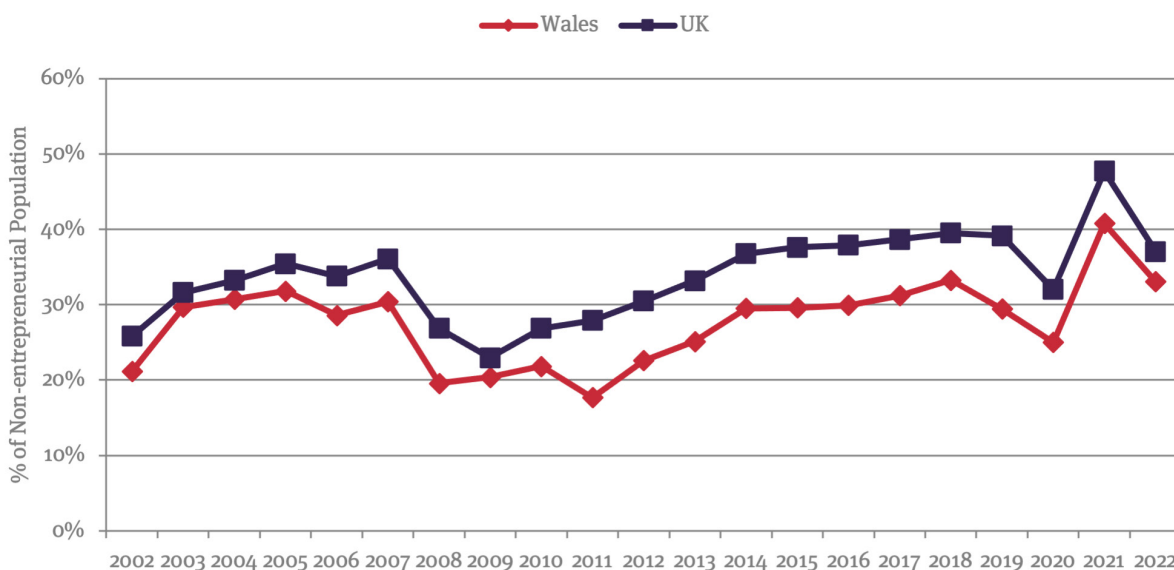


Figure 13: Perception of Start-up Opportunities in Wales and the UK, 2002-22 (Source: GEM APS, 2002-2022)

business in their local area in the next six months compared to 37.0 per cent in the UK. The 2022 rate in Wales was not significantly lower than in 2021 when the rate was 40.8 per cent, however the UK rate was, dropping from 47.7 per cent to 37.0 per cent. The statistically significant gap in opportunity perception between Wales and the UK that had been observed since the Great Financial Crash (GFC), disappeared in 2022 (Figure 13).

The proportion of the non-entrepreneurial population in Wales that see good start-up opportunities but report that the fear of failure would prevent them starting a business stood at 59.8 per cent in 2022, which was not significantly different to 2021 when it was 55.5 per cent. The UK rate of 58.0 per cent was also not significantly different to the equivalent rate in 2021 of 57.6 per cent.

Figure 14 shows that fear of failure has risen in Wales since 2017 as it did in the other home nations. This upward trend may well reflect the increasing levels of uncertainty over Brexit during that period. The pandemic further contributed towards increased fear of failure, with increases observed since 2020. There were no significant differences in the fear of failure rates across the home nations in 2022.

The proportion of non-entrepreneurial working age adults in Wales who expect to start a business within the next three years stood at 15.7 per cent in 2022.

This was down, although not significantly so, from the peak of 18.8 per cent in 2021 (Figure 15). The UK estimate of 18.5 per cent in 2022 was also broadly similar to 2021. The previous increases in these intention rates during the GFC potentially reflected necessity reasons. It is likely that the increases observed over 2020-21 reflected pandemic-induced necessity and opportunity driven intention due to job losses but also new ways of working and digital opportunities. The drop in Wales in 2022 may suggest the start of a return to previous trends.

In 2022, at 16.5 per cent, the proportion of non-entrepreneurially active males in Wales who reported that they intend to start a business in the next three years was higher than that for females at 14.8 per cent (Figure 16), although the difference was not significant. There were also no significant differences between 2021 and 2022 in either the male or female rates.

The 2021 intention rates for Wales translate into a female to male ratio of 90 per cent which is considerably higher than that for early-stage entrepreneurship in Wales (64%). The ratio compares to 74 per cent in England, 66 per cent in Scotland, 55 per cent in Northern Ireland and 73 per cent in the UK as a whole.

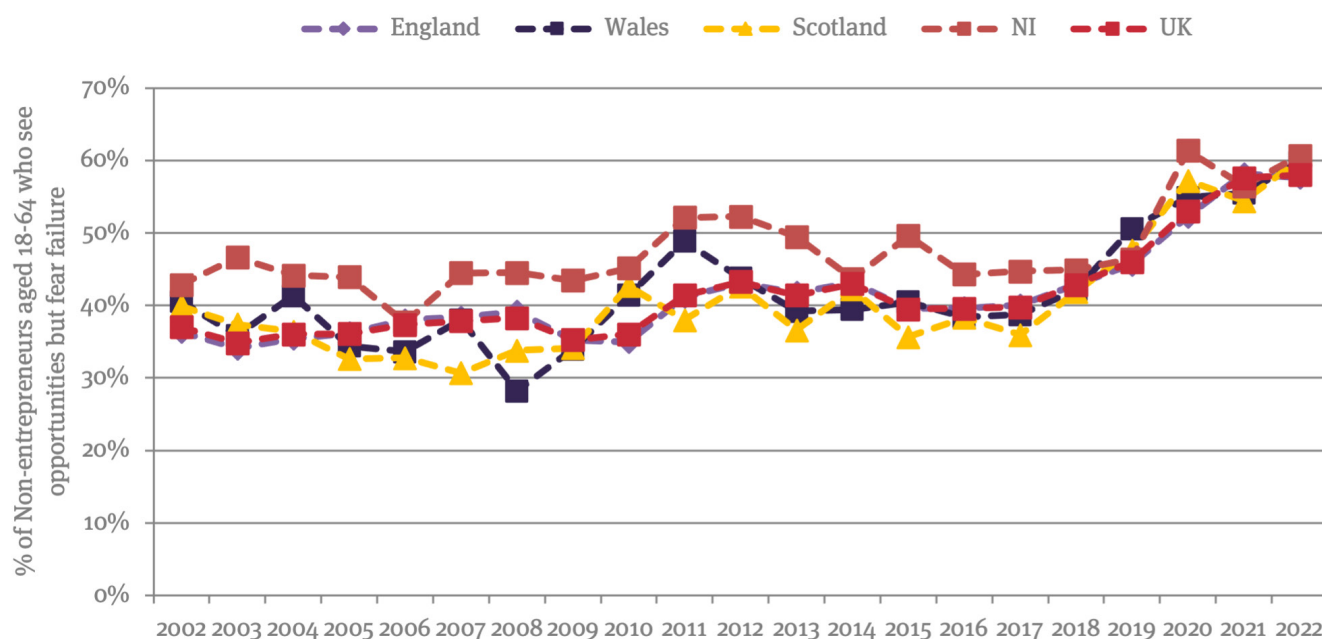


Figure 14: Fear of Failure among those who see Opportunities in the UK Home Nations, 2002-22
(Source: GEM APS, 2002-2022)

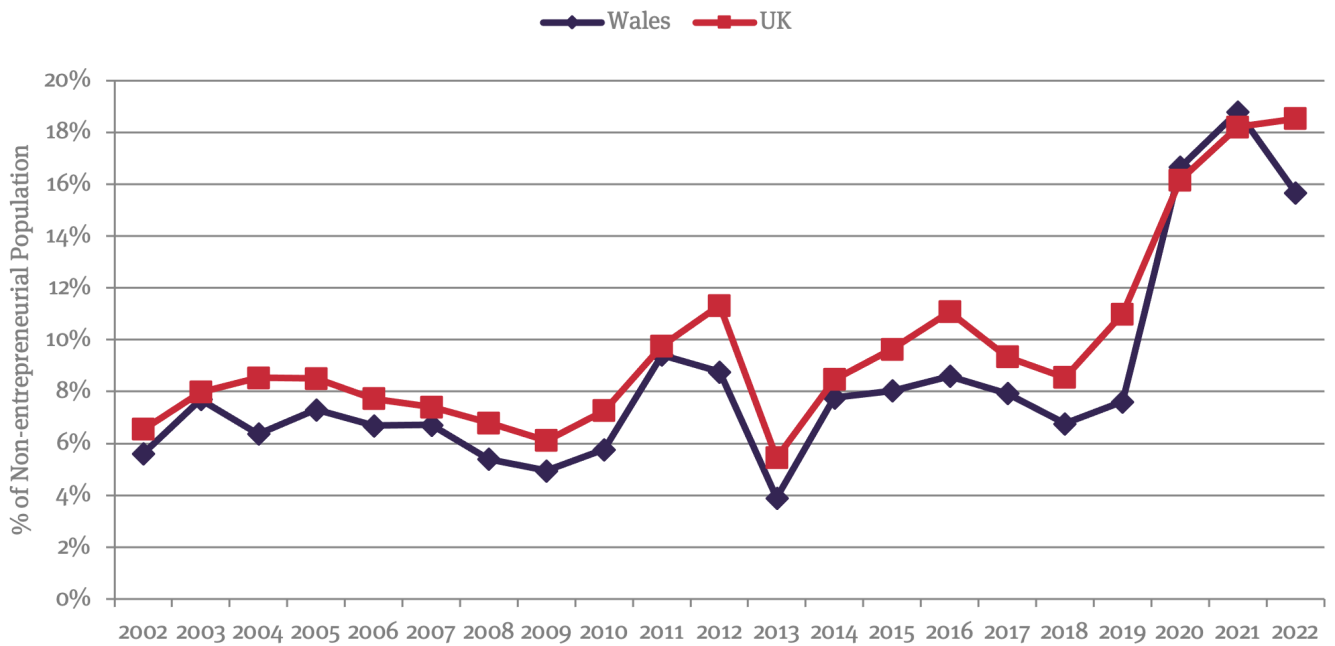


Figure 15: Future Start-up Expectations (within 3 years) in Wales and the UK amongst the non-entrepreneurial population, 2002-22 (Source: GEM APS, 2002-2022)

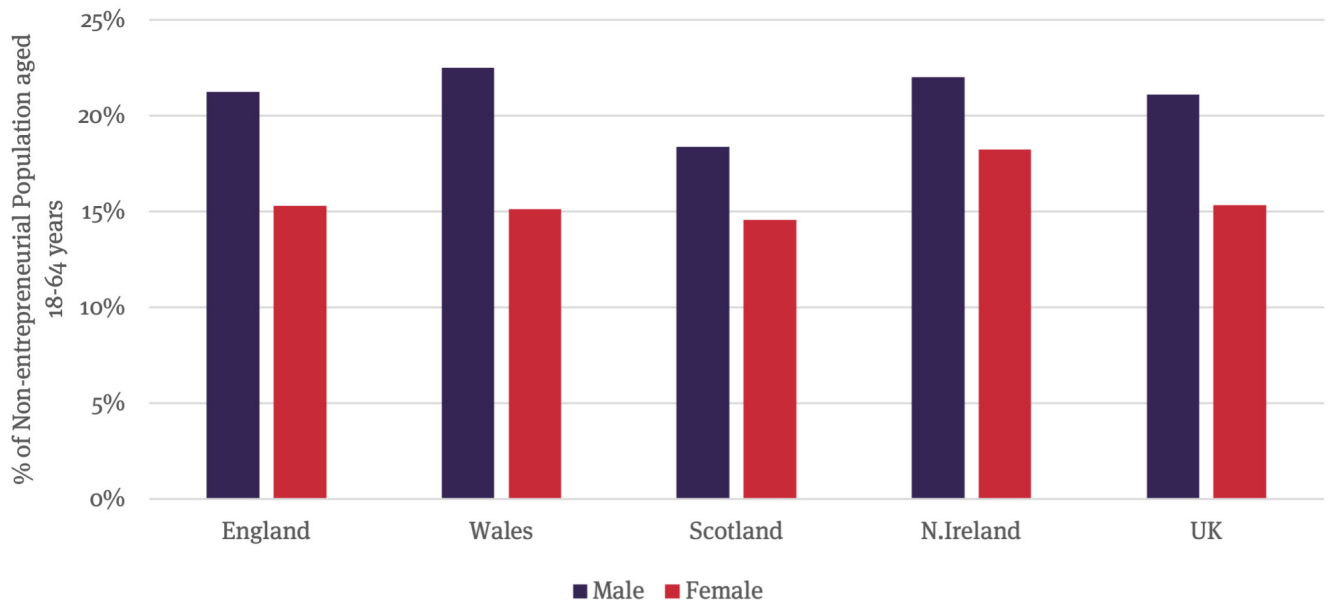


Figure 16: Future Start-up Expectations (within 3 years) in the UK Home Nations by Gender, 2022 (Source: GEM APS, 2022)

Welsh Language Fluency and Entrepreneurial Activity

There were no significant differences in 2022 in the TEA rates of those in Wales who were fluent in spoken and written Welsh (10.1%); who could speak and understand some Welsh (9.8%), and who had little or no Welsh skills (6.1%). There were also no significant differences in the TEA rates between 2021 and 2022.

Concluding Observations

Entrepreneurial activity in Wales surged in recent years in response to the pandemic reaching a record high of 10.3 per cent in 2021. The rate has dropped back to 7.8 per cent in 2022 but, pre-pandemic, the last time the rate reached a similar level was 2011. Intention to start a business also remains buoyant in 2022 with around 16 per cent intending to start a business within 3 years. Intention rates first reached double-digits in 2020 and have remained elevated. Notably, in 2022 intention rates in Wales are similar for both males and females.

Along with entrepreneurial activity, attitudes towards entrepreneurship are also relatively upbeat. Over two-fifths (42.6%) of non-entrepreneurs state that they have the skills, knowledge and experience to start a business and a similar share (44.8%) know an entrepreneur that has started a business within the past two years. These are similar proportions to 2021 and are an important feature of an entrepreneurial ecosystem. Attitude-wise a similar proportion of non-entrepreneurs in Wales and the UK also believe there are good start-up opportunities locally within the next six months. The rate for Wales has also increased significantly since 2010.

Together with the intention rates these measures highlight a confidence within the population in terms of ability to start a successful business and the conditions to do so.

Continuing the trend of recent years male and female TEA rates are not significantly different in Wales, although the gap between the two widened in 2022. Youth entrepreneurship continues to increase compared to pre-GFC levels while, at 60.8 per cent, the share of the young non-entrepreneurial population that know an entrepreneur is considerably higher than for the wider non-entrepreneurial population.

On the downside, fear of failure remains an issue although in 2022 the rate in Wales is similar to the UK. In 2022 just under 60 per cent of those in Wales that identified start-up opportunities stated that fear of failure would prevent them from starting a business. Despite this, it does not seem to have impacted future intenders.

The updated motivation questions in the GEM UK survey provide some interesting insights into the mindset of early-stage entrepreneurs in Wales. In 2022 they continue to be more strongly motivated to start a business to earn a living as jobs are scarce. Just over half seek to make a difference in the world, identical to the UK. Carrying on a family business tradition continues to be the least important motivating factor in Wales and elsewhere. This provides an important disaggregation of entrepreneurial motivation which goes beyond a simple binary opportunity/necessity typology.

Overall, as the economy moves out of the pandemic entrepreneurial activity in Wales remains buoyant. In fact, over the last 20 years rates of early-stage entrepreneurship have doubled. Youth entrepreneurship is also significantly higher than in 2002 and with higher rates of young people knowing an entrepreneur, there is further potential for this age group to continue to accelerate entrepreneurial activity in the coming years.

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.

For further information on the GEM UK project, visit:

www.gemconsortium.org