



GEM UK: Northern Ireland Report 2017

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The Global Entrepreneurship Monitor (GEM) is an international project, involving 54 economies in 2017, which seeks to provide information on the entrepreneurial landscape of countries. 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 benchmarking indicators by regional and national authorities around the world. The sample size in Northern Ireland in 2017 was 1,012 adults over 18 years of age.

Main Findings

- **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. While recent years have seen record levels of start-up in the UK in an international context there remains a clear ‘entrepreneurial deficit’ in Northern Ireland as measured by business start-up activity.**
- **Northern Ireland has historically lagged behind the rest of the UK in terms of enterprise start-up activity and the GEM Global project confirms 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 entrepreneurship (TEA) in Northern Ireland in 2017 is 6.5%, relatively unchanged from 2016. The 2017 rate compares to 8.7% in the UK overall, 9.1% in England, 6.3% in Wales, and 6.7% in Scotland.**
- **The TEA rate in Northern Ireland is significantly lower than the UK in 2017, likewise when the rates are combined over 2015-17 Northern Ireland has a significantly lower rate than both England and the UK.**
- **Entrepreneurial activity is driven by opportunity motives; necessity-driven TEA in Northern Ireland is 0.9% in 2017 while opportunity-driven TEA is 5.6%.**
- **The female TEA rate in Northern Ireland is 4.3% in 2017 compared to a male rate of 8.7%. In 2017 females in Northern Ireland are half as likely to be entrepreneurs as males, this ratio similar to the UK average of 47%.**
- **TEA rates tend to vary by age with those aged over 30 generally more likely to be engaged in entrepreneurial activity. In 2017, those aged between 25-34 in Northern Ireland were most entrepreneurial, with their rate significantly higher than for 18-24 year olds and those aged 45 and over.**
- **Within Northern Ireland the highest TEA rates are typically found in the Mid-Ulster Council area while Derry City and Strabane have the lowest. The rate in Mid-Ulster is driven by male entrepreneurial activity; in Derry City and Strabane there are particularly low female rates of entrepreneurship.**

- **Just under 30% of the non-entrepreneurial working age population perceive good start-up opportunities locally in 2017. The UK rate, which is almost 40%, continues to be significantly higher than that for Northern Ireland.**
- **Over two-fifths of non-entrepreneurial individuals of working age in Northern Ireland who agreed there were good start-up opportunities report they are afraid of starting a business in case it might fail however this is not significantly different to the UK.**
- **The proportion of non-entrepreneurial working age adults in Northern Ireland who expect to start a business within the next three years is 5.1% in 2017. Northern Ireland's rate continues to remain significantly lower than the UK rate of 9.3%.**
- **High job expectation rates amongst TEA entrepreneurs are similar in Northern Ireland and the UK at around 18% over 2015-17. High job expectation is typically lower for established businesses; in Northern Ireland the high job expectation rate continued to increase for established business owners during 2015-17, and at over 6%, exceeded the UK rate of 5%.**

Background

The Global Entrepreneurship Monitor (GEM) research consortium is an international project which tracks rates of entrepreneurship in 54 economies. 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.

In 2017 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 326,000 respondents to GEM UK surveys for the period 2002-2017, almost 40,000 respondents were from Northern Ireland. The region now has a large longitudinal 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 home nations.

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 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 Northern Ireland.

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 2017, GEM Global conducted surveys in 54 sovereign nations and represented the world's most authoritative comparative study of entrepreneurial activity in the general adult population. A telephone survey of a random sample of the adult population is conducted each year between May and September.

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 2017 GEM Global study was based on an analysis of adult population survey (APS) results from 54 economies covering 68 per cent of the world's population. 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 2017 Report was published in February 2018¹ and can be downloaded from www.gemconsortium.org.

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

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

¹ Singer, S., Herrington, M. and Menipaz, E. (2018) Global Entrepreneurship Monitor 2017/18 Global Report. London: Global Entrepreneurship Research Association

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 stage² and the new business owner-manager stage³, are combined into one index of Total early-stage Entrepreneurial Activity, or TEA, which is represented in Figure 1 below.

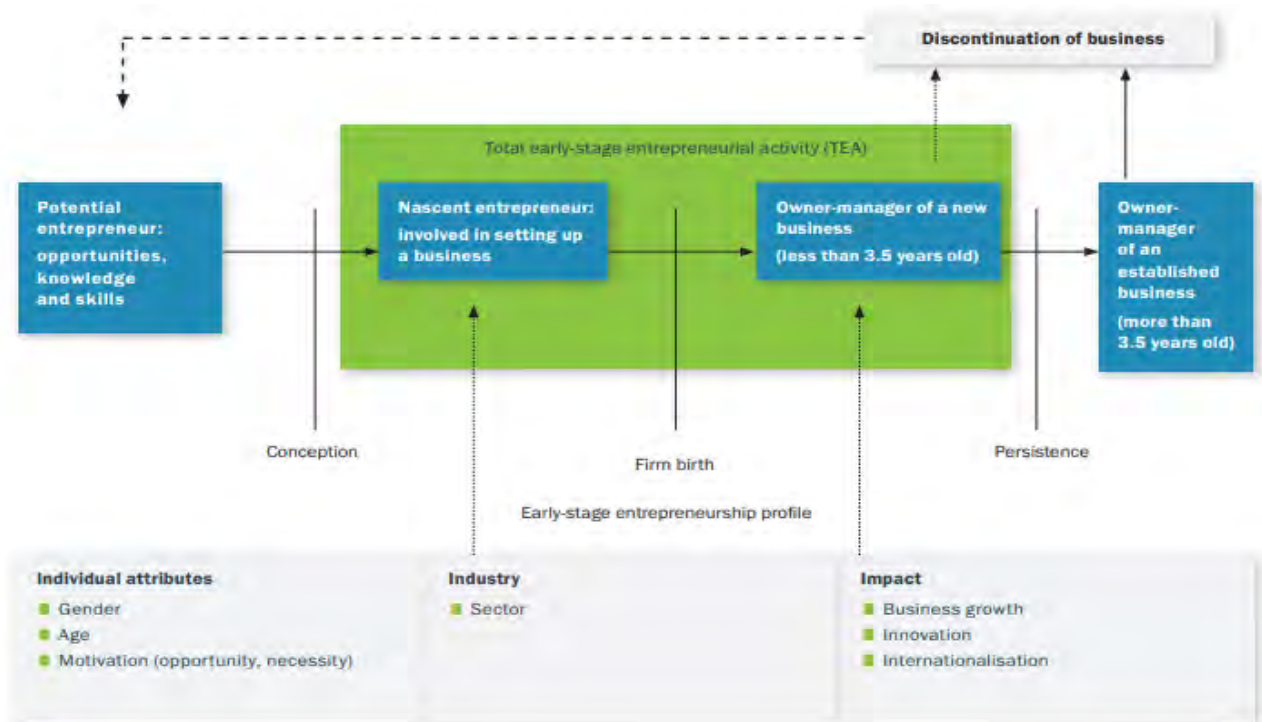


Figure 1: The Entrepreneurial Process and GEM Operational Definitions
 (Source: Singer, Herrington and Menipaz, 2018, pg.22)

As much of this entrepreneurial activity is pre-start-up or includes very small new businesses that do not have to register, TEA rates will not necessarily match with published official statistics on business ownership and, indeed, should not be interpreted as such. Rather, GEM

² 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.

³ 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.

enables the measurement of the propensity of individuals in particular countries to be entrepreneurial given the current social, cultural and economic framework conditions that exist there.

The 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.

One way of distinguishing between different types of entrepreneurial activity is the extent to which the activity is based on necessity (i.e. there are no better alternatives for work) or opportunity (where entrepreneurs may be exploiting the potential for new market creation). In addition since 2011, entrepreneurial activity among employees has been measured, adding to our knowledge about the variety of contexts in which entrepreneurial activity can be expressed. 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 2017 adult population survey are explained in more detail in the GEM UK 2017 report (www.gemconsortium.org). An 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. In 2013, this was increased to 20%, in line with recent estimates in the proportion of mobile-only households in the UK. The following report presents a summary of the headline results, and key themes arising from the GEM survey in 2017 and the analysis of the fifteen years of GEM data (2002-17).

Total Early-Stage Entrepreneurial Activity - The TEA Index

The rate of early-stage entrepreneurship in Northern Ireland in 2017 was 6.5%. This compares to 8.7% in the UK overall, 9.1% in England, 6.7% in Scotland and 6.3% in Wales. The TEA rates for Northern Ireland, Wales and Scotland were all significantly lower than that for the UK in 2017 (Figure 2). Pooling the data over the most recent three years (2015-17), to remove annual fluctuations, gives a TEA rate of 6.0% for Northern Ireland. This rate, along with that in Scotland (6.9%) and Wales (6.9%) is significantly lower than the rate of 8.5% in England and 8.2% in the UK.

Overall, the TEA rate of 6.5% in Northern Ireland in 2017 equates to around one in every sixteen adults aged 18-64, or over 73,000 individuals, engaged in early-stage entrepreneurial activity, 70% of whom were in the very early stages of starting a business (nascent entrepreneurs: 4.5%) and the remainder those who had a new business which was between 3 and 42 months old (2.0%).

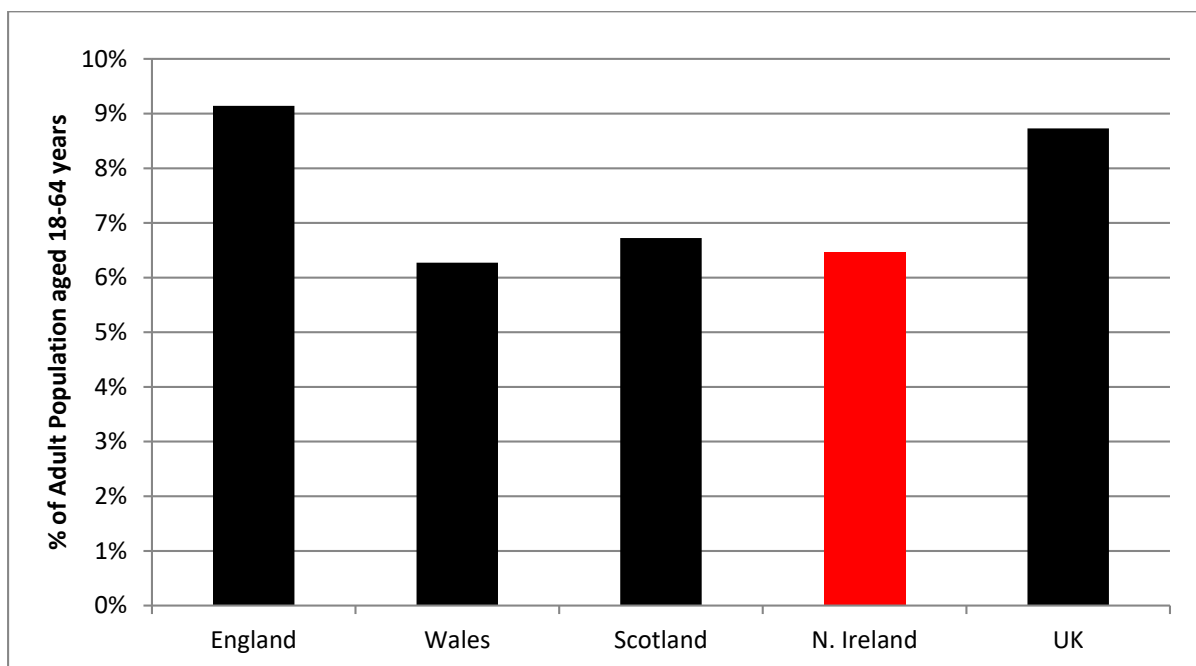


Figure 2: Total early-stage Entrepreneurial Activity (TEA) in the UK Home Nations 2017 (Source: GEM APS)

Entrepreneurial activity in the UK and Northern Ireland has been on an upward trend over the long-term 2002-17 period (Figure 3). The level of early-stage entrepreneurial activity in Northern Ireland most closely tracked that of the UK over the Great Recession; since 2011 a gap of around 2-3 percentage points has remained between the two which, in 2017, remained statistically significant.

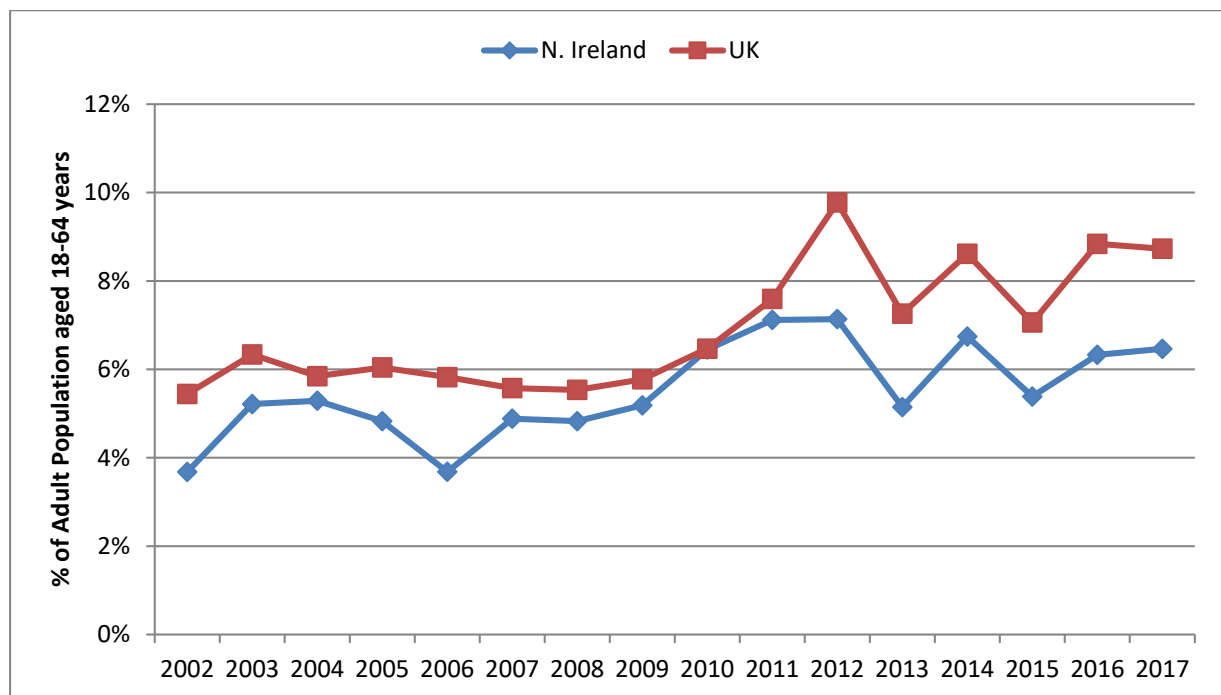


Figure 3: Total early-stage Entrepreneurial Activity in Northern Ireland and the UK 2002-2017 (Source: GEM APS 2002-17)

There are no significant differences in the TEA rates across Northern Ireland Council areas in 2017 however one year observations on GEM can be unreliable due to small sample sizes. Figure 4 plots the pooled TEA rates over the 2003-2017 period; this method averaging out any random annual fluctuations. It indicates that over the entire period the highest rate of entrepreneurial activity was in the Mid Ulster area with a TEA rate of 6.8% whilst the lowest was the Derry City and Strabane area with a rate of just 4.1%; the difference between these two statistically significant. Although Belfast's rate of 4.5% lies below the Northern Ireland average, the difference is not statistically significant, however, is significantly lower than that for Mid Ulster.

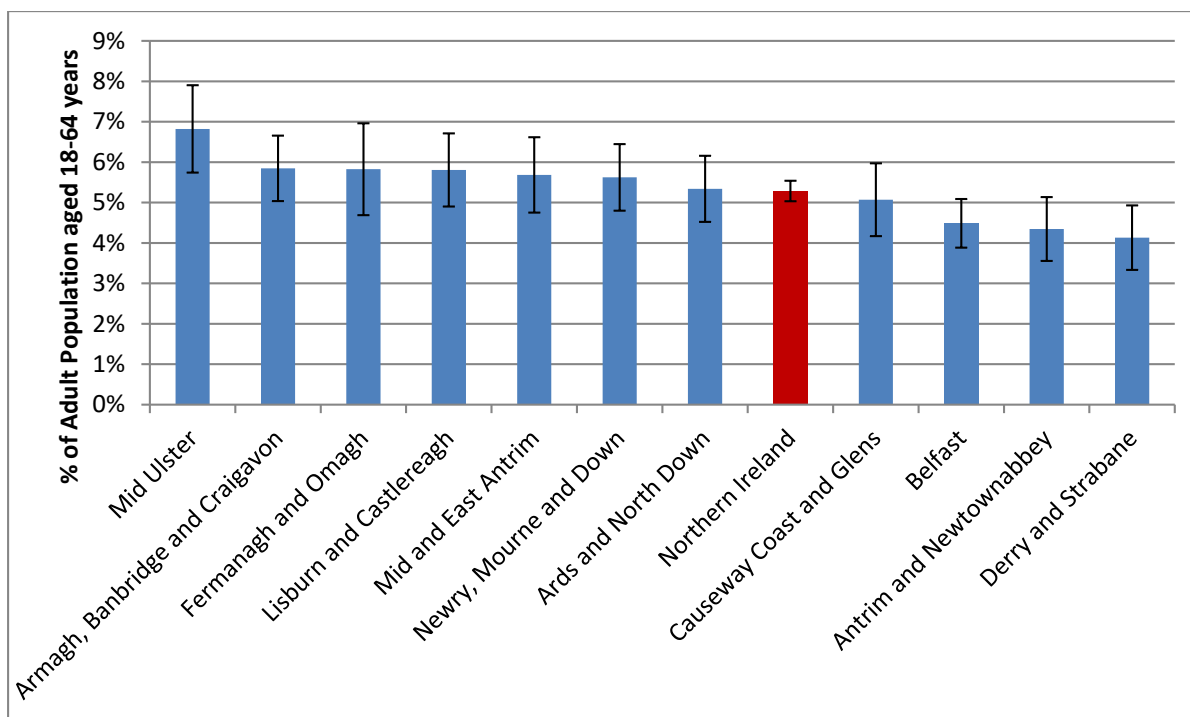


Figure 4: Total early-stage Entrepreneurial Activity in Northern Ireland in 2003-2017 by Council Area, with 95% confidence intervals⁴. (Source: GEM APS 2003-17)

Depicting the TEA rates in a slightly different way, Figure 5 displays the trend by Council area using 3 year rolling averages from 2002-04 to 2015-17. In the early part of the last decade there was little difference in the entrepreneurial activity rates across Council areas. Over time there has been a divergence; from the late 2000s entrepreneurial activity surged in the Mid Ulster Council area while more recently Mid and East Antrim have seen a strong increase in entrepreneurial activity. In 2015-17 Derry City and Strabane continue to have a distinctly lower entrepreneurial activity rate than the bulk of the council areas.

⁴ 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.

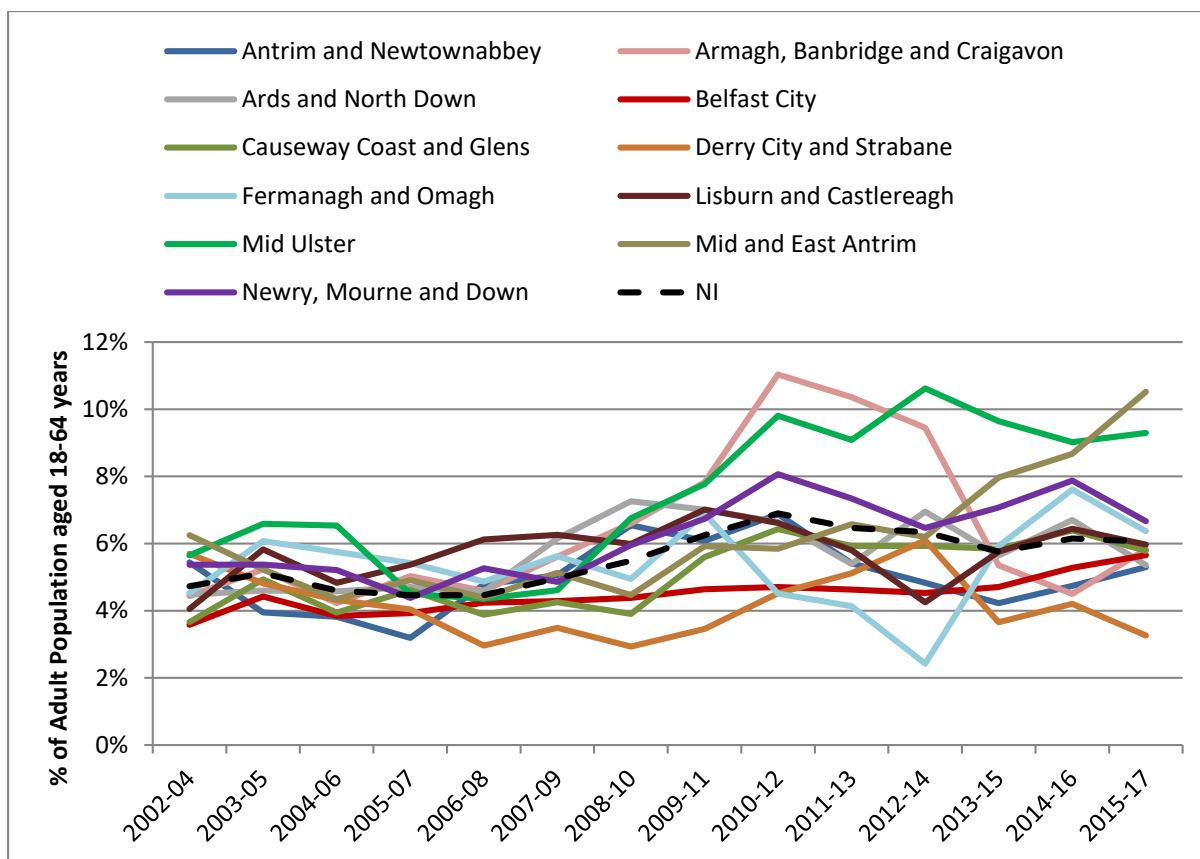


Figure 5: Total early-stage Entrepreneurial Activity in Northern Ireland by Council Area, rolling averages 2002-2004 to 2015-2017 (Source: GEM APS)

Northern Ireland’s TEA rate remained largely unchanged between 2016 and 2017, at 6.3% and 6.5% respectively. As in previous years, entrepreneurial activity is largely opportunity-motivated. Opportunity TEA in 2017 is 5.6% (5.1% in 2016) in Northern Ireland while necessity TEA is 0.9% (1.0% in 2016).

Neither the opportunity nor the necessity TEA rate in Northern Ireland in 2017 is significantly different to the UK rate although opportunity rates in Wales and Scotland are significantly lower than in England and the UK (Figure 6). In 2017, amongst the home nations, necessity-driven TEA accounted for around 14% of all early-stage entrepreneurial activity.

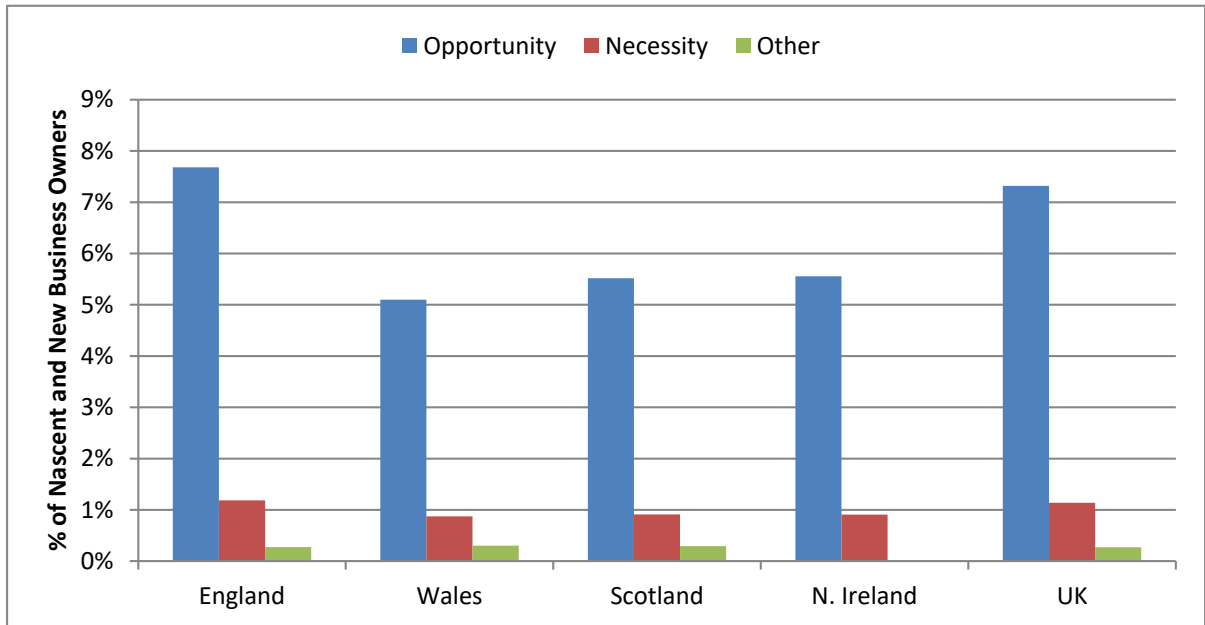


Figure 6: Opportunity and Necessity Entrepreneurship in the UK Home Nations in 2017
 (Source: GEM APS)

Who are the Entrepreneurs in Northern Ireland?

Gender: In 2017 males in the UK have a significantly higher TEA rate than females, this is also the case in England and Wales; there is no significant difference between the genders in Northern Ireland and Scotland (Figure 7). As a result, there is some variation in the ratio of female to male early-stage entrepreneurial activity across the home nations in 2017. The UK average ratio is 47%, with Northern Ireland similar at 49%. Scotland has the highest female to male ratio at 67% due to both a relatively high female TEA rate and a low male rate. Conversely Wales has the lowest ratio at 43% due primarily to the low female entrepreneurial activity rate.

Annual ratios in female to male entrepreneurial activity may vary. Using the long run average ratios over the 2002 to 2017 period suggests a ratio of 38% in Northern Ireland compared to 49% in England, 54% in Wales and 53% 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.

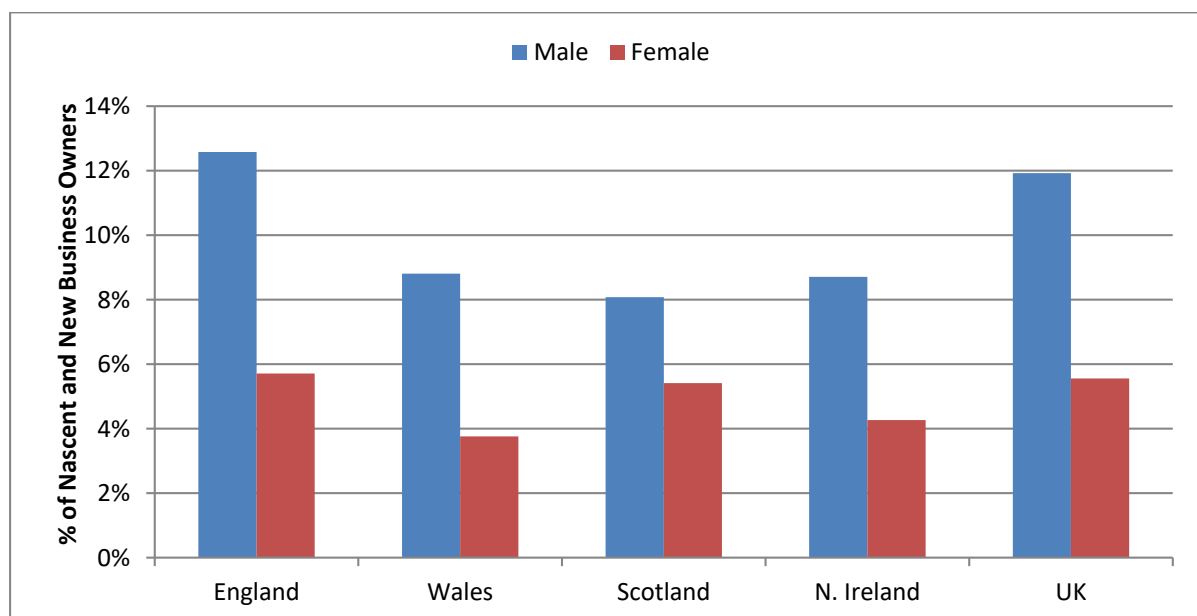


Figure 7: Total early-stage Entrepreneurial Activity in the UK Home Nations in 2017
(Source: GEM APS)

The female TEA rate in Northern Ireland stood at 4.3% in 2017, relatively unchanged from 4.9% in 2016. The male rate of 8.7% was also not significantly different from 2016. Figure 8 shows a consistent gap between female TEA rates in Northern Ireland and the UK; the gap narrowed somewhat during the recession but diverged strongly as the economy recovered. Although there remains a gap between the two rates in 2017 the difference is not statistically significant.

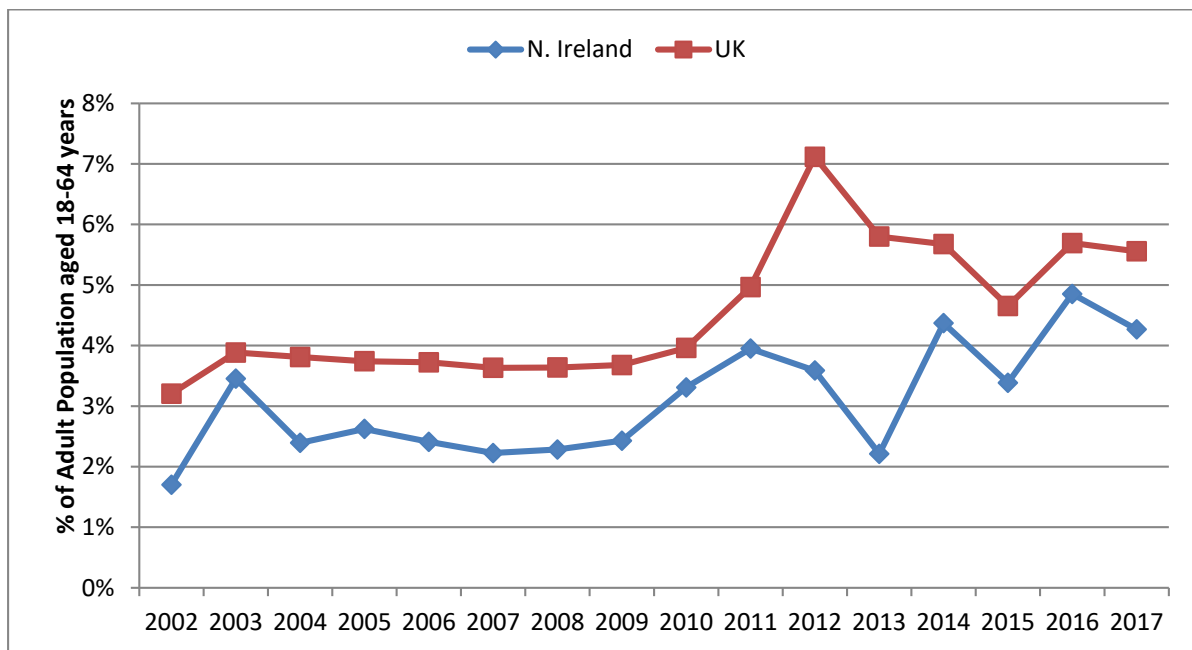


Figure 8: Total early-stage Female Entrepreneurial Activity in Northern Ireland and the UK, 2002-2017 (Source: GEM APS)

Figure 9 shows TEA rates for males and females by Council area over the 2015-17 period combined. The male rates are plotted in descending order although there is no significant difference between them. The female rates are more variable than the male, ranging from 2% to 10% compared to a range of 5% to 11% for males. Notably, the female rate in Derry and Strabane (1.5%) is significantly lower than in Mid and East Antrim (9.6%).

There is no correlation between the entrepreneurial activity rates of males and females; of those Councils whose male TEA rates lie above the Northern Ireland average only Mid Ulster and Mid and East Antrim also have higher than average female TEA rates.

On average female TEA rates over the 2015-2017 period are around half the male TEA rate although this varies from a ratio of 21% in Armagh, Banbridge and Craigavon to 159% in Ards

and North Down, where the female rate exceeds the male. Mid and East Antrim has the smallest gap between male and female TEA rates and both lie above the respective Northern Ireland averages.

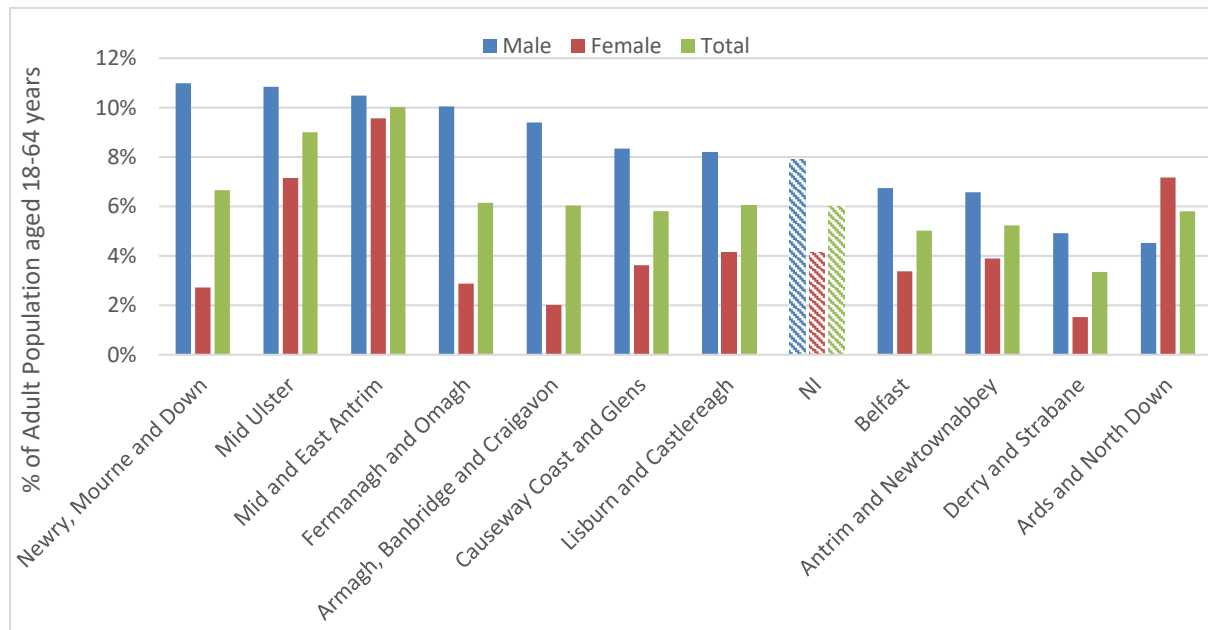


Figure 9: Total early-stage Male and Female Entrepreneurial Activity in Northern Ireland by Council Area, combined over 2015-2017 (Source: GEM APS)

Age: Figure 10 shows TEA rates by age combined over the 2015-17 period. In the UK individuals aged between 25 and 54 had significantly higher rates of early-stage entrepreneurial activity than those aged 18-24 and 55-64 years old. In Northern Ireland those aged 25-34 were most entrepreneurial, with their activity rate significantly higher than 18-24 year olds and those aged 45 or over.

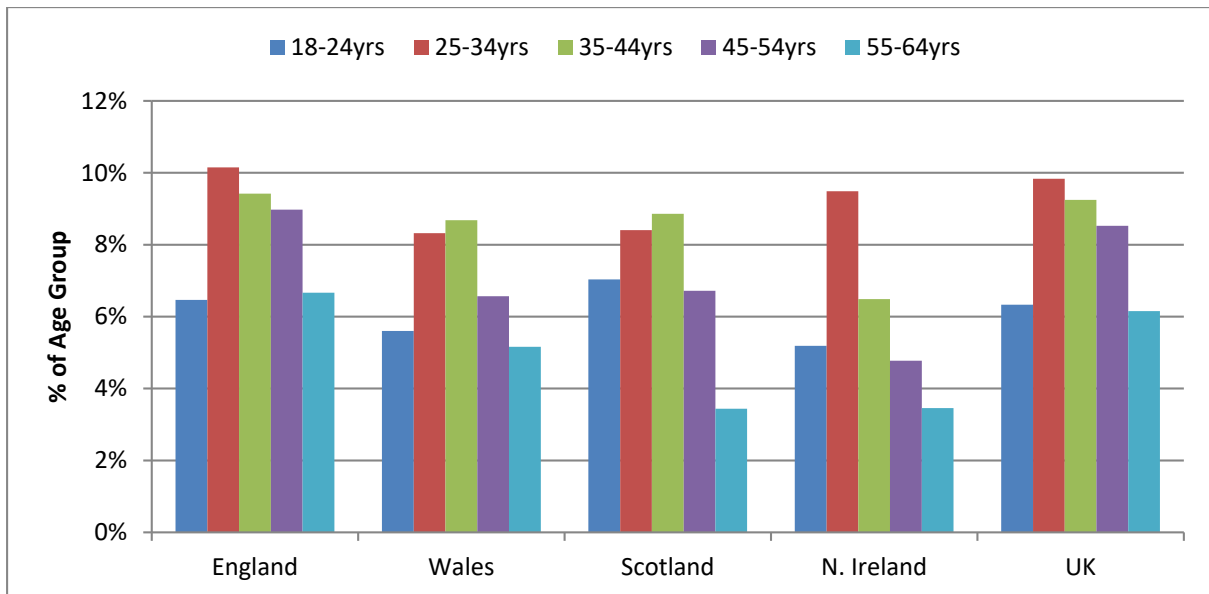


Figure 10: Total early-stage Entrepreneurial Activity in the UK Home Nations, 2014-2017
(Source: GEM APS)

A potentially more meaningful analysis is to assess how the TEA rate has changed in 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 11 and 12 show that in Northern Ireland since 2010 entrepreneurial activity for 18-29 years olds has been relatively more volatile than for 30-64 year olds although there have been no significant differences in the TEA rates.

In 2017 Wales was the only home nation where the TEA rate for 18-29 year olds was significantly lower than for the UK. For the 30-64 age group there were no statistically significant differences across the home nations.

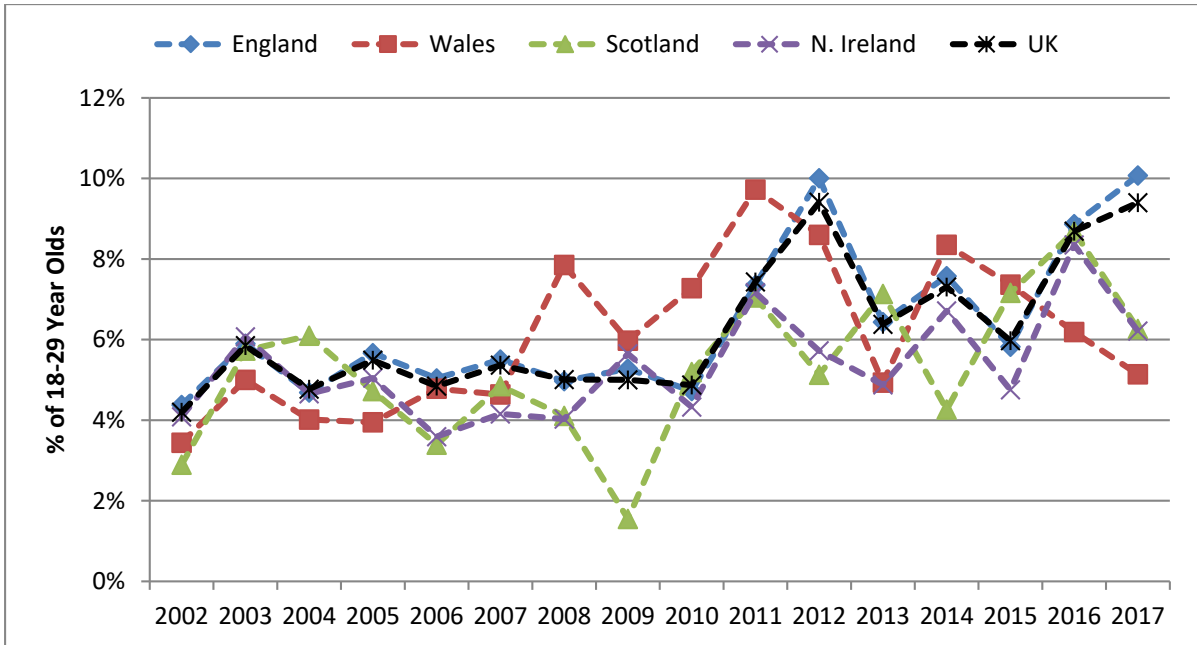


Figure 11: Trend in Total early-stage Entrepreneurial Activity in the UK Home Nations for 18-29 year olds, 2002 to 2017 (Source: GEM APS)

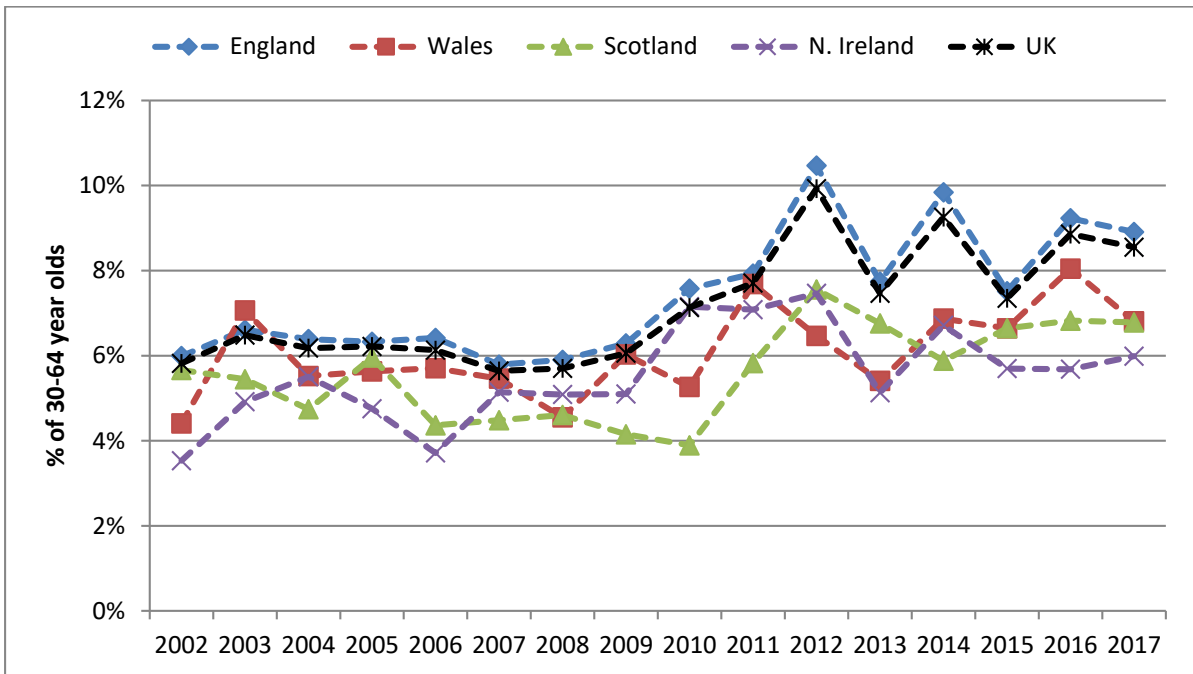


Figure 12: Trend in Total early-stage Entrepreneurial Activity in the UK Home Nations for 30-64 year olds, 2002 to 2017 (Source: GEM APS)

Total early-stage entrepreneurial activity by these broad age groups is plotted in Figure 13 for the Council areas, combined over 2015-17⁵. The series is given in descending order for 18-29 year olds and despite the rates ranging from 3% to 12% the differences are not significant. Likewise for the 30-64 age group across council areas.

For Northern Ireland as a whole there is little difference in the TEA rates of the two age groups. The most notable gaps by age are in Lisburn and Castlereagh and Antrim and Newtownabbey where the TEA rate of 30-64 year olds is under half that of 18-29 year olds.

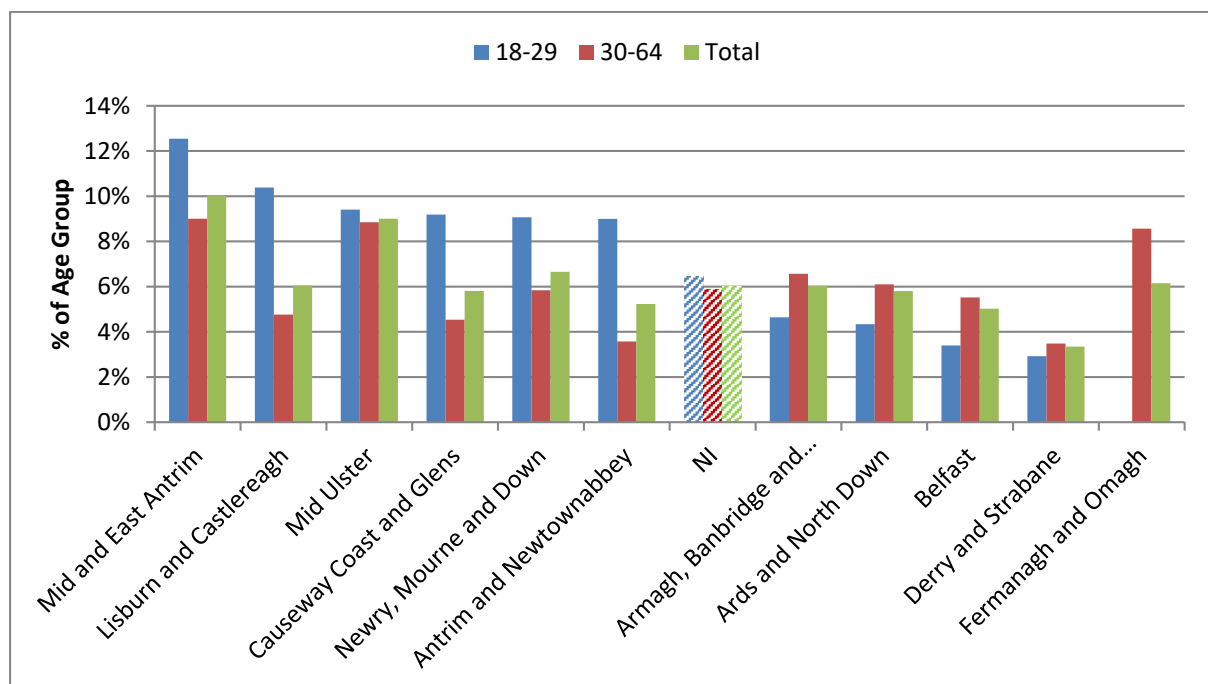


Figure 13: Total early-stage Entrepreneurial Activity in Northern Ireland by Age and Council Area, combined over 2015-2017 (Source: GEM APS)

Education: The rate of total early-stage entrepreneurial activity for graduates in the UK in 2017 is 10.6% (Figure 14), significantly higher than for non-graduates (7.3%). Graduate TEA rates in England are also significantly higher than non-graduates.

⁵ Note that due to small sample sizes it was not possible to calculate a TEA rate for 18-29 year olds in Fermanagh and Omagh.

The comparable rate for graduates currently residing in Northern Ireland is 7.8% which is not significantly higher than the TEA rate for non-graduates (5.5%), likewise the rates in Wales and Scotland are not significantly different between graduates and non-graduates.

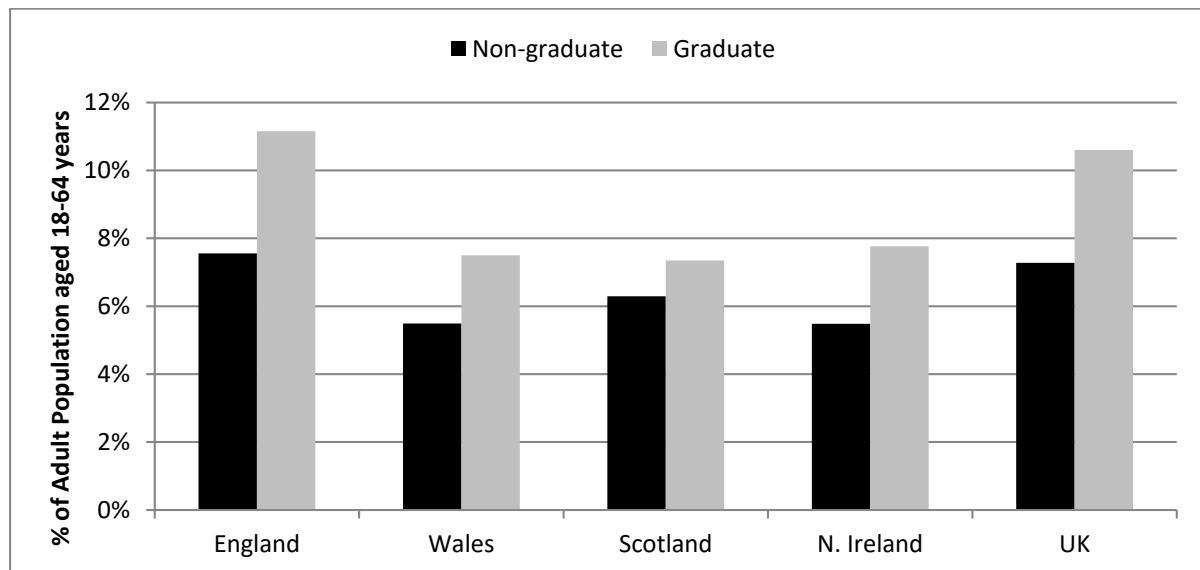


Figure 14: Total early-stage Entrepreneurial Activity in the UK Home Nations by Graduate Status, 2017 (Source: GEM APS)

The graduate and non-graduate TEA rates by Council area are shown in Figure 15 for the combined 2015-17 period. For Northern Ireland as a whole non-graduate TEA rates equate to more than four fifths of the graduate rate, although this ranges from 33% in Derry and Strabane to over 100% for those councils with higher non-graduate rates in Mid Ulster and Lisburn and Castlereagh. However, as with the NI total, there are no significant differences in TEA rates between graduates and non-graduates in the 11 district councils. The only rate which is significantly lower than the respective NI average is the TEA rate for non-graduates in Derry and Strabane which, at 1.8%, is significantly lower than the 5.9% average.

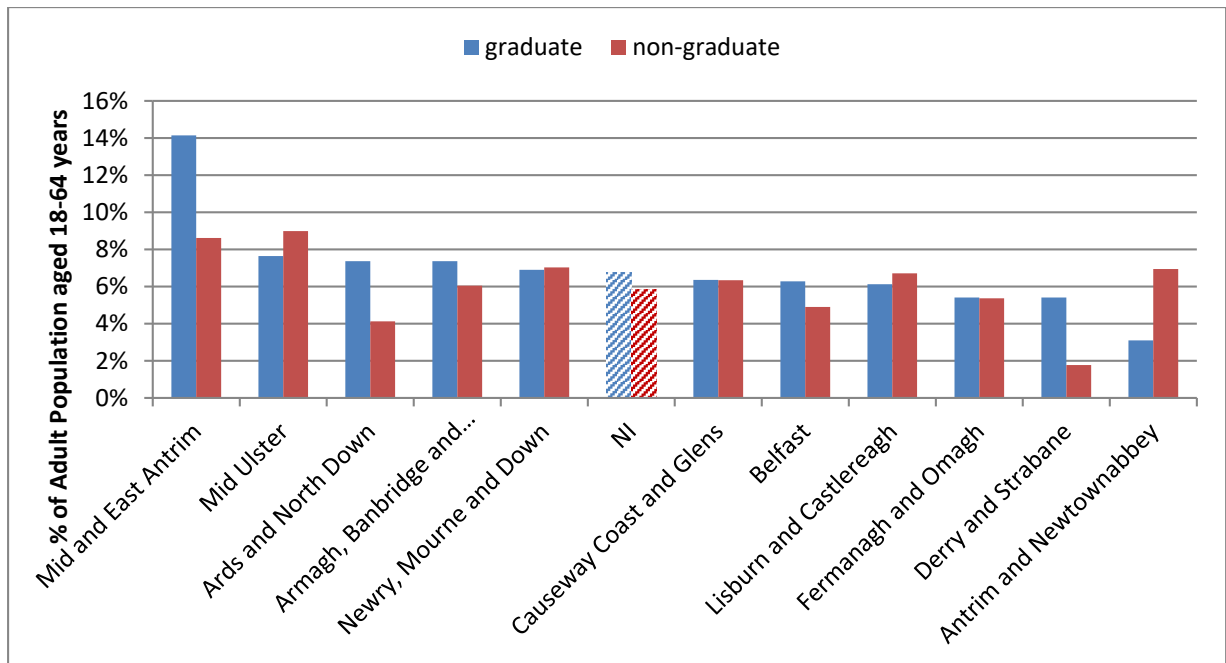


Figure 15: Total early-stage Entrepreneurial Activity in Northern Ireland by Graduate Status and Council Area, combined over 2015-2017 (Source: GEM APS)

Migrant Status – Figure 16 presents TEA rates for regional in-migrants, immigrants and life-long residents in Northern Ireland, using 3 year rolling averages. As life-long residents comprise the majority of the population their trend typically mirrors the overall Northern Ireland average. Entrepreneurial activity peaked at just under 7% for this group over 2010-12 although it has stabilised at around 5.5% since. In contrast the TEA rate for in-migrants has continued to rise since 2008 peaking at over 8% in 2014-16. The TEA rate for immigrants in Northern Ireland has also seen a substantial increase, rising to 9% in 2015-17. This aligns with UK trends where, over the last decade, immigrants have been found to be more entrepreneurial than the resident population.

The sample sizes for the ethnic population in NI are too small to produce reliable estimates for entrepreneurial activity rates by ethnicity. However combining the entire 2002-2017 results gives an average TEA rate of 5.2% for the white population and 6.7% for the non-white population, indicating no significant difference between the two.

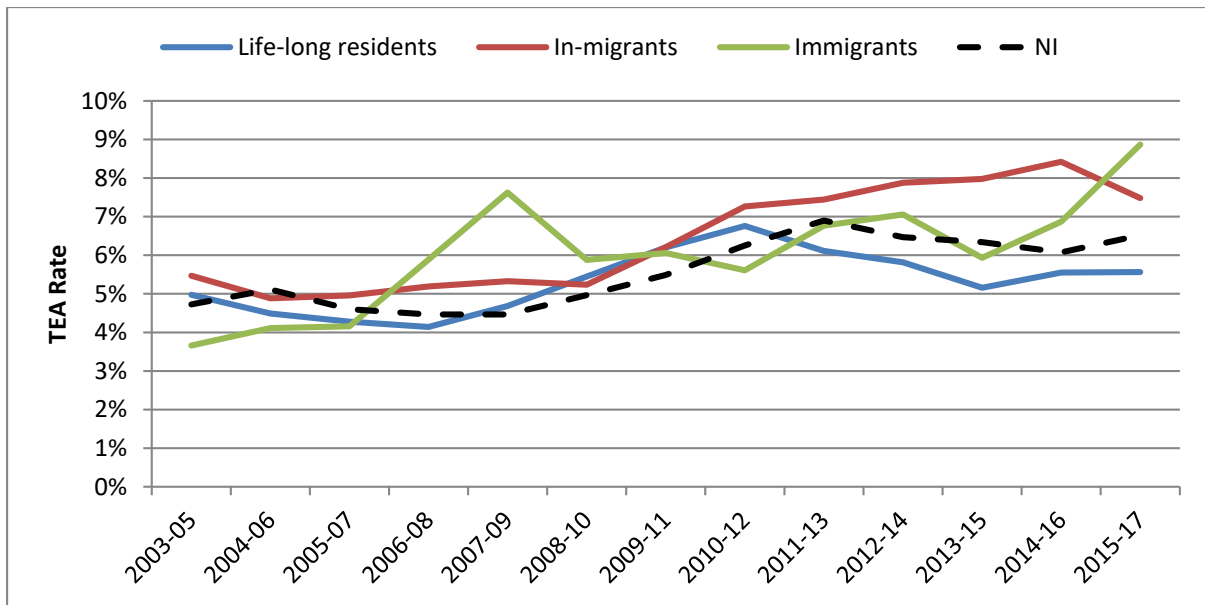


Figure 16: Total early-stage Entrepreneurial Activity in Northern Ireland by Migrant Status, rolling averages 2003-05 – 2015-2017 (Source: GEM APS)

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.

Individuals who are already 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.

In Northern Ireland, over one in four (27.7%) individuals state that they know an entrepreneur (Figure 17), this figure not significantly different to 2016, nor to that in the UK. Where Northern Ireland attitudes are less favourable to the UK are in the perception of start-up opportunities, and self-perception of the skills to start a business; the percentage shares in Northern Ireland significantly lower, in both cases, than the UK.

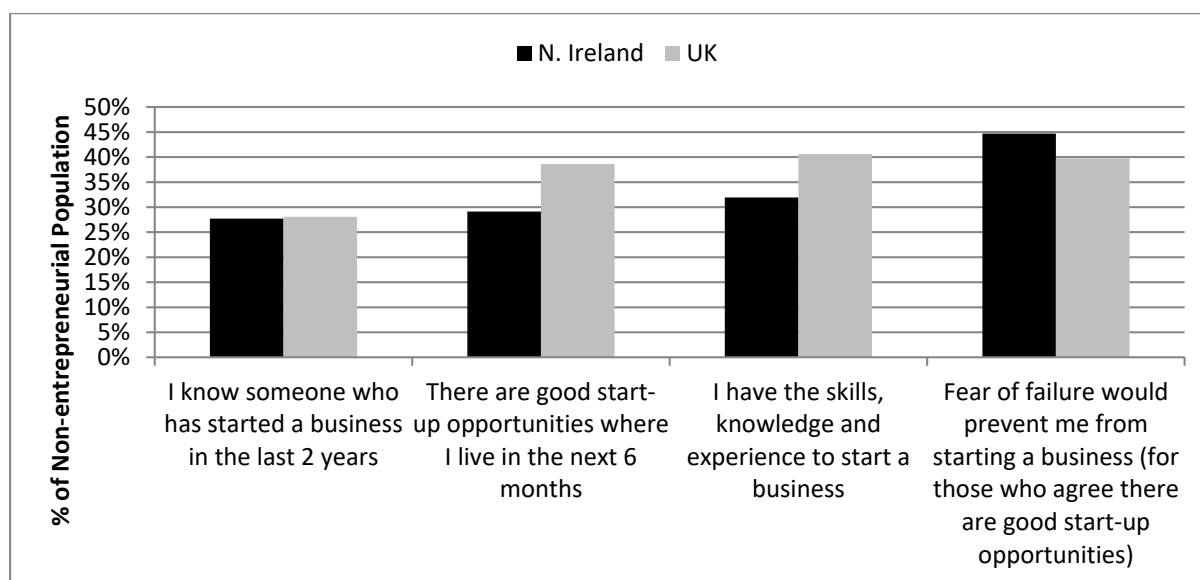


Figure 17: Entrepreneurial Attitudes and Perceptions in Northern Ireland and the UK 2017 (Source: GEM APS)

In the 2017 survey, 29.1% of the non-entrepreneurial working age population in Northern Ireland agreed there were good opportunities for starting a business in their local area in the next six months compared to 38.6% in the UK (Figure 18). The significant difference between the rate in Northern Ireland and the UK opened up during the recession and has since prevailed.

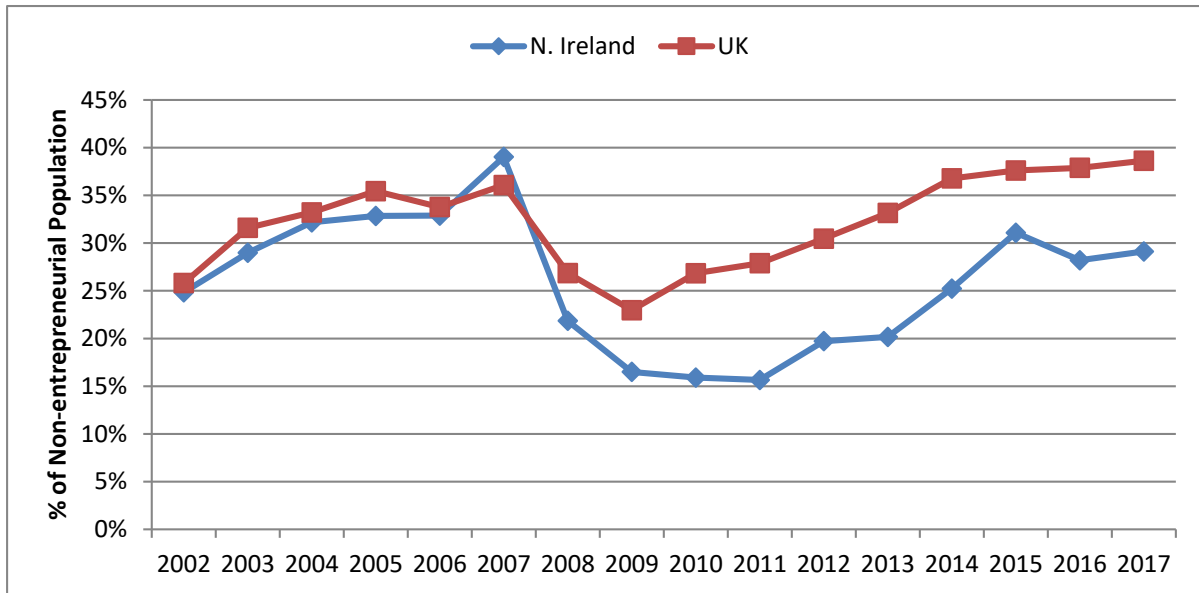


Figure 18: Perception of Start-up Opportunities in Northern Ireland and the UK, 2002-2017 (Source: GEM APS)

Around 45% of those who see good opportunities in their local area in the next 6 months in Northern Ireland state that fear of failure would prevent them from starting a business. Unlike in previous years there is no significant difference in this measure between Northern Ireland and the UK. Figure 19 further shows that the fear of failure rate in Northern Ireland has declined from a peak of over 50% in 2011-12.

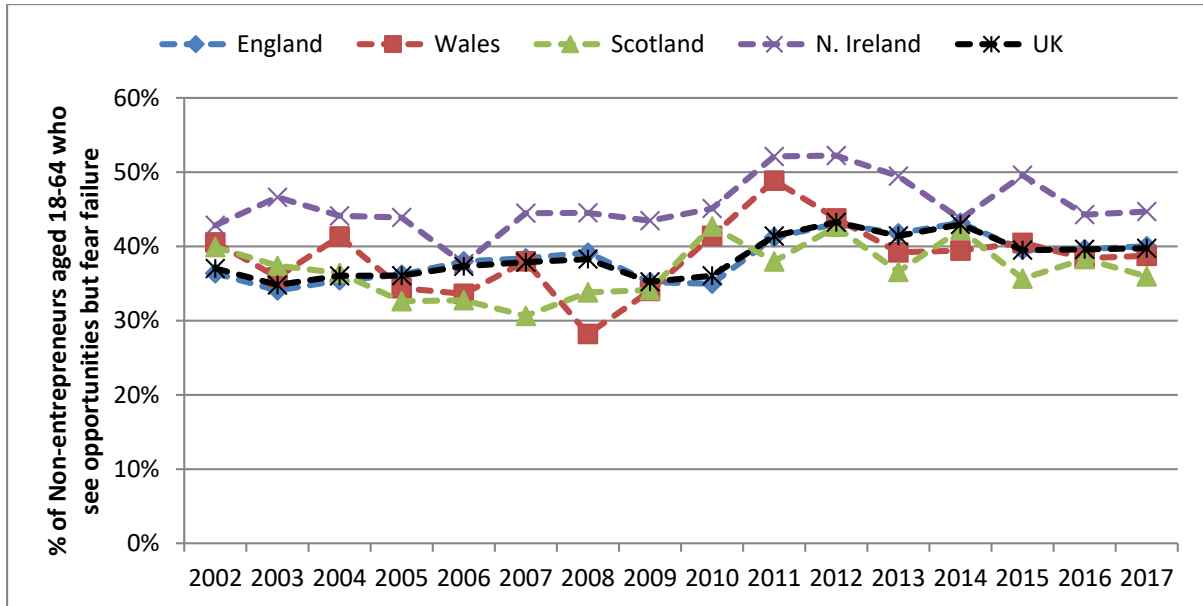


Figure 19: Fear of Failure among those who see Opportunities in the UK Home Nations, 2002-2017 (Source: GEM APS)

Looking to the future, the proportion of non-entrepreneurial working age adults in Northern Ireland in 2017 who expect to start a business within the next three years is 5.1%, not significantly different to the 2016 figure of 6.2% (Figure 20). The UK estimate fell significantly to 9.3% in 2017 but remains higher than the Northern Ireland rate. Figure 20 shows the increase in intention rates during the recession, and again an increase in the UK over 2013-16. Although Northern Ireland's rate also rose during 2008-12, it did not observe the same recent increase as the UK.

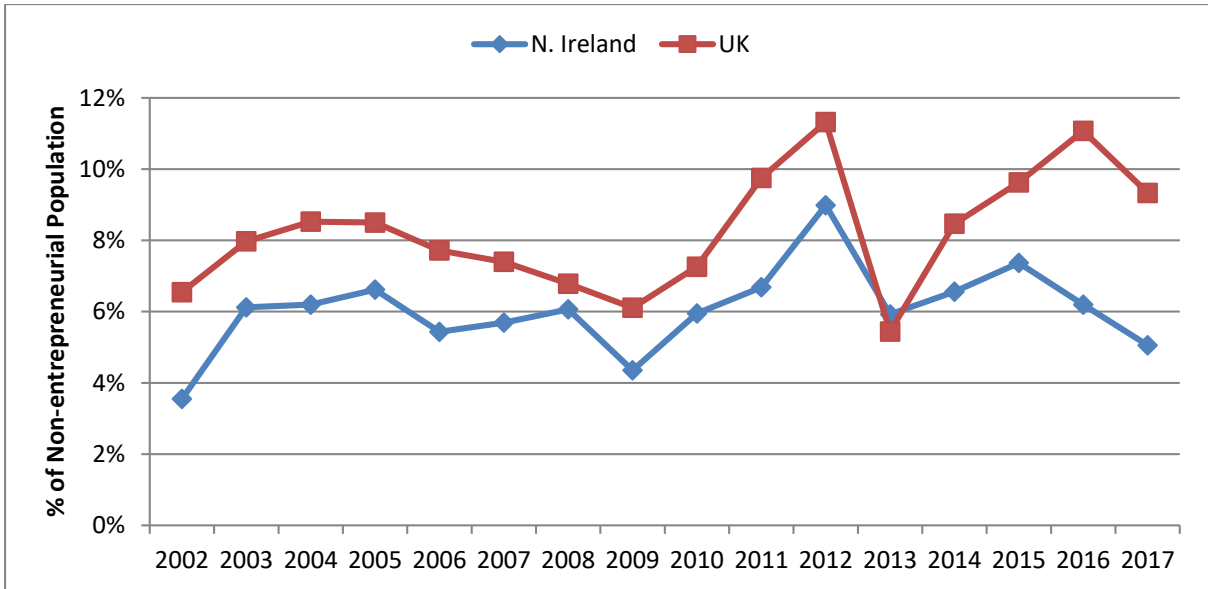


Figure 20: Future Start-up Expectations (within 3 years) in Northern Ireland and the UK, 2002-2017 (Source: GEM APS)

In 2017 males are significantly more likely than females to report that they intend to start a business in the next three years; this is consistent across the home nations and the UK (Figure 21). In 2017, 2.3% of females in Northern Ireland expect to start a business compared to 7.9% of males. Translated into a female to male ratio this equates to just 29% per cent; considerably lower than other home nations at 64% in England, 46% in Wales and 57% in Scotland.

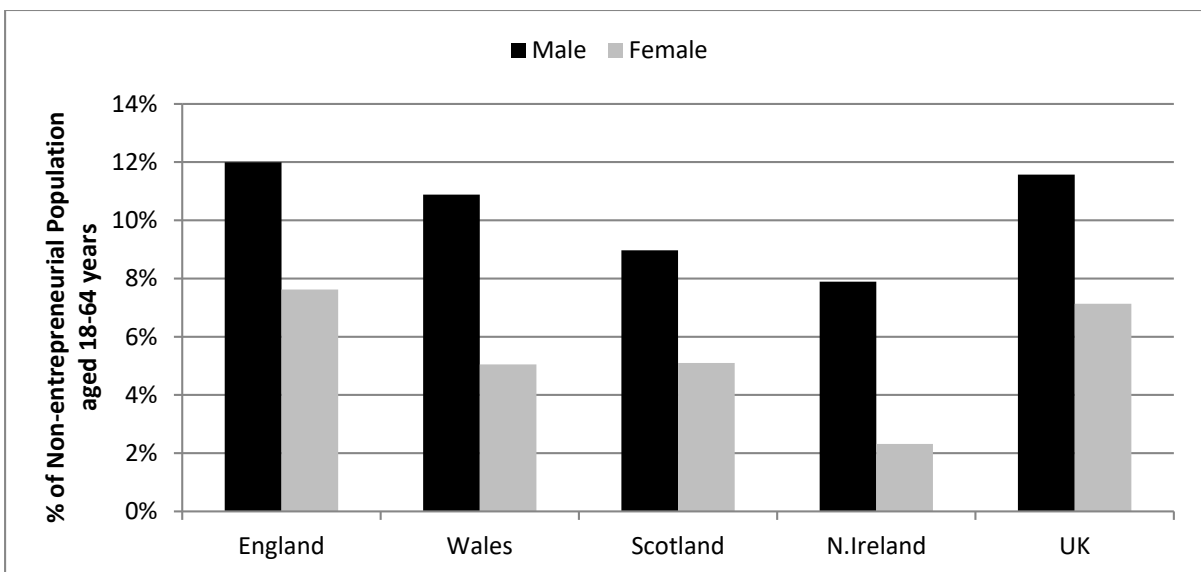


Figure 21: Future Start-up Expectations (within 3 years) in the UK Home Nations by Gender, 2017 (Source: GEM APS)

High Growth

Recent research has suggested that a relatively small number of firms can create a disproportionate number of jobs⁶. 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 of more than 50% in the next five years. Figure 22 displays the trend in these high growth expectation entrepreneurs for both Northern Ireland and UK, using 3 year rolling averages. High growth expectation rates amongst TEA entrepreneurs (measured by the left hand axis) in the UK are around four times higher than those for established business owners (measured by the right hand axis); although in Northern Ireland the ratio has been higher.

Between 2003-17 high expectation rates have been broadly similar for Northern Ireland and UK TEA entrepreneurs, both averaging around 18% over the entire period. The rates of high growth expectation for established business owners have been less consistent. Until 2006-08 the share reporting high job expectation averaged around 5% in both Northern Ireland and the UK. The rate declined for both thereafter, in Northern Ireland dropping to 1.3% and 3.5% in the UK in 2008-10, the Northern Ireland rate remaining at less than half the rate in the UK for a number of years. Since 2012-14 there has been considerable improvement in the high job expectation rates of Northern Ireland established business owners; and since 2013-15 they have exceeded rates in the UK.

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

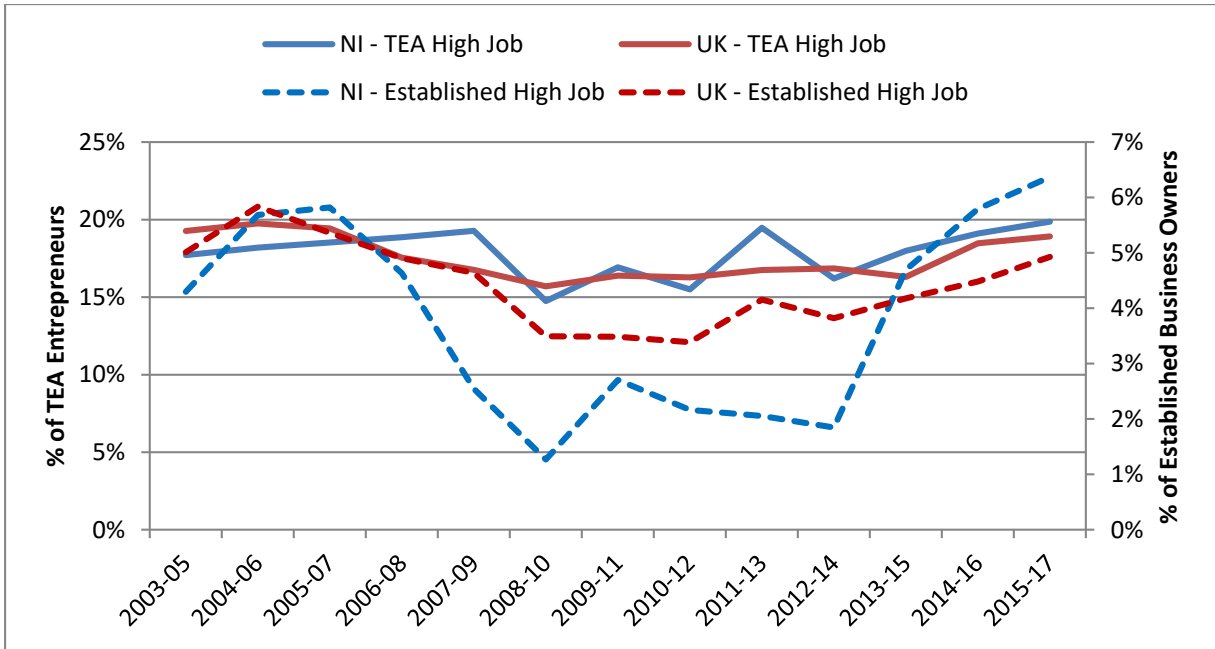


Figure 22: Relative Frequency of High Job Expectation Early-stage Entrepreneurs and Established Business Owners in NI and the UK, three year rolling averages, 2003-2005 to 2015-2017 (Source: GEM APS)

Concluding Observations

Levels of entrepreneurial activity are a vital sign of 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 has seen record levels of start-up in the UK in an international context there remains a clear ‘entrepreneurial deficit’ in Northern Ireland as measured by business start-up activity. Northern Ireland has historically lagged behind the rest of the UK in terms of enterprise start-up activity and the GEM Global project confirms this through its unique annual survey which focuses on the measurement of new business formation at the level of the individual.

In the 12 months to the Spring/Summer of 2017 there was little change in the overall entrepreneurial activity rate of the Northern Ireland population and the rate remained significantly lower than that for the UK. In addition, although annual rates of entrepreneurial activity can fluctuate, the combined Northern Ireland rate for 2015-16 is also significantly lower than the UK.

Northern Ireland also still lags the UK in terms of some of the attitudinal measures of entrepreneurship, particularly in the perception of start-up opportunities in the local area and in self-perception of skills to start a business. In recent years the share perceiving good opportunities for start-up had been increasing in Northern Ireland however the gap with the UK that opened in 2008 has persisted to 2017. As a result, perceptions of opportunity to start a business are now at a higher rate in the UK than those observed pre-recession whilst in Northern Ireland the rates are still lower than those previously recorded.

Despite this, and on a more positive note, similar proportions in Northern Ireland and the UK state that they know someone that started a business. This may reflect the increased presence of entrepreneurs in society and/or may be a sign of increased networking. Additionally, fear of failure which has also historically been higher in Northern Ireland is, in 2017, no longer significantly different to the UK figure.

One measure in which Northern Ireland also performs well is in the reported rates of future high job expectation. The rates are comparable in Northern Ireland and the UK for early-stage

entrepreneurs but, more recently the rate for established business owners in Northern Ireland has more than doubled and has exceeded the UK rate since 2014-16; these metrics further providing an optimistic outlook for increased entrepreneurial activity, and for growth in the economy in the short to medium-term. This is important as the attention in UK enterprise policy turns to address the long-established weakness of the number of businesses that grow. Stimulating start-ups is important but providing a support framework from both the private and public sector to help them survive and grow is a crucial element of any developing policy framework. The Industrial Strategy White Paper which was launched in late 2017 stresses the importance of growth and sets out the Government's intention to support high potential businesses to scale up. This will help re-balance the focus from the encouragement of an increased number of start-ups, the majority of whom fail quickly or survive and exhibit very little growth, to the support of businesses with the ambition and potential to grow.

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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