

**Research Briefing**

By Georgina Hutton

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# Business statistics



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### Contributing Authors

Annalise Murray

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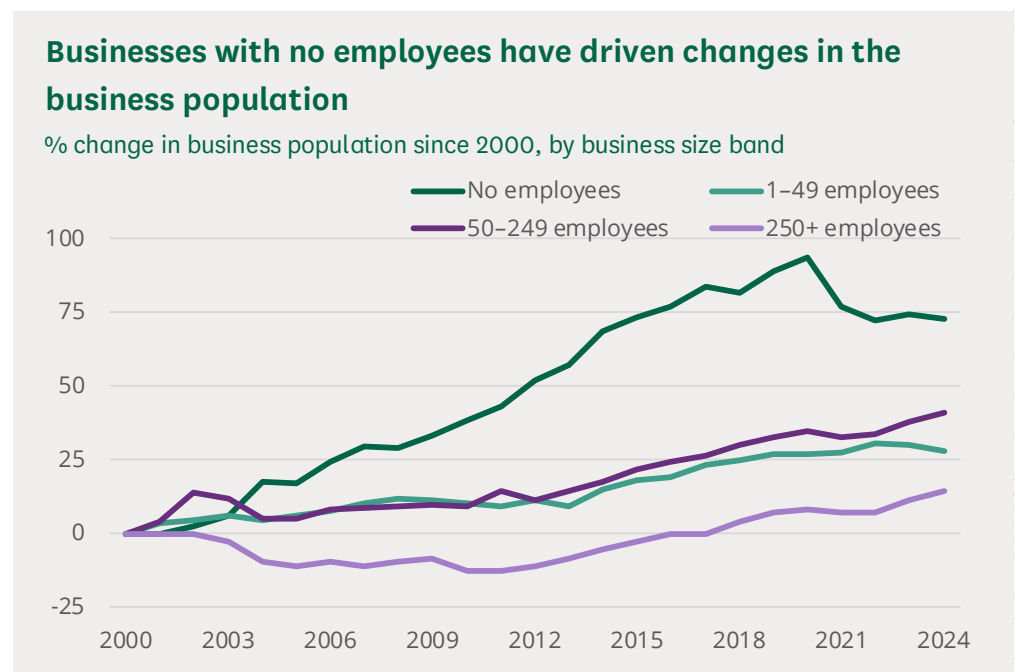
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## Summary

### Businesses over time

There were [5.5 million private sector businesses in the UK](#) as of 1 January 2024, a decrease of 1.0% from 2023. The total business population is 8.0% lower than January 2020 levels.

Over the longer term, since 2000, the total business population has increased by 59%. This growth, and the decline in the business population since 2020, has been driven by small businesses with no employees, the largest category of UK businesses. The chart below shows changes in the business population since 2000 broken down by business size.



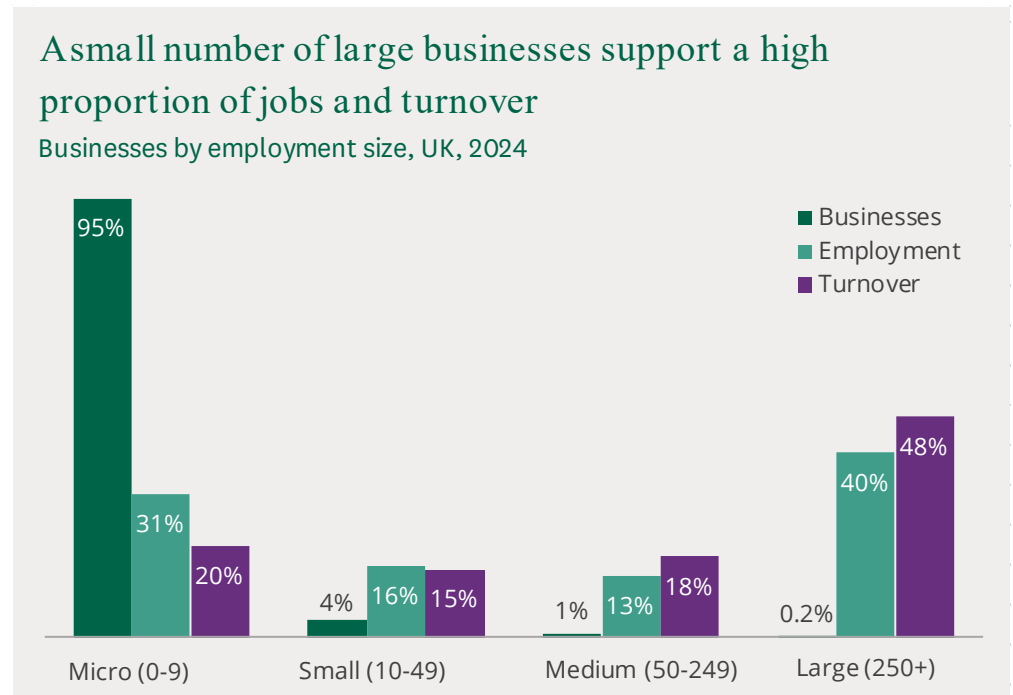
Source: DBT, [Business population estimates](#). 2024

### Businesses by size

There were 5.5 million small or medium-sized businesses (SMEs) in the UK in 2024, representing over 99% of the business population. SMEs are businesses with fewer than 250 employees, including sole traders. SMEs accounted for 60% of UK employment and 48% of business turnover.

There were around 8,000 large businesses (with 250 or more employees) in January 2024. While representing just 0.2% of the business population, these businesses support 40% of jobs and nearly half of all turnover (excluding the financial services sector).

The chart below shows the proportion of UK businesses by size, along with their share of employment and business turnover (excluding the financial services sector).



Source: DBT, [Business population estimates](#), 2024. Turnover excludes the financial services sector.

## Businesses by location

London has the highest number of businesses of any region or country in the UK, including on a per-person basis.

There were around 983,000 businesses in London in January 2024, equal to 1,370 businesses per 10,000 resident adults. London and the South East of England combined accounted for just over a third of UK businesses. In the UK overall there were 996 businesses per 10,000 resident adults.

The Excel sheet attached to this briefing paper provides business numbers by Parliamentary constituency, including by size and industry.

## Businesses by sector

Service industries accounted for 76% of businesses, 80% of employment and 73% of turnover (excluding the financial services sector). The retail industry accounted for 34% of business turnover, but only 10% of the businesses population. The manufacturing sector accounted for 5% of businesses, 9% of employment and 13% of turnover.

## Business openings and closures

2022 was the first year since 2010 that had a [higher rate of business closures \(11.8%\) than new business openings \(11.5%\)](#). There were 337,000 new businesses opened in 2022, down 27,000 from the previous year. There were 345,000 business closures in 2022, around 18,000 more than in 2021.

The transport and storage sector had the highest proportion of business openings and business closures.

## Women in business

Of the UK's small and medium-sized enterprises with employees, 15% were led by women in 2023, according to data from the [government's annual Small Business Survey](#).

A higher proportion of women lead new businesses. Nearly half of all early-stage entrepreneurs in the UK were women (47%) in 2023, up from around 1 in 3 in 2018 (33%), according to the [Global Entrepreneurship Monitor survey](#). In 2022, [just over 20% of all new companies were all-female led](#), up from 17% in 2018, according to analysis in the 2023 Rose Review Progress Report (a government-commissioned review on female entrepreneurship).

Looking to senior business leaders, [42.6% of FTSE 100 directorships were occupied by women](#) in January 2024, and around half of all new FTSE 100 board appointments were women (47%). The FTSE 100 lists the 100 largest companies listed on the London Stock Exchange by value.

## Ethnicity of business leaders

There is no comprehensive data on the ethnicity of UK business owners and leaders.

The ONS has estimated that in 2021 [around 12% of UK self-employed business owners](#) identify as being from a minority ethnic group. Of these, business owners were most likely to be from Indian (3.4% of business owners) or Black (2.1%) ethnic groups.

Of the UK's small and medium-sized enterprises with employees, 7% were led by people from a minority ethnic group in 2023, according to data from the [government's annual Small Business Survey](#). This proportion has been roughly the same each year since 2015.

[96% of FTSE 100 companies and 60% of FTSE 250 companies](#) had at least one director from a minority ethnic background as of December 2022, representing 18% and 11% of all available director posts, respectively. There are relatively few people from minority ethnic groups in Chair and executive director roles (for example, CEO and CFO). There were 31 executive directors from minority ethnic backgrounds in the FTSE 100 and 34 in the FTSE 250.

The British Business Bank in 2020 found that [4.4% of the UK's entrepreneurs were Black](#), 5.9% were from Asian or other minority-ethnic groups and 89.9% were White. The Bank found that even after controlling for factors such as education, income, sector and working patterns, there were systemic disadvantages faced by entrepreneurs who come from minority ethnic backgrounds and who are female.

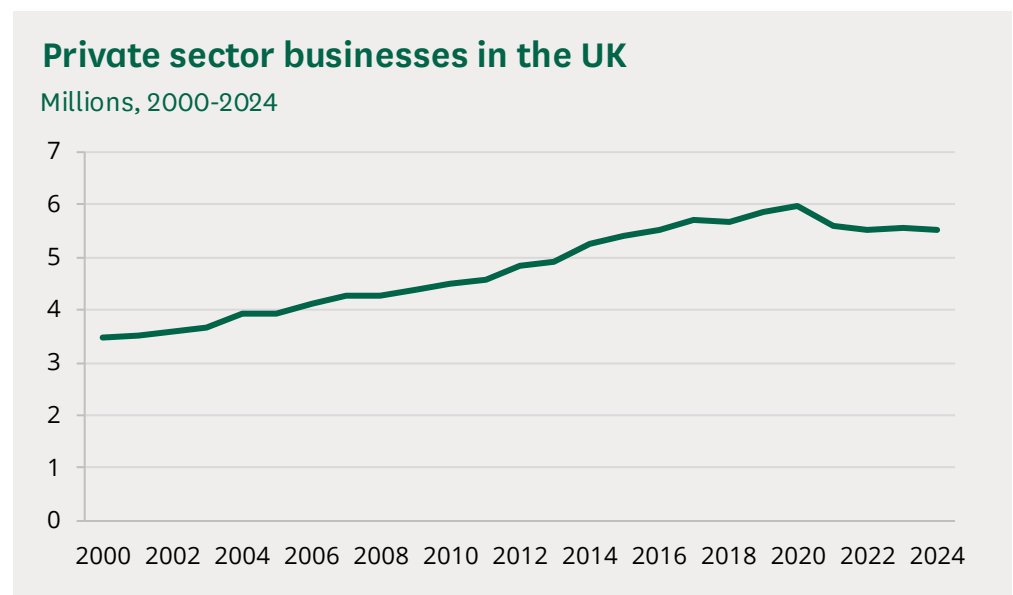
# 1 Businesses in the UK

## 1.1 How many businesses are there in the UK?

As of 1 January 2023, there were 5.5 million private sector businesses in the UK.<sup>1</sup>

The business population fell by 1.0% between January 2023 and January 2024, a fall of 56,000 businesses.

The chart below shows the number of businesses in the UK since 2000.<sup>2</sup>



Source: Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024

The business population has remained broadly unchanged since 2021, after a 6.5% fall in the business population between 2020 and 2021, the largest fall since the series began in 2000. This fall was driven by businesses with no employees (explained further below).

<sup>1</sup> Private sector businesses excludes central and local government, charities and other non-profit organisations.

<sup>2</sup> Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024



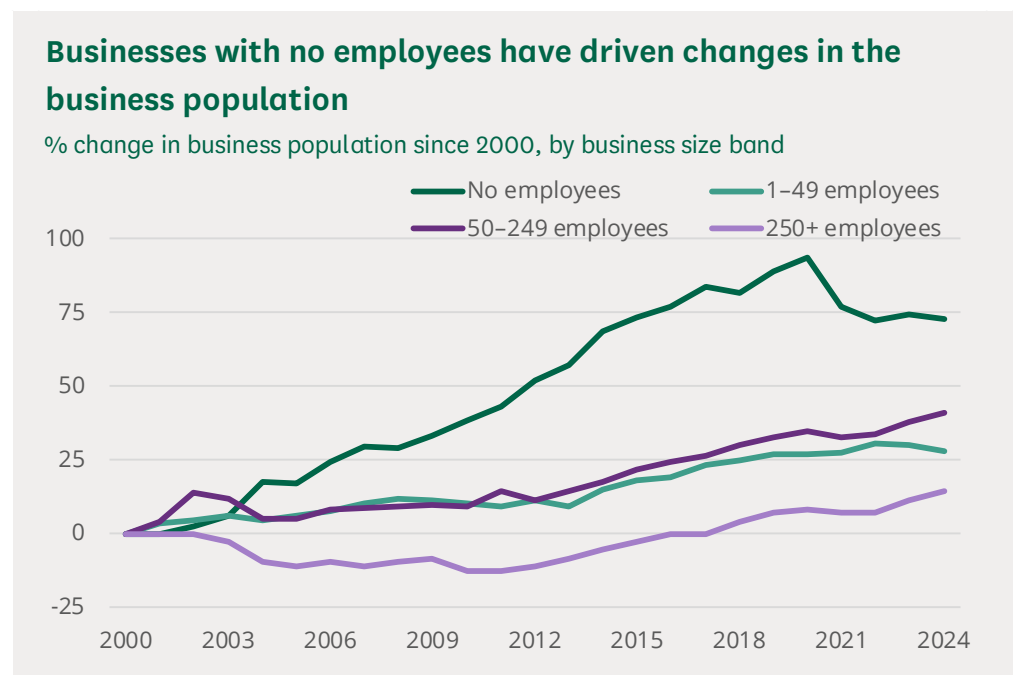
Over the longer term, the number of businesses has grown from 3.5 million businesses in 2000 to 5.5 million in 2024 – an increase of 2.0 million or 59% over the period.<sup>3</sup>

## Businesses with no employees have driven changes in the business population

Businesses can take a number of different legal forms and can range from self-employed sole traders to large multinationals.

The growth in the number of businesses since 2000, and the fall since 2020, has been largely driven by small businesses with no employees – the largest category of UK businesses (see section 2). The proportion of businesses that are employers has fallen from around a third in 2000, to around a quarter in 2024, shown in the table overleaf.

This decline in the number of employers as a proportion of all businesses is due to the growth in self-employment over this period and has been driven by sole-traders.<sup>4</sup> A number of reasons have been put forward to explain this trend, including tax incentives and an ageing workforce.<sup>5</sup>



Source: DBT, [Business population estimates 2024](#), 3 October 2024

<sup>3</sup> Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024

<sup>4</sup> Institute for Fiscal Studies (IFS), [Who are business owners and what are they doing?](#), 9 July 2019.

<sup>5</sup> For further discussion see: IFS, [What does the rise of self-employment tell us about the UK labour market?](#), 19 November 2020; IFS, [Who are business owners and what are they doing?](#), 9 July 2019; Commons Library, [Employment Status](#), 28 March 2018.

The number of businesses without employees also led the decline in business numbers during the pandemic, with this category seeing a 9% fall between 2020 and 2021 and a 3% fall between 2021 and 2022. In comparison, the number of small, medium and large employers increased between 2021 and 2022.

The decline in the number of businesses with no employees correlates with a decline in the population of self-employed workers during the coronavirus pandemic. According to the Office for National Statistics (ONS) Labour Force Survey (LFS), the number of self-employed workers was 15% lower in the first quarter (Q1) of 2022 compared to Q1 2020.<sup>6</sup> The ONS explains that some of this fall was partly due to people changing their survey responses during the pandemic. For example, some people who own their business but who pay themselves through PAYE began to describe themselves as employees when they realised they could claim on the Coronavirus Job Retention Scheme.<sup>7</sup> The business data shown in this section is partly drawn from the LFS, so such changes to survey responses would also impact the number of businesses recorded.<sup>8</sup>

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<sup>6</sup> ONS, Labour Force Survey, [AQ1 Table 3](#), 15 November 2022.

<sup>7</sup> ONS, [Painting the full picture: what our statistics tell us about the labour market](#), Debra Leaker, 29 January 2021. Because the Business Population Estimates are also informed by the Labour Force Survey, this in theory could also affect the estimates for number of businesses with no employees.

<sup>8</sup> The Business Population Estimates use LFS data to estimate the number of sole traders and partnerships not registered for VAT and PAYE.

## Private sector businesses in the UK, 2000-2024

	Number of businesses (000s)	Change on year (000s)	% change on year	% that are employers
2000	3,467	-	-	32.1%
2001	3,502	35	1.0%	32.8%
2002	3,573	71	2.0%	32.5%
2003	3,679	106	3.0%	32.1%
2004	3,925	247	6.7%	29.6%
2005	3,927	1	0.0%	29.9%
2006	4,125	199	5.1%	29.0%
2007	4,272	146	3.5%	28.7%
2008	4,284	12	0.3%	28.9%
2009	4,375	92	2.1%	28.3%
2010	4,483	108	2.5%	27.3%
2011	4,589	106	2.4%	26.4%
2012	4,818	229	5.0%	25.7%
2013	4,914	97	2.0%	24.6%
2014	5,247	333	6.8%	24.3%
2015	5,401	154	2.9%	24.3%
2016	5,498	97	1.8%	24.1%
2017	5,695	197	3.6%	24.0%
2018	5,668	-27	-0.5%	24.5%
2019	5,868	200	3.5%	24.0%
2020	5,981	113	1.9%	23.6%
2021	5,591	-390	-6.5%	25.3%
2022	5,509	-82	-1.5%	25.7%
2023	5,555	46	0.8%	26.0%
2024	5,499	-56	-1.0%	26.0%

Notes: data is as of 1 January each year.

Source: Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024

## 2 Businesses by size

The table below shows businesses in the UK by size (the number of employees per business).

### Private sector businesses in the UK by number of employees, 2024

	Businesses 000s	Employment 000s	Turnover £ billions	Businesses %	Employment %	Turnover %
With no employees	4,072	4,439	366	74%	16%	7%
SMEs (0-249 employees)	5,491	16,639	2,752	99.8%	60%	52%
Micro (0-9 employees)	5,233	8,644	1,045	95%	31%	20%
Small (10-49 employees)	220	4,317	781	4%	16%	15%
Medium (50-249 employees)	38	3,677	926	1%	13%	18%
Large (250+ employees)	8	11,115	2,520	0.2%	40%	48%
Total, all businesses	5,499	27,754	5,273	100%	100%	100%

Notes: Turnover excludes the financial services sector. Figures are rounded.

Source: Department for Business and Trade, [Business population estimates 2024](#)

The most common definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. There were 5.5 million SMEs in the UK in 2024, which was 99.8% of all businesses.<sup>9</sup>

### 95% of businesses in the UK have fewer than 10 employees

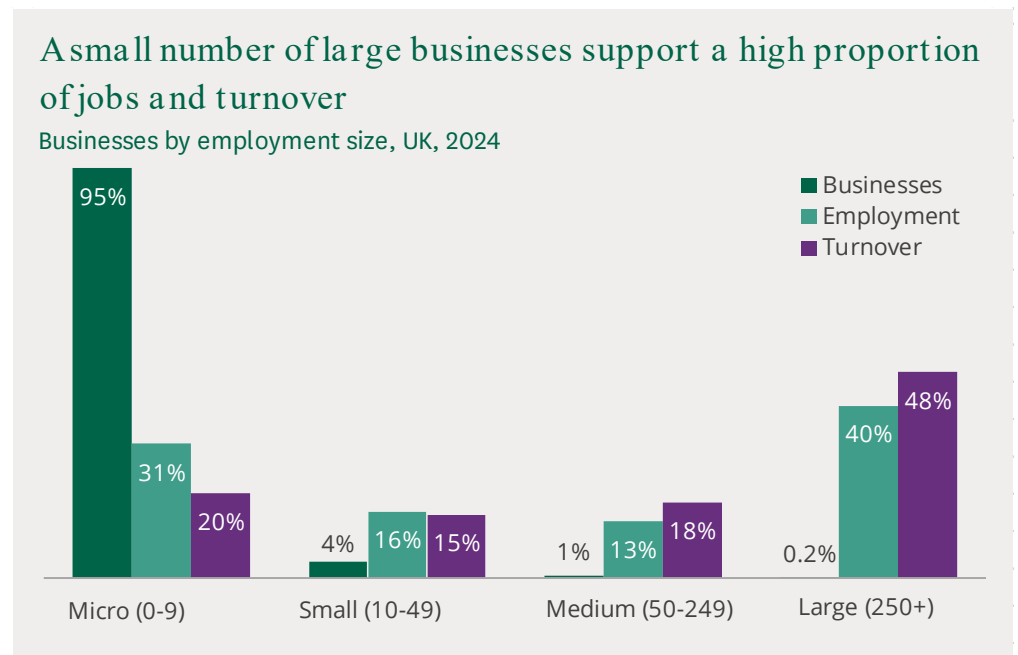
Micro-businesses have 0-9 employees. There were 5.2 million micro-businesses in the UK in 2024, accounting for 95% of all businesses. While representing the vast majority of businesses in the UK, micro-businesses only account for 31% of employment and 20% of turnover.<sup>10</sup>

There are around 8,000 large businesses (defined as businesses with 250 or more employees), accounting for 0.2% of businesses but 40% of employment and 48% of turnover.

The following chart shows the proportion of businesses, employment and turnover accounted for by businesses of different size bands.

<sup>9</sup> Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024.

<sup>10</sup> Turnover excluding the financial services sector.



Source: DBT, [Business population estimates 2024](#), 3 October 2024. Turnover excludes the financial services sector.

## 3

## Businesses by region

The chart below shows the number of businesses per head of population across the countries and regions of the UK.



Notes: Business count is based on businesses' head office location.

Source: DBT, [Business population estimates 2024](#), Table 8, 3 October 2024

In the UK in 2024 there were 996 businesses per 10,000 resident adults. In London there were 1,370 businesses per 10,000 residents. In Scotland there were 779 businesses per 10,000 residents.<sup>11</sup>

Just over a third of UK businesses are in London and the South East (1.0 million in London and 0.9 million in the South East). Northern Ireland has 0.1 million businesses, the fewest of any country or region in the UK.

Overall, there was a 1.0% decrease in the number of businesses in the UK between 2023 and 2024. Not all regions and nations saw a fall in business numbers. The greatest percentage fall was in the North West, where the number of businesses fell by 9.2% between 2023 and 2024, followed by the East of England where the number of businesses fell by 7.2%. Scotland saw a

<sup>11</sup> Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024, Table 8

19% increase in the number of businesses between 2023 and 2024, the largest of any country or region.

The table below shows data on businesses by country and region of the UK.

<b>Business statistics by regions and countries of the UK, 2024</b>						
	Number of enterprises (000s)	% change 2023-24	Per 10,000 resident adults	Employers (000s)	SMEs (000s)	
North East	166	6.2%	751	41	166	
North West	495	-9.2%	811	144	494	
Yorkshire & Humber	388	-0.2%	860	106	388	
East Midlands	358	-6.4%	885	97	357	
West Midlands	432	-3.6%	889	118	431	
East of England	528	-7.2%	1,016	141	527	
London	983	-6.3%	1,370	256	981	
South East	907	6.4%	1,188	208	906	
South West	533	1.8%	1,113	126	533	
England	4,791	-2.5%	1,030	1,237	4,783	
Wales	220	0.5%	853	56	220	
Scotland	355	19.0%	779	95	355	
Northern Ireland	133	9.0%	875	40	133	
<b>United Kingdom</b>	<b>5,499</b>	<b>-1.0%</b>	<b>996</b>	<b>1,427</b>	<b>5,491</b>	

Notes: Business count is based on businesses' head office location. Figures are rounded to nearest 100.

Source: DBT, [Business Population Estimates](#), Table 26, 3 October 2024.

## 4 Businesses by industry

The table below shows private sector businesses by industry in the UK in 2024.

Businesses by industry in the UK, 2024				
	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	179	3%	3%	7%
Manufacturing	247	4%	9%	13%
Construction	870	16%	7%	8%
Total services	4,203	76%	80%	73%
<i>Of which:</i>				
Retail	559	10%	18%	34%
Transportation	313	6%	6%	5%
Accommodation & food	212	4%	9%	2%
IT and communications	338	6%	6%	8%
Financial and insurance	86	2%	4%	..
Real estate activities	143	3%	2%	2%
Professional and scientific	755	14%	11%	10%
Administrative & support services	495	9%	11%	7%
Education	299	5%	2%	1%
Health and social work	356	6%	7%	2%
Arts and recreation	280	5%	3%	2%
Other service activities	367	7%	3%	1%
<b>Total</b>	<b>5,499</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Note: Turnover excludes the financial services sector. Data is for 1 January 2022.

Source: Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024

### Retail businesses account for over a third of UK turnover (excluding financial services)

In 2024 there were 4.2 million businesses in the services industries, just over three quarters of all businesses in the UK.<sup>12</sup> The biggest of the service industries in terms of the number of businesses was the professional and scientific sector, which, at 755,000 businesses, accounted for 14% of businesses. The retail sector and the administrative and support services sector accounted for 10% and 9% of all businesses, respectively.

Overall, businesses in the service industries accounted for 80% of employment and 73% of total turnover (excluding financial services).<sup>13</sup>

<sup>12</sup> Department for Business and Trade, [Business population estimates 2024](#), 3 October 2024, Table 4

<sup>13</sup> Turnover excludes financial services businesses.



Businesses in the retail sector accounted for 18% of employment and 34% of turnover in 2024.

Construction sector businesses accounted for 16% of all businesses, but only 7% of employment and 8% of turnover. A large number of construction workers are self-employed, which increases the number of enterprises, but not the number employed in the sector.

Manufacturing firms accounted for 5% of businesses, 9% of employment and 13% of turnover.

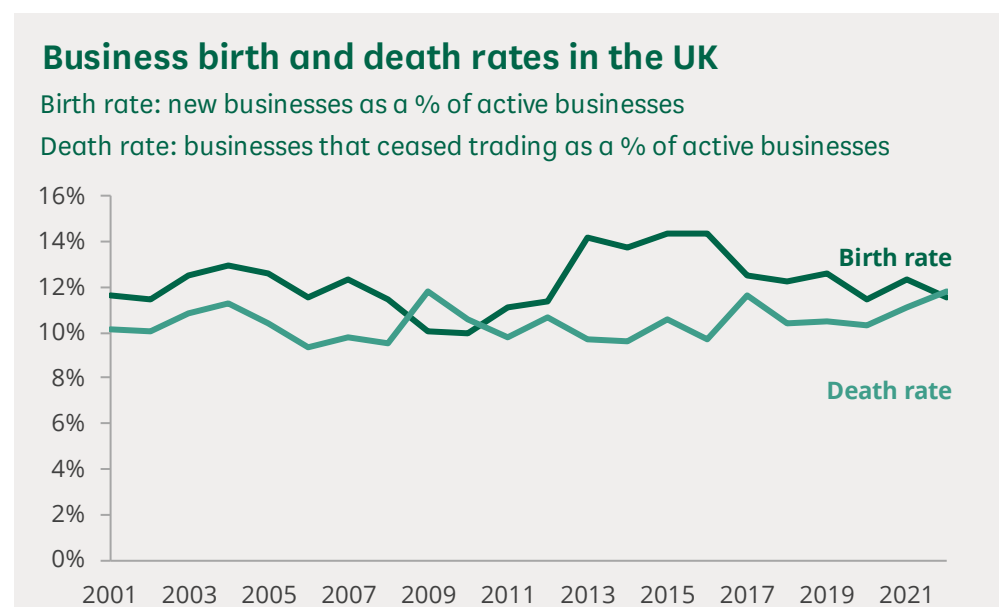
## 5 Business openings and closures

### 5.1 Business births and deaths in the UK

The chart and tables below show new business openings (business births) and businesses that ceased trading (business deaths) in each year from 2001 to 2022. The business birth rate is the proportion of active businesses that began trading in the reporting year. The business death rate is the proportion of active businesses that ceased trading in the reporting year.

2022 was the first year since 2010 that had a higher rate of business deaths (11.8%) than business births (11.5%). There were 337,000 business births in 2022, down 27,000 on the previous year. The business birth rate was 11.5%, down from 12.4% in 2021.<sup>14</sup> There were 345,000 business deaths in 2022, around 18,000 more than 2021. The business death rate was 11.8%, up from 11.1% in 2021.

The volume of business births and deaths is generally proportionate to the business population as a whole – there are more business births and deaths in a bigger business population.



Source: ONS, [Business Demography](#), 22 November 2023; House of Commons Library calculations

<sup>14</sup> ONS, [Business Demography](#), 17 November 2022.

## Business birth and death rates, UK

	Births (000s)	Birth Rate	Deaths (000s)	Death Rate
2001	243	11.7%	212	10.2%
2002	243	11.5%	213	10.1%
2003	267	12.5%	232	10.9%
2004	280	13.0%	244	11.3%
2005	275	12.6%	228	10.5%
2006	256	11.6%	207	9.4%
2007	281	12.3%	224	9.8%
2008	267	11.5%	223	9.6%
2009	236	10.1%	277	11.8%
2010	235	10.0%	249	10.6%
2011	261	11.2%	230	9.8%
2012	270	11.4%	252	10.6%
2013	346	14.1%	238	9.7%
2014	350	13.7%	246	9.7%
2015	383	14.3%	282	10.6%
2016	398	14.4%	269	9.7%
2017	357	12.5%	331	11.7%
2018	349	12.3%	297	10.4%
2019	364	12.6%	303	10.5%
2020	333	11.5%	299	10.3%
2021	364	12.4%	327	11.1%
2022	337	11.5%	345	11.8%

Source: ONS, [Business Demography](#), 22 November 2023; House of Commons Library calculations

Notes: excludes non-VAT registered businesses with no employees; Birth rate: new businesses as a % of active businesses. Death rate: businesses that ceased trading as a % of active businesses.

## 5.2

## Business births and deaths by industry

The transport and storage industry (which includes postal services) had the highest business birth rate in 2022, at 21.2%, and the highest death rate, at 23.8%.<sup>15</sup> This industry has had the highest business birth rate since 2017, but 2022 was the first year that the death rate exceeded the birth rate.

<sup>15</sup> ONS, [Business Demography 2022](#), 23 November 2023.

The pandemic saw an increase in couriers and road freight transport business. Both industries saw a fall in birth rate in 2022 and for couriers, a significant rise in business deaths in 2021 and 2022.<sup>16</sup>

Most industries have a large proportion of births that are either sole traders or single-employee businesses. The accommodation and food services industry is an exception, with over 70% of new business having two or more employees.<sup>17</sup>

## 5.3 Business births and deaths by country and region

In 2022, London, the North East, Wales and Northern Ireland were the only areas that had a greater number of business births than business deaths.

London had the highest birth and death rate (both 12.7%) of all countries and regions.

Business births and deaths by region and country, 2022				
	Births	Birth rate	Deaths	Death rate
North East	9,720	12.4%	9,485	12.1%
North West	36,220	12.5%	36,525	12.6%
Yorkshire and the Humber	25,895	12.6%	23,640	11.5%
East Midlands	22,685	11.5%	26,000	13.2%
West Midlands	28,695	12.1%	30,105	12.7%
East	31,850	11.0%	32,615	11.2%
London	76,845	12.7%	76,510	12.7%
South East	44,160	10.0%	49,310	11.1%
South West	24,510	10.3%	24,710	10.4%
Wales	12,090	11.6%	11,660	11.2%
Scotland	18,870	10.8%	19,640	11.3%
Northern Ireland	5,385	8.3%	5,290	8.2%
<b>United Kingdom</b>	<b>336,925</b>	<b>11.5%</b>	<b>345,490</b>	<b>11.8%</b>

Source: ONS, [Business Demography 2022](#), 23 November 2023; House of Commons Library calculations

<sup>16</sup> ONS, [Business Demography 2022](#), 23 November 2023.

<sup>17</sup> ONS, [Business Demography 2022](#), 23 November 2023.

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## 6 Women in business

### 6.1 Female-led small and medium-sized enterprises (SMEs)

In 2023, 15% of small and medium-sized enterprises (SME) employers were led by women (meaning that they were either led by one woman or by a management team that is majority female), according to the Government's annual [Small Business Survey](#).<sup>18</sup> This is a three percentage point fall compared to 2022, and similar to figures since 2015.

The proportion of SMEs with no employees that were owned or led by women was higher, at 18% in 2023, around the same as in 2021 and 2020.<sup>19</sup>

Examining only SMEs with employees, women-led businesses were most likely to be in the health and social care (39%), education (32%), arts, entertainment and recreation (24%), accommodation and food (23%) and other services (23%) sectors.<sup>20</sup> The "other services" sector includes businesses such as hair and beauty salons, sports facilities and funeral homes.

### 6.2 Female-led start-ups

In 2022, [just over 20% of all new companies were all-female led](#), up from 17% in 2018, according to the 2023 Rose Review Progress Report.<sup>21</sup> Women in the UK established over 150,000 new companies in 2022 – more than twice as many as in 2018.<sup>22</sup>

The [Alison Rose Review of female entrepreneurship](#) was a Treasury-commissioned independent review which began in 2018 and reports annually, looking at the barriers faced by women starting and growing a business.<sup>23</sup> The first review report, published in March 2019, stated that "up to £250 billion of

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<sup>18</sup> DBT, [Small business survey \(employers\)](#), 29 September 2024, data table 36.

<sup>19</sup> DBT, [Small business survey \(no employees\)](#), 29 September 2024, data table 29.

<sup>20</sup> DBT, [Small business survey \(employers\)](#), 29 September 2024, data table 30.

<sup>21</sup> Alison Rose Review of female entrepreneurship, [Progress Report 2023](#), 22 February 2024 page 6. A company is a business that has been incorporated at Companies House under the Companies Act 2006.

<sup>22</sup> Alison Rose Review of female entrepreneurship, [Progress Report 2023](#), 22 February 2024, page 6.

<sup>23</sup> HM Treasury, [The Alison Rose Review of Female Entrepreneurship](#), 8 March 2019.

new value could be added to the UK economy if women started and scaled new businesses at the same rate as UK men”.<sup>24</sup>

Around 10% of women in the UK economy were early-stage entrepreneurs in 2023, according to the Global Entrepreneurship Monitoring (GEM) survey (a consortium of international academic institutions that run a global annual survey of entrepreneurship activity).<sup>25</sup> This includes people owning or running a business that is less than three-and-a-half years old. Nearly half of all early-stage entrepreneurs in the UK were women (47%), up from around 1 in 3 in 2018 (33%).<sup>26</sup> The proportion of female entrepreneurs in the UK was the same as in France, higher than in Germany, but lower than in the United States.<sup>27</sup>

In its 2022/23 report, the GEM found that the proportion of new businesses that transition to established businesses (operating for more than three-and-a-half years) is lower for female-led businesses than male-led businesses. The GEM reported that in the UK 4.1% of women in 2022 were “established business owners” compared to 8.9% of men – a gap of 4.8 percentage points.<sup>28</sup>

## Gender and ethnicity

Research conducted by the British Business Bank in 2020, the government-owned bank that supports businesses access finance, looked at the [gender and ethnicity of UK entrepreneurs](#). The Bank reported that Black women had the biggest gap between the proportion of women entrepreneurs compared to working women overall. Black women made up 28% of Black entrepreneurs, compared with 50% of the Black working population. For women from Asian and other ethnic-minority groups and for White women, this gap was half the size.<sup>29</sup>

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<sup>24</sup> HM Treasury, [The Alison Rose Review of Female Entrepreneurship \(PDF\)](#), Executive Summary page 6, 8 March 2019.

<sup>25</sup> Global Entrepreneurship Monitor (GEM), [UK Report 2023/24 \(PDF\)](#), page 25. The GEM reports on the ‘total early-stage entrepreneurial activity’ (TEA) rate, which is the percentage of the working-age adult population (aged 18–64) who are early-stage entrepreneurs. The GEM reported a 10% TEA rate for women. It said that the ratio of women to men early-stage entrepreneurs was 85%.

<sup>26</sup> House of Commons Library calculations based on GEM figures ([UK Report 2023/24 \(PDF\)](#), page 25) and [ONS population estimates](#) for the 18–64 male and female populations.

<sup>27</sup> Global Entrepreneurship Monitor, [UK Report 2023/24 \(PDF\)](#), page 23.

<sup>28</sup> Global Entrepreneurship Monitor, [UK Report 2022/23 \(PDF\)](#), page 18–19. The Established Business Owner (EBO) rate is the proportion of the adult population that is currently an owner-manager of an established business (operating for more than three and half years). The GEM’s UK 2023/24 report did not include a breakdown of the EBO rate by gender.

<sup>29</sup> British Business Bank, [Alone Together: Entrepreneurship and diversity in the UK](#), 2020, page 29.

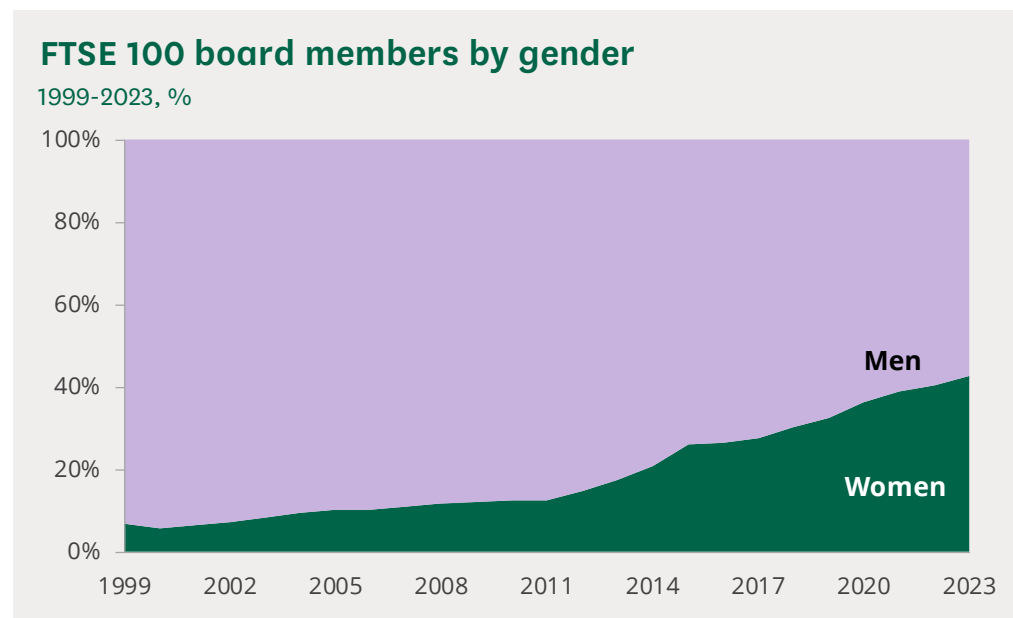
## 6.3

## Women on boards

In January 2024, [42.6% of FTSE 100 directorships were occupied by women](#) and around half of all new FTSE 100 board appointments were women (47%).<sup>30</sup> Nearly three-quarters of all FTSE 100 Boards have at least 40% women on their boards – the current voluntary target set by the [FTSE Women Leaders Review](#) (discussed further below).<sup>31</sup>

In January 2024, 41.8% of positions on FTSE 250 boards and 42.1% of positions on FTSE 350 boards were held by women.<sup>32</sup>

The following chart shows how the proportion of women on FTSE 100 boards has increased steadily since 1999 with more significant increases in recent years.



Source: Cranfield University, [Female FTSE Board Report](#), 2022 and House of Commons Library

### Women on boards: targets

A government backed voluntary target that FTSE 100 boards should have a minimum of 25% female representation by 2015 was set in the 2011 report by Lord Davies of Abersoch, [Women on boards](#).<sup>33</sup> In October 2015, it was

<sup>30</sup> There were 445 women serving on FTSE 100 Boards out of a total of 1044 directorships. FTSE Women Leaders, [FTSE Women Leaders Review 2024 \(PDF\)](#), February 2024, page 15.

<sup>31</sup> FTSE Women Leaders, [About Us](#), accessed 27 February 2024.

<sup>32</sup> FTSE Women Leaders, [FTSE Women Leaders Review 2024 \(PDF\)](#), February 2024, Appendix page 48.

<sup>33</sup> Lord Davies of Abersoch and BIS, [Women on boards](#), February 2011, pg. 4

announced that this target had been met, and that 26% of FTSE 100 board members were women.<sup>34</sup>

Building on the work of Lord Davies, in 2016 the government commissioned the [Hampton-Alexander Review on FTSE women leaders](#), which reported each year from 2016–2021 on women representation at FTSE 350 firms. In 2016 the Hampton-Alexander Review recommended that FTSE 350 companies should aim for a minimum of 33% representation of women on their boards and in their senior leadership positions (Executive Committee and Direct Reports) by 2020.

The final [Hampton-Alexander report \(PDF\)](#) was published in February 2021. It reported that FTSE 350 Boards met and exceeded the 33% target on average (220 or 65% of companies met the target). The target for women in FTSE350 leadership roles however fell short of the target, with 85 companies (30%) achieving the target.<sup>35</sup>

The Hampton-Alexander Review has been succeeded by the [FTSE Women Leaders Review](#). This review has set new voluntary targets, including that FTSE 350 companies should reach:

- 40% representation of women on FTSE 350 Boards and leadership teams (Executive Committee and Direct Reports) by the end of 2025; and
- FTSE 350 companies should have at least one woman in a key leadership role (Chair or Senior Independent Director role on the Board and/or one woman in the Chief Executive Officer or Finance Director role) by the end of 2025.<sup>36</sup>

The Cranfield School of Management, [Female FTSE Board Reports](#), provide further statistics on female representation on FTSE 100 and FTSE 250 company boards including commentary on the voluntary approach to representation targets.

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<sup>34</sup> BIS, [Women on boards: 5 year summary \(Davies review\)](#), 29 October 2015.

<sup>35</sup> Hampton-Alexander Review, [FTSE Women Leaders, February 2021](#) (PDF), page 10.

<sup>36</sup> FTSE Women Leaders, [Recommendations & Progress](#) [accessed 18 November 2022].



# 7

## Ethnicity of business owners

There is limited available data on the ethnicity of UK business owners and leaders. Various reports have highlighted the lack of good data in this area, particularly on detailed ethnic groups, and the implications this has for policy development.<sup>37</sup>

The following sections present available data on the ethnicity of business owners, business leaders and entrepreneurs.

### 7.1

#### Self-employed business owners

The Office for National Statistics has produced ad-hoc experimental approximations of ethnicity of UK business owners, based on data for a subset of self-employed workers.<sup>38</sup>

It found that in 2021 around 12% of UK business owners identified as being from a minority ethnic group and around 88% of business owners identified as being from a White ethnic background.<sup>39</sup> Of the minority ethnic groups reported, business owners were most likely to from Indian (3.4% of business owners) or Black (2.1%) ethnic groups.

### 7.2

#### Minority ethnic group-led SMEs

The Department for Business and Trade Small Business Survey reports annually on the proportion of small and medium sized businesses that are

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<sup>37</sup> ONS, [Exploration of options to source data on the ethnicity of business owners](#), 23 November 2021; All Party Parliamentary Group (APPG) for Black and Minority Ethnic Business Owners, [BAME Business Owners: Covid-19 response](#), September 2020; Federation of Small Businesses, [Unlocking Diversity: the value of ethnic minority firms to UK economic activity and enterprise](#), July 2020; Minority Supplier Development UK, [Minority Business Matters](#) published by Minority Supplier Development, February 2021.

<sup>38</sup> ONS, [Approximation of business owners by ethnic group for the UK and English regions, 2012 to 2021](#), 13 February 2023. The regional estimates are not quoted in this briefing as the estimates are largely too small to give robust results.

<sup>39</sup> Note that the sub-categories do not sum to the total due to some business owners having unknown ethnic group. White includes respondents in England, Wales and Scotland identifying themselves as 'White - Gypsy or Irish Traveller' and respondents in Scotland identifying themselves as 'White - Polish'.

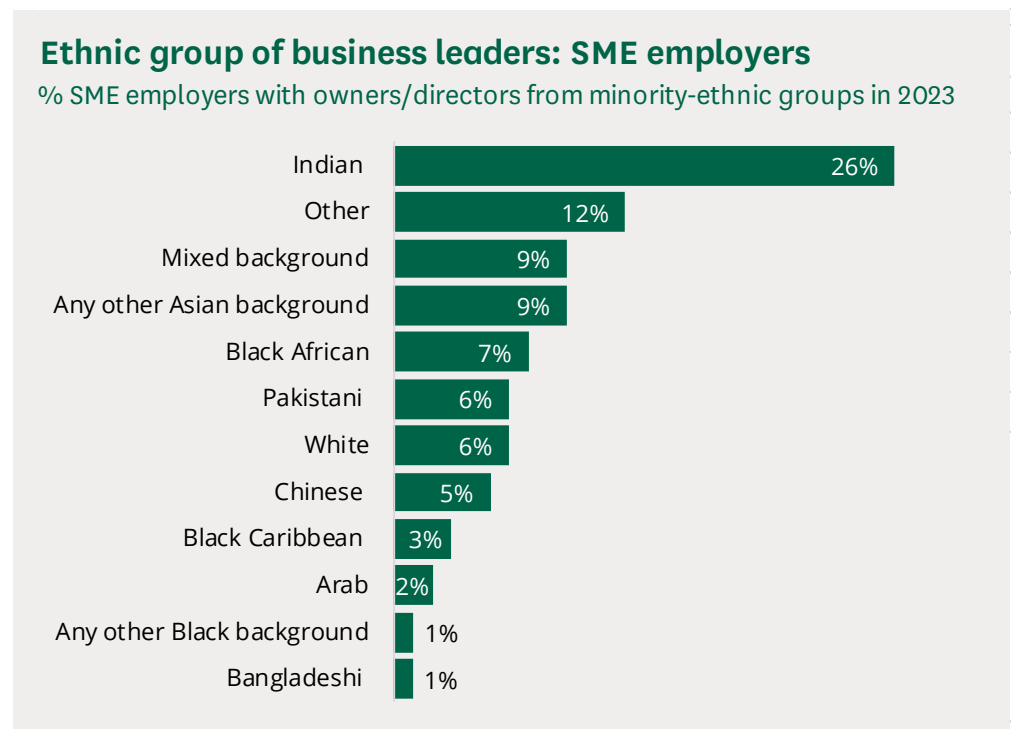
minority ethnic group led (MEG-led).<sup>40</sup> MEG-led is defined as having a person from a minority ethnic group in sole control or having a management team at least half of which are from an minority ethnic group.

In 2023, 7% of SMEs with employees were MEG-led, roughly the same as in each year since 2015.<sup>41</sup> MEG-led SME employers were most likely to be in the following sectors:<sup>42</sup>

- transportation and storage (11%)
- administrative and support service activities (9%)
- health and social care (9%)
- real estate, financial and insurance activities (9%)

In England, 7% of SME employers were MEG-led, compared to 4% in Scotland, 3% in Wales and 2% in Northern Ireland.

The following chart shows the most likely ethnicity of the leaders of SME employers with owners or directors from minority-ethnic groups. The most likely ethnic origin of the owners/directors was Indian (22% of leaders of SME employers with owners/directors from minority-ethnic background).



<sup>40</sup> In the survey, minority ethnic group means “those that are not White British, where White British includes White English, White Scottish etc.”.

<sup>41</sup> DBT, [Small Business Survey 2023: businesses with employees](#), 26 September 2024, data table 36.

<sup>42</sup> Note that in almost every survey category, the proportion of SME employers where it is unknown whether they were MEG-led is similar or higher than the proportion known to be MEG-led.

Notes: White includes White British, White Irish and any other White background. The ethnic group of 21% of employers could not be classified.

Source: DBT, [Small business survey 2023: businesses with employees](#), 26 September 2024, Table 31 A20.

Among SMEs without employees, 6% were MEG-led in 2023.<sup>43</sup> This has been largely unchanged since 2015 (within one or two percentage points). MEG-led SMEs without employees were most likely to be in the IT and communication (13%) and transport and storage (10%) sectors.<sup>44</sup>

## 7.3

### Ethnic diversity of company boards

[The Parker Review](#) was a government-commissioned independent review into the ethnic diversity of FTSE 100 boards in 2016. Published in 2017, this review recommended that each FTSE 100 board should have “at least one director of colour by 2021; and each FTSE 250 board should have at least one director of colour by 2024.”<sup>45</sup> [Annual reviews](#) are produced by Ernst & Young and published on gov.uk.

As of December 2022, 96 FTSE 100 companies had at least one director from a minority-ethnic background, up from 89 in 2021.<sup>46</sup> 49 companies had more than one director from a minority ethnic background.

In total there were 178 FTSE 100 directors from minority ethnic backgrounds holding 190 director positions (some individuals are directors of more than one company). This represents 18% of all FTSE 100 board positions. Of these 178 directors, just under half (47%) were women.

Of the 178 FTSE 100 directors from minority ethnic groups, 55% were Asian (9% of all director positions), 17% were Black (3% of all directors), 11% were of mixed/multiple ethnicity (2% of all directors) and 17% were from other minority-ethnic groups (3% of all directors).

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<sup>43</sup> DBT, [Small Business Survey 2023: businesses with no employees](#), 26 September 2024, data table 35.

<sup>44</sup> DBT, [Small Business Survey 2023: businesses with no employees](#), 26 September 2024, data table 35.

<sup>45</sup> Sir John Parker, [A Report into the Ethnic Diversity of UK Boards](#), October 2017, page 10.

<sup>46</sup> [Parker Review Annual Report 2023](#), pages 18=20.

## Board members from minority-ethnic groups, 2022

	FTSE 100		FTSE 250	
	Number of directors	% of all directorships	Number of directors	% of all directorships
All minority-ethnic groups	178	18%	178	11%
Of which:				
Asian	98	9%	107	6%
Black	30	3%	23	1%
Mixed/Multiple ethnicity	20	2%	27	2%
Other minority-ethnic	30	3%	19	1%

Notes: data is as of 31 December 2022. The number of directors is the number of individuals, the proportion is of all available directorship positions. Some individuals are directors of more than one company. There were 1,064 FTSE 100 and 1,074 FTSE 250 director positions in total. There were 26 FTSE 250 companies for which data was unknown. Two of the 178 FTSE 250 directors stated that they would prefer not to say.

Source: [Parker Review Annual Report 2023](#), pages 18–20 and House of Commons Library calculations.

Of the FTSE 250 companies, 149 companies (60%) had at least one director from a minority ethnic background in December 2022; 21 companies had more than one director from a minority-ethnic background.<sup>47</sup>

There were 178 FTSE 250 directors from minority ethnic backgrounds, occupying 188 director positions in total. This represents 11% of all FTSE250 board positions.<sup>48</sup> Of these 188 directors, just under half (48%) were women.

Of the 178 FTSE 100 directors from minority ethnic groups, 60% were Asian (6% of all directors), 13% were Black (1% of all directors), 15% were of mixed/multiple ethnicities (2% of all directors) and 11% were of other minority ethnic backgrounds (1% of all directors).

## Board leadership positions

There are relatively few people from minority ethnic groups in Chair and executive director roles (for example, CEO and CFO), positions which typically have more direct influence within companies compared to non-executive director roles.<sup>49</sup>

In FTSE 100 companies, there were 31 people from minority-ethnic groups in Chair or executive director roles in December 2022: six held the position of Chair, seven were CEOs, nine were CFOs and there were nine other executive directors.

<sup>47</sup> [Parker Review Annual Report 2023](#), pages 18–20.

<sup>48</sup> There were 26 FTSE 250 companies for which the number of ethnic-minority directors was unknown. Some individuals are directors of both FTSE 100 and FTSE 250 companies.

<sup>49</sup> [Parker Review Annual Report 2023](#), page 15.

In FTSE 250 companies, 34 executive directors were from minority-ethnic backgrounds: five held the position of Chair, 14 were CEOs, 10 were CFOs and there were five other executive directors.<sup>50</sup>

From 2023, the Parker Review has asked FTSE 350 companies to set their own targets for what the proportion of their senior management team (executive directors) who self-identify as being in a minority ethnic group should be by December 2027, and to report on that target to the Review.

## 7.4 Minority ethnic entrepreneurs

The Global Entrepreneurship Monitor Consortium found that the early-stage entrepreneurial activity rate of the non-white population was higher (at 18.7%) than the white ethnic population (at 9.0%) in 2023, a trend consistent with previous years.<sup>51</sup> The report does not provide a breakdown of the non-white population.<sup>52</sup>

The British Business Bank conducted research into the diversity of the UK's entrepreneurs in 2020 and their business outcomes. Their report, [Alone Together](#), found that:

- 4.4% of entrepreneurs were Black
- 5.9% were from Asian or other ethnic minority groups
- 89.9% were White.<sup>53</sup>

The report also analyses ethnicity of entrepreneurs against a number of other diversity characteristics including gender, age, place and household income.

The report found that minority-ethnic entrepreneurs experienced worse business outcomes, such as lower median turnover and productivity, compared to White business owners. Black – and particularly Black female – entrepreneurs were the worst affected. Other factors such as household income and place were also found to be important to business success. Poorer entrepreneurs saw less success and most entrepreneurs did better outside of London. Even after controlling for factors such as education, income, sector and working patterns, the Bank concluded there were systemic disadvantages for entrepreneurs that come from minority-ethnic backgrounds and who are female.<sup>54</sup>

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<sup>50</sup> [Parker Review Annual Report 2023](#), pages 18–20.

<sup>51</sup> Global Entrepreneurship Monitor, [UK 2023/24 monitoring report](#), page 5. The TEA rate is the percentage of the working age population (aged 18–64) who are either a nascent entrepreneur or owner-manager of a new business (up to three years old).

<sup>52</sup> Global Entrepreneurship Monitor, [UK 2022/23 monitoring report](#).

<sup>53</sup> British Business Bank, [Alone together: Entrepreneurship and diversity in the UK](#), October 2020, page 29.

<sup>54</sup> British Business Bank, [Alone together: Entrepreneurship and diversity in the UK](#), October 2020, page 6.

## 8 Further resources on business diversity

Other surveys and qualitative research have expanded the evidence base on the demographics of UK business leaders and the challenges faced by businesses led by underrepresented groups. The following lists key sources in this area. Many of these reports are intersectional looking at the impact of both ethnicity and gender.

- [Finding what works: Pathways to Improve Diversity in Venture Capital Investment](#), British Business Bank, July 2023 – looks at venture capital investment for start-ups and growing companies. The report found that diversity in venture capital investment is “extremely low”, but that there are signs of progress in 2022.<sup>55</sup> The British Business Bank is a government-owned bank that supports small businesses access finance.<sup>56</sup>
- [Alone together: Entrepreneurship and diversity in the UK](#), British Business Bank, October 2020 – looks at business outcomes for start-ups by diversity characteristics including ethnicity, gender, place, disability, age, household income, and education, including intersectional analysis.
- [Small Business Finance Markets Report 2024](#), British Business Bank, March 2024 – section 1.5 and section 2.3 look at financing diverse entrepreneurs. The report noted that female-led businesses are typically less willing to use finance to grow than their male-led counterparts. It found that ethnic minority-led businesses are more open to using finance but, along with female-led firms, face barriers to getting it.<sup>57</sup>
- [Ethnic Minority Businesses Report](#), BVA-BDRC, December 2023– report produced by consultancy firm BVA-BDRC and UK Finance (trade body for financial services sector) based on the experiences of minority ethnic-led SMEs accessing finance from Q1 2022 to Q2 2023.<sup>58</sup>
- [Advancing the growth potential of UK’s Ethnic Minority businesses](#), Aston University Centre for Research in Ethnic Minority Entrepreneurship (CREME) and NatWest, May 2022 – this report discusses ethnic minority businesses’ barriers to growth. It summarises and draws on many of the reports listed in this section.<sup>59</sup>

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<sup>55</sup> British Business Bank, [Finding what works: Pathways to Improve Diversity in Venture Capital Investment](#), July 2023

<sup>56</sup> British Business Bank, [Alone together: Entrepreneurship and diversity in the UK](#), October 2020.

<sup>57</sup> British Business Bank, [Small Business Finance Markets Report 2024](#), March 2024

<sup>58</sup> BVA-BDRC and UK Finance, [Ethnic Minority Businesses Report](#), December 2023

<sup>59</sup> Aston University Centre for Research in Ethnic Minority Entrepreneurship (CREME) and NatWest. [Advancing the growth potential of UK’s Ethnic Minority businesses](#), May 2022.

- [Minority Business Matters](#) published by Minority Supplier Development UK (MSDUK, a membership organisation aimed at promoting diversity in supply chains), February 2021 – looks at the economic contribution of “minority businesses” to the economy and includes case studies and interviews with business leaders. Minority businesses are defined to include businesses where a majority of shares are owned by someone from a non-white ethnic minority in addition to minority sole traders and businesses where at least half of the founders or partners are from an ethnic minority.<sup>60</sup>
- [Diversity Beyond Gender](#), published by Extend Ventures (a not-for-profit organisation supporting diverse entrepreneurs), December 2023 – looks at venture capital investment according to ethnicity, gender and educational background over the past 10 years.<sup>61</sup> The report updates data that was published in 2020.
- Federation of Small Businesses, [Unlocking Diversity: the value of ethnic minority firms to UK economic activity and enterprise](#), July 2020 – looks at the contribution of minority ethnic led businesses to the economy. Reports that minority ethnic led businesses contribute £25 billion to the UK economy each year.<sup>62</sup>
- [The Black Report](#) is a 2020 report by 10x10 (a community of Black founders and investors) in partnership with Google for Startups, that looked qualitatively at Black start-up founders. The report surveyed 60 Black founders based in London and its reported results are based on the experiences of these individuals.<sup>63</sup>
- The [Enterprise Research Centre](#) publishes reports on a variety of business topics.<sup>64</sup>

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<sup>60</sup> Minority Supplier Development UK, [Minority Business Matters](#), February 2021.

<sup>61</sup> Extend Ventures, [Diversity Beyond Gender](#), December 2023.

<sup>62</sup> Federation of Small Businesses, [Unlocking Diversity: the value of ethnic minority firms to UK economic activity and enterprise](#), July 2020.

<sup>63</sup> 10x10 and Google for Startups, [The Black Report](#), 2020.

<sup>64</sup> Enterprise Research Centre, [Publications](#) [accessed 28 November 2022].

## 9

## UK business statistics: sources and coverage

There is no single source in the UK which contains details of every active business. There are three National Statistics sources that provide information on the business population. These are:

- [Business Population Estimates \(BPE\)](#), produced by the Department for Business and Trade (DBT), which provide the only estimate of the total UK business population, including registered and unregistered businesses
- [UK Business; Activity, Size and Location publication](#), published by the ONS, which provides detail on businesses that are registered for VAT and/or PAYE.
- [Business Demography](#), from the ONS, which looks at the number of business openings and closures.

These sources are explained in more detail the DBT publication, [A guide to the UK Business Population and Demography](#). A brief overview is provided below.

### Business Population Estimates

The Business Population Estimates, published by DBT, is the only official source for data on the total number of enterprises in the UK, including both businesses that are registered for VAT/PAYE and those that are not. It provides data on the total number of businesses at national and region level, by main industrial sectors, and business turnover and employment.<sup>65</sup>

There are three main sources that inform the BPE:

- The ONS Inter-Departmental Business Register (IDBR)
- the ONS Labour Force Survey and
- HMRC self-assessment tax returns.

The IDBR draws its information from HMRC records and it covers VAT and/or PAYE registered enterprises only.<sup>66</sup> The BPE supplements the data with estimates of the number, employment and turnover of unregistered businesses based on data from the Labour Force Survey (which covers self-employed workers) and additional data from HMRC. After adjustment to

<sup>65</sup> DBT, [BPE: methodology and quality note](#), 2022

<sup>66</sup> The VAT registration threshold is VAT taxable turnover of £85,000, as of 1 March 2023.



avoid double counting (for example of VAT-registered sole proprietorships), data from these three sources are combined in BPE.

## Business activity size and location

Data on the number of VAT or PAYE registered enterprises only (excluding unregistered businesses too small to be registered for VAT and with no employees) are published in the annual ONS publication [Business activity, size and location](#). This publication is an annual extract of the Inter-Departmental Business Register (IDBR), as of March each year.

It is the best source of information on businesses in local areas such as local authorities and parliamentary constituencies and in small industry sectors. However, since it excludes many small businesses, this publication is not a good source of information about the total number of businesses in the UK.

The data is available on the ONS [NOMIS database](#).

## Business demography

Information on business openings (births) and closures (deaths) is published in the annual publication, [Business demography](#). Data in this source is also based on the IDBR, and only covers VAT or PAYE registered enterprises.

Business demography examines active businesses across a whole year, rather than at a particular point in the year (whereas Business activity, size and location only includes businesses active in March each year). The data is produced with a year time delay after the reference period to account for businesses that become active again after a period of closure, this is in line with international best practice.<sup>67</sup>

During the pandemic, the ONS began publishing [experimental quarterly estimates of business demography](#) to give an earlier indicator of the impact of the pandemic on the economy.<sup>68</sup>

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<sup>67</sup> ONS, [Business demography, quarterly experimental statistics](#), 27 October 2022, Section 6: measuring the data.

<sup>68</sup> [Experimental statistics](#) are official statistics that are in the testing phase and are not yet fully developed

## Other sources of business statistics

Data on businesses is also available from various surveys of the business population. Useful sources include:

- ONS, [Business Insights and Conditions Survey](#) – a fortnightly survey asking questions about current issues impacting businesses.
- ONS [Annual Business Survey](#) – includes data on employment, turnover and approximate Gross Value Added of sectors in the economy, down to very detailed sectoral level.
- DBT [Annual Small Business Survey](#) – annual survey of the SME population (see sections 6 and 7 of this briefing)
- [Global Entrepreneurship Monitoring report](#) – global survey of entrepreneurship (see sections 6 and 7 of this briefing)
- Federation of Small Business (FSB), [Small Business Index](#) – quarterly index mapping the health and outlook of small businesses
- Various ad hoc surveys conducted by business associations such as the [Federation of Small Businesses](#) and the [Confederation of British Industry](#).

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