

Research Briefing

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Business Statistics



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Summary

This note presents a statistical analysis of businesses in the UK.

It includes information on the number of businesses since 2000, the impact of Covid-19 on business numbers, small businesses, business by region, businesses by industry, and business births and deaths. There are also statistics on female participation in businesses, and business ownership by people from minority ethnic backgrounds.

It also features some discussion of the sources of business statistics.

Businesses by size

As of 1 January 2021, there were 5.6 million private sector businesses in the UK, 6.5% fewer than in 2020. This was the largest fall in business population since the series began in 2000. The decline was largely of businesses with no employees, the largest category of UK businesses. 75% of UK businesses had no employees in 2021; over 99% of businesses are Small or Medium Sized businesses – employing 0-249 people.

Businesses by location

In 2020, there were 1.0 million businesses in London, the most of any region or country in the UK. Combined, London and the South East of England accounted for just over a third of UK businesses.

Businesses by location

The service industries accounted for 76% of businesses, 79% of employment and 72% of turnover. The retail industry accounted for 35% of turnover, but only 10% of businesses. The manufacturing sector accounted for 5% of businesses, 10% of employment and 14% of turnover.

Women in business

In 2020, 16% of SMEs employers were led by women; 21% of SMEs with no employees were led by women. In 2020, 38% of FTSE100 directorships were occupied by women. There were no all-male boards in the FTSE100.

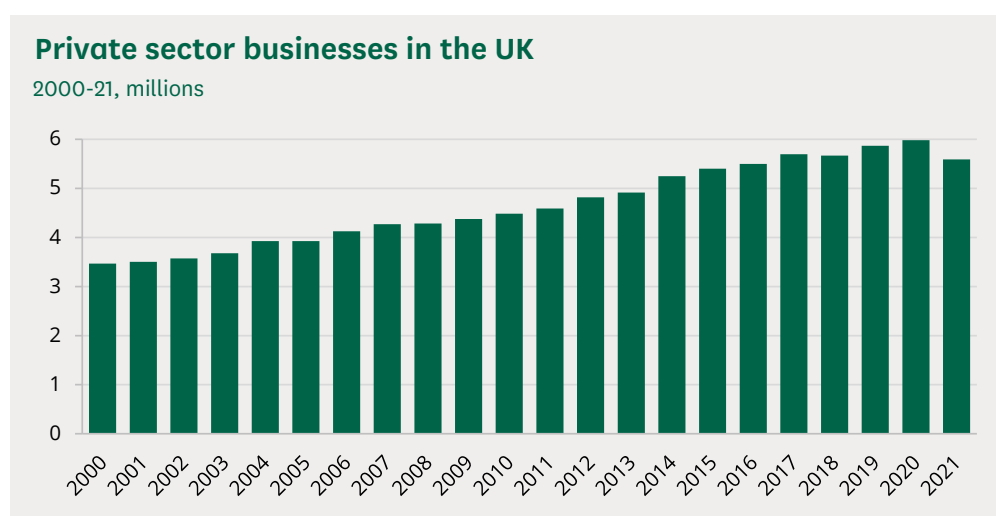
Minority ethnic led SMEs

In 2020, 6% of SME employers were minority ethnic group (MEG) led, while 6% of SMEs with no employees were MEG-led.

1 Businesses in the UK

1.1 Headline figures

The chart below shows the number of businesses in the UK since 2000.¹



Source: BEIS, [Business Population Estimates, 2021](#), Table 25

The number of businesses in the UK fell by 6.5% between 2020 and 2021

As of 1 January 2021, there were 5.6 million private sector businesses in the UK, compared to 5.9 million in 2020, a fall of 6.5%. This is only the second year-on-year fall in the number of private sector businesses in the UK since comparable records began in 2000 – the other was between 2017 and 2018, when the number of businesses fell by 0.5%.

Despite this fall, the number of businesses has grown markedly, from 3.5 million businesses in 2000 to 5.6 million in 2021 – an increase of 2.1 million, 61% over the whole period.

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

The proportion of businesses with employees has fallen since 2000 from around a third, to around a quarter. This decline in the number of employers as a proportion of all businesses is due to the growth in self-employment.

¹ Most of the data in this paper is from the Department for Business, Energy and Industrial Strategy (BEIS) publication, [Business population estimates](#)

The table on the next page shows data on the number of businesses in each year since 2000. The data is as at 1 January each year.

Private sector businesses in the UK, 2000-2021				
	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%

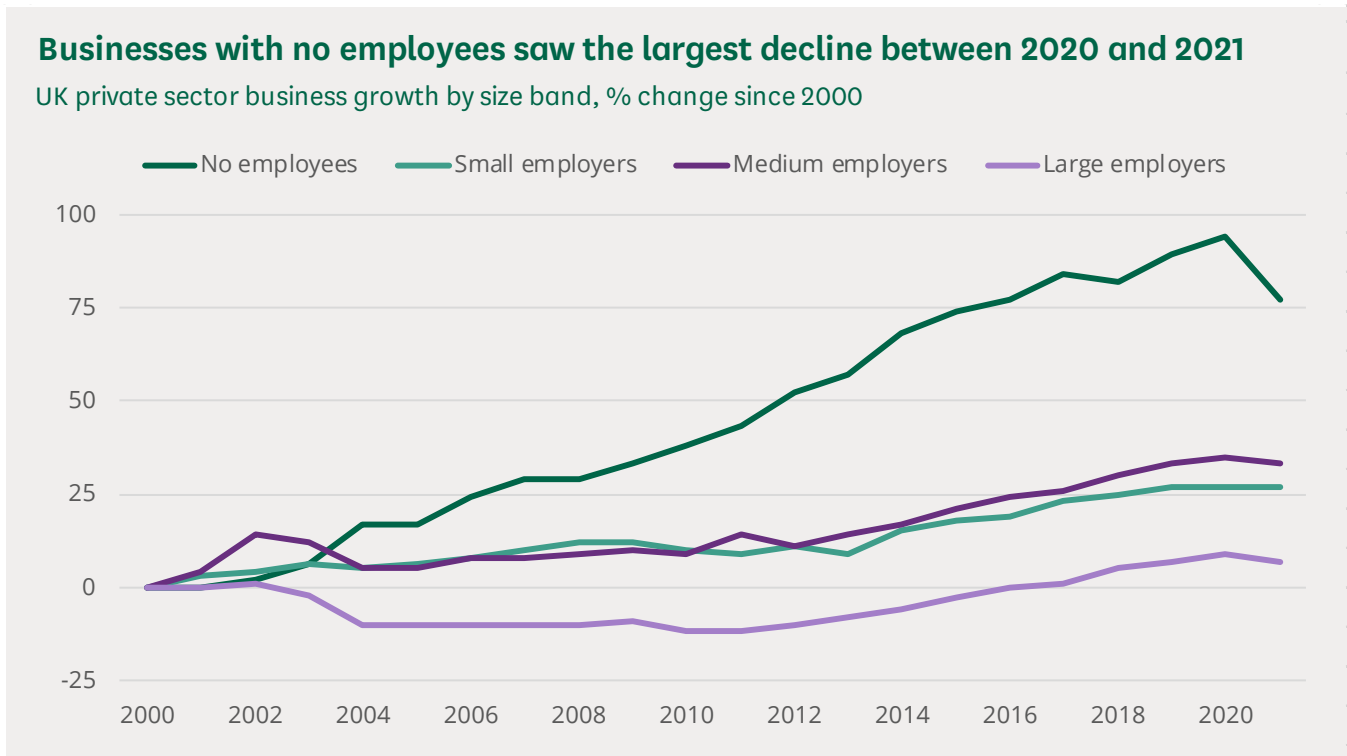
Source: BEIS, [Business Population Estimates, 2021](#), Table 25

1.2 Impact of Covid-19

As outlined above, between January 2020 and January 2021 the total number of businesses in the UK decreased by 6.5%, that's 390,000 fewer businesses. This is a net change, meaning more business closed than those that opened. This was the largest fall in business population since the series began in 2000.

The decline was largely of businesses with no employees, the largest category of UK businesses. This category was seeing strong growth prior to the pandemic, but saw a 9% fall in number between 2020 and 2021. In comparison, the number of small employers remained largely unchanged

between 2020 and 2021 and medium and large employers each declined by 1%.² The chart below illustrates the growth in businesses by size from 2000.



Source: BEIS, [Business Population Estimates, 2021](#)

The decline in the number of businesses with no employees correlates with a decline in the population of self-employed workers during the pandemic. According to the Office for National Statistics (ONS) Labour Force Survey, the number of self-employed workers was 14% lower in Q2 2021 compared to Q1 2020. The ONS explains that some of this fall is partly due to people changing their survey responses during the pandemic, for example people who own their business but who pay themselves through PAYE beginning to describe themselves as employees when they realised they could claim on the Coronavirus Job Retention Scheme.³

Northern Ireland saw the largest decline in total business population, with 17% fewer businesses in January 2021 compared to 2020 (see Section 3 of this paper). Wales and Yorkshire & the Humber saw the smallest declines, with a 1 and 2% fall in business population, respectively. Other countries and regions saw between 5-8% declines in business population.

² Small employers have 1-49 employees, medium employers 50-249 employees and large employers 250+ employees.

³ 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.

How many businesses closed during the pandemic?

While the above data shows a net change between 2020 and 2021, it is difficult to say how many businesses went out of business during the pandemic, or how many new businesses opened. There is no single measure of business closures and openings that covers all types of businesses. Moreover, there are many reasons why businesses cease trading so not all business closures in 2020 will be caused by the pandemic.

The following chart shows three measures of business closure: businesses removed from the ONS Interdepartmental Business Register (called IDBR ‘deaths’), company dissolutions recorded by Companies House and insolvencies reported by the Insolvency Service.

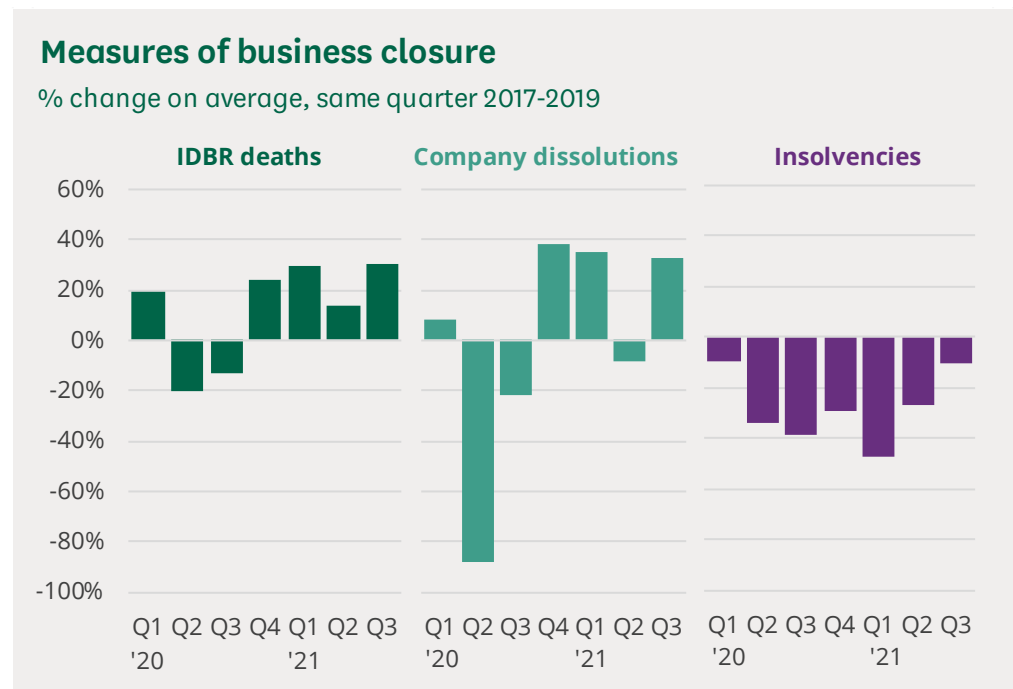
These three measures capture different business populations and processes:

- The IDBR captures only ‘registered businesses’ – that is, enterprises registered for VAT and/or on the PAYE system. This means it excludes most single-person led businesses with small turnover, the largest group seeing decline from 2020-2021. It also includes non-profit and public sector organisations.
- Companies House dissolutions show incorporated companies removed from the Companies House register. A company is a business that has been incorporated at Companies House under the Companies Act 2006. It is a separate legal identity from those who own or run it. It can include small businesses with no employees. Not all companies are started for a business activity (amateur sports clubs for example).
- Insolvencies are just one of a number of ways that a company can come to an end and typically make up only a small fraction of total company closures. There are also forms of insolvency that do not lead to closures, although most do.⁴

During 2020, all three measures showed below-average rates of business closure compared to before the pandemic – that is, fewer businesses closed than normal. Company dissolutions were particularly low during Q2 2020 as Companies House paused voluntary and compulsory strike-off processes between April and September 2020. The Government also enacted various changes to insolvency law to prevent otherwise viable companies going into insolvency, contributing to lower insolvencies.⁵

⁴ See [Companies House official statistics : definitions to accompany statistical releases](#) for definitions of dissolution and insolvency. See [Insolvency Service Official Statistics](#) for monthly and quarterly statistics for company insolvencies by type of insolvency.

⁵ See the Library briefing, [New business support measures: Corporate Insolvency and Governance Act 2020](#).



Notes: for insolvencies, data is % change on same quarter 2019. Data is UK-wide and not seasonally adjusted.

Sources: ONS, [Business demography, quarterly experimental statistics](#); Companies House, [Incorporated companies in the UK July to September 2021](#); Insolvency Service, [Monthly insolvency statistics](#), accessed 14 December 2021.

Looking to 2021, business closures appear to be rising slightly. Between Q1-Q3 2021, the number of businesses removed from the IDBR was around 24% above the average for the same period in 2017-2019. Company dissolutions show a similar trend to IDBR closures. Insolvencies have been broadly rising since February 2021 but remained below 2019 levels in October 2021.

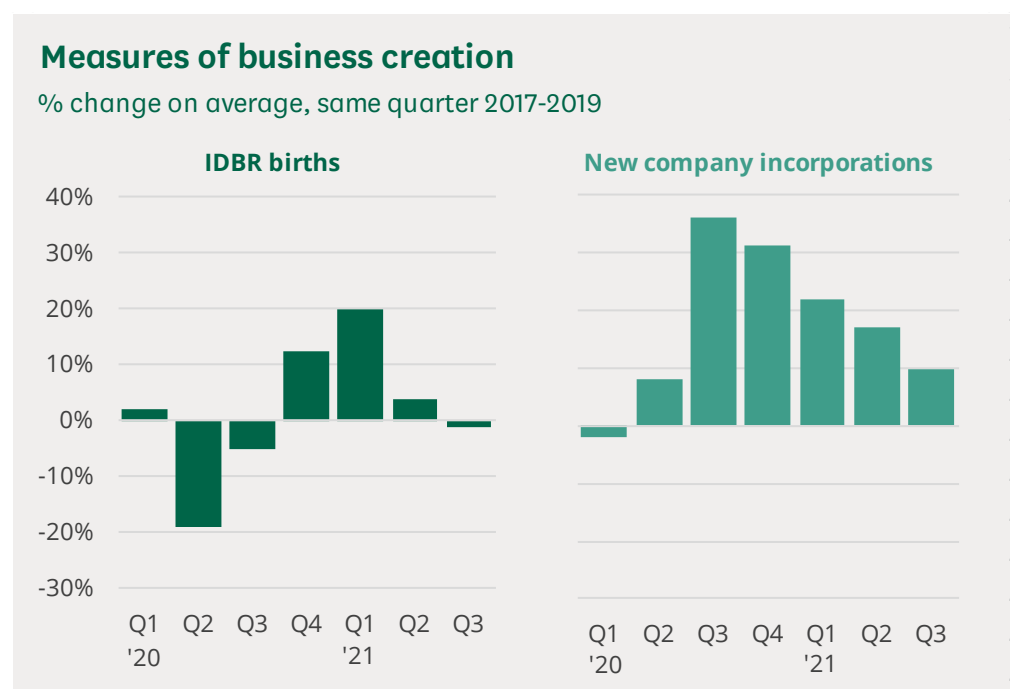
The quarterly data is volatile, so it is hard to draw firm conclusions on closures during 2021, but the data suggests that any rise in business closures so far appears small relative to the huge disruption to business activity caused by the pandemic. To some extent higher business closures in 2021 could be catch-up for below-average closures in 2020. Also, there is often a time-lag between businesses ceasing trading and being removed from official registers, particularly for companies where dissolutions may have been impacted by administrative changes to filing deadlines and processes during the pandemic.

Government measures have also played a role supporting businesses, discussed below. In addition, the number of businesses closures doesn't tell us about the financial health of businesses still operating, many of which have taken on more debt and may be struggling.

What about business creation?

New business openings have also held up throughout the pandemic. The following chart shows new entries to the IDBR alongside new company incorporations.

IDBR business births were similar or slightly below pre-pandemic levels during 2020 while new company incorporations were higher than average. Companies House typically records businesses at an earlier stage of development compared to the IDBR. These new incorporations are therefore likely to be single-person led companies operating below the VAT threshold. This could be, for example, new businesses starting due to opportunities arising from the pandemic. New incorporations may also include existing unincorporated businesses deciding to incorporate.



Notes: data is UK-wide and not seasonally adjusted.

Sources: ONS, [Business demography, quarterly experimental statistics](#); Companies House, [Incorporated companies in the UK July to September 2021](#), accessed 14 December 2021.

There remains uncertainty ahead

Overall, there has not been a significant rise in business closures since the start of the pandemic, which may be surprising given the scale of the disruption to business activity. This suggests the various support schemes implemented by the Government have been successful in preventing, or at least delaying, business closures so far.

The Coronavirus Job Retention Scheme (known as the furlough scheme) closed at the end of September 2021, so the impact of the end of the scheme is not captured in the data shown above. There are also other measures still

supporting businesses that means that the full impact of the pandemic on business closures could take longer to play out.

For example, business loans – made to over 1.6 million businesses – do not need to be paid back in full for some time. Some concerns are rising about the level of debt businesses are holding, particularly for small businesses.⁶ Further, the moratorium on eviction for non-payment of commercial rent is due to expire in March 2022, as will the temporary changes to insolvency law restricting winding-up petitions.⁷ The end of these measures could see business closures and insolvencies rise further in the coming months.⁸

Moreover, with the emergence of the Omicron variant in December 2021 there remains considerable uncertainty about the future. The 2021 winter may be difficult for businesses in certain sectors (such as travel) and locations (such as city-centre retail and hospitality), particularly without the support of the major Government schemes such as the CJRS.

⁶ Bank of England, [Financial Stability in Focus: The corporate sector and UK financial stability](#), October 2021; [Small UK businesses consider insolvency to escape state Covid loans](#), Financial Times, 22 October 2021; [A third of UK small businesses highly indebted, says Bank of England](#), Financial Times, 8 October 2021.

⁷ See the Library briefing, [New business support measures: Corporate Insolvency and Governance Act 2020](#)

⁸ Bank of England, Financial Stability Report, July 2021 ([section 1.2](#)); Bank of England, Monetary Policy Report, August 2021, [pp26-27](#).

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, 2021

	Businesses 000s	Employment 000s	Turnover £ billions	Businesses %	Employment %	Turnover %
With no employees	4,175	4,539	303	75%	17%	7%
SMEs (0-250 employees)	5,583	16,333	2,199	99.9%	61%	49%
<i>Of which:</i>						
Micro (0-9 employees)	5,337	5,540	612	95%	21%	14%
Small (10-49 employees)	211	4,111	510	4%	15%	11%
Medium (50-249 employees)	36	3,474	650	1%	13%	15%
Large (250+ employees)	8	10,639	2,139	0.1%	39%	48%
Total, all businesses	5,591	26,972	4,449	100%	100%	100%

Source: BEIS, [Business Population Estimates](#), 2021, Table 1

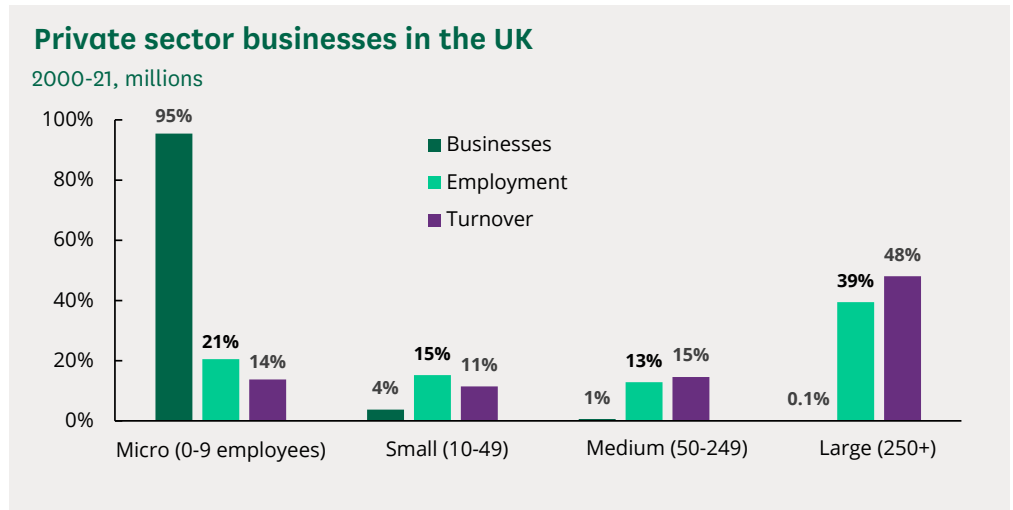
The usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. There were 5.6 million SMEs in the UK in 2021, which was over 99% of all businesses.

Micro-businesses have 0-9 employees. There were 5.3 million micro-businesses in the UK in 2021, accounting for 95% of all businesses.

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

Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 21% of employment and 14% of turnover.

There are 8,000 large businesses (defined as businesses with more than 250 employees), accounting for 0.1% of businesses but 39% of employment and 48% of turnover, as the chart below shows.

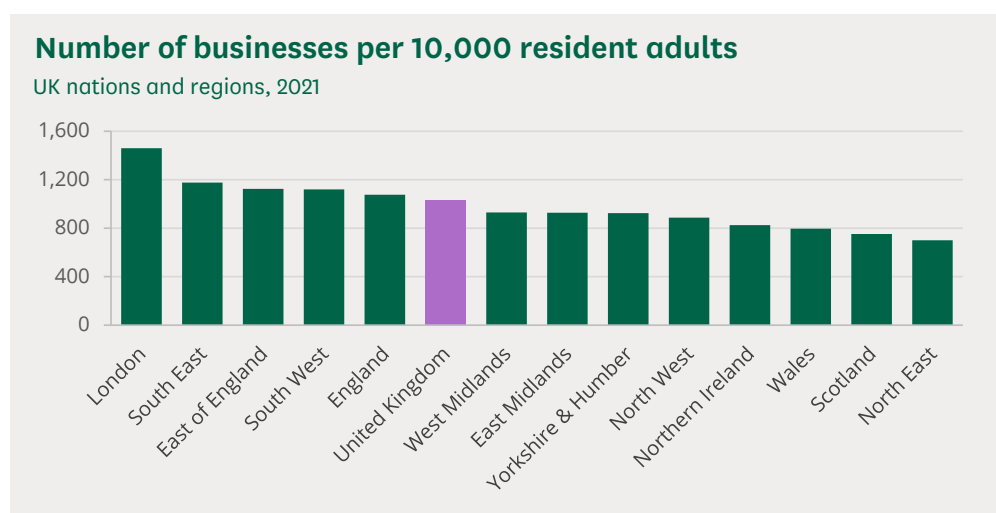


Source: BEIS, [Business Population Estimates](#), 2021, Table 1

3

Businesses by region

The chart below shows how the number of businesses per head of population differs across the regions of the UK.



Source: BEIS, [Business Population Estimates](#), 2021, Table 8

In the UK in 2021 there were 1,029 businesses per 10,000 resident adults. In London there were 1,460 businesses per 10,000 residents, whilst in the North East there were 700 businesses per 10,000 residents.

Just over a third of UK businesses are in London or 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.

Just over 1 in 3 UK businesses are in London and the South East

Overall, there was a 6.5% decrease in the number of businesses in the UK between 2020 and 2021. The number of businesses fell in all regions and countries of the UK – the greatest percentage fall was in Northern Ireland, where the number of businesses fell by 16.6% between 2020 and 2021, followed by London, where the number of businesses fell by 8.0%.

The smallest percentage falls were in Wales, where the number of businesses fell by 0.7% and Yorkshire and the Humber, where the number of businesses fell by 2.1%.

The table below shows data on businesses by regions of the UK.

Business statistics by regions and countries of the UK, 2021

	Number of enterprises (000s)	% change	Per 10,000 resident adults	Employers (000s)	SMEs (000s)
North East	154	-5%	700	41	154
North West	528	-6%	887	142	528
Yorkshire & Humber	414	-2%	924	105	413
East Midlands	367	-7%	927	101	367
West Midlands	446	-8%	930	119	445
East of England	568	-5%	1,124	140	567
London	1,043	-8%	1,460	246	1,041
South East	875	-6%	1,176	209	874
South West	522	-7%	1,120	125	522
England	4,918	-6%	1,076	1,229	4,913
Wales	207	-1%	796	56	207
Scotland	342	-8%	752	95	342
Northern Ireland	124	-17%	825	37	124
United Kingdom	5,591	-7%	1,029	1,414	5,585

Source: BEIS, [Business Population Estimates](#), 2021

Change in business number by UK region and country

% change, 2020 - 2021

	No employees	All employers	All businesses
North East	-7.5%	0.7%	-5.4%
North West	-8.2%	0.8%	-6.0%
Yorkshire and the Humber	-3.2%	1.1%	-2.1%
East Midlands	-10.7%	2.6%	-7.4%
West Midlands	-9.6%	-2.0%	-7.7%
East of England	-6.4%	-1.1%	-5.1%
London	-10.4%	0.8%	-8.0%
South East	-7.9%	0.3%	-6.1%
South West	-9.2%	0.0%	-7.2%
England	-8.4%	0.3%	-6.4%
Wales	-0.8%	-0.4%	-0.7%
Scotland	-9.7%	-1.5%	-7.5%
Northern Ireland	-22.9%	3.4%	-16.6%
UK	-8.6%	0.2%	-6.5%

Source: BEIS, Business Population Estimates, 2020 and 2021

4

Businesses by industry

The table below shows businesses by industry in the UK in 2021.

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

Businesses by industry in the UK, 2021				
	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	182	3%	3%	6%
Manufacturing	270	5%	10%	14%
Construction	914	16%	8%	8%
Total services	4,225	76%	79%	72%
<i>Of which:</i>				
Retail	557	10%	18%	35%
Transportation	311	6%	6%	5%
Accommodation & food	201	4%	9%	3%
ICT	353	6%	5%	7%
Financial and Insurance	98	2%	4%	..
Real estate activities	134	2%	2%	2%
Professional and scientific	849	15%	10%	9%
Administrative & support service	466	8%	11%	7%
Education	298	5%	2%	1%
Health and social work	339	6%	7%	2%
Arts and recreation	278	5%	3%	2%
Other service activities	342	6%	3%	1%
Total	5,591	100%	100%	100%

Source: BEIS, [Business Population Estimates](#). Turnover excludes the financial services sector

In 2021 there 4.2 million businesses in the services industries, just over three quarters of all businesses in the UK. The biggest of the service industries in terms of the number of businesses was the professional and scientific sector which accounted for 15% of businesses. The retail sector and the administrative and support services sector accounted for 10% and 8% of all businesses.

Overall, businesses in the service industries accounted for 79% of employment and 72% of total turnover. Businesses in the retail sector alone accounted for 18% of employment and 35% of all turnover in 2021.

Construction sector businesses accounted for 16% of all businesses, but only 8% of employment and 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, 10% of employment and 14% of turnover.

5

Business births and deaths

The table below shows new business (“business births”) and businesses that ceased trading (“business deaths”) in each year from 2001 to 2020. 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.

Business birth and death rates, UK				
	Births (000s)	Birth Rate	Deaths (000s)	Death Rate
2001	243	12%	212	10%
2002	243	11%	213	10%
2003	267	12%	232	11%
2004	280	13%	244	11%
2005	275	13%	228	10%
2006	256	12%	207	9%
2007	281	12%	224	10%
2008	267	11%	223	10%
2009	236	10%	277	12%
2010	235	10%	249	11%
2011	261	11%	230	10%
2012	270	11%	252	11%
2013	346	14%	238	10%
2014	350	14%	246	10%
2015	383	14%	282	11%
2016	414	15%	281	10%
2017	376	13%	346	12%
2018	370	13%	314	11%
2019	390	13%	324	11%
2020	390	13%	316	11%

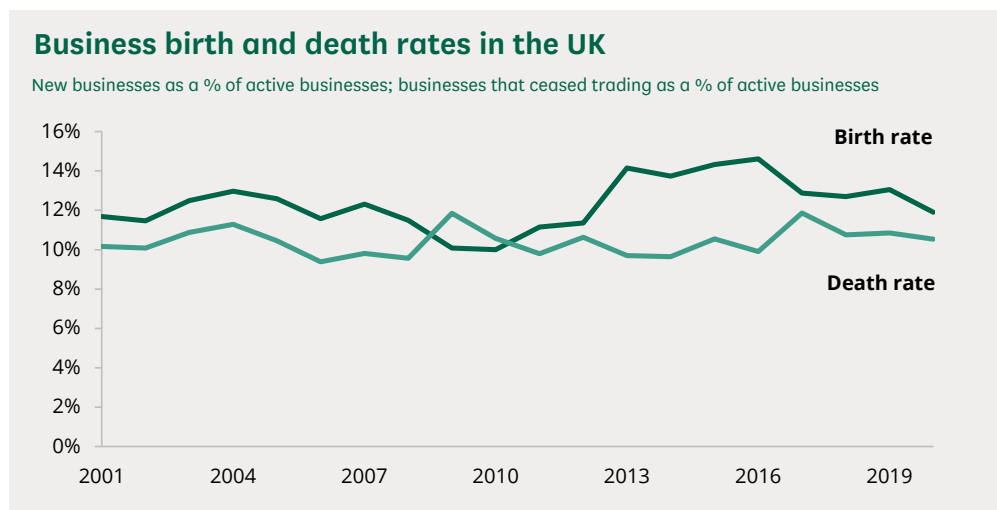
Source: ONS, [Business Demography](#), 2020; House of Commons Library calculations

Notes: excludes the 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

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

In 2020 in the UK, there were 358,000 business births, down 32,000 the previous year. The number of business births in the past five years is considerably higher than in the period before that. In 2019, there were 60% more business births than in 2000.

There were 336,000 business deaths in 2019, 25,000 more than in the previous year. There were 59% more business deaths in 2019 than in 2000.



Source: ONS, [Business Demography](#), 2020; House of Commons Library calculations

Since 2000 there have only been two years when the business death rate was higher than the business birth rate: 2009 and 2010, the years immediately following the financial crisis.

In 2020, the business birth rate was 12%, and the business death rate was 11%. The birth rate remained above the death rate in 2020, in spite of the business impact of the coronavirus (link to bit in chapter one on business impact of covid)

Business births and deaths by region and country, 2020				
	Births	Birth rate	Deaths	Death rate
North East	9,520	12.3%	7,795	10.1%
North West	37,780	12.8%	31,095	10.5%
Yorkshire and the Humber	23,880	11.8%	19,780	9.8%
East Midlands	24,030	12.3%	19,805	10.2%
West Midlands	29,660	12.3%	28,795	12.0%
East	32,015	10.8%	30,125	10.1%
London	89,270	14.1%	77,045	12.2%
South East	50,760	11.0%	46,510	10.1%
South West	24,735	10.4%	21,615	9.1%
Wales	11,905	11.5%	10,200	9.8%
Scotland	17,795	9.7%	18,645	10.2%
Northern Ireland	6,375	10.0%	4,900	7.7%
United Kingdom	357,725	12.0%	316,310	10.6%

Source: ONS, [Business Demography](#), 2020; House of Commons Library calculations

In 2020, the number of business births was greater than the number of business deaths in all regions and countries of the UK, except Scotland.

The largest number of business births occurred in London (89,270). The largest number of business deaths also occurred in London (77,045).

6 Women in business

This section uses various sources to analyse female involvement in business.

Female-led SMEs

The Department for Business, Energy and Industrial Strategy (BEIS) [Small Business Survey](#) is an annual survey of businesses with fewer than 250 employees. It is a useful source for information on the characteristics of business leaders. The information is presented separately for [SMEs with employees](#) and for [SMEs without employees](#).

Female-led SMEs with employees

In 2020, 16% of SME employers were led by women (meaning that they were either led by one woman or by a management team that is majority female).⁹ A further 24% of were ‘equally-led’, meaning they had an equal number of men and women in the management team.

There is considerable variation in the proportion of female led SME employers by industry. In the construction sector only 6% of SME employers are female-led. However, in the health sector, 37% of SME employers were women-led, as were 36% in the education sector and 25% in the other services and 25% in the accommodation and food services sectors.¹⁰

Female-led SMEs with no employees

SMEs with no employees are typically self-employed people, or businesses with a single owner/proprietor.

Female-led SMEs with no employees account for 21% of all SMEs with no employees. This is five percentage points higher than the proportion of female-led SMEs with employees.¹¹

61% of female-led SMEs with no employees are in the health sector, compared to 8% of female-led SMEs with no employees are in the construction sector and 5% in the transport and storage sector.¹²

16% of SME employers are led by women

21% of SMEs with no employees are led by women

⁹ BEIS, [Small business survey \(employers\)](#), 18 August 2021, pg. 63

¹⁰ BEIS, [Ibid](#)

¹¹ BEIS, [Small business survey \(no employees\)](#), 18 August 2021, pg. 32

¹² BEIS, [Ibid](#)

Women on boards

A government backed target that FTSE100 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](#).¹³

In October 2015, it was [announced](#) that this target had been met, and that 26% of FTSE100 board members were female.

In June 2021, 37.7% of FTSE100 directorships were occupied by women, and 34.9% FTSE250 directorships were held by women.¹⁴

The following chart shows how the proportion of women on FTSE100 boards has increased steadily since the late 1990s with more significant increases in recent years.



Source: Cranfield University, [Female FTSE100 report](#), 2021 and House of Commons Library

The economic contribution of female led businesses

It is estimated that in the UK, women-led SMEs contribute about £85 billion to economic output (16% of Gross Value Added contributed by SMEs in the UK).¹⁵

¹³ Lord Davies of Abersoch and BIS, [Women on boards](#), February 2011, pg. 4

¹⁴ Cranfield University, [Female FTSE Index](#), 2021, pg. 6

¹⁵ BIS, [Contribution of women-led and MEG-led businesses to the UK non-financial economy](#), 2015, pg. 3.

7 Minority ethnic group led businesses

7.1 Minority ethnic group led SMEs

The BEIS Small Business Survey reports annually on the proportion of small and medium sized businesses that are minority ethnic group led (MEG-led).¹⁶ MEG-led is defined as having a person from an ethnic minority group in sole control or having a management team at least half of which are from an ethnic minority.

The Survey reports separately on SME with employees and SMEs without employees.

MEG-led SMEs with employees

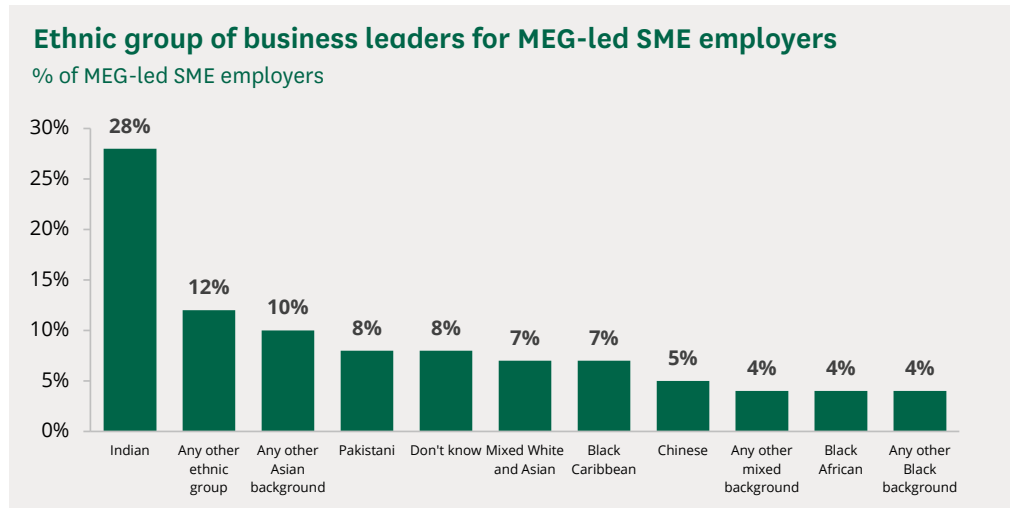
In 2020, 6% of SME employers were MEG-led, roughly the same as in each year since 2015.

MEG-led SME employers were most likely to be in the accommodation and food and information and communication sectors (both 9% of SME employers) and the transport sector (8%); they were least likely to be in primary and education sectors (both 1%).¹⁷

The following chart shows the most likely ethnicity of the leaders of MEG-led SME employers. The most likely ethnic origin of the owners/directors were Indian (28% of leaders of MEG-led SME employers).

¹⁶ In the survey, minority ethnic group means “those that are not White British, where White British includes White English, White Scottish etc.”

¹⁷ Figures are reported broken down by detailed ethnic group and sector – see Table A20 in the [Longitudinal Small Business Survey 2020: SME employers – data](#). Note however that the numbers of employers surveyed make these figures unreliable.

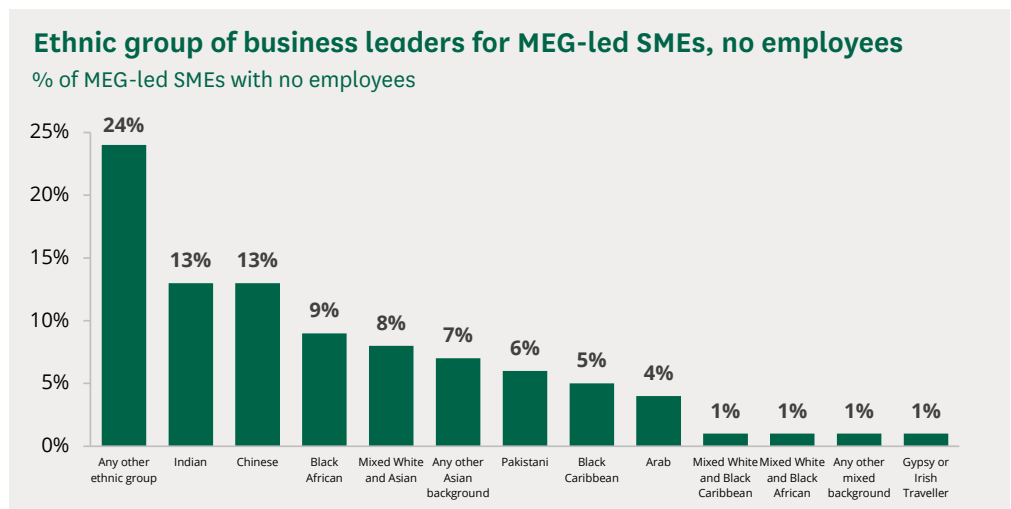


Source: BEIS, [Small business survey \(employers\)](#), 2020, Table A20

MEG-led SMEs with no employees

Data on SMEs without employees shows a similar picture to the data on SMEs with employees. Among SMEs without employees, 6% were MEG-led in 2020.¹⁸

The following chart shows the most likely ethnicity of the leaders of MEG-led SME employers.



Source: BEIS, [Small business survey \(businesses with no employees\)](#), 2020, Table A20

MEG-led SMEs with no employees were most likely to be in the information and communications and health sectors (both 9%) and the wholesale and retail sectors (both 8%); they were least likely to be in the primary sectors, which includes agriculture, forestry, fishing and mining (1%).

¹⁸ BEIS, [Small business survey \(no employees\)](#), 18 August 2021, pg. 32

7.2 Ethnic diversity of FTSE 100 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 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.”¹⁹

Annual reviews are produced by Ernst & Young. The [most recent edition](#) found that as of November 2020:

- 74 FTSE 100 companies had at least one minority ethnic director on their boards, compared to 52 in January 2020
- 21 FTSE 100 companies had no minority ethnic directors on their boards

This was based on data from 95 FTSE 100 companies – 3 companies did not respond, a further two were “unable to provide ethnicity information at the time.” Overall, the survey found that 124 of the 998 board positions on FTSE 100 companies, were held by 118 minority ethnic directors. Of these 118 minority ethnic directors, 54 (46%) were women.²⁰

Since the survey, a further seven companies have stated they appointed ethnic minority directors to their boards, effective in the early months of 2021.

7.3 Further resources

Below are some further resources on minority ethnic representation in business.

- The [Global Entrepreneurship Monitor](#) (GEM Consortium) conducts a large annual survey comparing entrepreneurship and business involvement in all countries including a range of diversity factors. See for example the [UK profile page](#) and [UK 2020 monitoring report](#), which include a section on demographic characteristics. The GEM also produces an annual [Women’s entrepreneurship report](#).
- Federation of Small Businesses report July 2020 [Unlocking Diversity: the value of ethnic minority firms to UK economic activity and enterprise](#).

¹⁹ Sir John Parker, [A Report into the Ethnic Diversity of UK Boards](#), October 2017, pg. 10

²⁰ EY, [Significant progress on improving ethnic diversity of FTSE 100 boards reveals new data from the Parker Review](#), March 2021

- Diversity figures are published for recipients of Future Fund loans during the pandemic. See the Library briefing, [Coronavirus business support schemes: Statistics](#).
- The [Enterprise Research Centre](#) publishes research on a variety of topics. The [State of Small Business Britain](#) includes some discussion of demographic characteristics. On diversity, see for example [What do we know about ethnic and migrant women entrepreneurs?](#)
- [The Black Report](#) is a 2020 report by 10x10 (a community of Black founders and investors) in partnership with Google for Startups, on Black startup founders in the UK. The report surveyed 60 Black founders based in London and its reported results are based on the experiences of these individuals. Given the small sample size of the survey, the report is qualitative in nature.
- The [Diversity Beyond Gender](#) report, published in November 2020, looks at venture capital investment according to race, gender and educational background over the past 10 years. The report was published by Extend Ventures (business, research & financial experts aiming to diversify access to finance).
- Minority Supplier Development UK (MSDUK), a membership organisation “championing diversity and inclusion in public and private sector supply chains” published the report [Minority Business Matters](#) earlier this year – this seeks to estimate the total economic contribution of ethnic minority owned businesses to the UK economy, in lieu of comprehensive official statistics on this.

8 Annex – UK business statistics: sources and coverage

There are various sources which provide statistics about businesses in the UK. These are explained in the Department for Business, Innovation and Skills (BIS) publication, [A guide to the UK Business Population and Demography](#).

Official data on the total number of businesses at national and regional level is published by BIS in the annual [Business population estimates](#) (BPE). BIS states that BPE is the only official source for data on the total number of enterprises in the UK, and associated turnover and employment.²¹

There are three main sources for the BPE: the Inter-Departmental Business Register (IDBR), the 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.²² In order to include businesses that are not covered by the IDBR, the BPE supplements the data with estimates of the number, employment and turnover of unregistered businesses based on data from the Labour Force Survey and additional data from HMRC. After adjustment to avoid double counting (for example of VAT-registered sole proprietorships), data from these three sources are combined in BPE.

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 publication [Business activity, size and location](#). This publication is the best source of information on businesses in local areas such as local authorities and parliamentary constituencies. 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.

Information on business births and 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. Its coverage differs from *Business activity, size and location* because *Business demography* examines active businesses in a whole year, rather than at a particular point in the year (*Business activity, size and location* only includes businesses active in March each year).

Data on businesses is also available from various surveys of the business population. Many of these are summarised on the Gov.uk [Annual business surveys](#) webpage. Others useful surveys include the [Global Entrepreneurship Monitoring report](#) and various ad hoc surveys conducted by business

²¹ BIS, [BPE: methodology and quality note](#), 2012

²² The VAT registration threshold is currently VAT taxable turnover of £85,000.

associations such as the [Federation of Small Businesses](#) and the [Confederation of British Industry](#).

Another important source of information about businesses is the ONS [Annual Business Survey](#). This source includes data on employment, turnover and approximate Gross Value Added of sectors in the economy, down to very detailed sectoral level. This source is based on returns from a sample of businesses selected from the IDBR.

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