



## BRIEFING PAPER

Number 06152, 16 December 2019

# Business statistics

By Chris Rhodes

### Inside:

1. Businesses in the UK
2. Businesses by size
3. Businesses by region
4. Businesses by industry
5. Business births and deaths
6. Women in business
7. Business ownership by members of ethnic minorities
8. Annex – UK business statistics: sources and coverage

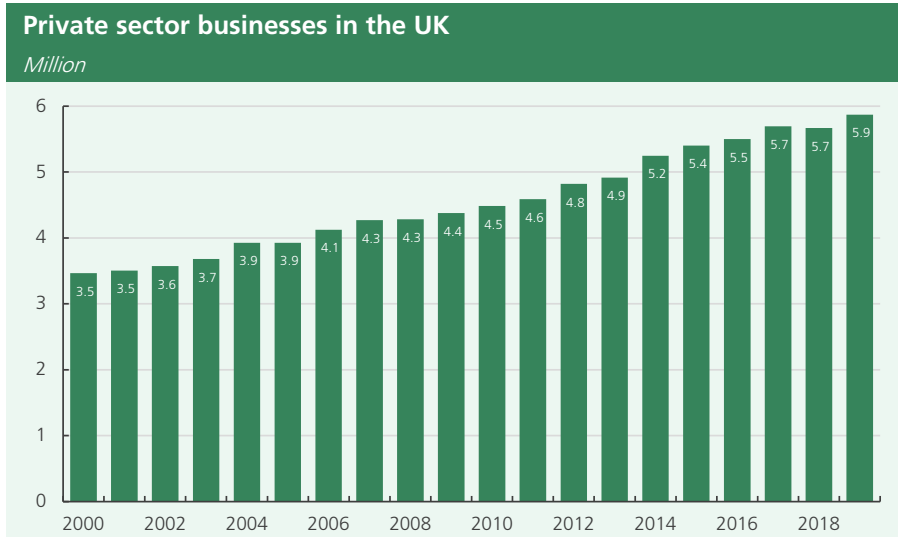


# Contents

<b>1. Businesses in the UK</b>	<b>3</b>
<b>2. Businesses by size</b>	<b>5</b>
<b>3. Businesses by region</b>	<b>6</b>
<b>4. Businesses by industry</b>	<b>8</b>
<b>5. Business births and deaths</b>	<b>9</b>
<b>6. Women in business</b>	<b>11</b>
6.1 Female-led SMEs	11
6.2 Female start-ups – international comparisons	12
6.3 Women on boards	13
6.4 The economic contribution of female led businesses	14
<b>7. Business ownership by members of ethnic minorities</b>	<b>15</b>
<b>8. Annex – UK business statistics: sources and coverage</b>	<b>16</b>

# 1. Businesses in the UK

The chart below shows the number of businesses in the UK since 2000.<sup>1</sup>



Source: BEIS, [Business Population Estimates](#), 2019, Table 25

In 2019, there were 5.9 million private sector businesses in the UK, up by 200,000 compared to 2018.

In 2019, there were 2.4 million more businesses than in 2000, an increase of 69% over the whole period.

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.

The table on the next page shows data on the number of businesses in each year since 2000.

There has been a 69% increase in the number of businesses since 2000.

<sup>1</sup> Most of the data in this note is from the Department for Business, Energy and Industrial Strategy (BEIS) publication, [Business population estimates](#).

Private sector businesses in the UK				
	Number of businesses (000s)	Change on year (000s)	% change on year	% that are employers
2000	3,467	-	-	32%
2001	3,502	35	1%	33%
2002	3,573	71	2%	33%
2003	3,679	106	3%	32%
2004	3,925	247	7%	30%
2005	3,927	1	0%	30%
2006	4,125	199	5%	29%
2007	4,272	146	4%	29%
2008	4,284	12	0%	29%
2009	4,375	92	2%	28%
2010	4,483	108	2%	27%
2011	4,589	106	2%	26%
2012	4,818	229	5%	26%
2013	4,914	97	2%	25%
2014	5,247	333	7%	24%
2015	5,401	154	3%	24%
2016	5,498	97	2%	24%
2017	5,695	197	4%	24%
2018	5,668	-27	0%	25%
2019	5,868	200	4%	24%

Source: BEIS, [Business Population Estimates](#), 2019, Table 25

## 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, 2019						
	Businesses 1000s	Employment 1000s	Turnover £ billions	Businesses %	Employment %	Turnover %
No employees	4,458	4,835	305	76%	18%	7%
SMEs (0-250 employees)	5,860	16,630	2,168	99.9%	60%	52%
Of which: Micro (0-9 employees)	5,613	9,041	900	96%	33%	22%
Small (10-49 employees)	211	4,117	629	4%	15%	15%
Medium (50-249 employees)	36	3,473	639	1%	13%	15%
Large (250+ employees)	8	10,868	1,982	0%	40%	48%
Total, all businesses	5,868	27,498	4,150	100%	100%	100%

Source: BEIS, [Business Population Estimates](#), 2019, Table 1

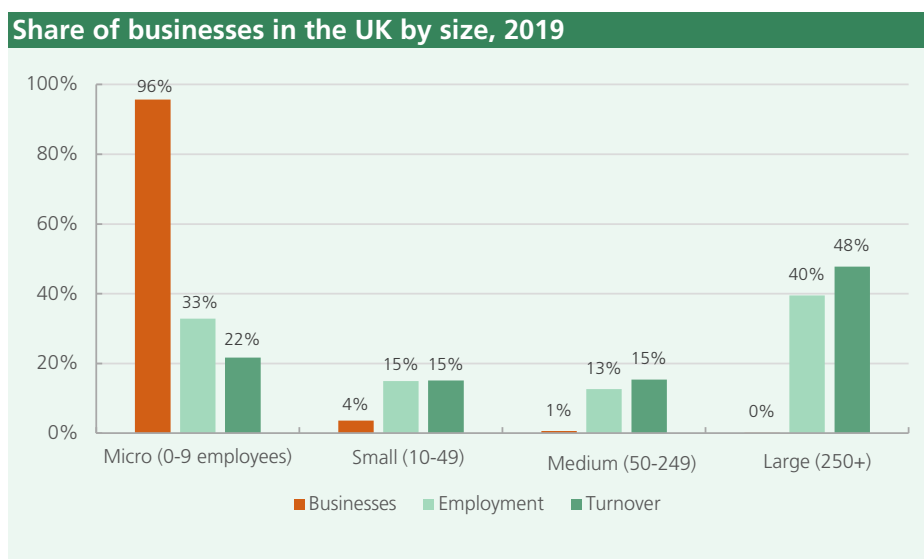
The usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. There were 5.9 million SMEs in the UK in 2019, which was over 99% of all businesses.

Micro-businesses have 0-9 employees. There were 5.6 million micro-businesses in the UK in 2019, accounting for 96% of all businesses.

Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 33% of employment and 22% of turnover.

There are 8,000 large businesses, with more than 250 employees, accounting for 0.1% of businesses but 40% of employment and 48% of turnover, as the following chart shows.

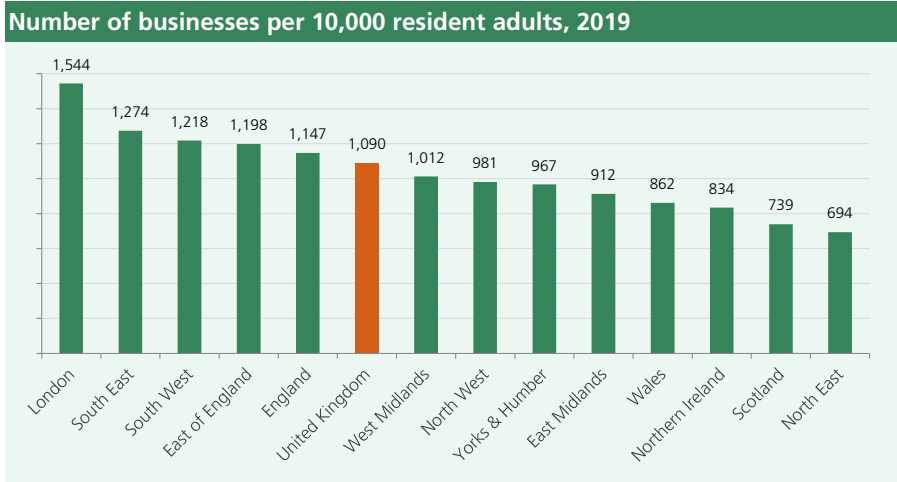
96% of businesses have fewer than 10 employees.



Source: BEIS, [Business Population Estimates](#), 2019, 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](#), 2019, Table 8

In the UK in 2018 there were 1,090 businesses per 10,000 resident adults. In London there were 1,544 businesses per 10,000 residents, whilst in the North East there were 694 businesses per 10,000 residents.

Over a third of UK businesses are in London or the South East (1.1 million in London and 940,000 in the South East). Northern Ireland has 124,000 businesses, the fewest of any country or region in the UK.

Overall, there was a 4% increase in the number of businesses in the UK between 2018 and 2019. The biggest percentage fall in the number of businesses between 2018 and 2019 was in the North East which saw a 7% fall. Northern Ireland saw a 6% fall and the East Midlands saw a 3% fall.<sup>a</sup>

In all the other countries and regions, there was an increase in the number of businesses. In Wales there was a 12% increase, the largest percentage increase. The South East saw an increase of 8%.

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

One in three businesses are in London or the South East.

## 7 Business statistics

Business statistics by regions and countries of the UK, 2019					
	Number of enterprises (000s)	% change on year*	Per 10,000 resident adults	Employers 000s	SMEs 000s
North East	152	-7%	694	41	151
North West	579	6%	981	142	578
Yorkshire & Humber	429	7%	967	103	428
East Midlands	356	-3%	912	96	356
West Midlands	480	7%	1,012	117	479
East of England	599	6%	1,198	143	598
London	1,092	0%	1,544	243	1,090
South East	940	8%	1,274	211	939
South West	562	3%	1,218	125	561
England	5,188	4%	1,147	1,219	5,182
Wales	222	12%	862	57	222
Scotland	334	1%	739	97	334
Northern Ireland	124	-6%	834	35	124
<i>United Kingdom</i>	<i>5,868</i>	<i>4%</i>	<i>1,090</i>	<i>1,408</i>	<i>5,862</i>

Source: BEIS, [Business Population Estimates](#), 2019, Tables 8 and 9

## 4. Businesses by industry

The table below shows businesses by industry in the UK in 2019.

Businesses by industry in the UK, 2019				
	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	194	3%	3%	6%
Manufacturing	276	5%	10%	15%
Construction	1,037	18%	8%	9%
Total services	4,360	74%	79%	71%
<i>Of which:</i>				
Retail	547	9%	18%	34%
Transportation	360	6%	6%	5%
Accommodation & food	202	3%	9%	3%
ICT	370	6%	5%	7%
Financial and Insurance	91	2%	4%	-
Real estate activities	113	2%	2%	2%
Professional and scientific	868	15%	10%	9%
Administrative & support service	512	9%	11%	7%
Education	307	5%	2%	1%
Health and social work	361	6%	7%	2%
Arts and recreation	290	5%	3%	2%
Other service activities	340	6%	3%	1%
<i>Total</i>	<i>5,868</i>	-	-	-

Source: BEIS, [Business Population Estimates](#), 2019, Tables 4

Turnover excludes the financial services sector

In 2019 there 4.4 million businesses in the services industries, three quarters of all businesses in the UK. The biggest of the service industries in terms of the number of businesses was the professional, scientific and technical sector which accounted for 15% of businesses. The retail sector and the administrative and support services sector each accounted for 9% of all businesses.

Overall, businesses in the service industries accounted for 79% of employment and 71% of total turnover. Businesses in the retail sector alone accounted for 18% of employment and 34% of all turnover in 2019.

Construction sector businesses accounted for 17% of all businesses, but only 8% of employment and 9% 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, 10% of employment and 15% of turnover.

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



## 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 2018. 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	351	14%	246	10%
2015	383	14%	282	11%
2016	414	15%	281	10%
2017	382	13%	362	12%
2018	381	13%	336	11%

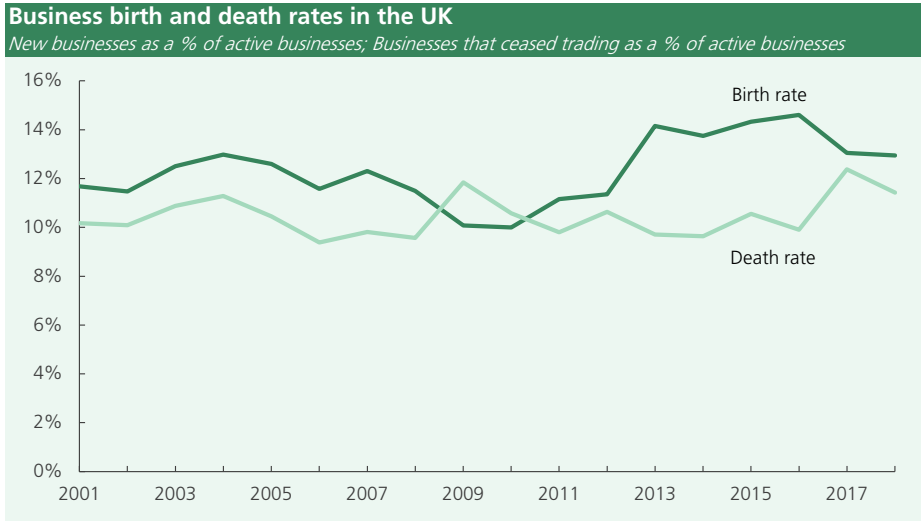
Source: ONS, [Business Demography](#), 2019; House of Commons Library calculations

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 2018 in the UK, there were 381,000 business births, roughly the same as in the previous year. The number of business births in the past five years is considerably higher than in the period before that. In 2018, there were 56% more business births than in 2000.

There were 336,000 business deaths in 2018, 26,000 fewer than in the previous year. This is the biggest fall in the number of business deaths since 2010, when the UK left recession following the financial crisis. There were 58% more business deaths in 2018 than in 2000.



Source: ONS, [Business Demography](#), 2019; House of Commons Library calculations

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

In 2018, the business birth rate was 13%, and the business death rate was 11%.

## Business births and deaths by region

The table below shows business births and deaths in the regions of the UK in 2018.

Business births and deaths by region and country, 2018				
	Births	Birth rate	Deaths	Death rate
North East	9,440	12%	8,345	11%
North West	42,975	14%	40,725	14%
Yorkshire And The Humbe	23,405	12%	21,595	11%
East Midlands	22,850	12%	20,570	11%
West Midlands	31,300	13%	30,895	13%
East	35,880	12%	30,925	11%
London	97,300	16%	78,005	13%
South East	52,795	12%	44,785	10%
South West	24,100	10%	22,050	9%
Wales	14,045	13%	10,950	10%
Scotland	20,590	11%	21,965	12%
Northern Ireland	5,900	10%	4,855	8%
<i>United Kingdom</i>	<i>380,580</i>	<i>13%</i>	<i>335,665</i>	<i>11%</i>

Source: ONS, [Business Demography](#), 2019; House of Commons Library calculations

In 2018, 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 (97,300). The largest number of business deaths also occurred in London (78,005).

## 6. Women in business

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

### 6.1 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 2018, 17% 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).<sup>2</sup>

The 2018 figure is similar to the figure in each year since 2015.

There is considerable variation in the proportion of female led SME employers by industry. In the construction sector and the transportation and storage sector, only 9% of SME employers are female-led. In the information and communication sector, 11% of SME employers are female-led.

However, in the education sector, 31% of SME employers are female-led. In the health services sector, 37% of SME employers are female-led.<sup>3</sup>

#### 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 23% of all SMEs with no employees. This is six percentage points higher than the proportion of female-led SMEs with employees.<sup>4</sup>

60% of female-led SMEs with no employees are in the health sector. 7% of female-led SMEs with no employees are in the construction sector, 9% are in the transportation and storage sector and 12% are in the information and communication sector.<sup>5</sup>

17% of SME employers are led by women

23% of SMEs with no employees are led by women

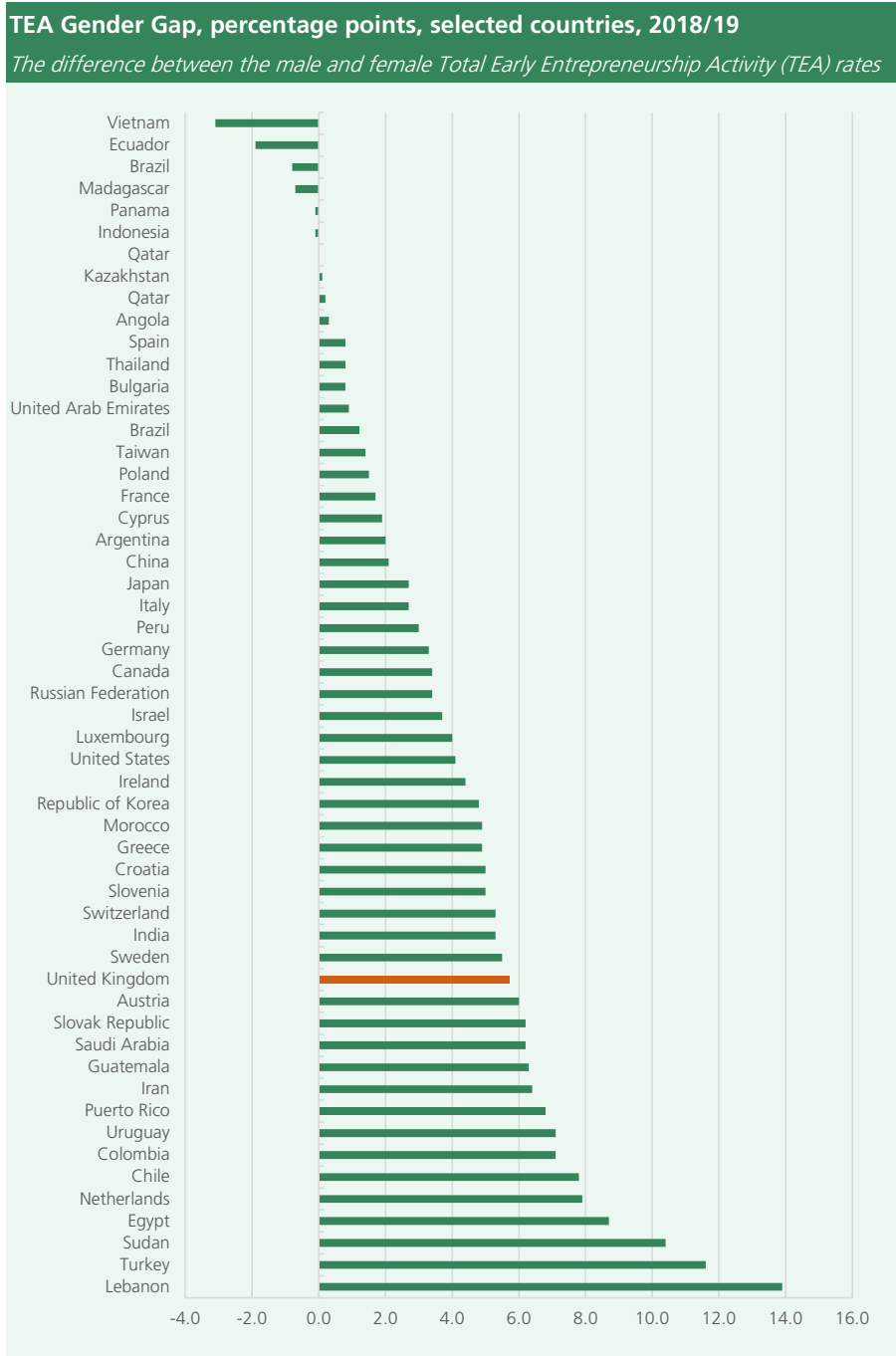
<sup>2</sup> BEIS, [Small business survey \(employers\)](#), 2019, p52

<sup>3</sup> BEIS, [Small business survey \(employers\)](#), 2019, Data table 25

<sup>4</sup> BEIS, [Small business survey \(no employees\)](#), 2019, p29

<sup>5</sup> *Ibid*

## 6.2 Female start-ups – international comparisons



Source: Global Entrepreneurship Monitor, *2018/19 Global Report*, 2019, Table 3, p120

Estimates by the [Global Entrepreneurship Monitoring Consortium](#) show the proportion of women involved in “total early stage entrepreneurial activity” or ‘TEA’. TEA includes the owning or running of any business that is less than 3 and a half years old.

In 2018/19, the TEA rate in the UK (the proportion of working aged people involved in TEA) for men was 11.1%, and was 5.4% for women.<sup>6</sup>

This means that the TEA gap (the difference between the male and female TEA rates) was 5.7 percentage points in the UK. The gap in the US was 4.1 percentage points, the gap in Germany was 3.3 percentage points and the gap in France was 1.7 percentage points.

Of the selected countries, the TEA gap is highest in Egypt – 11.3% points.

There is a negative TEA gap several countries including Vietnam, Brazil and Indonesia (a higher proportion of women are involved in start-ups than the proportion of men).

### 6.3 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](#).<sup>7</sup>

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

In June 2019, 32% of FTSE100 directorships were occupied by women, and 27% FTSE250 directorships were held by women.<sup>8</sup>

There are now zero all-male boards in the FTSE100, down from 21 in 2011. In the FTSE250, there are now three all male boards, down from 152 in 2011.<sup>9</sup>

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.

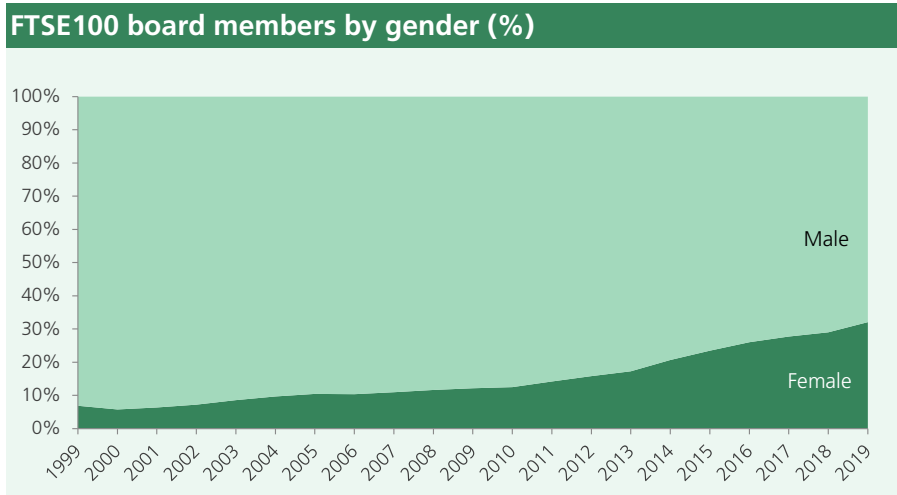
---

<sup>6</sup> Global Entrepreneurship Monitoring Consortium, [Global Report 2018/19](#), 2019, Table 3, p120

<sup>7</sup> Lord Davies of Abersoch and BIS, [Women on boards](#), February 2011, p 4

<sup>8</sup> Cranfield University, [Female FTSE Index](#), 2018, p7

<sup>9</sup> *Ibid*



Source: Cranfield University, [Female FTSE100 report](#), 2019, p10, and House of Commons Library

Further information and statistical analysis of female representation in various professions is contained in the House of Commons Library Briefing Paper, [Women and the economy](#).

## 6.4 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).<sup>10</sup>

<sup>10</sup> BIS, [Contribution of women-led and MEG-led businesses to the UK non-financial economy](#), 2015, p3.

## 7. Business ownership by members of ethnic minorities

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

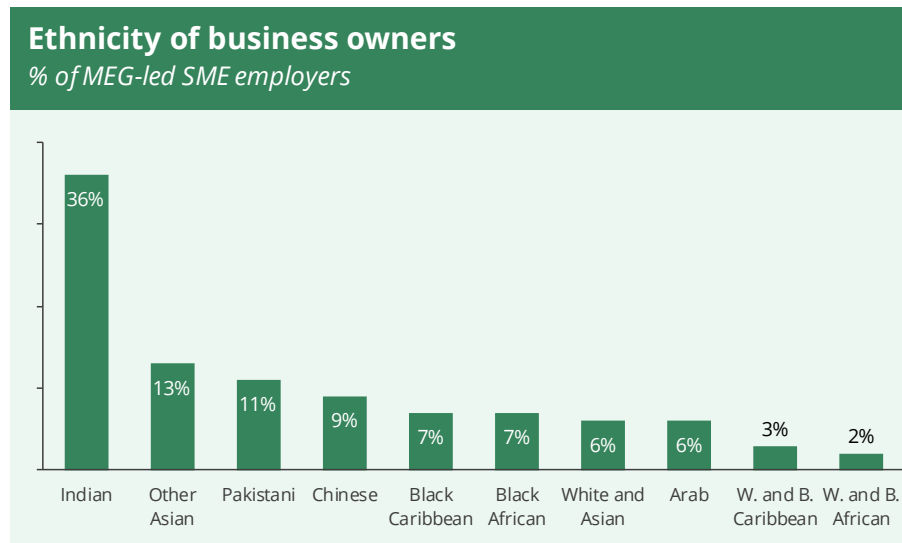
The Survey reports separately on SME with employees and SMEs without employees.

### MEG-led SMEs with employees

In 2018, 5% of SME employers were MEG-led, roughly the same as in each year since 2015.<sup>11</sup>

MEG-led SME employers were most likely in the health sector (9%), and the retail sector (7%).

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 (36%), any other Asian background (13%), Pakistani (11%), Chinese (9%), Black Caribbean (7%), Black African (7%), White and Asian (6%), Arab (6%), W. and B. Caribbean (3%), and W. and B. African (2%).



Source: BEIS, [Small business survey \(employers\)](#), 2019, [Data table, Table 22](#)

### 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, 4% were MEG-led in 2018.<sup>12</sup>

12% of MEG-led SMEs with no employees were in the retail and wholesale sector.

<sup>11</sup> BEIS, [Small business survey \(employers\)](#), 2019, p53

<sup>12</sup> BEIS, [Small business survey \(no employees\)](#), 2019, p29

## 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.<sup>13</sup>

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.<sup>14</sup> 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 associations such as the [Federation of Small Businesses](#) and the [Confederation of British Industry](#).

---

<sup>13</sup> BIS, [BPE: methodology and quality note](#), 2012

<sup>14</sup> The VAT registration threshold is currently VAT taxable turnover of £73,000.



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.

## BRIEFING PAPER

Number 06152, 16 December  
2019

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email [papers@parliament.uk](mailto:papers@parliament.uk)