A PATHFOUNDHER WHITE PAPER

The Confidence Gap

Why fear of failure is rising as barriers to entry fall, and what safe-to-practise learning can do about it

49%

of adults worldwide say fear of failure would stop them starting a business, up from 44% in 2019

58.2%

of UK adults who see a good opportunity still would not act on it, for fear it might fail

1 in 3

UK entrepreneurs is a woman — a gap costed at up to £250bn in lost economic value

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Executive Summary

Starting a business has never been more openly encouraged. In a growing number of countries, more people than ever agree that it is genuinely easy to do. Yet the same body of global research shows that fear of failure, not lack of opportunity and not lack of skill, is the single fastest-rising reason people who spot a good idea choose not to act on it.

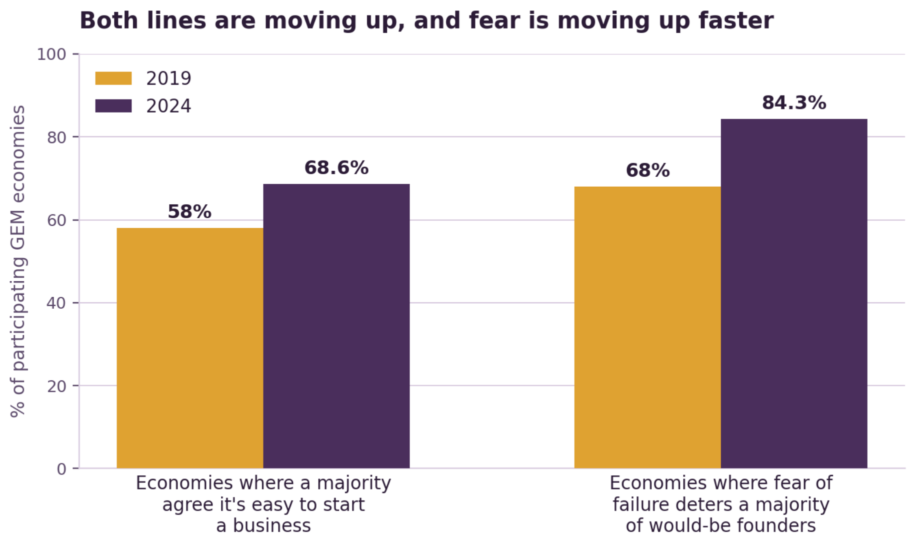
This paper sets out that paradox using the Global Entrepreneurship Monitor's most recent worldwide data **[1][2]**, traces why it lands hardest on women specifically **[3][4]**, grounds it in the UK's own version of the same pattern **[10][11][12]**, and asks a practical question: if the barrier has moved from access to confidence, what actually rebuilds confidence? Drawing on entrepreneurship education research **[5][6][7][8]**, it argues that low-stakes, decision-based practice, the kind where a bad month costs nothing but a lesson, is one of the few tools shown to move the specific psychological levers behind fear of failure. PathfoundHer's *Your First Year* simulation **[9]** is used throughout as a working illustration of that mechanism, not a sales pitch: a concrete example of what “practice before the real thing” looks like when it is built for the people who need it most.

1. The Paradox: Easier to Start, Harder to Attempt

For twenty-five years, the Global Entrepreneurship Monitor (GEM) has surveyed more than 150,000 adults across more than fifty economies every year, making it the largest and longest-running study of entrepreneurship in the world. Its 2024/2025 Global Report gives this exact tension top billing, under a section titled “Fear of failure is on the rise”: an increasing number of people agree that it is becoming easier to start a business, but there are also more potential entrepreneurs who are deterred from doing so by fear it might fail **[1]**.

The numbers behind that sentence:

- In 2019, over two in five adults agreed it was easy to start a business in 29 of 50 participating economies. By 2024, that had risen to 35 of 51 economies **[1]**.
- Over the same period, the number of economies where at least two in five people who saw good local opportunities still would not start a business, for fear it might fail, rose from 34 of 50 to 43 of 51 **[1]**.
- Globally, the proportion of adults who say fear of failure would stop them rose from 44% in 2019 to 49% in 2024. Among people who actually see good opportunities, the same figure rose from 42% to 47% **[1]**.



Source: GEM 2024/2025 Global Report [1]. Bars show the share of GEM-participating economies crossing each threshold, not individual respondents.

It would be convenient if this were a one-off, pandemic-shaped blip. It is not. GEM's newest report (2025/2026) finds start-up activity at record levels in many regions, while fear of failure continues to deter roughly two in five adults worldwide, and names a further, related problem: a widening “Survival Gap”, where too many new businesses start but too few live long enough to become established **[2]**.

One honest complication is worth highlighting rather than smoothing over. The “easier” finding above describes the general population's perception, aggregated across more countries over time. When GEM asks people who are actually running a new business whether starting has become harder than it was a year ago, the picture is much less tidy: in several economies (China most starkly, where nearly four in five current entrepreneurs said it had become harder) the lived experience runs directly against the population-level trend **[1]**. So the precise claim is not that everything is getting easier and people are simply more scared for no reason. It is narrower, and, if anything, more interesting: population-level sentiment about ease is trending upward across more countries, working founders often feel otherwise, and fear of failure is climbing regardless of which of those is true in any given place. The barrier has stopped being purely about what is objectively possible, and has become substantially about what people believe about themselves.

2. A Closer Look: Whose Fear Is Rising Fastest

This pattern is not evenly spread. GEM's dedicated women's entrepreneurship research shows the same “conditions up, courage down” shape, only sharper. Over the past two decades, women's perceived business opportunities rose by 79% and their perceived start-up skills rose by 27%, both genuinely encouraging trends. Over the same period, women's fear of failure rose by more than half **[3]**.

This is not a story about women lacking skills. Across the wider research literature, women consistently report lower perceived entrepreneurial skills and higher fear of failure than men, in country after country and across age groups, even where the objective skills gap has narrowed. The OECD frames the practical cost of this plainly: it estimates there could be 24.8 million more women entrepreneurs across OECD countries if women started businesses at the same rate as men aged 30 to 49, and names higher self-perceived fear of failure as one of the specific obstacles behind that gap, alongside financing access and skills gaps **[4]**.

The most recent GEM data confirms this gap is current, not a historical artefact. In 2024, women worldwide remained around ten percentage points less likely than men to see starting a business as easy, and even less likely to say they have the skills to do it. Tellingly, this gap was not narrower in wealthier countries, as might be expected: it was wider, ranging from 15% to 22% in high-income economies, against smaller gaps in middle- and low-income ones **[15]**.

Put together, this reframes the confidence gap as something more precise than a general mood. It is a widening distance between what women are increasingly capable of, on paper, and what they believe they are capable of, in practice. That distinction matters enormously for what kind of intervention actually helps. A funding gap is closed with money. A regulatory gap is closed with policy. A confidence gap is closed with something else entirely: repeated, low-stakes evidence that you can do the thing.

3. The View from the UK

The same pattern shows up, sharper still, closer to home. The UK has taken part in the Global Entrepreneurship Monitor since GEM's founding in 1999, and its national team, currently working in partnership with NatWest, published a 25-year retrospective whose framing echoes the global one almost word for word: the UK has become a markedly more entrepreneurial society since the turn of the millennium, even as the perception that fear of failure would prevent people from starting a business has risen steadily over the same period **[10]**.

The scale of that fear locally is worth considering. In 2024, 58.2% of UK adults not already running a business, who otherwise see good local opportunities, said fear of failure would stop them acting on it: a notably high rate set against the global figures discussed in Section 1, even allowing for some difference in how the two surveys define their sample. Wales ran higher still, at 60.8%. GEM UK researchers link the rising trend, under way since 2017, partly to prolonged uncertainty around Brexit and the aftershocks of the pandemic **[11]**.

The gendered version of this story has its own dedicated UK evidence base. The 2019 Rose Review of Female Entrepreneurship, commissioned by HM Treasury, named fear of failure explicitly as one of the barriers behind a stark headline figure: only one in three UK entrepreneurs is a woman, a gap the review costed at up to £250 billion in lost economic value and around 1.1 million missing businesses **[12]**. Evidence later submitted to a UK parliamentary select committee went further, naming fear of failure, alongside confidence and access to networks and role models, as a barrier specifically for young women considering entrepreneurship **[13]**.

A 2025 qualitative study of women entrepreneurs in the UK adds useful texture rather than just more statistics. It found fear of failure was real, and often rooted in a perception that the entrepreneurial ecosystem itself was male dominated. It also identified a specific coping pattern worth naming, hedging: keeping a back-up plan running alongside the business, which diluted founders' effort and focus even as it protected them emotionally. Interestingly, the same study found fear of failure was not purely corrosive: for some of the women interviewed, it also sharpened resolve and pushed them to work harder **[14]**.

None of this changes the argument. It grounds it. The confidence gap this paper describes is not an abstraction borrowed from a global dataset. It is a measured, named, and increasingly well-studied feature of the UK's own entrepreneurial landscape: the exact landscape PathfoundHer's Your First Year was built for.

4. Why Structural Fixes Aren't Enough on Their Own

GEM's own recommendation, attached to its fear of failure findings, calls for financial assistance, accessible training, mentorship programmes and simplified regulation, developed together, to reduce the risk of starting a business and address fear of failure **[1]**. That is a sound and necessary list. It is also, notice, mostly a list of structural, supply-side levers: money, rules, access, people to call.

Fear of failure itself, though, behaves differently in the research literature. It sits close to a specific psychological construct called entrepreneurial self-efficacy: essentially, a person's belief in their own ability to perform the tasks that running a business actually requires, pricing a product, reading a cash flow statement, negotiating payment terms, forecasting demand. A 2025 study of business students across four Latin American economies found that fear of failure directly reduces entrepreneurial passion, and that passion is, in turn, positively linked to that self-efficacy **[7]**. Financing and simplified regulation change what happens to a person if their business fails. They do very little, directly, to change how capable that person feels the day before they try.

That gap between “the rules got friendlier” and “I still don't believe I can do this” is precisely where the paradox in Section 1 lives. It also points to what is missing from an otherwise sensible policy list: something that works directly on belief and perceived competence, built through repetition rather than legislation.

5. The Mechanism: How Practice Changes the Odds

Entrepreneurship education research has tested this fairly directly, using business simulations and decision-based games as the intervention. The findings are consistent enough to take seriously, and specific enough to be useful.

A quasi-experimental study of an interactive start-up simulation among undergraduates found that students who engaged successfully with simulated business tasks reported lower fear of failure and lower perceived task difficulty, and were markedly more likely to treat an unsuccessful attempt within the simulation as a learning opportunity rather than a personal failure **[5]**. Separately, a controlled study of a mobile business simulation game, run against a matched control group, found statistically significant gains in entrepreneurial attitude and entrepreneurial self-efficacy among players, with the researchers flagging “flow”, the sense of being fully absorbed in a manageable, well-paced challenge, as the ingredient future versions of this kind of tool most need to get right **[6]**. Further studies link simulation-based learning experiences to gains in entrepreneurial skill development, working through both direct effects and the level of engagement they create **[8]**.

It is worth stating the honest limit of this evidence as clearly as the positive part. The same mobile simulation study found that, while attitude and self-efficacy improved measurably, entrepreneurial intention, whether someone actually planned to start a business, did not shift significantly **[6]**. In other words, feeling more capable and less afraid is a real, measured effect. It does not automatically convert into “and now I will start a business.” The credible claim available from this research is that structured, low-stakes practice reliably lowers the psychological barrier described in Sections 1 to 4. The claim this research does not support is that practice alone manufactures more entrepreneurs. A paper making the case for practice-based learning loses more credibility by blurring that line than it gains by overstating it.

Taken together, the mechanism can be stated plainly: fear of failure responds to lived, repeated, low-stakes evidence, treating a bad month as data rather than as a verdict on the person, more directly and more reliably than it responds to a change in the rules or a one-off grant.

6. Case in Practice: PathfoundHer's Your First Year

> *One concrete illustration of this mechanism in practice is Your First Year, a decision-based money simulation built by PathfoundHer for women starting or running small businesses, particularly those who would not describe themselves as "numbers people" [9].*

Teams play through twelve months of the real financial decisions a first-year founder actually meets: pricing a product, covering fixed costs, managing a big order on sixty-day payment terms, absorbing a surprise bill, chasing a late payer, deciding whether to hire help, setting aside a tax pot, sizing a seasonal stock bet, holding a price under competitive pressure, and finally opening the January tax letter. Every choice shows its consequence in pounds, followed immediately by a plain-English explanation of what happened and why. It exists as both a digital game, playable on a phone or laptop across four different business types, and a printable paper pack for workshop rooms without screens **[9]**.

The programme's own design language states its purpose almost exactly in the terms Section 5 describes: the game is built to be "safe to get wrong", so that every poor outcome inside it is, deliberately, a cheap version of an expensive real-world lesson **[9]**. That is not incidental phrasing. It is the same design principle the research literature associates with rising self-efficacy and falling perceived difficulty: a low-stakes environment in which a wrong pricing decision or an unbudgeted tax bill costs a team nothing more than an argument at the table and a lesson to carry forward, rather than an actual overdraft, a real late payer, or a real letter from the tax office.

To be precise about what is, and is not, being claimed here: *Your First Year* has not itself been the subject of an independent, published efficacy study. What can honestly be said is narrower, and still meaningful: it is a live, working example of the mechanism the wider research literature has tested and found effective elsewhere, applied specifically to the population, women new to founder finance, where GEM's own data, in the UK and globally, shows the confidence gap is widest and growing fastest.

7. What This Means

For educators and workshop hosts

Practice-based tools belong alongside knowledge transfer as a core part of the curriculum, not as an optional add-on after the "real" teaching is done. If fear of failure, rather than missing information, is the barrier actually rising, a session that only transfers knowledge is treating the wrong problem.

For funders and partners

Programmes that target fear of failure directly are addressing a distinct, worsening, and separately measured barrier, not a redundant one sitting alongside financing and training programmes. GEM's own data **[1][2][3][10][11]** suggests that closing access gaps without closing the confidence gap will keep leaving good ideas on the table.

For founders themselves, reading this over someone's shoulder

Fear of failure is not a personal shortcoming or a sign that you are not cut out for this. It is the single most common, fastest-rising, and most researched barrier measured anywhere in the world, present in the vast majority of countries GEM studies, among people with almost every level of skill and opportunity. The research above suggests it is also one of the more addressable barriers, and it responds to something as unglamorous and available as practice.

Conclusion

The barrier to entrepreneurship has not disappeared. It has moved. Twenty-five years of the world's largest entrepreneurship study show conditions becoming more favourable, on paper, in more places, for more people, while the willingness to act on those conditions falls at almost the same pace. That is not a contradiction to explain away. It is a diagnosis, and diagnoses point to treatment.

If the barrier has moved from outside the entrepreneur to inside them, the intervention has to move with it. Financing, regulation and access remain necessary. They are not sufficient on their own, because they were never designed to answer the question a fearful founder is actually asking herself the night before she prices her first order: can I actually do this? The research reviewed here suggests that question is answered, at least in part, the same way most difficult questions about capability get answered: by trying it first somewhere it is safe to get it wrong.

GET IN TOUCH

To discuss a pilot, a workshop booking, or the research behind this paper, visit pathfoundher.co.uk or write to hello@pathfoundher.co.uk.

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