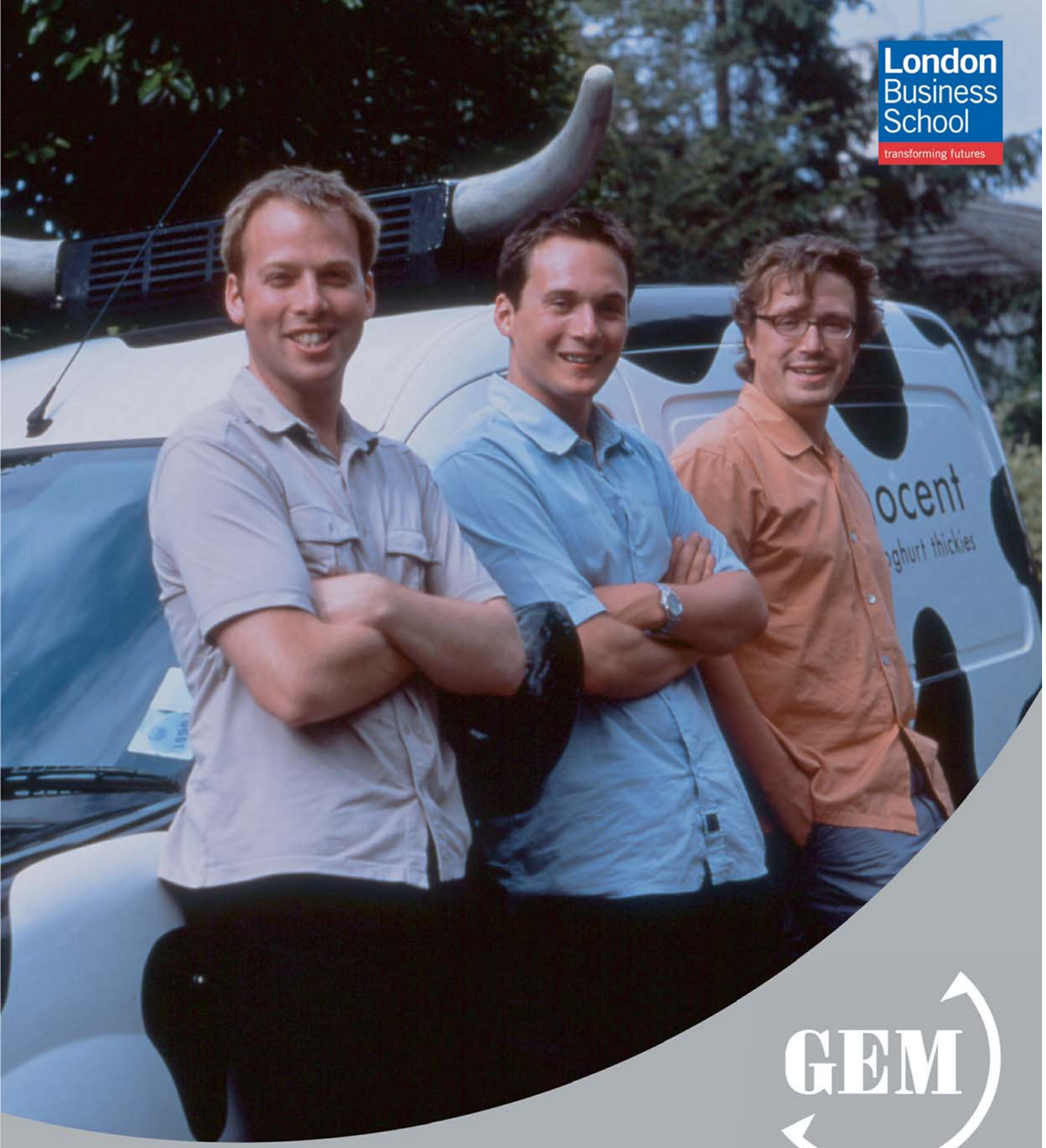

GEM

Global Entrepreneurship Monitor
United Kingdom 2002

Rebecca Harding

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BARCLAYS

contents

forewords

Foreword by Rt Hon Patricia Hewitt.

Secretary of State for Trade and Industry

Entrepreneurship is essential to the success of our economy. Our ability to create new jobs and to generate the prosperity that we need - particularly in run-down areas - depends on having a culture where entrepreneurs can flourish. By extending entrepreneurial opportunities to all, whatever their background, we will not only create a vibrant and growing economy but also make it easier for individuals to realise their own potential.

This year's Global Entrepreneurship Monitor highlights the excellent prospects for UK entrepreneurs. We have withstood the pressures of global recession well with activity actually rising in the last six months. People are more aware than before of entrepreneurial opportunities and positive about the effect of those opportunities. There is clear evidence of the exciting contribution that entrepreneurial activity can make to urban regeneration and renewal. And the businesses that are created continue to support a large number of jobs.

The new data also shows that people belonging to an ethnic minority make a large and important contribution to the entrepreneurial spirit of our country. This finding is particularly welcome. Our role as government must be to ensure that individuals from minority backgrounds who want to start their own companies are supported in doing so. There is some evidence – for example from the Labour Force Survey and the Small Business Service Household Survey - to suggest that entrepreneurial spirit in this group is sometimes frustrated. I welcome also the narrowing of the gap between male and female entrepreneurship in the year since the last report. But there are still too few women starting out and growing a business. We need to eliminate the barriers that remain, be it access to finance or to childcare or because of some other form of implicit discrimination. If women started new businesses at the same rate as men, we would have more than 100,000 extra new businesses every year.

Increasingly, support for entrepreneurs needs to be delivered regionally. There are outstanding start-ups and high growth businesses in every nation and region of the UK but, still, persistent gaps in the business birth rate between different regions. In bringing RDAs, Business Link and the Learning and Skills Councils closer together, we aim to make every region an enterprise success story.

The study - the largest survey of entrepreneurship in the world - has produced some fascinating insights this year. It is to be welcomed as a key part in the process of evidence based policy formulation to which the DTI is committed. I wish the Global Entrepreneurship Monitor team in the UK all the best in expanding the survey in 2003.

Foreword by Will Hutton.

CEO, The Work Foundation

The GEM UK 2002 study is an exciting and fascinating contribution to the debate on entrepreneurship and we are delighted to be involved with it. It is the largest single study of entrepreneurship in the UK and gives a clear indication of the potential that entrepreneurs have for creating jobs and harnessing their own potential in the interests of furthering the productive potential of the UK economy.

Our own Work and Enterprise Panel of Inquiry is looking at the potential of High Performance Work in furthering UK productivity. Entrepreneurship is a key part of this – entrepreneurs are individuals who work autonomously and harness their own creativity to fulfil their career objectives and are "high performers" in the purest sense of the word. Yet they are also highly dependent on the infrastructural support around them in order to be able to unleash this potential fully. Finance, skills, access to research, transport, world-class public services and smart regulatory structures are pre-requisites for entrepreneurial businesses if they are to achieve their goals.

We welcome the results of GEM UK 2002. It is good to see that the gap between male and female entrepreneurship is narrowing, that ethnic minorities are such important drivers of entrepreneurial culture and that regeneration is fuelled by entrepreneurial activity. And it is great to see that even in the face of global downturn, that UK entrepreneurs still feel that there is a strong entrepreneurial future.

GEM UK and The Work Foundation will be working closely together to build the research during 2003, as a study that is truly representative of all UK regions and as a cornerstone of the Work and Enterprise Panel of Inquiry. We look forward to future reports.

executive summary

The Global Entrepreneurship Monitor started in 1999. Now in its fourth year this worldwide project involves 120 researchers working in 37 countries.

The Global Entrepreneurship Monitor (GEM) started in 1999. Now in its fourth year this worldwide project involves 120 researchers working in 37 countries. Taken together, the 37 countries that form the basis of GEM 2002 account for 92% of world Gross Domestic Product (GDP) and two-thirds of the global population. In terms of sheer scale and scope GEM therefore constitutes the largest global research project in entrepreneurship currently being undertaken anywhere in the world.

GEM defines entrepreneurship as:
Any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business by an individual, teams of individuals, or established businesses.

GEM uses two methods to examine overall entrepreneurship: a telephone survey of the adult population and an interview and questionnaire survey of "experts" working daily as entrepreneurs, with entrepreneurs or for entrepreneurs. The GEM UK study is based on an adult population survey of 20,000 adults[1] and is hence the largest single study of entrepreneurial activity in the world. 60 experts were surveyed and a focus group of entrepreneurs was held in July 2002.[2]

The key indicator used in the GEM research is the Total Entrepreneurial Activity Index (TEA) which is made up of the total numbers of people involved in nascent (start-up) businesses and in new firms which have been operating for up to 42 months.

Total Entrepreneurial Activity

- The global GEM study reports that the UK has a Total Entrepreneurial Activity index of 5.4% compared to 7.7% in 2001. This means that 2.3% fewer of the total population are engaged in entrepreneurial activity in 2002 compared to 2001 and is roughly in line with the world average.[3] However, our relative position is unchanged[4] and amongst the G8 countries only Canada and the US saw lower reductions in entrepreneurial activity than the UK.
- The analysis for the GEM UK study reported here was constructed on the basis of three separate studies: one large adult population survey of 16000 respondents conducted in May 2002 and two other, identical, studies of 2000 responses each conducted in February 2002 and October 2002 respectively.[5] These studies show an improvement in TEA during the course of the year. The February study yielded a TEA rate of 4.41 and the October study a rate of 6.12. The combined TEA rate of all three studies is higher than that in the GEM global report at 5.54.
- Four in every 100 people start-up a business because of an opportunity and 1 in every hundred does so because there is they have no better choice for work (necessity entrepreneurs).

[1] The initial survey was of 16,000 adults and was conducted during May 2002. In addition, the raw data from two identical surveys conducted during 2002 by Barclays was added in to the sample of adults.
[2] The focus group was selected to include "celebrity entrepreneurs", young entrepreneurs, "career entrepreneurs", "novice" entrepreneurs and entrepreneurs with experience of advising policy makers. A full list of participants is given in the acknowledgements.
[3] The drop from 7.7% to 5.4% represents a fall of 31% in total entrepreneurial activity. This is similar to the average drop in total entrepreneurial activity across the world of 30%.
[4] In 2001 the UK ranked 19th out of 27 countries. In 2002 the UK ranked 23rd out of 37 countries.
[5] These studies are conducted by Barclays using an identical survey questionnaire and survey techniques to the GEM global study.

- Nearly 7 in every hundred men and 4 in every hundred women are active entrepreneurs between the ages of 18 and 64. This is a narrower gap than in 2001. However, the gap is still wider than the average gap between male and female entrepreneurship in the global sample and men in the UK are still more than twice as likely to set up a business than women.
- Total Entrepreneurial Activity is highest amongst employed males, aged 35-44 with graduate level qualifications and earnings in the highest third of the income distribution.
- Respondents were positive about the climate for entrepreneurship, although fear of failure would prevent 34.1% of people from starting up a business.

Finance

- On average, businesses receive a total amount of £20,000 in start-up finance. Typically, £10,000 of this is from personal investments and £5,000 is from family and friends[6] and the remainder from external sources of finance like venture capital and banks.
- 1.7% of people in the UK 2002 sample are investors in start-ups or growing businesses. This is lower than the 2001 figure of 2.6%. This reflects a continuing trend over the last four years of reduced informal investment in the UK.
- The UK is 29th out of the 47 countries in the 2002 GEM study for prevalence of informal investment. This is 5th out of the G8 countries with France, Italy and Japan having lower levels of informal investment. Within Europe, Germany has the highest level of informal investment.

Ethnic Groups[7]

- Asian people are twice as likely to be involved in autonomous start-ups than their white counterparts. Caribbean people are three times as likely and Africans nearly five times as likely to be involved in an autonomous start-up compared to White people.
- African people are the most likely to see good business opportunities and have the highest TEA index overall of all ethnic groupings. The TEA index for African men is 50% compared to 14.6 percent amongst Caribbean men and 10.4% amongst Asian men.

Regional Entrepreneurship

- The East of England has the highest figure for TEA at 6.1% for the 18-64 age range. London is second at 5.6% and the South East of England is third with a TEA index of 5.3%. The lowest level of entrepreneurship is in the North East.
- The South East has the most favourable climate for entrepreneurial activity, employment and job creation for start-up businesses and has the best profile for job creation in the next five years.

Technology

- 25% of all new technology start-ups are in London. The North East comes second with 20% of all new technology start-ups.
- New technology start-ups are predominantly in the Business Service sector which accounts for 22.6% of all start-ups.

[6] The "start-up" finance variable refers to average monies received for the initial development phases.
[7] For the first time this year the study includes an analysis by ethnic background. 5% of the total sample fell into the categories "African", "Asian" or "Caribbean".

executive report

Entrepreneurship has been at the centre of economic and industrial policy since the 1980s.

Why Look at Entrepreneurship?

Entrepreneurship has been at the centre of economic and industrial policy since the 1980s. During the 1990's, the rapid improvements in productivity, growth and employment witnessed in the United States apparently provided a stark choice to policy makers across the rest of the world. This choice was to create a dynamic and flexible economy and institutional structure capable of adapting to rapidly changing markets and employment patterns by giving all individuals the freedom to harness their own creativity through entrepreneurship, or lose the battle for competitiveness in the global market place. As a result, governments sought to imitate structures and systems that existed in the United States to generate innovation-led growth through entrepreneurship.

Since September 11th 2001, the subsequent turmoil in international finance markets generally and the collapse of the "high tech boom" in particular, it might seem peculiar still to be looking at entrepreneurship as a means of creating a positive economic future for everyone. Yet the "dotcom millionaires" represent a tiny proportion of the total number of people who successfully set up businesses or are self-employed or who expand existing businesses. It is this mass of "everyday entrepreneurs" who generate the employment, the productivity, the innovation and the economic growth and regeneration of their communities, their regions and their countries. Any commitment by governments to supporting this group of people reflects simply the vital role that these people play in the competitive future of any country.

What is GEM?

The Global Entrepreneurship Monitor started in 1999. Now in its fourth year this worldwide project involves 120 researchers working in 37 countries. Taken together the 37 countries that form the basis of GEM 2002 account for 92% of world GDP and two-thirds of the global population. In terms of sheer scale and scope GEM therefore constitutes the largest global research project in entrepreneurship currently being undertaken anywhere in the world.

GEM defines entrepreneurship as:
Any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business by an individual, teams of individuals, or established businesses.

This is a sufficiently broad definition to include anyone who is adding value to the work they do by acting entrepreneurially, although too narrow to identify those enterprises that fulfil a not-for-profit or specific social purpose.

From the outset GEM has revolved around three core questions.

- How much entrepreneurial activity is taking place in the world?
- Does the level of entrepreneurial activity differ significantly between countries?
- What is the relationship between the level of entrepreneurial activity and national economic growth?

Implicit within these core questions is a set of further issues that have to do with:

- The motivation or reason why individuals pursue entrepreneurship.
- The demographic profile of those who take the entrepreneurial route in terms of age, gender, education and so forth.
- The type of businesses that are being created.
- The factors that help us understand differences in entrepreneurial activity between countries.
- The impact of public policy and the role that government can play in enhancing entrepreneurship.

How does GEM Measure Entrepreneurial Activity?

Each of the 37 countries in the study has a team of researchers who use a standardised questionnaire survey of the adult population to create the Total Entrepreneurial Activity (TEA) index. The random sample of adults between 18 and 64 is used to identify people who are involved with:

1. **Nascent ventures**: these are the firms that would be called start-ups by most analysts. Anyone in the survey who said that they were actively involved in creating a new business that they would own all or part of and had not paid any salaries or wages to anyone for more than three months fell into this category.
2. **New firms**: these are the more established businesses that have been running for up to 42 months and have not paid salaries for longer than that.

Adding together these two categories of people makes the TEA index that can then be used to illustrate differences and similarities between countries, regions, types of people and types of entrepreneurship.

Since 2001 GEM has distinguished between two types of entrepreneurship:

1. **Necessity entrepreneurship**: these are the people who have no better choices for work.
2. **Opportunity entrepreneurship**: these are the people who perceive a business opportunity and take advantage of it, either independently or from a position of employment.

What makes the project particularly interesting, though, is that this survey is supplemented by in-depth interviews with experts involved in policy formulation, policy delivery, small business support, small business finance and, of course, the entrepreneurs themselves. This gives the study richness and allows each country team to be able to make specific and evidence-based policy recommendations to their national governments. Since the global study has now been running since 1999, this can be done on the basis of time-series data too.

What is Different about GEM UK 2002?

There are five key differences between the GEM UK study this year and previous years' studies:

- Expanded adult population sample: the adult population survey, from which the TEA index is derived had 16,002 respondents. It was further expanded by incorporating the Barclays Entrepreneurship survey of 2,000 adults conducted twice yearly. At a total sample size of 20,000 this makes it nearly three times bigger than the 2001 study and the largest single country sample in the world. The expanded sample was the result of additional funding from One North East, The South East of England Development Agency and InvestNI (Northern Ireland) for expanded samples of 2,000 in their regions. We have also amalgamated the Wales and Scotland studies into the whole UK adult population survey. The survey was conducted in June 2002.

- Expanded expert survey: we interviewed a total of 60 people across the UK for the purposes of the UK 2002 report. Each also completed an expert questionnaire in order to examine experiences of policy initiatives at the point of delivery.[8] The expert survey was conducted between April and October 2002.
- Focus groups: we ran a focus group of 15 entrepreneurs to enable us to understand their specific motivations, interests and opinions. This was conducted in July 2002.
- Understanding entrepreneurship in deprived areas: because of the increased sample size (weighted to allow comparability across regions and localities) we are able for the first time to examine entrepreneurship in deprived and affluent areas of the country. This work has been supported by Barclays.
- Understanding entrepreneurship in different ethnic groupings: for the first time this year we have been able to incorporate a question on ethnic background allowing us to look at entrepreneurship patterns across different ethnic groupings as well as the usual breakdowns in terms of age and gender.

Interpreting GEM Data

GEM captures a larger proportion of entrepreneurial activity than business or household surveys since it measures entrepreneurial behaviour as well as actual businesses established.[9] This is particularly useful for understanding entrepreneurial potential (for example in different ethnic groupings) as well as entrepreneurial activity. Effectively, it establishes the extent to which people are likely to be entrepreneurial given the correct framework conditions (for example, government policy, finance, government programmes, education and training, technology transfer, public infrastructure and national culture).
The data here should not, therefore, be interpreted as an accurate measure of actual numbers of business start-ups in particular communities, regions or sectors. Instead it should be taken as a measure of the number of businesses that are likely to exist if appropriate framework conditions prevail. The recommendations at the end of the text are suggestions of how these framework conditions might be created through policy mechanisms.

How does the UK Compare?

The UK has a Total Entrepreneurial Activity index for 2002 of 5.4. This places the UK 23rd out of the 37 countries in the study compared to 19th out of 29 last year.
Figure 1 illustrates the TEA index for all the countries in the study in 2002.

Figure 1 shows the data as reported in the GEM global study. However, the analysis for the GEM UK study conducted for this report was constructed on the basis of three separate studies: one large adult population survey of 16,000 respondents conducted in May 2002 and two other, identical studies of 2,000 responses each conducted in February 2002 and October 2002 respectively.[10] These studies show an improvement in TEA during the course of the year. The February study yielded a TEA rate of 4.31 and the October study a rate of 6.12. The combined TEA rate of all three studies is higher than that in the GEM report at 5.54.
The TEA index is an estimate for the total population from the adult population survey: the larger the survey in relation to total adult population, the smaller the margin of error. The line represents the margin of error in the estimate and TEA for each country is shown as the mid-point on this line. The margin of error is small for the UK and for Germany since the sample sizes are larger, but where the margin of error is greater, it is possible that the TEA rate lies anywhere on that line. As a result of this, it would be wrong to conclude that the UK's position had deteriorated on 2001 since Singapore, Denmark, Italy, South Africa and Hungary may all have similar TEA rates once the margin of error in those country samples is taken into account.

One of the interesting things about of examining the TEA index across such a large number of countries is that the role of entrepreneurship in Asia and South America. Thailand, India, Chile, Korea and Argentina head the rankings, for example with Brazil, Mexico and China close behind. Of these countries, Brazil, Argentina, China, Chile, India, Korea and Thailand also head up the necessity entrepreneurship league table and Thailand, India, Korea, Chile and Mexico are all in the top eight countries for opportunity entrepreneurship.[11]

There has been a 30% reduction in total entrepreneurial activity across the world on the 2001 rankings, arguably the effects of the World Trade Centre disaster and subsequent global recession. Here, the UK compares relatively favourably with G8 countries, as illustrated in Table 1.

Figure 1: Total Entrepreneurial Activity Index by Country.

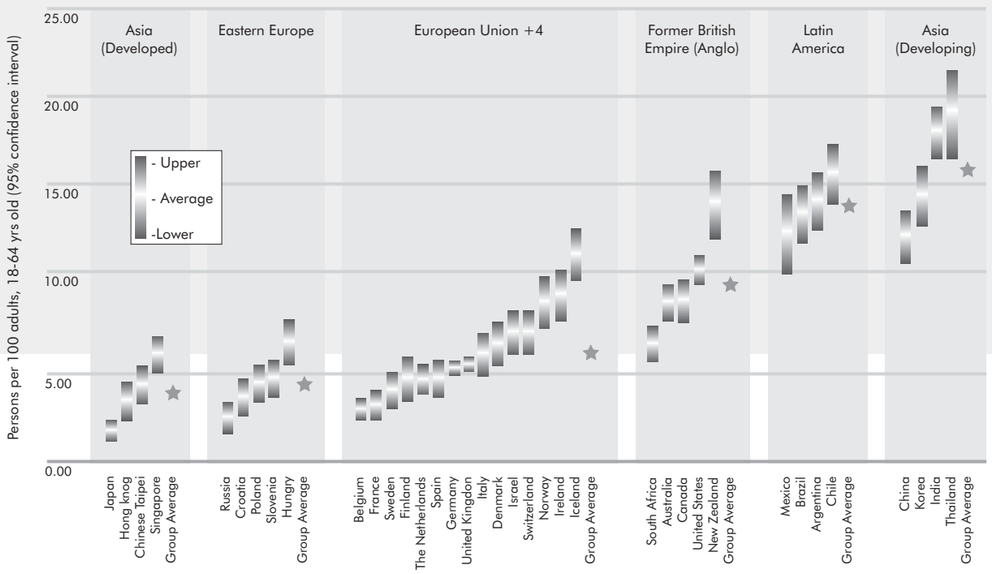


Table 1: TEA Index Changes Across the G8 Countries, 2001-2.

	2001	2002	Change
United States	11.6	10.5	-1.1
Canada	10.0	8.8	-1.2
United Kingdom	7.7	5.4	-2.3
Germany	8.0	5.2	-2.8
Japan	5.2	1.8	-3.4
France	7.4	3.2	-4.2
Italy	10.2	5.9	-4.3
Russia	6.9	2.5	-4.4

[8] The purpose of a qualitative survey like this is to add depth to the adult population survey. Since experts are carefully selected for their experience at a national and regional level, this adds richness to the overall study.
[9] The Small Business Service Household Survey also takes this approach.

[10] These studies are conducted by Barclays using an identical survey questionnaire and survey techniques to the GEM.
[11] See GEM Global 2002 for full discussion of this global study.

UK government policy

Entrepreneurship is regarded by the government as being one of the key ways of increasing national income through higher productivity.

UK Government Policy [12]

UK government policy over the past five years has focused on broadening access to entrepreneurship as a means of employment by ensuring adequate access to finance ("the finance gap") and by increasing awareness of and levels of support for individuals (or groups of individuals) to set up entrepreneurial businesses ("the knowledge gap").[13] One of the key reasons for doing that has been the persistent productivity gap between the UK and the US that grew during the 1990s to 40%. As HM Treasury documents are keen to point out, if we closed this gap everyone in the UK would be, on average, £6,000 a year better off.[14]

Entrepreneurship is regarded by the government as being one of the key ways of increasing national income through higher productivity. The GEM global report points to a statistically significant correlation between levels of entrepreneurial activity and (GDP) growth as shown in Table 2.

The evidence is particularly strong for a positive correlation in the last two years. Many of the policies by national governments, including the UK, were formulated and implemented many years before then. This means that some of the policies may have been effective in raising the general levels of entrepreneurial activity, or of changing culture in favour of entrepreneurship, but may need evaluating for their sustained effectiveness now.

Examples of government policy in the UK to increase entrepreneurship are categorised here under in four key policy areas as a framework for analysing the data from the adult population survey.[15]

- Social inclusion: the government provides a number of specific programmes for individual groups. These include the Phoenix Development Fund and the Community Finance Initiative. Business Links are also tasked with providing specific support for socially excluded or under-represented groups.
- Linking national policy with regional policy and local delivery: the Regional Development Agencies (RDAs) set up in 1999, have been given primary responsibility for the strategic planning of entrepreneurship and innovation within their regions in the interests of driving growth, employment and regeneration at a regional level. National infrastructures (for example the Business Links Network that provide mentoring and business support (run through the SBS but delivered locally) and the Learning and Skills Council that runs out of the Department for Education and Skills and provides dedicated training support). The SBS is tasked with ensuring transparency and clarity of government programmes at the point of delivery to entrepreneurs. Finance initiatives have included, amongst others, the policy initiated Regional Venture Capital funds and the National Business Angel Network, the Phoenix Fund, Community Finance Initiative and University Challenge.
- Community regeneration: the Community Investment Fund, Millennium Fund, The Phoenix Fund, and, recently, the Learning and Skills Councils work together with RDAs and agencies such as Business Links and the Neighbourhood Renewal Unit to help regenerate deprived areas through entrepreneurship.
- Technology Entrepreneurship: the government set up the Higher Education Innovation Fund designed to provide seed funding to hi-tech businesses and has increased its support to the University Challenge Funds to provide seed capital to university spin-outs. Alongside this, substantial policy effort has been put into changing attitudes towards entrepreneurship and increasing entrepreneurship teaching in UK universities through the Science Enterprise Challenge. It has also provided support for university technology transfer offices to develop Intellectual Property Rights and technology transfer arrangements between academic entrepreneurs, research financiers and universities.

The GEM UK 2002 report analyses each of these areas in turn in relation to data from the Adult Population and Expert surveys.

Table 2: TEA Index Rates and National Economic Growth.

Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 (forecasts)
All TEA	–	++	++	+++	+++	++
Opportunity TEA	+	+	+	+++	+	
Necessity TEA	+	+	+	+++	+++	

+++	strong, positive, significant
++	strong, positive
+	positive
– – –	strong, negative, significant
– –	strong, negative
–	negative

[12] This section is intended as a framework for analysing the data from the adult population and expert surveys NOT as description of actual policy initiatives.
[13] Harding, R. (2000): Venturing Forward – the role of venture capital in stimulating entrepreneurship IPPR, London
[14] HM Treasury, 2000, Productivity in the UK: The Evidence and the Government's Approach.
[15] Since the Cross Cutting Review entrepreneurship has been incorporated under two agendas, raising productivity and "Enterprise for All".º

overview of the UK

There has not been a decline in positive attitudes towards either self-employment generally or the perspective that people have towards start-up opportunities and their own skills.

An Overview of the UK 2002

Attitudes

Table 3 shows the key differences in levels of entrepreneurship and attitudes between 2001 and 2002. It shows the percentage of the sample that said yes to each of the questions listed in each of the two surveys. It can be seen quite clearly from this table that, although there has been a drop in the overall TEA rate and hence in the levels of start-up activity, there has not been a decline in positive attitudes towards either self-employment generally or the perspective that people have towards start-up opportunities and their own skills. However, the fear of failure across the whole UK adult population has increased.
There are some marked differences within this, however:

- Individuals in the age category 18-24 fear failure the most with 38.2% of the respondents answering yes to this question.
- More individuals with graduate qualifications saw good opportunities for business start-ups than people leaving school with just GCSEs (or their 16+ equivalent).
- Differences between perceptions of opportunity were most marked according to income bracket. 19.6% of individuals in the lowest income third saw good opportunities compared to 37% in the highest income third.
- More individuals in employment could see good business opportunities than those not working. The fear of failure was higher amongst those in employment.

Job Creation

Table 4 shows that there is substantial job creation potential in start-ups and owner-manager businesses and that start-up firms anticipate greater job creation over a five year period with 48.8% of businesses anticipating the potential to create 6 or more jobs. It should be pointed out that these figures are estimates and that start-up businesses tend to over-estimate the total number of businesses they create. However, this employment growth potential is echoed by owner-manager businesses where some 31% of businesses expect to create 6 or more jobs:

- 54.8% of start-up businesses create between 1 and 11 jobs.
- 45.2% of owner-manager businesses create between 1 and 11 jobs.[16]

Table 3: Attitudes Towards Entrepreneurship, 2001 and 2002.

	2001	2002
I am an independent start-up business	4.6	3.5
I am involved with start-up activity as part of my job	3.2	1.8
I am the owner manager of a business	8.0	10.3
I have been involved with business angel activity in the last year	2.3	1.4
I expect to start up a business in the next year	-	6.2
I have shut down a business in the last 12 months	-	22.3
There are good business opportunities	18.2	22.3
I have the skills to start up a business	40.2	42.9
Fear of failure would prevent me from starting a business	30.1	34.0

Table 4: Distribution of Jobs and Job Potential (% of businesses).

Jobs	Start-up	Start-up Jobs in 5 years	Owner-manager	Owner-manager in 5 years
0	30.1	14.1	41.1	33.9
1-5	38.9	37.1	36.7	35.1
6-10	15.9	17.8	8.5	10.0
>10	15.1	31.0	13.7	21.0
Total	100.0	100.0	100.0	100.0

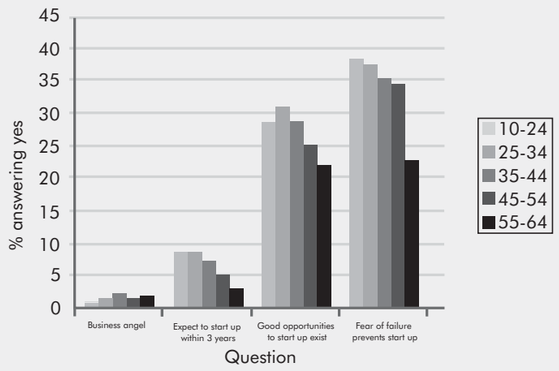
[16] These are estimates only. For further reference on job creation see www.sbs.gov.uk.

Who are the Entrepreneurs?

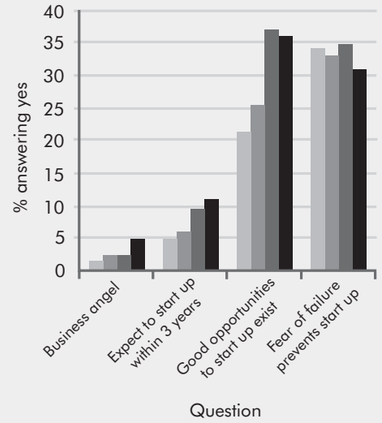
Fairly unsurprisingly, the "typical" entrepreneur is a graduate male with an income in the top third of the distribution, is employed and is aged between 35 and 44. He also has a positive attitude towards business opportunities now and prospects in the future. He fears failure less than his female counterpart. The differences in types attitudes towards entrepreneurs for the whole population are illustrated in Figure 2.

Figure 2:
Angels, Latent Entrepreneurs, Opportunity and Attitudes by Gender, Age Education, Income Level and Labour Market Status for the Whole UK Population, 2002.

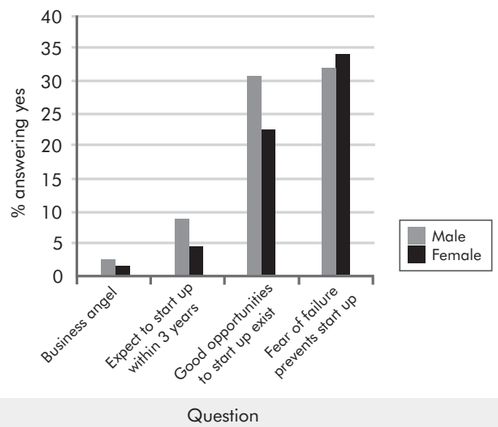
2a) Attitudes to Entrepreneurship by Age



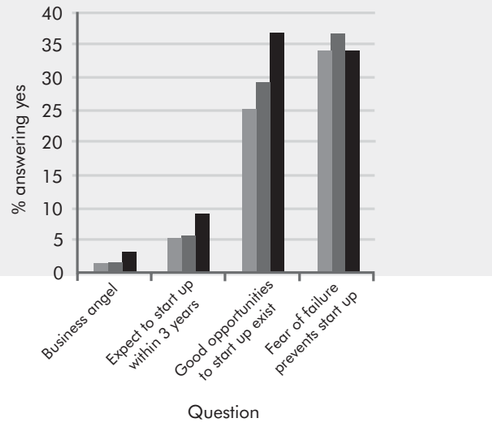
2b) Attitudes to Entrepreneurship Education



2c) Attitudes to Entrepreneurship by Gender



2d) Attitudes to Entrepreneurship by Income



2e) Attitudes to Entrepreneurship by Labour Market Status

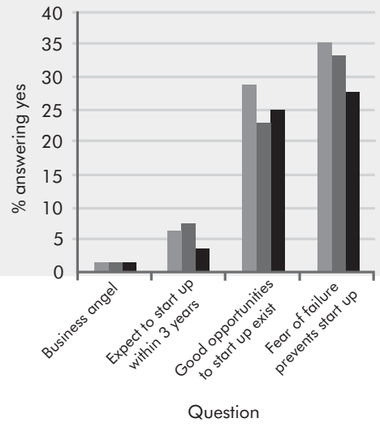
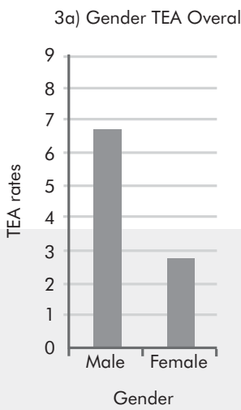
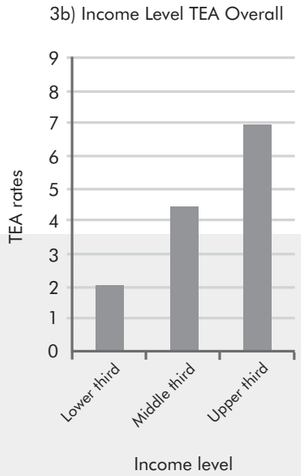


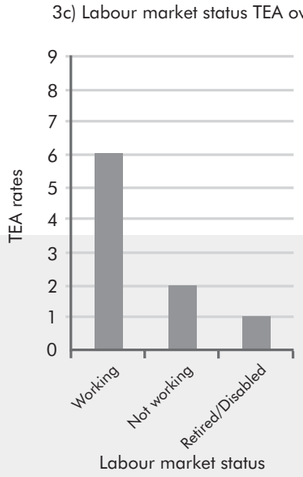
Figure 2 (continued):
Angels, Latent Entrepreneurs, Opportunity and Attitudes by Gender, Age Education, Income Level and Labour Market Status for the Whole UK Population, 2002.

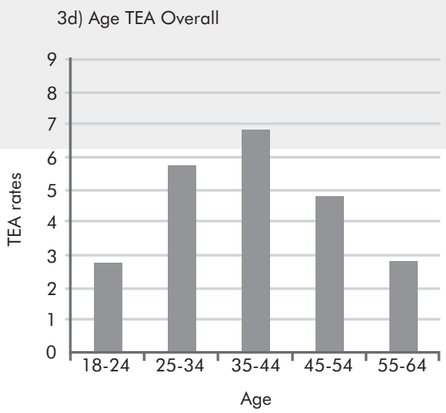
And this does seem to translate into entrepreneurial activity. Figure 3 uses the same breakdowns to look at the TEA index for each category of individual within the survey.
Some highlights from this:

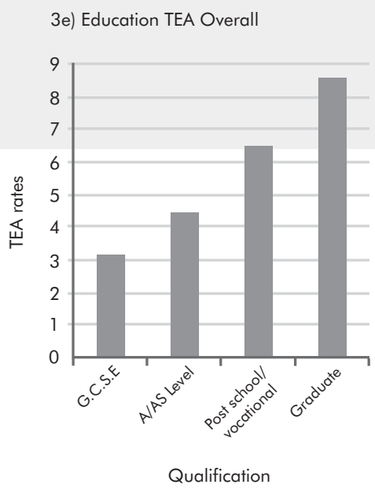
Figure 3:
TEA rates by Gender, Income Level, Labour Market Status, Age and Education.







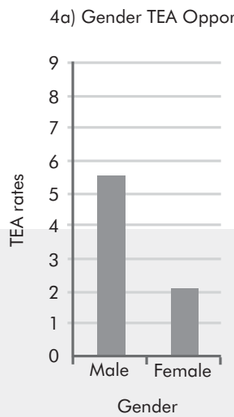


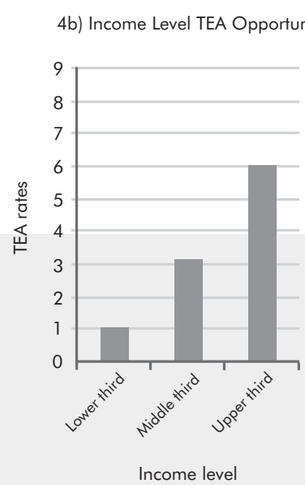


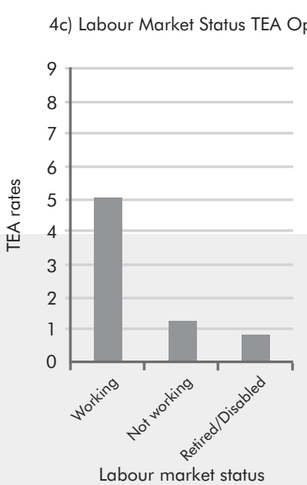
- Graduate level qualified men are nearly twice as likely as graduate qualified women to start up a business.
- Men aged 35-44 are more than twice as likely as women in the same group to set up a business.
- Highest levels of entrepreneurship are recorded in the 35-44 age range for all income groupings.
- People in employment have nearly three times the level of entrepreneurial activity as their non-working counterparts.

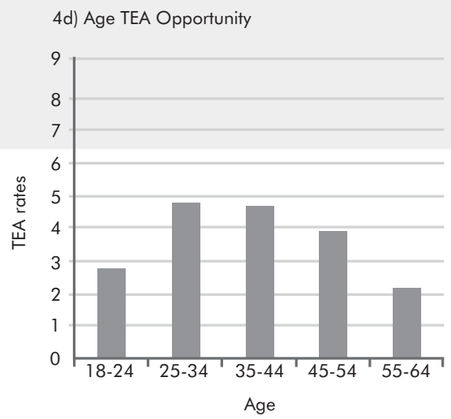
Opportunity entrepreneurship has a similar pattern with graduates in the 35-44 age range and higher income distribution having substantially higher rates of total entrepreneurial activity than their younger, less qualified and less wealthy counterparts. Figure 4 illustrates this. Entrepreneurial activity is higher amongst this group across the

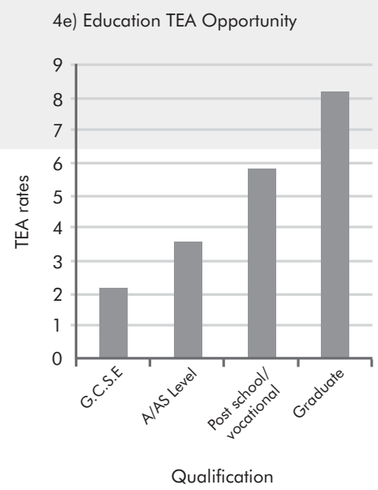
Figure 4:
Opportunity TEA by Gender, Income Level, Labour Market Status, Age and Education.











board if we are looking at total activity or opportunity entrepreneurship. There is one important difference if we examine necessity entrepreneurship, however. Although the age and gender conditions remain the same, necessity entrepreneurship is higher amongst those with fewer qualifications and lower income, as shown in Figure 5.

What Motivates an Entrepreneur?

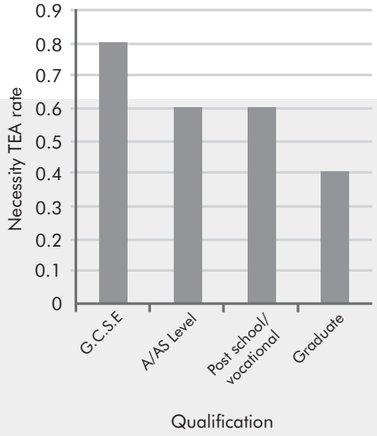
Many government policies over the past 20 years have hinged on creating cultural change. The relationship between the cultural questions (fear of failure, good opportunities and relevant skills) and entrepreneurship gives some indication of the extent to which a positive entrepreneurial culture exists.

- What is extraordinary about Table 5 is that, in contrast to the identical relationships for the whole global study[17], there are not universally positive correlations between attitudes and entrepreneurship. For new businesses, for example, the relationships are all negative except fear of failure, and for nascent entrepreneurs, the relationships are negative for skills and fear of failure. In other words this analysis suggests that, for new businesses, knowing an entrepreneur, seeing good opportunities and having the right skills set is inversely related to setting up a business while fear of failure actually promotes entrepreneurial activity!
- Examining the same data by opportunity and necessity entrepreneurship, however, suggests positive and significant relationships between all variables except fear of failure and opportunity entrepreneurship.
- However, Table 5 also shows a positive correlation between knowing an entrepreneur and seeing good opportunities or having the appropriate skills. In other words, if someone knows an entrepreneur they are more likely to see opportunities for entrepreneurship and regard themselves as having the right skills set even though knowing the entrepreneur will in itself not affect positively the likelihood of someone setting up a business.

What kinds of Entrepreneurial Businesses

Figure 5:
TEA Rates by Gender, Age, Education, Income Level and Labour Market Status.

5a) Education TEA Necessity



5b) Income Level TEA Necessity

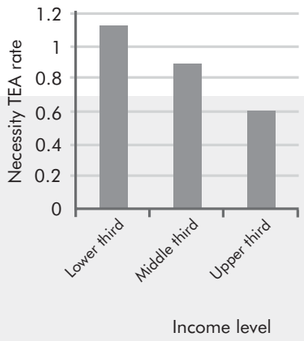


Table 5: Correlations of Entrepreneurial Business and Attitudes to Entrepreneurship.

	Know	Good	Skill	Fear	New	Nascent	Opp	Necc
Know entrepreneur	1							
Good opportunity	+++	1						
Skill to start	+++	+++	1					
Fear of failure	–	0	–	1				
New business	–	–	–	+	1			
Nascent entrepreneur	+	+	–	–	n.a	1		
Opportunity start-up	++	++	++	–	–	–	1	
Necessity start-up	–	–	–	–	–	–	–	1

+++ strong, positive, significant
++ strong, positive
+ positive
––– strong, negative, significant
–– strong, negative
– negative

[17] As identified in the UK GEM report 2001.

are there?

Most of the UK's entrepreneurs are in either Business Services or Consumer Oriented businesses.
By far the largest amount of money for start-ups goes into the Consumer Services sector and the majority, some 87.6%, comes in from external sources. This sector also has the lowest level of internal funding (either from the entrepreneur's own pocket or from family) at just 12.4% of total finance.
In contrast, business start-ups in the extraction[18] sector rely heavily on internal sources of finance (92.2% of the total). Only in Business Services is funding by internal and external sources reasonably evenly split.
Table 7 illustrates this.

Table 6:
TEA Rates and Types of Entrepreneurial Activity (18-64 age range).

	Industry			
	Extractive	Transforming	Business services	Consumer orientated
Independent start-up	3.6	29.7	18.9	47.7
Job related start-up	0.0	32.1	25.0	42.9
Owner-manager	3.0	27.5	29.3	40.1
Expect start-up within 3 years	1.3	31.6	26.6	40.5
Overall TEA	2.6	28.2	26.9	42.3
Opportunity TEA	1.5	27.8	27.8	42.9
Necessity TEA	13.6	27.3	18.2	40.9

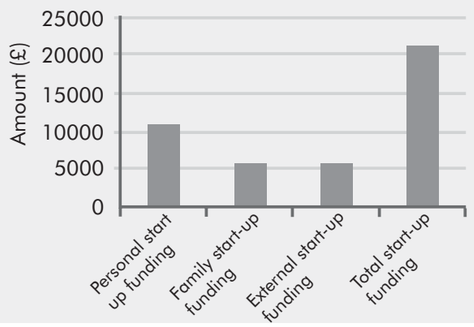
Table 7: Start-up Finance by Sector.

Sector	Total	Personal	Family	External %	Internal %
Extractive	4730.0	3842.1	517.5	7.84	92.16
Transforming	114286.3	18008.0	7592.0	77.60	22.40
Business services	55729.8	23692.7	2516.0	52.97	47.04
Consumer services	270367.7	12706.9	20894.0	87.57	12.43

Informal Investment

- 1.7% of people in the UK 2002 sample are investors in start-ups or growing businesses. This is lower than the 2001 figure of 2.6%. This reflects a continuing trend over the last four years of declining informal investment in the UK.
- The UK is 29th out of the 37 countries in the 2002 GEM study for prevalence of informal investment. This is 5th out of the G8 countries with France, Italy and Japan having lower levels of informal investment. Within Europe, Germany has the highest level of informal investment.
- 27.7% of informal investors invest less than £5,000 and start-up businesses are heavily reliant on their own sources of funds or their families for start-up investment. Nearly two thirds of all start-up investment comes from personal or family resources.

Figure 6:
Personal and Family Investment as a Proportion of Total Start-up Finance.



Personal and Family Investment as a Proportion of Total Start-up Finance

- Men are nearly twice as likely to be informal investors than women.
- Informal investment activity is highest amongst 35-44 year olds and amongst graduates in the upper third of the income distribution.
- London has the highest level of informal investment activity with some 2.8% of the population involved in financing start-ups or growing businesses. The lowest level of informal investment activity is in the North East at 0.7% of the population.

Does Entrepreneurship Create Jobs?

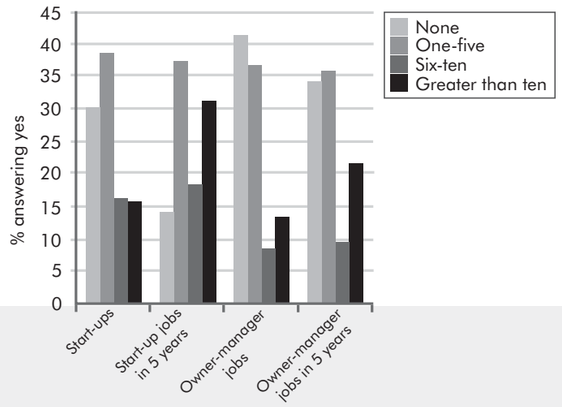
The short answer to this question is, yes, entrepreneurship does create jobs and Table 8 demonstrates this quite clearly.[19] Only 30% of all start-up businesses do not create any jobs at all. Some 54.8% of all start-ups create between 1 and 11 jobs, and 15.1% create over ten jobs. Similarly, entrepreneurs were positive about the prospects for job creation over the next five years with some 54.9% anticipating that they would create between 1 and 11 jobs and 31% saying they would create more than 11 jobs.
Owner-manager businesses create slightly fewer jobs, but even so, some 45.2% of businesses in this category create between 1 and 11 jobs and 45.1% think that they will create that number of jobs in the next five years. 21% said that they would create 11 or more jobs within the next five years.
The average number of jobs[20] created by start-up firms is 6 and by owner-manager firms is nearly 78.

Table 8: Distribution of Jobs and Job Potential (% all businesses).

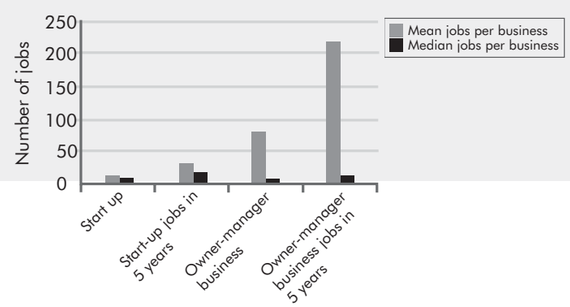
Jobs	Start-up	Start-up Jobs in 5 years	Owner-manager	Owner-manager in 5 years
0	30.1	14.1	41.1	33.9
1-5	38.9	37.1	36.7	35.1
6-10	15.9	17.8	8.5	10.0
>10	15.1	31.0	13.7	21.0
Total	100.0	100.0	100.0	100.0

Figure 7:
Jobs and Job Growth Potential of Start-up and Entrepreneurial Businesses.

7a) Distribution of Jobs and Job Potential



7b) Start-up and Owner-manager Jobs



[18] Mining.

[19] It should be borne in mind that GEM methodology can only establish either the jobs that people have created through their entrepreneurial activity or that they anticipate creating. This, and year-on-year differences in economic conditions may account for discrepancies with existing published data (the SBS Household Survey, for example).

[20] Here measured as the mean number of jobs created. The median (middle point of the distribution) is lower at two jobs which means that a few firms create more than ten jobs while the rest create smaller numbers of jobs.

Policy Summary

- Entrepreneurship appears to happen despite our culture rather than because of it! Policy effort should be directed at addressing fear of failure, targeted at groups who are most likely to be opportunity entrepreneurs.
- Mentoring: people seem to be starting up businesses despite the negative correlation between it and knowing entrepreneurs, seeing good opportunities for businesses and having the right skills set. Mentoring schemes could help to turn these positive attitudes into a positive relationship with entrepreneurship. For example raising the profile of existing mentoring schemes, such as the British Volunteer Mentoring Association, could increase the numbers of people who are exposed to entrepreneurial ideas and, hence, increase prevalence rates.
- Skills: perceptions of low skills levels do not seem to be holding back entrepreneurs but more emphasis on skills training at primary, secondary and tertiary level would increase actual skills levels amongst entrepreneurs as well as exposure to entrepreneurship as a concept. This would particularly benefit women who still have a lower perception of entrepreneurial opportunities than men.
- Finance: the informal investor market is still relatively small and amounts invested are tiny. Incentivising individuals to become business angels through the fiscal regime has worked elsewhere as a means of stimulating the business angel market and could boost this type of finance in the UK.[21]
- Jobs: clearly jobs are created through entrepreneurship. Increasing the awareness of this should be a key underpinning of government enterprise policy.

[21] Harding, R. (2000): Venturing Forward: The role of venture capital in stimulating entrepreneurship IPPR, London. Mason C and Harrison R (2000) Estimating the Scale of the Informal Venture Capital Market in the United Kingdom: a summary, Paper prepared for the Trade and Business Development Body, North-South Equity Fund Programme and based on Mason C and Harrison R (paper of same title, in Small Business Economics).

focus on inclusion

Much government effort is going into broadening access to entrepreneurship within ethnic minorities.

Ethnic Minorities

Much government effort is going into broadening access to entrepreneurship within ethnic minorities. These groups are seen as having a great deal of entrepreneurial potential which evidence suggests does not always translate into actual business start ups. The importance of ethnic minority entrepreneurship for the UK economy is illustrated in Table 9.[22]

Table 9:
TEA Rates and Attitudes Towards Entrepreneurship by Ethnic Grouping.[23]

	White	Caribbean	Asian	African	Other
Automonous start-up	3.4	10.5	6.0	15.3	*
Job start-up	1.8	*	5.1	5.9	*
Owner-manager	11.2	*	12.8	15.3	10.1
Business angels	1.6	*	3.0	*	*
Expect start-up in 3 years	6.0	10.5	17.1	18.1	9.5
Good opportunities exist	27.8	28.4	37.1	45.2	28.8
Fear of Failure	34.5	30.6	33.3	30.9	41.4
TEA overall	5.0	12.3	8.1	24.7	*
TEA opportunity	4.1	8.8	3.9	14.1	*
TEA necessity	0.6	*	4.2	0.0	0.0
TEA male	6.9	14.6	10.3	50.0	*
TEA female	3.0	11.0	4.1	*	0.0

Some interesting points can be drawn out of this table:

- Asian people are twice as likely to be involved in autonomous start-ups than their white counterparts. Caribbean people are three times as likely and Africans nearly five times as likely to be involved in an autonomous start-up compared to white people.
- Asian people are twice as likely to be Business Angels than white people.
- African people are the most likely to see good business opportunities and have the highest TEA index overall of all ethnic groupings. The TEA index for African men is 50% compared to 14.6 percent amongst Caribbean men and 11.3% amongst Asian men.
- Fear of failure is highest amongst the White population at 34.5% and lowest amongst Caribbean people at 30.6.%.

[22] The groupings are on ethnic rather than colour groupings. Thus, for example, "White" includes all those who consider themselves to be "White", "African" is all individuals of African descent irrespective of skin colour and so on. The "non-White" ethnic classifications represented 5% of the total sample size.

[23] The data presented here should be interpreted as indicative of general entrepreneurial behaviour and tendencies. Hence there may be discrepancies between the statistics covered here and existing surveys such as the Household Survey or the Labour Force Survey.

We can gain more insight into the entrepreneurial potential of different ethnic groups by looking at the correlation between attitudes and business start-ups. This is shown in Table 10 which, for the sake of comparison, also looks at the start-up potential by age and gender across the whole sample.

- There are small and negative correlations between knowing entrepreneurs and having the skills to start-up a business for the Caribbean community. However, the TEA rate for this group of people is high at 12.3% overall suggesting that these factors are not significant in determining whether or not a Caribbean person will become an entrepreneur.

Table 10: Correlations of Ethnicity with Start-up Potential.

	Know entrepreneur	Good start-up opportunities exist	Skills to start-up	Fear of failure prevents start-up
Age	−−	−−	++	−−
White	−	++	−	−
Caribbean	−	+	−	−
Asian	++	++	++	−
African	++	++	+	−
Other	+	+	+	+
Female	−	−−	−−	+

+++ strong, positive, significant
++ strong, positive
+ positive
−−− strong, negative, significant
−− strong, negative
− negative

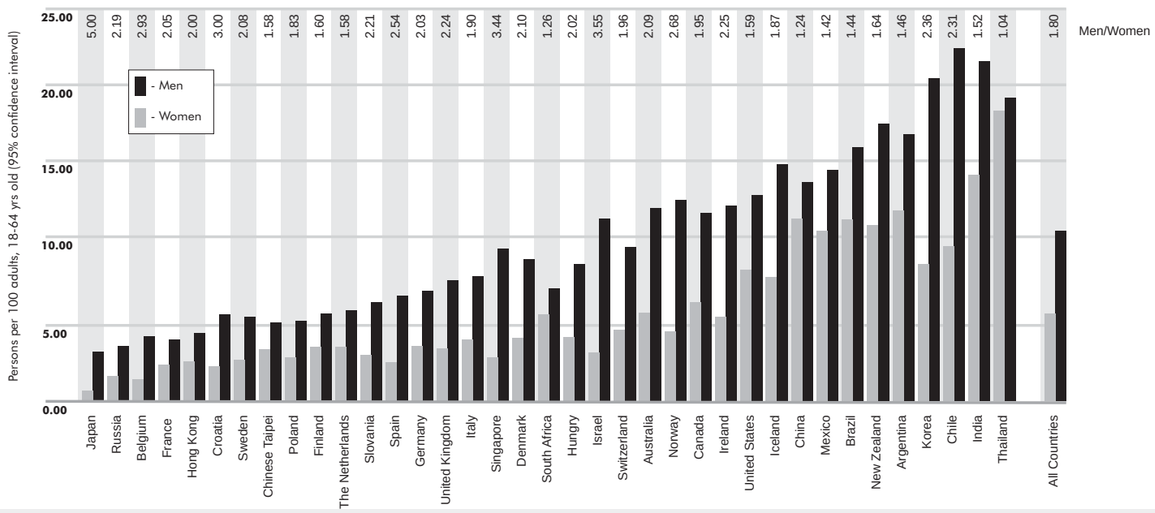
There are some really interesting implications of this analysis:

- The strong positive correlation between knowing an entrepreneur, seeing good opportunities and skills to start-up a business amongst Asians and Africans suggests that these communities work particularly well to generate a culture of entrepreneurship and share information and knowledge about setting up a business.
- White people are also likely to see good business opportunities and translate these into entrepreneurial start-ups, although interestingly, the TEA rate is the lowest of all ethnic groupings.

Focus on Women

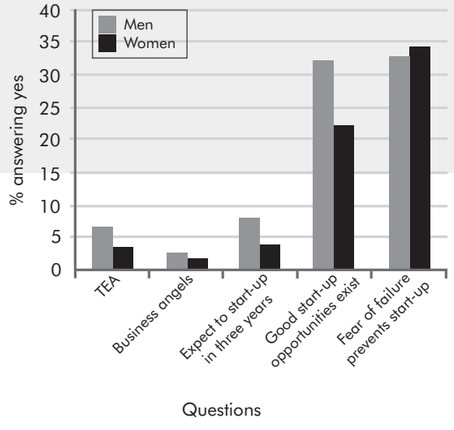
The UK has a comparatively low level of female entrepreneurship in comparison with the rest of the world in all categories, as shown in Figure 8 and policy has attempted to address this gap.
This has been a concern to policy makers for some time now, and policy initiatives have been focused on raising awareness, for example through experience sharing networks, tax credits for child care, New Deal and the working family tax credit.
We can see the extent of the problem by comparing TEA rates and attitudes for men and women, as illustrated in Figure 8. Across the board, women have lower levels of entrepreneurial activity, although the gap is smaller than in 2001, lower levels of business angel activity and are less likely to be “latent” entrepreneurs than their male counterparts. Their attitudes are also more negative, with only 22.1% seeing good opportunities for business start-ups (against 31.8% in the male population) and 34.3% fearing failure (against 32.9% in the male population).

Figure 8: TEA Rates by Gender in all Age Categories: UK and Global Averages.



And as Table 10 showed, women are more likely to let fear of failure prevent them from setting up an entrepreneurial business than men.

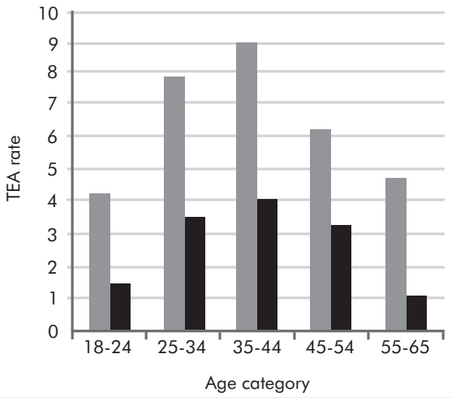
Figure 9:
Business Angels, Latent Entrepreneurs and Attitudes by Gender (ages 18-64).



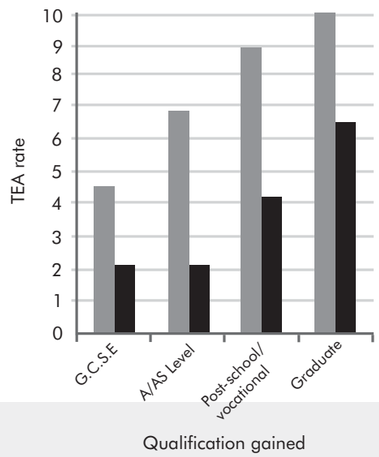
Female entrepreneurship is lower than male entrepreneurship and is 2.6% below the national TEA rate. However, there are groups of women who are more likely to set up businesses. Like men, women between the ages of 35 and 44 are more entrepreneurial, women with graduate qualifications are more entrepreneurial and women in the higher income groupings who are in work are more entrepreneurial.

Figure 10: Gender Distinctions in TEA Rates by Age, Education, Income and Labour Market Status.

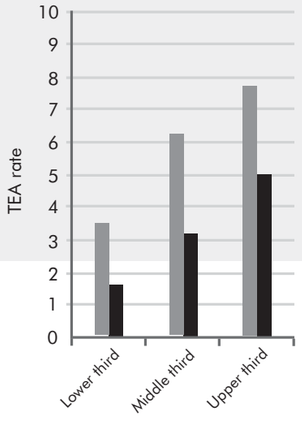
10a) Entrepreneurship by Gender and Age



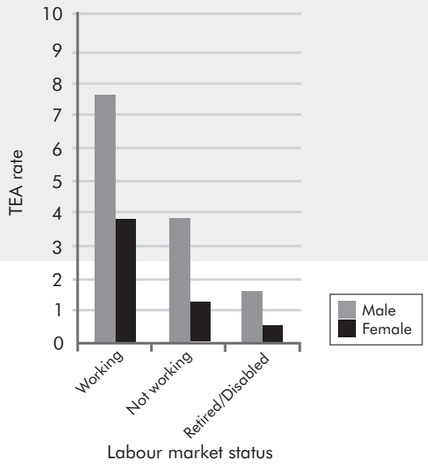
10b) Differences in Male and Female Entrepreneurship by Qualifications



10c) Gender Differences in Entrepreneurship by Income



10d) Gender Differences in Entrepreneurship by Labour Market Activity

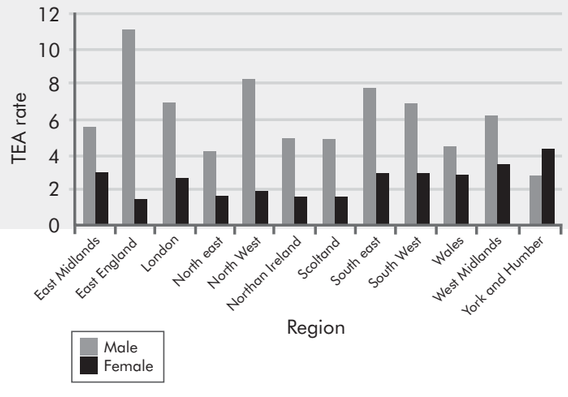


- TEA rates for women and men alike are highest in the 35-44 age category but it is here that the difference between male and female TEA rates are highest.
- Male and female TEA rates are lowest in the 18-24 age group.
- Female graduate entrepreneurship is high compared to the national average at 6.5%.
- Caribbean women are the most entrepreneurial of all females with a TEA rate of 11%, as shown in Table 9.

It is interesting to look at distinctions between male and female entrepreneurship at a regional level, and this is illustrated in Figure 11.

- The greatest regional discrepancy between male and female entrepreneurship is in the East of England where some 11% of men are entrepreneurially active compared to 1.3% of women.
- Female entrepreneurship is highest in Yorkshire and Humberside. The female TEA rate is 4.8% there compared to male TEA of 3.0%.

Figure 11: Male and Female Entrepreneurship by Region.



Policy Summary

This discussion of specific groupings has a number of implications for policy:

- There is clearly a strong entrepreneurial spirit amongst Caribbean, Asian and particularly African communities. The TEA rate is higher in all these groups and this suggests that the government would do well to continue and enhance policies to stimulate ethnic minority entrepreneurship. Effort should be made to encourage and support ethnic minority businesses through local communities and networks.
- Women's entrepreneurship is increasing, particularly amongst graduates and higher income categories. However, the UK has still not achieved the levels of female entrepreneurship seen elsewhere in the world, and this is undermining the contribution they currently make to overall levels of entrepreneurial activity in the UK. An obvious weakness for women is in the fear of failure and in the perceptions of their own entrepreneurial skills. The expert survey illustrated that women are seen as having the skills to set up a business, although they themselves do not see this. Further, fear of failure is positively correlated with not starting up a business amongst the female population. These are both cultural aspects that the government can influence over the long term through education and training in the school curriculum.

focus on regions

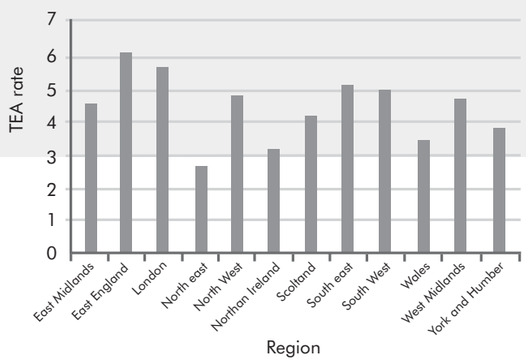
There are big income and productivity differences between UK regions. These can be addressed through a clear strategic focus on entrepreneurship at a regional level.

Focus on Regions

A recent publication by HM Treasury and the Department for Trade and Industry highlighted income and productivity gaps between regions in the UK. Northern Ireland's productivity was 30% lower than that of London.[24]

Interestingly, Northern Ireland does not have the lowest TEA rate of all the UK regions, as illustrated in Figure 12. The North East has the lowest level of entrepreneurial activity while London has the highest.

Figure 12: TEA Rate by Region.



Pure opportunity entrepreneurs are more evenly spread across the regions. As can be seen in Figure 13, the East of England, London, the North East, the North West, Northern Ireland, the South East and the West Midlands all record levels of opportunity entrepreneurship that are higher than the UK average. The East Midlands, Scotland, Wales, the South West and Yorkshire and Humberside are all lower than the UK average.

Figure 13 also shows the relationship for owner-manager businesses. Here it is the East Midlands, the South East, the South West and the West Midland who are above the UK average for levels of entrepreneurial activity. These are also regions with levels of owner-manager businesses above the UK average (although London and the East of England also have high levels of owner-manager businesses).
Necessity entrepreneurship has a slightly different pattern across the UK regions, shown here in Figure 14. The UK average is 31% of all start-ups. The East Midlands, Scotland, the South West, Wales and Yorkshire and Humberside have the highest levels of necessity entrepreneurship by start-up business while necessity entrepreneurship by owner manager businesses is higher than the UK average in all regions except the East Midlands, the South East, the South West and the West Midlands.

Figure 13: Pure Opportunity by Region: Start-ups and Owner-managers.

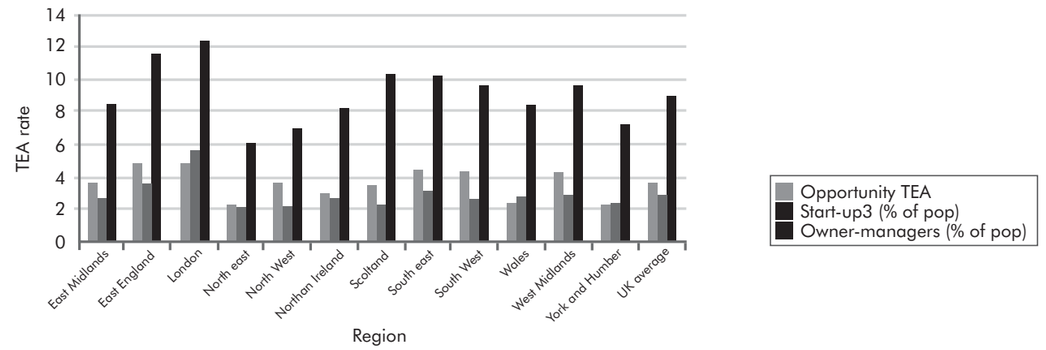
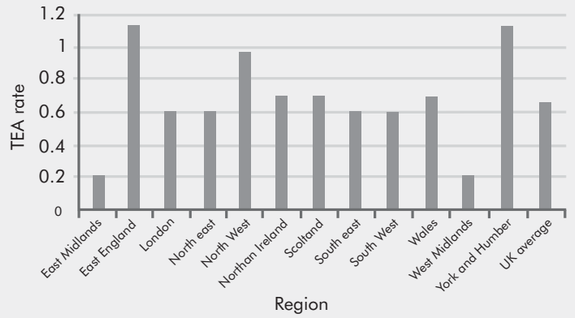
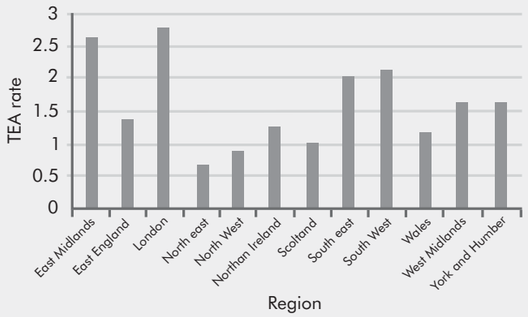


Figure 14: Necessity Entrepreneurship by Regions.



The number of business angels in a region gives an indication as to its potential net worth, and, hence, its potential for fuelling growth through informal investment.

Figure 15: Business Angels by Region.

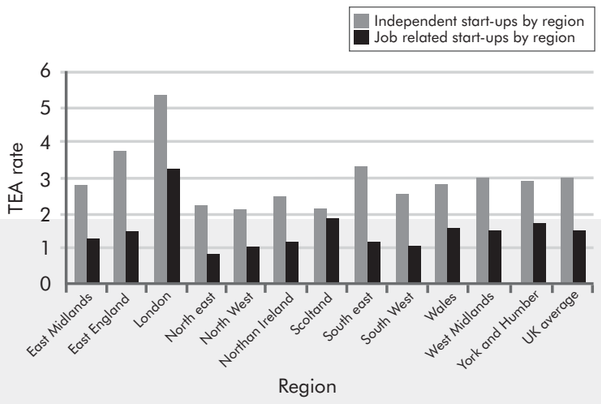


Differences between regions in numbers of business angels are recorded in Figure 15.

[24] HM-Treasury, Department for Trade and Industry, 2002: The UK's Regional Productivity Problem

It is the East Midlands that has the highest number of business angels, with London a close second. Interestingly, the South East has the fourth highest level of business angel activity. Research in the past has suggested a high level of business angel activity in London and the South East.[25] Clearly if London and the South East are considered together they do have a high level of business angel activity, but individually still do not average the levels of business angel activity seen in the East Midlands in this adult population survey.

Figure 16: Independent and Job-related Start-ups by Regions.



It is the East of England, London and the South East that have the highest number of independent start-ups as can be seen from Figure 16. These are the only regions above the UK average by this measure. However, Wales, Scotland, London and the East of England have higher rates of job-related start-ups.

What does all this mean?

Tables 11 and 12 show, respectively, the correlations between regions and start-up potential and regions and job potential.
A few highlights can be drawn from all this:

- The East of England has the highest figure for TEA at 6.1% for the 18-64 age range. London is second at 5.6% and the South East of England is third with a TEA index of 5.3%.
- Opportunity entrepreneurship is highest in the East of England.
- The East of England and Yorkshire and Humberside have the highest levels of necessity entrepreneurship.
- The South East has the most favourable climate for entrepreneurial activity, employment and job creation for start-up businesses and has the best profile for job creation in the next five years. It is the only region with a strong, statistically significant and positive correlation between job creation through start-up businesses and regional potential.
- The North West has the strongest environment for job creation through owner-manager businesses.
- The East Midlands has the strongest correlation between job creation in owner managed businesses and regional potential.
- London has the highest level of business churning in the UK (i.e. start-ups plus business closures) but has three times the number of business start-ups in relation to business closures. This is higher than any other region in the UK.
- London has the highest level of new technology start-ups at 25.7% with the North East second at 20% and the East Midlands third at 17.6%. The lowest level of new technology start-ups is in the South West that accounts for only 4.2% of the total.
- Northern Ireland has the highest number of new technology owner-managers at 15.2% of the total. The East of England has the lowest number of new technology owner managers with 5.7% of the total.

Table 11: Correlations of Regions with Start-up Potential.

	Know entrepreneur	Good start-up opportunities exist	Skills to start-up	Fear of failure prevents start-up
East Midlands	–	+	+	–
East	+	+	+	–
London	+	+	+	–
North East	–	–	–	+
North West	–	–	–	–
N Ireland	–	+	–	+
Scotland	–	–	0	+
South East	+	+	+	–
South West	0	0	+	–
Wales	–	–	+	–
West Midlands	+	–	+	+
Yorks & Humber	–	–	–	–

Table 12: Correlations of Regions, Jobs and Job Potential.

Region	Start-up	Start-up Jobs in 5 years	Owner-manager	Owner-manager in 5 years
East Midlands	–	+	–	++
East	–	+	+	+
London	–	–	–	–
North East	–	–	–	–
North West	–	+	++	+*
Northern Ireland	–	–	–	–
Scotland	–	–	–	–
South East	+++	++	+	0
South West	+	–	–	–
Wales	–	–	–	–
West Midlands	–	–	+	–
Yorks & Humber	–	–	–	–

+++ strong, positive, significant
++ strong, positive
+ positive
--- strong, negative, significant
-- strong, negative
– negative

[25] This is something that is also argued by Mason C and Harrison R (1999) 'Financing Entrepreneurship: Venture Capital and Regional Development' In Martin R L (1999) Money and the Space Economy, Chichester: Wiley.

Policy Summary

Policy conclusions from the regional analysis should be drawn at two levels:

- National policy: much effort has gone into transferring policy initiative and focus to structures at a regional level. However, results from the expert survey suggest that there is still lack of clarity, transparency and consistency in the structures and quality of national institutions at a regional level. There are variable levels of, for example, technology based entrepreneurship as a result. This suggests that the government should focus its attentions on further harmonisation and streamlining of institutional structures at the regional point of delivery, as discussed in the Treasury Cross Cutting Review.
- Regional policy: Regional Development Agencies, charged with the economic, regeneration and entrepreneurial focus of their regions, have worked hard to ensure that structures develop and enhance existing regional strengths. Changing attitudes and culture at a regional level takes time and sustained effort. Some initiatives, like for example, the SEEDA "Enterprise Hubs" have been well received as widening access to entrepreneurial support infrastructures at a regional level while the North East has clearly been successful in stimulating technology based entrepreneurship. There is scope for learning about best practice between regions.

focus on regeneration

The potential for regenerating Inner Cities and urban and rural deprived areas is clear.

Focus on Regeneration

Entrepreneurial activity creates jobs and has a positive correlation with GDP growth. It therefore presents policy makers with an attractive route for regenerating urban and rural deprived areas. To this end the government has sought to provide seed capital for projects with a specific regeneration focus and has attempted to widen awareness of entrepreneurship as a viable alternative to paid employment in areas which are particularly deprived.

Whether or not entrepreneurship is actually having a net impact on jobs and wealth creation in deprived areas is still to be proven. While there is plenty of evidence to suggest that communities are being helped by, for example, social entrepreneurship projects, while the Inner City 100 has been extremely effective in raising the profile of high growth businesses from the inner cities, and while the City Growth Strategies are working to promote urban renewal, the process is still embryonic and economic impact hard to measure.

Tentative data from the GEM UK 2002 data would suggest that owner-manger businesses could be strong drivers of growth across the regions over the next five years and, although the South East comes out strongest of all regions for job creation over that period, the North East and the North West are also likely to be strong beneficiaries of owner-manager job creation.[26] This is shown in Table 13.

Table 13: Median Job Creation by Owner-manager Businesses.[27]

	Owner-manager jobs now	Owner-manager jobs in five years
Scotland	1	2
North East	6	5
North West	1	10
Yorkshire	1	1
East Midlands	2	–
West Midlands	3.5	0.5
Eastern England	1	1
London	4	4
South East	2.5	17.5
South West	1	2
Wales	0.5	0.5

[26] Median jobs are used because small numbers at a regional level made this the most reliable indicator. Where numbers were too small to calculate reliably, no data has been entered.
[27] Job creation by owner manager businesses in the South East over the next 5 years had a median value of 17.5 new firms. The equivalent figure for the North East was 5 and for the North West was 10. The number of owner-manager jobs likely to be created in London over the next five years was 4.

Further evidence is given Tables 14 and 15 which show, respectively, the levels of income and business churning across regions of the UK.

- The region with the highest number of individuals in the top third of the income distribution was London with 51%. This is also the region where the effect of business churning (start-ups minus closures) on net business stocks is greatest at 4.5. In other words, there are 4.5 more businesses created annually than are closed over the same period. The impact on job creation and wealth generation is positive.
- The region where the effect of business churning on net business stocks is lowest is Yorkshire and Humberside at just 0.5. This is also the region with the second highest number of individuals in the lowest third of the income distribution. Here, the effect on job creation and wealth generation is, at best, neutral.

Table 14: Income Distribution by Region.

	% lowest 1/3rd	% middle third	% upper third
East Midlands	17.5	41.3	41.1
East	18.1	38.2	43.7
London	16.5	31.6	51.9
North East	25.9	40.4	33.6
North West	24.3	42.5	33.3
Northern Ireland	29.5	41.4	29.2
Scotland	26.8	39.6	33.6
South East	13.4	36.4	50.2
South West	21.0	43.8	35.3
Wales	25.9	45.0	29.1
West Midlands	21.7	40.1	38.2
Yorks & Humber	24.6	44.1	31.2

Policy Summary

The potential for regenerating inner cities and urban and rural deprived areas is clear and represented by the numbers of jobs that could be created by owner-manger businesses over the next five years. It is equally clear from the data, however, that the heaviest concentration of start-ups and owner manager businesses, as well as the positive impact of business churning, is highest in the South East and areas within the highest income third.

Financial engineering measures, for example, funds like the Merseyside Special Investment Fund, play a strong role in giving funds to business proposals that have a job creation element to them. Such funds, alongside Community Investment Funds and projects like Inner City 110 are a positive way forward to empower individuals to exploit there own employment potential through entrepreneurship.

Table 15: Business Dynamics – Start-up and Closures by Region.

	Start-ups	Closures	Total churning (1+2)	Net effect on stock (1-2)
East Midlands	3.6	1.0	4.6	2.6
East	4.8	1.8	6.6	3.0
London	6.2	2.0	8.2	4.2
North East	2.9	1.2	4.1	1.7
North West	2.8	1.7	4.5	1.1
Northern Ireland	3.0	0.9	3.9	2.1
Scotland	2.9	1.4	4.3	1.5
South East	4.2	2.0	6.2	2.2
South West	3.4	1.8	5.2	1.6
Wales	3.2	1.3	4.5	2.2
West Midlands	3.7	2.4	6.1	1.3
Yorks & Humber	3.1	2.6	5.7	0.5

focus on technology

The government should look at widening access to financial support for technology based businesses outside of Higher Education establishments.

Focus on Technology

The government has placed a large-scale emphasis on university spin-outs as a route for creating technology-based entrepreneurship through programmes like University Challenge, the Higher Education Innovation Fund and the Science Enterprise Challenge. Measuring the effectiveness of such policy is tricky, not least because the numbers of businesses coming out of the Higher Education sector is small and their impact on regional development and growth hard to isolate from the impact of other initiatives to promote entrepreneurship.

Technology entrepreneurship is uniquely dependent on regional clusters and knowledge networks[28], especially in the most research-intensive sectors like biotechnology. It therefore links together many of the different aspects of government policy towards entrepreneurship, including regional policy, science and technology policy and policies to raise awareness and stimulate adequate and appropriate financing to technology-based start-ups.

There is some anecdotal evidence that technology based start-ups are increasingly important. 44% of the UK experts said they were informed in technology based entrepreneurship and identified computer software services and products and biotechnology as having being the fastest growing technology based sectors.
Further, the financiers within the sample argued that they were increasingly interested in university ventures as sources of viable investments, in stark contrast to an analogous survey conducted 2 years ago.[29]

Given the difficulties in measuring university spin-outs[30], and given the fact that experts reported that 90% of all technology venturing actually comes from outside of the Higher Education sector, it is worth looking at technology at a sectoral level to include all technology start-ups and not just those from universities.

Table 16 illustrates the differences between regions in total levels of technology entrepreneurship.

Table 16: Regional Differences in Technology Entrepreneurship.

	% New technology start-ups	% New technology owner-managers
East Midlands	17.6	15.2
East	14.8	5.7
London	25.7	12.0
North East	20.0	13.0
North West	12.5	12.7
Northern Ireland	7.0	15.6
Scotland	9.3	6.9
South East	15.3	10.7
South West	4.2	6.6
Wales	6.1	7.8
West Midlands	15.4	9.3
Yorks & Humber	6.7	9.1

[28] Sainsbury: Biotechnology Clusters, DTI 1999.
[29] Harding, R (2000): Venturing Forward: the role of venture capital in stimulating entrepreneurship IPPR, London and Harding, R (1999): Venture Capital and Regional Development IPPR, London. Both studies identified a marked risk aversion towards technology investments from the venture capital community. This is still apparent in the aggregate levels of funding for technology-based ventures where the UK spending falls substantially below the EU average.
[30] See also Mowery et al 2001: "The effects of the Bayh-Dole Act on US Academic research and technology transfer" in Research Policy 30: 99-120; Molas-Gerrat et al 2002 Measuring Third Stream Activities" report to the Russell Group of Universities.

Table 16 shows that:

- 25% of all new technology start-ups are in London. The North East comes second with 20% of all new technology start-ups.
- Wales accounts for the lowest percentage of new technology start-ups with 6.1% of the total.
- New technology start-ups are predominantly in the business service sector that accounts for 22.6% of all start-ups.
- 28% of all new technology based owner-manager businesses are based broadly in the "extraction" sector (mining, oil refining etc.).

It is also interesting to look at new technologies by sector. For the sake of comparability, these are generic sectors used by the whole GEM global study.

Table 17:
Start-ups and Owner-managers Developing New Technologies by Industrial Sector.

	% New technology start-ups	% New technology owner-managers
Extraction	0.0	28.1
Transforming	17.2	9.4
Business Services	22.6	11.8
Consumer	12.8	19.7

Business services clearly have the highest level of all new technology start-ups at 22.6% of all new technology start-ups. Transforming sectors (manufacturing and engineering) had 17.2% of all technology start-ups and consumer services 12.8%. There were no technology-based start-ups in the extraction sectors.

However, the picture is quite different for owner-manager businesses. Here, extraction comes top with 28.1% of all new technology businesses, consumer services are second (19.7%) and business services and transforming sectors third and fourth.

Policy Summary

- Experts in the survey argued that a large amount of effort at a policy level has gone into the higher education sector and this was reported to have alienated many of the technology entrepreneurs who do not qualify for finance under these types of programme. This is particularly a problem in technology-based start-ups that do not rely heavily on research networks (for example, IT –based business services or engineering start-ups). The government should look at widening access to financial support for technology based businesses outside of higher education establishments.
- Experts also noted the relative weakness of technology transfer between higher education and the small business community. 66% of respondents in the expert survey regarded technology transfer structures in a negative light, and interviewees argued that universities need more incentives to engage with the small business community. This makes access for entrepreneurs and owner-managers to the world-class science base at best difficult and at worst impossible. This is symptomatic of a wider problem around harnessing the non-higher education technology entrepreneurs with university scientists in a collaborative way to ensure that knowledge is transferred effectively. Developing the remit of university technology transfer offices would be a step in the right direction.

what the experts say

60 experts were interviewed from across the UK.
All completed an expert questionnaire about issues of concern in relation to entrepreneurship in the UK.

What the Experts Say[31]

- 60 experts were interviewed from across the UK. All completed an expert questionnaire about issues of concern in relation to entrepreneurship in the UK.
- Provision of equity capital was seen as a strength by interviewees but there are still major weaknesses for firms requiring finance for less than £2million. Another key area of weakness in the finance market was "pre-seed" funding of less that £20,000 to cover some of the administration costs associated with setting up a business.
- Interviewees were generally positive about the profile being given to entrepreneurship by the government especially for start-ups. However, the regulatory burden for businesses of more than 24 months was seen as being "prohibitive". Core areas for concern were highlighted as being employment regulations and the end of the "tax holiday" after two years.[32]
- Interviewees pointed to inconsistency in the quality of support services within regions as well as across the UK as issues to be considered with some urgency. Many programmes were seen as being short term with little follow-on to ensure their effectiveness. There is also confusion over delivery since the Learning and Skills Councils have assumed some responsibility for enterprise training. However, the Small Firms Loan Guarantee Scheme was seen in a positive light, as were policies to encourage young people into entrepreneurship through awareness programmes and the New Deal. 46% of respondents to the expert survey questionnaire argued that access to the support infrastructure in the UK was good.[33]
- Education and training at primary, secondary and tertiary levels was seen as a weakness by interviewees and 61% of respondents to the adult population survey answered the range of questions about education provision negatively. It was argued that there is currently not enough entrepreneurship training in the UK although respondents were positive about the skills and qualifications generally of graduates, especially in science disciplines. However, a shortage of people taking engineering courses presents start-ups with a severe skills gap. Further, in some regions the high level of employment was seen as restricting the willingness of people to upgrade their skills in order to retain their posts.
- The UK produces world-class science but does not produce world-class science entrepreneurs. Universities were seen as backward in their attitude to intellectual property, while the relationship between universities and small businesses in particular is still seen as problematic. R&D transfer was seen as a weakness by 66% of respondents to the expert survey: world-class science and technology exists but it is not available to small businesses.
- Respondents regarded professional infrastructure as good but expensive.
- The UK's immigration policy was seen by some respondents as attracting a rich and diverse range of skills and attributes into the business community, while the

[31] For ease of exposition the responses are presented at percentages here. Although the sample size is relatively small it is carefully selected to represent expert opinion across seven areas: finance, government policy, government programmes, education and training, R&D, public support infrastructure and cultural and social norms. Given this selectivity, it is possible to use the expert survey for comparative and inference purposes. It is supported by 60 in-depth interviews.
[32] This issue is currently under review by the SBS regulation team.
[33] This issue is addressed within the Treasury Cross Cutting Review, although clearly is still an issue for entrepreneurs.

general positive climate for business was seen as a major advantage of the UK.

- Responses on the physical infrastructure were mixed and highly dependent on where respondents were in the country. In the South East many were scathing about rail, road and telecommunications infrastructures. They felt that the costs of land and rent combined with poor public services and inadequate access to broadband acted as major obstacles to firms locating there. However, 46% of the respondents were positive about infrastructures. In Northern Ireland, in particular, respondents were positive about the physical and communications infrastructure.
- In the view of many respondents, there is still a cultural aversion to entrepreneurship, although 36% of respondents were positive about the opportunities within the UK for entrepreneurs and, although many regarded themselves as not having appropriate skills to set up a business themselves, this did not prevent them from taking the risk. Government policy was seen as positive in promoting entrepreneurship.
- Entrepreneurs were positive about the business climate and the regulatory environment.
- Women had more negative perspectives and questionnaire responses than men. Results from the expert survey, however, showed that people do not view women either as lacking skills or opportunities to set up a business. This is particularly true in the South East, entrepreneurship for women was regarded as socially expected and not just as "acceptable". However, 47% of respondents argued that women are not encouraged into entrepreneurship.

The results of the expert survey are presented in Table 18. The survey asked questions under fourteen "Entrepreneurial Framework Conditions" (EPC). Each EPC comprised between one and six questions. The responses have been aggregated to produce the percentage responses for each.

Table 18: Frequencies of Responses to Questions under each Entrepreneurial Framework Condition.[34]

Entrepreneurial Framework Condition	Frequency of responses over five questions
Attitudes towards access to finance	
Strongly negative	12.6
Negative	29.8
Neutral	17.3
Positive	31.4
Strongly positive	8.9
Attitudes towards government policy	
Strongly negative	20.0
Negative	25.7
Neutral	21.1
Positive	23.1
Strongly positive	10.2
Attitudes towards government programmes	
Strongly negative	17.0
Negative	26.0
Neutral	25.0
Positive	28.5
Strongly positive	4.6
Attitudes towards entrepreneurial education	
Strongly negative	26.6
Negative	35.0
Neutral	21.0
Positive	11.7
Strongly positive	1.8
Attitudes towards technology transfer	
Strongly negative	31.2
Negative	34.7
Neutral	15.2
Positive	16.3
Strongly positive	2.6
Attitudes towards business support	
Strongly negative	10.1
Negative	21.5
Neutral	22.5
Positive	36.0
Strongly positive	10.0
Attitudes towards market conditions	
Strongly negative	10.4
Negative	30.2
Neutral	31.3
Positive	25.7
Strongly positive	2.3

Entrepreneurial Framework Condition	Frequency of responses over five questions
Attitudes towards physical infrastructure	
Strongly negative	9.5
Negative	12.3
Neutral	12.3
Positive	44.1
Strongly positive	23.8
Attitudes towards culture	
Strongly negative	19.7
Negative	32.5
Neutral	24.7
Positive	20.3
Strongly positive	2.7
Attitudes towards opportunity for entrepreneurs	
Strongly negative	7.4
Negative	22.9
Neutral	33.5
Positive	30.2
Strongly positive	6.0
Attitudes towards entrepreneurial skills	
Strongly negative	24.0
Negative	50.0
Neutral	19.1
Positive	7.3
Strongly positive	0.0
Attitudes towards entrepreneurs	
Strongly negative	7.3
Negative	21.4
Neutral	22.0
Positive	38.8
Strongly positive	10.9
Attitudes towards intellectual property	
Strongly negative	10.0
Negative	15.4
Neutral	16.2
Positive	39.0
Strongly positive	19.4
Attitudes towards women entrepreneurs	
Strongly negative	15.2
Negative	21.0
Neutral	24.4
Positive	29.4
Strongly positive	10.0

[34] Each framework condition has five or six questions to which respondents had to answer on a five point scale from "Completely False" to "Completely True". The value "1" is therefore negative and the value "5" is positive. The frequencies have been aggregated and an "average frequency" for each condition derived.

what the entrepreneurs say

A focus group of 15 entrepreneurs was held to consider the strengths and weaknesses of the UK's entrepreneurial support structures.

What the Entrepreneurs Say[35]

A focus group of 15 entrepreneurs was held to consider the strengths and weaknesses of the UK's entrepreneurial support structures. Their ages ranged from "young" entrepreneurs in their early twenties to "older" entrepreneurs over 40. Some were highly successful "celebrity" entrepreneurs and others were very early stage start-ups. These entrepreneurs were also asked to complete the survey questionnaire. Their responses were more negative than those respondents who took a professional role in supporting entrepreneurship for all questions except those around business opportunities and the desirability of entrepreneurship as a career choice.

Overwhelmingly, the entrepreneurs wished to be left by themselves to get on with their business and were not bothered about government financial support. Similarly, they did not argue that heavy bureaucracy was a burden to entrepreneurs arguing that any entrepreneur who was capable of running their own business would find a way to deal with any burdensome red tape. However, they did say that the costs of getting support to help them through the administrative sides of business start-ups were often prohibitive.

They pointed to several critical weaknesses within the entrepreneurial support structures as they currently operate:

- **A general lack of understanding of entrepreneurial attitudes, aspirations and requisites to support success:** entrepreneurs were not seen as being well understood in the UK and are not necessarily admired by the wider public who regard their motivations and skills with suspicion.
- **Education and training:** like the wider sample, the entrepreneurs argued that the education environment does not promote creativity, individuality or independence nor promote entrepreneurship as a viable career option.
- **Anti female bias in the UK business sector:** this puts women at a disadvantage in relation to access to capital, training and support.
- **Lack of high quality business advice:** the current structures for business support were not regarded as useful as they are often staffed by individuals with limited business experience.
- **Lack of easily available funding:** obtaining finance is slow and cumbersome and does not reflect the entrepreneur's need to move quickly to market. The SMART scheme was regarded as an exception to this and was argued to work well.
- **Problems in transferring technology from the university sector to business:** the commercialisation of IPR in the UK was seen as weak relative to the United States.

[35] Sponsored by the Entrepreneurial Working Party. This is an accepted research methodology that allows an in-depth exploration of particular issues and themes and produces interesting insights that warrant further investigation. While not "robust" in the sense that a large survey is, when combined with a wider attitudinal survey experts as well as the adult population survey, the material can be used validly to provide corroborative evidence as well as generalised insights. The group was selected to cover as many types of entrepreneurs as possible.

- **Short term focus of corporate investors:** corporate venturing outside of the science-based sectors was regarded as weak. Many have a short-term investment focus rather than a long-term strategic focus to their investments and this may pressure start-ups into making wrong decisions.
- **Networks limited:** the use of contacts and networks was seen as weak in the UK with individual entrepreneurs often relying heavily on government structures or banks as opposed to networks, especially for informal funding.

Policy Summary

Generally, the experts surveyed saw strengths and weaknesses within the UK entrepreneurial structures. Finance was seen as a strength and it was argued that the government had done a lot to improve general awareness of entrepreneurship as an alternative to employment. Even so there are some important policy conclusions that can be drawn out here:

- The role of education and training in promoting an entrepreneurial culture cannot be understated and the experts were largely negative about the UK's provision of appropriate skills and training within the primary and secondary curriculum as well as at a further and higher education level. While some government initiatives do attempt to address this, the practice of teaching basic business skills is still insufficiently widespread.
- Support through the initial stages of starting up a business was seen by many experts as weak, both in terms of access to finance in order to pay for professional services and in terms of mentoring support. The entrepreneurs in particular were keen to stress the importance of a mentor in steering a start-up business through the choppy waters of legislation as well as through the early stages of developing proper accounting procedures and business practices. Business Angels often provide support "in kind" as well as financial support and in return often receive an equity stake in the business. A scheme to incentivise "mentoring stakes" in start-up businesses would promote experience sharing between entrepreneurs without relying on entrepreneurs making a financial investment.

summary

There is much that the wider entrepreneurial community can learn from practice in these groups and any mentoring efforts should include this.

Report Summary

The UK has seen a decline in levels of entrepreneurial activity that are broadly in line with those seen elsewhere in the world. Of the G8 countries, only the US and Canada fared better than the UK in terms of an overall reduction in total entrepreneurial activity in the wake of the World Trade Centre disaster and the subsequent global recession.

Even against a general decline, there are aspects of the total entrepreneurial picture within the UK that are positive and worth highlighting here:

- Ethnic entrepreneurship makes a strong and vibrant contribution to total entrepreneurial activity in the UK. Asian, Caribbean and African communities are all more entrepreneurial than their White counterparts.
- The gap between male and female entrepreneurship has narrowed slightly, and for certain groups of women (particularly those between 35 and 44 with graduate level qualifications), the level of entrepreneurship is above the UK average.
- The prospects for entrepreneurship are good with both the adult population survey and the expert survey telling a similar story of good opportunities now and a positive climate for entrepreneurship over the next five years.
- Job creation by entrepreneurial firms and owner-managed firms is strong.
- There are differences between regions but the general awareness of the role of entrepreneurship is to be celebrated. In particular, the high levels of technology-based businesses in the North East, the strong communications and transport infrastructure in Northern Ireland, the strength of the South East as a location for start-up businesses and the high number of business angels in the East Midlands should be stressed as real strengths.
- There is still a strong tendency for the positive impact of entrepreneurship to be most strongly felt in more affluent areas of the country. However, there is evidence from the study that entrepreneurship is likely to create jobs in the less well-off regions of the North East and North West.
- Technology-based business is strong. For the first time this year numbers were large enough to incorporate analysis of technology-based ventures in the study. The strength of the UK's services is enhanced by the strong presence of technology-based start-ups in the business service sector.

Policy Summary

Four aspects of UK government policy towards entrepreneurship have been covered here:

- Support for inclusion (women and ethnic minorities).
- Support for regional level entrepreneurship.
- Support for community-based entrepreneurship and community regeneration through entrepreneurship.
- Support for technology-based entrepreneurship largely emanating from the HE sector.

The delivery mechanisms[36] have been similar across all sectors and have arguably been two-pronged:

- To focus on closing the finance gap that arises from the reluctance of private sector investors to invest in high risk start-up projects through the provision of funds to plug the so-called "equity gap". These include the regional venture capital funds, University Challenge Funds, the Higher Education Innovation Fund and specific funds (such as the Phoenix Fund) for community investments.
- To close the "knowledge gap" by raising awareness of entrepreneurship, providing networks and support structures to help entrepreneurs, and increasing support for education and training programmes designed to provide students with entrepreneurial and business skills.

These policies are seen by many in the expert survey as constructive and there is evidence that attitudes towards entrepreneurship are becoming more positive in the UK generally. However, there are a number of gaps which policy should now seek to fill:

- Fear of failure: it is interesting that the UK's entrepreneurs set up businesses despite fearing the consequences of failure. However, there is still a significant number of men who say fear of failure would prevent them from starting a business. For women this figure is higher and there is also correlation evidence that it really does prevent women from starting up businesses. The government has attempted to reduce liability for business failure through the fiscal regime. However, the real issue is still a cultural one and, as part of the services provided by organisations like Business Links or the Enterprise Agencies, "survival after failure" courses could be developed to help address this issue.
- There was a general concern across the surveys that the start-up administration and access to professional service costs are too high. Further, many start-up businesses fail because of a lack of simple mentoring through some of the difficult initial stage business decision-making process. A professionally staffed mentoring agency that assumed some of the direct costs of access to professional services would serve this dual need. Raising the profile of existing initiatives that aim to plug this gap would also help.
- Technology-based business and knowledge transfer are still identified as areas of weakness within the UK. There are structures to develop university-industry links and technology transfer (for example, the Faraday centres[37]) but these are not widespread and, according to this study at least, have not been successful in bridging the communications gap between small and entrepreneurial businesses and universities. Some of the "networking" structures that exist at a regional and national level elsewhere (for example in Germany and Denmark) should be examined more closely and adapted for UK circumstances. Further, the heavy focus on university science and technology has alienated some technology-based start-ups from outside of the immediate university environment and this undermines clustering and knowledge transfer effects. Widening access to University Challenge Funds to technology-based businesses from outside of the university but with research contact in the university may help address this issue.
- Finally, the levels of entrepreneurship amongst ethnic groups other than whites suggests there is strong mentoring practice at a community level alongside an ability to translate good opportunities into start-up businesses.[38] There is much that the wider entrepreneurial community can learn from practice in these groups and any mentoring efforts should include this.

[36] Delivery mechanisms are the general policy instruments that are used to implement government policy, not specific policy initiatives in their own right. Thus, for example, "Enterprise for All" falls in to the category of addressing the knowledge gap. Issues of regulation are important but have not been addressed in any detailed sense within the framework of this report since it refers to the general climate for entrepreneurship and is covered within the entrepreneurial framework conditions intrinsic to the GEM methodology.

[37] The Faraday Centres form an important plank of the networking delivery system contained in the government's "Increasing Innovation" document, July 2002. The suggestions in this section refer to policies to alter the institutional structure of technology transfer in the UK which is historically weak. Specific programmes to encourage technology transfer in the form of commercialisation, like SMART, were reported by experts to be working well by the GEM UK expert survey and there is scope for making these more widespread.

[38] The follow-up to the Household Survey and the Labour Force Survey point to a discrepancy between entrepreneurial potential and actual start-businesses amongst this group of people. The findings of GEM 2002 would corroborate this since the "typical" entrepreneur is still white, male and middle class. There is, as they LFS states, a challenge in getting the potential to translate in to actual activity.

Further Research

GEM UK 2002 raises some interesting and fruitful areas for future research:

- Analysis of entrepreneurship amongst ethnic minority communities – in particular, further large scale and interview survey work on the ways in which entrepreneurial aspirations can be converted into entrepreneurial businesses.
- Further examination of the differences in male and female entrepreneurial activity, especially at a regional level. For example, examining the correlation between levels of necessity and opportunity entrepreneurship and gender differences.
- To evaluate the impact on regeneration and community renewal of specific initiatives like the Phoenix Fund. An international comparison alongside a wider exploration of Social Entrepreneurship and community venturing as phenomena in their own right would be particularly interesting.

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acknowledgements

Acknowledgements

The GEM UK 2002 report is the largest single independent study of entrepreneurial activity in the world largely due to the support of so many people and organisations. The Small Business Service, Barclays, The Work Foundation, SEEDA, OneNorthEast, InvestNI, the Entrepreneurial Working Party and Ernst and Young all contributed generously to the costs of conducting this work. Christian Vaughan at Intuition Design, himself an entrepreneur, worked tirelessly to ensure that the look of the report reflected the report's focus on UK entrepreneurs and entrepreneurship. I am greatly indebted to the sponsors for their support.

So many thanks are due at an individual level that I am almost bound to miss someone out. However, all the entrepreneurs who participated in the focus group dedicated their valuable time to ensure that the section on entrepreneurial attitudes was reflective of their views and they provided substantial extra support subsequently. In particular I would like to thank Christian Vaughan and Simon Harmer of Intuition Design, Madi Sharma of Original Eastern Foods, Maxine Benson of Everywoman, Wingham Rowan of Guaranteed e Market, Richard Reed of Innocent Drinks and Andrew Brough of Lodestone Innovation Partners.

My personal thanks are also due to Marc Cowling and Michael Hay at LBS and to Joanne Mitchell and Peter Weller of the Small Business Service for their input and comments on earlier drafts of this report. The expert survey could not have been written without Niels Billou and Annette Chauvin. Thanks too, to John Knell of the Work Foundation and John Mullins of the Foundation for Entrepreneurial Management at LBS for their huge moral support.

GEM UK 2002 is entirely independent. The views expressed do not necessarily represent those of the sponsors and, of course, any mistakes remain entirely my own.

Rebecca Harding, December 2002.

Biographical Note

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