



**Government and Education Efforts to
Further Entrepreneurship
in the United Kingdom**

National Dialogue on
Entrepreneurship

Overview of Entrepreneurship in the UK

The UK is the only other G8 country apart from the US to have seen a major recovery in levels of entrepreneurial activity since the overall drop in TEA [Total Entrepreneurial Activity] in 2002.

Source: Global Entrepreneurship Monitor, United Kingdom 2003

Public Opinion. The UK public has a very high opinion of entrepreneurs, with one in four people either running their own business or considering it for the future. A "Household Survey of Entrepreneurship" by NOP Social & Political (2004) for the Small Business Service (SBS), a government agency of the UK Department of Trade and Industry (DTI), found that 13 percent of the population was involved in entrepreneurial activity, while a further 11 percent were considering starting a business. While it is common for many start-ups to fail, almost nine out of ten people felt that entrepreneurs who have failed their first business should be given a second chance to start up.

Government Regulation. In general, small- to medium-sized enterprises (SMEs) are the main creators of jobs. Of all of the EU countries, the UK is considered the least difficult country in which to start a business, according to a report by the Centre for Strategy & Evaluation Services for the European Commission entitled "Benchmarking the Administration of Business Start-ups" (2002). From the very beginning, UK businesses are pampered by the Government's favorable legislative environment. For the first 24 months there is little regulation, but soon after that period is when many UK start-ups begin to face significant challenges.

Online. By using technology, the UK government is able to promote entrepreneurship and reach a much wider audience. The government has been heavily involved in the development of entrepreneurship websites and online organizations designed to give help, information, and advice to people with small businesses and those thinking about starting their own business. Increasing electronic commerce and encouraging more businesses to connect to the digital marketplace has also been a goal of the government.

Education. Despite the increasing levels of entrepreneurship, there was a decrease in the number of entrepreneurs who held degrees in 2003. In order to reverse this trend, the British government is an ardent supporter of the implementation of entrepreneurship lessons into education. Government programs such as *University Challenge* and the *Science Enterprise Challenge* are establishing entrepreneurship programs at universities throughout the UK and focusing on technology transfer respectively. Not only have advances been made in higher education but also in elementary and secondary education. Students are taught at an early age the lessons of creativity and risk-taking that are essential to enterprise.

Key Issues

Minority Entrepreneurship

Minority entrepreneurship is broadly viewed as a mechanism for increasing overall levels of entrepreneurial activity in the UK. According to the 2003 *Global Entrepreneurship Monitor [GEM] United Kingdom* report, all ethnic minority groupings, with the exception of the mixed ethnic origin group, are significantly more entrepreneurial than their white British counterparts and, indeed, exhibit higher levels of total entrepreneurial activity than the UK average.

However, cultural and financial barriers to entrepreneurship still exist for these ethnic minorities. *Lack of finance* was found to be the primary reason preventing minorities from starting a business, followed by *poverty* and *lack of education*.

Citing statistics from the UK Census 2001, the UK population is comprised of 7.9 percent ethnic minorities. Of that 4.6 million people of minority background, Indians account for the largest minority, with Pakistanis and those of mixed origins following close behind. Half of the total ethnic minority population in the UK is Asian, being of Indian, Pakistani, Bangladeshi, and other origin. The Asian population in the UK has grown so large that it is becoming publicly recognized as a rising force in the business community. Consequently, in the past few years, a list of the richest Asians in the UK entitled the "Asian Rich List" has been published annually.

Although the attitudes towards Asian business people in general have improved (especially with a growing number of second and third generation British Asians), challenges still persist for the Muslim population. Only 15 percent of the 300 entrepreneurs on the "Asian Rich List" are Muslim, while they comprise 60 percent of the UK's Asian population. The reasons for these statistics are complex, in which education, history, and to a lesser extent, culture play a part. Foremost, the low number of Asian Muslim entrepreneurs can be attributed to underachievement in education. Asian Muslim children in the UK score poorly in tests, not only against national and white averages, but also against Hindu and Asian British. Language has also been a barrier, especially for first-generation immigrants, preventing many from engaging in entrepreneurial activity. However, since many strong ethnic community-based businesses already exist, the challenge for the government is to facilitate the growth of the successful minority ventures by helping them widen their networks.

Female Entrepreneurship

According to a 2004 report for the Learning and Skills Council, in 2001 the UK was ranked 26th out of 29 countries for the balance between male and female entrepreneurship; and in 2002, 23rd out of 37. This gap, however, is still wider than it is in Canada, the United States, Germany, the Netherlands, Belgium, Italy, Spain, and Greece. In terms of levels of Total Entrepreneurial Activity (TEA) among women, the UK fares best of all the participating EU countries, bar Greece and Spain. However, if one ranks the countries by the size of the gap between male and female entrepreneurship, the UK does not do as well. The TEA for women in the UK fell from 4.3% to 2.3% between the years of 2001 and 2002. In 2003, female TEA increased to 3.8%, while male TEA was 8.9%.

Based on this and other data, the UK government is seeking to accelerate its start-up support for female entrepreneurs, due to significant obstacles preventing many women from starting their own businesses. Lack of access to financing is one of the main reasons for the lower levels of female entrepreneurship in the UK. Although women are less likely to try to access external finance, when they do acquire it, they are more likely to be successful than men. And while no significant differences in positive attitude towards entrepreneurship exist between men and women, the fear of failure and the lower perception of their skills to start a business plays a role in the less visible female start-ups. Contrary to these beliefs, female-run businesses have much lower turnover rates than their male counterparts, and female-run businesses are considered to be more innovative, collaborative, and networked (especially with universities).

Women-owned businesses are also becoming increasingly export oriented. Between 2002 and 2003, the number of female start-ups with no exports dropped, while the number with more than 75 percent of customers abroad increased. Interestingly, gender gaps in terms of entrepreneurship exist despite the fact that a woman runs the fastest-growing company of 2003 and Britain's "Entrepreneur of the Year" for 2004 is also a woman. Although the areas of London and the South East of England have higher levels of female entrepreneurship, the gap between male and female entrepreneurship is also the widest there.

Many are calling for changes to attitudes and actions concerning female entrepreneurship, and the most vocal group is the British Chambers of Commerce. The BCC found in 2004 that for every ten men running their own small business in the UK, there are just four women entrepreneurs doing the same. The BCC came up with a 10-point recommendation plan to close the gap, published within the paper "Achieving the Vision: Female Entrepreneurship" (see Cowling, Harding, and Ream (2004)). They recommend promoting female entrepreneurs as role models and placing a greater emphasis on the importance of networks and on collecting and distributing the best practices of how women use these networks. The BCC also believes that the government should continue to promote and to spread the best practices of women-friendly business support, which should place more emphasis on the growth aspects of female business and encourage exporting. In addition, the government should improve attitudes and confidence among young people through the Learning and Skills Council and Educational Business Links.

The BCC also recommends for the government to strengthen female business ownership and self-employment by piloting investor ready training with gender differences in mind. The government should promote strategies to increase women entrepreneurs' access to markets, as women-owned businesses should be encouraged to grow by seeking more corporate international and government contracts. It should press for innovative childcare solutions to encourage more women to start businesses and place a renewed emphasis on the implementation of the Strategic Framework for Women's Enterprise, taking the agenda forward at the grassroots level. Finally, the plan called for the government to commit at the highest level to mainstream the development of women's enterprise.

Government Initiatives

UK (GENERAL)

The UK places a strong emphasis on the support of businesses and entrepreneurship, stressing the importance of “productivity, regeneration, and growth.” The 2003 policy framework contained a package of reforms to the business tax system that affected SMEs throughout the UK. Rising levels of innovation, investment, and training for small businesses were achieved with the 100 percent first year capital allowances for information and communication technology (ICT) and with improvements to Research and Development (R&D) tax credits. The UK’s current R&D tax credit is specifically designed for small businesses. The package also called for support, advice, and training for small businesses as well as employer training pilots. The new budget approved the establishment of the new MA Task Force, an independent body that aims to encourage a higher level of employer commitment to modern apprenticeships.

The 2004 Budget, given by the Chancellor of the Exchequer, focused on small business interests, revolving around the seven strategic themes set out in the SBS’s “Small Business and Government: the Way Forward” (2002) report. In order to build an enterprise culture, the Enterprise Insight campaign was created to foster a steep change in the enterprise culture of the UK, culminating in Enterprise Week in November 2004. This is part of the UK-US Enterprise Agreement, where students from the New Entrepreneur Scholarship Program will study in the US. Also included is the first US-UK forum designed to share the “best practice” in enterprise education. In addition to education initiatives, the UK government is making efforts in other areas to further entrepreneurship in the country, including assisting disadvantaged areas, reforming the tax system and regulatory environment, and encouraging technology transfer.

Enterprise in Education and Youth Entrepreneurship

The creation of the National Council for Graduate Entrepreneurship (NCGE) launched in September 2004 demonstrates the emphasis that the UK government places on entrepreneurial education. The council recognizes the need to foster a greater entrepreneurial culture in the UK and thus promotes the cooperation between academia and business. Backed by £700,000 of funding provided equally by the SBS and the Department for Education and Skills, NCGE encourages graduates to consider the option of starting their own business. The principal aim of the NCGE will be to engage career advisors, academics, institutions and organisations to raise the profile of entrepreneurship within universities and higher education institutions.

Outside of formal education, the SBS recently launched a national campaign to promote youth entrepreneurship called “Make Your Mark.” The initiative targets the 14-25 age group, encouraging the country’s youth to enterprise through business start-ups and community activism. Organized by a partnership including Enterprise Insight, the BCC, the Institute of Directors, and the Federation of Small Businesses, the campaign is reaching out to those organizations aimed at influencing the youth of the UK. With small businesses being the cornerstone of the UK’s economy, inspiring a new generation of entrepreneurs is viewed as critical to the country’s competitiveness in the future. Helping youth and other citizens in disadvantaged areas find their entrepreneurial spirit is also necessary for greater long-term economic success of the UK.

Disadvantaged Areas

The UK Government has designated 2000 Enterprise Areas in the most deprived areas of the UK to add to the incentives for small business creation. For these particular areas, the goals are to speed up development by fast tracking planning approval and to cut the cost of property purchases and initial investment by increasing access to the Phoenix Fund with the prospect of enhanced capital allowances. The Phoenix Fund, designed to help develop the self-confidence and determination of the local people, provides support for projects that involve special business support organizations that work in disadvantaged communities. The cost of risk capital has been lowered through Community Investment Tax Relief, and placing enterprise advisors in local schools also encourages entrepreneurship.

As part of the £16 million *Enterprise Advisers* program that began early this year, the UK Government has recruited more than 1,000 business people to work with schools in deprived areas that are teaching enterprise. Eighty-one "specialist" schools and three "city academies" are being funded by the government to specialize in business and enterprise, in which business advisors work with head teachers of secondary schools in deprived areas of the UK. This investment included a new £1 million Enterprise Promotion Fund to support the creativity of the private and voluntary sector in promoting enterprise awareness within schools, businesses, and the non-business community.

Within the Budget, the government worked to improve services offered to the SMEs and to evaluate the investment in a new community venture capital (VC) fund, which would make investments in growth enterprises that are in disadvantaged communities. The government also passed a training assistance package to help those wanting to develop small businesses. The VC fund also put the SMEs in partnership with banks that would support the development of small businesses. After a major review of innovation and small business support services within the UK, the government looked at small business investment companies (SBICs) as a way to close the equity gap. The government also implemented the "Enterprise Act," which tightens competition and empowers consumers while streamlining insolvency procedures.

Also in the 2004 Budget, the government continued its encouragement of more enterprise creation in the disadvantaged communities and under-represented groups within the UK. The 2004 Budget included plans to introduce a Business Premises Renovation Allowance in 2005, which would provide 100 percent first-year capital allowances for the capital costs of renovating businesses in Enterprise Areas that have been vacant for more than a year. Along with these measures, the government is introducing measures intended to improve the tax and national insurance incentives for employer-supported childcare, including childcare vouchers.

Taxes

The 2004 Budget addressed the need to encourage a more dynamic start-up market. In order to achieve this, the government introduced a 19 percent minimum rate of corporation tax on distributed profits to ensure that corporate tax rates that are lower than 19 percent remain available to SMEs as they re-invest in their businesses. To enhance the capability for small business growth, the government increased first year capital allowances for small businesses that invest in plant and machinery to 50 percent for expenditure in 2004. The Inland Revenue

will also produce guidance in support of the R&D tax credit as well as begin a new program to improve the delivery of the credit.

As a way of improving small businesses' experience of government services, the government is launching the Local Authority Business Growth Incentives scheme, which will allow the local authorities to keep a portion of the increases in local business rate revenues. In order to streamline the tax system, a new, single department will be established from the combining of HM Customs and Excise and the Inland Revenue.

To improve the access to financing for small businesses, the Budget confirmed enhancements to the tax incentives to invest in Venture Capital Trusts (VCTs) through the *Enterprise Investment Scheme* (EIS) that had been announced in the Pre-Budget Report in 2003. (The EIS was introduced in 1994 with the aim of encouraging individuals to invest in small higher-risk trading companies in order to help alleviate problems faced by companies in raising this type of equity finance.) This included raising the annual investment limit for VCTs to £200,000 as well as raising the annual investment limit eligibility for income tax relief found under the EIS to £200,000. The UK has also introduced lower tax rates of 19 percent for smaller firms.

In addition, the enhancements approved the withdrawal of the ability to defer liability for capital gains tax for investments in VCTs. The government also announced a temporary increase in the rate of income tax relief for VCTs from 20-40 percent for two years. In order to make it easier for firms to access capital, the government approved measures that decree that, through financial intermediation, accountants would work with Business Links to establish a self-accreditation program for accountants and other who provide advice to SMEs seeking finance.

Regulation

The "Regulatory Reform Action Plan" was introduced in December 2003 by the Cabinet office as part of the Chancellor's Pre-Budget Report to simplify existing legislation involving the regulation of business. An updated version of the 2002 plan, it contains over 650 deregulatory measures to modernize and streamline the planning processes to improve the delivery of public services for the private sector, to expedite the process of obtaining patents, and to radically reform company law that reflects the needs of small business. The plan directly benefits SMEs by raising the audit threshold to £5.6 million and by using a VAT flat rate scheme.

To develop better regulation and policy, Budget 2004 introduced several measures to lighten the weight of regulatory burdens. As a way to help small and new businesses reduce their VAT compliance costs, the government is raising the VAT registration threshold from £56,000 to £58,000, which will keep 5,000 of the smallest businesses out of the VAT system as well as increasing the turnover ceiling from £600,000 to £660,000. Among other regulatory measures, the government will continue to encourage small businesses to compete for contracts to supply the public sector.

The government also plans on increasing both the adult and youth rates of the National Minimum Wage to £4.85 and £4.10 respectively, as well as introducing a National Minimum Wage for 16 and 17 year old workers. The 2004 Budget also covers extensive reworking to pensions, as they replace the eight current regimes with a single lifetime allowance on the amount of the tax-pension saving.

Universities and Technology Transfer

According to the *Annual Survey on University Technology Transfer Activities* (2003) conducted by the Nottingham University Business School in association with University Companies Association and the Association for University Research and Industry Links, universities in the UK are employing more technology transfer staff and investing more in protecting inventions arising from university research, licensing activity has increased relative to spinout formation as the prevalent route for research commercialization, and there has been an increase in commercialization activity across the board with an overall increase in income generated. This survey attributes much of the growth in staffing levels and number of spinouts to the "University Challenge" funds.

University Challenge is a program with the aim of enabling universities to establish seed funds to assist successfully transforming good research into good business. The £45 million fund, financed by the Government (£25 million), the Wellcome Trust (£18 million), and the Gatsby Charitable Foundation (£2 million), becomes available to winning universities in the University Challenge competition. There has also been more invention disclosures, patents, and licenses executed. In 2002, the licensing income reached £15.7 million, an increase of 14.6 percent. In the area of technology transfer in universities, the survey suggested that the sciences are among the more successful, with the life sciences, engineering, and computer science being the most popular.

The area of technology transfer has been highly dependent on government support, with much of the UK's success due to money poured into the third sector by the government. Although the government is growing more supportive of technology and knowledge transfer in the UK, they are still behind the United States and Canada in spending. The US allocates over 30 percent more than the UK on research expenditure, and Canada almost 22 percent more, for every \$100 billion in GDP. UK universities, however, created more spinout companies, executed more licenses, and earned less gross license income than either country. Between 2000-01 and 2001-02 there was a 24-percent increase in full-time university employees that engaged in technology transfer-related activities, which is an average of 6 per university. The UK spent a total of £11.5 million on protecting intellectual property – an increase of 18 percent. Although the UK does not match the US in the number of patents issued, it does surpass Canada.

Launched in February 1999, the *Science Enterprise Challenge* forms part of the Government's strategy to introduce a "third mission" for higher education, alongside teaching and research, to encourage transfer of science and technology innovation to the business sector. Twelve centers throughout the UK have been established since the UK Office of Science and Technology began this initiative that has universities compete for awards, totaling £28.9 million to date. Some universities, such as the University of Bristol, were the sole recipients of the grants using the money to create a Science Enterprise Centre (e.g. the Bristol Enterprise Centre), where as others like University College London and the London Business School formed a joint center with the award money called the Centre for Scientific Enterprise. While each center has unique qualities and specialties, all of them must focus on three main areas of activities: (1) teaching of enterprise and entrepreneurship to science and technology students; (2) making ideas and know-how available to business to support competitiveness and wealth creation; and (3) encouraging the growth of new businesses by supporting start-ups, including spin-out companies based on innovative ideas developed by students and faculty within the universities.

SCOTLAND

According to a report published by Strathclyde University in 2004, Scotland's level of entrepreneurship activity is improving. The Scottish government has recognized that Scotland's long-term economic success depends on the fostering of a positive, entrepreneurial culture where the Scottish people are prepared to take responsible risks. Scottish Enterprise is Scotland's main economic development agency, funded by the Scottish Executive. Its mission is to help the people and businesses of Scotland succeed by providing a range of high-quality services to help new businesses get underway and support and develop existing businesses. As well as companies and individuals, Scottish Enterprise works with universities, colleges, local authorities, and other public sector bodies to develop national entrepreneurial strategies.

New Approach To Entrepreneurship, 2001

As a follow-up to the 1993 Business Birth Rate Strategy in Scotland, Scottish Enterprise presented their "New Approach to Entrepreneurship" in 2001. This new approach acknowledges that entrepreneurship is of central importance to the Scottish economy. It concentrates on the areas where the Scottish Enterprise Network can make a difference by generating entrepreneurship with an emphasis on a stronger relationship with the private sector.

To encourage more people to actually start businesses, Scottish Enterprise saw a need to have greater private sector involvement with small businesses. This included collaboration with banks and professional associations and cooperation in the development of web-based services. Addressing the issue of start-ups by women, the program *Women into Business* was expanded in order to increase the number of business start-ups by women. Also, as a way to increase the number of businesses started by young people, a new young entrepreneurs program was created. Scottish Enterprise recognized the need to increase the contribution of education to entrepreneurship in Scotland, and thus decided to build on the successes enjoyed in previous years by creating programs such as *Schools Enterprise* and *Young Enterprise Scotland*.

A large part of the entrepreneurship debate focuses on the ready access to finance for SMEs. Because there is a need to improve the 'quality' of propositions for investors and for further action to address more general start-up finance issues (e.g. the personal financial risks of starting a business), Scottish Enterprise has adopted a new "investor readiness" target for local-level support for high-growth start-ups across Scotland. Under this new target, the issue of equity finance provision for high-growth start-ups will be addressed, as well as up-dating the Scottish Enterprise Network's approach to *Access to Finance*.

Network High-Growth Start-Up Program

In order to encourage innovative, high-growth start-ups, the Scottish Enterprise began the Network *High-Growth Start-up Program*, operating across the entire Scottish Enterprise Network and working with the private sector. This new program has the aim of generating 30 new high-growth start-ups by 2004, with a combined value of £150 million. By focusing on the earliest stages of development, the high-growth customers will be brought to a point where they are "investor ready" within 12 months.

WALES

The increase in the number of new businesses between 2003 and 2004 can be attributed to many different factors, including loans, equity investments provided to new ventures by Finance Wales, and inward investment by new enterprises moving to Wales. Another of the strengths of Wales is a new business startup service that assists entrepreneurs with their first steps in business. Although the numbers are on the rise, there are still obstacles to overcome. The most significant reasons why people in Wales have not pursued entrepreneurship are, "I'm too old," "It's too stressful," "Too risky," and "I'm not made that way." Another factor that is hindering entrepreneurship in Wales is that of language. Although most people speak English, still many in the country speak Welsh. A few organizations have been formed to help those Welsh speakers to overcome the difficulties in starting a business and to continue to use Welsh in their business.

Enterprise Action Plan

In 1999, the Welsh government organized a strategy called the *Entrepreneurship Action Plan* (EAP) in order to increase entrepreneurial activity and economic development within their country. The (EAP) was built around three key objectives: recognizing the opportunity, creating the enterprise, and going for growth.

The first objective is to recognize the areas where Wales can foster a greater awareness of the opportunities and rewards of entrepreneurship in order to encourage more people to start a business or to grow the business that they are in. Wales must also develop a greater entrepreneurial culture within institutions, communities, and businesses. In order to change attitudes in Wales towards entrepreneurship, the EAP has developed a continuous *National Awareness Campaign*, which presents business and entrepreneurship in a positive light. In order to achieve this, the National Awareness Campaign will include Welsh role models, the creation of high profile national awards for enterprise, development of an "enterprise roadshow," and a National Business Plan competition.

As a way to promote the recognition of opportunity, the Welsh government has designed projects that include private sector entrepreneurs working in partnership with education to create new provisions, and working to ensure that entrepreneurship is embedded into the National Curriculum at the earliest opportunity. As with *Young Enterprise Wales*, the EAP is also working with *Careers Wales* to encourage further education in colleges and universities to incorporate entrepreneurship as a valid and equal career option through initiatives that encourage young people to understand the entrepreneurial process and gain practical business experience. By combining work experience programs with start-up businesses, students will be able to explore the process of evaluating new ventures and making recommendations for further actions. Small business summer schools are also being created, with the aim of fostering creative thinking, inventing, and entrepreneurial enterprise among primary and secondary school students.

In addition to all of these initiatives, the EAP also developed entrepreneurship teaching materials that will be put into action beginning next term. Children as young as five years old will be given lessons to help them develop entrepreneurial skills and attitudes. These teaching

materials, launched by the Welsh Development Agency (WDA) and the Curriculum Authority for Wales, are the most advanced of their kind in the UK.

The EAP has taken on a variety of actions as a way to widen the horizons of potential and actual Welsh entrepreneurs, creating interest in enterprise and giving them the opportunity to actually experience entrepreneurship. In order to achieve these goals, the EAP is creating a program in which the National Assembly of Wales and other public sector bodies highlight opportunities for local businesses. They are also creating opportunity awareness programs to allow the people in Wales to observe how other entrepreneurs are operating.

In order to actually create enterprise, Wales is encouraging the establishment of new high technology businesses along with specific support programs for under-represented group, such as women-owned enterprises. By using a business birth rate strategy process for women, Wales provides a framework for developing actions that encourages more women to start businesses.

The goal of the EAP is to provide direct support to 8,400 growing SMEs and would create a (conservative) total of 4,200 new jobs. In 2004, it was recorded that the EAP and the WDA had a major impact on start-ups, assisting in the creation of nearly 7,000 new businesses in the last financial year. 6,760 new enterprises were started in Wales with the help of business advice, technical assistance, or investment from the WDA, which was an improvement of almost 20 percent from the previous year.

The ultimate goal of the Welsh government is to increase the number of SMEs in Wales, intending for them to grow and create wealth, employment, and opportunity. Wales is currently designing more specific financial packages in order to close the "funding gap" for SMEs. The government has also created Corporate Venturing and other initiatives to assist businesses to provide entrepreneurial individuals with opportunities to develop new business ideas along with a peer-mentoring scheme.

NORTHERN IRELAND

The size of Northern Ireland's economy and the clear definition of Northern Ireland as a separate region is a strong basis for a growing entrepreneurial culture. Northern Ireland is experiencing a strong emerging research infrastructure along with a strong communications and transport infrastructure. There is a lot of information on start-ups with reasonable financial support, an awareness of equity funding, and a strong banking sector. The weak export base is also sheltered from global pressures. All of these factors lead to a desirable environment for entrepreneurship in Northern Ireland.

Although Northern Irish entrepreneurship has been dominated by British politics and government, Northern Ireland's own provisional government has still seen entrepreneurship as the center of economic policy since the 1980s. During the 1990s it was the goal of Northern Ireland to create a dynamic and flexible economy and an institutional structure that would be capable of adapting to the rapidly changing markets and employment patterns through entrepreneurship. The government sought to imitate US structures and systems, committing themselves to economic regeneration through entrepreneurship by making their policies more focused on the specific needs of small businesses and their engagements with local communities.

Invest Northern Ireland (NI) was formed in April 2002 by the Northern Ireland Government as the main economic development organization. Its strategy is to add value to the economy and create wealth by promoting innovation in all its aspects, stimulating higher levels of R&D, and improving knowledge transfer. Working with universities, local councils, and other public sector organizations, Invest NI seeks to achieve these objectives through innovative goal-oriented strategies.

Accelerating Entrepreneurship Strategy

In January 2003, Invest NI issued for consultation a draft *Accelerating Entrepreneurship Strategy*. This Strategy, which aims to make Northern Ireland an exemplar location for starting and growing a successful business, has established the following priorities: (1) initiate a change in attitudes and perceptions about entrepreneurship; (2) encourage more people from all backgrounds to take the first steps in thinking about establishing a business venture; (3) provide a flexible system of support for individuals from all backgrounds who have the ideas and the potential to create wealth in priority sectors; (4) create an infrastructure that enables start-ups to progress and grow rapidly, particularly globally trading, knowledge-based projects; and (5) optimize use of electronic media to disseminate information, advice and best practice. One of the key tenets of the Accelerating Entrepreneurship Strategy is to embed an appreciation and awareness of entrepreneurship into the education system.

Entrepreneurship In Education

In June of 2004 it was announced that Reviews of Post-Primary and Further Education Provision project a consistent and coherent curriculum that focuses not only on vocational experience but also on academic learning. To promote entrepreneurship, Northern Ireland sees a need to emphasize co-operation between schools and colleges in order to encourage entrepreneurship among students.

Currently there are a high number of people leaving school with an "A" level qualification, the highest qualification level of education in the UK. In fact, Northern Ireland has the highest "A" level profile of all of the regions in the UK. To capitalize on this competitive advantage, the Association of Northern Ireland Colleges (ANIC) has developed a project with Enterprise Northern Ireland, which brings together the expertise of colleges and enterprise agencies.

Regional Innovation Strategy

Over the past decade there has been a trend for increasing levels of R&D spending in Northern Ireland and the Northern Ireland share of UK R&D spending rose from less than 0.5% in 1993 to over 1.2% in 2001. While this is encouraging, over 60% of all Northern Ireland business R&D spending is accounted for by only 10 firms. As an approach to modernizing the Northern Ireland economy, the *Regional Innovation Strategy* (RIS) is to have the required and lasting impact on levels of R&D and innovation in Northern Ireland. The NI Executive endorsed the recommendation for the strategy, and a commitment for DETI to lead on the development of the RIS was entered into the 2001-04 Program for Government. RIS has four major objectives: (1) to create a coherent R&D and innovation infrastructure; (2) to enhance the use of R&D and innovation by the business sector; (3) to develop a culture of innovation and enterprise; and (4) to sustain the regional innovation system.

Selected Statistics

Macroeconomic Conditions (as cited in the *CIA World Factbook*)

Total Population: 60,270,708 (July 2004 est.)

- 15-64 years: 66.3% (male 20,193,876; female 19,736,516)
- 65 years and over: 15.7% (male 4,027,721; female 5,458,235) (2004 est.)

GDP: \$1.664 trillion (2003 est.)

- Growth: 2.1% (2003 est.)
- Per capita: \$27,700 (2003 est.)

Labor Force: 29.6 million (2003)

- By Occupation: agriculture 1%, industry 25%, services 74% (1999)
- Unemployment Rate: 5% (2003 est.)

Budget (2003)

- Revenues: \$688.9 billion
- Expenditures: \$746.1 billion

Entrepreneurial Activity (as cited in the *2003 GEM Report*)

Total Entrepreneurial Activity (TEA) Rate (2002-2003): 6.0

- Males: 9.01
- Females: 4.16

Number of Persons Involved in Startups: 2,224,850

Number of Startups: 1,273,217

Number of Owner-Managers of Existing Firms: 4,579,446

Number of Existing Firms: 2,858,523

Number of Owner-Managers of Existing Entrepreneurial Firms: 727,015

Number of Entrepreneurial Firms: 365,376

- Percent Entrepreneurial Firms: 12.78

Annual Jobs Provided by New Firms: 1,118,285

- Percent Employment in Entrepreneurial Firms: 12.17

Business Indicators (as cited in *Doing Business in 2005*)

Starting a Business

- Number of procedures - 6
- Time (days) - 18
- Cost (% of income per capita) - 0.9
- Minimum capital (% of income per capita) - 0.0

Hiring and Firing Workers

- Difficulty of hiring index - 11
- Rigidity of hours index - 40
- Difficulty of firing index - 10

- Rigidity of employment index - 20
- Firing costs (weeks) - 25

Registering Property

- Number of procedures - 2
- Time (days) - 21
- Cost (% of property value) - 4.1

Getting Credit

- Cost to create collateral (% of income per capita) - 0.1
- Legal rights of borrowers and lenders - 10
- Credit information index - 6
- Public registry coverage (borrowers/1,000 capita) - 0
- Private bureau coverage (borrowers/1,000 capita) - 1,000

Protecting Investors

- Disclosure index - 7

Enforcing Contracts

- Number of procedures - 14
- Time (days) - 288
- Cost (% of debt) - 15.7

Closing a Business

- Time of insolvency (years) - 1.0
- Cost of insolvency (% of estate) - 6.0
- Recovery rate (cents on the dollar) - 85.8

Other Sources

UK (GENERAL)

- SMEs account for over 99% of all the businesses in the UK, according to a 2004 statistical report by DTI. These small- to medium-sized enterprises together account for 58.2% of employment and 52.4% of turnover. Small enterprises alone account for 46.2% of employment and 38.3% of turnover.
- Those in the 25-34 year old age group are more likely to be entrepreneurs in the UK than those in other age groups, according to 2003 GEM UK report.
- Within the UK in 2003, the level of Social Entrepreneurship Activity (SEA) was higher than that of the TEA.
- According to the 2003 GEM UK report, ethnic minority entrepreneurial businesses are more likely than white British entrepreneurial businesses to occur in the UK.
- A survey conducted by Lighthouse Research for Ernst and Young in 2004 found that entrepreneurs feel that the UK Government misunderstands them. 88% responded that they feel the government has little or no understanding of what it is that an entrepreneur wants while 69% feel that the government gives little or no priority to entrepreneurship, which is up from the 2003 level of 64%.
- The same survey shows that 80% of the UK workforce would like to start their own business, but 42% claim that they would never actually act on it mainly because of a lack of financial security and backing.

SCOTLAND

- According to a report published by Strathclyde University, the GEM survey shows that TEA in Scotland has increased from 4.6% (2002) to 5.5% (2003).
- Because of the increase in TEA, Scotland has moved from the bottom TEA band to the middle TEA band, placing it alongside other major European countries like France, Germany, and Spain.
- The GEM survey reports that attitudes towards entrepreneurship in Scotland have improved. Only 30% of those surveyed answered that they had a fear of failure, a drop of 6% from the 2002 levels.
- According to 2001 figures, the GEM stated that Scottish universities created 7.2 'spin-out' companies per \$100 million of research income. This level was above that of the UK, US, or Canada.

WALES

- In November 1999, only 4% of 1000 adults polled by Beaufort research indicated that they would describe themselves as entrepreneurs. One in eight adults responded that they knew an entrepreneur personally and one in five said that they would like to be an entrepreneur themselves.
- The number of new business start-ups being created in the Welsh economy is lower than it was some 20 years ago in 1980.
- Wales has the second lowest start-up rate of any region within the UK.
- There is a persistent and increasing gap between the levels of prosperity in Wales compared with that of the UK.
- The GDP per head in Wales is 82.4% of that of the EU average, but in some parts of the country it is as low as 75%.
- Wales has the second lowest weekly earnings in the UK.
- Wales is at least 30% behind the average for the UK in the rate in which they create new businesses.
- Wales is losing businesses at a faster rate than the UK. Between 1994 and 1998, the net loss in Wales was 4,700 businesses while in that same period the UK gained 51,100 businesses.

NORTHERN IRELAND

- According to the GEM UK 2003 Report, entrepreneurial activity in Northern Ireland is among the lowest in the UK.
- Within Northern Ireland, there are low levels of entrepreneurs amongst the higher earners.
- Men are 3 times as likely to set up a business than women in Northern Ireland which is mostly due to the lack of female entrepreneur role models, states the "GEM UK Regional Summary: Northern Ireland" (2003).
- The number of male graduates who are engaged in entrepreneurial activities and the number involved within the normal age limits of 35-44 are high, and even in some cases, higher than the UK average.

Major Organizations

ENGLAND/UK (GENERAL)

DEPARTMENT OF TRADE AND INDUSTRY (DTI)

DTI Enquiry Unit
1 Victoria Street
London, UK SW1H OET
Tel: 020 7215 5000
www.dti.gov.uk

The Department of Trade and Industry works to create the best environment for business success in the UK. They are helping people and companies to become more productive by promoting enterprise, innovation, and creativity. The Small Business Service works specifically with small businesses to help entrepreneurs succeed.

THE NETWORK FOR TEACHING ENTREPRENEURSHIP (UK)

Steve Alcock
South Lodge, Regent's College, Inner Circle, Regent's Park
London NW1 4NS, United Kingdom
Tel: +44 (0)20 7487 7698
Fax: +44 (0)20 7487 7681

NFTE is one of the primary entrepreneurship organizations within the UK, providing disadvantaged young people with the educational background, both in and out of school, to start their own businesses. Not only does NFTE educate the students, but also provides training for teachers as well.

BUSINESS IN THE COMMUNITY

137 Shepherdess Walk
London N1 7RQ
Tel: +44 (0)87 0600 2482
information@bitc.org.uk

BITC is a movement of over 700 of the top UK companies that are devoted to improving their positive impact on society. BITC is dedicated to helping small businesses grow through responsible entrepreneurship by joining with other organizations to form the Small Business Consortium who's goal it is to incorporate small business issues, such as environmental and social responsibility, into the daily-life of small businesses.

WEST COAST CAPITAL

info@westcoastcapital.co.uk

West Coast Capital aims to build businesses through investment and through entrepreneurship. Their investment philosophy is to back strong management teams of like-minded financial institutions and entrepreneurs in order to provide substantial, sustainable financial yields.

CONFEDERATION OF BRITISH INDUSTRY (CBI)

Centre Point, 103 New Oxford Street
London, United Kingdom WC1A 1DU

The Confederation of British Industry lobbies for the UK SMEs in order to have their voice heard in the government. The CBI's SME Council forms its own budget submission, while focusing on topics that affect smaller and growing businesses in particular. This year the CBI began offering a consultancy service at a reduced rate in order to increase the small number of SMEs that achieve high levels of "sustained and profitable growth." They are helping to develop businesses by ensuring that the organizational, financial and marketing plans fit the goals of the firm.

BUSINESS LINK

Local offices across England

Tel: 0845 600 9 006

www.businesslink.gov.uk/

Business Link is managed by the Department of Trade and Industry and offers advice and information for new and small businesses within England.

SCOTLAND

SCOTTISH ENTERPRISE

5 Atlantic Quay
150 Broomielaw
Glasgow, Scotland G2 8LU
Tel: 0141 248 2700
Fax: 0141 221 3217
network.helpline@scotent.co.uk

Scottish Enterprise is Scotland's main economic development agency, which is funded by the Scottish Executive, the devolved government for Scotland. Scottish Enterprise aims to secure the long-term future of the Scottish economy by making the industries involved with their company more competitive. In order to do this, Scottish Enterprise places a great deal of focus on the start-up of small businesses.

HIGHLANDS AND ISLANDS ENTERPRISE

Cowan House
Inverness Retail and Business Park
Inverness, Scotland IV2 7GF
Tel: 01463 234171
Fax: 01463 244469
hie.general@hient.co.uk

The Highlands and Islands Enterprise (HIE) is a network of ten Local Enterprise Companies (LECs) whose task it is to unlock the potential and to help create a strong and stable economy. In order to foster entrepreneurship within Scotland, HIE has created provisions of small business support services.

BUSINESS GATEWAY

Local offices across Scotland
Tel: 0845 609 6611
www.bgateway.com

Business Gateway is a partnership between Scottish Enterprise, Scottish Executive, and the Local Authorities. They provide a wide range of advice to help people grow a more successful business.

WALES

MENTER A BUSNES (ENTERPRISE AND BUSINESS)

Hywel Evans, Chief Executive
Science Park
Aberystwyth
Ceredigion, Wales SY23 3AH
Tel: 01970 625561
Fax: 01970 611366
aber@menterabusnes.co.uk

Menter a Busnes is a company designed to develop enterprise and business as a part of the Welsh language and culture today. Established in 1989, it's work focuses on research and development, changing and influencing attitudes and promoting entrepreneurship. Menter a Busnes works in partnership with other agencies and organizations in order to ensure that Welsh speakers fulfill their potential in the field of business, especially for the benefit of the economy. Notable projects include CWYSI, which is helping farming families and the industry adapt to changes, and Gorwelion, which is seeking to broaden the career aspirations of Welsh speakers and also to encourage the use of the Welsh language in the business world.

BUSINESS EYE WALES

Local offices across Wales
Tel: 08457 96 97 98
assistance@businessseye.org.uk

Business Eye Wales is a free, impartial information service managed by the Welsh Development Agency that provides an entry point for all business support enquiries in Wales. They provide information for businesses or potential business, and when needed, put them in contact with support from private, public, or voluntary sectors.

NORTHERN IRELAND

ENTERPRISE NORTHERN IRELAND

Aghanloo Industrial Estate
Aghanloo Road
Limavady, Ireland BT49 OHE
Tel: 028 7776 3555

Enterprise Northern Ireland is the association of Enterprise Agencies in Northern Ireland, and gives support for business start-ups, micro business, established business, and the social economy.

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENTS (DETI)

Netherleigh Massey Avenue
Belfast, Ireland BT4 2JP
Tel: 028 9052 9900
information@detini.gov.uk

DETI is responsible for economic policy development, energy, tourism, mineral development, health and safety at work. DETI has four agencies to assist with strategy implementation: Invest Northern Ireland, which supports business growth and inward investment and supports local economic development and company start-up, the Northern Ireland Tourist Board, the Health and Safety Executive for Northern Ireland, and the General Consumer Council for Northern Ireland. In DETI's corporate plan for 2002-2005, they state that a key part of the overall aim of securing a competitive economy is by enhancing entrepreneurship. In their Program for Government 2002 they outlined plans to increase the business birth rate for firms that are locally focused and high-tech or value-added start-ups.

BUSINESS DEVELOPMENT SERVICE IN NORTHERN IRELAND (BDS)

Chief Executive
Business Development Service
Craigantlet Buildings
Stoney Road
Belfast, UK BT4 3SX
Tel: 028 9052 7440 or 028 9052 3603
bds@nics.gov.uk

The Business Development Service is an Executive Agency of the Department of Finance and Personnel, providing a range of business services to Northern Ireland Departments, their executive agencies, and the wider public sector.

INVEST NORTHERN IRELAND

44 - 58 May Street
Belfast, UK BT1 4NN
Tel: 028 9023 9090
info@investni.com

Invest Northern Ireland is Northern Ireland's economic development agency, established in April 2002 as a Non-Departmental Public Body. Its primary aim is to improve the Northern Ireland economy by accelerating entrepreneurship, innovation and internationalisation as well as increasing opportunity for all within a renewed culture of enterprise. The Agency has a budget of £200 million and employs 700 staff.

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