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Why study entrepreneurship?

“This government recognises that enterprise is a vital contributor to the health of our economy and to diversity of opportunity in our society... generating 52% of private sector turnover, and employing 12.6 million people”

Tommy Blair

Arada Zuma

Patricio



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Why look at it at a regional level in the UK?

- Productivity and income gaps between the regions of the UK.
- Perception that some regions are “better” than others as locations.
- Structural change in employment base requires radical support measures for disadvantaged communities and excluded groups.
- We know relatively little about entrepreneurial drivers, and still less about how these play out at a regional level.



Clarifications

- GEM Global methodology is based on a telephone survey of working age adults to derive TEA:
 - All those involved in start-ups
 - All those involved in owning or managing a business (up to 42 months)
 - Minus double counting
- GEM UK uses the same method for TEA calculation
- The sample is 22,000 for 2003
 - Distinguish between “start-ups” and “owner-managed” businesses
 - Sample is large enough to ask a raft of additional questions
 - Can analyse data at regional level

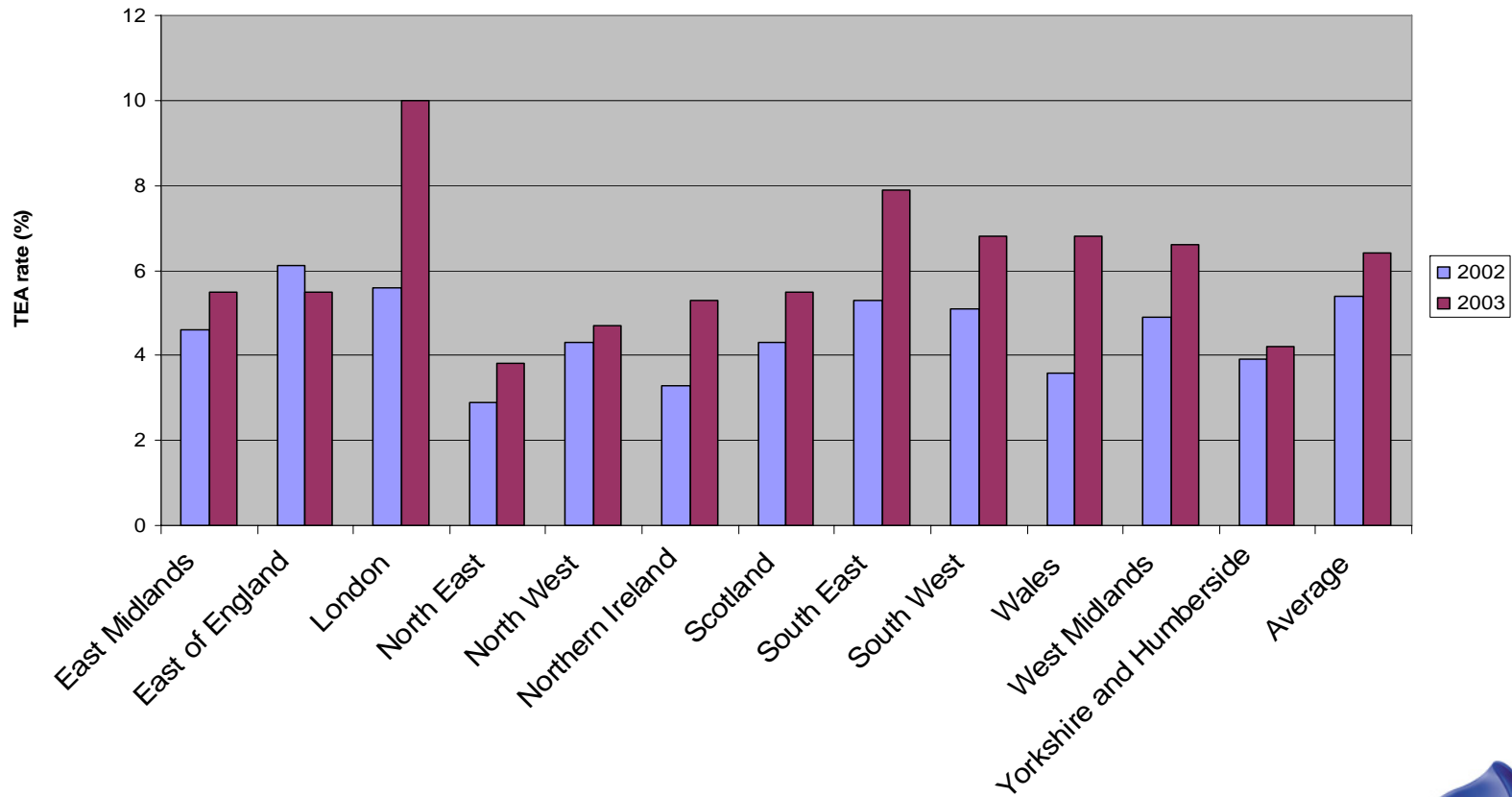


UK 2003 Headlines

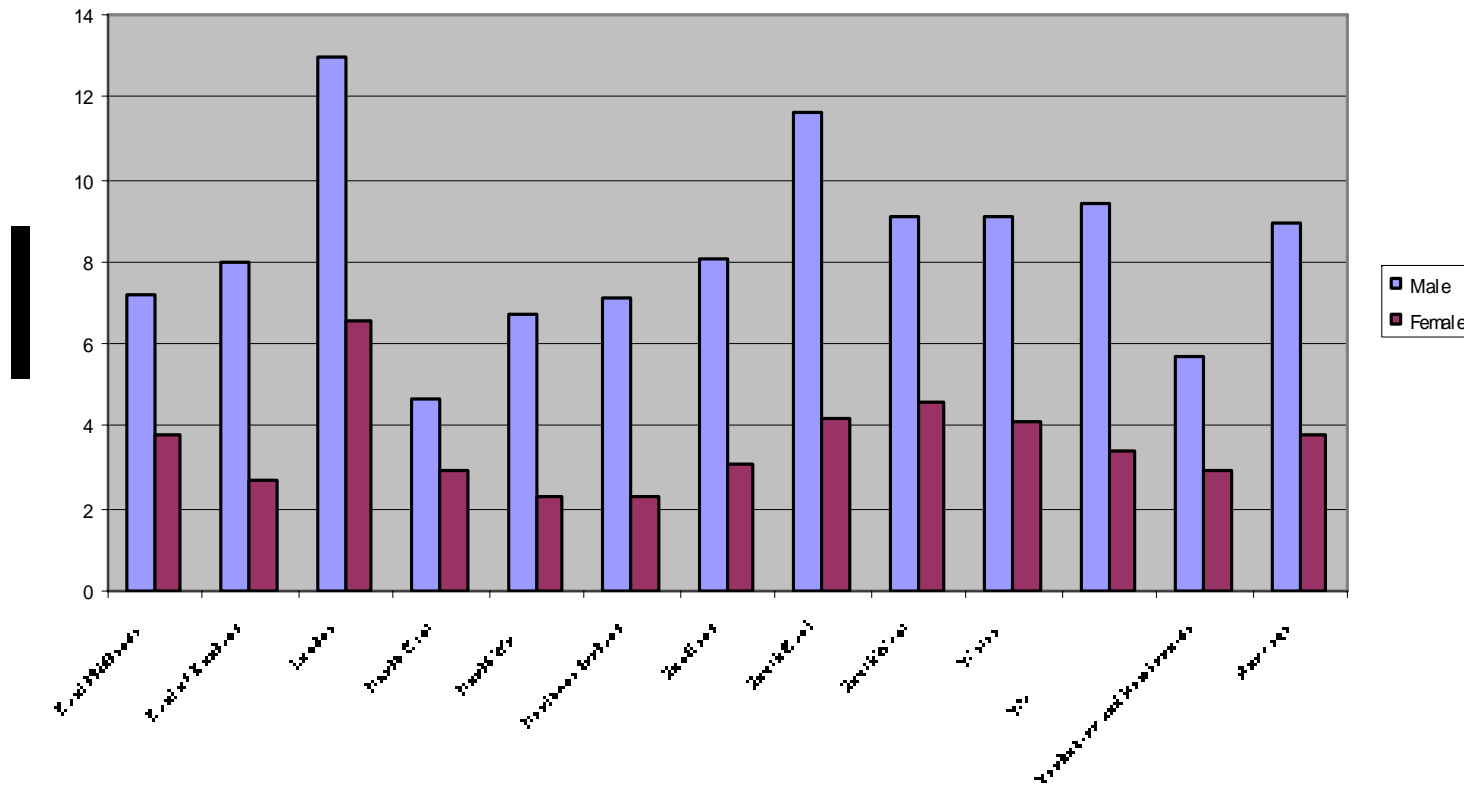
- Total entrepreneurial activity has risen from 5.4% to 6.4%.
- Male entrepreneurship rose to 8.9% while female entrepreneurship rose to 3.8%
- Informal investment activity has fallen slightly from 1.7% of the adult population to 1.6%.
- Entrepreneurs are getting younger (25-34) but the number of graduate entrepreneurs fell.
- TEA amongst the student population is just 0.9%



Regional differences in TEA



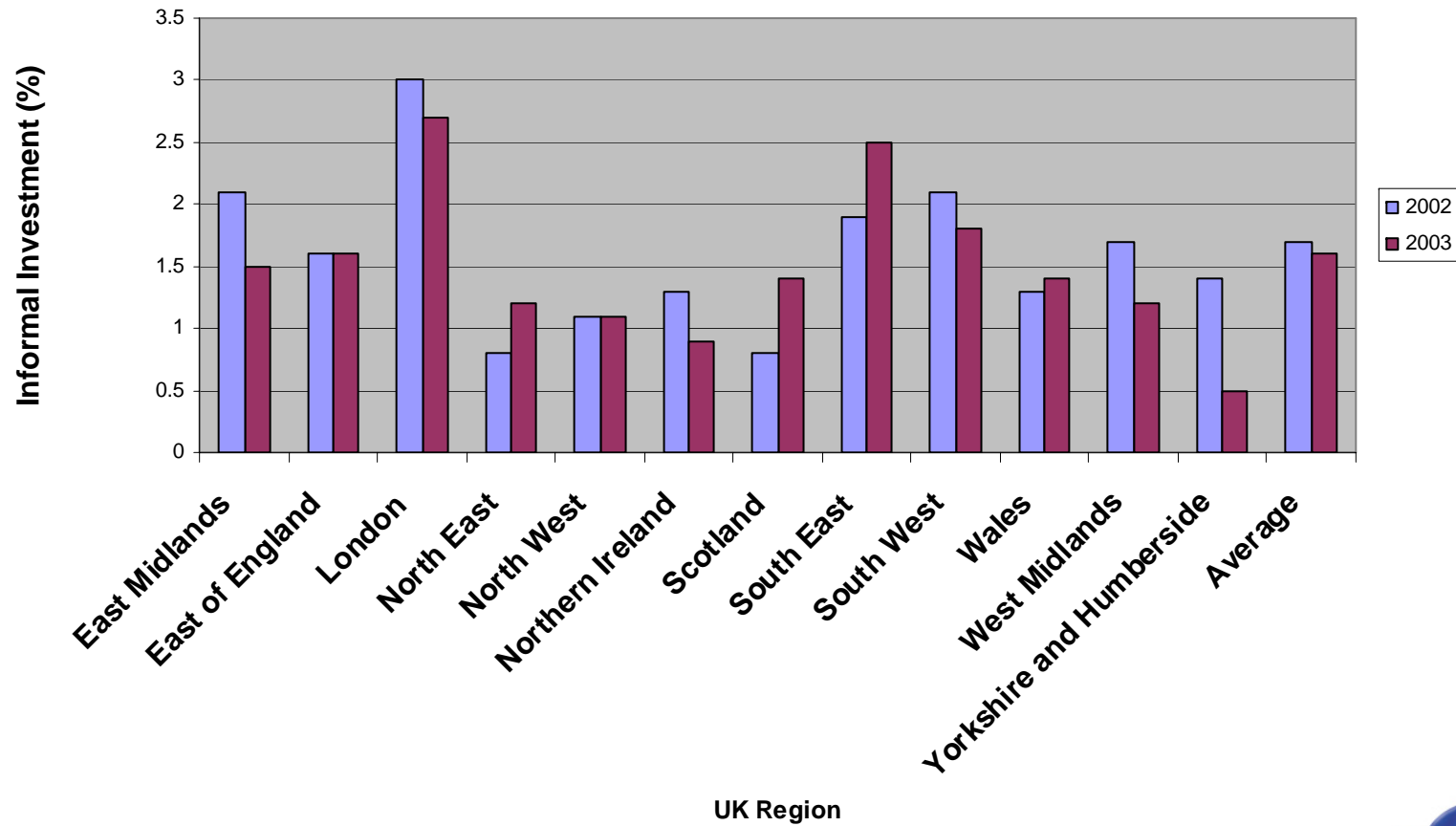
Male and Female Entrepreneurship



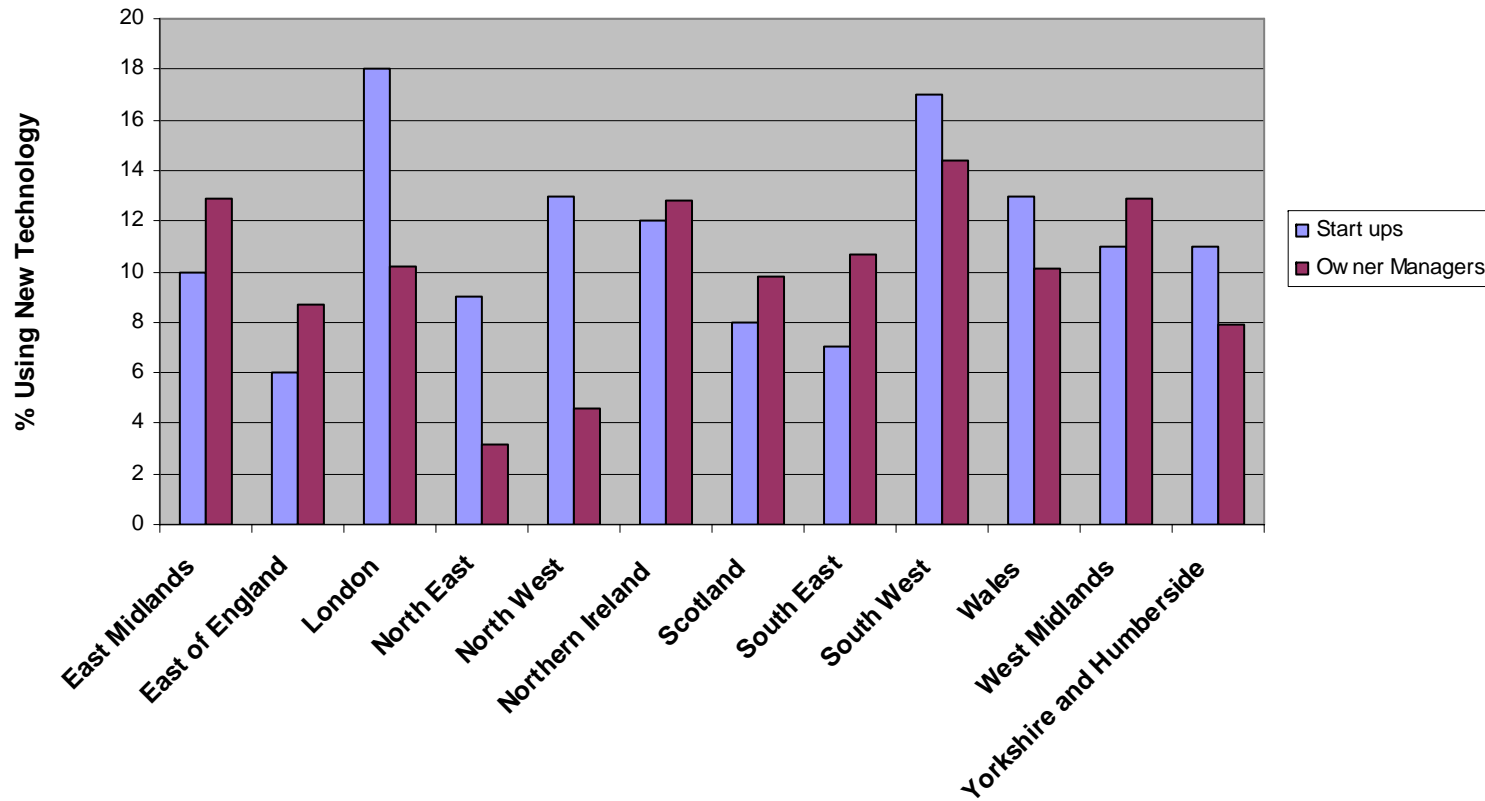
UK Region, 2003



Regional informal investment



Regional differences in technology



UK Region (2003)



Regional differences in networking

- The North East has the largest number of entrepreneurial businesses collaborating with universities (12.5%). London has the lowest (2.8%).
- The South East and the North West of England have the largest number of businesses doing R&D in house (61.9% and 55.6%).
- Collaboration with other businesses in R&D is highest in the West Midlands (28.4%) and lowest in the North West (5.6%).
- “Bought in” R&D from other companies is highest in Yorkshire (35%) and lowest in the East of England.



Other points

- Job creation does not differ significantly between regions.
- London has the greatest number of export-oriented entrepreneurial businesses (49% start-ups and 26% owner-managers).
- The South East remains the regions where respondents are most positive across the board about entrepreneurship.

But do regions matter?

- Holding everything else constant and looking at start-ups:
 - Small but insignificant positive effect in London
 - Small but significant negative effect in the East Midlands
- Justifies a focus on other characteristics within regions

Some key results

- There are strong gender effects in some regions.
- There are strong negative age effects amongst older workers in London, SE and Northern Ireland.
- Formal education has little effect anywhere except the South East (and there, for lower level qualifications)
- Part time employment has strong positive effects in the SW, SE, West Midlands, and Northern Ireland
- Ethnicity has positive effect



Cultural factors: perception and confidence

- Attitudes and experiences are important. Strong, positive effects for most regions in:
 - Being an owner-manager of an existing business (serial entrepreneurs).
 - Having shut down a business (churn)
 - Knowing an entrepreneur (networks and culture)
 - Feeling that you have the skills (perceptions)
- Fear of failure has strong negative effects – the largest of which is in London!



Concluding remarks

- At a descriptive, univariate, level, there are some interesting, and significant, differences between regions.
- These largely drop out at a multivariate level.
- But above all it appears that experience, attitudes and culture are more important in influencing the decision to start a business than intrinsic regional differences.
- Policy conclusions – changing culture matters!



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The
Cambridge-MIT
Institute

Professor David Storey

University of Warwick

“The link between firm births and job creation in Great Britain, 1980 – 98: Is there a Upas Tree Effect”

Please click [here](#) for slides