
Youth Entrepreneurship

FSB Wales
submission to the
Enterprise and
Business
Committee

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Youth Entrepreneurship in Wales The Federation of Small Businesses Wales

The Federation of Small Businesses Wales welcomes the opportunity to present its views to the National Assembly's Enterprise and Business Committee on youth entrepreneurship in Wales. FSB Wales is the authoritative voice of small businesses in Wales. With 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees; FSB Wales is in constant contact with small businesses at a grassroots level. It undertakes a monthly online survey of its members as well as an annual membership survey on a wide range of issues and concerns facing small business.

1. Context

Youth entrepreneurship is vitally important to the Welsh economy. The OECD's *Understanding Entrepreneurship: Developing Indicators for International Comparisons and Assessments* states that:

*"For many, the benefits of entrepreneurship are clear. Entrepreneurship is viewed as a critical activity to regenerate and sustain economic growth in strong economies and also as a means of boosting employment and productivity in depressed regions or in developing countries."*¹

FSB Wales is clear that youth entrepreneurship can provide benefits for the economic sustainability of Wales. Our recent research on this issue, entitled *FSB Wales: Youth Entrepreneurship* provides an insight into the challenges and successes to date.²

1.1. Is Wales entrepreneurial?

Despite the long-term decline in relative economic activity in Wales, there are positive signs that Wales can in the future be an entrepreneurial nation. Indeed, it is often forgotten that Wales would sit firmly in the 'innovation-driven economies' category according to the Global Entrepreneurship Monitor 2012 and is therefore already driven by entrepreneurial activity.³ Comparisons in terms of total early-stage entrepreneurial activity (TEA) are often made between Wales and the UK which show Wales performing favourably in recent years. However, there is often value in comparing Wales with other industrialised competitors. On this basis, countries such as Austria, Netherlands, Singapore and the United States all have higher levels of TEA that merit consideration.⁴

At present, Wales' TEA rate of 8.1 per cent is favourable and ahead of many other smaller European countries such as Norway, Ireland and Sweden.⁵ This suggests that people in Wales view entrepreneurship as a viable option and the attitudes needed to increase business start-up rates are

¹OECD. 2006. *Understanding Entrepreneurship: Developing Indicators for International Comparisons and Assessments* [Online]. Available at:

[http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=STD/CSTAT\(2006\)9](http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=STD/CSTAT(2006)9) (accessed 16th May 2013).

² FSB Wales 2013. *Youth Entrepreneurship*.

³ Xavier, S R; Kelley, D; Kew, J; Herrington, M; and Vordervulbecke, A. 2012. *Global Entrepreneurship Monitor: 2012 Global Report* [Online]. Available at: <http://www.gemconsortium.org/docs/2645/gem-2012-global-report> (accessed 16th May 2013).

⁴ *Ibid.* P.6

⁵ Levie, J; and Hart, M. 2011. *GEM UK: Wales Report 2011* [Online]. Available at: <http://wales.gov.uk/docs/det/publications/121109gemen.pdf> (accessed 16th May 2013). P.1.



already in place. However, it is interesting to note that necessity-driven TEA still forms a significant portion of attitudes in Wales (roughly 20 per cent). It is encouraging to see opportunity-driven TEA rising significantly according to the 2012 statistics for Wales.

Given the improvement in TEA figures for Wales, It is clear that Wales has the potential to be an entrepreneurial nation and should seek to consolidate and develop entrepreneurial attitudes within Welsh society.

1.2. Is this reflected in economic statistics?

Contrasting the statistics above about attitudes to entrepreneurialism with the statistics on **business start-ups and the stock of business per capita** in Wales against UK average, the evidence that Wales is entrepreneurial is far less convincing.

Given the positive changes in attitudes towards entrepreneurship, it is concerning to note that the limited economic data available points to relatively poor outcomes. For instance, on the four key measures highlighted in Table 1 (which includes data collated from StatsWales) Wales is largely performing worse than its UK counterparts.⁶

Table 1

2011	Wales	UK	England	Scotland	Northern Ireland
Business start-up rates per 10,000 population	42	64	68	49	32
Business death rates per 10,000	43	56	59	41	43
Active enterprises per 10,000 population	456	573	594	454	496

StatsWales: 2011

Clearly, there is a mismatch between attitudes towards starting a business and practice on the ground. The most revealing statistic in Table 1 is active enterprises per 10,000 population. This suggests that while Welsh people are ahead of their UK counterparts in thinking about entrepreneurialism, they are actually significantly behind in terms of the proportion actually running a business. It is also important to note that with the exception of the North East of England, all English regions are outperforming Wales on this measure.

Therefore, much greater support is needed to translate the encouraging TEA rate in Wales into a higher number of business start-ups that can lead to higher proportion of active enterprises per 10,000 population. This is undoubtedly a challenge for the Department for Economy, Science and Transport in providing business support to encourage those who want to start-up a business to do so. The barriers to business success in Wales are numerous. In particular, access to finance in Wales

⁶ StatsWales. 2011. *Business Demography* [Online]. Available at: <https://statswales.wales.gov.uk/Catalogue/Business-Economy-and-Labour-Market/Businesses/Business-Demography> (accessed 16th May 2013).



is an issue with the recent SME Finance Monitor Annual Report suggesting that businesses in Wales were the least likely in the UK to secure a loan from their bank.⁷

FSB Wales would contend that the barriers that business owners and entrepreneurs face in Wales are exacerbated for young people. This is particularly true around access to finance which becomes incredibly difficult for a young person with limited capacity to attain secured loans.

1.3. GEM youth statistics

Building on the positive TEA statistics for 16-64 year olds, Wales has also seen significant improvements in the levels of TEA between the 18-24 and 25-34 age groups. TEA for the 18-24 year old age group is currently around 10 per cent with the 25-34 year old age group having close to 11 per cent.⁸ This trend sets Wales apart from its UK competitors and suggests significant progress has been made by the Youth Entrepreneurship Strategy (YES) in encouraging young people in Wales to consider entrepreneurship as an alternative to paid employment.

Reflecting on this, evidence gathered by FSB Wales on youth entrepreneurship suggests that attitudes are most positive in younger students and slowly become less positive as the students age.⁹ It is therefore vital that efforts continue to maintain interest in entrepreneurship through a young person's career development at all levels. Most of the students interviewed had received some form of enterprise education and had found the experience enjoyable. This suggests that work done around the engaging and empowering sections of the Strategy are continuing to bear fruit.

Another issue peculiar to Wales is the difference between graduate and non-graduate TEA with Wales experiencing the highest level of non-graduate TEA (around 8 per cent). Given the metrics used in YES frequently refer to graduate entrepreneurship; FSB Wales believes there is a need for greater consideration of non-graduate youth entrepreneurship in Wales. This is partly reflected in attitudes amongst students interviewed for our research where entrepreneurs were often associated with celebrities such as Lord Alan Sugar or Richard Branson.

FSB Wales believes more needs to be done to reinforce the role of 'real-life entrepreneurs'. For example, many young people will know of or be related to individuals that have started their own business but do not necessarily see them as entrepreneurs. This has particular relevance for non-graduate TEA and the Welsh Government should consider actions to support entrepreneurship from individuals of a wider educational background, for example those with apprenticeships.

⁷ Davies, S. 2013. *SME Finance Monitor: Q4 The year in review* [Online]. Available online: <http://www.sme-finance-monitor.co.uk/> (accessed 16th May 2013).

⁸ Levie, J; and Hart, M. 2011. *GEM UK: Wales Report 2011* [Online]. Available at: <http://wales.gov.uk/docs/det/publications/121109gemen.pdf> (accessed 16th May 2013). P.9.

⁹ FSB Wales 2013. *Youth Entrepreneurship*.

Levie, J; and Hart, M. 2011. *GEM UK: Wales Report 2011* [Online]. Available at: <http://wales.gov.uk/docs/det/publications/121109gemen.pdf> (accessed 16th May 2013). P.11.



2. Youth Entrepreneurship Strategy

The YES Action Plan is one of the few areas of Welsh Government policy relating to business and enterprise that includes targets and an annual reporting mechanism. FSB Wales welcomes this approach and would urge the Welsh Government to deliver a step change in transparency in other schemes, such as the Economic Renewal Programme so that civic society can play its role in scrutinising the success of the Welsh Government's policies.

Unfortunately, the YES Action Plan Annual Report 2011-12 complicates rather than clarifies attempts to assess the progress of the Youth Entrepreneurship Strategy. This is a result of the way actions and progress has been reported upon.¹⁰ The 2010-11 Annual Report simply outlined progress to date. However, the 'Engaging' and 'Empowering' sections of the 2011-12 report state progress for the period September 2010 and August 2012, while the 'Equipping' section gives progress for the period September 2011 to August 2012. There is the possibility that this could be a 'typo' but this does not make for easy analysis of progress.

There are inconsistencies in the statistics presented that cannot be explained by typographical error. For instance, the 'Output' section of the 2010-11 Annual Report states that 40,073 sessions on Big Ideas sites have been held (against a target of 50,000) for the five year life of the Strategy. However, the corresponding section in the 2011-12 Annual Report states that only 26,611 sessions on Big Ideas sites were held for the period September 2010 to August 2012.

2.1. Engaging

The progress presented against the actions does not provide enough insight into the impact and actual effect of the interventions. Champions of entrepreneurship might be in place in all FE and HE institutions across Wales (Action 2) but this does not tell us anything about how effective they are.

Again, the information given in the annual reports is not clear. The reference to 'Work Based Learning Provider resource packs' under 'Action 2' in the 2011-12 report is identical to that in the 2010-11 report. The progress reports should state the year in which the action took place. There is a similar problem with the reference to entrepreneurial shadowing in 'Action 3'. It is unclear if the pilot programme involving 10 students from Cardiff Metropolitan mentioned in the 2011-12 report is merely that referred to in the 2011-10 report or involved another 10 students.

Where Output targets have been set, they should be revised on the basis of progress to date. For instance, if 40,073 sessions on the Big Ideas site were delivered between September 2010 and August 2011, this target should be increased (see above for problems with these figures as reported

¹⁰ Welsh Government. 2010. *Youth Entrepreneurship Strategy: An Action Plan for Wales 2010-15* [Online]. Available at: <http://wales.gov.uk/docs/det/publications/101115yesen.pdf> (accessed 16th May 2013); Welsh Government. 2011. *Youth Entrepreneurship Strategy Action Plan Annual Report 2010-11* [Online]. Available at: [http://ms.fs4b.wales.gov.uk/pdf/YES%20Strategy%20Action%20Plan%20Annual%20Report%202010-2011%20\(Eng\).pdf](http://ms.fs4b.wales.gov.uk/pdf/YES%20Strategy%20Action%20Plan%20Annual%20Report%202010-2011%20(Eng).pdf) (accessed 16 May 2013); Welsh Government. 2012. *Youth Entrepreneurship Strategy Action Plan Annual Report 2011-12* [Online]. Available at: <http://ms.fs4b.wales.gov.uk/pdf/Youth%20Entrepreneurship%20Report%20YES%20Strategy%20Action%20Plan%20Annual%20Report%202011-12%20English.pdf> (accessed 16 May 2013).



in the 2011-12 report). Likewise, where all key milestones have already been achieved, new milestones should be set.

In terms of impact by 2015, the 2010-11 Annual Report category measuring young people aware of self employment as a career option stated that there was a 17.4% increase. The figure given in the 2011-12 report notes a 14% increase but makes no reference to the previous year's figure. This is contrasted with the number of young people considering being their own boss where figures for 2011 and 2012 are given. This adds to a picture of confusing and inconsistent information.

There is a need for better measurements that focus more on the impact of the work undertaken on youth entrepreneurship rather than simple numbers of activities and participants. Although this might be harder to ascertain, it would be of greater value. Over the course of the five years of the strategy, it might have been possible to track the changing views and attitudes of young people. Indicators such as number of partner organisations registered on Big Ideas tell us nothing about their level of activity or engagement with the campaign. These indicators are easy to measure but not necessarily of great use in determining whether entrepreneurship has been embedded.

More broadly, there is no reference in the 'Engaging' section of the Strategy to Young Enterprise Wales (although this is mentioned in the 'Empowering' section). There is a need for related schemes and initiatives to be more 'joined up' and coherent. At present, much relies on the goodwill and drive of specific individuals.

2.2. Empowering

Similar issues are found in the 'Empowering' section of the Annual Reports. For example, as 44,221 young people have already been involved in experiential learning activities in FE and HE against a target of 50,000, the target should be increased. While on-line guidance is being produced for schools and colleges, it does not follow that this will actually be used. Actual use of the guidance should be monitored and schools and colleges asked about the extent to which it is useful and meets their needs in encouraging young entrepreneurs.

FSB Wales has been invited to join the Programme Board to assess progress on HEFCW, Higher Education Wales, CBI Wales and NUS Wales' Agreement on Skills and Employability to help represent the views of SMEs. It is hoped that in developing our involvement with this grouping entrepreneurship can be embedded as a key component of employability.

2.3. Equipping

The area of YES that has the most cause for concern is the 'Equipping' section aimed at supporting young people to create and grow businesses. Recent qualitative research carried out on behalf of FSB Wales on the subject of Youth Entrepreneurship suggests that as young people grow up, they become less keen to start their own business.¹¹ Some of the year 10 and year 13 students who took part in the research noted that they would not know where to start in setting up their own business.¹²

¹¹ FSB Wales 2013. *Youth Entrepreneurship*. P.8-9.

¹² FSB Wales 2013. *Youth Entrepreneurship*. P.13.



Although they had been involved in some enterprise education activities this did not give them a real sense of how they could start a 'proper' business. They noted that their lack of knowledge of how to apply the process of starting a business in a real-life situation would deter them from considering entrepreneurship as a realistic future career option. This is something that should be addressed by Welsh Government by ensuring that entrepreneurship education contains more 'real life' elements in addition to awareness-raising and entrepreneurship skills.

The same problems identified with targets and reporting highlighted above are present. As noted previously, the table of statistics in the 2011-12 Annual Report states that it covers the period September 2011-August 2012 in contrast to the Engaging and Empowering sections of the *same* Annual Report that cover progress from September 2010 to August 2012. Again, where targets have been exceeded or nearly achieved to date, more stretching targets need to be set. For instance, the 2010-2011 Annual Report states that 2002 graduates received start up support against a 5 year target of 1500. The target had been significantly exceeded in the first year of the strategy and so should be revised upward. Similarly, 154 mentoring opportunities were provided for young people between September 2011 and August 2012 against a five year target of 150. This again needs to be revised upwards.

The criteria that are being measured also need development. While noting the number of graduates or young people receiving start up support is of some use, what is of greater interest is the impact that the support had and whether those involved found the support useful. Although graduates are a source of high potential start ups, FSB Wales recognises that any young person can have a good business idea and question why only the profile of graduate start up companies surviving three years as a percentage of UK population is measured when information about non-graduates would also be useful. The two 'Key Milestones' in the 'Equipping' section have also been achieved so there is a need to develop further milestones.

Some worrying downward trends can be detected in Action 7 'Preparing young people to take the next steps towards starting a business' between the reports from 2010-11 and 2011-12. In 2010-11 GO Wales offered 1323 young students and graduates the chance to gain paid, project-based work experience of training in SMEs in Wales. In 2011-12, this dropped 958. The terminology refers only to offers rather than accepted or completed placements and it would be interesting to know these other figures. In 2010-11, the GO Wales Freelancer Academy supported 78 young graduates but only 22 in 2011-12. However, it is good to see the number of young people taking part in the Taste of Enterprise Programme in the Heads of the Valleys and Mon Menai rise from 74 in 2010-11 to 105 in 2011-12.

In some cases, progress against individual actions in the 2011-12 report simply repeats that from the 2010-11 report without making this clear or attempting to provide further detail. For example, with regard to tailored start up support available to graduates and the operation of Knowledge Transfer Centres listed under Action 9, the 2011-12 report adds nothing new. While support may be available, what is of greater interest is whether it is working well and if it is appropriate to the needs of those seeking such support or knowledge transfer.

3. What could change?

3.1. Targets

While it is encouraging to see the Welsh Government create a regular reporting mechanism for the Youth Entrepreneurship Strategy, there are a number of concerns about the relevancy of the data chosen and the manner in which it is presented. As previously mentioned, there appears to be a number of flaws in the presentation of the annual report as to whether a target is cumulative or annual with often conflicting data. This leads to poor opportunities to scrutinise progress.

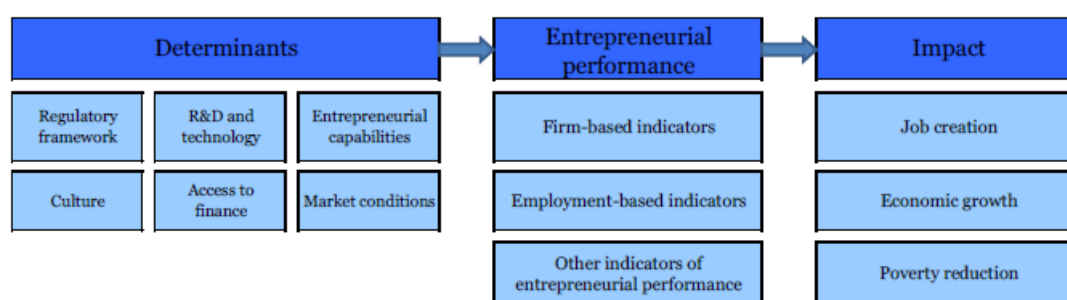
There is also a focus on outputs rather than outcomes. Therefore, targets such as ‘number of young people attending Big Ideas events’ or ‘partner organisations registered on Big Ideas’ provide no insight into the economic impact of youth entrepreneurship and fail to set targets that can lead to desired outcomes. This should be rectified and the targets should be revised to reflect the wider impact of youth entrepreneurship on the Welsh economy. This lack of relevant data and targets is true of entrepreneurship in general. For instance, FSB Wales is particularly concerned to read that the Programme for Government contains no measure of business start-up, death and survival rates (key measures of economic vitality as highlighted above).¹³

3.2. Alternatives to consider

In proposing an alternative, the Enterprise and Business Committee should consider the work carried out by the OECD and Eurostat into entrepreneurship: the *Entrepreneurship Indicator Programme (EIP)*.¹⁴ This model has sought to create a working matrix of statistics that can be used to chart performance amongst countries in the OECD. The focus is wider than pure entrepreneurial statistics and seeks to assess the economic and social impact of increasing (or decreasing) entrepreneurship.

The EIP sets out its measurement of success via the following flowchart:

Figure 1. Topic categories for entrepreneurship indicators



While stressing that causality is not always linear, the EIP separated measurements of progress in three brackets. The first, *Determinants*, seek to measure the impact of wider government policies on entrepreneurship. It is at this level that government intervention can lead to improved outcomes. Of

¹³ Welsh Government. 2011. *Programme for Government* [Online]. Available at: <http://wales.gov.uk/docs/strategies/110929fullen.pdf> (accessed 16th May 2013).

¹⁴ OECD-Eurostat Entrepreneurship Indicators Programme. 2009. *Measuring Entrepreneurship: A collection of indicators* [Online]. Available at: <http://www.oecd.org/industry/business-stats/44068449.pdf> (accessed 16th May 2013). P.7



the six areas highlighted, the Welsh Government has the capacity within the devolution settlement (and even more so within the context of part 1 of the Silk Commission) to address all of them. For the benefit of the Committee, a list of suggested OECD indicators has been included in the annex.

The second bracket, *Entrepreneurial Performance*, relates to measures of business start-up, survival and death rates as well as wider measures of business performance. This is where the impact of the barriers outlined in the determinants sector are measured and provides a picture of entry and exit of firms to the market. The OECD research suggests that there are benefits associated with the process of business churn for efficiency and productivity that warrant further investigation.¹⁵ Many of these figures already exist via StatsWales but as stated previously they do not form a part of the Programme for Government's reporting mechanism.¹⁶

The final bracket of the report is titled *Impact* and seeks to measure the socio-economic effect of changes. This examines the turnover, profit and levels of employment created as a result of the measures taken by government to increase levels of entrepreneurship. Information of this sort is sorely lacking at the moment in Wales and YES is no exception. While progress has clearly been made on some of the barriers to entrepreneurship, unfortunately we are unable to assess the impact of this on the wider economy at present.

3.3. International practice

As highlighted in our earlier analysis of YES, it would seem that the first two of the three pillars of YES have started to address the culture and entrepreneurial capabilities determinants of students in Wales. Clearly there has been some success in this area, but if the wider benefits of entrepreneurship are to be secured then a much deeper analysis needs to be made. Measures to improve youth entrepreneurship should fit as a major contributory factor to a wider analysis of entrepreneurship.

The other four aspects highlighted as a determinant of entrepreneurialism in Figure 1 are not well measured or addressed. In particular, finance is a concern for many entrepreneurs and is likely to be exacerbated for younger entrepreneurs.

The Welsh Government's current offer in terms of financial assistance for start-ups for young people is delivered via two funding streams.¹⁷ The first is the Graduate Start-up Bursary which has delivered 104 bursaries in 2011-12 according to most recent figures. The maximum allowed under this scheme is £6,000 which equates to a maximum annual spend of £624,000. For 2010-11, the number of bursaries awarded was 63 equating to a maximum annual spend of £378,000. The Welsh Government also created a self-employment element to Jobs Growth Wales during 2011-12 that provided 17 bursaries up to August 2012, equating to £102,000. This means for 2011-12 a total of £726,000 was provided in financial support to young people for business start-ups in Wales.

¹⁵ OECD. 2006. *Understanding Entrepreneurship: Developing Indicators for International Comparisons and Assessments* [Online]. Available at: [http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=STD/CSTAT\(2006\)9](http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=STD/CSTAT(2006)9) (accessed 16th May 2013). P.8.

¹⁶ StatsWales. 2011. *Business Demography* [Online]. Available at: <https://statswales.wales.gov.uk/Catalogue/Business-Economy-and-Labour-Market/Businesses/Business-Demography> (accessed 16th May 2013).

¹⁷ Welsh Government. 2012. *Youth Entrepreneurship Strategy (YES) Action Plan Annual Report 2011-12*. P.10.



The UK Government, by comparison, has taken a high profile approach to this problem in providing a loan scheme for young entrepreneurs. Loans are typically around £4,500 and progress to March 2013 suggests 2,000 loans have been delivered.¹⁸ In terms of annual funding, £15.5m has been provided for the first year pilot phase. This will then rise to £42m for 2013-14 and finally £60m for 2014-15. The total fund value is £117.5m over three years. A population share in Wales would equate to roughly £2m per year suggesting a larger per capita commitment.

Whilst increased levels of funding for youth entrepreneurship would be desirable, FSB Wales would prefer to see more rigorous analysis and reporting of outcomes in place before any commitment could be made, to ensure value for money. This is particularly relevant given the recent announcement of an additional £4.4m for Youth Entrepreneurship Services by the Minister for Economy, Transport and Science.¹⁹ FSB Wales is concerned that there is a lack of clarity as to what this money will be used for, what strategic objective it is seeking to resolve and how the impact of the additional funding is going to be assessed. Our evidence suggests that much of the ground this is designed to cover has already been dealt with by the Department for Education and Skills and the TEA figures reflect this. The Department for Economy, Transport and Science should focus on equipping young people with the business support and finance they need to start their own business.

Another innovative example of how to cement the link between education and entrepreneurship is the Government of Ontario's Summer Company scheme, whereby students are given up to \$3,000 to set up their own company during the summer.²⁰ Building on this, the Government of Ontario recently announced a \$45m Youth Entrepreneurship Fund to provide seed funding to potential entrepreneurs.²¹ The Canadian Government also partners with financial institutions such as the Development Bank of Canada and the CIBC to provide loan products to young entrepreneurs via the Canadian Youth Business Foundation.²²

This example shows that there are innovative ways to bridge the gap between positive educational outcomes on entrepreneurship and economic outcomes.

¹⁸ GOV.UK. 2013. *Start-up Loans exceed expectations as 2,000 young entrepreneurs get their business dreams backed* [Online]. Available at: <https://www.gov.uk/government/news/start-up-loans-exceed-expectations-as-2-000-young-entrepreneurs-get-their-business-dreams-backed> (accessed 16th May 2013).

¹⁹ Welsh Government. 2013. *Welsh Government Launches New £4.4m Youth Entrepreneurship Services* [Online]. Available at: <http://wales.gov.uk/newsroom/businessandconomy/2013/7134924/?lang=en> (accessed 16th May 2013).

²⁰ Ontario Government. 2013. *New Ontario Government Plans to Tackle Youth Unemployment* [Online]. Available at: <http://news.ontario.ca/opo/en/2013/04/jobs-and-opportunity-for-youth.html> (accessed 16th May 2013).

²¹ Ontario Ministry of Finance. 2013. *Youth Job Creation* [Online]. Available at: <http://www.fin.gov.on.ca/en/budget/ontariobudgets/2013/bk5.html> (accessed 16th May 2013).

²² Canadian Youth Business Foundation. 2013. *Helping young entrepreneurs start and run successful businesses* [Online]. Available at: http://www.cybf.ca/cybf_programs/start-up/financing/ (accessed 16th May 2013).



Conclusion

The Youth Entrepreneurship Strategy has undoubtedly had a positive impact on Wales in terms of attitudes towards entrepreneurship. However, attitudes alone are not enough to encourage entrepreneurship in practice. By learning from international best practice and seeking to build appropriate means of measuring progress, the Welsh Government could translate the progress made on youth entrepreneurship in Wales into hard outcomes and a more prosperous business base. In the context of growing youth unemployment, youth entrepreneurship and the opportunities it creates are becoming ever more important.



Annex

An OECD system of entrepreneurship indicators would contain only a subset of this total list. In many cases, quantifiable indicators don't yet exist for the items listed and it would be difficult to establish measures that meet the OECD quality criteria. At the same time, the list is not comprehensive; deliberations with country representatives will generate other suggested indicators. Furthermore, the system of indicators will evolve and improve as analysts and researchers work with international data and develop a better understanding of the entrepreneurial process.

I Entrepreneurship Performance Indicators - These indicators measure how a country is performing in terms of entrepreneurship. They pertain to the amount or rate of entrepreneurship and measure the outcome of the entrepreneurship process

- Rate of new firm start-ups (e.g. new firms/population of active existing firms)
- Rates of individual entrepreneurial activity (new entrepreneurs/population)
- Business churn (rates of the total dynamic of entry and exit)
- Rate of self-employment (self employment/labour force)
- Business ownership rate (Number and/or rate of employer business owners)
- Measures of business volume (turnover) of new firms, self-employment, owner firms
- Survival rate for new businesses
- Rate of high-growth (and/or innovative) firms
- Measures of reactivations, revivals and/or resurrections
- Number of SMEs and importance of SMEs in total economy
- Share of employment in SMEs
- Distribution of firms by age (proportion of young firms)
- Measures of non-market or social entrepreneurship

II Entrepreneurship impact Indicators. These indicators measure the impact or outcome of entrepreneurship

- Employment creation by SMEs or start-ups
- Turnover of young or new or high-growth firms
- Level of exports by young/new firms
- Contribution of firms to productivity growth by size, age, etc.

III Determinants of entrepreneurship. These are the indicators that measure various aspects of the conditions and qualities that stimulate, support or perhaps deter entrepreneurship. Understanding these conditions is key to ensuring that a country's policies are conducive to the kind of entrepreneurship, and the resulting impacts of entrepreneurship, that are sought.



(i) Factors relating to entrepreneurship opportunities

Entry Barriers

- Barriers to competition
- Degree of Public ownership
- Degree of Public involvement in business operations

Technology infrastructure and support

- University/industry research collaboration
- Technological cooperation
- Measures of technology transfer data
- Broadband access
- Patent system
- R&D data

Access to Foreign Markets

- Export propensity of new and/or small firms
- Comparative measures of export credits and insurance

(ii) Factors Relating to Access to Capital

- Measures of access to debt financing
- Costs of debt financing by firm size and age
- Comparative indicators of wealth and bequest taxes
- Existence and nature of business angel financing
- Size and performance of Venture Capital markets
- Capital Taxes
- Stock Markets

(iii) Factors Relating to Entrepreneurs and the Supply of Entrepreneurial Ability

- Socio-demographic characteristics of entrepreneurs
- Education and experience of entrepreneurs
- Availability and quality of business and entrepreneurship education
- Restart Possibilities
- Availability and quality of public and private entrepreneurship support infrastructure

(iv) Factors Relating to the Entrepreneurship Environment (Incentives)

- Personal income tax
- Business tax and fiscal incentives
- Characteristics of new firms (coupled with measures of growth or success)
- Social security incentives and/or deterrents
- Administrative burdens
- Product market regulations



- Compliance burden: regulatory burden,
- Labour market regulations
- Bankruptcy protection and restart possibilities
- Protection of investors and business interactions
- Barriers to exit of firms

(v) Factors Relating to the Entrepreneurship Climate and Culture

- Attitudes towards entrepreneurs, business owners, risk
- Desire for business ownership or self employment

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The Federation of Small Businesses

The FSB is non-profit making and non-party political. The Federation of Small Businesses is the UK's **largest campaigning pressure group** promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has **200,000 members across 33 regions and 194 branches**.

Lobbying

Our lobbying arm - led by the Westminster Press and Parliamentary office - applies pressure on MPs, Government and Whitehall and puts the FSB viewpoint over to the media. The FSB also has Press and Parliamentary Offices in Glasgow, Cardiff and Belfast to lobby the devolved assemblies. Development Managers work alongside members in our regions to further FSB influence at a regional level.

Member Benefits

In addition, Member Services is committed to delivering a wide range of high quality, good value business services to members of the FSB. These services will be subject to continuing review and will represent a positive enhancement to the benefit of membership of the Leading Business Organisation in the UK.

Vision

A community that recognises, values and adequately rewards the endeavours of those who are self employed and small business owners within the UK

The Federation of Small Businesses is the trading name of the National Federation of Self Employed and Small Businesses Limited. Our registered office is Sir Frank Whittle Way, Blackpool Business Park, Blackpool, Lancashire, FY4 2FE. Our company number is 1263540 and our Data Protection Act registration number is Z7356876. We are a non-profit making organisation and we have registered with the Information Commissioner on a voluntary basis.

Associate Companies

We have two associated companies, FSB (Member Services) Limited (company number 02875304 and Data Protection Act registration number Z7356601) and NFSE Sales Limited (company number 01222258 and Data Protection Act registration number Z7315310).