Glossary

Doers are those who are self-employed or own a business (fully or partly), either as their main activity or as a sideline to their normal employment activities.

Thinkers are those who are not currently Doers, but have recently thought about starting a business, buying into an existing business or becoming self-employed.

Avoiders are those who are neither Doers nor Thinkers.
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1 Introduction

Background

1.1 The Small Business Service (SBS) is an agency of the Department of Trade and Industry (DTI). It has a clear vision – for the UK to be the best place in the world to start and grow a business. It works with the rest of the government to deliver its vision:

- To champion a culture that prizes and fosters enterprise, and helps businesses start and develop as their capabilities grow

- To make sure that government support services (including access to finance) are accessible, relevant and of high quality

- To make special efforts to release the enterprise of ethnic minority groups, women entrepreneurs and others who have such potential to contribute to UK business

1.2 Being enterprising and starting businesses is vital for the success of the UK economy. It provides a source of new ideas and competition leading to business ‘churn’, which contributes to enhanced productivity and sustained economic performance. The establishment and growth of new small businesses increases competition and innovation, creates employment, opportunities, and revitalises communities. This is vital to closing productivity gaps with international comparators and between UK regions.

1.3 SBS has 'building an enterprise culture' as one of its key strategic themes; it forms part of the Government's Action Plan for Small Business. Enterprise policies contribute to the PSA enterprise targets of increasing the number of people thinking of starting a business and small firms productivity growth.
The environment for enterprise

1.4 The most entrepreneurial economies in the world are those that have the strongest enterprise culture, and although in terms of enterprise the UK is doing better than most of our European and G7 counterparts, we still need to develop our enterprise culture further to match the high levels of enterprise in the US and Canada\(^1\).

1.5 Several international studies continue to indicate that the UK has one of the best environments in the world for starting and growing a business:

- The UK is ranked as the least restrictive country in the index compiled by the OECD to illustrate barriers to entrepreneurship, which takes into account such factors as administrative burdens on start-up

- A recent World Bank study found that the UK ranks 6th out of 155 countries in terms of ease of doing business

1.6 Other statistics produced by the Small Business Service indicate a thriving small business sector:

- The UK has a record number of businesses - 4.3 million SMEs at the start of 2004 – nearly 600,000 more than seven years ago. Although unofficial estimates, such as those produced by Barclays Bank, indicate that start-up activity has slowed down in 2005, start-ups are still outnumbering closures

- Employment in small businesses has risen by over 900,000 since 1997

---

\(^1\) Source = Global Entrepreneurship Monitor
What is the Government doing to encourage entrepreneurs in the UK?

1.7 The Government is committed to encouraging enterprise and creating a more "can do" enterprising society, because there remain differences in the strength of enterprise culture between the UK and North America; between the best and worst performing regions; and between different groups of people.

1.8 Key to building an enterprise culture is increasing the number of young people involved in enterprise activities; increasing the proportion of adults considering going into business, particularly amongst under-represented groups and in disadvantaged areas.

1.9 SBS supports a range of people and place-based programmes to stimulate enterprise. Examples of programmes and activities include:

- Enterprise Insight, funded by SBS, runs a national campaign to promote the spirit of enterprise to young people and those who influence them. This spirit of enterprise encompasses business start-ups, social enterprise and enterprising behaviour as employees. Launched in June 2004, the 'Make Your Mark' campaign works to inspire young people to make their ideas happen, to inform them with next step information, to connect young people to networks that support and encourage ideas, and to influence policy and practice.

- Enterprise Week is a UK wide event over a week in November, co-ordinated by Enterprise Insight. It is aimed at young people to raise awareness and enable them to get started on an enterprise journey. The week is themed to engage diverse audiences and includes, for example, a women’s enterprise day as well as a social enterprise day. The 2005 Enterprise Week involved 2,215 events run by 722 organisations and attracted 408,000 participants. One of the biggest events was the 'Make Your Mark Challenge'; over 11,000 young people in 1,500 teams all over Britain took part in the UK’s largest ever live, simultaneous enterprise competition.
DFES is providing £60 million a year to support a new focus on enterprise education for all Key Stage 4 (14-16 year old) pupils. This funding provides for the equivalent of five days’ enterprise activity (such as running a real or realistic business) and builds on existing work-related activities like work experience.

Through the Northern Way pilot, RDAs are extending enterprise education to younger (key stage 3) pupils.

Following National Employer Panel recommendations, two pilot Centres of Vocational Excellence for Entrepreneurship are to be established by DFES and the Learning & Skills Council.

SBS and DFES jointly fund the NCGE (National Council for Graduate Entrepreneurship), who work with RDAs to run ‘Flying Start’ events to promote entrepreneurship and business start-up to graduates and students.

The Office of Science and Technology (via the Higher Education Innovation Fund) is encouraging entrepreneurship as a mechanism for knowledge transfer from universities to the wider economy, and this work has included the setting-up of Science Enterprise Centres.

The Enterprising Britain competition runs across all regions to find the most enterprising place (city, town, village or other place) in each region, and then to find a national winner (2005 national winner: Sherwood Energy Village in Nottinghamshire). This was recently extended to a Europe-wide competition by the European Commission’s launch of the European Enterprise Awards to be run for the first time in 2006.

The Chancellor has recently announced the establishment of Enterprise Summer Schools. A series of pathfinders will be run in 11 regions by Young Enterprise, funded by DFES, to explore different delivery models, with a view to a national roll out in 2007.
SBS Household Survey - Aims and objectives

1.10 One way in which SBS measures its progress towards the PSA enterprise targets is through the SBS Household Survey of Entrepreneurship, which was first conducted in 2001, and again in 2003 and 2005. The survey is conducted amongst a general household population in England\(^2\), as opposed to a business population, as many entrepreneurs (and would-be entrepreneurs) are not listed in business directories. This report covers findings from the 2005 survey, and compares them with previous surveys in 2001 and 2003.

1.11 The main aims of the survey are to:

- Determine the proportion of the population already involved in entrepreneurial activity
- Determine the proportion of the population who intend to set up businesses or become self-employed in the future
- Ascertain the characteristics and attitudes of the current and would-be entrepreneurs
- Find out the main motivations that cause people to become entrepreneurs
- Examine barriers to entrepreneurship

1.12 This knowledge helps SBS measure progress towards its targets on building a more enterprising culture, and provides a strong evidence base to inform relevant policy development.

\(^2\) The survey was also conducted in Scotland in 2005. The results of the Scottish survey are shown in a separate report.
Summary of methodology

1.13 15,696 Computer Assisted Telephone Interviews were completed across England between 8\textsuperscript{th} September 2005 and 16\textsuperscript{th} January 2006\textsuperscript{3} by IFF Research Ltd. from its Telephone Interviewing Centre in London. Approximately 10,000 of these were conducted at random in proportion to the populations of the nine England Government Office Regions (GORs), amongst 16-64 year olds. Further boosts were conducted in the South East, North East and Yorkshire and Humberside. Finally, a specific boost of the main ethnic minority groups\textsuperscript{4} in England was conducted. The number of interviews obtained in each region, and by age, gender and ethnicity, are listed in the appendix of this report.

1.14 The only quotas that applied in the survey were based on region. At the analysis stage the data were weighted according to targets derived from the 2001 census of England in order to correct the regional quotas, and thus the dataset is intended to be fully representative of the resident population in England aged 16-64. Interlocked weighting targets based on region, gender, age and ethnicity were also used, in order to correct any imbalances occurring because of differential response. The weighted and unweighted figures for all groups are also listed in the appendix, as is a more detailed explanation of the survey’s methodology.

\textsuperscript{3} All the main interviews and regional boosts were completed by the 21\textsuperscript{st} December 2005. The ethnic minority boost continued into January 2006.

2010 interviews were also conducted in Scotland. These are reported separately.

\textsuperscript{4} Black Caribbeans, Black Africans, Indians, Pakistanis, Bangladeshis and Chinese were boosted in the ethnic minority boost.

Please also note that ‘Other Asians’ are included when reference is made to ethnic minorities in England overall, but these people were not included in the ethnic minority boost.

Where the words ‘ethnic group (s)’ are used in this report, this refers to the ethnicity of people, whether they are from an ethnic minority group or not. Thus an ‘ethnic group’ may refer to ‘White British’, ‘White Irish’ or ‘White Other’ people, as well as a non-White ethnic minority group.
Definition of Thinkers, Doers and Avoiders

1.15 The primary purpose of the SBS Household Survey of Entrepreneurship is to determine the proportions of so-called ‘Thinkers’, ‘Doers’ and ‘Avoiders’ amongst adults aged 16-64 in England. It is important to be clear about the definitions for these three groups in the context of this report:

Doers are those who are self-employed or own a business (fully or partly), either as their main activity or as a sideline to their normal employment activities.

Thinkers are those who are not currently Doers, but have recently thought about starting a business, buying into an existing business or becoming self-employed.

Avoiders are those who are neither Doers nor Thinkers.

Report structure

1.16 The full report covers the findings of the 2005 SBS Household Survey in depth:

- Section 2 summarises the key findings from the survey, and makes conclusions
- Section 3 looks at entrepreneurial activity at an overall level and for various sub-groups
- Section 4 examines Thinkers – their motivations and actions
- Section 5 deals with Doers – how they became entrepreneurs, their motivations and attitudes
- Section 6 reports on Avoiders and the barriers to becoming an entrepreneur
- Section 7 looks at general public attitudes towards enterprise
- Section 8 examines private investment
- Section 9 deals with social enterprise
- Section 10 develops a benchmark entrepreneurial index
The appendices at the back of the full report (Section 11) give further details on methodology and demographic profiles within the sample. A copy of the survey questionnaire is also attached.

1.17 Figures reported in the commentary are statistically significant findings based on the effective sample sizes, except where indicated otherwise.
2 Summary and Conclusions

Key findings

Overall entrepreneurial activity (Section 3)

2.1 The overall level of entrepreneurial activity in 2005 has remained constant with that seen in 2003, with 13.1 per cent of the population of England aged 16-64 being self-employed or business owners (The ‘Doers’ figure is up 0.2 per cent compared to 2003, but lower than in 2001). A further 11.6 per cent are thinking about starting a business or becoming self-employed (‘Thinkers’ – up 0.3 per cent)\(^5\). The proportion of Thinkers was similar in 2005 and 2003 to that seen in 2001. See 3.1.

2.2 Although the absolute proportions of Thinkers and Doers has not changed significantly, there is evidence that the make up of these groups is now different. Compared to the 2003 survey there are now more Thinkers and Doers who are either male aged 16-24, or female aged 16-34. This has resulted in significant increases in entrepreneurial activity among the 16-24 age group and among women generally. By contrast, the level of enterprise seen among other demographic groups, e.g. the proportion of male 35-54 year olds who are Doers, has declined. See 3.12 to 3.23.

2.3 The main ethnic minority groups in England continue to be more likely than average to be Thinkers, but less likely than average to be Doers. Analysis by region of birth shows that the people most likely to be Thinkers were born in Eastern Europe, West Africa and the Middle East. See 3.24 to 3.35.

2.4 There is a clear relationship between higher educational attainment and being a Thinker or Doer, with those who have NVQ Level 5 qualifications being the most entrepreneurial. See 3.36 to 3.41.

\(^5\) The figures for 2003 and 2001 are as follows: 2003 = 11.3 per cent Thinkers, 12.9 per cent Doers, 75.8 per cent Avoiders; 2001 = 11.6 per cent Thinkers, 18.0 per cent Doers, 70.4 per cent Avoiders.
2.5 Those living in rural areas, and also the least deprived areas are more likely to be Doers than those living in other urban areas. By contrast, the most deprived areas see the highest concentration of Thinkers. See 3.42 to 3.47.

2.6 There is a clear relationship between enterprise training and entrepreneurship, especially among younger people. Twenty per cent of 16-24 year olds who have received any form of enterprise training are Thinkers, compared to 15 per cent of those who have not. For the population as a whole, 16 per cent of those who received enterprise training are Thinkers, compared to just 7 per cent of those who have not. See 3.55 to 3.60, and 4.71 to 4.77.

2.7 An Entrepreneurial Index devised for this survey (Section 10) shows an increase in positive attitudes towards entrepreneurship among the adult population over the past two years.

**Thinkers (Section 4)**

2.8 The main motivations for wanting to start a business have changed little since the 2003 survey. The main motivations are as follows:

- the freedom to adopt one’s own approach to work
- to challenge oneself
- to make more money
- to be one’s own boss
- to make an idea or innovation happen
- to fill a gap in the market

2.9 Motivations for wanting to be an entrepreneur do vary according to demographic sub-groups. Younger Thinkers are more money-oriented, but also idealistic.

2.10 Older Thinkers are more likely than younger ones to see gaps in the market. Indeed, younger Thinkers are less likely to have researched their potential market than the older ones, particularly in comparison to the 2003 survey.
2.11 Younger Thinkers, and especially younger male Thinkers are more likely than other groups to be motivated by role models.

2.12 Compared to the 2003 survey it appears that fewer people are motivated to go into business through necessity. See 4.15 to 4.66.

2.13 Thinkers are more likely in 2005 to want to get involved in the Service sector than before, especially business services and childcare. See 4.84 to 4.86.

**Doers (Section 5)**

2.14 The evidence suggests that in 2005 there were fewer Doers owning businesses as sidelines, which indicates that they are now more likely to be concentrating on their main businesses. See 5.6 to 5.7.

2.15 More than three quarters of all Doers have started their business from scratch. See 5.8.

2.16 In comparison to all Doers, those who have started trading in the past two years are more likely than average to have been motivated by money, wanting to make an idea or innovation happen, wanting to turn a hobby into a business, or dissatisfaction with previous jobs and unemployment. Among these people there are fewer ‘push’ factors – i.e. having to go into business through the necessity of not being able to find a suitable job. See 5.10 to 5.14.
**Avoiders and barriers to entrepreneurship (Section 6)**

2.17 The most frequently mentioned barriers to starting a business or becoming self-employed are the fear of getting into debt (mentioned by 54 per cent of Avoiders), the chance that the business might fail (50 per cent), getting finance (48 per cent) and losing the security of the current job (45 per cent). While financial factors remain the main barriers to entrepreneurship, there have been falls since 2003 in the proportion of Avoiders citing the majority of potential barriers. Most notably, *fear of adding to existing debt* has dropped from 47 per cent to 37 per cent, and *fear of getting into debt* from 63 per cent to 54 per cent.

2.18 Equally, fewer Avoiders are scared that their business might fail (50 per cent compared with 58 per cent in 2003), and that they would be concerned about not being able to make enough profit (43 per cent compared with 52 per cent in 2003).

2.19 Overall, fewer barriers to entrepreneurship are mentioned by respondents in the 2005 survey, compared to 2003. This is particularly the case for the Black African Avoiders, Bangladeshi Avoiders and White Other Avoiders, who cite the fewest numbers of barriers.

2.20 These findings all point to Avoiders being less negative about enterprise, seeing less standing in their way to starting up in business in the future. See 6.2 to 6.12.

2.21 Women are much more likely than men to cite *the amount of time involved* and *the effect on domestic responsibilities* as barriers to entrepreneurship.

2.22 A third of Avoiders would not consider entrepreneurial activity under any circumstances – these people tending to be older. For the rest, the key factor that would make people consider setting up their own businesses would be easier access to finance. See 6.13 to 6.18.
**Attitudes to enterprise (Section 7)**

2.23 Since the 2003 survey there have been several changes in public attitudes towards enterprise and entrepreneurs. In 2005 people are more positive about encouraging friends to start their own businesses (66 per cent in 2005, up two percentage points). They are also less risk averse (56 per cent agreed that they avoid taking risks in 2005, compared with 60 per cent in 2003). See 7.1 to 7.83.

**Social enterprise (Section 9)**

2.24 A quarter of all respondents are familiar with the idea of a social enterprise, and of these eight per cent claim to work for one (about 2 per cent of the population of England). See 9.17 to 9.22.

2.25 Ethnic minority groups tend to be less aware than White British people of social enterprises, but if they are aware they are more likely to work for one – especially Black African and Bangladeshi people. See 9.23 to 9.29.

2.26 Agreement with the notion that businesses should have social and environmental responsibility is universal, but when it comes to motivations for starting businesses Thinkers are more likely to claim to want to do this for social and environmental reasons than Doers who have already set up in business in the last couple of years. See 9.2 to 9.22.

**Conclusions**

2.27 Whilst the survey has found little evidence of a sharp growth in entrepreneurial activity in the last couple of years, there are some indications that the efforts in promoting entrepreneurship by the Government, the Small Business Service, Business Link and other organisations are having an effect. In particular there have been small but statistically significant increases in the proportions of young entrepreneurs and female entrepreneurs.

2.28 This reflects the fact that a very high proportion of young people have received some form of enterprise training or work experience, and that exposure to this increases the desire to start their own business.
2.29 It is also the case that the multi-ethnic make-up of this country serves to heighten the overall desire to want to become an entrepreneur, with certain ethnic groups being much more likely than average to be Thinkers. This is certainly the case with Black Caribbean and Black African people, although they are less likely to be Doers than other ethnic groups.

2.30 Differing entrepreneurial levels between those born overseas and those born in Britain also point to a positive effect of recent immigration, e.g. people born in Eastern Europe are much more likely than average to be either Thinkers or Doers.

2.31 Regionally, people in London are still the most likely to be involved in entrepreneurial activity, with those in the North East being the least entrepreneurial.

2.32 Overall, the findings point to a healthy and dynamic enterprise economy within England, with increasing levels of entrepreneurial activity for young people and women, and encouraging indications of increasingly positive attitudes to enterprise and the impact of enterprise training and experience.

**Further information**

2.33 The full report is available in electronic format.

[www.sbs.gov.uk/analytical](http://www.sbs.gov.uk/analytical)

Email enquires to [research@sbs.gov.uk](mailto:research@sbs.gov.uk)
3 Overall Entrepreneurial Activity

Thinkers, Doers & Avoiders – Overall trends

3.1 The SBS Household Survey of Entrepreneurship was first carried out in 2001, and repeated in 2003 and 2005\(^6\). The chart below shows how the overall proportions of Thinkers has remained constant over the past four years, the big change being the difference in the proportion of Doers (and subsequently the Avoiders) between 2001 and 2003\(^7\).

Chart 1: Proportions of Thinkers, Doers & Avoiders 2001-2005

3.2 The very slight increases in the overall proportion of Thinkers and Doers from 2003 to 2005 are not statistically significant.

---

\(^6\) The 2001 and 2005 surveys were undertaken by IFF Research, the 2003 survey by NOP.

\(^7\) The reason for this decline is discussed in the 2003 report.
Comparisons with other surveys

3.3 Apart from the SBS Household Survey, the other main indicator of entrepreneurial activity in the UK is the annual *Global Entrepreneurship Monitor*, or GEM. GEM was initiated in 1999 and in 2005 the UK element of the survey comprised over 32,500 interviews.

3.4 GEM’s key measurement is the Total Entrepreneurial Activity index (TEA) which is based on the numbers of people currently setting up in business, or who have been in business for up to 42 months. This is different to the SBS Household Survey’s ‘Thinker’ measurement, but provides another measure of entrepreneurial activity over time. Over the past three years, GEM has found that the level of TEA has remained constant at about six per cent.

3.5 GEM shows that, despite a generally supportive business environment and positive attitudes towards enterprise, the UK continues to lag some way behind countries such as the USA and Canada in terms of entrepreneurial activity. GEM 2005 found that the UK’s TEA level was only 6.2 per cent in 2005, compared to 12.4 per cent in the US and 9.3 per cent in Canada. However, the UK is still the most entrepreneurial of the large economies in the EU, ahead of Germany, Italy and France.

3.6 GEM is an international tracking study that has existed for several years, and because of this it is not possible to change any of its key questions. Therefore, whilst it contains questions that are similar to those used in the SBS Household Survey to determine the proportions of Thinkers, Doers and Avoiders, the questions are not exactly comparable. Notwithstanding this, the proportions of Thinkers, Doers and Avoiders seen in GEM 2005 are similar, if slightly higher, than those seen in the SBS Household Survey.

- Thinkers = 12.6 per cent (1.0 per cent higher than the SBS Household Survey, 0.4 per cent higher than GEM 2004)
- Doers = 14.6 per cent (1.5 per cent higher than the SBS Household Survey, 0.1 per cent higher than GEM 2004)
- Avoiders = 72.8 per cent (2.5 per cent lower than the SBS Household Survey, 0.5 per cent lower than GEM 2004)
3.7 For a discussion of how this comparison was made, and why the results between the two surveys differ, please see the endnote\(^1\).

3.8 The other external point of reference that we have is the 2005 Labour Force Survey. This shows that 9.0 per cent of 16-64 year olds are self-employed, which closely matches the 8.2 per cent self-employed found in the 2005 SBS Household Survey.

**Thinkers, Doers & Avoiders – by region**

3.9 Whilst there has been little change in the overall proportions of Thinkers, Doers and Avoiders over the past four years, there continue to be differences between regions, reflecting the same pattern as in previous years. The chart below demonstrates this.

**Chart 2: Proportions of Thinkers, Doers & Avoiders by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Proportions of Thinkers</th>
<th>Doers</th>
<th>Avoiders</th>
</tr>
</thead>
<tbody>
<tr>
<td>All England</td>
<td>12%</td>
<td>13%</td>
<td>75%</td>
</tr>
<tr>
<td>South West</td>
<td>11%</td>
<td>15%</td>
<td>74%</td>
</tr>
<tr>
<td>South East</td>
<td>11%</td>
<td>15%</td>
<td>74%</td>
</tr>
<tr>
<td>London</td>
<td>16%</td>
<td>15%</td>
<td>70%</td>
</tr>
<tr>
<td>Eastern</td>
<td>11%</td>
<td>16%</td>
<td>74%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>12%</td>
<td>13%</td>
<td>75%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>11%</td>
<td>12%</td>
<td>78%</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>11%</td>
<td>11%</td>
<td>78%</td>
</tr>
<tr>
<td>North West</td>
<td>10%</td>
<td>11%</td>
<td>79%</td>
</tr>
<tr>
<td>North East</td>
<td>9%</td>
<td>9%</td>
<td>82%</td>
</tr>
</tbody>
</table>

3.10 London has a significantly greater proportion of Thinkers compared to other regions in England, whilst the proportion of Avoiders in the North East is significantly above the average for England.
3.11 In comparison with the 2003 survey there have been some minor differences by region (as the Table below shows). The most noticeable change occurs in the four per cent decrease in the proportion of Avoiders in the West Midlands, but this change is within the margin of sample error.

### Table 1: Changes in the proportions of Thinkers, Doers and Avoiders: 2003 - 2005

<table>
<thead>
<tr>
<th>Region</th>
<th>Thinkers</th>
<th>Doers</th>
<th>Avoiders</th>
</tr>
</thead>
<tbody>
<tr>
<td>All (n=15,696; ess(^9) = 10,838)</td>
<td>+1%</td>
<td>=</td>
<td>-1%</td>
</tr>
<tr>
<td>South West (n=987; ess = 832)</td>
<td>=</td>
<td>-1%</td>
<td>=</td>
</tr>
<tr>
<td>South East (n=3686; ess = 3094)</td>
<td>=</td>
<td>+2%</td>
<td>-3%</td>
</tr>
<tr>
<td>London (n=2534; ess = 1547)</td>
<td>+1%</td>
<td>-1%</td>
<td>=</td>
</tr>
<tr>
<td>Eastern (n=1179; ess = 971)</td>
<td>+2%</td>
<td>+1%</td>
<td>-2%</td>
</tr>
<tr>
<td>West Midlands (n=1321; ess = 986)</td>
<td>+2%</td>
<td>+2%</td>
<td>-4%</td>
</tr>
<tr>
<td>East Midlands (n=885; ess = 743)</td>
<td>=</td>
<td>-1%</td>
<td>+1%</td>
</tr>
<tr>
<td>Yorkshire &amp; Humberside (n=2028; ess = 1723)</td>
<td>=</td>
<td>-1%</td>
<td>+1%</td>
</tr>
<tr>
<td>North West (n=1555; ess = 1153)</td>
<td>+2%</td>
<td>-1%</td>
<td>-1%</td>
</tr>
<tr>
<td>North East (n=1521; ess = 1326)</td>
<td>+2%</td>
<td>+1%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

**Thinkers, Doers & Avoiders – by age**

3.12 As in previous years it is the case that the young are more likely to be Thinkers than older people, and that older people are more likely to be Doers than younger people. Nearly a fifth of 16-24 year olds claim they are thinking of starting their own business, compared to just five per cent of those aged 55-64.

3.13 Just one in seventeen (6 per cent) of 16-24 year olds are already Doers, in comparison to 16 per cent of all those aged 35-64.

---

\(^8\) This table shows the rise/fall in the rounded figures from 2003 to 2005.

\(^9\) n = unweighted sample size; ess = effective sample size.
Chart 3: Proportions of Thinkers, Doers & Avoiders by age

<table>
<thead>
<tr>
<th>Proportions of Thinkers, Doers &amp; Avoiders</th>
<th>By Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>All England</td>
<td></td>
</tr>
<tr>
<td>16-24</td>
<td></td>
</tr>
<tr>
<td>25-34</td>
<td></td>
</tr>
<tr>
<td>35-44</td>
<td></td>
</tr>
<tr>
<td>45-54</td>
<td></td>
</tr>
<tr>
<td>55-64</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Changes in the proportions of Thinkers, Doers and Avoiders: 2003 - 2005\(^{10}\) - By age

<table>
<thead>
<tr>
<th></th>
<th>Thinkers</th>
<th>Doers</th>
<th>Avoiders</th>
</tr>
</thead>
<tbody>
<tr>
<td>All (n=15,696; ess = 10,838)</td>
<td>+1%</td>
<td>=</td>
<td>-1%</td>
</tr>
<tr>
<td>16-24 (n=1707; ess = 1110)</td>
<td>+3%</td>
<td>+2%</td>
<td>-5%</td>
</tr>
<tr>
<td>25-34 (n= 3200; ess = 2163)</td>
<td>+1%</td>
<td>=</td>
<td>-1%</td>
</tr>
<tr>
<td>35-44 (n= 4096; ess = 3133)</td>
<td>=</td>
<td>=</td>
<td>-1%</td>
</tr>
<tr>
<td>45-54 (n= 3359; ess = 2709)</td>
<td>+1%</td>
<td>-2%</td>
<td>=</td>
</tr>
<tr>
<td>55-64 (n=2717; ess = 2237)</td>
<td>+1%</td>
<td>=</td>
<td>-2%</td>
</tr>
</tbody>
</table>

3.14 The proportion of 16-24 year olds who are now Thinkers has risen from 14.4 per cent to 17.5 per cent. This is nearly, but not quite, statistically significant at the 95 per cent confidence level\(^{11}\). However, the decrease in the proportion of Avoiders is significant.

---

\(^{10}\) This table shows the rise/fall in the rounded figures from 2003 to 2005. Figures in bold are statistically significant increases or decreases between the two surveys.

\(^{11}\) The increase was 3.1 per cent. In order to have been significant the increase would need to be 3.5 per cent.
Thinkers, Doers & Avoiders – by gender

3.15 Men are much more likely to be Thinkers and Doers than women. The 2005 survey shows that 14 per cent of men in England are Thinkers, with 18 per cent being Doers. This compares to 10 per cent of women being Thinkers, and 9 per cent being Doers.

Chart 4: Proportions of Thinkers, Doers & Avoiders by gender

Table 3: Changes in the proportions of Thinkers, Doers and Avoiders: 2003 - 2005\(^{12}\) - By gender

<table>
<thead>
<tr>
<th></th>
<th>Thinkers</th>
<th>Doers</th>
<th>Avoiders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All</strong> (n=15,696; ess = 10,838)</td>
<td>+1%</td>
<td>=</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Men</strong> (n=6703; ess = 4695)</td>
<td>=</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td><strong>Women</strong> (n= 8993; ess = 6369)</td>
<td>+2</td>
<td>+1</td>
<td>-2</td>
</tr>
</tbody>
</table>

\(^{12}\) This table shows the rise/fall in the rounded figures from 2003 to 2005. Figures in bold are statistically significant increases or decreases between the two surveys.
3.16 Compared to 2003 it is clear that female entrepreneurship is increasing, with the percentage of women who are Thinkers rising by 1.7 per cent.

3.17 The percentage of female Doers has also increased marginally (but not quite significantly), whilst the decrease in numbers of female Avoiders is a significant finding.

3.18 By contrast, male Thinkers have remained at the same level, and the percentage of male Doers has decreased slightly (although not significantly).

**Thinkers, Doers & Avoiders – by age and gender**

3.19 Combining age and gender together gives us a clearer picture of who is most likely to be entrepreneurial – young males and females (aged 16-34) are more likely to be Thinkers than older age groups, while males aged 35+ are most likely to be Doers.

**Chart 5: Proportions of Thinkers, Doers & Avoiders by age and gender**
3.20 There have been changes since the 2003 survey which suggest that there has been more encouragement for women and the young to become entrepreneurs. Whilst the proportion of male Thinkers and Doers has not increased overall, more males aged between 16 and 24 are Thinkers or Doers than in 2003 (up seven per cent\(^{13}\)). For other male age groups, the proportions have either remained the same or declined insignificantly.

<table>
<thead>
<tr>
<th></th>
<th>Thinkers</th>
<th>Doers</th>
<th>Avoiders</th>
</tr>
</thead>
<tbody>
<tr>
<td>All (n=15,696; ess = 10,838)</td>
<td>+1%</td>
<td>=</td>
<td>-1%</td>
</tr>
<tr>
<td>All Males (n=6703; ess = 4695)</td>
<td>=</td>
<td>-1%</td>
<td>=</td>
</tr>
<tr>
<td>All Females (n=8993; ess = 6369)</td>
<td>+2%</td>
<td>+1%</td>
<td>-2%</td>
</tr>
<tr>
<td>Male 16-24 (n=768; ess = 520)</td>
<td>+3%</td>
<td>+4%</td>
<td>-8%</td>
</tr>
<tr>
<td>Female 16-24 (n=939; ess = 596)</td>
<td>+3%</td>
<td>=</td>
<td>-2%</td>
</tr>
<tr>
<td>Male 25-34 (n=1308; ess = 884)</td>
<td>-1%</td>
<td>-1%</td>
<td>+3%</td>
</tr>
<tr>
<td>Female 25-34 (n=1892; ess = 1368)</td>
<td>+2%</td>
<td>+2%</td>
<td>-5%</td>
</tr>
<tr>
<td>Male 35-44 (n=1701; ess = 1298)</td>
<td>=</td>
<td>-3%</td>
<td>+2%</td>
</tr>
<tr>
<td>Female 35-44 (n=2395; ess = 1958)</td>
<td>+1%</td>
<td>+1%</td>
<td>-2%</td>
</tr>
<tr>
<td>Male 45-54 (n=1466; ess = 1191)</td>
<td>=</td>
<td>-2%</td>
<td>+2%</td>
</tr>
<tr>
<td>Female 45-54 (n=1893; ess = 1556)</td>
<td>+1%</td>
<td>+1%</td>
<td>-2%</td>
</tr>
<tr>
<td>Male 55-64 (n=1254; ess = 1045)</td>
<td>=</td>
<td>-1%</td>
<td>=</td>
</tr>
<tr>
<td>Female 55-64 (n=1463; ess = 1226)</td>
<td>+2%</td>
<td>+1%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

3.21 For females the increased proportions of Thinkers or Doers are across all age ranges, although it is only amongst the 25-34 year olds that there has been a (significant) decrease in the proportion of Avoiders.

\(^{13}\) 2005 = 32 per cent Thinkers or Doers compared with 25 per cent in 2003. In 2001 the equivalent figure was 38 per cent, largely due to a much higher proportion of Doers among the 16-24 year old male age group.

\(^{14}\) This table shows the rise/fall in the rounded figures from 2003 to 2005. Figures in bold are statistically significant increases or decreases between the two surveys.
3.22 The table below shows the proportions of Thinkers in the 16-34 year old age group, analysed by gender and region. It does show that the proportion of young Thinkers in London is higher than for the rest of Britain, and that this proportion is boosted because of the much higher than average proportion of 16-34 year old female Thinkers in the capital.

| Table 5: Proportions of Thinkers among 16-34 year olds, by gender and region |
|---------------------------------|---------------------|---------------------|
|                                 | All 16-34 | Male 16-34 | Female 16-34 |
| All (n=4907; ess = 3153)        | 17 %      | 20 %      | 14 %        |
| South West (n=250; ess = 219)   | 17 %      | 20 %      | 14 %        |
| South East (n=1012; ess = 835)  | 16 %      | 18 %      | 14 %        |
| London (n=1155; ess = 595)      | 21 %      | 22 %      | 19 %        |
| Eastern (n=334; ess = 260)      | 13 %      | 14 %      | 12 %        |
| West Midlands (n=442; ess = 288) | 19 %      | 26 %      | 13 %        |
| East Midlands (n=261; ess = 211) | 18 %      | 23 %      | 13 %        |
| Yorkshire & Humberside (n=566; ess = 480) | 15 % | 19 % | 11 % |
| North West (n=495; ess = 313)   | 14 %      | 17 %      | 11 %        |
| North East (n=392; ess = 358)   | 13 %      | 17 %      | 10 %        |

Base = All 16-34 year olds. Figures in bold show that the per cent for the sub-group is statistically significantly above or below the overall average.

3.23 The table also shows that 16-34 year olds in the North East are statistically less likely to be Thinkers compared to England as a whole.
Thinkers, Doers & Avoiders – by ethnicity

3.24 The 2005 SBS Household Survey contained a boost of the main ethnic minority groups in England, which made it possible to carry out further analysis on individual groups for the first time\(^\text{15}\).

Chart 6: Proportions of Thinkers, Doers & Avoiders by Ethnicity

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Proportions of Thinkers, Doers &amp; Avoiders</th>
<th>England, By Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>White British</td>
<td>11% TH 13% D 76% A</td>
<td>76%</td>
</tr>
<tr>
<td>White Irish</td>
<td>11% TH 13% D 76% A</td>
<td>76%</td>
</tr>
<tr>
<td>White Other</td>
<td>17% TH 18% D 66% A</td>
<td>67%</td>
</tr>
<tr>
<td>Black Caribbean</td>
<td>25% TH 8% D 67% A</td>
<td>63%</td>
</tr>
<tr>
<td>Black African</td>
<td>27% TH 11% D 63% A</td>
<td>63%</td>
</tr>
<tr>
<td>Indian</td>
<td>15% TH 12% D 74% A</td>
<td>74%</td>
</tr>
<tr>
<td>Pakistani</td>
<td>13% TH 11% D 76% A</td>
<td>76%</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>13% TH 0% D 81% A</td>
<td>81%</td>
</tr>
<tr>
<td>Chinese</td>
<td>15% TH 12% D 73% A</td>
<td>73%</td>
</tr>
<tr>
<td>Other Asian</td>
<td>22% TH 13% D 65% A</td>
<td>65%</td>
</tr>
</tbody>
</table>

3.25 Overall, levels of entrepreneurial intent are much higher amongst ethnic minority groups than they are for the White British and Irish population. In particular, those of Black Caribbean or Black African origin are more likely to be wanting to start businesses or become self-employed compared to other ethnic minority groups. It is also the case that Asian\(^\text{16}\) people are more likely than average to be Thinkers, although the finding is not quite significant at the 95 per cent confidence level.

\(^{15}\) Sample sizes for each group are shown in the appendix to this report. See paragraph 11.14.

\(^{16}\) Asian = Indian, Pakistani, Bangladeshi, Chinese and Other Asian combined.
3.26 This can partially be explained by age. Whilst the average age of the 16-64 year old White British person is 40, for Black Caribbeans it is 37, for Black Africans it is 33, for Indians and the Chinese it is 35, 31 for Pakistanis and 28 for the Bangladeshis. As we have seen, Thinkers are much more likely to be young. However, this does not explain why Black Caribbeans, who are on average older than Asian groups, have a greater than average propensity to be Thinkers.

3.27 Whilst ethnic minority groups in general are more likely to be Thinkers, this is not the case when it comes to being Doers. Only the Indians, Chinese and Other Asians have entrepreneurial levels which almost match those of the White British, with the Bangladeshis having the lowest level among the main ethnic minority groups.

3.28 The large sample size in 2005 has also enabled us to look in more detail at the ‘White Other’ group. This is a very diverse category, comprising people from Western and Eastern Europe, North and South America, Northern and Southern Africa, Australasia and elsewhere. In 2005 it was found that the unweighted proportion of the White Others in the sample was much greater than in previous surveys, suggesting much immigration in the past couple of years (a fact proven by the 2005 mid-year population estimates). At the forefront of this would appear to be Eastern Europeans who have entered the UK after the expansion of the EU in 2004.

3.29 The White Others in the England are much more entrepreneurial than the White British. Overall, 17 per cent of White Others are Thinkers and 18 per cent are Doers – compared to 11 per cent Thinkers and 13 per cent Doers amongst the White British and Irish populations. However, among those born in Eastern Europe these proportions rise to 28 per cent for Thinkers, and also 28 per cent for Doers. Furthermore, Eastern Europeans in the UK are relatively young – their average age being 33, and it may be that the reason why we are seeing entrepreneurial levels rise for young males is strongly linked to immigration.
3.30 It is also notable that entrepreneurial levels among the White Others are hugely variable. The table overleaf shows the proportions of Thinkers, Doers and Avoiders by the region of birth. Whilst some of the sample sizes are small, it does indicate that Eastern Europeans, South Americans and Middle Easterners are more likely than other people in England to be Thinkers. Western Europeans and North Americans are the least likely to be Thinkers.

3.31 The Black African category also needs to be sub-divided. It can be seen that whilst Western Africans, Black East Africans and those from the Horn of Africa are very entrepreneurial in terms of being Thinkers, the same cannot be said for Black Southern Africans (in contrast to White Southern Africans).

3.32 Through necessity the 2005 survey is weighted to the 2001 census figures, and weights have been imposed on the White Others\(^{17}\) and Black Africans\(^{18}\) in certain regions to ensure that they match the census proportions. When new up-to-date specific estimates of the numbers in each ethnic group for each region are available, then re-weighting will be possible, and it is likely that overall entrepreneurial levels in England will rise accordingly.

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\(^{17}\) Weights for the White Others placed in London, Eastern, West Midlands, Yorkshire and North West.

\(^{18}\) In most regions a weight has been given for Black Afro-Caribbeans combined. In London there is a specific weight for Black Africans.
In the appendix of this report is a table (Table 6) which shows entrepreneurial levels for 38 individual countries of origin where there is a sample size of 20 or over. Although some of the sample sizes are very small and therefore the findings are not statistically significant, for the record the immigrant groups (according to country of birth) most likely to be Thinkers are the Iranians, Zambians and Nigerians.
3.34 To see whether both age and ethnicity affect the likelihood of being a Thinker (as opposed to age on its own), we have analysed the 16-34 year old age group according to ethnicity (see the Table below). This showed that 16 per cent of the White British in this age group are Thinkers, compared to 21 per cent of the White Others, 27 per cent of Black people and 17 per cent of Asian people. 9 per cent of the White British were Doers compared to 12 per cent of the White Others, 7 per cent of Black people and 8 per cent of Asian people.

| Table 7: Proportions of Thinkers among 16-34 year olds, by gender and ethnicity |
|---------------------------------|-----------------|-----------------|-----------------|
|                                 | All 16-34 %     | Male 16-34 %    | Female 16-34 %  |
| All (n=4907; ess = 3153)        | 17              | 20              | 14              |
| White British (n=2969; ess = 2346) | 16              | 19              | 13              |
| White Other (n=273; ess = 217)  | 21              | 20              | 21              |
| Black Caribbean (n=184; ess = 157) | 31              | 31              | 31              |
| Black African (n=285; ess = 188) | 27              | 38              | 17              |
| Indian (n=322; ess = 251)       | 16              | 20              | 13              |
| Pakistani (n=264; ess = 125)    | 13              | 14              | 13              |
| Bangladeshi (n=243; ess = 148)  | 13              | 16              | 11              |
| Chinese (n=131; ess = 86)       | 21              | 29              | 11              |

Base = All 16-34 year olds. Figures in bold show that the per cent for the sub-group is statistically significantly above or below the overall average.

3.35 Drilling this down further to look only at males aged 16-34, the level of Thinkers for the White British is 19 per cent, 20 per cent for the White Others, 34 per cent for Black people, and 22 per cent for Asian people. Black Caribbean and Black African males aged 16-34 are statistically more likely to be Thinkers than other groups, as are Black Caribbean women. By contrast, Pakistani men aged 16-34 are the least likely to be Thinkers.
Thinkers, Doers & Avoiders – By educational attainment

3.36 The chart below shows entrepreneurial activity according to the highest NVQ qualification obtained\(^{\text{xvii}}\).

**Chart 7: Proportions of Thinkers, Doers & Avoiders by educational attainment**

<table>
<thead>
<tr>
<th>Proportions of Thinkers, Doers &amp; Avoiders</th>
<th>Educational Attainment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All</strong></td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>75%</td>
<td></td>
</tr>
<tr>
<td><strong>NVQ Level 5</strong></td>
<td></td>
</tr>
<tr>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>69%</td>
<td></td>
</tr>
<tr>
<td><strong>NVQ Level 4</strong></td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>73%</td>
<td></td>
</tr>
<tr>
<td><strong>NVQ Level 1-3</strong></td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>76%</td>
<td></td>
</tr>
<tr>
<td><strong>No Qualifications</strong></td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

Base = All England respondents (15696)

3.37 As has been seen in previous years, there is a clear link between educational attainment and being involved in entrepreneurial activity. In general, the likelihood of being a Thinker or a Doer increases with the highest level of qualification obtained, with those achieving NVQ level 5 most likely to be Thinkers and Doers. However, those without any qualifications are as likely to be Doers as the population of England as a whole.

3.38 There is a suspicion that this last finding may be influenced by age. In this survey 31 per cent of those aged 55-64 have no qualifications, compared to just 6 per cent of those aged 16-34, and it is known that Doers tend to be older. However, when the data is filtered for 16-34 year olds only, those who left school without qualifications are more likely than average to be both Doers and Thinkers than those who had qualifications.
3.39 The reason for this might be linked to the fact that many of those with qualifications are still studying, but it also suggests involvement in entrepreneurship through necessity. Indeed, those Doers with no qualifications are also more likely than average to agree that they were ‘unable to obtain regular suitable paid employment’ as a motivation for starting their business.

3.40 The younger people (16-34) who are least likely to be entrepreneurs are those who leave school or college with the equivalent of an NVQ Level 1-3.

3.41 Another dimension of this is that those with the most qualifications come to enterprise later in life that those without any qualifications, who make the ‘jump’ sooner.

**Thinkers, Doers & Avoiders – By urban or rural area**

3.42 For the first time in the SBS Household Survey data has been analysed according to whether the household is in an urban area, within a town or a suburb, or in a rural area\textsuperscript{viii}.

**Chart 8: Proportions of Thinkers, Doers & Avoiders by urban or rural area**
3.43 Those who live in urban areas are marginally but insignificantly more likely than others to be Thinkers, but are also less likely to be Doers. Those living in rural areas are more likely to be Doers.

3.44 This finding for Doers might be partially explained by age, those living in the countryside tending to be older than average, and therefore more likely to be Doers. Conversely, those living in cities tend to be younger, and are therefore more likely than average to be Thinkers.

**Thinkers, Doers & Avoiders – By Index of Multiple Deprivation**

Chart 9: Proportions of Thinkers, Doers & Avoiders by Index of Multiple Deprivation

3.45 The chart above shows the quintiles for multiple deprivation – the ‘least deprived’ representing the 20 per cent of Super Output Areas with the lowest scores for deprivation.
3.46 There is a clear relationship between the level of deprivation of an area and the likelihood of being an entrepreneur. The least deprived areas have the highest proportion of Doers, but lowest proportions of Thinkers. The most deprived areas have the highest proportion of Thinkers, but the lowest proportions of Doers.

3.47 This suggests a good deal of necessity entrepreneurship in the more deprived areas – wanting to start a business because of a lack of other employment opportunities. It may also be that those who have set up businesses in deprived areas move to less deprived areas once they have become successful.

**Thinkers, Doers & Avoiders – By family/caring responsibilities**

3.48 Married people are more likely to be Doers (16 per cent) than those who are co-habiting (14 per cent) or single (9 per cent). Conversely, those who are married are least likely to be Thinkers (9 per cent), in comparison with those who are co-habiting (15 per cent) or single (14 per cent). These figures are very similar to those seen in the 2003 study.

3.49 The reason for these proportion of Thinkers is clearly linked to age. The mean average age of married people in England aged 16-64 is 44 years old. For those co-habiting it is 34, and 33 for those who are single. However, age alone does not explain why those who are co-habiting are more likely than those who are single to be Doers.

3.50 Those who have children aged under 16 are not more likely than those without to be Doers (both 13 per cent). However, there is a significant two percentage point difference in the proportion of Thinkers between these two groups (13 per cent with children, 11 per cent without). This is most likely due to the fact that those with children of school age are younger (average 36 years old) than those without (average 40 years old).
3.51 A better analysis therefore is to compare people of similar ages, to see whether the presence of children restricts entrepreneurial activity. This cannot be seen for younger people, but in later life there is evidence that those with children are less likely to be Avoiders. Seventy-two per cent of those aged 45-64 with children are Avoiders, compared to 78 per cent of those without children.

3.52 Men with children are much more likely than women with children to be Doers – 19 per cent, compared to 9 per cent. The gap in terms of Thinkers is less marked, but still statistically significant, with 15 per cent of men with children being Thinkers, compared to 12 per cent of women with children.

3.53 Single parents are very unlikely to be entrepreneurs. Just 5 per cent of this group can be classified as Doers, although at 16 per cent, the percentage of Thinkers is statistically above average. These proportions vary according to gender. Just 4 per cent of single mothers are Doers, with 13 per cent being Thinkers. For men, 6 per cent of single fathers are Doers, with 22 per cent being Thinkers.

3.54 Having to care for others, e.g. an elderly parent, is not necessarily a barrier to entrepreneurship. Sixteen per cent of this group are Doers, a higher than average percentage, with a further 12 per cent being Thinkers (average for the country). These proportions are similar to those seen in 2003.
Thinkers, Doers & Avoiders – By effect of enterprise training and experience

3.55 In 2005, 55 per cent of adults claim to have ever taken part in any form of business or enterprise training, or had work experience in a small or medium enterprise (SME). The table below shows the types of training or work experienced, in comparison to the 2003 survey.

<table>
<thead>
<tr>
<th>Table 8: Enterprise training and experience 2003 to 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Any Business Training (a-c)</td>
</tr>
<tr>
<td>At School (a)</td>
</tr>
<tr>
<td>At College (b)</td>
</tr>
<tr>
<td>Public Sector Training (c)</td>
</tr>
<tr>
<td>Work Experience at SME (d)</td>
</tr>
<tr>
<td>Any of a-d above</td>
</tr>
</tbody>
</table>

Base (2005) = All (n = 15,696; ess = 10,838); 16-24 (n = 1707; ess = 1110); Base (2003) = All (n= 10,002; ess = 5471) 16-24 (n = 1017; ess = 597). Figures in bold are statistically significant.

3.56 The figures show that in comparison to 2003, fewer people claim to have received any form of enterprise training (33 per cent in 2005 compared with 35 per cent in 2003).

3.57 However, it is the case that the proportions having undertaken work experience in small and medium sized companies has increased between the two surveys, from 36 per cent in 2003, to 41 per cent in 2005 – this trend also being exhibited by 16-24 year olds. Thus there would seem to be a shift in the type of work training offered.
3.58 The chart above shows levels of entrepreneurial activity according to the business or enterprise training that a person has received, or whether they have had work experience at school or college. The chart above is based on all respondents.

3.59 There is a clear relationship between having had business or enterprise training and being a Thinker, but not between training and being a Doer. The reason for this is largely linked to age – those who have had training tend to be much younger, and it has already been shown that younger people are much more likely to be Thinkers. Therefore, if one looks just at 16-24 years olds and whether they have received any kind of training (a-c above), one finds that 20 per cent of those receiving training are Thinkers, compared to 15 per cent of those who have not.

3.60 A further discussion of the effect of business training and work experience on Thinkers, especially younger Thinkers, is contained in paragraphs 4.71 to 4.77.
Economic activity

3.61 Examining the overall economic activity of the population aged 16-64 can provide an indication of whether the intent to become an entrepreneur is based on the necessity to find employment or not.

Chart 11: Whether economically active – By region

3.62 The chart shows that the regions with the lowest proportions earning a wage are London and the North East. In the case of London this might be surprising as the region is relatively affluent with the highest proportion of Thinkers.
4  Thinkers

4.1  This Section looks at those considering starting their own businesses in more detail in terms of how serious they are, the kinds of businesses that they envisage starting, their experiences of trying to gain finance, and their motivations for wanting to be entrepreneurs.

Who are the Thinkers?

4.2  To summarise the previous Section, Thinkers are more likely to be male (58 per cent) than female (42 per cent), and they also tend to be young (56 per cent are aged 16-34\(^{19}\)). In comparison to the 2003 survey, a greater proportion of Thinkers are now women (38 per cent in 2003).

4.3  We have also seen that Black Caribbean and Black African people are proportionately more likely to be Thinkers than most other ethnic groups. It is also the case that some White people not born in the UK are more likely than average to be Thinkers, especially those born in Eastern Europe, South America, Southern Africa and the Middle East.

4.4  Because so many people from ethnic minority groups or of other overseas origin live in London, this helps to explain why the capital is the region with the highest percentage of Thinkers, as does the fact that London has a lower than average age profile.

4.5  There is a higher proportion of Thinkers in the more deprived areas of England than in the least deprived.

4.6  Business or enterprise training amongst the young is seen to increase the likelihood of being a Thinker.

\(^{19}\) 16-34 year olds make up 41% of the 16-64 year old population in England (source = 2001 ONS census of England & Wales).
**Seriousness of intent**

4.7 Overall, one third of Thinkers say that starting their own business, buying into an existing business or becoming self-employed is something that they have ‘given serious thought to and which will almost certainly happen at some stage in the future’. A further 23 per cent say that this is serious, but only likely (not certain) to happen; 32 per cent say it might possibly happen; whilst 11 per cent have not given too much thought to the idea, but might like to do it some day.

**Chart 12: Thinkers: Level of seriousness**

4.8 Those who say that this will almost certainly happen or is likely to happen are classified as ‘Serious Thinkers’. The proportion of all Thinkers who are Serious is 55 per cent - up two percentage points on the 2003 figure, and one point greater than the 2001 figure, demonstrating no significant rise.
4.9 By age, the Thinkers who are most serious about starting a business or becoming self-employed are the 25-34 year olds (61 per cent). By contrast, older Thinkers aged 35+ are less serious (53 per cent). By gender, male Thinkers are more serious than women (57 per cent vs. 53 per cent), but this finding is not quite significant.

4.10 Ethnic minority groups are more likely to be Serious Thinkers than White groups. Sixty-nine per cent of all Black Thinkers are serious, compared to 61 per cent of Asian Thinkers, 57 per cent of the White Other Thinkers and 53 per cent of the White British Thinkers.

*Timescale for starting businesses*

4.11 Out of all Thinkers, 19 per cent are considering starting businesses or becoming self-employed now or in the near future, 35 per cent will do so within the next two years, and 29 per cent further in the future. Another 11 per cent only have a vague idea of when they will do so.

*New and existing businesses*

4.12 The vast majority of Thinkers (78 per cent) intend to start their businesses from scratch. Others intend to become partners in businesses they have not previously worked for (12 per cent), buy existing businesses they have not previously worked for (10 per cent), become partners in businesses they currently work for (7 per cent), or buy a business they already work for (management buy out – 6 per cent). Taking on or inheriting a family business (4 per cent) and management buy-ins (3 per cent) are other means of starting their own businesses.

4.13 There are no significant differences here between the main demographic sub-groups, other than 16-24 year old Thinkers are more likely to want to partake in a management buy out (8 per cent) than Thinkers aged 25+ (5 per cent).
4.14 In comparison to the 2003 survey, the percentage who intend to start businesses from scratch has not changed significantly. However, for all other means of acquiring business there are significantly lower proportions in the 2005 survey. The main reason for this is that respondents in 2003 were much more likely to list several ways of becoming entrepreneurs, whilst in 2005 they were more inclined to mention one single way. With this in mind the most significant changes are as follows:

- The percentage of Thinkers wishing to buy into existing businesses that they have not previously worked for has decreased from 20 per cent to 10 per cent
- The percentage taking on or inheriting a family business has decreased from 14 per cent to 4 per cent
- The percentage wishing to partake in management buy-ins has decreased from 11 per cent to 3 per cent

**Motivations for Thinkers**

4.15 One of the main objectives of the SBS Household Survey is to understand what motivates people to start new businesses, and whether they are doing so to take advantage of opportunities (‘pull motivations’), or out of necessity because they have no better choices for work (‘push motivations’). The understanding of this will help the Small Business Service to encourage future entrepreneurs by appealing to their motivations, and at the same time recognise the barriers that stand in the way.

4.16 Thinkers and Doers were asked whether they agree or disagree\(^{20}\) with a number of attitudinal statements which have been asked since the inception of the SBS Household Survey. This first Section examines the ‘pull motivations’ for Thinkers:

\(^{20}\)‘Agree’ = ‘agree strongly’ or ‘agree slightly’. ‘Disagree’ = ‘disagree strongly’ or ‘disagree slightly’.
### 'Pull’ Motivations

#### Table 9: Pull motivations for Thinkers

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td>Agree</td>
</tr>
<tr>
<td>(B) I want the freedom to adopt my own approach to work</td>
<td>94</td>
<td>3</td>
<td>93</td>
</tr>
<tr>
<td>(H) I want to challenge myself/prove I can do it</td>
<td>87</td>
<td>8</td>
<td>89</td>
</tr>
<tr>
<td>(A) I want to make more money than I am currently earning</td>
<td>86</td>
<td>8</td>
<td>86</td>
</tr>
<tr>
<td>(C) I have always wanted to be my own boss</td>
<td>75</td>
<td>16</td>
<td>77</td>
</tr>
<tr>
<td>(Q) I want to do something that helps or supports other people</td>
<td>75</td>
<td>16</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(O) I want to make an idea or innovation happen</td>
<td>69</td>
<td>24</td>
<td>65</td>
</tr>
<tr>
<td>(R) I want to do something that helps or supports the environment</td>
<td>62</td>
<td>23</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(P) I want to fill a gap in the market</td>
<td>63</td>
<td>27</td>
<td>66</td>
</tr>
<tr>
<td>(T) I want to be able to work from home</td>
<td>61</td>
<td>27</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(S) I want to do my line of business better than my previous employer</td>
<td>52</td>
<td>29</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(N) I want to develop a hobby or some other activity I’m already involved in into a commercial enterprise</td>
<td>57</td>
<td>35</td>
<td>60</td>
</tr>
<tr>
<td>(L) I want to follow the example of someone I admire</td>
<td>43</td>
<td>46</td>
<td>42</td>
</tr>
<tr>
<td>(I) I want to continue a family tradition</td>
<td>20</td>
<td>68</td>
<td>25</td>
</tr>
</tbody>
</table>

Base = All England Thinkers (n=1759; ess = 1114). Figures in bold are statistically significant changes.
4.17 Overall, motivations for Thinkers have changed little since the 2003 (or indeed 2001) surveys. Once again freedom, wanting to be one’s own boss and financial gain are the main motivations. However, new attitudinal statements were included in the 2005 survey which have also proved to be popular claimed motivators, specifically those relating to social and environmental responsibility (discussed in full in Section 9). There are also some interesting differences in the motivations of Thinkers according to sub-groups for some of the statements, which make a more detailed examination worthwhile.

‘I want the freedom to adopt my own approach to work’

4.18 There were no statistically significant differences in the level of agreement to this statement between the main sub-groups.

‘I want to challenge myself/prove I can do it’

4.19 This is much more likely to be a motivation for women than men (90 per cent agreement compared with 85 per cent). It is also a much greater motivator for the young (90 per cent agreement for the under 35s) than those with more experience (74 per cent agreement among the 55-64 year olds). It is also more of a motivating factor for Black (92 per cent) than it is for White British Thinkers (86 per cent).

‘I want to make more money than I am currently earning’

4.20 Young people are more motivated by money than older people. 93 per cent of 16-24 year old Thinkers agreed with this statement, compared to 86 per cent of those aged 25-34; 83 per cent for those aged 35-44; and 80 per cent of those aged 45+.

4.21 The difference in agreement between the regions, and between men and women for this statement was not significant, although men were slightly more likely to agree than women.
4.22 The White British Thinkers are less motivated by money than other ethnic groups (agreement is 85 per cent for White British people, 90 per cent for White Other people, 91 per cent for Asian people and 94 per cent for Black people). This finding is influenced by age and income profiles for the groups, with ethnic minority groups tending to be younger than White British people.

*I have always wanted to be my own boss*

4.23 By age, the 55-64 year old Thinkers are less likely to agree with this statement than average (67 per cent agree compared to 75 per cent overall).

4.24 There is a big difference in terms of ethnicity also. Agreement is 73 per cent for White British people, but rises to 82 per cent for Asian Thinkers and 87 per cent for Black Thinkers.

4.25 The desire to be one’s own boss is much less of a motivation in the West Midlands (66 per cent agree with the statement), and much more of a motivation in London (79 per cent agree).

*I want to do something that helps or supports other people*

4.26 This motivation is discussed separately in Section 9 of this report.

*I want to make an idea or innovation happen*

4.27 Agreement with this statement is most common among the 16-24 year olds (76 per cent), and lowest among the 35-44 year olds (61 per cent). Yet again, ethnic minority groups are more motivated by this factor (78 per cent for Asian people, 84 per cent for Black people) than the White British (66 per cent). By region innovation is a motivator most in London (73 per cent), and least in Yorkshire and Humberside (58 per cent).

*I want to do something that helps or supports the environment*

4.28 This motivation is discussed separately in Section 9 of this report.
'I want to fill a gap in the market’

4.29 Overall, agreement with this statement among Thinkers was 63 per cent. Among the 16-24 year old Thinkers it was just 52 per cent, compared to 67 per cent for 25-34 year olds, 64 per cent for 35-44 year olds, 65 per cent for 45-54 year olds, and 71 per cent for 55-54 year old Thinkers.

4.30 In the 2003 survey the 16-24 year old Thinkers were no less likely than other age groups to claim this as a motivation.

4.31 This is also consistent with the finding that 16-24 year old Thinkers are less likely than other age groups to say they have researched the market or product as part of their preparations for starting a business (see 4.78 to 4.83).

4.32 Despite having a young profile, Black and Asian Thinkers (73 per cent and 70 per cent agreement respectively) are more likely than the White British (61 per cent) to agree with this motivation.

4.33 Agreement with the statement is higher in the Eastern region (71 per cent) and London (67 per cent), and lower in the South East (57 per cent) and West Midlands (53 per cent).

'I want to be able to work from home’

4.34 This is a key motivator for women where agreement is at 70 per cent, compared to 56 per cent for men. It is also more likely to be a reason for older Thinkers - 66 per cent of the 35+ compared with 57 per cent of the under 35s, indicating that the presence of children and work/life balance are important causes for some people wanting to be Thinkers.

4.35 Those living in the West Midlands are less likely than average to want to work at home (52 per cent agree).
'I want to do my line of business better than my previous employer'

4.36 This is a much stronger motivator for men than it is for women (57 per cent agree compared with 45 per cent). There is also a strong correlation with age – agreement being 61 per cent for 16-24 year olds, and just 41 per cent for 55-64 year olds. Black and Asian people (71 per cent and 64 per cent) are more motivated by this than the White British (50 per cent).

'I want to develop a hobby or some other activity I’m already involved in into a commercial enterprise'

4.37 Women are more likely to want to do this than men (60 per cent agreement, compared with 55 per cent), as are young people (62 per cent of under 35s, 50 per cent of over 35s). Black people see this as a greater motivator than do other ethnic groups (agreement is 68 per cent). By region, those in London are more likely than average to agree (62 per cent), and those in the South West less likely to agree (43 per cent).

'I want to follow the example of someone I admire'

4.38 Men are more motivated to follow the example of someone they admire than women (45 per cent agreement compared with 39 per cent). There is also a clear pattern with age, with 58 per cent of the 16-24 year olds being in agreement, compared to just 22 per cent of the 55-64 year old Thinkers.

4.39 Those from an ethnic minority background are much more likely to be motivated by this (66 per cent agreement for Black people, 59 per cent for Asian people) than the White British (39 per cent). The relatively high proportion of Black people living in London helps to explain why London Thinkers are more likely than average to be motivated by this factor (51 per cent). Conversely, those living in the Eastern region are the least motivated (29 per cent).
'I want to continue a family tradition'

4.40 Only one in five Thinkers agree that this is a motivation, and it is fair to say that wanting to follow in the footsteps of a parent or relative is becoming less of an issue altogether. Compared with the 2003 survey, five per cent less Thinkers agreed with this statement, the only significant trend out of all of the ‘pull’ motivations at the overall Thinker level.

4.41 Agreement is somewhat higher for men (21 per cent agree) than women (17 per cent), and the youngest age group are more likely to be in agreement with this statement (26 per cent) than any of the other age groups.

4.42 This last finding is partly explained by the fact that many of the youngest Thinkers are not White British people. Indeed, the agreement that this is a motivator is 40 per cent for Black people, 39 per cent for Asian people and 36 per cent for White Other people, compared to just 16 per cent for the White British. This also accounts for London being the region where family tradition counts most (26 per cent). In contrast, agreement in the South East is just 12 per cent.

'Push' motivations

4.43 The ‘push’ motivations are those relating to dissatisfaction in employment, discrimination at work and unemployment. Most of these were asked of sub-bases, e.g. those currently unemployed, or those in employment. Therefore, in order to get an overall picture, the figures in the table below have been rebased on all Thinkers.
Table 10: Push motivations for Thinkers

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td>Agree</td>
</tr>
<tr>
<td>(K) I would be more likely to start my own business or to become self-employed if I had been out of work for a period of time (asked of all except the unemployed)</td>
<td>52</td>
<td>25</td>
<td>52</td>
</tr>
<tr>
<td>(J) I would be more likely to start my own business or to become self-employed if I were to be made redundant (asked of all except the unemployed)</td>
<td>47</td>
<td>28</td>
<td>47</td>
</tr>
<tr>
<td>(E) I am dissatisfied in my current job (asked of employed only)</td>
<td>28</td>
<td>32</td>
<td>28</td>
</tr>
<tr>
<td>(D) I want to get away from the discrimination at my current place of work (asked of employed only)</td>
<td>19</td>
<td>43</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(F) I would like to start my own business or become self-employed because I have had difficulty finding suitable paid employment (asked of unemployed only)</td>
<td>9</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>(G) I would like to start my own business or become self-employed because I have had difficulty obtaining regular employment (asked of unemployed only)</td>
<td>7</td>
<td>6</td>
<td>Not asked before 2005</td>
</tr>
</tbody>
</table>

Base = All England Thinkers (n=1759; ess = 1114). Figures in bold are statistically significant changes

‘I would be more likely to start my own business or to become self-employed if I had been out of work for a period of time’

4.44 There is a difference between the genders regarding this motivation, with 55 per cent agreement amongst male Thinkers, and 48 per cent agreement among female Thinkers.

4.45 Older Thinkers are much more likely than younger Thinkers to agree with this statement. The agreement among 16-24 year old Thinkers is 41 per cent, rising to 56 per cent among 25+ year olds.

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21 The word ‘suitable’ was not used in the 2003 survey.
4.46 The fact that agreement with the statement is stronger among men and older Thinkers appears to be linked to work experience. Indeed, 64 per cent of Thinkers who are currently in full-time employment agreed with the statement, compared to 58 per cent of those in part-time employment, and 31 per cent of the other Thinkers asked this question (students, housewives and househusbands, retired).

'I would be more likely to start my own business or to become self-employed if I were to be made redundant'

4.47 Although the proportion agreeing with this statement (47 per cent) is exactly the same as in 2003, five per cent more respondents in the 2005 survey disagreed with it.

4.48 Agreement is much higher among men (52 per cent) than women (41 per cent), and among the older Thinkers (53 per cent of 25+ year olds compared to 32 per cent of the 16-24 year olds).

'I am dissatisfied in my current job'

4.49 Overall levels of agreement with this statement are exactly the same as those seen in 2004.

4.50 The biggest trend pattern here is by age. Thirty-three per cent of those aged between 25 and 54 agree with this statement compared with just 18 per cent of those aged 16-24, and 19 per cent of those Thinkers aged 55-64. The main reason for this trend is that a lower proportion of 16-24 and 55-64 year olds are in employment compared to the other age groups.

'I want to get away from the discrimination at my current place of work'

4.51 Although all employed Thinkers are more likely to disagree than agree that being discriminated against is a motivation, some sub-groups are more likely to agree with the statement than others.

4.52 The agreement amongst Black Thinkers is 29 per cent, and for Asian Thinkers it is 22 per cent. This contrasts with the score of 17 per cent for the White British.
4.53 Older Thinkers are slightly more likely to agree with this statement, but not significantly so. Similarly, there is no significant difference in levels of agreement between men and women.

‘I would like to start my own business or become self-employed because I have had difficulty finding suitable paid employment’

4.54 In the 2005 survey 3 per cent fewer Thinkers agreed with this statement. It is true that the wording of the statement was changed from 2003 to include ‘suitable’, but if anything one would have expected the level of agreement to have increased because of this, rather than declined (because more people find it difficult to find a suitable job, than any paid job). Therefore, the change is more likely to be due to conditions in the labour market.

4.55 The only significant finding among sub-groups here was the higher than average proportion of Asian Thinkers agreeing with the statement (13 per cent).

‘I would like to start my own business or become self-employed because I have had difficulty obtaining regular employment’

4.56 Black Thinkers are more likely than average to agree that this is a motivating factor (11 per cent compared with 6 per cent of White British Thinkers).
Regression and factor analysis

4.57 Regression analysis\textsuperscript{xxi} was carried out to try and identify the motivations which are most likely to result in a person becoming a Thinker. The analysis looked at the level of agreement with the motivation statements at Q7 (the ‘independent’ variables), against the seriousness of being a Thinker at Q5 (the ‘dependent’ variable).

4.58 One limitation on regression is that where two (or more) of the predictor variables are correlated, the effect of one in the model will be masked by the effect of the others (they ‘do the same thing’). To get round this problem of multi co-linearity, factor analysis is used to reduce the number of variables and combine them into non multi co-linear factors\textsuperscript{xxii}. The factors at Q7 that were discovered are as follows\textsuperscript{xxiii}:

- (i) ‘Independent Money Maker\textsuperscript{xxiv}’. This is driven by agreement with the statements (A) ‘I want to make more money than I am currently earning’; (B) ‘I want the freedom to adopt my own approach to work’; (C) ‘I have always wanted to be my own boss’; and (H) ‘I want to challenge myself/prove that I can do it.’

- (ii) ‘Good Intentions’. This is driven by agreement with (Q) ‘I want to do something that helps or supports other people’; and (R) ‘I want to do something that helps or supports the environment.’

- (iii) ‘Inspired’. This is driven by agreement with (I) ‘I want to continue a family tradition’; and (L) ‘I want to follow the example of someone I admire.’

- (iv) ‘Market Innovator’. This is driven by agreement with (O) ‘I want to make an idea or innovation happen’; and (P) ‘I want to fill a gap in the market.’
(v) ‘Employment Dissatisfaction’. This is driven by agreement with (D) ‘I want to get away from the discrimination at my current place of work’; (E) ‘I am dissatisfied at my current place of work’; and (S) ‘I want to do my line of business better than my previous employer’.

(vi) ‘Hobbyist’. This is driven by agreement with (N) ‘I want to develop a hobby or some other activity I’m already involved in into a commercial enterprise’ (this statement did not correlate particularly with any other).

(vii) 'Home worker'. This is driven by agreement with (T) ‘I want to be able to work from home’ (this statement did not correlate particularly with any other).

4.59 The table below shows the results when regression analysis is run against the factors. There are two motivational factors which clearly influence the strength to which a person is a Thinker: ‘Independent Money Maker’ and ‘Market Innovator’. The flipside is that those who are mainly motivated by ‘Good Intentions' or who are 'Inspired’ by other people, are less likely to be serious as a Thinker.

<table>
<thead>
<tr>
<th>Table 11: Factors most likely to influence the seriousness of being a Thinkerxxv</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Rank = 1) Independent Money Maker</td>
<td>0.000</td>
</tr>
<tr>
<td>(2) Market Innovator</td>
<td>0.000</td>
</tr>
<tr>
<td>(3) Home worker</td>
<td>0.005</td>
</tr>
<tr>
<td>(4) Employment Dissatisfaction</td>
<td>0.470</td>
</tr>
<tr>
<td>(5) Hobbyist</td>
<td>0.770</td>
</tr>
<tr>
<td>(6) Good Intentions</td>
<td>0.475</td>
</tr>
<tr>
<td>(7) Inspired</td>
<td>0.430</td>
</tr>
</tbody>
</table>
Key drivers for Thinkers

4.60 A simpler way of determining the key motivations to being a Thinker is to use key driver analysis, which is based on straightforward correlations of Q7 (motivations for Thinkers) against Q5 (seriousness of being a Thinker). This is not a pure statistical method in that, whilst the correlations prove that there is a relationship between the individual motivations and the strength of being a Thinker, it does not prove that the motivations cause the strength of thought. Still, the key driver analysis is useful in that a score is produced for all statements, and these can be plotted against the claimed strength of the motivation.

4.61 The claimed motivations, which are shown at Tables 9 and 10, are not necessarily the same as the ones which are the key drivers of entrepreneurship. The chart overleaf plots the claimed motivations against the key drivers. The grid is simply divided into four quarters:

- If a statement is claimed to be a strong motivation, and is also seen to be a key driver behind being a Thinker, then this is one of the ‘strongest motivations’

- If a statement is claimed to be a strong motivation but is less likely to be a key driver behind being a Thinker, then this is a ‘justifier’ – i.e. a reason a person might give for wanting to start a business, but which is less likely to drive their resolve

- If a statement is not claimed to be a motivation, but is shown to be a key driver, then this is a ‘guilty motivator’ – i.e. the person might not want to admit that this is why they want to start a business

- If a statement is neither claimed to be a motivation, and is not a key driver, then this is a ‘less strong motivation’

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22 The measurement for the claimed motivations is based upon ‘net agreement’ – the per cent agreeing with a statement minus the per cent disagreeing. In this measure ‘agree strongly’ carries the same weight as ‘agree slightly’, and ‘disagree strongly’ carries the same weight as ‘disagree slightly’.
Chart 13: Thinkers: Key drivers vs. claimed importance

4.62 The chart\textsuperscript{xxvi} demonstrates that the strongest motivations for wanting to be an entrepreneur are:

- (C) wanting to be one’s own boss
- (O) wanting to make an idea or innovation happen
- (H) wanting to challenge oneself
- (P) wanting to fill a gap in the market
- wanting to make more money
- wanting the freedom to adopt one’s own approach to work

4.63 It is encouraging that the strongest motivations found by key driver analysis (i.e. those shown above at paragraph 3.62) are also the ones which emerge as the strongest factors through the regression model.
4.64 Other reasons which are likely to be claimed to be motivations such as helping others, supporting the environment, working at home, doing the work better than the current employer and developing a hobby, are not as strong key drivers. These are therefore ‘justifiers’.

4.65 For all Thinkers as a whole, following a family tradition, discrimination in the workplace and following somebody else’s example are not strong motivations.

4.66 Out of all the statements tested, none can be called guilty motivators.

**External factors**

**Knowing other entrepreneurs**

4.67 Knowing somebody who already is, or once was, an entrepreneur does seem to affect whether people want to try their hand at starting their own business. The chart below shows whether any family or friends have been entrepreneurs.

**Chart 14: Family/friends who have owned a business**
4.68 84 per cent of Thinkers know somebody who already is, or was an entrepreneur. This compares with 73 per cent of Avoiders and, perhaps surprisingly, only 69 per cent of Doers.

4.69 The figures are very similar to those seen in 2003. The main difference is the proportion of Thinkers who have friends who are entrepreneurs – this was 23 per cent in 2003 and is now 29 per cent.

4.70 In general, the more Serious a Thinker is, the more likely they are to know other entrepreneurs. Eight-five per cent of those who have given at least some thought to starting a business know an entrepreneur, compared to just 62 per cent of those who have not given it much thought.

*Enterprise training and experience*

4.71 Thinkers are much more likely to have received business training or work experience than are Doers or Avoiders, with nearly eight in ten (78 per cent) having had some form of this. This compares with 63 per cent of Doers, and 61 per cent of Avoiders.

**Chart 15: Extent of enterprise training/experience**
4.72 Over half of the Thinkers have had work experience in a small or medium sized business whilst at school or college. This compares with 33 per cent of Doers and 40 per cent of Avoiders. Similarly Thinkers are much more likely to have received enterprise training, whether at school, university or college; and they are also much more likely to have helped out in their family business. However, they are no more likely to have had Government or public sector training, or mentoring from a Business Angel, than are the Doers.

4.73 The main reason for this is age: Thinkers are much younger on average than Doers, and thus have been able to take part in more recent education and business support initiatives, or at least feel more inclined to take advantage of them. If we analyse enterprise training and work experience by age, regardless of whether respondents are Thinkers, Doers or Avoiders, then we find that 83 per cent of 16-24 year olds have had some kind of enterprise training or work experience, compared to 76 per cent of 25-34 year olds, 61 per cent of 35-44 year olds, 50 per cent of 45-54 year olds and 45 per cent of 55-64 year olds.

4.74 The correlation here could not be clearer, but is it the work experience and training that encourages people to become Thinkers, or just because they are young? If we look just at the 16-24 year olds we find that 90 per cent of the Thinkers in this age group have training or experience, compared to 82 per cent of the Doers, and 80 per cent of the Avoiders in this age group. Therefore, training and experience certainly are factors.

4.75 Continuing with 16-24 year olds only, we find that 69 per cent have had work experience whilst in education, 30 per cent have helped in a family business, 28 per cent have had training at school, 24 per cent training at college, 9 per cent have taken part in Government training, and 4 per cent have been mentored. With the exception of Government training and mentoring, these figures are higher than for the population of England as a whole.
4.76 Among 16-24 year olds there does seem to be a disparity between the genders in terms of experience of work and training. Whilst 86 per cent of male 16-24 year olds have had such experience, this is only the case for 78 per cent of women. In particular, young women are less likely to have experienced enterprise training in school (32 per cent for men, 22 per cent for women), or in college (25 per cent for men, 21 per cent for women).

4.77 By ethnic group, 16-24 year old Black people are most likely to have received some sort of training (90 per cent, compared to 84 per cent of young Asian people and 83 per cent of White British), especially work experience at school (72 per cent), working for the family (38 per cent), enterprise training at college (44 per cent) and at school (33 per cent). Young Asian people are more likely than average to have worked for a member of their family (42 per cent).
Preparations

4.78 Overall, 70 per cent of Thinkers have done something by way of preparing for starting their business or becoming self-employed. This is about the same percentage seen in the 2003 survey.

<table>
<thead>
<tr>
<th>Table 12: Preparations for business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Unweighted sample size</td>
</tr>
<tr>
<td>Effective sample size</td>
</tr>
<tr>
<td>%</td>
</tr>
<tr>
<td>Research the Market or Product</td>
</tr>
<tr>
<td>Studies/Gained Experience</td>
</tr>
<tr>
<td>Work on a Business Plan</td>
</tr>
<tr>
<td>Save Money or Seek Finance</td>
</tr>
<tr>
<td>Spoke to a Business Adviser</td>
</tr>
<tr>
<td>Spoke to Family/Friends</td>
</tr>
<tr>
<td>Look for Premises</td>
</tr>
<tr>
<td>Look for Equipment</td>
</tr>
<tr>
<td>Organise a Start-Up Team/Look for Staff</td>
</tr>
<tr>
<td>None of These</td>
</tr>
<tr>
<td><strong>Base = All England Thinkers. Change figures in bold are statistically significant</strong></td>
</tr>
</tbody>
</table>

4.79 Researching the market or product remains the most common preparation, although the percentage doing this has decreased by eight points on the previous survey. However, 7 per cent of Thinkers have spoken to a Business Adviser – a code that did not figure in the 2003 study.

\(^{23}\) Serious Thinkers are those who have given serious thought to starting a business or becoming self-employed, and think their business will almost certainly or is very likely to happen in the future. Ordinary Thinkers think their business may possibly happen someday, or have not thought about it much.
4.80 Thinkers aged 16-24 are the least likely to have researched their market – just 24 per cent compared with 31 per cent overall (25-34 year old Thinkers are most likely to have done this – 39 per cent).

4.81 As one would expect, Serious Thinkers are more likely to have made preparations. Indeed, 83 per cent of Serious Thinkers have made some preparations compared to just 54 per cent of the Ordinary Thinkers.

4.82 Serious Thinkers are much more likely than the Ordinary Thinkers to have done research, written business plans, sought finance and looked for premises or equipment. Getting business advice is as likely to happen for both Serious and Ordinary Thinkers.

4.83 Those who plan to become self-employed are less likely to have made preparations (61 per cent any) than those looking to start a business (73 per cent).

**Future business characteristics**

4.84 Thinkers were asked what their new businesses would do.

<table>
<thead>
<tr>
<th>Table 13: Sector of intended business&lt;sup&gt;24&lt;/sup&gt;</th>
<th>All Thinkers</th>
<th>Change 2003-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unweighted sample size</td>
<td>(1759)</td>
<td></td>
</tr>
<tr>
<td>Effective sample size</td>
<td>(1114)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>+/-%</td>
</tr>
<tr>
<td>Primary (SIC 1-14)</td>
<td>2</td>
<td>=</td>
</tr>
<tr>
<td>Manufacturing (SIC 15-37)</td>
<td>6</td>
<td>-3</td>
</tr>
<tr>
<td>Construction (SIC 45)</td>
<td>10</td>
<td>+1</td>
</tr>
<tr>
<td>Transport, Retail and Distribution (SIC 50-64)</td>
<td>28</td>
<td>-2</td>
</tr>
<tr>
<td>Services/Other (SIC 40-41; 65-93)</td>
<td>55</td>
<td>+6</td>
</tr>
</tbody>
</table>

Base = All England Thinkers

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<sup>24</sup> Figures exclude ‘don’t know’, ‘refused’ and ‘no answer’.
4.85 The majority intend to do something which can be broadly categorised as being in the service sector. This is seven per cent up on the 2003 survey and accordingly the proportions intending to get involved in manufacturing and transport, retail and distribution have declined.

4.86 At the two digit SIC code\textsuperscript{25} level the top ten most popular industry sectors are:

- Business Services – SIC 74 (especially photography, legal, accounting, consultancy and engineering) – 17 per cent of all Thinkers
- Retail – SIC 52 (especially clothes retail) – 11 per cent
- Childcare and Medical - SIC 85 – 9 per cent
- Construction – SIC 45 - 9 per cent
- Hotels & Catering – SIC 55 (especially restaurants and catering) – 9 per cent
- Beauty, Cleaning and Hairdressing – SIC 93 – 7 per cent
- Leisure Activities – SIC 92 (especially acting/music and sport) – 7 per cent
- Computing – SIC 72 – 6 per cent
- Education – SIC 80 (especially driving schools) – 4 per cent
- Real Estate – SIC 70 (especially estate agency) – 4 per cent

\textsuperscript{25} ‘SIC’ stands for Standard Industrial Classification, and is widely used to classify business establishments and other units by the types of economic activities they are engaged in. Note that figures exclude ‘don’t know’, ‘refused’ and ‘no answer’.


**Employing others**

4.87 36 per cent of Thinkers say they are most likely to work on their own whilst 24 per cent will employ other people. 20 per cent say they will be part of a team that will employ other people, whilst 18 per cent will be part of a team that will not employ other people. Interestingly, only 41 per cent of those who say they will become self-employed plan to work entirely on their own. Twenty-two per cent will employ other people, with 16 per cent having partners but no other employees, and 20 per cent being part of a team employing other people.

**Location of new business**

4.88 30 per cent of Thinkers intend to start their new business from home, and 27 per cent in the local neighbourhood. 16 per cent will work in the nearest town or city centre, whilst 15 per cent will work within their region. 5 per cent will work outside of their region in the UK, and 4 per cent overseas.

4.89 The White Other Thinkers are most likely to start their businesses overseas – 18 per cent. This compares to just 2 per cent of the White British Thinkers, and 5 per cent of all Non-White Thinkers.

4.90 Those who live in rural areas are the ones most likely to want to work at home (41 per cent). These Thinkers are less inclined to want to have offices in the nearest towns or cities.

4.91 Nearly all of those who intend to start businesses overseas live in urban areas.

4.92 Overall, 9 per cent intend to start a business outside of their own region (either overseas or elsewhere in the UK). This is most common in the South East (14 per cent), London (12 per cent) and the South West (11 per cent).

**Future customers**

4.93 Overall, 62 per cent of Thinkers intend to sell in their local area; 32 per cent will sell across the UK and 22 per cent will export (they can of course do all three).
4.94 There are no significant differences to this pattern according to region.

**Future turnover**

4.95 A quarter of Thinkers cannot estimate what their first year’s annual turnover will be. For the rest, the mean average estimate is £153,849 – about the same as the 2003 finding.

4.96 These mean averages are easily swayed by a few individuals with grand (and perhaps unrealistic) designs. For example, two individuals in our sample claim that their businesses will gross more than ten million pounds in their first year. For this reason, median averages are better guides – the median first year turnover for all Thinkers being estimated at £24,172.

4.97 The median does vary according to gender. Women are less optimistic about their first year turnover, with a median of £15,655. This compares with men at £32,068 – more than double. 41 per cent of women Thinkers reckon that they will turnover less than £10,000 in their first year, which compares to 22 per cent of male Thinkers\(^\text{26}\).

**Finance**

**Seeking finance**

4.98 Only 7 per cent of Thinkers have actually tried to obtain any finance for their (potential) new business in the past 12 months. This compares with 6 per cent in 2003.

4.99 Serious Thinkers are more likely to have tried to obtain finance (10 per cent) than the Ordinary Thinkers (3 per cent). As most Thinkers do not intend to start a business or become self-employed for a little while yet, this low proportion may not seem surprising. Yet only 17 per cent of Thinkers who are intending to start a business *now or in the near future* have sought finance.

\(^{26}\) Both these figures exclude respondents who answered ‘don’t know’ or ‘refused’ to this question.
4.100 By far the most common type of finance is a bank loan – 41 per cent of Thinkers who have sought finance have looked for one of these (and therefore 3 per cent of all Thinkers). 21 per cent have sought a grant, 10 per cent a loan from family, business partners or directors, 7 per cent a mortgage in order to purchase property and 7 per cent a loan from a Community Development Fund Institution. 13 per cent are relying on their own savings.

4.101 Those who are yet to seek finance have a different view on where they might get money. Bank loans are again the most common means, with 50 per cent thinking this is where they would be most likely to go, but this group are much less likely to think they can get grants (8 per cent) or loans from Community Development Fund Institutions (2 per cent). Nor are they likely to think they will need to use their own savings (5 per cent), and 9 per cent think they would not need to have finance at all. Less than 1 per cent think they would use a credit card.

4.102 Those who do not have finance also think they might use bank overdrafts (6 per cent), and equity investment (4 per cent), which is not the case for those who have sought finance.

4.103 For those who have yet to seek finance from banks or other formal finance providers, the main reason was interest rates, fees and costs (32 per cent). 16 per cent thought that they would be turned down, whilst 7 per cent thought it would be too difficult. 18 per cent claim they have no need for finance, and there were a variety of other reasons with one or two mentions.

4.104 Ideally, Thinkers would rather not have to seek finance at all. When asked which would be their ideal preference for raising finance, 40 per cent said they would rather fund their new businesses with their own savings. 37 per cent recognised that they would need to go to a bank or other finance provider, whilst 10 per cent would ideally go to family or friends. Just 4 per cent mentioned a Government grant.

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27 Of the 50 (unweighted) people we interviewed who have sought a bank loan, 40 went to a UK High Street Bank and 4 to a Building Society.

28 Thinkers may have sought more than one type of finance.
Experience of trying to gain finance

4.105 In our survey there were only 132 Thinkers who have already attempted to get finance. Because of this relatively small sample size, and because weighting on certain records might skew the data, the results in this Section are reported unweighted.

4.106 Unweighted, the mean average amount of money sought was £87,059. However, because there were two people who tried to raise over a million pounds in the sample, the average is exaggerated. The median average amount of finance that these Thinkers tried to raise was £17,047.

4.107 Among those who sought bank loans there was more consistency in the amounts that were asked for. The mean here was £49,091 and the median £21,000.

4.108 60 per cent managed to get all the finance they needed without difficulty. Two per cent (2 people) got the finance they needed but there were some problems. Four per cent (5 people) only got part of the finance they needed, whilst 26 per cent were rejected altogether.

4.109 The main reasons for being rejected concern poor personal credit history (8 mentions), a lack of or insufficient security (9 mentions), not having a business credit history (4 mentions) or having an inadequate business plan (3 mentions).

4.110 About a quarter of those who had difficulty obtaining finance were assisted directly (in terms of help or advice to improve their chances of getting finance in the future) by the source that had rejected their application. For 10 per cent (4 people) the source recommended that they contacted another organisation. About half of those who received this advice took it. For the remainder no assistance was offered.

4.111 For those who had difficulty obtaining finance, only two in ten eventually went on to get it. This means that, overall, just over a quarter of those Thinkers who have applied for finance were refused it.
Awareness of organisations offering business advice

General advice sources

4.112 Thinkers were asked, unprompted, where they might go for business information, advice or guidance. They were also asked whether they had used any or these sources of advice, and what or who they might be likely to use in future.

Table 14: Awareness and usage of business advice sources (unprompted)\textsuperscript{29}

<table>
<thead>
<tr>
<th>Source</th>
<th>Aware Of (Q18)</th>
<th>Used (Q19)</th>
<th>Likely to use (Q20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work colleagues/contacts</td>
<td>21</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Bank/Financial institutions</td>
<td>18</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Friends/family</td>
<td>13</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Internet</td>
<td>10</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Business advisor/consultant/occupational</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Business Link</td>
<td>5</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Financial advisor</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>College/University/School</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Local Authority/Council</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Accountant</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Jobcentre Plus</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Courses/seminars/conferences</td>
<td>2</td>
<td>3</td>
<td>*</td>
</tr>
<tr>
<td>Citizens Advice Bureau</td>
<td>2</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>DTI</td>
<td>2</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>Personal experience/knowledge</td>
<td>2</td>
<td>2</td>
<td>*</td>
</tr>
<tr>
<td>Solicitor/Lawyer</td>
<td>2</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>Local Business Enterprises</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Library</td>
<td>2</td>
<td>1</td>
<td>*</td>
</tr>
<tr>
<td>Business centre/business advice centre</td>
<td>1</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Small Business Service</td>
<td>1</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Personal research</td>
<td>1</td>
<td>2</td>
<td>*</td>
</tr>
<tr>
<td>Inland Revenue/HMRC</td>
<td>1</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Trade association</td>
<td>1</td>
<td>*</td>
<td>3</td>
</tr>
<tr>
<td>None/Nothing</td>
<td>5</td>
<td>39</td>
<td>14</td>
</tr>
<tr>
<td>Don't know</td>
<td>10</td>
<td>12</td>
<td>33</td>
</tr>
</tbody>
</table>

Base = All England Thinkers (unweighted sample size=1750; effective sample size = 1114)

\textsuperscript{29} * = a figure which is less than 0.5 per cent but greater than 0.
4.113 The source that most Thinkers are aware of for expert or professional information, advice or guidance about starting or running a business are other work colleagues or general business contacts. This is also the source most likely to have been consulted already, and a likely future source.

4.114 Eighteen per cent are aware of banks as a source they might use, but only 4 per cent actually claimed to have used one for advice. This is down on the 9 per cent seen in 2001. Banks are seen as a place to ask for advice further down the line – the top response as the source most likely to use in the future. Business Link has been used by 3 per cent of Thinkers for advice – the same proportion seen in 2001. A few respondents also mention the Small Business Service directly.

4.115 The internet has arisen from nowhere (in 2003) as one of the most likely sources to have been used. Unfortunately we do not know which sites are being used.

4.116 The data shows that people are more likely to be aware of and use their own ‘network connections’ such as work colleagues, contacts and friends, than they are to use more formal sources such as banks and business support organisations.

4.117 Of those people who claimed they wanted business advice and guidance\(^{30}\), 73 per cent found it very or quite easy to get the advice they needed, whilst 27 per cent found it either not very easy or not at all easy. Among those who have used Business Link, 76 per cent found it very or quite easy to get advice.

4.118 Fifty-six per cent of Thinkers who wanted business advice and guidance felt that it always or mostly met their needs. For those who had used Business Link, this proportion was 60 per cent.

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\(^{30}\) Sixteen per cent of Thinkers did not answer this question because they claimed they never used or wanted advice. A further 6 per cent were unable to rate the advice they had been given.
**Awareness of Business Link**

4.119 When prompted, 46 per cent of Thinkers claim to have heard of Business Link. Awareness levels vary by sub-group, principally by age, with the older Thinkers being much more likely to have heard of the organisation (see below). The high awareness in the North East may be testament to the efforts of those particular business support organisations in the region, whilst the low level in London may be influenced by the fact that the population of London is younger and contains most of the White Others.

**Chart 16: Awareness of Business Link**

![Chart showing awareness of Business Link by age and region]

**Future employment status**

4.120 Over half of all Thinkers in full or part time employment, and who are also ‘Serious’ Thinkers, think they will give up their current job when they start their businesses (57 per cent). This is exactly the same proportion seen in the 2003 survey.
4.121 The finding does differ according to business qualifications held. Sixty-three per cent of those with business qualifications say that they will quit their current jobs once their new business has gotten off the ground. This compares to 56 per cent of those with no business qualifications.

4.122 For those Serious Thinkers planning to stay in their current jobs, 40 per cent will only do so until their new business starts to take up more of their time. 36 per cent plan to do so until their new business starts to make enough money, and 23 per cent plan to keep their existing job long term and make their new business a sideline. In this respect there are no significant differences between full time and part time employees.

4.123 In comparison to the 2003 survey, the new business is likely to just be a sideline for nearly twice as many people. The SBS Household Survey does not have a measure of income, so we cannot know whether this is because these people are on good salaries that they do not want to risk. However, it is certainly the case that those who are social grade AB\textsuperscript{xxvii}, who tend to have higher incomes than average, are more likely to want to keep their new businesses as sidelines than do the C2Ds.
5  Doers

5.1 This Section looks at those who own or part-own their own business or are self-employed (including those who run their own business as a sideline to their main employment activities).

Who are the Doers?

5.2 To summarise the earlier Section (3) on overall entrepreneurial activity, Doers are more likely to be male (67 per cent of all Doers) than female (33 per cent). Doers are also more likely to be older than the population as a whole, with 72 per cent being aged 35 or over\(^ {31} \).

5.3 Compared to their proportion in the population as a whole, White people who are not British or Irish are more likely to be Doers. This is particularly the case for those of Eastern European origin.

5.4 The region containing the most Doers is the Eastern region (16 per cent). The region with the fewest is the North East (9 per cent). Doers are much more prolific in rural areas than in urban, and tend to live in the less deprived areas.

5.5 The higher the educational attainment of an individual, the greater the likelihood of their being a Doer.

\(^{31}\) Compared to 59% of the population of England aged 16-64 (source = ONS census of England & Wales 2001).
**Type of Doer**

5.6 Almost two-thirds (63 per cent) of Doers describe being self-employed as their main activity, which is consistent with the proportion in 2003 (64 per cent). Similarly, the proportion of Doers who own or part-own a business as their main employment activity remains consistent at 13 per cent.

5.7 There has, however, been a small but significant decrease in the proportion of Doers who own a business as a sideline. This group decreased slightly from 20 per cent to 17 per cent, although the proportion of Doers involved in self-employment as a secondary income remains unchanged (at 8 per cent).

**Chart 17: Type of Doer**
How became an entrepreneur

5.8 As was seen in 2003, the majority of Doers have started their business from scratch as opposed to inheriting or buying into an existing business. There was a slight but insignificant increase in the proportion starting from scratch this year, and subsequent small decreases in the other methods of acquiring businesses.

Chart 18: How Doers came to own main business

5.9 Before they acquired their current main business, just over one in seven Doers had a previous business concern or were self-employed (9 per cent self-employed, 4 per cent owned a business, 1 per cent part-owned a business). The majority of Doers were working full-time as an employee (58 per cent), whilst 8 per cent were in education or training. For 70 per cent of Doers, their current business is the first they have ever owned.
Motivations for Doers

5.10 As was the case for Thinkers, Doers were asked to agree or disagree with a number of statements concerning their motivations for becoming entrepreneurs. Firstly, we examine the ‘pull’ motivations.

‘Pull’ motivations

<table>
<thead>
<tr>
<th>Table 15: Pull motivations for Doers</th>
<th>2005</th>
<th>2003</th>
<th>Change 2003-2005 +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td>Agree</td>
</tr>
<tr>
<td>(B) I wanted the freedom to adopt my own approach to work</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>(F) I wanted to challenge/prove myself</td>
<td>88</td>
<td>8</td>
<td>90</td>
</tr>
<tr>
<td>(C) I always wanted to be my own boss</td>
<td>74</td>
<td>18</td>
<td>74</td>
</tr>
<tr>
<td>(A) I wanted to make more money than I was earning before</td>
<td>72</td>
<td>18</td>
<td>75</td>
</tr>
<tr>
<td>(O) I wanted to be able to work from home</td>
<td>52</td>
<td>38</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(N) I wanted to do something that helps or supports other people</td>
<td>52</td>
<td>38</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(M) I wanted to make an idea or innovation happen</td>
<td>46</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>(P) I wanted to do my line of business better than my previous employer</td>
<td>38</td>
<td>45</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(L) I wanted to develop a hobby or some other activity into a commercial enterprise</td>
<td>34</td>
<td>60</td>
<td>38</td>
</tr>
<tr>
<td>(O) I wanted to do something that helps or supports the environment</td>
<td>31</td>
<td>51</td>
<td>Not asked before 2005</td>
</tr>
<tr>
<td>(K) I wanted to follow the example of someone I admired</td>
<td>26</td>
<td>66</td>
<td>28</td>
</tr>
<tr>
<td>(G) I want to continue a family tradition</td>
<td>19</td>
<td>70</td>
<td>19</td>
</tr>
</tbody>
</table>

Base = All England Doers (unweighted sample size = 2007; effective sample size = 1472). Figures in bold are statistically significant changes.
5.11 The key pull motivations of Doers have changed very little since 2003; freedom to adopt their own approach, the chance to prove themselves, the desire to be their own boss and wanting to make more money than before remain the most frequently cited motivations. The only significant change, albeit slight, is in the increased proportion disagreeing that they wanted to develop a hobby into a commercial enterprise.

‘Push’ motivations

5.12 In contrast to ‘pull’ factors, there have been more changes compared to 2003 for the ‘push’ factors. Doers are now less likely to cite being out of work for a long time, being made redundant, or being dissatisfied with their previous job as motivations for starting a business. The influence of push factors in the current economic climate appear to be less important than they were two years ago.

<table>
<thead>
<tr>
<th>Table 16: Push motivations for Doers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>%</td>
</tr>
<tr>
<td>(E) I was dissatisfied in my previous job</td>
</tr>
<tr>
<td>(D) I wanted to get away from the discrimination that occurred at my previous place of employment</td>
</tr>
<tr>
<td>(H) I was unable to obtain regular suitable paid employment</td>
</tr>
<tr>
<td>(J) I had been made redundant</td>
</tr>
<tr>
<td>(J) I had been out of work for a period of time</td>
</tr>
</tbody>
</table>

Base = All England Doers (unweighted sample size=2007; effective sample size = 1472). Figures in bold are statistically significant changes

5.13 The (median) average Doer in the 2005 survey has been trading for 4-5 years. Because of this, it is unsurprising that there is little change between the 2003 and 2005 survey in terms of motivations. It is therefore worth looking just at those who have started their main business in the last two years\(^{32}\).

\(^{32}\) The sample size for this group is 594
5.14 For this group the main motivation was the freedom to adopt their own approach to work, which is also the main motivation for all Doers. However, compared to all Doers there was significantly more agreement among the more recent entrepreneurs that the following were motivations:

- (A) wanting to make more money than they were earning before (76 per cent agreement among the recent entrepreneurs, compared to 70 per cent for all Doers)
- (M) wanting to make an idea or innovation happen (52 per cent agreement among the recent entrepreneurs, compared to 46 per cent for all Doers)
- (L) wanting to develop a hobby or other activity into a commercial enterprise (41 per cent agreement among the recent entrepreneurs, compared to 34 per cent for all Doers)
- (E) being dissatisfied in a previous job (48 per cent agreement among the recent entrepreneurs, compared to 37 per cent for all Doers)
- (J) having been out of work for a period of time (20 per cent agreement among the recent entrepreneurs, compared to 16 per cent for all Doers)


**Geographical scope**

5.15 Two-thirds of businesses (68 per cent) conduct trade within their local area. Just over a third (36 per cent) trade in other parts of the UK, whilst just 18 per cent trade internationally.

5.16 As one would expect, Doers from non-White British backgrounds are more likely to trade outside the UK. Just 17 per cent of White British Doers trade internationally compared to between a quarter and a third of Doers from other ethnic groups.

| Table 17: Regions in which Doers trade - By ethnicity |
|------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| All Doers                  | White British | White Other | Black | Asian |    |
| **Unweighted sample size** | (2007)     | (1568)    | (137) | (91)   | (169)    |
| **Effective sample size**  | (1472)     | (1228)    | (100) | (65)   | (104)    |
| %                        | %          | %         | %     | %      | %        |
| **Within local area**     | 68         | 69        | 61    | 54     | 69       |
| **Within other parts of the UK** | 36       | 36        | 37    | 38     | 33       |
| **Internationally**       | 18         | 17        | 29    | 34     | 25       |

Base = All England Doers

**Family members**

5.17 Doers were asked to what extent members of their family or friends work regularly within their business. Almost half of all Doers say that a friend, family member, or work colleague from previous employment work for their business. Around a quarter (26 per cent) of Doers say that their partner (i.e. spouse) works with them, whilst 12 per cent say that they work with a friend they knew before they came to work with them.
Improving awareness of enterprise

5.18 Doers were asked whether their business has been involved in improving people’s awareness of running a company or business in the last 12 months (such as conducting school visits, mentoring or through schemes such as Young Enterprise, The Prince’s Trust or Business Dynamics).

5.19 In total, 15 per cent of Doers said that their business had been involved in such a scheme (the same percentage seen in 2003), whilst 84 per cent had not (1 per cent were unsure). These figures did not vary significantly by the age of a business. Even amongst businesses that have been trading for less than a year, 13 per cent say that they have been involved in such a scheme.

5.20 Figures do vary, however, according to whether the business is a company, partnership or sole proprietorship. 24 per cent of companies are involved in one of these schemes, compared to 18 per cent of partnerships and 11 per cent of sole proprietors.
6 Avoiders & Barriers to Enterprise

6.1 The previous chapters have looked at the experiences, characteristics and key motivators for Thinkers and Doers. In this chapter, we turn our attention to the attitudes that Avoiders hold towards entrepreneurship. In particular, we examine whether Avoiders have had any prior experience of owning a business, the barriers they face to becoming entrepreneurs in the future, and the ways in which these hurdles could be overcome.

Barriers to entrepreneurship

6.2 In this Section, we consider the barriers that stand in Avoiders’ paths to either starting a business or becoming self-employed. The chart below shows the frequency with which Avoiders agree that potential factors act as hurdles to becoming an entrepreneur; the boxed figures to the right of each bar show the change since 2003:

Chart 20: Barriers for Avoiders
6.3 As in previous years, financial factors figure highly among barriers to entrepreneurial activity. Over half (54 per cent) of all Avoiders cite fear of getting into debt, with 48 per cent mentioning difficulties getting finance for the business, 43 per cent worries of insufficient sales/profit, and 37 per cent the fear of adding to existing debt. Similarly, half are afraid that their business might fail.

6.4 Forty-five per cent of all Avoiders feel that the loss of the security, income and promotion prospects attached to their current job would prevent them from becoming an entrepreneur. Almost one in three (32 per cent) would be hampered by not being able to come up with an idea for their business, with a similar number (31 per cent) believing that they would not have the requisite skills to set up and operate a business.

6.5 Encouragingly, though, there have been falls since 2003 in the proportion of Avoiders citing the majority of these potential barriers. Most notably, fear of adding to existing debt has dropped from 47 per cent to 37 per cent, and fear of getting into debt from 63 per cent to 54 per cent. Equally, fewer Avoiders are scared that their business might fail (50 per cent compared with 58 per cent in 2003), and that they would be concerned about not being able to make enough profit (43 per cent compared with 52 per cent in 2003). These findings all point to Avoiders being increasingly confident and upbeat, seeing less standing in their way to starting up in business in the future.

6.6 As has been seen in previous years, female Avoiders cite a greater number of barriers on average than men (5.1 compared to 4.7). Particularly noticeable is the gender gap in terms of the amount of time involved and the effect on domestic responsibilities, mentioned by 44 per cent of women compared to 35 per cent of men.
6.7 Women are also more likely to cite *fear of getting into debt* (56 per cent compared to 52 per cent of men), *getting finance for the business* (50 per cent compared to 46 per cent), and *not knowing how to start and run a business* (33 per cent compared to 29 per cent) as barriers to entrepreneurship. Indeed, the only factor men are more prone to mention is losing the security, income or promotional prospects from their current job (48 per cent compared to 43 per cent of women).

6.8 The number of barriers cited decreases steadily with age from an average of 5.2 amongst 16-24 year olds to 4.7 for those in the 55-64 bracket. Notably, as well as being the region with the fewest Thinkers and Doers, the North East Avoider population also perceives the greatest number of barriers to becoming an entrepreneur (5.3 on average).

6.9 By ethnic group, Black Africans, Bangladeshis and White Others stand out as seeing the fewest barriers, with averages of 4.0, 4.2 and 4.3 respectively, all below the average of 4.9.

6.10 Where Avoiders cited at least three barriers to setting up their own business or becoming self-employed, they were then asked to narrow these down to the two they thought to be most important. The chart below combines these with the barriers mentioned by those who gave two or less.
Chart 21: Two biggest barriers for Avoiders

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fear of getting into debt</td>
<td>24%</td>
</tr>
<tr>
<td>Getting finance for business</td>
<td>24%</td>
</tr>
<tr>
<td>Losing security from current job</td>
<td>22%</td>
</tr>
<tr>
<td>Amount of time / work involved</td>
<td>17%</td>
</tr>
<tr>
<td>Chance that business might fail</td>
<td>12%</td>
</tr>
<tr>
<td>Age</td>
<td>12%</td>
</tr>
<tr>
<td>Not having idea for business</td>
<td>11%</td>
</tr>
<tr>
<td>Complexity of regulations</td>
<td>10%</td>
</tr>
<tr>
<td>Not knowing how to start and run business</td>
<td>9%</td>
</tr>
<tr>
<td>Fear of adding to existing debt</td>
<td>7%</td>
</tr>
<tr>
<td>Worry of insufficient sales / profit</td>
<td>7%</td>
</tr>
<tr>
<td>Current economic climate</td>
<td>5%</td>
</tr>
<tr>
<td>Lack of interest / motivation</td>
<td>3%</td>
</tr>
<tr>
<td>Bad experience in past</td>
<td>1%</td>
</tr>
</tbody>
</table>

Base = All England Avoiders (11,930)

6.11 Broadly speaking, there is a similar pattern here. *Fear of getting into debt* and *getting finance for the business* top the list, each mentioned by a quarter of Avoiders. *Losing security from current job* is cited by almost the same proportion.

6.12 Just over one in ten (12 per cent) feel that age is a primary obstacle to them becoming an entrepreneur. As might be expected, the youngest and oldest respondents are most likely to see this as a key issue (20 per cent of 16-24 year olds and 37 per cent of 55-64 year olds respectively – both differing from the average of 12 per cent). For the 16-24 year olds, this would seem to be closely tied in with a lack of knowledge about how to start and operate a business, mentioned by 17 per cent of this group (compared to 9 per cent overall).
Overcoming barriers

6.13 Having considered the barriers which prevent Avoiders entering the world of entrepreneurship, we now move on to look at enabling factors that could potentially ‘convert’ these people into Thinkers and ultimately Doers of the future:

Chart 22: What might make Avoiders become entrepreneurs

6.14 A third of all Avoiders feel that nothing could ‘push’ or ‘pull’ them into thinking about starting up a business or becoming self-employed. This equates to a quarter of the adult population in England.

33 A comparison between the previous surveys is not really possible here, as this is an unprompted question with precodes.
6.15 Younger respondents are less likely to feel that nothing could tempt them into setting up their own business, with this percentage rising quite steeply from 20 per cent of 16-24 year olds to 54 per cent of those in the 55-64 age band. Similarly, a lower proportion of Black people would never consider entrepreneurial activity than other ethnic groups (21 per cent compared to 33 per cent of White people and 34 per cent of Asian people).

6.16 Among those who could conceivably see themselves one day becoming an entrepreneur, just over one in six (16 per cent) state that they would need access to the finance required for this possibility to be realised. Similarly, four per cent state that they would need to win the lottery, or gain financial security by some other means. This very much ties in with previous findings that financial hurdles act as the primary barrier to entrepreneurial activity.

6.17 One in ten Avoiders would entertain the thought of setting up in business if they had a desire to make an idea happen, and four per cent would if they saw a niche emerge in a particular market.

6.18 A further one in ten believe that being made redundant might give them the push to think about becoming an entrepreneur. Six per cent feeling that the desire to be their own boss could one day lead them in this direction.

**Previous experience of owning a business**

6.19 The majority of Avoiders (86 per cent) have never owned a business, part-owned a business, or been self-employed before. As the chart below demonstrates, just 6 per cent have been engaged in entrepreneurial activity within the last five years, and a further 8 per cent in the more distant past:
6.20 As could be expected because of the length of time that they have been economically active, older Avoiders are more likely to have been entrepreneurs previously than their younger counterparts, falling steeply from 23 per cent of those aged 55-64 to just 4 per cent of those in the 16-24 age bracket. Similarly, men are more likely to have done so than women (18 per cent compared with 11 per cent).

6.21 Eleven per cent of Avoiders who have not owned businesses or been self-employed in the past have ever considered starting a business, buying into an existing business or becoming self-employed. These are known as the ‘Active Avoiders’.
7 Attitudes to Enterprise

Summary

7.1 Since the inception of the SBS Household Survey in 2001 respondents have been asked a series of questions concerning their attitudes towards enterprise. These have taken the form of statements to which they give the extent of their agreement\(^{34}\).

7.2 Since 2001, the key changes in attitudes overall have been as follows:

- Slightly more people agree that people who start and fail at business deserve a second chance (up two percentage points)
- Slightly more people would encourage a friend or relative to start a business (up two percentage points)
- Fewer people say that they would rather work for a small rather than a large business (agreement down three percentage points)
- Fewer people think that success in business requires businessmen to have low morals or ethics (down eight percentage points)
- Fewer people agree that they avoid taking risks (down three percentage points)
- Fewer people think they have the skills and knowledge to be able to start businesses (down three percentage points)
- Fewer people think that the media presents a negative image of small businesses (down three percentage points)
- Slightly fewer people notice success stories about running businesses in the media (down two percentage points)

\(^{34}\) Agree strongly, agree slightly, neither agree nor disagree, disagree slightly, disagree strongly. ‘Agree’ = agree strongly or slightly (not weighted between the two responses). ‘Disagree’ = disagree strongly or slightly (not weighted between the two responses).
7.3 According to gender, the key differences in attitudes in the 2005 survey are:

- Women are more likely to agree than men that businesses should have a social and environmental responsibility
- Women fear debt much more than men
- Men enjoy the challenge of risky situations more than women
- Women are more likely to avoid risk than men
- Women are less confident speaking to bank managers than men
- Women are much less likely to think they have the skills and knowledge to start a business compared to men

7.4 According to age, the key differences in attitudes in the 2005 survey are:

- Younger people are more likely to want to encourage friends and relatives to start businesses
- Older people prefer to work for small businesses than do the young
- Younger people are much more likely than older people to enjoy the challenge of risky situations
- Older people are more likely to avoid taking risks
- Those aged under 25 are the least confident about talking to a bank manager
- Younger people are less likely than average to think they have the skills and knowledge to start a business, but less likely than older people to think the educational system has failed them in this respect

7.5 According to ethnicity, the key differences in attitudes in the 2005 survey are:
- Black people tend to agree more than other ethnic groups with all the statements. In particular, they are most likely to want to encourage friends and relatives to start businesses, to enjoy the challenge of risky situations, to consider themselves imaginative and creative, to think they have the skills and knowledge to start a business, and to try and make the organisations they belong to work better.

- Black people are less inclined to want to work for a small business, and are the least confident about approaching bank managers.

- The attitudes to enterprise among Asians are more similar to White people. However, they are more likely to enjoy the challenge of risky situations, yet less confident than average about approaching bank managers.

7.6 There follows a discussion of the individual statements. These are loosely grouped according to subject matter.
Attitudes to business

7.7 The following statements relate to general attitudes towards business:

<table>
<thead>
<tr>
<th>Table 18: Attitudes to business</th>
<th>2005</th>
<th>2003</th>
<th>Change 2003-2005 +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td>Agree</td>
</tr>
<tr>
<td>Attitudes to business</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>(A) I admire people who start their own business</td>
<td>94</td>
<td>2</td>
<td>93</td>
</tr>
<tr>
<td>(R) It is important that as well as making money for the owners, businesses are also good for society, the community and the environment</td>
<td>91</td>
<td>4</td>
<td>New statement not asked in 2003</td>
</tr>
<tr>
<td>(C) People who start and fail at business deserve a second chance (except in cases of fraud or malpractice)</td>
<td>88</td>
<td>7</td>
<td>87</td>
</tr>
<tr>
<td>(B) I would encourage a friend or relative to start a business</td>
<td>66</td>
<td>17</td>
<td>64</td>
</tr>
<tr>
<td>(D) I would rather work for a small business than a large business</td>
<td>51</td>
<td>27</td>
<td>54</td>
</tr>
<tr>
<td>(N) Success in business often requires businessmen to have low morals or ethics*</td>
<td>27</td>
<td>60</td>
<td>35</td>
</tr>
</tbody>
</table>

Base = All respondents (unweighted sample size=15696 effective sample size = 10,838). Figures in bold are statistically significant changes.
*The wording of this statement was different in 2003.

35 Unless stated otherwise, all commentary in this section refers to significant increases or decreases at the overall ‘agree’ level.
'I admire people who start their own business'

7.8 The vast majority of working-age adults (94 per cent) admire people who start their own business. The level of agreement here is at a similar level to 2003 (93 per cent)\(^\text{36}\).

7.9 Thinkers are more likely than Doers and Avoiders to agree that this is the case (96 per cent for Thinkers, 94 per cent for Doers, 93 per cent for Avoiders). The figures in 2003 were similar.

7.10 There are no differences in the overall level of agreement with this statement according to age. Females are more likely than males to agree (95% compared with 93%).

7.11 Across all ethnic groups, the vast majority agree, although the level of agreement amongst Asian people has decreased since 2003, from 94 per cent to 90 per cent.

'It is important that as well as making money for the owners, businesses are also good for society, the community and the environment'

7.12 This is a new statement introduced in the 2005 survey. The vast majority of respondents (91 per cent) agree that businesses should also be good for society, the environment or local communities.

7.13 Agreement is higher among Thinkers (94 per cent) than for Doers and Avoiders (both 91 per cent). Women are more likely to agree with this statement than men (93 compared to 89 per cent). Sixteen to twenty-four year olds are slightly less likely to agree (90%), whilst 25-34 year olds and 45-54 year olds are slightly more likely to agree (92%).

7.14 Black people are more likely than average to agree with this sentiment (94 per cent).

\(^{36}\) Note that in the 2001 survey the question was asked in a different way, with half the sample being asked the statement in a positive way, and half in a negative way. This affects the comparability of 2001 figures, and therefore they are not reported here.
'People who start and fail at business deserve a second chance’

7.15 The vast majority of adults (88 per cent) agree that people who fail in business should be given a second chance, a one per cent increase on the 2003 findings.

7.16 Doers (92 per cent) and Thinkers (90 per cent) are more likely to agree with this statement than Avoiders (87 per cent). There is no significant change here compared to 2003.

7.17 There is no significant difference in the level of agreement with this statement between men and women.

7.18 Those aged under 25 are less likely than average to agree with this sentiment (83 per cent).

7.19 Asian people are less likely to agree than average (80 per cent). Compared to 2003, the level of agreement among Black people has risen from 83 to 90 per cent.

‘I would encourage a friend or relative to start a business’

7.20 The number of adults that would encourage a friend or relative to start a business has increased from 64 per cent in 2003 to 66 per cent.

7.21 Thinkers and Doers are equally likely to agree with this statement (77 per cent and 78 per cent respectively) although agreement amongst Avoiders is less than average (62 per cent). The agreement level among Thinkers has increased from 72 per cent in 2003, whilst for Doers and Avoiders it is at a similar level.

7.22 Females are more likely to agree with this statement than men (67 per cent compared to 65 per cent).

7.23 Older respondents are less likely to agree than average; agreement amongst both the 45-54 and 55-64 age groups is 63 per cent, although this is 3 per cent increase on 2003. The increases amongst other age groups are not significant.
7.24 White British adults are the least likely to agree (65 per cent), whilst Asian and Black adults are the most encouraging (69 and 85 per cent respectively). Similar patterns in agreement were seen in 2003.

'I would rather work for a small business than a large business’

7.25 A slight majority (51 per cent) agree that they would prefer to work for a small company, which was lower that the corresponding finding in 2003 (54 per cent).

7.26 As is the case with encouraging others to start a business, Avoiders are less likely to want to work in a small business (47 per cent) than either Thinkers (61 per cent) or Doers (66 per cent). Compared to 2003, Avoiders are now less likely to agree with this statement (2003 = 51 per cent of Avoiders agreeing).

7.27 There is no significant difference in the level of agreement with this statement between men and women.

7.28 Adults aged 55-64 are more likely than average to agree that they would prefer to work for a small business (62 per cent). Respondents aged 25-34 and 35-44 are less likely than average to agree (both 48 per cent). Compared to 2003, agreement is lower amongst the 25-34 and 35-44 year olds (2003 = 52 per cent and 51 per cent respectively).

7.29 Black people (44 per cent) are more likely than average to disagree with this statement. Compared to 2003 the level of agreement has decreased by 10 percentage points.

'Success in business often requires businessmen to have low morals or ethics’

7.30 Around a quarter (27 per cent) of adults agree that success in business requires businessmen to have low morals or ethics. This is considerably lower than agreement in 2003 (35 per cent). However, this may be because of the different phrasing of the question this year (see footnote).

37 In 2003 this statement was worded ‘many people who are highly successful in business have low morals or ethics’.
7.31 Avoiders are (slightly but significantly) more likely than average to have a low opinion of businessmen (28 per cent), as is also the case with men (30 per cent compared to 24 per cent of women). There are no significant differences according to age.

7.32 Asian (38 per cent) and Black (35 per cent) people are more likely than average to agree with this statement.

**Attitudes to risk and debt**

<table>
<thead>
<tr>
<th>Table 19: Attitudes to risk and debt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>%</td>
</tr>
</tbody>
</table>

**Attitudes to risk and debt**

(H) I am scared of being in debt
73  22  74  22  -1  =

(F) I enjoy the challenge of situations that many consider risky
58  31  57  34  +1  -3

(L) I avoid taking risks wherever possible
56  36  60  34  -4  +2

(E) I would not feel confident speaking to a bank manager about getting a business loan
26  67  27  67  -1  =

Base = All respondents (unweighted sample size=15696 effective sample size = 10,638). Figures in bold are statistically significant changes

ʼ*I am scared of being in debtʼ

7.33 Fear of debt remains high with almost three-quarters (73 per cent) agreeing with this statement. This is a similar proportion to the 2003 survey.
7.34 Fear of debt is highest amongst Avoiders at 75 per cent, and there is less agreement with the statement amongst Thinkers (69 per cent) and Doers (61 per cent). These are similar figures to the 2003 study. It is also noticeable here that fear of debt amongst Ordinary Thinkers is in-line with the average (74 per cent), yet is much lower amongst Serious Thinkers (65 per cent).

7.35 Women are far more likely to fear debt than men (79 per cent compared with 66 per cent) – similar proportions to the 2003 study. There are no significant differences by age or ethnic group.

'I enjoy the challenge of situations that many consider risky’

7.36 More than half of adults enjoy the challenge of situations some may consider to be risky (58 per cent). This is consistent with findings in 2003.

7.37 There is a noticeable difference between the extent of agreement amongst Doers and Thinkers (71 per cent and 75 per cent agreement respectively), and that amongst Avoiders, who are far more risk-averse (just 54 per cent agree). However, compared to 2003, Doers are more likely to enjoy risky challenges (2003 = 68 per cent), and Thinkers are less likely to agree (2003 = 79 per cent).

7.38 Men are much more likely than women to enjoy risk (65 per cent compared with 51 per cent). For women this percentage has risen by 2 per cent on the 2003 figure, demonstrating that women are slowly becoming less risk averse.

7.39 Willingness to enjoy risky situations also correlates closely with age. Agreement amongst 16-24 year-olds (69 per cent) is higher than among 25-34 year olds (60 per cent). This pattern continues so that agreement amongst 45-54 year olds is just 55 per cent, and 51 per cent for 55-64 year olds. The same pattern and similar levels of agreement are seen in 2003.

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38 Serious Thinkers are those who have given serious thought to starting a business or becoming self-employed, and think their business will almost certainly or is very likely to happen in the future. Ordinary Thinkers think their business may possibly happen someday, or have not thought about it much.
7.40 This suggests that adversity to risk may relate to life stage. However, those who have children aged under 16 are as likely to agree with this statement as average (58 per cent).

7.41 Asian (67 per cent) and Black (67 per cent) people are more likely than their White British counterparts (56 per cent) to enjoy the challenge of risky situations.

‘I avoid taking risks wherever possible’

7.42 Adults in England appear to be slightly more willing to take risks now than they did in 2003. In that year, 60 per cent agreed that they always try to avoid risk, whereas in 2005 the level of agreement is lower at 56 per cent.

7.43 Avoiders are more likely to avoid risk wherever possible (57 per cent). Doers and Thinker are less likely to agree (50 per cent). Here we see differences to the 2003 survey where we found 61 per cent of Avoiders wanting to avoid risk, compared to 58 per cent of Doers and 56 per cent of Thinkers.

7.44 Women are more likely to avoid risk than men (58 per cent compared with 53 per cent), with both genders being less risk averse in 2005 (in 2003 the figures were 62 per cent and 58 per cent respectively).

7.45 Respondents aged 45 and over are much more likely to avoid risk; 59 per cent of 45-54 year-olds agree whilst 66 per cent of 55-64 year-olds agree. Amongst all age groups under the age of 35, respondents are less likely to agree that they avoid risk; 52 per cent of 25-34 year olds express agreement compared to 47 per cent of 16-24 year-olds.

7.46 This shows a change in attitude on the 2003 survey where 56 per cent of 16-24 year olds agreed they avoided risk. Indeed, in 2003 this youngest group were as likely to want to avoid risk as 25-44 year olds.

7.47 Asian and Black people are more likely than average to want to avoid risk (65 per cent and 61 per cent respectively). This is interesting as these two ethnic minority groups are also more likely than average to enjoy the challenge of risky situations.
‘I would not feel confident speaking to a bank manager about getting a business loan’

7.48 Just over a quarter (26 per cent) agree that they would not be confident in speaking to a bank manager about a business loan, similar to that seen in 2003.

7.49 Doers are less likely to agree that they would not feel confident (21 per cent), whereas Avoiders and Thinkers are more likely (27 and 26 per cent respectively). However, in comparison with 2003 Thinkers are more likely to agree with this statement (2003 = 21 per cent).

7.50 Women are more likely to be not confident than men (28 per cent compared with 25 per cent), as was also the case in 2003.

7.51 Adults aged under 25 are less likely than average to be confident (31 per cent) – the same finding as in 2003.

7.52 Asian and Black people are more likely than average not to be confident in approaching a bank manager (31 per cent and 37 per cent respectively), which was also the case in 2003.

**Key enterprising traits**

<table>
<thead>
<tr>
<th>Table 20: Key enterprising traits</th>
<th>2005</th>
<th>2003</th>
<th>Change 2003-2005 +/−</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td>Agree</td>
</tr>
<tr>
<td><strong>Key enterprising traits</strong></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>(M) I’m the sort of person who always tries to make organisations I belong to function better</td>
<td>85</td>
<td>8</td>
<td>85</td>
</tr>
<tr>
<td>(I) I am an imaginative and creative person</td>
<td>75</td>
<td>17</td>
<td>76</td>
</tr>
<tr>
<td>(Q) I have the skills/knowledge to be able to start a business</td>
<td>63</td>
<td>29</td>
<td>66</td>
</tr>
</tbody>
</table>

*Base = All respondents (unweighted sample size=15696 effective sample size = 10,838). Figures in bold are statistically significant changes*
'I'm the sort of person who always tries to make organisations I belong to work better’

7.53 Eighty-five per cent of English adults agree with this statement, the same proportion seen in 2003.

7.54 Thinkers are most likely to be in agreement with this statement (88 per cent), although there is no difference in the level of agreement between Doers and Avoiders. The 2003 survey showed the same trend.

7.55 Men are more likely than women to agree (87 per cent compared with 84 per cent).

7.56 Young people are less inclined to feel that they make a difference. The level of agreement among those aged 16-24 was 79 per cent.

7.57 Black respondents are more likely to agree with this statement (89 per cent), although in comparison to the 2003 survey the proportion agreeing has fallen (from 94 per cent).

'I am an imaginative and creative person’

7.58 Three-quarters of adults (75 per cent) view themselves as being creative and imaginative people – the same proportion seen in 2003.

7.59 Doers, and particularly Thinkers are more likely to agree with this statement (84 per cent and 90 per cent respectively) than Avoiders (72 per cent). Similar figures were recorded in 2003.

7.60 Men are slightly more inclined to agree than women (76 per cent compared with 74 per cent).

7.61 Older adults are less inclined to be creative than their younger counterparts, even though the majority still agree with the statement; 83 per cent of 16-24 year-olds agree, compared to 70 per cent of 55-64 year olds.

7.62 Eighty-six per cent of Black respondents agree with this sentiment, compared to 79 per cent of Asians.
'I have the skills/knowledge to be able to start a business'

7.63 Overall, 63 per cent agree that they have the skills and knowledge with which to start a business, 3 per cent lower than was the case in 2003.

7.64 As one would expect, Doers (92 per cent) and Thinkers (80 per cent) are much more likely to agree compared to Avoiders (56 per cent). This overall decrease in the level of agreement since 2003 is common to all three respondent types – for Doers there is a 3 per cent decline in the level of agreement, 4 per cent for thinkers, and 2 per cent for Avoiders.

7.65 Women are less likely to agree than men (56 per cent compared to 71 per cent). Compared to 2003, levels of agreement have decreased for both groups (1 per cent and 3 per cent respectively).

7.66 Young people are less likely to agree than older ones. Fifty-three per cent of 16-24 year olds agree, and 65 per cent of 25-34 year olds, which compares to 68 per cent of 35-44 year olds. Compared to 2003 the decline in agreement is also greater among the young, down four percentage points for the 16-24 year olds, and 4 percentage points for the 25-34 year olds.

7.67 Black people are the most likely to agree with this statement – 72 per cent. For Asian people, the level of agreement has decreased from 75 per cent to 65 per cent since 2003.
Business in the media

**Table 21: Business in the media**

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td>Agree</td>
</tr>
<tr>
<td><strong>Business in the media</strong></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>(P) I often see success stories about running a business in the media</td>
<td>52</td>
<td>31</td>
<td>54</td>
</tr>
<tr>
<td>(O) The media presents a generally negative image of small businesses and often features bad news stories</td>
<td>41</td>
<td>39</td>
<td>44</td>
</tr>
</tbody>
</table>

Base = All respondents (unweighted sample size=15696 effective sample size = 10,838). Figures in bold are statistically significant changes.

—I often see success stories about running a business in the media’

7.68 Just over half (52 per cent) of respondents say that they see business success stories in the media, this is 2 per cent lower than the proportion who agreed in 2003.

7.69 Avoiders are less likely to agree (50 per cent) than both Doers and Thinkers (both 57 per cent). Compared to 2003 there is a 3 per cent decrease in the proportion of Avoiders agreeing with this statement.

7.70 Men are more likely to agree than women (54 per cent compared with 50 per cent). Since 2003 agreement is down for both groups by a similar proportion (from 56% and 53% respectively).

7.71 There is some correlation between agreement with the statement and age, in that those aged over 45 are more likely to agree (55 per cent amongst 55-64 year olds, and 54 per cent amongst 45-54 year olds) than are younger people. This is in contrast with the 2003 survey when there was no difference according to age.

7.72 By ethnicity, agreement amongst Asian (60 per cent) and Black (62 per cent) people is higher than average. Compared to 2003, agreement among Black people has increased by 9 per cent.
'The media presents a generally negative image of small businesses and often features bad news stories'

7.73 As was the case in 2003, respondents are divided as to the extent to which the media presents a negative image of small business. The overall finding is that 41 per cent agree that the media’s presentation is generally negative, which is slightly lower than it was in 2003 (44 per cent).

7.74 By entrepreneurial status there is little difference in agreement, although Serious Thinkers\textsuperscript{39} are more inclined to agree (45 per cent). Compared to 2003 the level of agreement is the same for Thinkers, but down 3 percentage points for both Doers and Avoiders.

7.75 There is no difference in the level of agreement according to gender, but men are less likely to agree compared to the 2003 survey (down 5 per cent).

7.76 Older respondents are more inclined to agree with this statement (45 per cent amongst 45-54 year olds and 52 per cent amongst 55-64 year olds), whereas those aged 35-44 (39 per cent), 25-34 (34 per cent) and 16-24 (37 per cent) are less inclined to agree. The decline in the level of agreement is most noticeable for the 16-24 year olds, down 8 percentage points.

7.77 A decline in agreement is also noticeable among Black people – agreement is 49 per cent now (still above average), compared to 55 per cent in 2003.

\textsuperscript{39} Serious Thinkers are those who have given serious thought to starting a business or becoming self-employed, and think their business will almost certainly or is very likely to happen in the future. Ordinary Thinkers think their business may possibly happen someday, or have not thought about it much.
Education, skills and knowledge

7.78 In the 2005 survey a new statement was added: ‘The education system in this country provides the necessary skills and knowledge to enable people to start and run a business’. The scale used to indicate level of agreement differs from other questions in the survey.\(^{40}\)

7.79 Just 5 per cent overall consider that the education system provides the necessary skills and knowledge ‘very well’, with a further 24 per cent saying ‘fairly well’. Thus, 29 per cent think the education system does well.

7.80 This compares with 27 per cent who say the education system performs ‘fairly poorly’ and a further 21 per cent saying ‘very poorly’. Overall, therefore, 48 per cent think the education system fails.\(^{41}\)

7.81 Avoiders and Thinkers are more likely to think the education system performs well (both 30 per cent) than Doers (23 per cent). There is no difference in this figure between genders.

7.82 Sixteen to twenty-four year olds are the age group most likely to think the education system does well (41 per cent), and are the only age group who are positive overall (38 per cent say it does poorly). However, from the age of 25 upwards people are generally negative, with only 27 per cent saying that the education system has performed well.

7.83 Both Black and Asian people are more likely than average to think that the education system has performed well (46 per cent and 52 per cent respectively).

\(^{40}\) The scale used was ‘it provides it very well; fairly well; neither well nor poorly; fairly poorly; very poorly; don’t know’.

\(^{41}\) A further 14 per cent said ‘neither well nor poorly’, and 7 per cent said ‘don’t know’.

99
8 Investment in Other Businesses

8.1 All respondents were asked whether they had ever personally invested in someone else’s small business. In total, six per cent of respondents had, which is the same as was found in 2003. Doers and Thinkers are equally likely to have invested in a small business (10 per cent and 9 per cent respectively). Avoiders however, are less likely to be investors (5 per cent).

8.2 Men are more likely than women to be investors in small businesses (8 per cent compared with 4 per cent). By ethnicity, Black (12 per cent) and White Other (11 per cent) people are the most likely to have conducted such investments. This compares to eight per cent of Asian and five per cent of White British people.

8.3 Of those who have invested into a small business, the most likely recipients are either a close family member or a friend/ neighbour (38 per cent and 37 per cent respectively). One in ten have invested in the business of a work colleague, whilst eight per cent have invested in the business of a more distant relative. Just six per cent have been prepared to invest into the business of someone they did not previously know. This figure represents a change from 2003 when 15 per cent said they had made such an investment.
Chart 24: Who respondents have invested in

Who Respondents have Invested in (Small Businesses only)

8.4 Two-thirds of investors (67 per cent) have only ever invested into one small business. Sixteen per cent have invested in two companies whilst eight per cent have invested in three. Just seven per cent have invested into four or more companies. These figures largely mirror results from 2003; however, slightly (though not quite significantly) fewer in that year reported investing into one company (60 per cent) whilst significantly more had invested in five companies (4 per cent compared with 1 per cent).
Chart 25: Number of small businesses investors have financed

8.5 Of those who have invested in small businesses in the past year, a third invested up to £1,000. This represents a decline since 2003 (from 39 per cent) in people investing such modest amounts. Correspondingly, the proportion of respondents investing between £1,000 and £5,000 rose from 16 per cent in 2003 to 25 per cent in 2005. However, the proportion of respondents investing large sums of money (i.e. £50,000 or more) declined from eight per cent to three per cent.
9 Social Enterprise

9.1 For the 2005 survey, a series of new questions were added looking at the perceived importance of social responsibility in the business world, and the degree to which social objectives underlie entrepreneurial activity. More specifically, familiarity with the concept of a ‘social enterprise’ was explored, and the extent to which individuals are engaged in this kind of business.

Public attitudes

9.2 Whilst the majority of businesses are still driven by profit and financial performance, there is a growing belief that enterprises should also have a beneficial effect on the wider society.

Chart 26: Attitudes to business and society
9.3 Indeed, as the chart above demonstrates, only a very small minority (4 per cent) disagree with the statement ‘It is important that, as well as making money for the owners, businesses are also good for society, the community and the environment’. Conversely, almost seven in ten (69 per cent) express strong agreement, and a further 22 per cent agree to some extent.

9.4 By respondent type, all groups are in very strong agreement. One might expect Doers to be less in agreement here, but this is not the case. Nor does it matter whether the Doer in question has been in business less than a year or longer.

9.5 Although there is very little difference in cumulative agreement by age group, a clear gradient can be seen in levels of strong agreement, which rises from 62 per cent among individuals aged 16-24 to 73 per cent of those in the 55-64 bracket. This arguably challenges the preconception that the younger generation have a stronger sense of social responsibility.

9.6 By gender, female respondents are also more likely to agree strongly with this statement than their male counterparts (71 per cent compared with 66 per cent), increasing to 76 per cent of females in the top age band.

9.7 Black people stand out as the ethnic group most likely to feel that businesses should impact positively on society and the environment, with almost eight in ten (79 per cent) agreeing strongly. This compares to 69 per cent of Asian people, 68 per cent of White British and White Others, and 57 per cent of Chinese people.

**Social motivations**

9.8 We saw in earlier chapters that freedom, wanting to be one’s own boss and financial gain are the driving ‘pull’ motivators for both Thinkers and Doers. Although motivations relating to social and environmental responsibility do not figure quite so highly, they are nonetheless cited by a high proportion of the entrepreneurial population. Levels of agreement and disagreement to two statements relating to these issues are shown below.
Chart 27: Socially-orientated motivations

'I wanted to do something that helps or supports other people’

9.9 At an overall level, almost two-thirds (63 per cent) of Thinkers and Doers agree that they would like to help other people through their entrepreneurial activities, with around four in ten (39 per cent) agreeing strongly.

9.10 Interestingly, Thinkers are more likely to agree with the statement than Doers (75 per cent compared with 52 per cent).

9.11 Doers who have been in business less than one year are slightly – though not significantly – more likely to agree with the statement (58 per cent), and significantly less inclined to disagree (31 per cent), but this is still lower than the 75 per cent seen for Thinkers.
9.12 Social considerations are a greater motivator for women Thinkers than they are for men, with agreement levels of 78 per cent for females and 72 per cent for males. This gender difference is also seen among Doers where the agreement is 59 per cent for females, and 48 per cent for males.

9.13 Although we saw above that younger individuals are less likely to strongly believe that businesses in general should be good for society as well as making money for the owners, when it comes to personal motivations for setting up a business or thinking of doing so, they are in fact more likely to say that they do want to help others (agreement with the statement is 67 per cent for Doers aged 16-24 compared with 44 per cent for Doers aged 55-64). This indicates that social motivations for business were less of an issue many years ago, but are becoming increasingly important now. However, the pattern is also seen among the Thinkers, with agreement levels of 78 per cent among the 16-24 year olds, and 70 per cent among the 55-64 year olds, indicating that older people are less socially motivated.

'I wanted to do something that helps or supports the environment'

9.14 Once again, a higher proportion of Thinkers agree with this statement than Doers, with over six in ten (62 per cent) concurring that they 'want to do something that helps or supports the environment'. Half as many Doers expressed agreement with this statement (31 per cent).

9.15 Male Thinkers are as likely as women to agree that supporting the environment is a key motivator for setting up a business or becoming self-employed (62 per cent agreement among men compared with 61 per cent among women). However, agreement levels are higher among male Doers (33 per cent agreement compared to 27 per cent for women).

9.16 Age would not appear to be a key determiner of whether environmental concerns motivate entrepreneurs, with no clear patterns discernible amongst either Thinkers or Doers.
Familiarity with social enterprise

9.17 A social enterprise is a business with primarily social and/or environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community. That is to say, the business is not driven by the need to maximise profit for shareholders or owners.

9.18 Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, social enterprises have a valuable role to play in helping create a strong and socially-inclusive economy.

Chart 28: Familiarity with idea of social enterprise

9.19 As can be seen in the chart above, a quarter (26 per cent) of all respondents are familiar with the concept of a social enterprise; however, the majority (74 per cent) state that this is the first time they have heard of this kind of business.

42 This question was not asked during the pilot phase of the survey.
9.20 As one might expect – given their increased exposure to the entrepreneurial world – a greater proportion of Doers and Thinkers are aware of social enterprises than Avoiders (30 per cent in each case compared with 24 per cent).

9.21 Men are more likely to be familiar with social enterprises than women (29 per cent compared with 22 per cent). Whilst on the surface this may seem to be a logical consequence of there being a greater proportion of male Doers and Thinkers, in fact awareness of social enterprises is greater amongst males within each of the entrepreneurial types (31 per cent compared to 26 per cent of female Doers; 34 per cent compared to 25 per cent of female Thinkers; 28 per cent compared to 21 per cent of female Avoiders).

9.22 By ethnic group, White people display higher awareness of social enterprises (26 per cent compared to 21 per cent of Asian people and 20 per cent of Black people). Similarly, individuals aged 45-64 are more likely to have heard of this kind of business than those in the younger age brackets (30 per cent compared with 24 per cent).
Involvement with social enterprises

9.23 All those stating that they were aware of the existence of social enterprises were asked whether they themselves are social entrepreneurs or perhaps know someone who is.

Chart 29: Involvement in social enterprises

9.24 At an overall level, eight per cent of those aware of social enterprises are currently engaged in this kind of business activity, with a further 18 per cent saying that they have family, friends or acquaintances who are. This equates to two per cent and five per cent of all respondents.

9.25 Whilst White people are more likely to have heard of social enterprises per se, Asian and Black people who are aware of social enterprises are in fact more likely (though not quite significantly) to be currently involved in one (11 per cent for both Black and Asian people compared to 8 per cent of White people).
9.26 By detailed ethnicity, Mixed White & Black Caribbeans are most prone to be working in a social enterprise (4.2 per cent of all in this ME group), followed by Bangladeshis (3.8 per cent), Other Asian people (3.5 per cent) and the White Irish (3.1 per cent).

9.27 Social enterprises are less common in the Eastern region, with just 1.0 per cent of respondents being involved in one.

9.28 Whilst men are more likely to be entrepreneurial Doers and Thinkers, the difference is much less marked when it comes to social entrepreneurs (2.2 per cent of men compared to 1.8 per cent of women). Indeed, female Thinkers are just as likely as male Thinkers to be working in a social enterprise (2.5 per cent in each case).
10 Entrepreneurial Index

10.1 The SBS Household Survey measures, among other things, public attitudes to entrepreneurship - a series of agree/disagree statements at Q52. By looking at the net agreement\textsuperscript{43} levels to these statements, and by correlating the answers given to whether a person is a Thinker, Doer or an Avoider, an attempt at an Entrepreneurial Index has been made. Potentially this could be a key measure of future entrepreneurial activity based on overall attitudes rather than the specific intent to become an entrepreneur.

10.2 Factor, regression and discrimination analysis was conducted at Q52, but the results were inconclusive, showing that statements F ('enjoy risky situations'), I ('imaginative and creative'), M ('try to make organisations function better') and Q ('skills/knowledge to start a business') were all highly correlated, creating a single factor which dominated all of the others. Hence it is believed that straight correlations provide a clearer indication of the strength of the attitudes in determining whether one becomes a Thinker, Doer or Avoider.

10.3 The calculation for the index involves some manipulation of the data\textsuperscript{xxviii}, after which correlation scores can be produced for all the relevant attitudinal statements. The key statement which seems to affect whether a person is likely to be a Thinker or Doer is ‘I have the skills/knowledge to be able to start a business’ which drew a coefficient\textsuperscript{xxix} of 0.2799.

\textsuperscript{43} Net agreement is the per cent agreeing with a statement, minus the per cent disagreeing with the same statement
10.4 Enjoying the challenge of risky situations, being an imaginative and creative person, wanting to work for a small rather than a large business and encouraging others to start a business are the other key attitudes that influence whether one becomes an entrepreneur.

10.5 The index needs to take into account both the level of agreement with the attitudinal statement (in this case indicated by the net agreement), and how important the statement is – in this case based on the key driver correlation. Thus the index is calculated by multiplying the correlation coefficient for each statement by the net agreement percentage score, and then multiplying again by 100. The individual index scores are then added together. The table below shows the results:

<table>
<thead>
<tr>
<th>Statements at Q52xxx</th>
<th>Correlation coefficient</th>
<th>Key driver rank</th>
<th>Net agree (+/-%)</th>
<th>Index score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A I admire people who start their own business</td>
<td>0.0364</td>
<td>10</td>
<td>92</td>
<td>3.35</td>
</tr>
<tr>
<td>B I would encourage a friend or relative to start a business</td>
<td>0.1249</td>
<td>5</td>
<td>50</td>
<td>6.25</td>
</tr>
<tr>
<td>C People who start and fail at business deserve a second chance</td>
<td>0.0567</td>
<td>9</td>
<td>82</td>
<td>4.65</td>
</tr>
<tr>
<td>D I would rather work for a small business than a large business</td>
<td>0.1296</td>
<td>4</td>
<td>25</td>
<td>3.24</td>
</tr>
<tr>
<td>E I would (not) feel confident speaking to a bank manager about getting a business loan</td>
<td>0.0634</td>
<td>8</td>
<td>41</td>
<td>2.60</td>
</tr>
<tr>
<td>F I enjoy the challenge of situations that many consider risky</td>
<td>0.1772</td>
<td>2</td>
<td>28</td>
<td>4.96</td>
</tr>
<tr>
<td>H I am not scared of being in debt</td>
<td>0.1027</td>
<td>6</td>
<td>-51</td>
<td>-5.24</td>
</tr>
<tr>
<td>I I am an imaginative and creative person</td>
<td>0.1494</td>
<td>3</td>
<td>58</td>
<td>8.67</td>
</tr>
<tr>
<td>L I avoid taking risks whenever possible</td>
<td>0.0744</td>
<td>7</td>
<td>-20</td>
<td>-1.49</td>
</tr>
<tr>
<td>M I’m the sort of person who always tries to make organisations I belong to function better</td>
<td>0.0237</td>
<td>11</td>
<td>79</td>
<td>1.87</td>
</tr>
<tr>
<td>Q I have the skills/knowledge to be able to start a business</td>
<td>0.2799</td>
<td>1</td>
<td>35</td>
<td>9.80</td>
</tr>
<tr>
<td>R It is important that as well as making money for the owners, businesses are also good for society, the community and the environment</td>
<td>0.0214</td>
<td>12</td>
<td>88</td>
<td>1.88</td>
</tr>
<tr>
<td><strong>Entrepreneurial Index</strong> =</td>
<td>40.54</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10.6 Thus the overall Entrepreneurial Index score is 40.54 (the higher the score the more positive the attitudes towards enterprise). An exact comparison cannot be made with the 2003 survey because statement R is new to 2005, but if this was taken out of the equation then the entrepreneurial index would have risen from 36.62 to 38.65, demonstrating that attitudes towards enterprise are more encouraging in 2005.

10.7 The 2001 SBS Household Survey did not include statement Q on having the skills and knowledge to start a business. Because this is a very important driver, an index comparison between 2001 and 2005 is not really possible.
11 Appendices

Methodology

11.1 15,696 Computer Assisted Telephone Interviews were completed across England between 8\textsuperscript{th} September 2005 and 16\textsuperscript{th} January 2006 by IFF Research Ltd. from its Telephone Interviewing Centre in London. In addition to these, a further 2010 interviews were conducted in Scotland\textsuperscript{44}.

11.2 A Random Digit Dial (RDD) sampling method was chosen in order to gain a sample representative of the population of England of broadly working age (i.e. aged 16-64). This involves several stages:

➢ A sample of random numbers was generated by computer by UK Changes, a specialist telephone number generation and look-up agency

➢ The random numbers were generated according to known area codes (Subscriber Trunk Dialling – STD) in proportion to the number of interviews required in each Government Office Region (GOR). The sample for certain GORs\textsuperscript{45} was boosted because the relevant Regional Development Authorities (RDAs) wished to conduct detailed analysis of their own regions. Other GORs were sampled in proportion to population, based on 10,000 interviews overall

➢ Telephone numbers were then ‘pinged’. This procedure involves an autodialler ringing each of the numbers for a split second (a very quick ‘ping’ can be heard from the receivers, hence the name) in order to establish that there is a connection. Therefore, unallocated telephone numbers are removed from the sample

\textsuperscript{44} The results of the Scottish Household Survey will be detailed in a separate report.

\textsuperscript{45} The number of interviews in the South East was boosted by an extra 2000 interviews. For Yorkshire & Humberside and the North East there were an extra 1000 interviews each.
- Normally at this stage in a household survey the ensuing numbers are then screened against a national database of business numbers in order to remove these. However, for the SBS Household Survey this was not done, because there is a chance that a respondent, especially one that is self-employed, might use the same number for both business and household calls.

- The procedure produces a random sample of households, but not of individuals. Therefore for two-thirds of the calls, on making contact by telephone, the person in the household aged 16-64 with the next birthday coming up was requested.

- Experience has told us that young people, and especially young males, are harder to reach via this method, and more likely to not want to take part in the survey. Therefore, for one third of all calls anybody aged 16-24 in the household was requested in the first instance. If nobody in the household was in this age group, or if the 16-24 year old was unavailable or did not want to do the interview, then the (next) person with the next birthday coming up was interviewed instead.

- Despite this attempt to improve the representation for younger people, it was still necessary to 'upweight' 16-24 year olds at the analysis stage.

11.3 IFF interviewers called respondents between 5 pm and 9 pm during weekdays, 10 am and 5 pm during weekends. Potential respondents unable to do the interview there and then would be called back at a convenient time. Each piece of sample was called up to a maximum of eight times before retirement.
11.4 In addition to the core interviews (10,018) and the regional boosts (4000 in England), a further 1678 interviews were conducted as part of an ethnic minority boost. The bulk of these interviews involved sampling in areas known to have high proportions of ethnic minority groups, and screening to ensure that only certain ethnic minority groups were interviewed. The objective of this exercise was to meet sample size targets for each ethnic minority group, so the spread of these boost interviews did not necessarily reflect the geographical distribution of ethnic minority groups. For maximum sampling efficiency, the bulk of the ethnic minority boost interviews occurred in London.

11.5 However, it was not possible to gain many interviews with Chinese people using this method, because Chinese people are less likely than other ethnic minority groups to live in areas which are large enough to sample via RDD. Therefore, lists were bought in from Experian, of people in England sampled from the Electoral Register thought to have names of Chinese origin. These people were then telematched against local phone directories. From these lists 220 Chinese people were interviewed, adding to the 31 who were interviewed through the RDD process.

11.6 All regional and ethnic minority group targets were reached or exceeded.

11.7 Because of the oversampling by region and ethnic minority group, and also because of sample bias against young people, at the analysis stage weighting was required to make the data representative of the population of England aged 16-64.

11.8 Weighting targets were drawn from the 2001 census. Although more recent estimates exist in terms of population by region, age and gender, detailed recent information on ethnicity does not exist, hence the need to use older data. Weighting targets were imposed within each region, using an interlocked grid which combined age, gender and ethnic group.

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46 Black Caribbeans, Black Africans, Indians, Pakistanis, Bangladeshis and Chinese. People of mixed race, Other Asian people and Other Black people were not targeted in this exercise.
11.9 Because it is only possible to impose a weighting target where at least one respondent conforms to that exact classification, the format of the grids vary by region. The following criteria were used in each region:

- **Individually for each of South West/North East** = interlocked age x gender (8 cells: 16-24 male, 16-24 female, 25-34 male, 25-34 female, 35-44 male, 35-44 female, 45-64 male, 45-64 female) x ethnicity (2 cells: {i} White British/White Irish/Mixed Race; {ii} other)

- **Individually for each of South East/Yorkshire & Humberside/North West** = interlocked age x gender (8 cells, as South West) x ethnicity (6 cells: {i} White British/White Irish/Mixed Race; {ii} Black African or Caribbean; {iii} Bangladeshi or Pakistani; {iv} Indian; {v} White Other; {vi} Chinese or Other Asian)

- **London** = interlocked age x gender (8 cells, as South West) x ethnicity (9 cells: {i} White British/White Irish/Mixed Race; {ii} Black African; {iii} Black Caribbean; {iv} Bangladeshi; {v} Pakistani; {vi} Indian; {vii} Chinese; {viii} Other Asian; {ix} White Other)

- **Eastern** = interlocked age x gender (8 cells, as South West) x ethnicity (5 cells: {i} White British/White Irish/Mixed Race; {ii} Black African or Caribbean; {iii} Bangladeshi, Indian or Pakistani; {iv} White Other; {v} Chinese or Other Asian)

- **West Midlands** = interlocked age x gender (8 cells, as South West) x ethnicity (5 cells: {i} White British/White Irish/Mixed Race; {ii} Black African or Caribbean; {iii} Bangladeshi or Pakistani; {iv} White Other; {v} Indian, Chinese or Other Asian)

- **East Midlands** = interlocked age x gender (8 cells, as South West) x ethnicity (5 cells: {i} White British/White Irish/Mixed Race; {ii} Black African, Black Caribbean, Bangladeshi or Pakistani; {iii} Indian; {iv} White Other; {v} Chinese or Other Asian)
11.10 Further weighting corrected the imbalance between regions.

**Regional profiles**

11.11 The table below shows the raw number of interviews (unweighted) completed across England, and how these numbers have been affected in the dataset by the weighting.

<table>
<thead>
<tr>
<th>Table 23: Regional profiles</th>
<th>Unweighted</th>
<th>Weighted</th>
<th>Effective Sample Size&lt;sup&gt;1000&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=</td>
<td>%</td>
<td>n=</td>
</tr>
<tr>
<td>All</td>
<td>15,696</td>
<td>100</td>
<td>16,030</td>
</tr>
<tr>
<td>South West</td>
<td>987</td>
<td>6.3</td>
<td>1,567</td>
</tr>
<tr>
<td>South East</td>
<td>3,686</td>
<td>23.5</td>
<td>2,601</td>
</tr>
<tr>
<td>London</td>
<td>2,534</td>
<td>16.1</td>
<td>2,464</td>
</tr>
<tr>
<td>Eastern</td>
<td>1,179</td>
<td>7.5</td>
<td>1,744</td>
</tr>
<tr>
<td>West Midlands</td>
<td>1,321</td>
<td>8.4</td>
<td>1,699</td>
</tr>
<tr>
<td>East Midlands</td>
<td>885</td>
<td>5.6</td>
<td>1,359</td>
</tr>
<tr>
<td>Yorkshire &amp; Humberside</td>
<td>2,028</td>
<td>12.9</td>
<td>1,606</td>
</tr>
<tr>
<td>North West</td>
<td>1,555</td>
<td>9.9</td>
<td>2,175</td>
</tr>
<tr>
<td>North East</td>
<td>1,521</td>
<td>9.7</td>
<td>815</td>
</tr>
</tbody>
</table>

11.12 Interviews in each region were divided into the ‘main’ interviews, completed according to population distribution; special regional boosts; and the boost of the main six ME groups. Regional quotas were not imposed on the ethnic minority boost, hence the uneven distribution, but the proportions have all been corrected through weighting to be representative of the 2001 census.

<table>
<thead>
<tr>
<th>Table 24: Interviews by survey stage</th>
<th>Total unweighted (n=)</th>
<th>Main interviews (n=)</th>
<th>Regional boosts (n=)</th>
<th>Ethnic minority boost (n=)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>15,696</td>
<td>10,018</td>
<td>4,000</td>
<td>1,678</td>
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<td>5</td>
</tr>
<tr>
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<td>3,686</td>
<td>1,602</td>
<td>2,000</td>
<td>84</td>
</tr>
<tr>
<td>London</td>
<td>2,534</td>
<td>1,506</td>
<td>0</td>
<td>1,028</td>
</tr>
<tr>
<td>Eastern</td>
<td>1,179</td>
<td>1,096</td>
<td>0</td>
<td>83</td>
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<td>246</td>
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<tr>
<td>Yorkshire &amp; Humberside</td>
<td>2,028</td>
<td>1,012</td>
<td>1,000</td>
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<td>515</td>
<td>1,000</td>
<td>6</td>
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</table>
Age and gender

11.13 The table below shows the age and gender profiles for the 2005 survey respondents, unweighted and weighted. The demographic groups that were the most difficult to reach or the least willing to take part in the survey were young people, particularly males aged 16-34. For this reason the ‘upweight’ on younger people and males is higher than it is for other groups.

<table>
<thead>
<tr>
<th>Table 25: Age and gender profiles</th>
<th>Unweighted</th>
<th>Weighted</th>
<th>Effective Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>n=</td>
<td>%</td>
<td>n=</td>
<td>%</td>
</tr>
<tr>
<td>All</td>
<td>15,696</td>
<td>100</td>
<td>16,030</td>
</tr>
<tr>
<td>Age and gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male 16-24</td>
<td>768</td>
<td>4.9</td>
<td>1,377</td>
</tr>
<tr>
<td>Male 25-34</td>
<td>1,308</td>
<td>8.3</td>
<td>1,764</td>
</tr>
<tr>
<td>Male 35-44</td>
<td>1,701</td>
<td>10.8</td>
<td>1,857</td>
</tr>
<tr>
<td>Male 45-54</td>
<td>1,466</td>
<td>9.3</td>
<td>1,459</td>
</tr>
<tr>
<td>Male 55-64</td>
<td>1,254</td>
<td>8.0</td>
<td>1,291</td>
</tr>
<tr>
<td>Male refused age</td>
<td>206</td>
<td>1.3</td>
<td>195</td>
</tr>
<tr>
<td>Total male</td>
<td>6,703</td>
<td>42.7</td>
<td>7,943</td>
</tr>
<tr>
<td>Female 16-24</td>
<td>939</td>
<td>6.0</td>
<td>1,356</td>
</tr>
<tr>
<td>Female 25-34</td>
<td>1,892</td>
<td>12.1</td>
<td>1,830</td>
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<tr>
<td>Female 35-44</td>
<td>2,395</td>
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<tr>
<td>Female 45-54</td>
<td>1,893</td>
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<td>1,507</td>
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<tr>
<td>Female 55-64</td>
<td>1,463</td>
<td>9.3</td>
<td>1,182</td>
</tr>
<tr>
<td>Female refused age</td>
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<td>2.6</td>
<td>320</td>
</tr>
<tr>
<td>Total female</td>
<td>8,993</td>
<td>57.3</td>
<td>8,086</td>
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</table>

Ethnic origin

11.14 The table below shows unweighted and weighted figures according to ethnicity.

11.15 Boosts were conducted on only six of the main EMGs: Black Caribbeans, Black Africans, Indians, Pakistanis, Bangladeshis and the Chinese. Hence these six groups tend to be down-weighted, whilst other groups may be up-weighted. Mixed race groups in particular are up-weighted, as these tend to be younger people.
<table>
<thead>
<tr>
<th>Table 26: Ethnicity profiles</th>
<th>Unweighted</th>
<th>Weighted</th>
<th>Effective Sample Size</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>n=</td>
<td>%</td>
<td>n=</td>
</tr>
<tr>
<td>All</td>
<td>15,696</td>
<td>100</td>
<td>16,030</td>
</tr>
<tr>
<td>White British</td>
<td>11,831</td>
<td>75.4</td>
<td>13,718</td>
</tr>
<tr>
<td>White Irish</td>
<td>180</td>
<td>1.1</td>
<td>229</td>
</tr>
<tr>
<td>White Other</td>
<td>711</td>
<td>4.5</td>
<td>509</td>
</tr>
<tr>
<td>All White</td>
<td>12,722</td>
<td>81.1</td>
<td>14,456</td>
</tr>
<tr>
<td>(White Males)</td>
<td>5413</td>
<td>34.5</td>
<td>7180</td>
</tr>
<tr>
<td>(White Females)</td>
<td>7309</td>
<td>46.6</td>
<td>7276</td>
</tr>
<tr>
<td>Mixed White and Black Caribbean</td>
<td>41</td>
<td>0.3</td>
<td>71</td>
</tr>
<tr>
<td>Mixed White and Black African</td>
<td>16</td>
<td>0.1</td>
<td>32</td>
</tr>
<tr>
<td>Mixed White and Asian</td>
<td>56</td>
<td>0.4</td>
<td>94</td>
</tr>
<tr>
<td>Mixed Other</td>
<td>62</td>
<td>0.4</td>
<td>90</td>
</tr>
<tr>
<td>All Mixed</td>
<td>175</td>
<td>1.1</td>
<td>287</td>
</tr>
<tr>
<td>Black Caribbean</td>
<td>473</td>
<td>3.0</td>
<td>175</td>
</tr>
<tr>
<td>Black African</td>
<td>545</td>
<td>3.5</td>
<td>185</td>
</tr>
<tr>
<td>Black Other</td>
<td>24</td>
<td>0.2</td>
<td>38</td>
</tr>
<tr>
<td>All Black</td>
<td>1,042</td>
<td>6.6</td>
<td>398</td>
</tr>
<tr>
<td>(Black Males)</td>
<td>398</td>
<td>2.5</td>
<td>182</td>
</tr>
<tr>
<td>(Black Females)</td>
<td>644</td>
<td>4.1</td>
<td>216</td>
</tr>
<tr>
<td>Indian</td>
<td>603</td>
<td>3.8</td>
<td>357</td>
</tr>
<tr>
<td>Pakistani</td>
<td>415</td>
<td>2.6</td>
<td>221</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>300</td>
<td>1.9</td>
<td>78</td>
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<tr>
<td>Asian Other</td>
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<td>Chinese</td>
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<td>90</td>
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<tr>
<td>All Asian</td>
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<td>10.9</td>
<td>832</td>
</tr>
<tr>
<td>(Asian Males)</td>
<td>804</td>
<td>5.1</td>
<td>418</td>
</tr>
<tr>
<td>(Asian Females)</td>
<td>911</td>
<td>5.8</td>
<td>415</td>
</tr>
<tr>
<td>All Ethnic Minority Groups</td>
<td>2,932</td>
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</tr>
<tr>
<td>(All Ethnic Minority Males)</td>
<td>1267</td>
<td>8.1</td>
<td>729</td>
</tr>
<tr>
<td>(All Ethnic Minority Females)</td>
<td>1665</td>
<td>10.6</td>
<td>791</td>
</tr>
<tr>
<td>Refused</td>
<td>42</td>
<td>0.3</td>
<td>55</td>
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</table>
### Table 27: Thinkers etc. by country of birth

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<tr>
<th>Country of birth</th>
<th>n=</th>
<th>ess=</th>
<th>Thinkers % (rank)</th>
<th>Doers % (rank)</th>
<th>Avoiders % (rank)</th>
<th>Mean Age (unweighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>15,696</td>
<td>10,838</td>
<td>12</td>
<td>13</td>
<td>75</td>
<td>41</td>
</tr>
<tr>
<td>Iran</td>
<td>24</td>
<td>14</td>
<td>46 (1)</td>
<td>27 (4)</td>
<td>27 (38)</td>
<td>36</td>
</tr>
<tr>
<td>Zambia</td>
<td>23</td>
<td>16</td>
<td>38 (2)</td>
<td>6 (32=)</td>
<td>56 (34=)</td>
<td>39</td>
</tr>
<tr>
<td>Nigeria</td>
<td>74</td>
<td>47</td>
<td>36 (3)</td>
<td>18 (7=)</td>
<td>46 (37)</td>
<td>38</td>
</tr>
<tr>
<td>Netherlands</td>
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<td>32 (4)</td>
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<td>58 (33)</td>
<td>41</td>
</tr>
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<td>29 (5)</td>
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<td>63 (30)</td>
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<td>56</td>
<td>26 (6)</td>
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<td>41</td>
</tr>
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<td>32</td>
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<td>25 (7=)</td>
<td>0 (36=)</td>
<td>75 (12=)</td>
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</tr>
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<td>10 (25=)</td>
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<td>35</td>
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<td>59</td>
<td>21 (10)</td>
<td>15 (13)</td>
<td>64 (29)</td>
<td>36</td>
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<td>9 (27=)</td>
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<td>6 (32=)</td>
<td>75 (12=)</td>
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<td>0 (36=)</td>
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<td>8 (29=)</td>
<td>75 (12=)</td>
<td>41</td>
</tr>
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<td>Trinidad &amp; Tobago</td>
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<td>17 (13=)</td>
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<td>40</td>
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<td>13 (14=)</td>
<td>76 (10=)</td>
<td>42</td>
</tr>
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<td>18</td>
<td>9 (31)</td>
<td>17 (9=)</td>
<td>74 (18=)</td>
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</tr>
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<td>8 (29=)</td>
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<td>45</td>
</tr>
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<td>8 (32=)</td>
<td>17 (9=)</td>
<td>75 (12=)</td>
<td>32</td>
</tr>
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<td>6 (34=)</td>
<td>17 (9=)</td>
<td>77 (7=)</td>
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<td>6 (34=)</td>
<td>18 (7=)</td>
<td>77 (7=)</td>
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<td>5 (36)</td>
<td>29 (1=)</td>
<td>66 (28)</td>
<td>39</td>
</tr>
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<td>16</td>
<td>0 (37=)</td>
<td>10 (25=)</td>
<td>90 (2)</td>
<td>38</td>
</tr>
<tr>
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<td>25</td>
<td>19</td>
<td>0 (37=)</td>
<td>0 (36=)</td>
<td>100 (1)</td>
<td>40</td>
</tr>
</tbody>
</table>
11.16 The table above shows the detailed profile of whether respondents in the survey are Thinkers, Doers or Avoiders according to their country of birth. This is a more detailed version of Table 6 that appears earlier, which shows region of birth.

11.17 The table has been constructed to show all countries where at least 20 respondents were born\(^{47}\), and because of the nature of the ethnic minority boosts the representation does not necessarily tie up with the origins of the population of Britain as a whole. For example, because Chinese people were boosted and not the ‘Other Asians’, it is likely that most of those born in Malaysia will be Chinese rather than Malay.

11.18 It should also be noted that country of birth does not always convey ethnic origin. South Africans in England, for example, are mainly White. It is also the case that many of those born in Germany are British sons and daughters of army personnel.

\(^{47}\) Because of the small sample sizes, the margin of statistical error is quite high for some of the countries of origin listed in the table. The lower the sample size and the nearer a figure is to 50%, the larger the margin of error. For example, using 95% confidence intervals:

- A figure of 20% with a sample size of 25 has a margin of error of +/- 16%
- A figure of 20% with a sample size of 50 has a margin of error of +/- 11%
- A figure of 10% with a sample size of 50 has a margin of error of +/- 8%
SBS HOUSEHOLD SURVEY OF ENTREPRENEURSHIP 2005
MAINSTAGE QUESTIONNAIRE – VERSION 5 (Final - 30th September 2005)

SECTION ONE: INTRODUCTION AND SCREENING

INTRO Good morning/afternoon/evening, my name is ... from IFF Research, an independent market research agency. We are conducting a nationwide poll across IF ENGLAND SAMPLE: England IF SCOTTISH SAMPLE: the UK on the subject of how people have made work decisions throughout their lifetimes. The survey is being carried out on behalf of the [TEXT SUBSTITUTION IF ENGLISH SAMPLE: Small Business Service, part of the Department of Trade and Industry]." IF SCOTTISH SAMPLE: Scottish Executive, and it is hoped that your answers will help to improve the career opportunities for everyone in the UK.

Would you be able to help us?

ADD REASSURANCES IF NECESSARY:

➢ All your answers will be treated in the strictest of confidence under the rules of the Market Research Society Code of Conduct
➢ Your telephone number was generated at random by computer
➢ There will be no sales approach as a result of this call
➢ For most people the interview will last less than 15 minutes. Those who are involved in running small businesses or who are thinking of doing so would be asked a slightly longer questionnaire
➢ Results will be published on the Small Business Service website in Spring 2006 – www.sbs.gov.uk – where you can also find copies of the 2001 and 2003 reports

NB: IF ENGLISH NOT SPOKEN WELL, ASK IF THEY WOULD LIKE A CALL BACK IN THEIR NATIVE LANGUAGE (IF HINDI, BENGALI, PUNJABI OR CHINESE). CODE AS ‘ENGLISH NOT SPOKEN’, MAKE PAPER APPOINTMENT, TAKE SERIAL NUMBER

1. Continue GO TO S1
2. Refused THANK AND CLOSE – CODE SMS
3. Callback ARRANGE HARD OR SOFT APPOINTMENT
4. English not spoken THANK AND CLOSE – CODE SMS
5. Other THANK AND CLOSE – CODE SMS

ASK ALL

S1) Can I just check, is the number I have dialed the number of your main residence where you live the majority of the time?

1. Yes – home telephone line CONTINUE
2. No – do not live at this address ASK TO BE TRANSFERRED TO RESIDENT OF HOUSE
3. No – business telephone line only THANK AND CLOSE

ASK FOR 33 per cent OF ALL INTRODUCTIONS (EVERY THIRD INTERVIEW). OTHERS GO TO S2B

S2A) It is important that we interview a good cross-section of people of all different ages, and we are trying to find people aged 16-24 in particular. Is there anybody aged between 16 and 24 available to interview in your household at the moment?

IF NO: This is not a problem, would it be possible to interview you instead?

1. Yes – respondent is 16-24 GO TO S3
2. Yes – transfer RETURN TO INTRO
3. No – continue with respondent GO TO S3
4. No – refused to take part THANK AND CLOSE
5. Callback ARRANGE APPOINTMENT
6. Other THANK AND CLOSE
S2B) ASK FOR 67 per cent OF ALL INTRODUCTIONS. OTHERS GO TO S3

It is important that we interview a good cross-section of people of all different ages and so we are selecting random individuals within households. Would it be possible to speak to the person available in your household at the moment aged between 16 and 64 with the next birthday coming up? Would this be you?

IF NOBODY ELSE AVAILABLE: This is not a problem, would it be possible to interview you instead?
1. Yes – continue with respondent GO TO S3
2. No – transfer RETURN TO INTRO
3. No – refused to take part THANK AND CLOSE
4. Nobody available aged 16-64 THANK AND CLOSE
5. Callback ARRANGE APPOINTMENT
6. Other THANK AND CLOSE

ASK ALL

S3) The survey is among people aged 16-64. Can I check, how old are you? WRITE IN. IF REFUSED:
Can I confirm that you are between the ages of 16 and 64?

Refused, but in age range = X

IF NOT IN AGE RANGE 16-64, THANK AND CLOSE – CODE SMS

S4) Can I ask, what is the full postcode of the address where you are now? We need to know this in order to classify your answers by region and local authority. ADD IF NECESSARY: No information given will be used for sales and marketing, and your answers will be completely confidential

ENTER FULL POSTCODE
USE CAPITAL LETTERS ONLY
DO NOT USE SPACES
WAIT 5-10 SECONDS UNTIL YOU GO TO THE NEXT SCREEN

Don’t know full postcode X
Refused Y

IF DON’T KNOW FULL POSTCODE/REFUSED

S4A) Are you able to tell us the first part of your postcode?

ENTER FIRST PART OF POSTCODE

Don’t know X
Refused Y
The first few questions ask about your own involvement in employment and business. ADD
CONFIDENTIALITY REASSURANCES IF NECESSARY: This information is used to make sure that
we don't ask you any irrelevant questions later. All your answers will remain strictly confidential.

ASK ALL

Q1A) What is your current employment situation? PROBE TO PRECODES. MULTICODE POSSIBLE.

1. You are self-employed
2. You own a business
3. You are a part-owner of a business
4. You are working full-time as an employee
5. You are working part-time as an employee
6. You are in education or training
7. You are looking after the home or family
8. You are retired
9. You are unemployed, on benefit
10. You are unemployed, not on benefit
11. You are not working because of sickness or disability
12. OTHER (PLEASE SPECIFY)
13. REFUSED

ASK IF REFUSED AT Q1A. OTHERS GO TO FILTER AT Q1B
This information is used to make sure we don't ask you any irrelevant questions later. All your
answers will remain strictly confidential. Please can I ask you your current employment situation?

1. Yes RE-ASK Q1A
2. No THANK AND CLOSE

ASK IF RESPONDENT IS CURRENTLY IN EDUCATION / TRAINING (Q1A/CODE 06). OTHERS GO TO
FILTER AT Q1C

Q1B) And are you currently... READ OUT

1. At school
2. At College / Further Education establishment
3. At University
4. Other (PLEASE SPECIFY)

ASK IF RESPONDENT OWNS OR PART-OWNS A BUSINESS (Q1A/CODES 02-03). OTHERS GO TO
FILTER ABOVE Q2

Q1C) And are you actively involved in managing any of your businesses?

1. Yes
2. No

ASK IF RESPONDENT IS NOT SELF-EMPLOYED OR DOESN'T RUN A BUSINESS (Q1A/NOT CODES
01-03). OTHERS GO TO SECTION 3 (Q26).

Q2) In our experience, some people own or part own a business as a sideline to their normal
employment activities. Is this the case with you?

1. Yes
2. No
ASK IF RESPONDENT IS NOT SELF-EMPLOYED OR DOESN'T RUN A BUSINESS AS A SIDELINE (NOT Q1A/01-03 AND NOT CODE Q2/01). OTHERS GO TO SECTION 3 (Q26)

Q3) And can I just ask, are you personally involved in self-employment as a secondary income?
1. Yes
2. No
3. Don’t know

ASK ALL NON-DOERS (NOT Q1A/01-03 AND NOT Q2/01 AND NOT Q3/01). OTHERS GO TO SECTION 3 (Q26)

Q4) Have you recently thought about starting your own business or buying into an existing business?
1. Yes GO TO Q4A
2. No GO TO Q4B

ASK ALL THOSE WHO ARE THINKING ABOUT STARTING A BUSINESS (Q4 / CODE 01). OTHERS GO TO Q4B.

Q4A) When you say that you have thought about starting your own business or buying into an existing business, is this something that you are thinking of doing in the near future, within the next two years or so, or further in the future than that?
1. Now / near future
2. Within next two years or so
3. Further in the future
4. Don’t know / only a vague idea CLASS AS THINKER AND GO TO Q5
5. Decided against it GO TO Q4B

ASK IF NOT THOUGHT ABOUT STARTING A BUSINESS (Q4/ CODE 02 OR Q4A/ CODE 05). OTHERS GO TO Q5.

Q4B) And have you recently thought about becoming self-employed?
1. Yes GO TO Q4C
2. No CLASS AS AVOIDER AND GO TO SECTION 4 (Q46)

ASK IF THOUGHT ABOUT BEING SELF-EMPLOYED (Q4B/ CODE 01). OTHERS GO TO SECTION 4 (Q46)

Q4C) When you say that you have thought about becoming self-employed, is this something that you are thinking of doing in the near future, within the next two years or so, or further in the future than that?
1. Now / near future
2. Within the next two years or so
3. Further in the future
4. Don’t know / only a vague idea CLASS AS THINKER AND GO TO Q5
5. Decided against it CLASS AS AVOIDER AND GO TO SECTION 4 (Q46)
ASK IF THINKER (Q4A CODES 01-04 OR Q4C / CODES 01-04). OTHERS GO TO SECTION 4 (Q46)

Q5) And can I just check, when you say that you have thought about [TEXT SUBSTITUTION: IF Q4/1: starting your own business/buying into an existing business IF Q4B/1 becoming self-employed]. is this something you would say you have... ? READ OUT ALL STATEMENTS. SINGLE CODE ONLY.

1. Given serious thought to and which will almost certainly happen at some stage in the future
   - [SERIOUS THINKERS]
2. Given serious thought to and which is likely to happen at some stage in the future
   - [SERIOUS THINKERS]
3. Given some thought to and which may possibly happen at some stage in the future
4. Not given much thought to but might like to do some day
5. None of the above

DUMMY VARIABLE IN CATI – DETERMINES WHICH QUESTIONS ARE ASKED

DQ6) Entrepreneurship class: AUTOMATICALLY CODED
1. Doer (Q1A/CODES 01-03, OR Q2/CODE 01 OR Q3/CODE 01)
2. Serious Thinker (Q5/CODES 01-02)
3. Ordinary Thinker (Q5/CODES 03-05)
4. Total of Thinkers (Q5/CODES 01-05)
5. Avoider (Q4B/CODE 2 OR Q4C/CODE 5)
SECTION TWO : REASONS FOR STARTING A BUSINESS

ASK THIS SECTION OF THINKERS ONLY (DQ6/4)

Q7) I’m now going to read out some statements made by people like yourself, who have considered starting their own business or going into self-employment, about why they might want to do this.

For each statement, I’d like you to tell me the extent to which you agree or disagree that it is or has been a motivation for you, personally. READ OUT EACH STATEMENT. ROTATE STATEMENTS.

A. I want to make more money than I am currently earning
B. I want the freedom to adopt my own approach to work
C. I have always wanted to be my own boss
D. I want to get away from the discrimination at my current place of work
E. ASK EMPLOYED ONLY (Q1A / CODES 4 OR 5): I am dissatisfied in my current job
F. ASK UNEMPLOYED ONLY (Q1A CODES 9 OR 10): I would like to start my own business or become self-employed because I have had difficulty finding suitable paid employment
G. ASK UNEMPLOYED ONLY (Q1A CODES 9 OR 10): I would like to start my own business or become self-employed because I have had difficulty obtaining regular employment
H. I want to challenge myself/prove I can do it
I. I want to continue a family tradition
J. ASK ALL EXCEPT UNEMPLOYED (Q1A / NOT CODES 9 OR 10): I would be more likely to start my own business or to become self-employed if I were to be made redundant
K. ASK ALL EXCEPT UNEMPLOYED (Q1A / NOT CODES 9 OR 10): I would be more likely to start my own business or to become self-employed if I had been out of work for a period of time
L. I want to follow the example of someone I admire
M. (DELETED)
N. I want to develop a hobby or some other activity I’m already involved in into a commercial enterprise
O. I want to make an idea or innovation happen
P. I want to fill a gap in the market
Q. I want to do something that helps or supports other people
R. I want to do something that helps or supports the environment
S. I want to do my line of business better than my previous employer
T. I want to be able to work from home

FOR EACH STATEMENT PROBE WHETHER (DIS) AGREE STRONGLY OR SLIGHTLY

1. Agree strongly
2. Agree slightly
3. Neither, nor
4. Disagree slightly
5. Disagree Strongly
6. Don’t know

NB: NO Q8
Q9) And over the past 12 months, what if anything have you done by way of preparation for [TEXT SUBSTITUTION: IF Q4/1 starting your own business / buying into an existing business IF Q4B/1 becoming self-employed]?

DO NOT READ OUT. PROBE FULLY: What else?

1. Research the market or product
2. Look for equipment
3. Look for premises
4. Organise a start-up team / look for staff
5. Work on business plan
6. Save money or seek finance
7. Spoken to a business adviser
8. Other (PLEASE SPECIFY)
9. None of the above

Q10) How would you expect to start your own business. Do you think you would ...? READ OUT. ALLOW MULTI CODE

1. Start it from scratch
2. Buy an existing business you are working for / Management Buy Out (MBO)
3. Buy an existing business you have not previously worked for
4. Become a partner/co-owner in a business you are working for
5. Become a partner/co-owner in a business you have not previously worked for
6. Take on/inherit a family business
7. Management Buy In (MBI)
8. Other (PLEASE SPECIFY)
9. Don’t know

Q11) What would your business do?

RECORD ALL THE FOLLOWING INFORMATION:

What sector would you operate in, for example manufacturing or a service?

What would be your main product or service?

OPEN ENDED

ALLOW DON’T KNOW AND REFUSED.

Q12) And if you were to start your own business, would you say you would be most likely to ...? READ OUT. SINGLE CODE ONLY

1. Work on your own
2. Employ other people
3. Be part of a team with partners but no other employees
4. Be part of a team employing other people
5. Other (PLEASE SPECIFY)
6. Don’t know
Q12A) In what location would you be most likely to start your new business? READ OUT. SINGLE CODE ONLY (CODE CLOSEST MENTIONED)

1. From home
2. In the local neighbourhood
3. In the nearest town/city centre
4. Within the region
5. Elsewhere in the UK
6. Outside the UK
7. Other (PLEASE SPECIFY)
8. Don’t know

Q12aN1) Who do you intend to sell goods and services to..... READ OUT. MULTICODE OK

1. To people in your local area?
2. To people in other parts of the UK?
3. Internationally?
4. Other (SPECIFY)
5. Don’t know

Q12B) Thinking generally, which of these sources would be your ideal preferences for raising finance for your new business? Please tell me all that might apply READ OUT. SINGLE CODE ONLY

1. Personal savings
2. Finance from family or friends
3. Finance from a bank or other finance provider
4. Finance from other sources (PLEASE SPECIFY)
5. (DO NOT READ) Would not need finance
6. Don’t know

Q13) And have you actually tried to obtain any finance for your new business in the past 12 months?

1. Yes
2. No
3. Don’t know
4. Refused
Q14) [TEXT SUBSTITUTION - IF TRIED TO OBTAIN FUNDING AT Q13 (CODE 1): What type of finance did you seek?

IF NOT TRIED TO OBTAIN FUNDING AT Q13 (NOT CODE 1): If you were to start your own business, which type of finance would you be most likely to seek?
DO NOT READ OUT. PROBE FULLY: WHERE ELSE? IF NECESSARY OFFER FIRST TWO AS EXAMPLES. MULTIPLE RESPONSE.

ASK IF MORE THAN ONE SOURCE OF FUNDING CODED AT Q14. OTHERS GO TO FILTER ABOVE Q14AN1

Q14A) And which was the first source of finance that you [TEXT SUBSTITUTION - IF TRIED TO OBTAIN FUNDING AT Q13 (CODE 1): sought? / IF NOT TRIED TO OBTAIN FUNDING AT Q13 (NOT CODE 1): would seek?

PROBE TO PRECODES. SINGLE-CODE ONLY. SHOW ITEMS CODED AT Q14.

1. Equity investment
2. Bank overdraft
3. Bank loan
4. Mortgage for property purchase or improvement
5. Leasing or hire purchase
6. Factoring
7. Loan from family/business partner/directors
8. Loan from a Community Development Finance Institution
9. Grant
10. Credit card
11. Informal self-help credit scheme
12. Other (PLEASE SPECIFY)
13. Don’t know
14. Refused

ASK IF BANK MENTIONED AT Q14 (CODES 2-3). OTHERS GO TO FILTER ABOVE Q14B

Q14AN1) Can I check, what sort of bank did you obtain finance from, was it … READ OUT. MULTICODE OK

1. A UK high street bank?
2. A building society?
3. A community bank?
4. A merchant or investment bank?
5. Other (SPECIFY)
6. Don’t Know

ASK IF FAMILY ETC. FOR LOAN OR SOUGHT GRANT. AND DID NOT APPROACH BANK ETC.. (I.E. Q14/CODE 07 OR 09, AND NOT CODES 01-06, 08). OTHERS GO TO FILTER ABOVE Q15

Q14B) Why [TEXT SUBSTITUTION - IF TRIED TO OBTAIN FUNDING AT Q13 (CODE 1): did you/ IF NOT TRIED TO OBTAIN FUNDING AT Q13 (NOT CODE 1): would you] not seek finance from a bank or other formal finance provider? DO NOT READ OUT

7. Thought would be turned down
8. No need to
9. Cost of finance too high
10. Too difficult / too much hassle
11. Other (SPECIFY)
12. Don’t Know
Q15) **Approximately how much finance did you seek?**

PROBE TO PRECODES.

1. Less than £1000
2. £1000 – £4,999
3. £5,000 – £9,999
4. £10,000 – £24,999
5. £25,000 – £49,999
6. £50,000 – £99,999
7. £100,000 – £249,999
8. £250,000 – £499,999
9. £500,000 – £999,999
10. £1 million or more
11. Don’t Know
12. Refused

Q16) **And did you have any difficulties in obtaining this finance from the first source you approached?**

IF YES, PROBE TO PRECODES. SINGLE CODE ONLY

1. Yes - was unable to obtain any finance
2. Yes - obtained some but not all of the finance required
3. Yes - obtained all the finance required but with some problems
4. No - had no difficulties in obtaining finance
5. Don’t know
6. Refused

Q16A) (IF Q16 “1”) **What reasons were given for your application for finance being turned down?** DO NOT READ OUT. MULTI-CODE POSSIBLE.

(IF Q16 “2”) **What reasons were given for your receiving less finance than you sought?** DO NOT READ OUT. MULTI-CODE POSSIBLE.

(IF Q16 “3”) **Why were there problems with your application?** DO NOT READ OUT. MULTI-CODE POSSIBLE.

1. No security
2. Insufficient security
3. Poor personal credit history
4. Poor business credit history
5. No credit history/not in business long enough
6. Applied for too much
7. Applied for far too little
8. Too many outstanding loans/mortgage
9. Inadequate business plan
10. Business sector too risky
11. No reason given
12. Other (PLEASE SPECIFY)
13. Don’t know
Q17) **Did this source of finance offer any help or advice to improve your chances of obtaining finance?** IF YES, PROBE TO PRECODES

1. Yes – the source assisted me directly
2. Yes – the source recommended that I contacted another organisation
3. No
4. Don’t know
5. Refused

ASK IF Q17 IS “YES” (CODES 1 OR 2). OTHERS GO TO Q17B

Q17A) **Did you use this advice to re-apply for finance?**

1. Yes
2. No
3. Don’t know
4. Refused

ASK ALL WHO HAVE HAD DIFFICULTIES IN OBTAINING FINANCE

Q17B) **Did you eventually go on to obtain finance for your business?**

1. Yes
2. No
3. Refused

ASK ALL WHO HAVE EVENTUALLY WENT ON TO OBTAIN FINANCE (Q17B/CODE 1). OTHERS GO TO Q18

Q17C) **What type of finance did you eventually obtain?** DO NOT READ OUT. MULTI-CODE POSSIBLE.

1. Equity investment
2. Bank overdraft
3. Bank loan
4. Mortgage for property purchase or improvement
5. Leasing or hire purchase
6. Factoring
7. Loan from family/business partner/directors
8. Loan from a Community Development Finance Institution
9. Grant
10. Credit card
11. Informal self-help credit scheme
12. Other (PLEASE SPECIFY)
13. Don’t know
14. Refused
Q18) ASK ALL THINKERS
Sometimes people need expert or professional information, advice or guidance about starting or running a business. Where would you go to get this type of business information, advice or guidance? DO NOT READ OUT. PROBE FULLY: Where else? WRITE IN

________________________________________

Nowhere X
Don’t know Y

Q19) ASK Q19 IF NAMED ANYTHING AT Q18. OTHERS GO TO Q20
And what have you used for business advice or information since thinking about starting a business/becoming self-employed? DO NOT READ OUT. MULTI-CODE POSSIBLE. SHOW Q18 RESPONSES

________________________________________

Nothing X
Don’t know Y

Q20) ASK ALL THINKERS
Which organisations or contacts would you be likely to use for business support or advice in the future? DO NOT READ OUT. PROBE TO PRECODES. MULTI-CODE POSSIBLE. SHOW ALL PRECODES.

________________________________________

None X
Don’t know Y

Q20N1) How easy do you find it to get business advice and guidance? READ OUT

1. Very easy
2. Quite easy
3. Not very easy
4. Not at all easy
5. Not applicable – never used/wanted
6. Don’t know

Q20N2) How often does the business advice and guidance that is currently available meet your needs? READ OUT

1. Always
2. Mostly
3. Sometimes
4. Rarely
5. Never
6. Not applicable – never used/wanted
7. Don’t know
Q20A) ASK RESPONDENTS IN ENGLAND ONLY. OTHERS GO TO Q21

Can I check, have you ever heard of the organisation “Business Link”?

1. Yes
2. No
3. Don’t know

Q21) REALISTICALLY, APPROXIMATELY WHAT WOULD YOU EXPECT YOUR ANNUAL TURNOVER TO BE IN YOUR FIRST YEAR OF TRADING BEFORE TAX? PROBE TO RANGE

1. Nothing / negligible
2. Up to £1000
3. £1,001 to £5000
4. £5,001 to £10,000
5. £10,001 to £25,000
6. £25,001 to £50,000
7. £50,001 to £100,000
8. £100,001 to £250,000
9. £250,001 to £500,000
10. £500,001 to £1m
11. Over £1m up to £10m
12. More than £10m
13. Don’t know
14. Refused

Q22) IF AND WHEN YOU START YOUR BUSINESS, DO YOU THINK YOU WILL CONTINUE TO WORK IN YOUR CURRENT JOB?

1. Yes
2. No
3. Don’t know

Q22A) ASK IF ‘YES’ AT Q22 (CODE 1). OTHERS GO TO Q26

ROUGHLY HOW MANY HOURS A WEEK DO YOU PLAN TO SPEND WORKING ON YOUR NEW BUSINESS? PROBE TO PRECODES

1. Less than 5
2. 5-9
3. 10-14
4. 15-19
5. 20-29
6. 30-39
7. 40 or more
8. Don’t know
9. Refused
ASK ALL WHO WILL NOT GIVE UP THEIR PRESENT JOB IMMEDIATELY WHEN THEY START THEIR OWN BUSINESS (Q22/ CODE 01). OTHERS GO TO Q26

Q23) And do you plan to stay in your current job... READ OUT. SINGLE CODE EXCEPT CODES 01, 02 AND 05 (OTHER) WHICH CAN BE MULTI-CODED.

1. For a while until your new business starts to take up more of your time.
2. For a while until your new business starts to make enough money.
3. Or do you plan to keep your existing job long term and to keep the business as a sideline?
4. Neither of these (DO NOT READ OUT)
5. Other (PLEASE SPECIFY)
6. Don’t Know (DO NOT READ OUT)

ASK ALL THINKERS

Q24) How risky do you think it would be for you to start up a business?

READ OUT

1. Very risky
2. Quite risky
3. Not very risky
4. Not at all risky
5. Other (PLEASE SPECIFY)
6. Don’t know

NB: NO Q25

SECTION THREE: EXPERIENCES OF BUSINESS OWNERS AND THE SELF-EMPLOYED

ASK ALL DOERS (DQ6/1). OTHERS GO TO FILTER BEFORE SECTION 4

ASK ALL WHO OWN A BUSINESS (Q1A/ CODES 02-03 OR Q2/ CODE 01). OTHERS GO TO Q28

Q26) Can I just ask, how many businesses do you own and/or part-own?
INTERVIEWER NOTE: IF CHAIN OF SHOPS, FACTORIES ETC. = 1 BUSINESS. NUMERIC VALUE - ALLOW 1-99.

Q27) How did you come to own your main business. Did you...? READ OUT AS NECESSARY. MULTI CODE.

1. Start it from scratch
2. Buy an existing business you were previously working for/Management Buy Out (MBO)
3. Buy an existing business you were NOT previously working for
4. Become a partner/co-owner in a business you were previously working for
5. Became a partner/co-owner in a business you were NOT previously working for
6. Take on/inherit a family business
7. Management Buy In (MBI)
8. DO NOT READ OUT: Other (PLEASE SPECIFY)
9. DO NOT READ OUT: Don’t know
ASK ALL DOERS

Q28) [TEXT SUB IF OWN A BUSINESS (Q1A /CODES 02-03 OR Q2 / CODE 1): What was your employment situation immediately before you became owner of your main business? PROBE TO PRECODES]. SINGLE CODE ONLY

Q28) [TEXT SUB IF SELF-EMPLOYED AND DO NOT OWN BUSINESS ((Q1A/ CODE 1 OR Q3/ CODE 1) AND Q1A / NOT CODES 02-03 AND Q2 / NOT CODE 1): What was your employment situation immediately before you became self-employed?] PROBE TO PRECODES. SINGLE CODE ONLY

1. Self employed [DO NOT SHOW THIS PRECODE IF Q1A/1 OR Q3/1]
2. Already owned a different business
3. Already a part-owner of a different business
4. Working full-time as an employee
5. Working part-time as an employee
6. In education/training
7. Looking after the home or family (including caring for relative)
8. Retired
9. Unemployed, on benefit
10. Unemployed, not on benefit
11. Not working because of sickness/disability
12. Other (PLEASE SPECIFY)
13. Refused

ASK IF RESPONDENT WAS IN EDUCATION / TRAINING (Q28 / CODE 06). OTHERS GO TO FILTER ABOVE Q30

Q29) And immediately before you started your business were you… READ OUT. SINGLE CODE ONLY

1. At school
2. At College/Further Education establishment
3. At University
4. Other (PLEASE SPECIFY)

ASK IF NOT CODES 01-03 OR REFUSED AT Q28. OTHERS GO TO FILTER ABOVE Q31

Q30) [TEXT SUB IF OWN A BUSINESS (Q1A/2 OR 3 OR Q2/1): Is this the first time you have owned a business?]

Q30) [TEXT IF SELF-EMPLOYED (Q1A/1 OR Q3/1): Is this the first time you have been self-employed?]

1. Yes
2. No
3. Refused

ASK ALL WHO ARE SELF-EMPLOYED OR STARTED BUSINESS FROM SCRATCH (Q1A / CODE 01 OR Q3 / CODE 01 OR Q27 / CODE 01). OTHERS GO TO FILTER ABOVE Q32

Q31) How many months or years did it take to set up your business, that is from when you had your original idea to the time you actually started trading? PROBE TO PRECODES

1. Six months or less
2. More than six months but not more than a year
3. More than a year but not more than two years
4. More than two years
5. Don’t know
ASK ALL SELF-EMPLOYED AND THOSE WHO STARTED BUSINESS FROM SCRATCH, OR BOUGHT INTO A BUSINESS THEY WERE NOT PREVIOUSLY WORKING FOR (Q1A / CODE 01 OR Q3 / CODE 01 OR Q27/CODES 01, 03 OR 06), OTHERS GO TO Q33

TEXT SUBSTITUTION: IF RUN / PARTNER IN BUSINESS (Q1A / CODES 02-03 OR Q2 / CODE 01): And was your idea for a product or service based upon a previous job you had had? IF SELF-EMPLOYED (Q1A / CODE 01 OR Q3 / CODE 01: And were you previously employed by anyone else in the same sort of field as you are now self-employed in?)

1. Yes
2. No
3. Don’t know

ASK ALL DOERS

Q33) I’m now going to read out some statements made by people like yourself, who own or part-own a business, or who are self-employed, about why they chose this particular path.

Please tell me whether you agree or disagree that it was a MOTIVATION for you, at the time you started your business or became self-employed.
READ OUT EACH STATEMENT IN TURN. ROTATE STATEMENTS.

A. I wanted to make more money than I was earning before
B. I wanted the freedom to adopt my own approach to work
C. I always wanted to be my own boss
D. I wanted to get away from the discrimination that occurred at my previous place of employment
E. I was dissatisfied in my previous job
F. I wanted to challenge myself/ prove I could do it
G. I wanted to continue a family tradition
H. I was unable to obtain regular suitable paid employment
I. I had been made redundant
J. I had been out of work for a period of time
K. I wanted to follow the example of someone I admired
L. I wanted to develop a hobby or some other activity into a commercial enterprise
M. I wanted to make an idea or innovation happen
N. I wanted to do something that helps or supports other people
O. I wanted to do something that helps or supports the environment
P. I wanted to do my line of business better than my previous employer
Q. I wanted to be able to work from home

FOR EACH STATEMENT PROBE WHETHER (DIS) AGREE STRONGLY OR SLIGHTLY

1. Agree strongly
2. Agree slightly
3. Neither agree nor disagree
4. Disagree slightly
5. Disagree Strongly
6. Don’t know

Q34) Are there any other reasons why you chose to start a business or become self-employed which I haven’t already mentioned? WRITE IN

No others X
Q35) Has your business been involved in improving people’s awareness of running a company or enterprise in the last 12 months?

ADD IF NECESSARY: for example school visits or schemes such as Young Enterprise, the Princes Trust, Business Dynamics, or other kinds of business mentoring.

IF RESPONDENT NEEDS FURTHER CLARIFICATION: Other similar schemes are Business in the Community, the National Association of Business Angels, Shell LiveWire, Academy of Enterprise, and Education of Business Partnerships.

1. Yes
2. No
3. Don’t know

Q36) Can I just ask, [TEXT SUBSTITUTION IF RUN A BUSINESS (Q1A/CODE 02-03 OR Q2/CODE 01): what does your (main) business do? TEXT SUBSTITUTION IF SELF-EMPLOYED (Q1A/CODES 01 OR Q3/CODE 01): when you say you are self-employed, what do you do?...] OPEN ENDING.

INTERVIEWER RECORD ALL THE FOLLOWING INFORMATION:

What sector do you operate in, for example manufacturing or a service?

What is your main product or service?

Q36A) Do you trade..... READ OUT. MULTICODE OK

1. In your local area?
2. With people in other parts of the UK?
3. Internationally?
4. Other (SPECIFY)
5. Don’t know

Q37) And [TEXT SUBSTITUTION IF RUN A BUSINESS (Q1A / CODES 02-03 OR Q2 / CODE 01): how many years has your main business been trading? TEXT SUBSTITUTION IF SELF-EMPLOYED (Q1A / CODE 01 OR Q3 CODE / 01): how many years have you been self-employed?]

1. Up to one year
2. More than one year, up to two
3. More than two years, up to three
4. More than three years, up to four
5. More than four years, up to five
6. More than five years, up to ten
7. More than ten years, up to twenty
8. More than 20 years
9. Can’t remember
10. Refused
Q38) [ADDITIONAL TEXT IF SELF EMPLOYED (Q1A / CODE 01 OR Q3 / CODE 01): You mention that you were self-employed] can I just confirm, what is the legal status of your main business, for example is it a sole proprietorship, partnership or company? PROBE TO PRE-CODES

1. Sole proprietorship (run by one self-employed person)
2. Partnership (run by two or more people who own the business)
3. Company. (Working directors are classed as employees – the business is registered at Companies’ House and may be a limited company)
4. Social enterprise
5. Commercial business to benefit the community
6. Not for profit
7. Charity
8. Franchise
9. OTHER (PLEASE SPECIFY)
10. Don’t know

Q39) Excluding yourself, how many people work for your main business? Please include everyone who works for the business whether on a full-time or a part-time basis, and regardless of whether or not they receive a salary or wage from the business? PROBE TO PRE-CODES

1. 0
2. 1-4
3. 5-9
4. 10-19
5. 20-49
6. 50-249
7. 250-999
8. More than 1000
9. Don’t know

Q40) Do any of the following regularly work for your business...? READ OUT. MULTICODE OK

1. Your partner
2. Your child / children
3. Another family member
4. A previous work colleague
5. Somebody you knew as a friend before they came to work for you
6. None of these
7. Refused

Q41) How many hours a week on average do you work in your business? PROBE TO PRECODES

1. Less than five hours
2. Five hours or more, less than ten
3. Ten hours or more, less than fifteen
4. Fifteen hours or more, less than twenty
5. Twenty hours or more, less than thirty
6. Thirty hours or more, less than forty
7. Forty hours or more, less than fifty
8. Fifty hours or more
9. Don’t know
10. Refused
Q42) And which organisations or contacts, if any, have you used for business support or advice in the last 12 months? DO NOT READ OUT. PROBE TO PRECODES. MULTI CODE POSSIBLE.

None X

Don't know Y

SECTION FOUR: REASONS FOR NOT WANTING TO HAVE A BUSINESS

NB: NO Q43-Q45

Q46) Have you ever personally owned or part-owned a business, or been self-employed in the past? IF YES: When did you last own a business or were self-employed? PROBE/READ OUT AS NECESSARY

1. No – never
2. Yes – in the last year
3. Yes – in the last five years
4. Yes – in the last ten years
5. Yes – in the last twenty years
6. Yes – more than twenty years
7. Other (PLEASE SPECIFY)
8. Don't know

ASK ALL WHO HAVE NEVER OWNED OR PART-OWNED A BUSINESS OR BEEN SELF-EMPLOYED IN THE PAST (Q46/CODE 01, BUT NOT IF Q4A/5 OR Q4C/5). OTHERS GO TO DQ47 CLASSIFICATION

Q47) Have you EVER considered starting a business or buying into an existing business or becoming self-employed?

1. Yes
2. No
3. Don't know

CATI TO CLASSIFY AUTOMATICALLY

DQ47) Type of Avoider (NOT ASKED, CODED AUTOMATICALLY)

1. Active Avoider (Q4A/5 OR Q4C/5 OR Q47/1)
2. Avoider (Q47/2-3)

ASK IF ACTIVE AVOIDER (DQ47 / CODE 01), OTHERS GO TO Q49

Q48) What stopped you from starting a business or made you decide against it? PROBE FULLY: What else? WRITE IN

Refused X

Don't know Y
ASK ALL AVOIDERS

Q49) Which of the following, if any, are things that might stop you personally from starting a business or becoming self-employed ... READ OUT. ROTATE ORDER.

ASK IF 3 OR MORE MENTIONED AT Q49. OTHERS GO TO Q50A

Q50) And which two would you say are the biggest barriers to you starting a business or becoming self-employed... SHOW CODES MENTIONED AT Q49. READ OUT IF NECESSARY (ROTATED). ALLOW TO BE DOUBLE PUNCHED ONLY

1. Not having an idea for a business
2. Not knowing how to start and run a business, get hold of premises, equipment or staff
3. The amount of time or work involved/effect on domestic responsibilities or family life
4. Getting the finance for the business
5. IF EMPLOYED AT Q1A (CODES 04 OR 05): Losing the security, income or good promotion prospects from your current job
6. Worry of insufficient sales, orders, or profit
7. The chance that your business might fail
8. Fear of getting into debt
9. Fear of adding to existing debt/not being able to keep up with repayments
10. The economic climate at the moment
11. The complexity of regulations relating to starting a business
12. Your age
13. Bad experience in the past / past experience
14. None of these
15. Don’t know

ASK ALL AVOIDERS

Q50A) Are there any other reasons which would stop you starting a business or becoming self-employed that you I haven’t already mentioned? DO NOT READ OUT. WRITE IN

No others  X

Q51) What, if anything, would make you consider starting a business or becoming self-employed? DO NOT READ OUT. PROBE TO PRECODES OR WRITE IN OTHER.

1. Access to the finance required
2. A desire to make an idea or innovation happen
3. Being made redundant
4. Wanting to make more money than currently earning
5. Wanting to be own boss

Other (SPECIFY)

Nothing would  X

Don’t know  Y
SECTION FIVE: ATTITUDES TOWARDS ENTERPRISE

Q52) I am now going to read out some statements that have been made about enterprise. For each that I read out, please tell me the extent to which you agree or disagree. READ OUT, ROTATE, FOR EACH, PROBE FOR (DIS)-AGREE STRONGLY OR SLIGHTLY

A. I admire people who start their own business
B. I would encourage a friend or relative to start a business
C. people who start and fail at business deserve a second chance (except in cases of fraud or malpractice)
D. I would rather work for a small business than a large business [NB: SMALL BUSINESS IS UP TO 50 EMPLOYEES]
E. I would not feel confident speaking to a bank manager about getting a business loan
F. I enjoy the challenge of situations that many consider risky
H. I am scared of being in debt
I. I am an imaginative and creative person
L. I avoid taking risks whenever possible
M. I’m the sort of person who always tries to make organisations I belong to function better
N. Success in business often requires businessmen to have low morals or ethics
O. The media presents a generally negative image of small businesses and often features bad news stories
P. I often see success stories about running a business in the media
Q. I have the skills/knowledge to be able to start a business
R. It is important that as well as making money for the owners, businesses are also good for society, the community and the environment

1. Agree strongly
2. Agree slightly
3. Neither agree nor disagree
4. Disagree slightly
5. Disagree Strongly
6. Don’t Know

Q52S) To what extent do you feel that the education system in this country provides the necessary skills and knowledge to enable people to start and run a business? READ OUT

1. It provides it very well
2. Fairly well
3. Neither well nor poorly
4. Fairly poorly
5. Very poorly
6. Don’t Know
Q53) TEXT SUBSTITUTION: IF THINKERS OR AVOIDERS (DQ6/CODES 04-05): I’m now going to ask you about any relevant skills and knowledge you may have that might help you to run your own business or to work for yourself.

TEXT SUBSTITUTION: IF DOER (DQ6/CODE 01): I’m now going to ask about any relevant skills and knowledge you may have that helped you to start and run your own business or to work for yourself.

ASK ALL
Have you ever taken part in any of the following? READ OUT. ROTATE.

1. Business or enterprise training at school
2. Business or enterprise training at college or university
3. Work experience in a small or medium business whilst at school or college [NB: SMALL OR MEDIUM BUSINESS IS UP TO 250 EMPLOYEES]
4. A Government or public sector training course in business or enterprise skills
5. Business mentoring with a business angel
6. Helping out in the family business
7. None of these
8. Don’t know

Q54) Ask if took part in at least one activity at Q53 (codes 1-6). Others go to Q55
Did that experience encourage you to consider starting a business?

1. Yes
2. No
3. Don’t know

Q54A) Ask if yes at Q54, others go to Q55
Do you think you would have wanted to start a business anyway, even without the training or work experience?

1. Yes
2. No
3. Don’t know

Q55) [Additional text if doer (DQ6=1): Before you started your own business, had] [text if not a doer (DQ6 = not 1) have] any of your family or friends ever owned a business or been self-employed – either now or in the past? If yes, probe: Who in your family? Read out if necessary. Allow multicode

1. No – none
2. Parent
3. Partner/spouse
4. Brother/sister
5. Other relative
6. Friend(s)
7. Other (PLEASE SPECIFY)
8. Don’t know
Q57) **Have you ever personally invested in somebody else’s small business?**

IF YES: **When was the last time you did this?** PROBE TO PRECODES

1. No – never
2. Yes – in the last year
3. Yes – in the last five years
4. Yes – in the last ten years
5. Yes – in the last twenty years
6. Yes – more than twenty years ago
7. Other (PLEASE SPECIFY)
8. Don’t know

ASK IF EVER INVESTED IN SMALL BUSINESS (Q57/CODES 02-06). OTHERS GO TO Q60a

Q58) **And who received this funding? Was it...** READ OUT. ALLOW MULTICODE

1. A member of your close family
2. Another relative
3. A friend or neighbour
4. A work colleague
5. Or someone who you did not previously know
6. Other (PLEASE SPECIFY)
7. Don’t know
8. Refused

Q59) **And how many businesses have you invested in?**

NUMERIC 1-999. ALLOW DON’T KNOW AND REFUSED

ASK ALL WHO HAVE INVESTED IN THE LAST YEAR (Q57/CODE 02). OTHERS GO TO Q60a

Q60) **Approximately how much have you invested in small businesses in the last year?** READ OUT

1. Up to £1,000
2. Up to £5,000
3. Up to £10,000
4. Up to £50,000
5. Up to £100,000
6. Over £100,000
7. Other (PLEASE SPECIFY)
8. Don’t know
9. Refused
Q60a) ASK ALL
There is a type of business called a social enterprise. This is a business with primarily social and environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community, rather than mainly being paid to shareholders and owners.

Are you familiar with the idea of a social enterprise?
1. Yes
2. No
3. Don’t know

NEWQ61a) ASK IF YES AT Q60a. OTHERS GO TO Q61b
Do you work for a social enterprise such as this yourself? IF NOT: Do you know anybody else who works for a social enterprise such as this? SINGLE CODE ONLY

IF NECESSARY, RE-READ DESCRIPTION OF A SOCIAL ENTERPRISE This is a business with primarily social and environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community, rather than mainly being paid to shareholders and owners.

1. Yes – work for a social enterprise myself
2. Don’t work for a social enterprise myself, but know someone else who does
3. Not – neither
4. Not sure
5. Refused

Q61b) ASK ALL
And aside from your main employment activity, are you regularly involved in selling any products or services? ADD IF NECESSARY: Such as selling crafts, selling household products, car boot sales, second-hand goods, collectors items or being paid for activities such as gardening, decorating, plumbing, or tuition.

1. Yes
2. No
3. Don’t know

Q62) ASK ALL
Do you rent out or let any property?

1. Yes
2. No
3. Don’t know

ASK IF YES AT NEWQ61a (CODE 1), Q61b OR Q62. OTHERS GO TO Q64

Q63) Do you have a separate business bank account for the income you get from the activities you just mentioned?

1. Yes
2. No
3. Refused
SECTION SIX: CLASSIFICATION

I’d now like to ask some general questions about you and your household to help to classify your answers.

Q64) Can I ask, in which country were you born? PROBE TO PRECODES
1. England
2. Scotland
3. Wales
4. Northern Ireland
5. Republic of Ireland
6. Elsewhere (PLEASE SPECIFY)
7. Refused

ASK IF NOT BRITAIN (Q64/CODE 5 or 6). OTHERS GO TO Q66

Q65) And in what year did you move to the UK?
ENTER NUMERIC 1940-2005. IF NOT SURE, PROBE FOR APPROXIMATE YEAR

DATE CAN ONLY EXCEED AGE AT S3 BY ONE, I.E.
IF S3 “16”, RANGE SHOULD BE 1988-2005
IF S3 “17”, RANGE SHOULD BE 1987-2005
IF S3 “18”, RANGE SHOULD BE 1986-2005, etc...

ASK Q65A IF MOVED TO UK AS AN ADULT – I.E. DO NOT ASK IF..........

Q65A “2003” AND S3 “16”
Q65 “2002” AND S3 <17
Q65 “2001” AND S3 <18 etc..

OTHERS GO TO Q66

Q65A) Did you run a business or were you self-employed before you moved to the UK?
1. Yes
2. No
3. Don’t know

ASK ALL

Q66) Is the home where you live... READ OUT

1. Being bought on a mortgage
2. Owned outright
3. Rented from a local authority or housing association
4. Rented privately
5. Other (PLEASE SPECIFY)
6. Don’t know
7. Refused

ASK ALL

Q67) How many wage earners are there in your household? 
NUMERIC 0-19. ALLOW DON’T KNOW AND REFUSED

Q68) And are you the chief income earner in your household?
1. Yes
2. No
3. Don’t know
ASK IF NOT THE CHIEF INCOME EARNER (Q67A/ CODE 02). OTHERS GO TO Q70 FILTER

Q69)  What is the occupation of the chief income earner in the household? WRITE IN. PROBE FOR:

JOB TITLE?
WHETHER THEY ARE RESPONSIBLE FOR ANY STAFF?
HOW MANY STAFF THEY ARE RESPONSIBLE FOR?
ANY JOB RELATED QUALIFICATIONS?

IF RETIRED, PROBE FOR WHETHER ON A STATE OR COMPANY/PRIVATE PENSION. IF THE LATTER, ASK ABOUT THEIR JOB BEFORE THEY RETIRED

ASK ALL WHO ARE CHIEF WAGE EARNERS AND WHO ARE IN EMPLOYMENT OR WHO ARE RETIRED (Q68/CODE 01 OR DK, AND Q1A CODES 04, 05 OR 08). OTHERS GO TO Q72

Q70)  What is your own occupation? [TEXT IF Q1A=8: or what was your previous job, if you are retired?] PROBE FOR:

JOB TITLE? WHETHER THEY ARE RESPONSIBLE FOR ANY STAFF? HOW MANY STAFF THEY ARE RESPONSIBLE FOR? ANY JOB RELATED QUALIFICATIONS?

NB: NO Q71

ASK ALL

Q72)  Do you have any disability or health problems which limit your abilities to carry out paid work?

1. Yes
2. No
3. Don’t know
4. Refused

Q73)  What is the highest level qualification that you hold so far? READ OUT AS NECESSARY. SINGLE CODE ONLY.

LIST FOR ENGLAND ONLY

1. Higher degree (e.g. Masters, PhD)
2. Degree or equivalent (e.g. BA, BSc)
3. A-level or equivalent including AS levels
4. GCSE level or equivalent (O-Level)
5. NVQ
6. GNVQ, BTEC, HND OR HNC
7. Other (please specify)
8. Refused
9. None/No formal qualifications

LIST FOR SCOTLAND. NB: ANY QUALIFICATIONS WHICH ARE BETWEEN ADVANCED HIGHER/HIGHER AND STANDARD, SHOULD BE CODED AS ADVANCED HIGHER/HIGHER

1. Higher degree (e.g. Masters, PhD)
2. Degree or equivalent (e.g. BA, BSc)
3. Advanced Higher/Higher
4. Standard Grade or Equivalent
5. SVQ/NVQ
6. GSVQ/GNVQ, BTEC, SCOTEC/SCOTBEC, HND OR HNC
7. Other (please specify)
8. Refused
9. None/No formal qualifications
Q73B)  ASK IF HAVE NVQ/SVQ (Q73 CODE 5). OTHERS GO TO FILTER ABOVE Q73Bi
What is the highest NVQ level of your qualification?
NUMERIC 1-5. ALLOW DON'T KNOW

Q73Bii)  ASK IF CODE 5-7 AT Q73. OTHERS GO TO FILTER ABOVE Q73C
And can I just check, do you also hold a university or college degree such as a PhD, MA, MSc, BA or BSc? IF YES, PROBE WHICH

1. Yes – PhD, MA, MSc
2. Yes – BA or BSc
3. No
4. Not sure

Q73Bi)  ASK IF HAVE A QUALIFICATION ABOVE A-LEVEL/HIGHER (Q73/CODES 1-2, 5, 6, OR Q73Bi).
OTHERS GO TO FILTER ABOVE Q73C
Did you graduate or qualify within the last 5 years?

1. Yes – in the last five years
2. No – longer ago
3. Not sure when
4. Did not/have not graduated/qualified

Q73C)  ASK IF Q73 “1-7”. OTHERS GO TO Q74
Do you have any business qualifications, e.g. degree/diploma in business studies, [ENGLAND ONLY TEXT] GCSE in applied business studies [SCOTLAND TEXT] a Higher or Standard Grade qualification in business studies? IF YES, PROBE FOR WHICH. MULTICODE OK

1. Yes - degree/diploma in business studies
3. Yes – other business qualification (PLEASE SPECIFY)
4. No
5. Don't know

Q73D)  NB: NO Q73D
ASK ALL

Q74)  Are you currently... READ OUT. SINGLE CODE ONLY

1. Married
2. Cohabiting or living with a partner
3. Single
4. Other (SPECIFY)
5. Refused

Q75)  Including yourself, how many people live in your household in total?
NUMERIC 1-99. ALLOW DON'T KNOW AND REFUSED
ASK ALL WITH MORE THAN ONE IN HOUSEHOLD (Q75 >1). OTHERS GO TO Q78

Q76)  And how many of these are dependent children aged younger than 16?
NUMERIC 0- (VALUE AT Q75 MINUS 1). ALLOW REFUSED
ASK IF SUM OF Q76 PLUS 1 IS LESS THAN ANSWER AT Q75. OTHERS GO TO FILTER BEFORE Q77
Q76a) (TEXT IF AGED 16-24 AT S3) Including yourself (ALL) how many people in your household are aged between 16 and 24? NUMERIC 0 - ((VALUE AT Q75 + VALUE AT Q76) MINUS 1). ALLOW REFUSED

ASK ALL WITH CHILDREN AT Q76>0. OTHERS GO TO Q78

Q77) Who has responsibility for looking after the children during weekday daytimes? PROBE TO PRECODES. MULTICODE OK.

1. I do/Respondent
2. Wife/husband/Partner
3. (The respondent's) Mother/father
4. Ex-partner
5. Other family member
6. Child minder/nanny
7. School/nursery
8. No one, they look after themselves
9. Other (PLEASE SPECIFY)
10. Don't know
11. Refused

ASK ALL

Q78) (Apart from children), do you personally have the responsibility of caring for somebody, e.g. an elderly relative?

1. Yes
2. No
3. Don't know
4. Refused

Q79) How would you describe your ethnic origin? READ OUT AS NECESSARY. SINGLE CODE ONLY

1. White: British
2. White Irish
3. Any other White background
4. Mixed: White and Black Caribbean
5. Mixed: White and Black African
6. Mixed: White and Asian
7. Mixed: Any other mixed background
8. Black or Black British: Caribbean
9. Black or Black British: African
10. Black or Black British: Other
11. Asian or Asian British: Indian
12. Asian or Asian British: Pakistani
13. Asian or Asian British: Bangladeshi
14. Asian or Asian British: Other
15. Chinese
16. Any other ethnic group (PLEASE SPECIFY)
17. Refused
Q80) (USE IN ENGLAND) The Small Business Service (USE IN SCOTLAND) The Scottish Executive
....... may want to carry out some follow-up research in the future. Would you be willing to be contacted to help with that research?

ADD AS NECESSARY: Participation in any future research is voluntary and you would be able to decline at the time you are contacted. We would not contact you for any other purpose other than research

1. Yes
2. No
3. Depends

ASK IF YES/DEPENDS AT Q80. OTHERS GO TO THANK

Q81) Please can I take your name ASK RESPONDENT TO SPELL IT IF NECESSARY.

OPEN-ENDED. WRITE IN. ALLOW REFUSAL

ASK ALL WHO GIVE A NAME AT Q81. OTHERS GO TO THANK

Q82NEW) Do you think that there is any chance that you might move address over the next year or so? If so, would it be possible to take a work or mobile number that we could contact you on? IF THEY GIVE A NUMBER, TAKE NUMBER CAREFULLY (INCLUDING AREA CODES)

ADD AS NECESSARY: Your number would only be called for research on behalf of the Small Business Service and would not be passed on to anybody else. We will never text mobiles

1. Will not move
2. Number given (ENTER)
3. Refused to give number

THANK

On behalf of IFF Research, thank you very much for your time.
If you would like to confirm that IFF Research is a bona fide Market Research company, you can call the Market Research society, free of charge, on 0500 39 69 99.

If you have any queries about the research, please contact Ben Davies or Joe Morrison on 0207 250 3035

GEN) CODE GENDER

1. Male
2. Female
Endnotes

1 To make the comparison, it was necessary to weight GEM 2005 using the same
targets as the 2005 SBS Household Survey. The comparison was made between
16-64 year olds in England only. GEM UK 2005 surveyed 14,555 respondents in
England aged 16-64 (GEM UK also covers 65-80 year old people across the whole of
the UK and in 2005 had an overall sample size of 32,659).

There is debate over which GEM questions should be taken to correspond to the
SBS definition of Doers and Thinkers. The debate is over whether the question
(Q1a on GEM) which defines nascent entrepreneurs (‘You are, alone or with
others, currently trying to start a new business, including any type of self-
employment or selling any goods or services to others’) should indicate the
presence of a Doer or Thinker, as they may or may not classify themselves as a
business owner at this stage. For the purpose of this comparison we have
classified these people as Doers.

Respondents are also classified as Doers if they say ‘yes’ to either of the
following two questions;

➢ (Q1c) ‘You are, alone or with others, currently the owner of a business you
help manage; or you are self-employed or selling any goods or service to
others’

➢ (Q1c1) ‘You are, alone or with others, currently running a business as a
sideline to your normal employment activities; or you are involved in self-
employment as a secondary income’

In the SBS Household Survey Thinkers cannot also be Doers. For the comparison
with GEM we have assumed the following definition - not a Doer (as above), and
‘yes’ to either of the following questions:

➢ (Q1e) ‘You are, alone or with others, expecting to start a new business,
including any type of self-employment, within the next three years’

➢ (Q1f1/Q1f2) ‘Have you recently thought about starting your own business,
buying into an existing business, or becoming self-employed’ (excluding
those people who ‘decided against it’)

The methodology for both GEM and the SBS Household Survey is almost exactly
the same, and both have large robust sample sizes. The only differences between
the surveys relate to the number of interviews per region (but these proportions
are corrected by weighting anyhow), and the question content.

The difference in the proportions of Thinkers, Doers and Avoiders between the
two surveys is slight, yet nonetheless statistically significant. Reasons why this is
the case must ultimately lie in the specific question content:

➢ The GEM definition for Doers includes the criteria of ‘selling any goods or
service to others’. This is not a specific criteria for SBS Doers
The GEM definition for Thinkers includes the expectation to start a new business or self-employment within the next three years. In the SBS Household Survey the criteria is for this to have recently thought about it.

So because of these difference the fact that GEM shows higher proportions of Doers and Thinkers is not surprising. The timing of fieldwork is also perhaps another reason for the difference. GEM 2005 occurred between May and September 2005, with the SBS Household Survey occurring between September 2005 and December 2006. Although it is unlikely that the proportions of Thinkers and Doers in England have actually changed between these two periods, it may be that business owners and the self-employed are less inclined to take summer holidays. If this is the case, then GEM would report greater levels of entrepreneurial activity anyhow.

ii 5.6% of the unweighted total White sample was White Other in 2005. This compares with 3.1% in 2003. It should be noted that White Others in 2005 were not boosted, nor were regions where White Others are more likely to be found boosted unduly. It is also the case that because of a greater likelihood that certain groups of the White Others may not be proficient in English, and because they are less likely to have telephone landlines, that they may indeed be under-represented in terms of numbers in this survey.

iii Cameroon, Gambia, Ghana, Guinea, Guinea Bissau, Ivory Coast, Liberia, Mali, Niger, Nigeria, Sierra Leone

iv Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Kazakhstan, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine

v Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Peru

vi Eritrea, Ethiopia, Somalia

vii Afghanistan, Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, UAE, Yemen

viii Angola, Congo, Madagascar, Malawi, Namibia, South Africa, Zambia, Zimbabwe

ix Antigua, Bahamas, Barbados, Bermuda, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Montserrat, St. Kitts, St. Lucia, St. Vincent, Surinam, Trinidad & Tobago

x Brunei, Burma, China, Hong Kong, Indonesia, Japan, Macao, Malaysia, Mongolia, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam

xi Cyprus, Greece, Malta, Turkey

xii Bangladesh, India, Nepal, Pakistan, Sri Lanka

xiii Australia, Fiji, New Zealand, Papua New Guinea
xiv Burundi, Kenya, Rwanda, Tanzania, Uganda

xv Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland

xvi Canada, Honduras, USA

xvii Determining the highest NVQ level is a fairly complex process because respondents may rate a vocational qualification above a University degree. Therefore, NVQ equivalents are worked out from a series of questions (Q73 to Q73bi).

The approximate NVQ equivalents are as follows:

- NVQ Level 5 = a higher degree, e.g. PhD, MA
- NVQ Level 4 = a first degree or other higher education qualification attained
- NVQ Level 3 = A level or equivalent
- NVQ Level 2 = 5+ O levels or GCSEs or equivalent
- NVQ Level 1 = 1-4 O levels or GCSEs or equivalent

xviii In this report urban consists of ‘Urban >=10k sparse’ and ‘Urban >=10k less sparse’. Suburban/town consists of ‘Town and Fringe sparse’ and ‘Town and Fringe less sparse’. Rural consists of ‘Village sparse’, ‘Hamlet and Isolated dwelling sparse’, ‘Village less sparse’ and ‘Hamlet and Isolated dwelling less sparse’.

The urban/rural classification depends on having full postcodes which are matched with the Office for National Statistics’ (ONS) All Fields Postcode Database (AFPD), which contains the Rural and Urban Area Classification 2004 (www.statistics.gov.uk/geography/nrudp.asp). After editing, 13,246 full valid postcodes were verified in England (84 per cent). The remainder either refused to give a postcode, did not know what it was, or an invalid postcode was recorded.

xix The postcode is also matched, via Super Output Areas on the Office for National Statistics (ONS) All Fields Postcode Database (AFPD), with the 2004 Index of Multiple Deprivation (www.communities.gov.uk/index.asp?id=1128440), produced by Department for Communities and Local Government. Deprivation is measured by income, employment, health, disability, education, skills, training, housing and geographical access to services.

xx The figures for ‘claiming benefits’ relate to unemployment benefits, disability benefits, full time students aged 16-18, and retired women aged 60-64. Those who are not earning but not thought to be claiming include full-time students aged 19+ and retired men aged under 65. It is also worth pointing out again that the survey is conducted only amongst 16-64 year olds.

xxi Regression analysis allows the prediction or explanation of the relationship between one value or variable - the ‘Dependent Variable’ – against a set of other
variables which can be pre-set or measured more easily – the ‘Independent Variable (s)’. To do this it is necessary to build a ‘model’ (a mathematical function of the independent variables) that allows the calculation of a predicted value for the dependent variable.

The more variables that are added into the model, the greater the proportion of total variation that can be explained by the regression. The amount of variance explained is measured by the whole model - the higher the better. Also, the significance measures how much variance is explained by each individual variable within the model, with 0.000 the best, and figures over (appropriate figure) showing no effect.

For further details see http://www.nlreg.com/intro.htm

xxi An example of this multi-co linearity from the data would be Q7b (“I want the freedom to adopt my own approach to work”) and Q7c (“I have always wanted to be my own boss”). Obviously these have an instinctive link - people agreeing with one are more likely to agree with the other. This assumption is borne out by the data: there is a correlation between responses to one and responses to the other of 0.293. However, it is correlations between the elements of Q7 and Q5 that are being sought, not correlations within Q7. The problem is that because, to some degree, Q7b and Q7c vary together, the contribution they would make to a regression model would be the same, so once one variable is included in the model, the contribution of the other is not needed and appears artificially deflated (the other variable is doing its work for it), masking the fact that both variables are correlated with Q5.

To remove this correlation, factor analysis is performed, which combines variables (on the basis of those for which respondents' answers are correlated and vary together) to create a smaller number of new variables. These new variables summarise the original variables.

As part of the process of making these new variables as different from each other as possible the correlation between the factors is minimised almost completely. So, when these new variables are used in the regression analysis there is no problem of multi-co linearity - no factor masks the effect of another.

xxii Factor and regression analysis were only conducted against those independent variables that were asked of all Thinkers.

xxv In this example '0' means that there is a definite positive correlation between being an Independent Money Maker and being a Thinker. The further away the value from 0, the less the correlation. The r-squared value for this analysis is 34 per cent.

xxvi Certain statements which were not asked of all Thinkers (E, F, G, J, K) are not shown in this chart as the bases are non-comparable.

Of course, the graph is a simplification and does not explain the strength of the correlations or of the regression model. In fact, the strength of correlation is not huge for this, ranging between +0.1614 and -0.1270, but this is because there is
not a good equivalent question in the survey to correlate against. Therefore, the graph can only show the comparative difference in terms of key drivers.

xxvii As stated, social grade is not a proxy for income, although those who are ‘AB’ do tend to earn more. A social grade is worked out according to the occupation of the Chief Income Earner (CIE) within a household. In cases where people are retired, the previous occupation is taken if a work or private pension exists. The exact definitions for social grading are as follows:

- A = upper middle class – higher managerial, administrative or professional people
- B = middle class – intermediate managerial, administrative or professional people
- C1 = lower middle class – supervisory or clerical, junior managerial, administrative or professional
- C2 = skilled working class – skilled manual workers
- D = working class – semi and unskilled manual workers
- E = at lowest level of subsistence – state pensioners or widows with no other earners in the household, casual or lowest grade workers

xxviii Respondents stating don’t know were excluded from each of the calculations. Data was recoded so that Thinkers and Doers were rated as ‘1’ and Avoiders as ‘2’. At Q52 data was also recoded so that (with the exception of E, H and L), agree strongly and slightly became ‘1’ and neither/nor, disagree strongly and slightly became ‘2’. At E, H and L, which are negative statements, disagree strongly and slightly became ‘1’ and the rest ‘2’. The net agreement at E, H and L has also been inverted.

xxix Correlation coefficients range between 1 (maximum correlation) and -1 (maximum negative correlation), with 0 meaning no correlation at all.

xxx Note that statements which had a negative correlation with being a Thinker or Doer are not included in the index.

xxxi The Effective Sample Size indicated the impact of complex sampling methods and weighting on the standard errors. It gives the sample size for a particular estimate that would have been achieved using pure random sampling and unweighted results. It is measured as the ratio of the achieved sample to the design effect for each estimate, and can be different across different variables or sub-groups.