



## **Initiatives in entrepreneurial education: an evaluation of some UK initiatives**

*A paper for the Small Enterprise Association of Australia and New Zealand 16<sup>th</sup> Annual Conference, Ballarat, 28 Sept-1 Oct, 2003.*

Professor Rae Weston  
Macquarie Graduate School of Management  
Talavera Rd  
North Ryde  
NSW 2109  
Tel 02-98507807  
Fax 02-98509975  
e-mail [rweston@laurel.ocs.mq.edu.au](mailto:rweston@laurel.ocs.mq.edu.au)

### **Abstract**

The 1999 UK government initiative, the ‘Science and Enterprise Challenge’ was established to sponsor through universities the commercialisation of science and technology through not only teaching enterprise and entrepreneurship to both science and technology students but also to encourage “the growth of new businesses by supporting start-ups, including spin-out companies based on innovative ideas developed by students and faculty within the universities.”

In this paper we evaluate the initiatives taken in this direction in the West Midlands of the United Kingdom in the light of the findings of the GEM program (Reynolds,2002) and the recent study of Martz, Neil, Biscaccianti and Williams (2003) which has highlighted the perception of entrepreneurs in the UK. We consider the extent to which these initiatives might have relevance in regional Australia.



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### I

Coulter (2001) defines entrepreneurship as the process by which an individual (or a group of individuals) use organised efforts and means to pursue opportunities to create value, and grow by fulfilling wants and needs through innovation and uniqueness.

The 2002 report of the Global Entrepreneurship Monitor (GEM) program has suggested that there were three socio-demographic characteristics which could be taken as indicators of likely entrepreneurial activity. These were, first, knowing someone that had started their own business in the past two years; second, having a low fear of failure; and, third, having the skills and ability to undertake a startup.

Martz, Neil, Biscaccianti and Williams (2003) compared the perception of entrepreneurs held by students in the USA, France and the United Kingdom. In this study they found that the UK students believed starting and running a business was less risky than the French or US students; and they didn't believe that being an entrepreneur would have a positive impact on the welfare of the region. They were also much less forgiving of failures, believing that someone who fails in starting a business is not an entrepreneur. Finally, they did not expect to change their own jobs and occupations many times before retirement.

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In the remainder of this paper we examine seven initiatives taken in response to the 'Science and Enterprise Challenge' in the West Midlands of the UK and explore the extent to which they address the issues raised in the two studies described above. From this we will suggest which of these initiatives might be of particular interest in the Australian regional context.

### II

The seven initiatives we shall consider are first, e-delivered enterprise, business start-up modules developed by Staffordshire University; second, a business ideas competition, Bizcom run by all the West Midland Universities; third, Enterprisefest which are festivals designed to promote enterprise, innovation and entrepreneurship in the West Midlands; fourth, an Enterprise Fellowship Scheme run by Staffordshire University; fifth, the Spinner program run by the University of Warwick to maximise its own commercial research; sixth, Knowledge Transfer Partnerships (KTP's) which have succeeded a scheme of Teaching Company Schemes (TCS); and, seventh, the business villages scheme.

The e-delivered enterprise model as described by Birch, Clements and Hameed(2003) is the development of a new three year enterprise program for Staffordshire University's undergraduate science and technology students. The first year focuses on work-based/learner-centred activities and is delivered using a virtual learning environment (VLE). An example is



a focus for engineering students on setting up a business in areas such as music technology where the business scale is always small. The second year focuses on the construction and testing of a business plan and will incorporate experts in the form of business start-up specialists, Government agencies and the small business units in major banks and financial institutions. The third year will incorporate the processes necessary to keep a small enterprise going and will use a similar expert base as year two.

Bizcom is a business ideas competition organised by the Mercia Institute for Enterprise (MIE) which is lead by the University of Warwick and the University of Birmingham. The objectives of the competition are to promote entrepreneurship, in particular to develop the next generation of entrepreneurs; to facilitate the starting of new businesses; to explore the entrepreneurial dream and to learn about venture formation. Entrants in the competition are given support to develop a business plan and all are given feedback. The winners from each participating University then compete for regional business prizes for innovation and invention.

Enterprisefest is a series of festivals intended to change culture and to promote innovation and self-employment as well as to provide training for those wishing to start up their own business. One of its main objectives is to generate more businesses from both staff and students from the Higher Education sector. Among the features of the festivals are a number of continuous development workshops on spin-out formation, licensing and patenting among other issues. This scheme brings academics, professional advisers and business people together with intending entrepreneurs. The program sets up an annual enterprise exhibition for the region.

The Enterprise Fellowship Scheme is designed to develop business ideas in a safe and comparatively low risk environment and to allow them to progress to Business Villages (see below). The scheme requests the submission of business concepts and plans which are evaluated by a cross-regional panel of experts. Successful applicants receive soft loans of up to 10 thousand pounds and are given full access to University resources, including an identified hotdesk area and specific support and guidance. Successful EFS businesses also have access to further soft loans of up to 46 thousand pounds for capital and revenue purposes.

Spinner (see [www.ventures.warwick.ac.uk](http://www.ventures.warwick.ac.uk)) is a program of the University of Warwick and is an attempt to maximise the commercial application of its own research through the patenting, licensing and creation of spin-off companies which are based on research innovations. The University of Warwick has created over a dozen trading companies and has over 50 patents and patent applications, and has plans to create at least 10 new spin-off companies a year. Knowledge Transfer Partnerships (KTP's) which were previously known as Teaching Company Schemes (TCS) involve graduates working in a company for between one and three years on a project central to that company and jointly supervised by personnel from the company and a knowledge base partner who is traditionally a university academic. The graduate has the opportunity to gain a Master's degree. This program is a follow-on from the previously successful Teaching Company Scheme.

Business Villages aims to complete the process by creating high quality, affordable business space that may be accessed by those who are successful through any of the schemes already described. In September 2003 Staffordshire University is opening its first 18 unit business village and expects to extend these to up to 250 units available throughout the region as an initiative to retain enterprising graduates within the region. The Business Village concept



provides an effective business incubator as these are defined by Yunos(2002) as an organisation that integrates the process of creating successful new enterprises by providing comprehensive and integrated services ,such as temporary space, secretarial support, counselling on business matters and network activities.

### III

Birch, Chris , Mike Clements and Clair Hameed (2003 at p.9) refer to the necessity of sustaining the impetus of these enterprise initiatives as the key to success. In this section we reflect on the seven initiatives described above with respect to their ability to assist with the issues raised in the GEM study (2002) and by Martz, Neil, Biscaccianti and Williams (2003). Table 1 summarises the conclusions reached with respect to the assistance provided by the various initiatives for GEM1 which is knowing someone that had started their own business; GEM2 which is having a low fear of failure; and GEM 3 which is having the skills and ability to undertake a startup.

Table 1

Assistance provided by the schemes with respect to the GEM issues

<i>Initiative</i>	<i>GEM 1</i>	<i>GEM 2</i>	<i>GEM3</i>
e-delivered enterprise	probably	probably	yes
Bizcom	yes	probably	yes
Enterprisefest	yes	yes	assist
Enterprise Fellowship Scheme	no	yes	yes
Spinner	no	probably	yes
KTP's	no	yes	yes
Business Villages	yes	probably	yes

It is clear that all of these initiatives contribute to the potential entrepreneur having the skills and ability to undertake a startup and probably to a low fear of failure provided those that they meet on the specific schemes are successful. The key issue that is important is “knowing someone who has started their own business in the past 2 years” and it is here that focus needs to be given. It may be quite easy for the e-learning enterprise initiative to incorporate only those who have started very successful businesses and these are likely to be predominantly started by people more than two years’ previously. The GEM issue suggests that the entrepreneurs want to know how others survived or failed to survive the crises of the first two years in business. The survivorship bias of those whose experience is likely to be tapped may be inevitable but should be resisted for this reason. The GEM issue refers to “someone who has started their own business in the past two years” and does not discriminate between the failure or success of that business.

An initiative that might prove helpful in this area is to ensure the documentation of all of those in the Bizcom and Enterprisefest schemes is maintained so that a study may be made over time of the failures as well as of the successes.

Reflection on the issues raised by the UK student perception of entrepreneurs as described by Martz, Neil, Biscaccianti and Williams(2003) suggests that it is important that these perceptions should be reversed by undertaking the above initiatives. They need to be clear that starting up a business is risky, but that it is likely if successful to have a positive effect on the welfare of at least the region and perhaps also of the economy; that someone who fails may well go on to be a successful entrepreneur and that in order to develop a successful enterprise they may well need to change their jobs and occupations several times.



What is the major place in the seven initiatives in which these may be reversed? The first program as it targets undergraduates just starting out seems the best place to accomplish these ends. Once again it is the experience of failure going on to eventual success which is the key element which needs to be conveyed as this deals with the first and fourth of the issues raised.

#### IV

Of the seven initiatives considered above in the formats in which they are offered the Enterprisefest initiative and the Enterprise Fellowship Scheme would seem to offer new possibilities within the Australian environment, especially the regional environment. The others are either already available in some form or, as with the KTFs, do not readily relate to the acquisition of knowledge for startup businesses.

The proposal of Enterprisefests as a rolling progression of professional development workshops culminating in an annual enterprise exhibition in each region might provide a continuous on-going focus if the workshops were developed from feedback from the participants.

The Enterprise Fellowship Scheme and its subsequent accommodation within a business incubator program offers a pre-qualification for the business incubator stage which may reduce the failures of businesses entering the incubator stage. If the two-level funding EFS version was implemented as a necessary precursor to moving into a business incubator, the key support required by each business from an incubator may be much more clearly defined and result in a better matching of incubator and business.

#### V

In this paper we have examined seven initiatives undertaken in the West Midlands of the UK in response to the 'Science and Enterprise Challenge' and evaluated them with respect to their contribution to the creation of the three socio-demographic characteristics that the 2002 GEM survey referred to as indicators of likely entrepreneur activity and to the dispelling of the unrealistic UK student perceptions of entrepreneurs.

With respect to the GEM characteristics we have suggested that all of the initiatives contribute to the creation of the skills and ability to undertake a startup and probably to a low fear of failure, but that the remaining issue "knowing someone that started their own business in the past two years" may be difficult to deliver without incorporating a survivorship bias. It is suggested that the key to overcoming this problem is to ensure the documentation of all of those in the Bizcom and Enterprisefest schemes is maintained so that a study may be made over time of the failures as well as of the successes, so that both forms of experience may be drawn upon.

Provided that the experienced business people to whom they are exposed include a number who have failed businesses whether or not they have ultimately achieved success, programs like the e-developed enterprise have great merit.



With respect to potential for regional Australia we suggest that EnterpriseFests as a rolling progression of professional development workshops culminating in an annual enterprise exhibition in each region have potential and that a two-stage level funding Enterprise fellowship Scheme may well be able to provide an effective qualifying scheme for entry into business incubators with the additional advantage that the key support required by each business from an incubator may be much more clearly defined.



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