

Small Enterprise Research Report

Education & Enterprise

October 2004



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Business

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Small Enterprise Research Report

Education & Enterprise

October 2004 - Vol.2, No.1

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

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2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games April 2008
- 2 Competition: Small Firms Under PressureJanuary 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

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The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

TABLE OF CONTENTS

Highlights	3
Background	5
Figure 1	Secondary Education Of Respondents: State Or Privately Educated ? 6
Figure 2	Secondary Education Of Respondents: Proportion Privately Educated By Age Band 7
Figure 3	Secondary Education Of Respondents: By Gender 7
Figure 4	Educational Attainment 8
Figure 5	Educational Attainment: Respondents Educated To Degree Level Or Similar By Sector .. 8
Figure 6	Main Reason For Entry Into Small Business 9
Figure 7	Main Reason For Entry Into Small Business: Role Modelling By Employee Size 9
Figure 8	Attitudes Towards The Education System And Business Skills 11
Figure 9	Attitudes Towards The Education System And Business Skills: 'School/University Does Not Equip You With The Right Skills To Run A Business' By Employee Size 11
Figure 10	'Schools As A Breeding Ground For Entrepreneurial Success' 12
Figure 11	Self-Perception Of Respondents 13
Figure 12	Groups Over Which Respondents Feel They Have Influence 13
Figure 13	Perceptions Of Respondents' Standing In The Community/Society 14
Figure 14	Educational Attainment: State vs. Private Secondary Education 14
Figure 15	Main Reason For Entry Into Small Business: State vs. Private Secondary Education 15
Figure 16	Self-Perception Of Respondents: State vs. Private Secondary Education 15
Figure 17	Perceptions Of Respondents' Standing In The Community/Society: State vs. Private Secondary Education 16
References	Sources Of Further Information (WWW) 17
Comments	Respondents' Verbatim Comments 19
Appendix 1	Additional Information About Sample 25
Figure 18	Profile Of Sample: Respondents By Industrial Sector 25
Figure 19	Profile Of Sample: Respondents By Region 25
Figure 20	Profile Of Sample: Respondents By Employee Size 26
Appendix 2	Survey Questionnaire 27

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The Small Enterprise Research Team is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

Report Author – Professor John Stanworth (University of Westminster)
Series Editor – David Purdy

HIGHLIGHTS

This is the fourth in a new series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Education & Enterprise**, and the principal findings were as follows:

- **State vs. private education** – A surprisingly high proportion of respondents had experienced **private education** at secondary school level (28%), far above the current national average of 6.5% (all levels).
- **State vs. private secondary education response variations** – Comparisons of respondents schooled **wholly in the state/‘maintained’ sector** (70% of respondents) with those schooled **wholly in the private sector** (25%), revealed some **marked contrasts**, including: differences in participation by **gender**, the extent of any **qualifications obtained**, perceptions of themselves as **entrepreneurs/independent**, influences of **role models**, **attitudes towards education**, perceptions of **status**, and a **sense of achievement as a result of being a small business owner/manager**.
- **Small business ownership as a vehicle for social mobility** – At the extreme, there is evidence of state-educated children **under-achieving at school**, but **motivated by that to succeed in another sphere of life – small business**. Here, **role models (non-family) were very important**. Subsequently, they felt that attainment of the role of small businessman/woman bestowed status and a sense of achievement. By way of contrast, the **privately-educated respondents tended to succeed in education, and valued their education rather more than their state-educated counterparts**. They often followed **parents into a family firm**. There they adopted professional reference groups and experienced less of a sense of achievement, even though they were usually running larger businesses.
- **Private education and gender** – **Male respondents were notably more likely to have experienced private education than their female counterparts** (31% versus 22%).
- **Educational attainment** – A wide spread was evident, with **28% of respondents having made it through to degree level or similar**, and 8% having undertaken post-graduate studies.
- **Educational attainment and state/private schooling** – **There were fewer wholly state-educated respondents at every level of qualification**. For example 22% indicated degree level or similar qualifications, compared with 43% of the privately-educated respondents.
- **Educational attainment and industrial sector** – **38% of the manufacturing respondents were of graduate level or similar**, compared with 29% in business services and just 19% in retail/distribution.
- **Influences for entry into business/self-employment** – Nearly 1-in-4 (23%) **entered family businesses**, whilst a similar proportion (22%), felt that they had been **‘pushed’ by force of external circumstances**. A slightly larger proportion (28%) had been **influenced by role models** (either ‘Others’ success in business’ or ‘Someone that I respected’). Over all, the responses appeared to be split into 4 fairly equal categories: Family, Role Model, ‘Pushed’ and ‘Other’.
- **Influences for entry into business/self-employment and state/private education** – **38% of the wholly privately-educated respondents (at secondary level) entered family businesses**, compared with 16% of those educated wholly by the state sector.

continued ...

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- **The education system as a sound foundation** – 80% of the respondents agreed that ‘Education gives you the basics, but then it’s up to you to build on this to achieve successful entrepreneurial skills’.
- **Acquiring business skills** – 59% of the respondents agreed that ‘The most important lessons I learnt were out of school’.
- **Educational system and business skills** – 43% of the respondents felt that ‘School/university does not equip you with the right skills to run a business’. However, respondents from the larger businesses (20-49 workforce size) – and who had usually spent longer in the educational system – were less inclined to agree with the statement.
- **Academic aptitudes** – 18% of the wholly state-educated respondents agreed that ‘Not being academically gifted made me more determined to achieve in my life’, compared with very few from the private sector (3%).
- **Technical colleges and skills-based learning** – 69% of the respondents agreed that ‘I’d like to see education go back to a system of having technical colleges and skills-based learning for those whose strengths are in practical subjects’. When considering variations for age, the widest support was found amongst the older respondents, where 83% of the 55-64 years old age group felt that way.
- **Respondents’ perceptions of themselves** – A substantial minority (49%) identified themselves as ‘a small businessman/ woman’. Whilst roughly equal proportions, of between 12-14% each, saw themselves as ‘self-employed’, as their ‘own boss’, or as an ‘entrepreneur’. But 30% of the wholly privately-educated respondents (at secondary level) saw themselves as an ‘entrepreneur’ or ‘independent’, compared with only 15% of the state-educated counterparts.
- **Respondents’ perceptions of themselves and sector/size differences** – Respondents from **business services** were most likely to see themselves as ‘entrepreneurs’ (20%). Perhaps understandably, those in the 0-4 employee group were the most likely to see themselves as ‘self-employed’.
- **Respondents’ perceptions of their standing in community/society** – The single largest group of respondents (48%) did not see that running a business had any bearing on the issue. This is in contrast with the independent small business person cast as a folklore hero of Margaret Thatcher’s ‘Enterprise Culture’, often much envied by the employed and unemployed alike for their independence.
- **Respondents’ perceptions of their standing in community/society and schooling experience** – In connection with running a small business, **half of the wholly state-educated respondents (50%) agreed that ‘It has given me a sense of achievement, as though I’ve ‘bettered’ myself’,** compared with only 14% of the privately-educated respondents.
- **Respondents’ perceptions of their influence over others** – The groups over which they felt they had the most influence, as a result of being small business owners, were: ‘family’ (42% of respondents), followed by ‘friends’ (40%) and ‘other business owners’ (37%). **The findings point towards relatively modest views on the extent to which small business ownership/self-employment enhances a holder’s status.** Indeed, 22% of the wholly privately-educated respondents perceived there to be **less status associated with small business management/ownership than with other professions,** compared with only 12% of the state-educated respondents who felt this way.

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MANAGEMENT ISSUES

The emphasis of the management reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success.

Accordingly, each issue of the report addresses one or more highly topical small business management issues. In this survey we focus on **Education & Enterprise**. The report is produced three times a year.

THE SAMPLE

This report is based on the responses received from a panel of over 350 small businesses situated in the northern, midland and southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out between August-September 2004.

BACKGROUND

The report originates from a longitudinal investigation into the development of small firms undertaken by the University of Westminster (then the Polytechnic of Central London) on behalf of the Department of Education & Science, between 1988 and 1992.

PAST SURVEYS

2003-04 (Vol.1)

- No.1 Small Firms and Politics
- 2 Pensions
- 3 Work-Life Balance



EDUCATION & ENTERPRISE

The term 'enterprise' is an exciting one. Like such terms as 'intelligence', 'innovation' and 'dynamic', it has a wholesome feeling about it. However, in common with these other concepts, it is surrounded by polemic and mystery. We can't agree quite what the term 'enterprise' really means and are uncertain as to exactly how to measure it. Also, like the concept of 'intelligence', we can't be sure to what extent it is a product of nature (in-born) or nurture (schooled and developed).

One measure of 'enterprise' seems to be the incidence of small business ownership and management though, of course, enterprise can have a role amongst the armies of grey suits that form the workforce of any large organisation.

Research demonstrates that at least 25% of all small business start-ups are the result of 'push' factors such as redundancy, rather than 'pull' factors such as the attraction of independence and profitability – should we still call this 'enterprise'? Also, we know that there tend to be strong inter-generational influences at work here with the sons and daughters of the self-employed often themselves becoming self-employed – again, is this enterprise or simply a case of following

a well-trodden path? And is much criminal activity not fundamentally 'enterprising'?

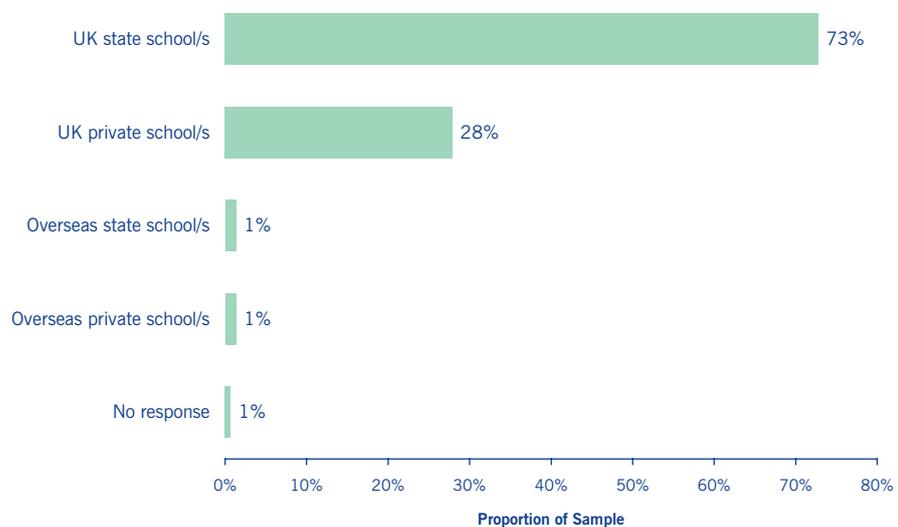
But what has education got to do with all this? Maybe not a lot, but everyone goes through the educational process and so just about everything correlates with educational experience even if not causally.

We therefore decided to attempt to swim around in the muddy waters of 'education and entrepreneurship' to see what our nets picked up. Some of the research results were fascinating.

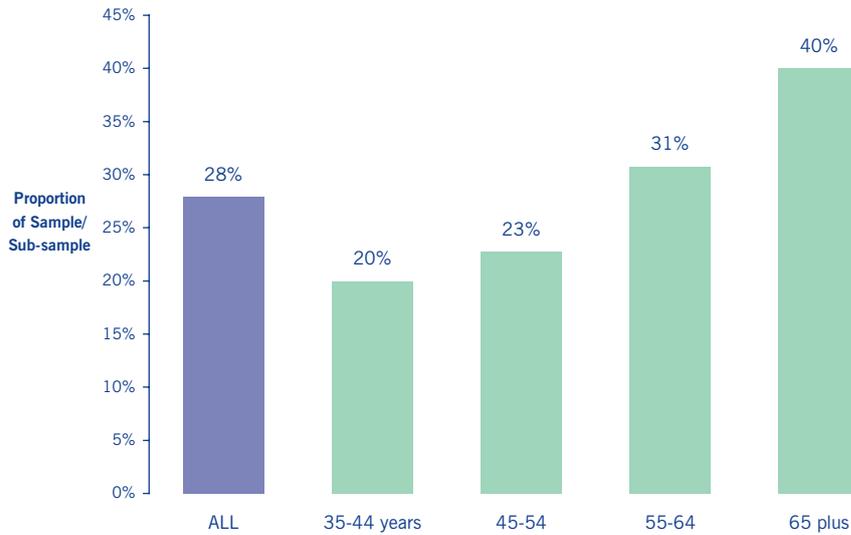
Secondary Education

The first issue concerned the incidence of private versus state school education (**Figure 1**). After all, some 40% of Britain's recent haul of Olympic medals came from privately-educated athletes, so, does it also work for entrepreneurship? In fact, a surprisingly high 28% of the sample had experienced private education – far above the national average of 6.5% (there were 649,500 private pupils out of total of 10,094,600 maintained/private pupils for the UK in 2002/03, according to the *Education and Training Statistics for the United Kingdom*, Department for Education & Skills, 2003).

Figure 1 - Secondary Education Of Respondents: State Or Privately Educated ?



**Figure 2 - Secondary Education Of Respondents:
Proportion Privately Educated Within Each Age Band**



When considering age of respondents (**Figure 2**), there was a continuous correlation between rising age and incidence of private education, running from 20% for the 35-44 years age tranche to 40% for the 65-plus (a lower band for 25-34 year-olds has been ignored here because it contained very few respondents).

Why this should be the case is not entirely obvious unless we hazard a guess that self-employment has traditionally been the

preserve of the middle classes. Though there does not appear to be much support for this thesis from the wider body of small business research wisdom, it is an interesting observation nonetheless.

The only other factor to link with private education was gender based (**Figure 3**) where we see that men were notably more likely than their female counterparts to have experienced private education (31% versus 22%).

**Figure 3 - Secondary Education Of Respondents:
By Gender**

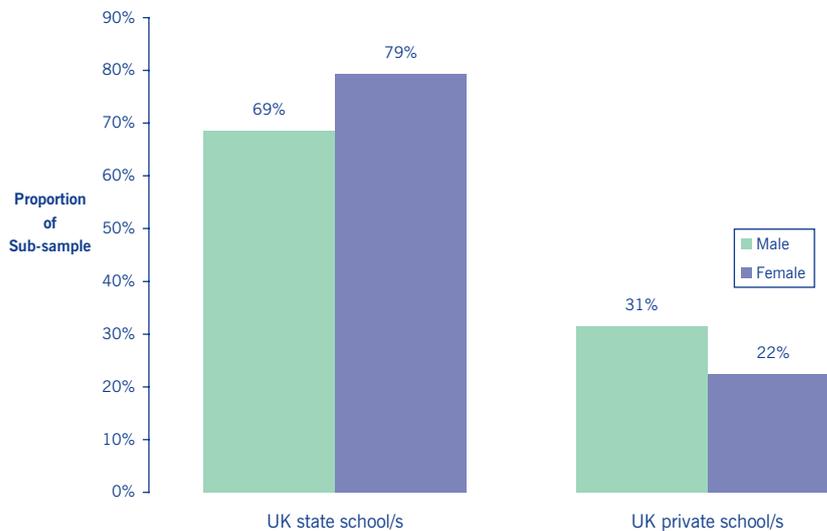
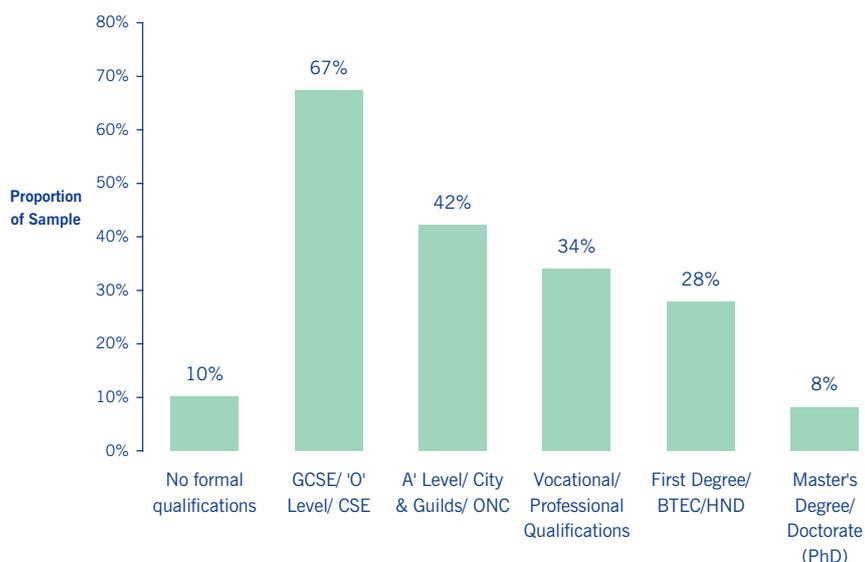


Figure 4 - Educational Attainment

A wide range of educational attainment was evident



Levels of Educational Attainment

Figure 4 indicates a wide spread, with 28% of the respondents having made it through to degree level or similar, and 8% having undertaken post-graduate studies.

Interestingly, **Figure 5** shows that 38% of the manufacturing sample were in fact of graduate level or similar, compared with 29% from business services and just 19% from retail/distribution. Intuitively, business

services might have been expected to come out top here but it does show evidence of manufacturing belying its traditional proletarian image. Again there was a gender divide with 31% of male respondents obtaining degrees or similar, compared with 22% for their female counterparts.

Main Influences on Small Business Entry

Figure 6 identifies influences given by

Figure 5 - Educational Attainment: Respondents Educated To Degree Level Or Similar By Sector

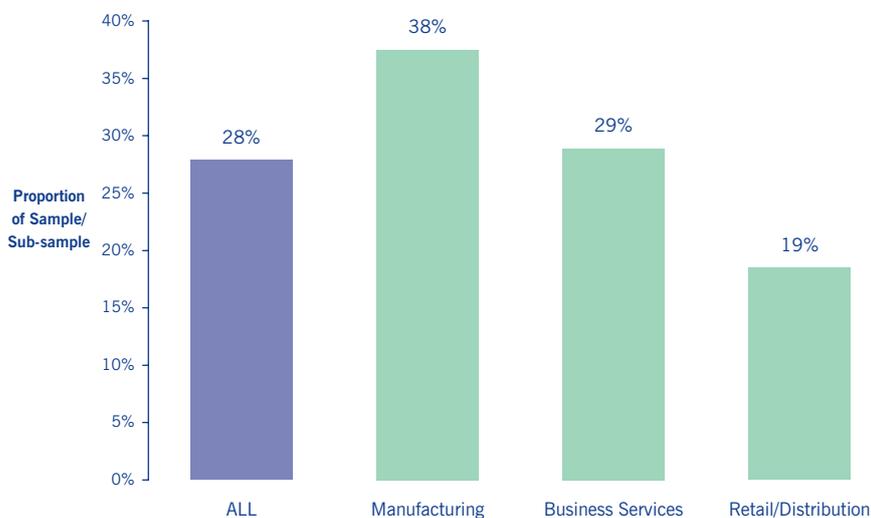
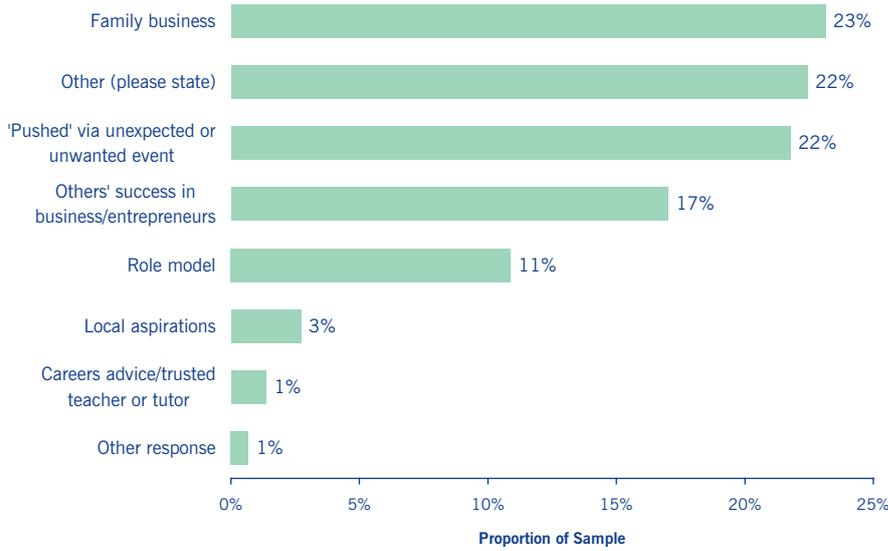


Figure 6 - Main Reason For Entry Into Small Business



Role models may be important in encouraging some entrants into small business ownership

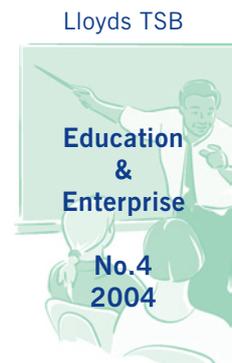
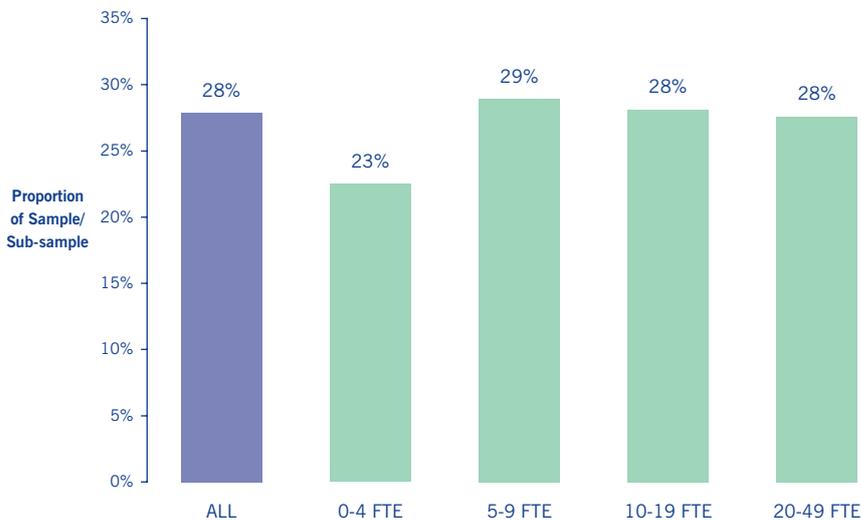
respondents for their entry into self-employment. Nearly 1-in-4 (23%) entered family businesses whilst a similar proportion (22%) felt that they had been 'pushed' into self-employment by force of external circumstances. A similar proportion yet again (28%) had been influenced by 'role models' (either 'Others success in business' or 'Someone that I respected'). If these two similar influences are combined (**Figure 7**), then there is a noticeable level of consistency across different sizes of small business in the

sample. Thus, the sample's responses appeared to be split into 4 fairly equal categories: Family, Role Model, 'Pushed' and 'Other'.

A separate analysis of 'Other' category responses revealed a wide mix of reasons. For instance:

"I can't explain but it just happened"
"I just fell into furniture restoration."
Wanted to demolish things"

Figure 7 - Main Reason For Entry Into Small Business: 'Other's Success'/Role Model' Combined By Employee Size



"It seemed the logical thing to do"
"Simply asked to be a partner in my employers business"
"Having worked in the business for several years, I purchased the shares when the owner retired"
"I saw it as an opportunity to plan my work around children so motherhood was the main influence"
"Fancied a challenge"
"Recommendation of bank manager"
"Mid-life opportunity"
"I was sick of working for other businesses and being treated badly"
"Management buy-out"
"Death of M.D."
"An opportunity arose"
"Always knew I would"

"I wish to make my own decisions"

"The staff/the business itself – it has become part of the family/is like a child"

"Enthusiasm for my products"

"My staff"

"Personal freedom, intellectual challenge"

"The buzz of it"

"The flexibility it affords me"

"Self-fulfilment"

Many of these reasons given for entry into self-employment contained elements of other categories, but some respondents clearly preferred to place them in an 'Other' category.

Of course, reasons for setting up a small business and satisfactions gained from such actions are not always the same. However, the respondents were invited in their own words to say what motivates them to continue running their own business. Explanations included the following:

"As a cabinetmaker, I would like to think my work will live beyond my lifetime and benefit others in the future. Doing work which is not just for today is important"

"Profit"

"I enjoy it"

"Some element of control over my destiny"

"Independence"

"Sense of achievement"

"I like working from home"

Schools, Education and Enterprise

Two of the questions targeted the educational system. **Figure 8** illustrates the responses generated by a question on the 'education system' (both schools and university). Not surprisingly, perhaps, 80% agreed with the statement that 'Education gives you the basics, but then it's up to you to build on this to achieve entrepreneurial skills'. Education, after all, consumes only a fairly small proportion of most people's lives, and concludes, usually, at the ages of 16, 18 or 21. Looking at the issue, 'School/university does not equip you with the right skills to run a business', **Figure 9** shows that around half of the responses from the smaller firms (0-4 and 5-9 workforce size) agreed with this statement. However, there is a marked difference for the large size tranches (10-19 and 20-49 workforce size), with only a minority of 1-in-3 agreeing with the statement.

It is interesting to note here that respondents from the larger businesses had usually spent longer in the educational system and found it more useful. Again, past research tends to bear this out.

There were some interesting sector and age group differences in the analyses. For instance, amongst 'business services' sector

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Figure 8 - Attitudes Towards The Education System And Business Skills



Many saw personal responsibility in self-development beyond basic education

respondents, there was wider support (38%) for the claims that school/university had equipped them with the skills to be successful in business. This was rated lowest by respondents from the retail/distribution sector (19%). However, amongst respondents

from this latter sector, 28% said that not being academically gifted had made them more determined to achieve something in life (compared to only 8% from manufacturing and 4% from business services).

Figure 9 - Attitudes Towards The Education System And Business Skills: Respondents Agreeing That 'School/University Does Not Equip You With The Right Skills To Run A Business' By Employee Size

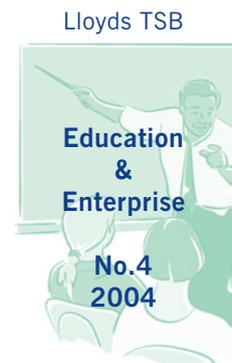
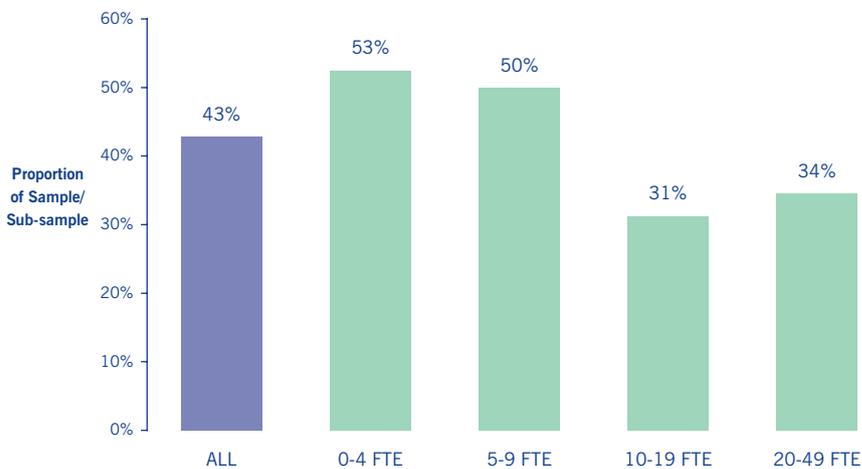
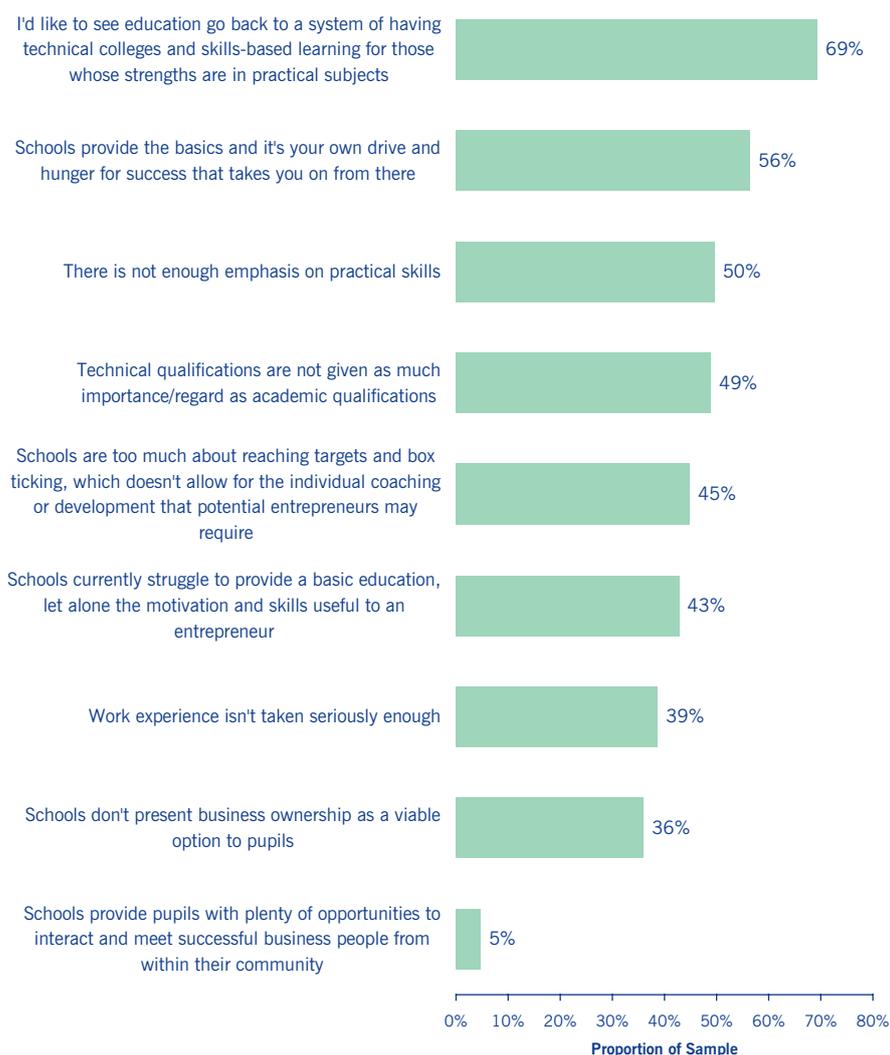


Figure 10 - 'Schools As A Breeding Ground For Entrepreneurial Success'



Schools and Practical Skills

Figure 10 is derived from a range of presented statements on just the school system of education (ignoring university). Perhaps unsurprisingly, 'I'd like to see education go back to a system of having technical colleges and skills-based learning for those whose strengths are in practical subjects' received high approval (69%), but support declined with respondent age, falling from 83% for the 55-64 years old age group, to 53% for those 20 years their junior (35-44 years old).

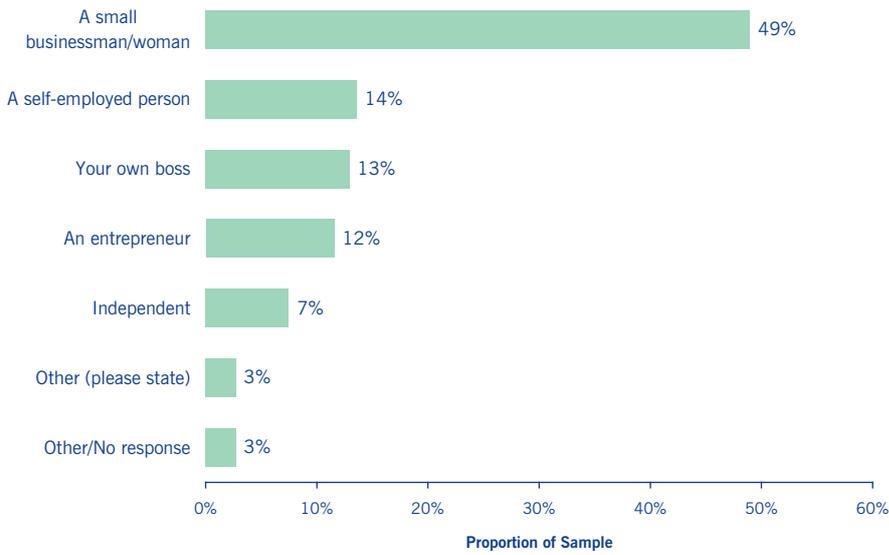
seeing every client as an MBA-styled entrepreneur on their way to making a fortune. This negates the fact that around 70% of small firms employ no-one other than the owner and are often happy to remain small and independent. **Figure 11** shows respondents' perception of themselves, with a substantial minority (49%) selecting 'A small businessman/woman' (female respondents were more likely to opt for this description at 57%). Respondents from business services were the sector group most likely to see themselves as 'Entrepreneurs' (20%), whilst the largest size tranche (20-49 employees) were similarly inclined (21%). Firms in the 0-4 employee group were the most likely to see themselves as simply 'Self-employed' (28%). Perhaps what these results have shown is the sheer diversity of views

What Do You Call A Small Businessman ?

Small business advisors often get accused of



Figure 11 - Self-Perception Of Respondents



Others saw themselves as 'directors', 'partners' or 'freelance'

and perceptions amongst the sample.

Small Businessman – Folklore Hero?

The independent small business person was the folklore hero of Margaret Thatcher’s ‘Enterprise Culture’ and is often much envied by the employed and unemployed alike for their independence.

Figures 12 and 13 point towards relatively modest views of the extent to which small

business management or self-employment enhances a holder’s status. Feelings of enhanced status were usually limited to the reference groups of family, friends and other business owners, followed by the local community and local authorities. However, in all of these cases, less than half the overall sample actually felt certain enough to answer affirmatively. The only instances in which confidence levels went over 50% concerned the younger respondents. Those from the business services sector also came through

Figure 12 - Groups Over Which Respondents, As Small Business Owners, Feel They Have Influence

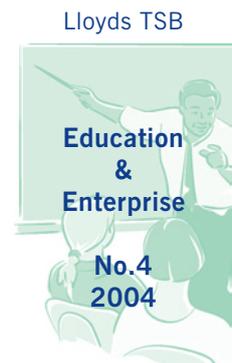
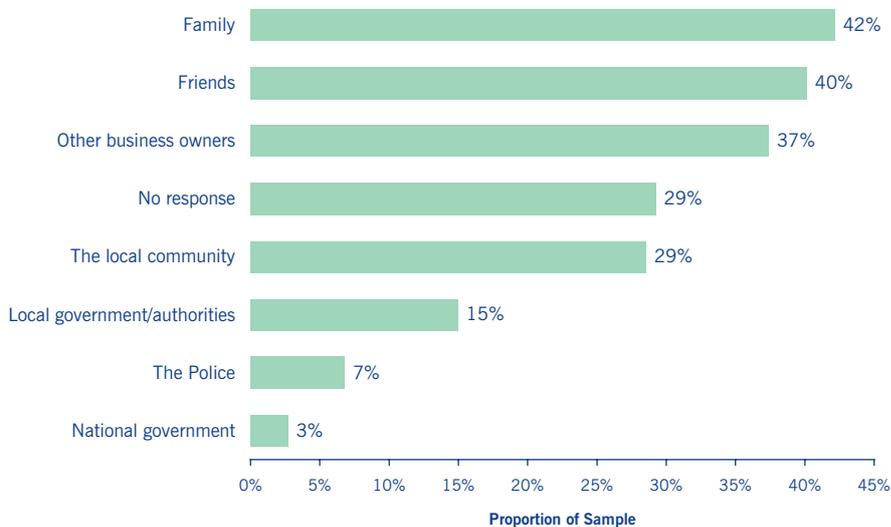
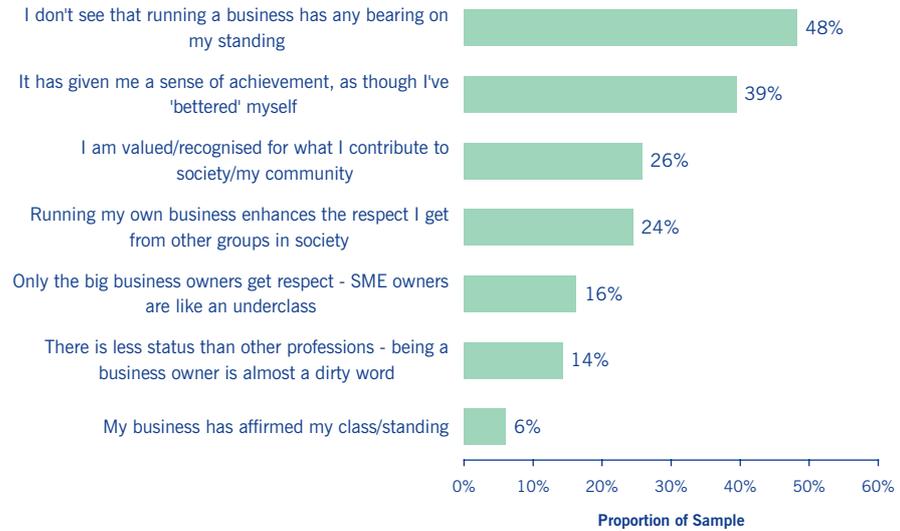


Figure 13 - Perceptions Of Respondents' Standing In The Community/Society



fairly strongly. Thus, if we see these latter groups as typical of the future, the message is optimistic.

schooled wholly in the private sector (the remaining 5% either straddled both sectors or offered no data).

STATE VS. PRIVATE EDUCATION

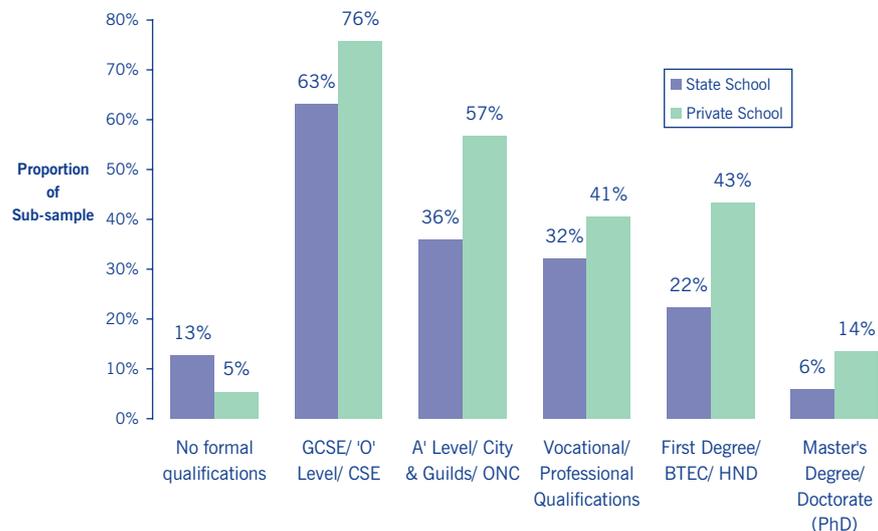
Some further analysis was undertaken in order to explore any differences between state and privately educated respondents. It transpired that 70% of respondents were schooled wholly in the state or 'maintained' sector, compared with 25% who were

Accordingly, the following analyses are based on those respondents who said that they were schooled at secondary level wholly in one of either of the sectors.

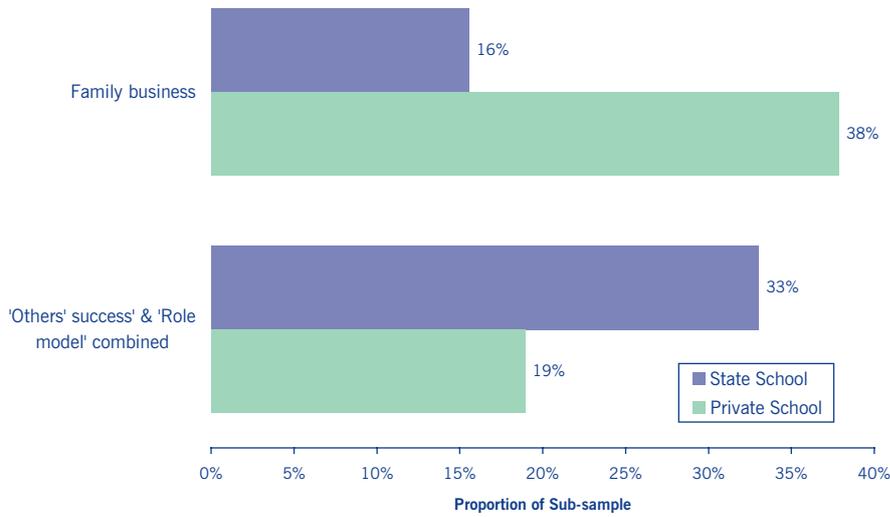
Educational Attainment

Figure 14 illustrates that there were

Figure 14 - Educational Attainment: State vs. Private Secondary Education



**Figure 15 - Main Reason For Entry Into Small Business:
State vs. Private Secondary Education**



Role models of some sort were more important for state-educated entrants into small business ownership

proportionately fewer state-educated respondents **at every level of qualification**. For example, 22% of respondents indicated that they had degree level or similar qualifications, compared with 43% of the privately-educated respondents.

that the main influence directing them towards small business ownership/management was a natural progression into the family business (38%, compared with only 16% of the state-educated respondents, **Figure 15**).

Main Influences on Small Business Entry

A markedly larger proportion of respondents from a privately-educated background said

Respondents' Self-Perceptions

Proportionally more of the state-educated respondents saw themselves as 'a small businessman/woman', and the privately-

**Figure 16 - Self-Perception Of Respondents:
State vs. Private Secondary Education**

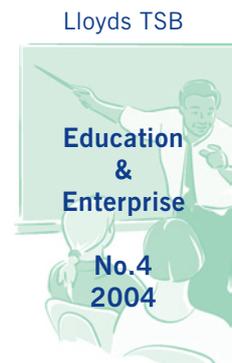
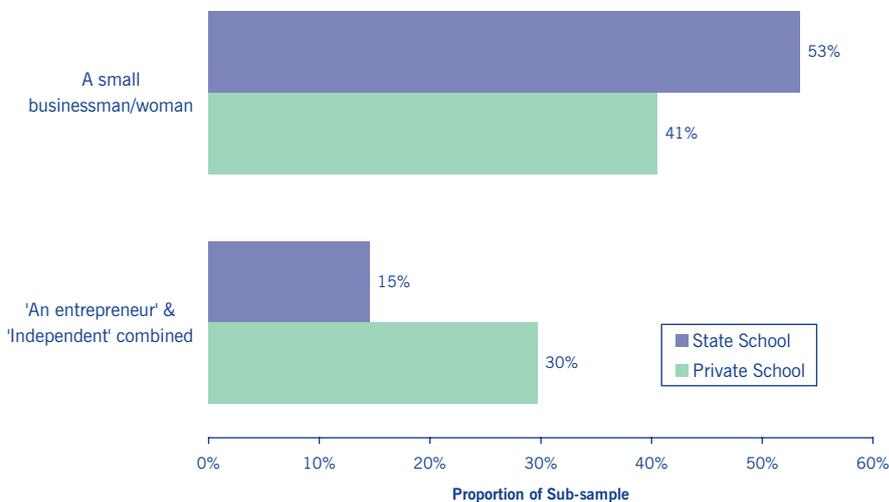
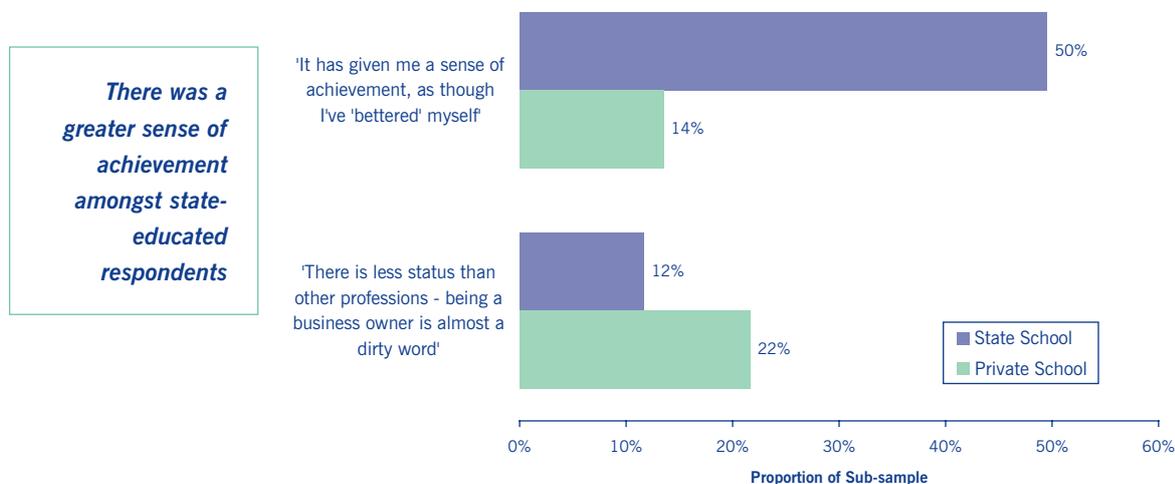


Figure 17 - Perceptions Of Respondents' Standing In The Community/Society: State vs. Private Secondary Education



There was a greater sense of achievement amongst state-educated respondents

educated respondents were twice as likely to see themselves as either 'an entrepreneur' or 'independent' than their state-educated counterparts (Figure 16).

Standing in the Community/Society

Well over half of the privately-educated respondents (59%, compared with 45%) did not feel that their position in small business had any bearing on the issue. They were also more inclined to see themselves at a disadvantage, with 22% agreeing that 'There is less status than other professions - being a business owner is almost a dirty word' (compared with 12% of the state-educated respondents, Figure 17).

Finally, one of the most interesting findings surfaced in the responses to the statement about running a business: 'It has given me a sense of achievement, as though I've 'bettered' myself', where 50% of the state-educated respondents agreed, compared with only 14% of the privately-educated owner/managers.

Small Business Ownership as a Vehicle for Social Mobility ?

At the extreme, there is evidence of state-educated children under-achieving at school, but motivated by that to succeed in another sphere of life – small business. Here, role models (non-family) were very important. Subsequently, they felt that attainment of the role of small businessman/woman bestowed status and a sense of achievement. By way of contrast, the privately-educated children tended to succeed in education, and value their education rather more than their state-educated counterparts. They often followed parents into a family firm. There they adopted professional reference groups and experienced less of a sense of achievement than the state school respondents, even though they were usually running larger businesses.

RESPONDENTS' COMMENTS

Respondents were invited to offer a response to: 'What motivates you to continue running your business'. A broad selection of these comments in verbatim form on p.19 (any exclusions and editing are for space limitations).



REFERENCES: EDUCATION & ENTERPRISE

The following references are offered as an aid to readers interested in seeking further information via the world-wide-web. The coverage is not intended to be definitive, and inclusion here should not imply either agreement or disagreement with the views expressed via these sources. Some web sites have appeared before, but there is usually a section noted with interests relevant to the theme of this report.

Special care should also be taken with material obtained from **outside** the UK, for example, the USA, where different legal issues may apply.

N.B. Some pages may contain links to other WWW pages offering related material. Tip: The WWW links were functional at the time of going to print, but the world wide web is in a state of constant change. So if later problems arise with a link, edit the link back to the 'home page' – e.g., truncate <http://www.bized.ac.uk/fme/xyz.htm> back to <http://www.bized.ac.uk/> – and look for a similar topic heading there.

● Association of Business Schools

"The Association of Business Schools (ABS) is the national representative body of 100 of the leading business schools of universities, higher education institutions and independent management centres in the UK. ABS members employ more than 7,000 academic staff and contribute to the education of over 250,000 students. One in every eight undergraduate students in the UK takes a course in Business and Management."

www.the-abs.org.uk/

● Association of MBAs

"A network for MBAs, business schools and employers. We also offer an important forum for the exchange of knowledge, ideas and best practice."

www.mbaworld.com/

● Department for Education and Skills (DfES)

The main government department responsible for education. Information for: Adult Learners, Children and Families, Employers, Head Teachers, Higher Education, LEAs, Learning & Skills, Parents, School Governors, Teachers and Young People. Also offers The Research Informed Practice Site (TRIPS), "designed for busy education practitioners - by this we mean teachers, governors, parents and all those who support them in the education of school age students. Its aim is to help them make sure that practice and policy are informed by good and up-to-date evidence."

www.dfes.gov.uk/

● Directgov

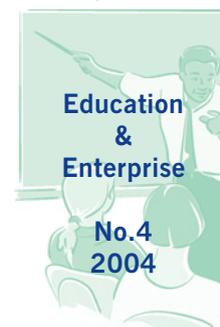
"Directgov is the place to turn to for the latest and widest range of public service information. Book a driving test, find a job, get advice about childcare, passport renewal and lots more". Under *Info for...* - *Parents - Learning* is: 'Your child's education': "Information and advice on your child's education from ages three to 19, including how to support your child's learning, getting a place at a school, and study and training options for school leavers"; 'Your learning (adult learners section)': "Choosing the right level, finding course information, learning for free, help with the cost of learning, advice and guidance and learning resources for adults"; 'Learning (disabled people section)': "From pre-school to adult training, find out about learning for children and pupils with special educational needs, learning difficulties or other disabilities."

www.direct.gov.uk/

● Eurydice

"The information network on education in Europe provides these services: descriptive analysis about the organisation of national education systems, comparative studies and academic standards indicators. Eurydice is also Eurybase, one of the biggest

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itemized data base on education systems in Europe.” E.g., Thematic national reports: ‘Foreign language teaching’, ‘Information and communication technology’, ‘Lifelong Learning’, ‘Organisation of school time’. ‘Structures of the education, initial training and adult education systems in Europe’.
www.eurydice.org/

- **Institute of Education**

Based at University of London: “A world class centre of excellence for research, teacher training, higher degrees and consultancy in education and education-related areas of social science.”
ioe.webservers.ioc.ac.uk/ioe/

- **learndirect**

“At learndirect you can find: hundreds of specially created online courses in computers, office skills and self development, designed so that you can learn at a time, place and pace to suit your needs.; information on our network of over 2,000 learndirect centres to help you with your local learning needs; impartial information and advice on over 700,000 courses from providers throughout the UK; courses and services designed to help you, your business or your employees.”
www.learndirect.co.uk/

- **National Literacy Trust**

“An independent charity dedicated to building a literate nation. The importance of literacy has long been recognised: it underpins all educational achievement and is central to economic advance; it helps develop human potential and raises self-esteem. We are the only organisation concerned with raising literacy standards for all age groups throughout the UK.” Has a research section, containing statistical data.
www.literacytrust.org.uk/

- **Office for Standards in Education (Ofsted)**

“Ofsted is a non-ministerial government department established under the

Education (Schools) Act 1992 to take responsibility for the inspection of all schools in England.”
www.ofsted.gov.uk/

- **TeacherNet**

Developed by the Department for Education and Skills as a resource to support the education profession. Has a research section: “... where you can find out how to become involved in research, and about research networks. You can access publications and articles, get hold of the latest statistics and find out about sources of useful information in other countries.”
www.teachernet.gov.uk/

- **The Open University**

“Britain’s largest university, with more than 200,000 people studying its courses. ... Undergraduate courses are open to all regardless, of educational qualifications. The OU takes special responsibility for making higher education accessible to people with disabilities.”
www.open.ac.uk/

- **The Parent Centre (DfES)**

“The Parent Centre is for all parents and carers who want to help their child or children to learn. It is here to offer you support, information and advice about your child’s learning and the English education system.”
www.parentcentre.gov.uk/

- **Times Higher Education Supplement**

Education, news & resources.
www.thes.co.uk/

- **4Learning**

“Channel 4’s educational division, producing innovative and thought-provoking multimedia services for schools and learners of all ages. More than 400 hours of programming broadcast on Channel 4 each year are enhanced by a range of online, print, video, and digital learning resources.”
www.channel4.com/learning/

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MANUFACTURING

Brewers	<i>I look forward to the day I can sell it as a going concern which hopefully will be in another 5 years' time ! There must be easier ways to earn money !</i>
Cash Register Ribbons and Stationery	<i>Money - then I'm off abroad to spend it (on my retirement).</i>
Colour Cosmetic Products Manufacturer and Retailer	<i>Money.</i>
Design & Publishing	<i>Because it is the devil I know - as opposed to being employed.</i>
Design, Printing & New Media	<i>The chief demotivator is the poor financial reward - having to pay the staff and make do with the remainder ! I continue to run the business because I have no exit route - I would love to sell up !</i>
Electrical Engineering & Contracting	<i>There is obviously the financial gains, but I don't think many people realise just how much hard work you have to put in to maintain a business. The continuing legislation makes you wonder if it is really worth it.</i>
Electro-Magnets	<i>To help others.</i>
Fabrication, Welding, Machining, Special Purpose Machines	<ol style="list-style-type: none"> 1. Need for income. 2. Responsibility to those employed. 3. Potential/real rewards.
Graphic Reproduction & Print	<i>Providing job security and a future to the staff and giving back to the community.</i>
High-tech Contemporary Textiles	<i>I like the independence of running my own business without all the red tape and restrictions of other forms of employment.</i>
Kitchen & Furniture Manufacturers	<i>As a cabinetmaker I would like to think my work will live beyond my lifetime and benefit others in the future. Doing work which is not just for today is very important.</i>
Lighting Equipment	<i>Improving the life chances for colleagues.</i>
Manf. of Rainwater Goods	<i>Money.</i>
Manufacturer of Waterproof Clothing	<i>In this area, there is not a lot of job choice, so I stick to what I know !</i>
Mechanical Installation and Maintenance Service	<i>Total independence having not to rely on others.</i>
Metal Fabrication	<i>Competition.</i>
Party/Carnival Goods	<i>Profit.</i>
Pipe Organ Manufacture and Servicing	<i>Quality of the product and a need for this to be passed on to the next generation.</i>
Printed Circuit Boards	<i>Growing the business. Achieving success.</i>

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MANUFACTURING continued

Printers	<i>We feel that we have a responsibility to our staff to continue trading, but when we see the amount of phoenix companies in our area who come and go at leisure, we wonder sometimes is it worth the effort of carrying on !</i>
Protective Clothing	<i>Financial survival.</i>
Publishing Services, Artwork, Setting, Design	<i>Working for yourself. Satisfaction of a good standard of work and product.</i>
Refrigerated Systems	<i>I enjoy it.</i>
Repairs to Electric Motors	<i>To provide a career for my 2 sons and for mental stimulation despite government disinterest in small engineering companies.</i>
Reprographics	<i>I work best when self-motivated - my desire to 'climb a mountain' each time plunges me into great amounts of stress - but I always win over for the next challenge. Sometimes though I do wonder why I do it !</i>
Self Adhesive Label Printers	<i>It gives my family more security and allows me to buy bigger, faster and better toys.</i>
Steel & Aluminium Fabrications	<ol style="list-style-type: none"> 1) Necessity to secure a future. 2) Still provides a buzz. 3) Sector investments sustain opportunities. 4) Obligation to employees.
Toys/Educational Products	<i>I think that motivation changes through age (personal) and stage of business development.</i>
Water Boilers	<i>[The] Prospect of building sufficient to provide a retirement income.</i>
Waterproof Membranes	<i>Money.</i>

BUSINESS SERVICES

Accountancy & Taxation	<i>Flexibility.</i>
Accountancy, Audit	<i>I enjoy it.</i>
Agency for Office Staff & Typing Services	<i>I have reached a 'plateau' where my business more or less runs itself (due to my 4 super staff members) and I keep an eye on the bank balance and trends.</i>
Architect	<i>I am 81 years old and enjoy helping people in their aspirations.</i>
Architect	<ol style="list-style-type: none"> 1. Earn a living. 2. Enjoy work in my profession.

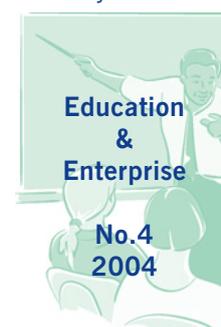
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BUSINESS SERVICES continued

Architects	<i>I am no longer a partner. I just work 4 days a week for my firm. 70 in December !</i>
Audit Accountancy	<i>Some element of control over my own destiny.</i>
Chartered Accountants	<i>Independence; the ability to be rewarded for your own efforts despite all the bureaucratic knocks.</i>
Computer Consultancy	<i>I like working from home, using my garden as an office in good weather. I can alter the business/recreation balance of my life to suit myself.</i>
Computer Software	<i>The staff/the business itself - it has become part of the family/is like a child.</i>
Computer Software	<i>I wish to make my own decisions.</i>
Computer-Aided Drafting Services	<i>Sense of achievement. You are only as good as the staff you employ. Good relations with staff and make them aware of their value to the business and treat them how you like to be treated.</i>
Finance	<i>My staff.</i>
Financial Services	<i>Running a successful business is its own motivation.</i>
Food Technology & Quality Consultant	<i>Enthusiasm for my products and desire to see staff perform to their ultimate level.</i>
Graphic Designers	<i>Too poor to retire just yet !</i>
Insolvency Services & Advice	<i>The pride in running my own business and the opportunity to make my own decisions morally as well as financially.</i>
Insurance Brokers	<i>1) To provide work opportunities. 2) To interact with clients and companies.</i>
Insurance Brokers	<i>Obligation. No pleasure now due to pressure from external academic bureaucratic issues.</i> <i>I and so many like me feel that the purpose of our business has become bogged down by a sea of European legislation. Sadly the people who are responsible for the legislation have little or no experience in the practical application. They have no idea what it feels like to be faced with and have to directly deal with the problems of SMEs - particularly those who employ up to 15 people...</i> <i>I am personally deeply deeply tired. We run a responsible organisation and I care very much about how we treat our staff and customers. However, I cannot wait to give it all up which I find a very sad position after almost 20 years... Like so many others in my position I feel that I simply want to stop - and preferably leave the UK. When will the government understand what they are doing and support rather than penalise us ?</i>

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BUSINESS SERVICES continued

Insurance Brokers	<ol style="list-style-type: none"> 1. Independence. 2. Job satisfaction. 3. Wanting to pass on something worthwhile. 4. Joy of training youngsters.
International Freight Forwarding Services	<i>Responsibility to our staff and to provide sufficient funds for retirement, and because I enjoy it.</i>
Licensed Telecoms Carrier	<i>Personal freedom, intellectual challenge, high standard of living.</i>
Management Consultancy	<i>It gives me a degree of freedom that I wouldn't otherwise have. It also gives me reasons for anxiety and stress. But on balance that suits me. I perform better under pressure, and when you work for yourself, you are always under pressure from yourself and clients and the fear of losing clients !</i>
Message Handling	<i>The buzz of it !</i>
Property Consultant/Estate Agent	<i>Challenges, competition, interest in outcome of my business activity.</i>
Recruitment	<i>To win by getting a good exit price one day. Otherwise fed up with red tape !</i>
Recruitment - Contract & Permanent	<i>To create opportunities for all my workforce to develop, prosper and look after their families !</i>
Recruitment Agency	<i>Money !</i>
Recruitment Agency	<i>[I] Would find it difficult working for someone else. [I] Enjoy the challenge and satisfaction of running [my] own business.</i>
Recruitment Agency	<i>The stimulus, the fun, the money, the sense of achievement.</i>
Recruitment Consultants	<ul style="list-style-type: none"> - The flexibility it affords me. - Uncapped earnings potential. - Not having to justify my actions to a higher authority !
Recruitment/Employment Agency	<i>Training and development. Improving company standards and keeping the team in employment. And having a happy and supportive group of employees.</i>
Secretarial Recruitment	<i>Paying my children's school fees - I wouldn't dream of putting them through the state system even though I went through it !</i>
Software House	<i>Interest, independence and control.</i>
Textile Marketing	<i>Self-fulfilment.</i>

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RETAIL & DISTRIBUTION

Antique Pine Furniture	<i>Providing a basic standard of living for my family. Continuing in a business that my late husband and I started.</i>
Art Metalwork	<i>A desire to create an exemplary business which is innovative, meaningful, has permanent impact in its field and a positive 'knock-on' effect for all who visit it or supply it. A personal desire to leave a sound thumbprint !</i>
Bus and Coach Hire	<i>If the family business failed, I would feel that I had failed the business.</i>
Computer Software	<i>£ [sic]</i>
Dolls Houses & Miniatures	<i>Continuous improvement.</i>
Domestic Furnishings	<i>Hunger !</i>
Dress Fabrics, Wools	<i>I enjoy it and it suits my lifestyle.</i>
Florist	<i>I feel being an employer is firstly for the benefit of the government. Secondly, for the benefit of the employees. Thirdly, for my own benefit.</i>
Floristry	<i>[I] Still get 'the buzz'.</i>
Flowers, Pot Plants, Shrubs	<i>Seeing people (staff and customers) enjoying our product (plants and flowers). Striving to be the best in all that we do.</i>
Freight Forwarding	<i>Simply the freedom attained by being 'one's own boss'.</i>
Furniture	<i>Paying the mortgage, buying food.</i>
Garage Services/Car Sales	<i>To give good service to customers. Be a good employer.</i>
Garden Centre	<i>I have nothing else !</i>
Garden Centre & Landscaping Service	<i>[I am] Committed to providing secure employment to the staff. Sense of pride in the business for myself.</i>
Gentlemen's Outfitting	<i>1) Pioneering new ideas 2) Master of own destiny</i>
Gift & Fashion Shop	<i>I enjoy making a little money for myself, but running a small business is becoming a thankless occupation, mainly due to large supermarkets and also car boot sales, etc.</i>
Hand & Power Tools, Fastenings	<i>I am 4th generation in my family business and I want to see it pass on to the next generation.</i>
Hardware and Pet Store	<i>Personal satisfaction rather than financial gain is main factor. Kudos and brickbats all end here. Local profile is also a very double-edged sword. Be a good listener ! Success is in spite of education rather than because of.</i>
Haulage and Distribution	<i>The responsibility to employees and other family members.</i>

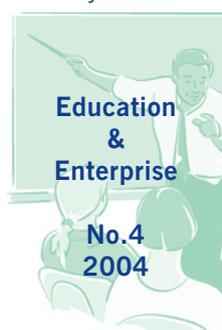
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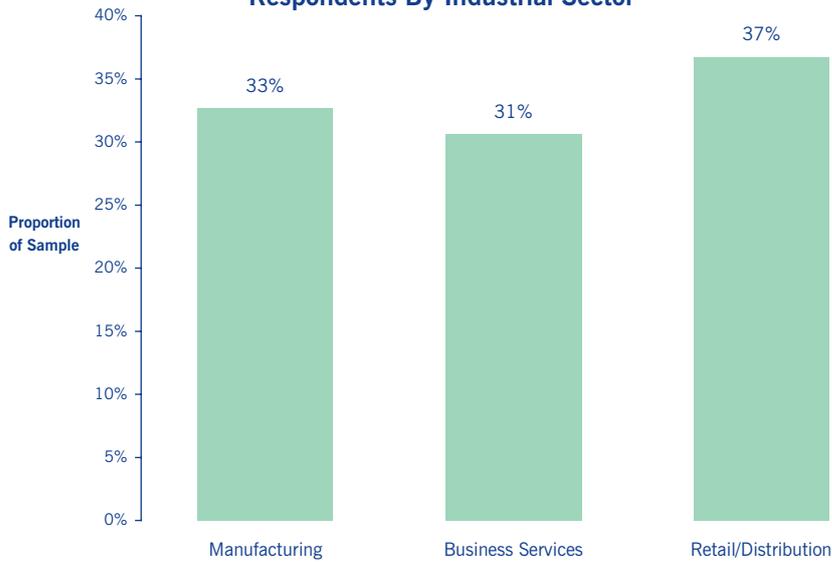
RETAIL & DISTRIBUTION continued

Health Foods and Herbal Remedies	<i>Knowing that if I stand still, red tape and legislation will crush me to an extent that I won't recover.</i>
High Class Bakery Goods & Confectionery	<i>I am determined to build my business so I don't have to work endlessly in it and can spend some time being more creative with it !</i>
Importers of Machinery	<i>To obtain a decent pension.</i>
Jewellery	<i>Independence - monetary gains. Desire to succeed personally. Employment for others. Team building.</i>
Ladies Fashion Clothes	<ol style="list-style-type: none"> 1) Continuity of a family business 2) To earn a living 3) To achieve something positive 4) To achieve an involved 'full' life
Ladies/Gents Hairstylist	<i>[!] Enjoy the challenge. [!] Wouldn't like to work for anyone else.</i>
Off Licence	<i>[!] Enjoy what I am doing.</i>
Organic Local Fruit and Vegetables, Wholefood	<i>I believe in what I'm doing, and feel it's important to fight back against supermarkets, for the community.</i>
Packaging Materials	<i>Unemployable elsewhere plus government raids on pension funds has not helped retirement prospects.</i>
Performance Motor Parts	<i>Money !</i>
Retail Florist	<i>I enjoy working with my staff and customers. It gives me a communication link which I enjoy.</i>
Retail Jewellery	<i>Not having to answer to anyone.</i>
Retailing New & Used Cars	<i>Pride of association. Success within our sector (i.e., recognition from manufacturers). Satisfied customers returning for repeat business.</i>
Retailing of Car Accessories	<i>[!] Like my job.</i>
Road Haulage	<i>Money.</i>
Selling/Support of Computer Products	<i>Independence. It would be difficult for me to find another job in this area.</i>
Shoes, Handbags & Accessories	<i>Nothing - too many rules and regulations and government interference. Hope to sell up soon !</i>
Soft Furnishings	<i>Once in, you are totally committed financially. [It's] Very difficult to get out and therefore you have to keep yourself going somehow.</i>
Stationery, Artist's Materials & Gifts	<i>Feedback from customers. Satisfaction of managing to survive present economic conditions.</i>
Unisex Hairdressing	<i>I really don't know ! I suppose pride after 34 years.</i>

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**Figure 18 - Profile Of Sample:
Respondents By Industrial Sector**



APPENDIX 1 - ADDITIONAL INFORMATION

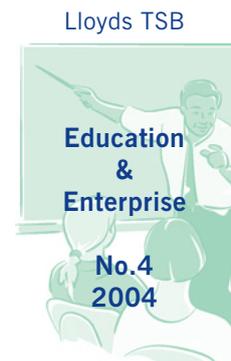
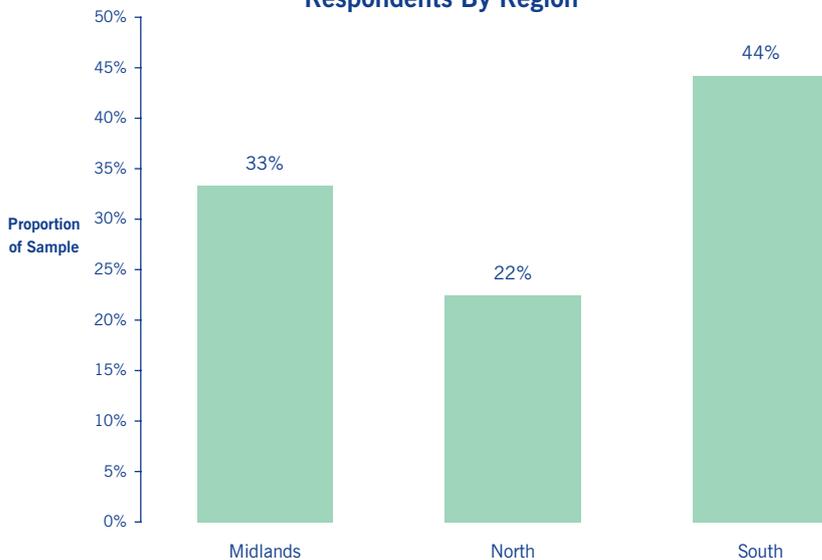
As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less prone to

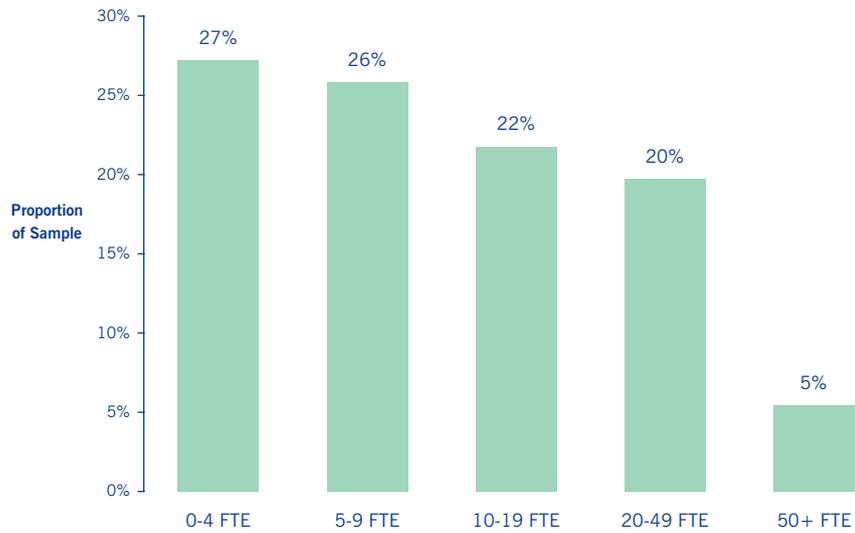
misinterpretation. Other variables have also included **region, sales growth, respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. Firms falling outside these 3 bands – which would otherwise be classified as ‘other’ – are allocated

**Figure 19 - Profile Of Sample:
Respondents By Region**



**Figure 20 - Profile Of Sample:
Respondents By Employee Size**



to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Distribution of firms

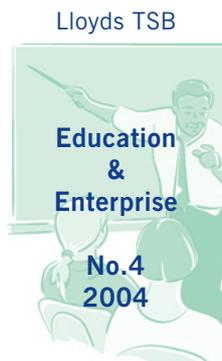
The highest proportion of respondents is in retail/distribution (37%, compared to 39% in manufacturing for the previous report), see **Figure 18**.

The South region has the largest representation, with 44% of the sample's respondents (45% previously), see **Figure 19**.

Manufacturing and business services firms in samples can tend to be larger, in terms of employees, whereas the firms in retailing/distribution may have fewer full-time equivalent employees. Likewise, the sample is biased towards the smaller businesses – but not the very smallest (sole traders), of which there is a preponderance amongst the small firms population generally. The employee size distribution for the sample is shown in **Figure 20**.

In terms of respondent age, they are predominantly 35 years or older, with the bulk between 45 and 64 years' old.

Finally, the sample is predominantly male (61%, compared to 65% previously).



Small Enterprise Research Report EDUCATION & ENTERPRISE



Report No.4 - 2004 - Sponsored by Lloyds TSB

*This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick.
All information received will be treated in complete confidence. PLEASE RETURN AS SOON AS POSSIBLE.*

1a Workforce size - Please indicate the total number of people working in your business (including yourself):

- Full-time A
Part-time (16 hrs/wk or less) B

1b Respondent age - Your age last birthday:

- 16-24 years A
25-34 B
35-44 C
45-54 D
55-64 E
65 or over F

1c Respondent gender - Your gender:

- Male A
Female B

2 Self-perception as business owner/manager - Do you primarily think of, or describe, yourself, as:

Just one ✓ only

- A self-employed person A
or A small businessman/woman B
or An entrepreneur C
or Independent D
or Your own boss E
or Other (please state) F

3 Secondary education - Please indicate those applicable to yourself:

✓ All which apply

- I attended a UK state school/s A
I attended a UK private school/s B
I attended a state school/s overseas.. C
I attended a private school/s overseas D

4 Qualifications - Please tick the corresponding box where you have obtained any of the specified qualifications:

✓ All which apply

- No formal qualifications A
GCSE/'O' Level/CSE B
'A' Level/City & Guilds/ONC C
Vocational/Professional Qualifications D
First Degree/BTEC/HND E
Master's Degree/Doctorate (PhD) F

5 Main influence - What main factor influenced you into thinking of going into business for yourself (or with others) ?

Just one ✓ only

- Careers advice - Or the advice of a trusted teacher/tutor at school or university A
or Family business - I simply joined my family's business B
or Local aspirations - It was the greatest aspiration for somebody within my community/ neighbourhood C
or Others' success - It came from seeing the success of other business people/entrepreneurs D
or 'Pushed' - I was pushed as a result of an unexpected or unwanted event (e.g., redundancy) E
or Role model - I was influenced by someone that I respected F
or Other (please state) G

6 Education system and business skills - Please indicate where you agree with any of the following statements:

✓ All which apply

- Being successful at school/university gave me the confidence to be successful in business A
- Education gives you the basics, but then it's up to you to build on this to achieve successful entrepreneurial skills B
- Getting a good education opened my eyes to opportunities and made me more likely to achieve business ownership C
- My education was essential in equipping me with the skills to be a successful business owner D
- My place of education provided me with contacts and peers that have helped my success E
- Not being academically gifted made me more determined to achieve in my life F
- School/university does not equip you with the right skills to run a business G
- The most important lessons I learnt were out of school H

7 Schools as a breeding ground for entrepreneurial success - Please indicate where you agree with any of the following statements:

✓ All which apply

- I'd like to see education go back to a system of having technical colleges and skills-based learning for those whose strengths are in practical subjects A
- Schools are too much about reaching targets and box ticking, which doesn't allow for the individual coaching or development that potential entrepreneurs may require B
- Schools currently struggle to provide a basic education, let alone the motivation and skills useful to an entrepreneur C
- Schools don't present business ownership as a viable option to pupils D
- Schools provide pupils with plenty of opportunities to interact and meet successful business people from within their community E
- Schools provide the basics and it's your own drive and hunger for success that takes you on from there F

- Technical qualifications are not given as much importance/regard as academic qualifications G
- There is not enough emphasis on practical skills H
- Work experience isn't taken seriously enough I

8 Influence - Do you think that being a small business owner enhances your influence over any of the following groups ?:

✓ All which apply

- Family..... A
- Friends..... B
- Local government/authorities C
- National government..... D
- Other business owners E
- The local community..... F
- The Police G

9 Standing in the community/society - Please indicate where you agree with the following statements in connection with running a business:

✓ All which apply

- I am valued/recognised for what I contribute to society/my community A
- I don't see that running a business has any bearing on my standing B
- It has given me a sense of achievement, as though I've 'bettered' myself C
- My business has affirmed my class/standing D
- Only the big business owners get respect - SME owners are like an underclass E
- Running my own business enhances the respect I get from other groups in society F
- There is less status than other professions - being a business owner is almost a dirty word G

10 What motivates you to continue running your business ? - If you have any strong views, then please comment (continuing on a separate sheet, if necessary):

*Thankyou for your co-operation. Please return to:
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