

Enterprise and Business Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
20 June 2013

Meeting time:
09:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Policy: Siân Phipps
Committee Clerk
029 2089 8582/8025
enterprise.committee@wales.gov.uk

Agenda

Pre-meeting (09.00–09.15)

1 Introductions, apologies and substitutions

2 Inquiry into Youth Entrepreneurship – evidence session (09.15–10.15) (Pages 1 – 11)

Anne Colwill, Area Manager, Young Enterprise Wales

Sharon Davies, Chief Operating Officer, Young Enterprise Wales

Lesley Kirkpatrick, Director, The Prince's Trust Cymru

3 Inquiry into Youth Entrepreneurship – evidence session (10.15–11.00) (Pages 12 – 46)

Mike Learmond, North Wales Region Development Manager, Federation of Small Businesses

Rachel Bowen, Wales Policy Manager, Federation of Small Businesses

Kieran Owens, Young Entrepreneur

Break (11.00–11.15)

4 Inquiry into Youth Entrepreneurship – evidence session (11.15–12.15) (Pages 47 – 59)

Amanda Wilkinson, Director, Higher Education Wales

Julie Lydon, Vice-chancellor, University of South Wales

Greg Walker, Deputy Chief Executive, CollegesWales

Mark Jones, Chair, CollegesWales



Enterprise and Business Committee Enquiry into Youth Entrepreneurship.

Young Enterprise supporting submission

With 50 years experience in enterprise education Young Enterprise is well placed to add significant experience and value to the Youth Entrepreneurship Strategy through our tried and tested programmes to develop entrepreneurship. From an education viewpoint, students are being encouraged as part of the Welsh Baccalaureate Qualification to learn aspects of being enterprising by planning, marketing and developing a product or service through the Young Enterprise Company Programme. With the support of business people from their local community we offer young people in Wales real business experience.

The importance of youth entrepreneurship, and in particular the Young Enterprise Company Programme is clearly demonstrated in the Young Enterprise Company Programme Alumni Case Study:

Mazuma was founded in 2006 by childhood friends Lucy Cohen and Sophie Hughes after they spotted a gap in the market for low cost, hassle-free accountancy services. Fast forward to today and the company is one of the largest providers of small business accountancy services in the UK. Operating from Bridgend, South Wales, the business provides a national service with additional offices in North London, Lincoln and Woking. In April 2011, Mazuma was successfully launched in the USA and plans are afoot to take the brand to Australia in the next couple of years.

Sophie Hughes says: *"I could not wait to take part in Young Enterprise during Sixth Form at Howell's School in Cardiff. From a young age I was interested in business and very keen to have a career in this field, and whilst at school I decided I wanted to train as an accountant. Therefore I jumped at the chance to be the Finance Director of our Young Enterprise Company".*

"It was a fantastic experience – the highlight was our business placing third overall in the Regional Finals. Plus we each made a nice profit to keep which was an added bonus! My experience with Young Enterprise really helped me and I have since gone on to achieve what I had hoped for; my accountancy qualifications and, along with my business partner, my own accountancy practice".

Lucy Cohen says: *"I took part in Young Enterprise when I was at Sixth Form at Whitchurch High School in Cardiff. To say it has impacted my life would be an understatement! It was my first real opportunity to understand the basics of what running a business meant. It also taught me valuable life skills such as working in a team, time management and presentation skills; all of which proved to be very useful in the future as I am now the co-founder and Commercial Director of one of the UK's fastest growing accountancy firms which employs over 20 staff."*

The Welsh Government no longer provides funding to support young people to access the Young Enterprise Company programme, a programme that for many has proved a life changing opportunity

Our new and refreshed 2013-14 Young Enterprise Wales Programme offer is designed to prepare young people for the challenges in the world of work. With so many problems facing young people today in securing employment and making the best choices for their future, we need to inspire them to succeed, grow their resilience and build their confidence and skills.

This year we aim to offer 4 core route ways to engage different groups of young people in enterprise. All programmes will be delivered by trained business advisors from local business communities in Wales, who want to help ignite that spark of enthusiasm and industry for the next generation.

What is the scale of Welsh Government resource and funding targeted at the promotion of youth entrepreneurship? Is it sufficient?

From the viewpoint of YE, the withdrawal of funding to Young Enterprise in Wales has put at risk the momentum gained and with it the huge potential that exists to increase numbers of young people in Wales afforded the opportunity to 'Start a Real Business' through the Young Enterprise Company Programme. Funding support from Careers Wales contributed to supporting 2000 students in Wales to form 150 Companies in the 2012/13 academic year alone.

What progress has been made in implementing the Welsh Government's Youth Entrepreneurship Strategy and Action Plan?

Young Enterprise Wales fully supports the YES action plan and is keen both to contribute and add value to its success. However we would be concerned that the changes in the Careers Wales remit may now put the strategy at risk.

We feel strongly that schools have very limited capacity to provide their students with tools to successfully complete the Work Related Education element of the WBQ. We are concerned that many students will not gain real business experience, inspiration to fuel their future goals and aspirations. We are further concerned, as to what measures will exist as a work or enterprise experience for our young people, including those not able to follow the academic route and/ or at risk of unsuccessful transitions into positive post educational employment outcomes. The programme menu that was previously offered to schools/colleges has now been withdrawn resulting in removal of choice and support. Organisations such as Young Enterprise are now potentially providing Enterprise Education to our young people outside of any strategic governmental framework. The added value that organisations such as Young Enterprise are bringing to the YES, needs to be captured and recognised as contributing towards its key outcomes.

How does the Welsh Government's approach to promoting youth entrepreneurship incorporate issues such as equality, social enterprise and regional variations in skills and training opportunities?

Young Enterprise programmes such as Tenner, Company Programme and Team Programme all offer Social Enterprise alternatives. One of our Young Enterprise Innovation Awards finalists are a group of A-Level pupils from Haberdasher's Monmouth School for Girls. They have set up a non-profit young enterprise company to help those in need in their community. Eloise Drake and her 14 friends have established Acts of Random Kindness (ARK) Enterprise to help the local community through providing boxes of products for improving the quality of life of deprived children, the elderly and members of the armed forces serving overseas. Eloise explains: "The scheme is not dissimilar to the Christmas shoe box appeals run by Rotary and

other charities, but significantly it is not limited to Christmas and donors do not need to fill their own box.

“Ark Angels will fill the box for you and because they have organised sponsorship and donations from local businesses, your money goes further. Ark Angels also take advice from charities working with recipients to ensure that the contents of the boxes are tailored to the needs of these specific groups. Members of the public can buy a box for donation or donate products for inclusion into a box. When buying a box the donor can specify which type of box they wish to buy and choose from two values of box; they can include a personal message inside the box if they wish.

“As much money as possible will be spent on the actual boxes and whatever is left over will be donated to local charities.

“We believe that everyone who helps to create a box, be it through donations, paying for a box, providing the actual box or delivering them, are all ARK angels and by helping you are brightening up someone’s day.

“We find that sometimes when giving money to charities you can be left wondering what the money is spent on; this is why we want you to know exactly what goes into the boxes.

“We decided that we wanted to help people with our Young Enterprise company. Picking our recipients was a very difficult task as we felt that everyone deserves a reason to smile every once in a while.”

The site www.arkboxes.wix.com/arkboxes has just launched its online shop, meaning that people can now buy Platinum, Gold and Silver ARK Boxes for all those people we want to help.



What is the Young Enterprise Tenner Challenge?

At the start of May, young people receive a £10 Pledge from the Young Enterprise Tenner ‘Bank’. They use this to start up their venture. They can work alone or in a group and have the month of May to make as much profit or difference as they can from the initial £10. The Challenge emphasises that giving some or even all of the profits to charity is not the only way their venture can make a difference. Some ventures are set up as a Social Enterprise with a clear view of having a social impact. Young Enterprise is working closely with the Social Enterprise Charity Unltd who will lead on the Social Entrepreneurship aspect of the Tenner Challenge. At the end of the month participants must repay their £10 pledge. The Tenner Challenge provides an exciting and accessible first venture into setting up a business venture. 28 schools in Wales have already registered or this programme, far exceeding previous involvement. As Richard Branson often states you don’t need a lot of money to set up a business just a great idea! Our aim is to provide young people with a route way that enables them to develop skills, knowledge and experiences through different stages in their entrepreneurial journey culminating in the participation of the full academic year long Young Enterprise Company Programme.

We have highlighted as part of our recent Save a Lost Generation Campaign a focus upon Rhondda Cynon Taf as a key area upon which Young Enterprise would like to focus support, and increase activity as a way of highlighting the importance of providing young people living within this area with increased support to access positive opportunities to increase life skills and entrepreneurial employability skills. One of the finalists at the Young Enterprise Innovation Awards 2013 is a company from Aberdare High School. The students, all from within the learning support unit at the school

earned over £750 before Christmas selling Christmas wreaths at fayres arranged by Young Enterprise and have since taken the initiative to work with their local cemetery. They also intend to promote their wares with local flower shops. The students confidence in their future was further advanced by coverage on ITV news as a positive story of how futures can be shaped by a positive Young Enterprise experience.

Michael Mercieca, Chief Executive of Young Enterprise, has said: *“ Society is in danger of defaulting on its moral obligation to the million young unemployed. This squandering of talent and loss of wealth is numbing and shameful. The experts agree we could do more to save this generation from the tragedy of unemployment. So let’s all get together and do something before this generation is irretrievably lost”.*

What opportunities are presented by increasing youth entrepreneurship as a means of tackling youth unemployment and inactivity?

Independent Research undertaken in 2012 by the University of Kingston aimed to evaluate the impact of Company Programme on participants future careers. The findings stated:

- More Young Enterprise alumni end up running their own business: 42% of alumni surveyed compared to 26% in the control group of non-alumni.
- Alumni firms are more innovative: 21.2% of alumni firms were digital and ‘cloud’-based firms compared to 3% in control group.
- Alumni firms are more likely to be serial entrepreneurs: They are less deterred by the prospect of failing than others.
- Alumni were very positive about their experience of Young Enterprise: They said the charity had helped them most with achieving objectives, coping with problems and dealing with change.
- They are more likely to be resilient: 49.6% of alumni firms said boosting sales was top priority in the downturn while only 5% opted for internal cuts.

Overall, the report shows Young Enterprise has made a contribution to society and the wider economy. Its alumni are significantly more likely than average to run their own businesses, to be serial entrepreneurs and to show resilience in tackling a downturn.

The 2013 Company and Team Programme finals have been taking place across Wales over the last few weeks, with the winners set to compete for the honour of representing Wales at the Young Enterprise UK Company of the Year to be held in London on 1st and 2nd July. The Wales finalists have run businesses that are both innovative and diverse. Many of the finalists are from deprived areas of Wales, including representation from the South Wales Valleys. These students have been given an opportunity to learn skills for life, have grown in confidence and improved their employability prospects.

The combined total of profit from these 14 Company finalists alone is in excess of £7,000, all contributing to the Welsh economy!

To what extent is entrepreneurship embedded within secondary education, further education and higher education institutions in Wales?

Entrepreneurship is embedded within secondary education within the Welsh Baccalaureate Qualification. Young Enterprise is nearing completion of a mapping exercise which clearly demonstrates the synergy of it’s programmes against the Work Related Education modules of the

Diploma. As it stands it is not clear what other programme enables our young people to achieve the units required. A positive outcome from the Youth Entrepreneurship Enquiry would be to provide clarity on how externally provided programmes delivered in Welsh Schools collectively and individually add value to the WRE modules of the Diploma.

The WBQ is embedded within our FE colleges. Many of these colleges throughout Wales participate in Young Enterprise Company Programme, with others opting for the shorter Young Enterprise modularised sessions followed by an Industry or Entrepreneurship Masterclass. For more academically challenged students Team Programme is a popular option.

Young Enterprise Start Up Programme has been delivered successfully with four companies established in Bangor University in 2012/13. Aberystwyth University are also registering for the programme with students from their IT department. Cardiff University are also to register after a Welsh Corporate has pledged financial support. The Young Enterprise Start Up Programme improves the HE delivery of Entrepreneurship. The programme enables students to create and run a company over one academic year, combining sector workshops, guest speakers, and insight days to come together, allowing other students to opt into sessions. Under graduates run the full company and gain in confidence and experience from hands on ownership of a real business, whilst learning to take risks safely by being protected by the support provided by Young Enterprise.

Dynamo Role models are also engaged with Young Enterprise activity in many cases, providing them with a Young Enterprise Programme that they can spend much of an academic year mentoring students in a real business, providing a much longer term impact upon students skills, knowledge and experience rather than a quick hit from an employer talk or assembly session, which although welcomed provides only limited benefits to our young people.

What is the evidence base for the Welsh Government's approach to supporting and encouraging youth entrepreneurship?

There is a significant body of research highlighting a link between youth unemployment and the longer term issues of poverty, criminal behaviour, teenage pregnancy and social exclusion that can then last a lifetime.

We are currently working with a group of 12 young people from the Northlands Lifehouse, Cardiff. The young people have been taken off the streets and in to Hostel accommodation. The Lifehouse project is enabling them to build their confidence, life skills and attitudes for work. Through our Company Programme and added classroom activity, with the support of business volunteers over a 12 week period we will give the young people many life skills and the confidence to move forward with their lives, improving their employability skills. As programme deliveries such as these fall outside of any Welsh Government funding the important data is lost, along with the opportunity to chart further life progress and to calculate the true return on investment through this group making successful and sustained transitions into positive outcomes.

How does the Welsh Government monitor and evaluate its youth entrepreneurship activities? What impact has it had on the number of people starting a business?

Up until March 2013 Young Enterprise has reported all delivery outputs and outcomes against contract targets to Careers Wales. These figures have included how many young people started YE Businesses, and also important information for the students personal Records of Achievement. Young Enterprise exceeded all targets set, delivering on student **Page 5** throughout Wales, reporting figures and facts

that demonstrated the inclusivity of our Company and Team programmes. This data is available and invaluable to track experiences and achievements.

As stated earlier, research evaluating the benefit of YE activities on participants future life chances has indicated a definite correlation between participation in the programme and key life skills such as

- Resilience
- Becoming risk aware and managing risk positively
- Adapting and responding positively to change

YOUNG ENTERPRISE MAKES A DIFFERENCE

When Young Enterprise Alumni were asked about the contribution Young Enterprise has made to their business skills and knowledge they were very positive. In order of importance stating that Young Enterprise had improved their ability to: achieve objectives, cope with problems, deal with change, do business planning, start a company, build business relationships and networks, innovate, spot opportunities and evaluate ideas.

What examples of good practice in youth entrepreneurship policy can be identified within Wales, more widely within the UK and internationally?

Good practice is evident from the Impact of the Young Enterprise Company Programme and other Young Enterprise Programmes such as Tenner and Start Up.

Young Enterprise has recently invested in evaluation resources to further develop the charity's evaluation processes. In addition the charity has invested in business surveys and a detailed Impact Report undertaken by Kingston University.

An evaluation of Company and Team Programme participation and the Wales Innovation Awards has been undertaken and submitted for publishing in an academic journal by Dr W Paul Jones. Dr Jones, formerly of the University of Glamorgan and now Reader in Entrepreneurship and Deputy Director of the Entrepreneurship Centre at Plymouth University presented the evaluation to Young Enterprise.

The study evaluated the experience of finalists of the Young Enterprise Company Programme at the 2012 Wales Final. The study found that the programme had an extremely beneficial impact upon participants business skills, knowledge and attitudes towards the attainability of an entrepreneurial career. Participants welcomed the experiential "real world" nature that the course provided.

The findings identified that in excess of 60% of the questionnaire respondents felt that, as a result of their YE experience they now have the ability to start their own business. Dr Jones concluded from this that YE has had a positive impact in enhancing entrepreneurial skills. Overall 52.3% identified that YE had positively influenced their future career choice towards an entrepreneurial option. When asked "Am I now more likely to start my own business?" 68% provided a strongly favourable response. This result, strongly suggests that Young Enterprise Wales has had a major impact on enhancing entrepreneurial intent.

The study has called for programmes such as Young Enterprise Wales to be imbedded within the core curriculum for all 15-19 years olds.

This research has been accepted for presentation at the British Academy of Management Conference to be held in Liverpool in September 2013. The conference is the largest conference of its type in the

UK and attended by members of the academic community from all over the world Thereafter the aim is to try to publish it in an academic journal.

A summary of the paper has been submitted by Dr Jones to a journal entitled "Education and Training".

The Assembly's Outreach Team were at the Young Enterprise North Wales Local Company and Team Programme competition final, collecting evidence for the Enterprise and Business Committee's *Inquiry* into Youth Entrepreneurship. Lowri Lloyd Williams, North Wales Outreach Manager for the National Assembly for Wales, said:

"Events such as these are an important part of involving people in the work of the National Assembly for Wales, as decisions made at the Senedd will affect their lives".

"We spoke to many young people and their teachers who all put forward excellent points and ideas for the Enterprise and Business Committee's Inquiry into Youth Entrepreneurship.

"The information we have gathered will now contribute to a video that will be shown to the National Assembly's Enterprise and Business Committee, and will help to form its conclusions and recommendations.

"On behalf of the Committee I would like to thank all those who took part and contributed."

In the UK: Young Enterprise is the United Kingdom's largest business and enterprise education charity. Every year we help 225,000 young people learn about business and the world of work in the classroom under the guidance of a network of 5,000 volunteers from 3,500 companies

It is internationally delivered overseas as Junior Achievement, from where it originated, being brought to the UK in 1963:

Junior Achievement is the world's largest organisation dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programmes. Junior Achievement programmes help prepare young people for the real world by showing them how to generate wealth and effectively manage it, how to create jobs which make their communities more robust, and how to apply entrepreneurial thinking to the workplace. Students put these lessons into action and learn the value of contributing to their communities. In the USA JA's unique approach allows volunteers from the community to deliver our curriculum while sharing their experiences with students. Embodying the heart of JA, our 382,637 classroom volunteers transform the key concepts of our lessons into a message that inspires and empowers students to believe in themselves, showing them they can make a difference in the world.



Prince's Trust
Cymru

National Assembly for Wales – Enterprise and Business Committee Inquiry into Youth Entrepreneurship

Background

1. Prince's Trust Cymru (PTC) has been asked to give evidence to the National Assembly for Wales' Enterprise and Business Committee inquiry into Youth Entrepreneurship. The Prince's Trust Wales Director will attend the Committee on 20 June; some young people that the Trust has supported into self employment are being interviewed as part of the evidence gathering; and this written evidence is submitted.
2. The Prince's Trust is a UK charity whose mission is 'to help disadvantaged young people in the UK to change their lives and get into work, education or training.' PTC operates in partnerships across the private, voluntary and public sectors throughout Wales to deliver effective support to 'NEET' young people within our target groups.
3. A key strand of the PTC's support is helping young people aged 18 – 30 to explore whether their business idea is viable and self employment is right for them; and supporting them to achieve, regardless of whether they choose to start up in business or pursue an alternative outcome, such as work or training.
4. The Social Return on Investment ratio for the Prince's Trust Enterprise Programme is £1 : £4.31. For every £1 invested in the programme, £3.24 value was created for participants from their increased skills and their progression into employment, self employment, education or volunteering outcomes; and £1.07 value was created for the state largely in terms of additional tax on business profits and participants income but also savings from reduced benefits payments and reductions in offending behaviour.¹

PTC response to the terms of reference for the inquiry

Term of Reference 1 – How effective is the Welsh Government's approach to promoting youth entrepreneurship?

5. Entrepreneurship is an excellent solution for some young people who would struggle to get a job either because of their own circumstances and barriers they face (for example being lone parents or ex offenders) or because appropriate entry level jobs aren't available in their area.
6. However in considering entrepreneurship, NEET young people then face other challenges and barriers to starting a business primarily linked to their inability to

¹ Prince's Trust analysis of the Social Return on Investment model of the Enterprise Programme built by nef consulting (2011)

- access mainstream business start up finance. This might be due to a poor credit rating for a variety of reasons ranging from not being on the electoral roll to debt issues; them having an offending background, even if any conviction is spent; them not having any finance of their own to put in to the business at the start up phase or to do any type of test trading; or, if they are a graduate, having a student loan debt.
7. This can impact on their confidence, self esteem and in some cases, their motivation, so creating additional challenges and barriers for them to overcome in considering entrepreneurship and therefore the most disadvantaged young people are most in need and should be prioritised for funding.
 8. Vital to overcoming these barriers is mentoring support and training, on its own for some young people, or to accompany any finance provided.
 9. The Welsh Government's Youth Entrepreneurship Strategy is well articulated at Ministerial and senior official level and there is evidence of considerable support for youth entrepreneurship through the range of funded initiatives for young people wishing to consider this option.
 10. Welsh Government officials are very inclusive and have engaged with PTC (as a recognised provider of support to youth entrepreneurs) on the development and implementation of the strategy and action plan 2010-2015. They have always been very keen to build on what is working well and avoiding duplication and are extremely supportive of PTC's work with young entrepreneurs.
 11. However, in our view the youth entrepreneurship initiatives are now increasingly numerous, often from the same funding source, and to some extent overlapping.
 12. This makes it difficult to co-ordinate at a delivery level as there is often insufficient distinction between the eligibility criteria for the different types of funded initiatives.
 13. This inevitably leads to 'competition' between organisations working with young people who meet broad criteria (such as NEET) and who have to meet stringent funding contract volumes.
 14. Since 2008, PTC has worked with 1,610 young people across Wales to 'explore enterprise' as an option for them to move into self employment, or into alternative work or training if they decide business is not for them. Of these, 425 young people have set up in business with the financial and mentor support of PTC. This has been possible through a partnership of private sector, European Social Fund and, most recently, Welsh Government Department for Economy, Science and Transport funding.
 15. Within the last year the number of initiatives that are available to support young people within PTC's age and target range has increased considerably. Need for enterprise support doesn't appear to be analysed on a geographical basis as part of considering funding requests. Consequently there is often a lot of similar funded provision in the same area, in some cases from the same funding sources, with delivery taking place at the same time.
 16. By way of example, a NEET young person in Denbighshire who is considering entrepreneurship can currently access:
 - i. The Prince's Trust Enterprise Programme which can provide up to £4,000 business start up funding and business planning support and mentoring, which has European and Welsh Government funding.
 - ii. Up to £2,000 for a new business idea from the European and Welsh Government funded programme delivered by Cadwyn Clwyd.
 - iii. The Welsh Government Jobs Growth Wales Young Entrepreneur's Bursary which offers up to £6,000 and business advice.

- iv. The Rhyl City Strategy's Enterprise Solutions Programme, delivered with Denbighshire Enterprise Agency which offers a wide range of test trading and business start up support.
- v. The Welsh Government's Youth Entrepreneurship services delivered by Menter a Busnes which, although not a business start up programme, will identify and nurture young people on their journey towards business start up.
- vi. In addition, early discussions with the Communities First cluster for Denbighshire indicate they will have a priority related to enterprise facilitation.
- 17. Some UK Government initiatives also impact on the effectiveness of the Welsh Government's approach to promoting youth entrepreneurship, in Denbighshire and across the rest of Wales.
- 18. PTC regularly receives enquiries from young people who are on the Work Programme asking if they can engage on the Enterprise Programme. If we accepted them on to the programme, because we do not have a Work Programme sub contractor agreement in place we cannot access Work Programme funding and because they are on the Work Programme, we cannot access any other funding for them. This means there are some young people, including those leaving prison, who are not able to explore their entrepreneurship ambitions currently.
- 19. Also the New Enterprise Allowance (NEA), which provides business mentoring, access to a loan and retained benefits for a period of time is available for young people who are going to start up in business. Again, the number of enquiries PTC receives from young people and NEA providers indicate there is confusion about eligibility criteria and overlap with other programmes.
- 20. Each of the above programmes and delivery organisations will have a specific focus, for example Welsh Government recognise that PTC works with 'disadvantaged' young people that is those requiring more support to achieve their goals. However, in practice, all of the programmes above are available for 'disadvantaged' young people as being unemployed is a disadvantage.
- 21. The unintended consequence of this is that young people considering entrepreneurship who are eligible for several different funded initiatives, and their referral agencies, face confusion.
- 22. JCP frontline staff are under considerable pressure to move people out of unemployment as quickly as possible and, as identified in paragraph 16, they have many entrepreneurship opportunities to consider when deciding on the best way forward for a young person. Our view is that the referral process is not as good as it could be and young people are missing opportunities to be dealt with by the most appropriate organisation, particularly if it means a young person takes longer to leave the unemployment register.
- 23. The result is that young people may choose, or be directed by their referral agency, to the 'quickest fix' that will give them access to business start up funding quickly even though they would be more successful taking longer and with more support from a different organisation, or not pursuing self employment at that point in their lives.
- 24. Evidence for this is based on PTC's work with young entrepreneurs since 2008. Although over 1,600 young people have worked with us since that time because they wanted to be self employed, 26% of those went on to set up a business. A further 52% went on to employment, education, training or volunteering. This is evidence that not all young people are suited to self employment or have a viable business idea and that the time spent exploring it in detail helped the young person achieve the best outcome for them and was confirmed in the independent

evaluation of the Prince's Trust's Enterprise Programme undertaken by Ecorys in 2012.

Term of Reference 2 – What steps can be taken to improve or strengthen support for potential young entrepreneurs in Wales?

25. As an organisation supporting young entrepreneurs, it is difficult to keep track of all the initiatives and the best networking arrangements cannot overcome the competition that exists between the different providers.
26. We think the strategy could be strengthened by analysing current provision in areas before funding new provision for the same young people.
27. Also, when new funding is made available to organisations, they should be required to discuss areas of duplication with other funded bodies and agree working protocols. This being facilitated by the Welsh Government Youth Entrepreneurship Strategy team, perhaps through regional meetings, would make this more impactful.
28. This would be strengthened even further if the Wales Work Programme and NEA providers could be involved in these meetings.
29. PTC has also opened discussions with Welsh Government Department for Economy, Science and Transport about being a mainstream part of their wider, co-ordinated Enterprise provision in the future.
30. All of the above would undoubtedly help young entrepreneurs have the best possible experience in considering their options and enable them to meet their aspirations in a way that suits their individual personal background and any socio-economic issues they face. This will influence their success as entrepreneurs and the success of the Welsh Government's Youth Entrepreneurship Strategy and Action Plan.

Youth Entrepreneurship

FSB Wales
submission to the
Enterprise and
Business
Committee

17th May 2013





Youth Entrepreneurship in Wales The Federation of Small Businesses Wales

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

1. Context

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

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

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

1.1. Is Wales entrepreneurial?

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

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

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

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

² FSB Wales 2013. *Youth Entrepreneurship*.

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

⁴ *Ibid.* P.6

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



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

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

1.2. Is this reflected in economic statistics?

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

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

Table 1

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

StatsWales: 2011

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

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

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



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

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

1.3. GEM youth statistics

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

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

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

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

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

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

⁹ FSB Wales 2013. *Youth Entrepreneurship*.

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



2. Youth Entrepreneurship Strategy

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

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

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

2.1. Engaging

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

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

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

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



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

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

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

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

2.2. Empowering

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

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

2.3. Equipping

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

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

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



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

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

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

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

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

3. What could change?

3.1. Targets

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

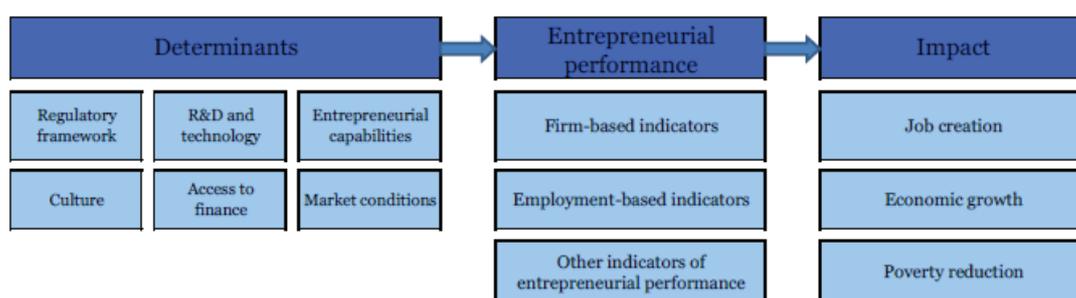
There is also a focus on outputs rather than outcomes. Therefore, targets such as ‘number of young people attending Big Ideas events’ or ‘partner organisations registered on Big Ideas’ provide no insight into the economic impact of youth entrepreneurship and fail to set targets that can lead to desired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

3.2. Alternatives to consider

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

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

Figure 1. Topic categories for entrepreneurship indicators



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

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

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



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

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

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

3.3. International practice

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



Conclusion

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



Annex

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

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

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

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

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

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



(i) Factors relating to entrepreneurship opportunities

Entry Barriers

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

Technology infrastructure and support

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

Access to Foreign Markets

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

(ii) Factors Relating to Access to Capital

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

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

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

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

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



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

(v) Factors Relating to the Entrepreneurship Climate and Culture

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

**Contact:**

Federation of Small Businesses
WALES OFFICE
1 Cleeve House
Lambourne Crescent
Llanishen
CARDIFF CF14 5GP

Telephone: 029 2074 7406
Email: policy.wales@fsb.org.uk
Web: www.fsb.org.uk/wales

The Federation of Small Businesses

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

Lobbying

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

Member Benefits

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

Vision

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

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

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Federation of Small Businesses
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FSB Wales: Youth entrepreneurship

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Foreword

Youth entrepreneurship has been a subject of rich discussion in recent years, not least because a UK-wide study, the Global Entrepreneurship Monitor (GEM), has shown levels of early-stage entrepreneurial activity amongst Wales' young people have trebled in the past ten years. These findings are particularly pertinent compared with other parts of the UK, where entrepreneurial activity for young people is significantly lower.

Commentators have, rightly, been quick to draw a correlation between current and former Welsh Governments' activities in this area and the demonstrable rise in early-stage entrepreneurial activity. There is no doubt that the Welsh Government's Youth Entrepreneurship Strategy Action Plan (YES Plan) has certainly succeeded in putting entrepreneurialism on the map for young people and engaging and empowering young people, at different stages in their education, to consider entrepreneurship as a career option.

But despite these clear successes, Wales still suffers from a relatively low business birth rate compared to other parts of the UK and we would welcome effective enterprise education culminating in business start-ups further down the line.

We are of the firm belief that 'learning by doing' is the best approach to entrepreneurship education. Wales needs more entrepreneurs and it's the duty of decision-makers to ensure that a culture of entrepreneurship is embedded into the minds of young people as they progress through their educational journeys.

Janet Jones

Welsh Policy Unit Chair, Federation of Small Businesses

“We are of the firm belief that ‘learning by doing’ is the best approach to entrepreneurship education”

1. Introduction

Since the 2007 credit crunch and the double dip recession that followed, Wales has recorded a year on year fall in the number of registered business births and an increase in the rate of business deaths (Statistical Bulletin 2012)¹. This has resulted in a steady decline in the overall number of registered businesses in Wales over the last five years, which has been accompanied by declining confidence in the future economic and business outlook amongst small businesses in Wales (FSB 2012)².

Despite this, a recent report by the Global Entrepreneurship Monitor³ (GEM) suggests that early stage entrepreneurial activity⁴ amongst young people aged 18 – 29 increased steadily between 2002 and 2011. Entrepreneurial activity amongst this age group in Wales was particularly high in comparison to young adults in England, Scotland and Northern Ireland during the same period. This possibly reflects the Welsh Government's focus on entrepreneurship policies aimed at young people during the same period.

The findings of the GEM report suggest that a relatively strong entrepreneurship culture has existed amongst young adults in Wales over the last decade. To assess whether this culture is likely to continue in the future, the FSB commissioned Arad to undertake a short research study gathering the views of a small sample of young people, currently in full time education, to assess their aspirations to become entrepreneurs and to establish their own business in the future.

The findings provide an indication of current attitudes towards entrepreneurship among young people in Wales. These findings are considered alongside those presented in recent Global Entrepreneurship Monitor special reports⁵. Drawing on these sources of information, the report develops some additional conclusions relating to areas of support and focus that might encourage young people to consider options for their own business start-up in the future.

1.1 Key points raised

- Young people interviewed associated the term entrepreneur or entrepreneurship almost exclusively with famous figures such as Lord Alan Sugar or other very successful, rich or innovative individuals.
- Aspirations for starting a business at some point in the future was highest amongst younger age groups interviewed (11 to 12 year olds) and lowest amongst older age groups interviewed (17 to 21 year olds).
- The ability to access and manage money along with good communication skills were considered the main qualities required to start and run your own business.
- Independence from employment and the opportunity to be in control were considered to be the main benefits of entrepreneurship. These were accompanied by opinions that entrepreneurship offered the opportunity to make relatively large amounts of money.
- The main barrier to entrepreneurship was perceived to be the financial risks associated with starting a business. This was accompanied with a general fear of failure amongst those interviewed and a lack of confidence in the current and future economic outlook. Some also noted that they would not know what first steps to take in starting their own business and that this in itself was a barrier.
- Most of the young people interviewed who had already received some form of enterprise education had enjoyed the experience. Some of the older age groups noted that they would welcome more 'real' examples or experience of entrepreneurship.
- A culture of entrepreneurship does exist among the sample of young people interviewed across Wales interviewed although this is often challenged by their negative outlook of the current economic climate. It would appear from the findings of this study that further support in the form of practical business and enterprise education and experience targeted at older as well as younger age cohorts within schools and colleges would be beneficial.
- Further focus of entrepreneurship or self employment options within careers advice sessions aimed at young people is also likely to further promote the culture of enterprise and entrepreneurship amongst young people in Wales.

1.2 Methods and approach

The findings are based on discussions held with year 7, 11 and 13 school pupils and a group of university students during September 2012. Those interviewed were asked what the term entrepreneurship meant to them and asked to name entrepreneurs of whom they were aware. The young people participating in these discussions were also asked whether starting a business was something that they would consider doing at some point in the future. This was followed by questions based around what they considered to be skills and qualities required to become an entrepreneur as well as the opportunities and challenges associated with starting a new business.

School pupils were interviewed from the following schools:

- Ysgol Y Preseli
- Ysgol Gyfun Cymer Rhondda
- Bryn Celynog
- Treorchy Comprehensive
- Cwm Rhymni
- St John Baptist
- Ysgol Gyfun Llanhari

In total the views of 214 pupils and students were gathered, of which 72 were year 7 or 8 pupils, 92 were year 10 or 11 pupils and 44 from year 13. A focus group discussion was also conducted with a group of six higher education students from Cardiff University.

2. *Fieldwork findings*

The sections that follow outline the views gathered from the young people interviewed. They are presented under the themes that were commonly used in all discussions with all age groups. Variations in responses are highlighted to outline differences in attitudes amongst different age cohorts.

2.1 What does the word 'entrepreneur' mean?

Pupils across all schools visited were asked at the outset what or who they associated with the term entrepreneur or entrepreneurship. Some were not familiar with the term at all but, for the majority, the common responses among all age groups were either Sir Alan Sugar or Theo Paphitis and the other 'dragons' from the TV series Dragon's Den. Other well known and successful business people including Bill Gates, Mark Zuckerberg and Sir Richard Branson were also mentioned.

When asked whether they could think of local entrepreneurs, most groups struggled initially to offer any suggestions. On further questioning, however many noted that they had parents, family members or friends who had started their own businesses and could be described as 'entrepreneurs'. When pupils considered entrepreneurship in this wider context, they provided examples of entrepreneurs in a wide range of settings and sectors.

Overall however, young people did not associate local business people, sole traders and independent shopkeepers etc. as entrepreneurs in the same way as they might the more prominent businessmen they are used to seeing on TV screens.

A few individuals from older age groups (mainly year 13 pupils and HE students) questioned whether the term entrepreneur applied to local business owners. For them the term related exclusively to very successful, rich or innovative business people.

The group of higher education students also viewed starting a new business as an alternative option to be taken only if alternative employment could not be found.

“You hear more about the successful people – the famous ones. You don't hear much about local business people”.

(Year 11 pupil)

Findings from the GEM research also note that necessity-driven start-ups have increased during the recession period. However, the GEM research also concludes that this entrepreneurial drive constitutes a relatively small proportion (15%) of all business start-ups in the UK and that the main focus remains on opportunity-based start-ups.

It would appear that the term entrepreneur for many young people is associated with distinct stereotypes.

The association of an entrepreneur as someone who is stern, “hard nosed” and rather unpleasant was also common amongst a number of year 13 students. Furthermore, these were characteristics that did not appear to appeal to those who expressed these views and did not appear to describe a person whom they would aspire to be.

2.2 Aspirations of starting a business

All pupils and students were asked whether they had considered or had aspirations of starting their own business at some point in the future. A summary of the overall results obtained is outlined in table 1 below.

Table 1 – Pupils who had considered starting their own business at some point in the future.

School	Yr 7 / 8	Yr 10 / 11	Year 13	HE
Ysgol Y Preseli	4 out of 14	0 out of 10	1 out of 12	
Ysgol Gyfun Cymer Rhondda		5 out of 22	2 out of 5	
Bryn Celynog		12 out of 50 (individual discussions and groups)		
Treorchy Comprehensive	11 out of 27		1 out of 6*	
Cwm Rhymini	3 out of 8	3 out of 10	1 out of 7	
St John Baptist	6 out of 23		3 out of 15	
Cardiff University				3 out of 6
TOTALS**	33.3%	22%	18%	

* a further 2 year 13 pupils in Treorchy noted that they had previously considered starting their own business but no longer thought this was an option for them

** It should be noted that these figures are based on small sample and cannot be considered statistically significant

Enthusiasm or aspirations to start a business were highest amongst the younger age cohorts (year 7 and 8 pupils) interviewed. The findings summarised in table 1 above outline that fewer of the year 11 and 13 pupils interviewed considered starting their own business compared to year 7 and 8

“My uncle’s a plasterer, but I don’t think of him as an entrepreneur.”

(Year 11 pupil)

“An entrepreneur is someone who has invented a new product and becomes rich by selling it.”

(Year 13 pupil)

pupils. These findings only represent a small sample of school pupils in Wales and, as such, no firm conclusions can be drawn from them. However, they do suggest that enthusiasm for starting a business declines as pupils progress through school and that this may warrant further research.

As previously stated, the research found some very positive attitudes towards becoming entrepreneurs among younger age groups. Some year 7 pupils had definite business ideas they would like to pursue in the future while others simply liked the idea of running their own business. Among the aspects of starting their own enterprise that appealed to younger pupils was the prospect of being their own boss, the freedom to do what they wanted and opportunities to make money and travel.

The benefits to individuals of starting their own business were also recognised amongst year 11 pupils.

One year 11 student reported that she is considering setting up her own hairdressing company after leaving school and has been inspired to do this by the hair salon owner that she is currently undertaking a hairdressing course with. Another year 11 pupil also outlined her ambition to start her own photography business in the future. Again the idea was inspired from her own interest in photography and her work experience with a local photographer.

Neither of these pupils had considered establishing their own business as an option prior to these work experiences. Examples such as these suggest that local role models from the business world can have a positive influence on the aspirations of young people to start their own business.

On the other hand, some of the findings suggest that negative experiences from the world of work can have a detrimental effect on entrepreneurial aspirations. One example of this came from a year 11 student who had completed a work placement at a motor mechanic garage. Prior to the placement he had aspirations of pursuing a career as a mechanic and possibly establishing his own garage in the future. However, he did not enjoy the placement and as a consequence no longer considers this as a career option.

Further examples of real-life experiences deterring young people from considering starting up their own business were gathered from a group of year 10 students. The group reported that they did not have any aspirations of starting their own business despite the fact that most of them either had parents or other close relatives who ran their own business.

The group could appreciate the potential opportunities or benefits associated with running their own business including the sense of achievement of starting something new, being their own boss, doing things their own way as well as being able to work flexible hours if they wanted. However, they were of the opinion that the barriers or disadvantages (examples of which are outlined in section 2.4) outweighed these advantages.

The examples outlined above suggest that contact with the real world of enterprise enables young people to make informed decisions relating to whether or not entrepreneurship is a realistic option for them.

“Starting a business is more for people who can’t get jobs in large companies.”

(HE students)

“The word entrepreneur makes me think of someone serious wearing a suit and carrying a briefcase.”

(Year 13 pupil)

Aspirations of starting their own business was lowest among the groups of school sixth formers (year 13 pupils) interviewed. Most interviewees across this school year associated starting a business with trades such as building, carpentry or hairdressing; trades that few, if any, had interest in pursuing as a career. Instead many had aspirations of becoming professionals in areas such as education, medicine, engineering, and law. In their view these career paths did not lend themselves to entrepreneurship opportunities or options.

When prompted further, some recognised that there may be opportunities to start a future venture of their own but in their view this could only happen after they had built up sufficient experience within their chosen career path. Even this prospect was not met by a large amount of enthusiasm by others in the group. Some noted that to enable them to consider starting their own business they would appreciate gaining access to examples of individuals who have established a business in their area of interest or study (see section 2.5).

Among the small group (six individuals) of higher education students interviewed, three claimed that they would consider setting up their own business after graduating; indeed one had already started a small software company. However, they saw this as something they would pursue on the basis of necessity as opposed to opportunity. Those who had considered setting up their own business viewed this option as a means of developing their employability skills and gaining experience in their chosen field. As such they considered self-employment as a short-term alternative route or stepping stone towards gaining future employment.

Most of all those interviewed who outlined that they did not have any aspirations of starting their own business in the future based this decision on the perceived barriers and risks of doing so (see section 2.4). However, for many it was simply not something that they had ever considered as an option. This latter point was consistent across all age groups, suggesting that more could be done to introduce entrepreneurship to young people as something they could consider as part of their wider career options.

HE students interviewed who did not consider entrepreneurship as an option cited a lack of ideas, the need for initial investment and difficulty in getting started as reasons not to follow this route.

2.3 What is needed to be an entrepreneur / business owner?

All age groups consulted were asked what skills and qualities they considered were necessary to start and run their own business. The common responses provided are summarised in the word clouds below. The word clouds illustrate the most common words and terms used by groups across each age group.

References to money were often made by all groups. Most groups were of the opinion that new enterprise start-ups required money in the form of initial investment and that successful entrepreneurs and business owners needed to be skilled at managing money. This was also linked to references of the need

“Starting your own business could give you the opportunity to choose who you work with.”
“You can create jobs and support your local community”

(Year 7 pupil)

“You’re not dependent on other people for work. You are in control.”

(Year 11 pupil)

to be good at maths made by younger age groups and references made to the need for management and accountancy skills made by older age groups.

Being able to communicate effectively was also considered to be a necessary skill for a successful entrepreneur. As with money the term 'communication' was used consistently across all groups interviewed. References were made to the need to be able to communicate effectively with potential customers in order to 'sell yourself and your products.' Communication was also deemed to be important in order to demonstrate a position of authority within the business.

The need to have a good product or idea or to be 'good at what you do' was also a requirement identified across all groups. Terms such as 'determined' and 'disciplined' were used more prominently amongst older age groups, often reflecting on the more stereotypical image of the stern, suit-wearing entrepreneur.

2.4 Perceived barriers to entrepreneurship

The majority of year 13 students identified financial risks associated with starting their own business as the main barrier or challenge that would deter them from starting their own business. Fear of failure was the most common challenge or barrier identified across all groups as the main deterrent to starting their own business.

Location was also considered to be a barrier to entrepreneurship amongst some of the year 13 groups interviewed. Some were of the opinion that being located in rural areas of Wales restricted opportunities to start a business. While they considered that it may be possible to start relatively small businesses in rural areas, in their opinion larger, successful companies needed to be located in or near big cities. Location near to a sufficiently large customer base was considered to be important in establishing a successful business and this could only be achieved by locating in or near heavily populated areas, preferably London or at least Cardiff.

These confidence issues are consistent with some of the GEM research findings which indicate that a lower proportion of UK non-entrepreneurs (compared to France, Germany and the USA for example) believe that good business start-up opportunities exist near where they live. The proportion is even lower in Wales and is the second lowest in the UK (see table 2 on page 13).

Coupled with this, the fear of failure, as a preventative factor to business start-up, is relatively high in Wales compared to England and Scotland with only Northern Ireland recording higher levels. These findings indicate that potential business start-up confidence is relatively low among working age adults in Wales and that this may also be reflected in the views of younger people.

“It’s hard to get experience with a large company so it’s a good way of getting experience and helping with your future employability.”

(HE students)

“People have a fear of failure. What if it didn’t go well and you ended up bankrupt.”

(Year 12 students)

Year 7/8 word cloud



Year 10/11 word cloud



Year 12/13 word cloud



Table 2: Perceptions of entrepreneurship among non entrepreneurial active individuals in the UK Home Nations

	England	Wales	Scotland	Northern Ireland	UK
There are good business start up opportunities where I live in the next 6 months	29.3	17.7	24.8	15.7	27.9*
Fear of failure would prevent me from starting my own business (for those who agree there are good start-up opportunities).	41.2	48.9	38.0	52.1	41.4

Source – (GEM UK APS 2011).

The current economic climate was considered a barrier by some year 10 students, many of whom claimed that constant reports of the credit crunch and poor economic prospects had diminished their optimism of starting their own business. One student noted that she had witnessed the strain and pressure experienced by her parents in running their own business and managing cash flows etc. and that this had actually put her off the idea of establishing her own business in the future.

A few of the year 10 and year 13 students noted that they would not know where to start in setting up their own business. They stated that although they had been involved in some enterprise education activities this did not give them a real sense of how they could start a 'proper' business. They noted that their lack of knowledge of how to apply the process of starting a business in a real-life situation would deter them from considering entrepreneurship as a realistic future career option.

A few of the year 10 students noted that they considered starting their own business to be something they would have to do on their own and that working as part of a larger team within a company or organisation was more appealing.

For some year 13 pupils the concept of starting a business as a small venture was not something that appealed to them. They were of the opinion that gaining employment in a relatively large company or establishment would enable them to be part of something big. In comparison they considered starting a business as being part of something relatively small which possibly lacked the same degree of kudos.

Other deterrents or barriers identified by participating pupils included the expectations of others which would potentially steer them away from considering becoming an entrepreneur. This suggests that any efforts to influence the attitudes of young people towards a more entrepreneurial culture may need to focus beyond the direct reach of young people themselves and to parents and others who guide young people in their decision-making.

“You need to be able to talk to people, to haggle and win customers...you need to show everyone who’s boss!”

(Year 7/8 pupils)

“I wouldn’t have a clue where to start.”

(Year 13 student)

A few considered the prospect of starting their own business to be simply beyond their capabilities. Some of the higher education students interviewed were of the opinion that they could not think of good business ideas and that for this reason they would not consider becoming entrepreneurs.

2.5 Encouraging an entrepreneurial ethos

In recent years the Welsh Government has focused on raising the awareness of young people towards entrepreneurship and developing entrepreneurial skills through the Youth Entrepreneurship Strategy and Action Plan. This section explores what other support and influences would encourage young people in Wales to adopt and develop a more entrepreneurial ethos.

Most pupils in years 10 to 13 claimed that they had participated in some form of enterprise education exercise within their school. The strong majority reported that they had enjoyed the experience particularly as it was delivered in a way that differed from traditional learning environments and included aspects such as working in teams and developing new business ideas.

Many had participated in enterprise education exercises during years 10 and 11 and in some cases this had contributed towards the attainment of their Welsh Baccalaureate. Some of the year 13 school pupils noted that they had considered exercises of this kind to have been worthwhile at the time as they offered an introduction to basic business sense such as balancing revenue and expenditure. They were also of the opinion, however, that these exercises were unlikely to reflect a real business environment.

The HE students interviewed also outlined that they had undertaken various enterprise education activities at school. However, whilst they had found these enjoyable, they did not consider these to be particularly influential in changing their view of entrepreneurship.

A number of year 13 students noted, that at this stage in their education they would welcome further enterprise education or experiences within the school. However, they also noted that for this to be of value it would need to be based on a greater degree of realism. They would thus welcome further information relating to the practicalities of setting up a business, including an introduction to specific issues such as employment legislation and tax laws. They would also welcome further examples of how their subject and future study areas of interest could relate to business development opportunities further down their career path.

A couple of year 13 pupils were of the opinion that promoting entrepreneurship and starting a business is not something that can be done through school. Instead they considered an entrepreneurship ethos to be an inherent aspect of an individual's personality or attitude.

Opinions such as these are consistent with examples often referred to of very successful entrepreneurs such as Bill Gates and Steve Jobs who dropped out of college, thereby inferring that entrepreneurship is not something that can be taught.

“People expect you to end up working for a company or an organisation... rather than starting something from scratch.”

(Year 11 student)

“It’s a really personal thing starting a business – new ideas aren’t necessarily good ideas.”

(HE Students)

However, examples such as these are not typical of entrepreneurs in a broader sense. The potentially important influence that entrepreneurship education plays in shaping 'entrepreneurial attitudes, skills and culture,' from the primary level up is noted within GEM research reports. A 2009 report by the Global Education Initiative⁶ notes that entrepreneurial attitudes and behaviours can be learnt and that delivering entrepreneurship education to young people throughout their education path (primary to higher education) is 'imperative' in achieving this.

Furthermore GEM research findings indicate that practical "learning by doing," is more effective for developing entrepreneurial skills and attitudes than traditional methods such as lesson and lectures. The GEM research into entrepreneurship education and training also concludes that school classes that involve role models and examples of entrepreneurship in action enable young people to assess and recognise potential entrepreneurial opportunities for the future.

It would appear therefore that enterprise education can potentially have a positive influence on encouraging an entrepreneurial culture and ethos amongst young people at all stages of their education. The findings also suggest that including practical examples and the use of business role models also serve as powerful influencers.

Pupils and students participating in the research discussions were also asked whether careers advice and guidance they had received to date influenced their decision whether or not to consider entrepreneurship as a future option. None of the students could recall any discussions they had had with teachers or careers advisers that were based around entrepreneurship or business start-up. The general consensus among school pupils was that careers based discussions focussed on more immediate and short term options. As such longer term aspirations including the possibility of starting a business was not a feature of these discussions.

The higher education students noted that the careers advice they had received at university did look at longer term aspirations but tended to focus on employment rather than self-employment or entrepreneurship. The group members were of the opinion however that they would welcome the opportunity to discuss and explore entrepreneurship or self-employment options alongside employment. They were also of the opinion that they were now at an age and stage of their education when discussions around entrepreneurship as a career option might be more meaningful.

***“It
(entrepreneurship)
is something you’ve
got to pursue
yourself...you’ve
got to have the
drive to do it”***

(HE Students)

3. Conclusions

The findings of this short study offer an indication of the current level of entrepreneurial attitudes and ambitions amongst a small number of the young people aged between 11 and 21 in Wales today. The findings suggest that considerations for becoming an entrepreneur are highest amongst younger age groups interviewed (mainly year 7 and 8 school pupils). Older age groups interviewed (school year pupils 10 – 13) demonstrated less appetite for starting their own business in the future.

Most young people recognised the opportunities of entrepreneurship to be associated with the independence of being your own boss and the potential to make more money than could be made through other forms of employment. Barriers to entrepreneurship appeared to be focused largely around the initial financial outlay than the perceived risks of failure. Some of those consulted also associated entrepreneurship and running a business with a stressful lifestyle as well as the need to work in isolation of others.

Older year groups considered the gloomy economic outlook too much of a barrier to consider starting their own business. On the other hand, some of the higher education students considered the lack of good employment opportunities as a current driver towards necessity based entrepreneurship – albeit as a stepping stone to future employment. For sixth formers (Year 13 pupils) the main barrier appeared to be lack of knowledge as to how their preferred career direction or area of academic interest could lead to any entrepreneurial opportunities.

The use of the term entrepreneur and entrepreneurship may be confusing to many school age young people. It would appear from our sample of pupils and students that many young people do not necessarily relate the term entrepreneur to local business owners or something that they could aspire to becoming themselves. In interview responses the term was often associated with famous figures such as Lord Sugar and 'the Dragons' on Dragon's Den.

The majority of those interviewed noted that they would welcome more enterprise education and experience. Most who had already participated in enterprise activities at school had enjoyed the experience and agreed that it had enabled them to learn the basic principles of business. For older groups, particularly 6th form students, the idea of having more 'real experience of business' appealed to them; particularly if this experience related to their specific areas of interest e.g. law, medicine or engineering etc.

It would appear therefore that a culture of entrepreneurship does exist among young people in Wales but that this may diminish as school progresses. Our findings suggest that enterprise education is valued by school pupils and that further, real-life examples, of how business works in practice would be welcomed by older school pupils and higher education students. Further considerations may also be required to include entrepreneurship as a viable option within career advice in schools and higher education institutions.

Notes

1. National Statistics – Statistical Bulletin January 2012 – Business Demography: Enterprise Births and Deaths, 2010
2. Federation of Small Businesses: Voice of Small Business Index – Wales Q3 2012 (paragraph 3)
3. Global Entrepreneurship Monitor: United Kingdom 2011 Monitoring Report: Jonathan Levie and Mark Hart
4. Early stage entrepreneurial activity refers to those who are about to start an entrepreneurial activity, and those that have started one from a maximum of 3 years
5. Global Entrepreneurship Monitor Special Report: A Global Perspective on Entrepreneurship Education and Training: Alicia Coduras Martínez, Jonathan Levie, Donna J. Kelley, Rögnvaldur J. Sæmundsson and Thomas Schøtt (2010)
6. (2009) report by the Global Education Initiative (GEI) of the World Economic Forum (WEF)



Federation of Small Businesses
Ffederasiwn y Busnesau Bach
Wales' Leading Business Organisation
Mudiad Busnes Blaenllaw Cymru

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Contact:

Federation of Small Businesses Wales
1 Cleeve House
Lambourne Crescent
Llanishen
Cardiff
CF14 5GP

Telephone: 029 2074 7406

Email: wales.policy@fsb.org.uk

Web: www.fsb.org.uk/wales

@fsb_wales

This report can be downloaded from our website at <http://www.fsb.org.uk/wales/publications>

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**National Assembly for Wales, Enterprise and Business Committee -
Inquiry into Youth Entrepreneurship:
Written Comments from Higher Education Wales (HEW)**

1. Introduction

1.1 Higher Education Wales (HEW) represents the interests of Higher Education Institutions (HEIs) in Wales and is a National Council of Universities UK. HEW's Governing Council consists of the Vice-Chancellors of all the HEIs in Wales and the Director of the Open University in Wales. The following comments respond to the Committee's request for written evidence for its Inquiry into Youth Entrepreneurship.

2. An overview of youth entrepreneurship in universities in Wales

2.1 Universities in Wales conduct and engage with a wide range of activities to support youth entrepreneurship in line with the Welsh Government's Youth Entrepreneurship Strategy (YES), which is targeted at 16 to 24 year olds. This forms part of a wider policy context which emphasises the importance of the role of universities in promoting economic growth and providing jobs for the economy through increasing interaction between universities and business, equipping graduates with entrepreneurial skills and experience, and in fostering entrepreneurship more generally. The recent track-record of universities in Wales is comparatively strong in this respect. For instance:

- There were 267 graduate start-ups from universities in Wales in 2010/11, nearly 10% of the UK total, i.e. almost double what you would expect for the size of the Welsh sector.¹
- The percentage of full-time first degree leavers from universities in employment six months after leaving was 91% for Wales compared to 90% for the UK in 2010/11.²
- A recent analysis of delivery through the Higher Education Funding Council for Wales (HEFCW) funded Enterprise Support Programme showed that over 65% of students received entrepreneurship skills training as an in-curriculum activity.
- Wales has also pioneered on a range of initiatives in this area, including being the first to validate enterprise modules for teacher training.

2.2 The range of activities conducted by universities covers the full spectrum of stages in the development of youth entrepreneurship from early engagement and raising awareness of opportunities through to support for starting up in business. This includes:

- Embedding enterprise in the curriculum. All universities in Wales have embedded enterprise skills within their curricula through a variety of means including e.g.

¹ Higher Education Statistical Agency (HESA). "Higher Education-Business and Community Interaction Survey (HEBCIS) 2010/11." 2012.

² Higher Education Statistics Agency (HESA), "HESA Performance Indicators 2010/11", Table e1. 2012.

generic module options, components of existing courses, or specific enterprise projects. There are also academic programmes which specialise in entrepreneurship such as the BSC (Hons) in Entrepreneurship at Glyndŵr.

- Providing a range of extra-curricular activities, including skills development workshops, practical enterprise courses, events and opportunities. Examples include e.g. the “Enterprise Wednesday” events at Aberystwyth University or the i-Solve initiative led by Cardiff University.
- Holding competitions, awards, innovation and business challenges, and prizes designed to encourage entrepreneurial activity. Examples include the Future Entrepreneurship Awards and ‘Pi in the Sky’ competition at the University of South Wales.
- Promotional activity and engagement designed to foster an entrepreneurial culture and identify opportunities including working with young people in schools and further education as well as at university, or in business or the wider economy. This includes targeted activities and events to stimulate interest, motivate and inspire potential entrepreneurs.
- Providing information and guidance e.g. information for the Welsh Government’s Big Ideas campaign.
- Engagement between universities and businesses/entrepreneurs including student interns and placements.
- Building networks e.g. enterprise societies, graduate networks – for instance, the monthly Zone breakfasts at Glyndŵr University.
- Providing start-up support, including mentoring, guidance and workshops and surgeries. An example is the higher education/further education buddying system for students at Cardiff Metropolitan University.
- Provision of incubation and related facilities – for instance, the Business Loft at the Newport campus of the University of South Wales supported by grant from Newport Unlimited, Newport’s regeneration company.

2.3 These activities are supported by a wide variety of dedicated sources of funding in addition to being financed by universities’ general income. The Youth Entrepreneurship Strategy formed the basis for the development of the Welsh Government funded Regional Hub and Continuing Professional Development Hub activities. The Higher Education Funding Council for Wales (HEFCW) currently also provides a source of funding. These programmes in particular have helped to fund and underpin the framework in which universities deliver support for entrepreneurship. Universities engage in Welsh Government funded activities such as the Enterprise Hubs, Graduate start-up support, High Potential Starts Programme, and Dynamo Role Model presentations. A feature of many of the initiatives in this area is that they are collaborative, involving several universities and/or a variety of different partnerships.

3. Examples of good practice

3.1 The following examples illustrate a range of key activities:

- **Enterprise Support Programme**, a pan-Wales activity led by the University of South Wales and involving all universities in Wales. This Programme seeks to identify innovative and effective practice across the whole of the HE sector and then to disseminate these activities to all universities in Wales. The Programme develops and encourages fledgling entrepreneurs from across the student body in Wales to realise their potential for creating new and innovative businesses and feeds into the support available from Welsh Government's Start-up Service. This includes, for instance, entrepreneurial effectiveness training and one-to-one sessions for students and graduates.
- The **Centre for Student Entrepreneurship** at Cardiff Metropolitan University is the South East Wales Youth Entrepreneurship Strategy (YES) HE regional entrepreneurship hub and provides the main focus for student entrepreneurship activities for universities in the South East covering all aspects of the YES strategy focussed on engaging, empowering and equipping young potential entrepreneurs. At Cardiff Metropolitan University, this focuses around the entrepreneurship society 'LaunchPad' and a range of associated activities and programmes.
- The **Entrepreneurial University Development Group** at Swansea University, which was established by its Swansea Employability Academy, brings together all staff and student representatives who are concerned with an aspect of supporting and developing student entrepreneurship including teaching, start-ups and strategy development.
- The **Driving Enterprise and Innovation** in the Cardiff City Region is an excellent example of an initiative to embed entrepreneurship in a university through collaboration. Here we see the Cardiff City Council and HEFCW working with Cardiff University to drive innovation and enterprise within the city region. This initiative has two main strands – 1) the embedding of entrepreneurship across the curricula at Cardiff to ensure that graduates are exposed to entrepreneurship regardless of the discipline of the degree studied, and 2) the exploitation of basic research through grand challenges leading to innovative solutions.
- The University of Wales: Trinity Saint David was the first university in the UK to validate an **Entrepreneurial Educators module** for the teacher training qualifications, PGCE/PCET.
- The annual **Creative Futures Week** at Glyndŵr University is a unique annual conference, for Glyndwr University's Creative Industries, Media and Performance

students, provided numerous opportunities to find out about different sectors of work including self-employment and learn from experienced professionals. A significant number of the speakers are graduates who came back to share their insight and knowledge to help current students with their employability including e.g. talks on graduate start-ups and presentations from Dynamo Role models.

- The **Academic Champions of Enterprise Project** demonstrates the impact that the fostering of academic entrepreneurship in universities more generally can have for encouraging young entrepreneurs and is reported to have led to a marked increase in student enterprise activity with the ACE schools/departments at the three consortium partners – Aberystwyth, Bangor and Swansea Universities, led by Bangor University. The project led to the introduction of innovative assessment practices (such as the use of Dragon’s Den style assessments).
- **Skills and Employability Framework** - In 2012, Higher Education Wales (HEW), the Confederation of Business & Industry (Wales), National Union of Students (Wales), and Higher Education Funding Council for Wales (HEFCW) jointly developed a framework for skills and employability that commits the four organisations to working in partnership to improve the job-related skills of Wales’ graduates. The vision is to support growth in providing highly skilled, quality jobs across Wales and to produce graduates that are able to demonstrate and communicate their value to prospective employers in Wales and further afield. The accompanying action plan focuses on three areas: work placements and work experience; employer approved courses; and embedding employability (including entrepreneurship) skills.
- The **Graduate Opportunities Wales (GO Wales)** offers a range of services proven to help students, graduates and business in Wales including: work placements, funding for training, an online database of jobs in Wales and the Graduate Academy, and a ‘free-lancer academy’. GO Wales is managed by HEFCW and is delivered by University Careers Services in Wales. Between 2009-2011, 1413 students and graduates have secured paid GO Wales work placements with businesses in Wales; 65% of students and graduates on placement were offered longer term work once the work placement had ended; 1128 students and graduates have taken part in a Work Taster to improve their employability; 1650 businesses have taken part in GO Wales.
- The University of South Wales is leading on Welsh Government’s **Youth Entrepreneurship Strategy CPD Hub** for Wales over the next three years to provide a pan Wales approach to the development of entrepreneurial teaching and learning, seeking to embed a culture of entrepreneurship in Welsh institutions by developing staff and in turn increasing the number of small firms in Wales,

increasing alternative forms of enterprise and increasing skill levels to develop Wales' potential for growth.

- A range of **on-line resources** has been developed, in particular, by the Open University in Wales. This includes, for instance, a self-service careers advisory area, the OpenLearn portal which provides a free 20 hour web resource on entrepreneurial behaviour, free audio podcasts and themed around entrepreneurial opportunities on their iTunes U channel and will include access to an on-line non-accredited course in rural entrepreneurship.

4. Impact

4.1 Although impact is difficult to assess, there are number of indications that current initiatives are leading to increased success. In addition to the comparatively high number of graduate start-ups from Welsh universities and strong track-record in graduates entering employment that can be seen in the public statistics (see 2.1 above), there is a variety of sources of evidence within institutions:

- Cardiff Metropolitan University confirmed that students graduating through their Hub demonstrated an increased interest in self-employment as an option at graduation.
- Glyndŵr University reported that 5% of its most recent graduates are either self-employed or starting their own business, their highest figure ever.
- The number of graduate businesses recorded by the University of South Wales more than doubled between academic year 2010-11 and 2011-12, from 16 to 35.

5. Conclusion

5.1 Despite the volume and success of this activity across universities in Wales, it is recognised that, in common with countries across Europe, there is further potential for supporting youth entrepreneurship. In particular, the issues identified by our members include:

- There remains a need for local, affordable business incubation space, and related funding to support low-risk trials.
- There is a gap in the support available for students to begin a start-up before graduation, because they are not classified as either graduates or unemployed.
- It is recommended that there should be further consolidation of existing good practice and that funding streams to support young entrepreneurs are maintained and delivered in partnership with higher education and further education institutions.
- A continued source of designated funding for activity and financial support for graduate start-ups is essential to maintain and increasing activity.

Building an entrepreneurial culture

**Written evidence to the Enterprise and Business Committee Inquiry
into Youth Entrepreneurship**

June 2013

Colegau Cymru
Uned 7 Cae Gwyrdd
Greenmeadow Springs
Tongwynlais, Caerdydd CF15 7AB
Ff: 029 2052 2500
E: helo@colegaucymru.ac.uk
W: www.colegaucymru.ac.uk

Colleges Wales
Unit 7 Cae Gwyrdd
Greenmeadow Springs
Tongwynlais, Cardiff CF15 7AB
T: 029 2052 2500
E: hello@collegeswales.ac.uk
W: www.collegeswales.ac.uk

Introduction

1. ColegauCymru welcomes the opportunity to give written and oral evidence to the Enterprise and Business Committee's Inquiry into Youth Entrepreneurship in Wales. This submission summarises ColegauCymru's response to the key issues raised in the inquiry.
2. ColegauCymru represents the 19¹ further education (FE) colleges and FE institutions in Wales.² In 2011/12, there were 214,850 individual students attending college and 229,615 enrolments.³ This makes colleges the largest providers of entrepreneurship education in the nation.
3. This submission proceeds by answering the two main themes from the terms of reference of the inquiry and the eight specific questions posed by the committee while making some more general comments regarding the topic of Youth Entrepreneurship in Wales.

General comments

4. The committee's inquiry helps to focus attention on an area that has fundamental importance for Wales's economic future: how we can foster a spirit of enterprise and entrepreneurship in Wales by equipping young people with the skills and confidence to start their own business or social enterprise.
5. It is no exaggeration to say that only through the development of an ethos of entrepreneurialism - and intrapreneurialism - will Wales's economic performance match those of other comparable European regional economies. Without a thriving 'start up' and Small and Medium sized Enterprise (SME) business sector our ambitions to become a prosperous nation will not be met. Wales's lack of large multinational companies with central service functions or R&D facilities located in Wales means that we are disproportionately dependent on the 'start up' and SME sector for jobs and growth. We should make a 'virtue out of this necessity' by striving to be the most entrepreneurial country in the UK and one of the most enterprising in Europe. This has to start at the level of education (at all ages), in cultural attitudes and in concrete business 'start up' support.

1 The 19 include Coleg Harlech/WEAN; WEA South; YMCA Community College; and Merthyr Tydfil College, University of Glamorgan

2 In this paper the terms 'FE college' and 'college' are used to cover FE colleges and FE institutions.

3 *Further Education, Work-Based Learning and Community Learning in Wales 2011/12 SDR 48/2013*, Welsh Government, March 2013.

6. Colleges in Wales have a direct responsibility to develop the entrepreneurial skills of their learners to this end. We are responding to this challenge, though colleges are aware that there is more that can and should be done.
7. ColegauCymru looks forward to giving oral evidence to the committee on 20th June 2013. We are happy to provide supplementary evidence to the committee during the course of the inquiry.
8. Colleges see entrepreneurial skills as core to the skill set that young people will need in the 21st-century. These transferable skills will prove to be invaluable not only in starting a business or social enterprise but also will help drive innovation and change in existing companies or organisations - in either the private or public sectors (intrapreneurialism). Colleges in Wales, for example, see themselves as being entrepreneurial organisations in that they seek to continually adopt new and, in some cases, path-breaking approaches to the social, educational and economic challenges their communities face.

ToRs. How effective is the Welsh Government's approach to promoting youth entrepreneurship?

What steps can be taken to improve or strengthen support for potential young entrepreneurs in Wales?

9. The overall approach pursued by the Welsh Government in relation to youth entrepreneurship is sound and effective, though there are areas where we feel that further improvements can be made. The Welsh Government policy framework should be just that, a framework within which colleges and other education providers can creatively engage with learners to engender transferrable entrepreneurial skills. A tighter straitjacket in policy terms would not help generate the levels of creativity and experimentation that is appropriate in this area. Therefore we do not see a pressing need for a radical redrawing of the YES Strategy.
10. Areas of improvement, however, might include simplifying the reporting and monitoring processes from the regional hubs back to the government and allowing greater flexibility in allocating resources between the three year time horizon of the regionally allocated monies. Some college colleagues feel that the 'Big Ideas Wales' brand has not yet fully taken off. This brand might need to be revisited in the near future to ensure that activities in this area are well projected to learners and the public.

Q1. What are the experiences of young entrepreneurs in Wales?

11. Young entrepreneurs have a diverse experience in Wales and it is difficult to generalise about the opportunities and obstacles they face. The experience of learners in relation to entrepreneurship education is clearer to gauge as a result of the **Carnegie UK Trust's *Enterprising Minds* survey in 2012**.⁴ 1,600 students at colleges across the UK were surveyed, including 350 FE students in Wales. The majority of the students agreed that their college encourages them to think more about enterprise, a figure 16% higher than in English colleges. Other indices in the survey show colleges in Wales leading those in other parts of the UK in relation to business and entrepreneurship education. The majority of college students in Wales surveyed testified to experience of business and entrepreneurship education in their college. The equivalent figures in England were very substantially lower and well below 50%.
12. This is not cause for self-congratulation or complacency however, because other indicators in the report showed that colleges were not entirely meeting students' legitimately high level of demand and expectation for direct interaction with social enterprises and businesspeople. This shows us where we need to improve. The launch of the 'Speakers for Schools'⁵ website (which covers colleges as well as schools - despite the name) is a good start in this regard.
13. One idea that may help in this regard is a national or regional entrepreneurship 'twinning' scheme sponsored by national charities or the Welsh Government. Under such a scheme, entrepreneurs could be twinned with a learner who showed a particular potential or motivation for enterprise. The entrepreneur can act as a mentor to the young person and begin to form a network of entrepreneurs and mentees that may encourage a local or regional ethos of enterprise.

Q2. What is the scale of Welsh Government resource and funding targeted at the promotion of youth entrepreneurship in Wales? Is it sufficient?

Q3. How does the Welsh Government's approach to promoting youth entrepreneurship incorporate issues such as equality, social enterprise and regional variations in skills and training opportunities?

⁴ See <http://www.carnegieuktrust.org.uk/CMSPages/GetFile.aspx?guid=98a49ae1-e164-4ba5-a276-2e9a773666a8>

⁵ See <http://www.speakers4schools.org>

14. The resource allocated to the regional enterprise hubs in Wales is significant and allows co-ordinated entrepreneurship education schemes to be pursued between colleges and other education providers. Though different regions of Wales have approached the regional delivery of youth entrepreneurship education differently, the regional coordination of some entrepreneurship education activity is here to stay.
15. In the current fiscal climate, with the likely decline in public resource given to the Welsh Government, it is not likely that there will be an increase in hypothecated resource for regional entrepreneurship activities. The greater use of European funding may be considered an option post-2014, but this would presumably come with a commensurate increase in reporting requirements and administrative burden.
16. The incorporation of equality and social enterprise into entrepreneurship education is well-established - not least because of Wales' strong track record on the establishment of successful social enterprises. Equality is mainstreamed within the regional consortium plans submitted to and approved by the Welsh Government in 2012. Colleges are beginning to work with organisations such as the Wales Co-Op Centre and 'Collaborative Communities' to maximise their ability to engender *social* enterprise skills in learners.
17. College entrepreneurship education necessarily reflects the business and employment hinterland of the institution and so, for example, colleges that are in rural areas have a greater linkage with businesses in the agricultural sector and so on.

Q4. What opportunities are presented by increasing youth entrepreneurship as a means of tackling youth unemployment and inactivity?

18. This is clearly a crucial question. Entrepreneurial skills a key way out of unemployment for young people at a time when we are far from full employment. People without formal qualifications but with drive and determination are often the most gifted entrepreneurs who can epitomise the enterprising spirit. Moreover, successful entrepreneurship in communities with high levels of unemployment can lead to the growth of small businesses which can, in turn, create further employment and economic activity among those who may not possess the same entrepreneurial aptitudes.

Q5. To what extent is entrepreneurship embedded within the secondary education, further education and higher education institutions in Wales?

19. Entrepreneurship has become an important part of the curriculum for learners in Wales. The main routes through which colleges imbue a spirit of enterprise and assist learners with entrepreneurial skills include:

a) *Embedding entrepreneurial learning **within the curriculum**, including:*

- the core curriculum, including the principal qualification taken by the learner, and through the Core of the Welsh Baccalaureate Qualification
- through specific units or qualifications relating to entrepreneurship, employability or wider key skills
- through direct tutor support
- through activity that is within a student's programme of learning, such as a 'Pitching' competitions, working in a Practice Company, or attending Master classes with an entrepreneur or businessperson.

b). *Through **extracurricular** activities which may include:*

- work experience in business or commercial environment
- working in a Practice Company, a local charity or a social enterprise
- entry into an enterprise competition ('Dragon's Den'-style) or similar exercises
- experience of seeing inspirational or exemplar speakers to inspire students, within or without the college environment.

20. The combination of these two strands of experience adds up to a holistic experience that we hope will equip learners with the confidence and entrepreneurial attitudes that they will need to succeed.

21. The revision of the Welsh Baccalaureate Qualification (WBQ) for 2015 and the introduction of learning programmes for post-16 learners give us the opportunity to revamp entrepreneurship education within the 'core curriculum' (or core elements of the learning *programme*). ColegauCymru is directly contributing to Welsh Government-led groups looking at this vital area. Getting a 'fit for purpose' Core for the WBQ that properly encourages entrepreneurship should be a key priority for the Welsh Government and post-16 education providers in the next 12-18 months.

Q6. How does the Welsh Government monitor and evaluate its youth entrepreneurship activities? What impact has it had on the number of people starting a business?

Q7. What is the evidence base for the Welsh Government's approach to supporting and encouraging youth entrepreneurship?

22. A quarterly reporting mechanism is in place with the Welsh Government to ensure that all relevant activity is reported to the Welsh Government and can be appropriately analysed.

Q8. What example of good practice in youth entrepreneurship policy can be identified in Wales, more widely within the UK and internationally?

23. There are numerous positive examples of good practice in relation to youth entrepreneurship across Wales. We would like to highlight just four examples in lieu of a more comprehensive inventory of good practice that could be gained from a fuller survey of youth entrepreneurship activity in colleges. This is but a small sample of the innovative activity taking place in colleges across Wales.

24. Coleg Morgannwg uses so called **Practice Companies** (such as 'Clean Sweep') to encourage entrepreneurship among its learners. The practice firm model operates in over 42 countries and is used in schools, colleges and universities across the world to replicate the elements of real world businesses. The model is proving an excellent platform to deliver a wide range of qualifications as well as fostering enterprise and innovation. Many students who have been involved with the concept have secured employment, as employers see the value and benefits of the programme.

25. **The Gazelle Group** was formed and launched in 2011 and comprises several colleges across the UK, including Cardiff and Vale College. The Gazelle Group acts as a central generator and disseminator of best practice on entrepreneurship at every level of a college's operations. Gazelle Colleges work with a network of successful entrepreneurs to inspire students to achieve their enterprising aspirations.

26. **The Big Pitch** project was all about students from four FE colleges in the Heads of the Valleys getting involved in a real business challenge and developing their entrepreneurial skills. Coleg Gwent, Coleg Morgannwg, Merthyr Tydfil College and The College Ystrad Mynach established the project where students were tasked with developing a marketing plan for a real business – the Rock UK

Summit Centre. Tutors and students from each of the colleges were invited to participate in local selection processes involving real challenges before going through to the next stage of the actual Big Pitch activity. Teams were chosen to represent each college at the final event. These students then visited the Summit Centre and met staff and management, before being tasked with generating ideas on what the company's customer offer should be; develop a marketing plan with a budget of £10,000; produce a press release for the launch of the customer offer; and deliver a 15 minute presentation on what they did. Nick Hewer from the BBCs' *The Apprentice* acted as Patron for the Big Pitch.

27. The Big Pitch attracted 265 students –more than double the number who took part in the 2010 pilot event – who took part at the initial selection challenges, with 125 people registered to attend the final at the Pierhead Building in December 2011. As a result of the project 89 per cent of the students who took part said the final event reported that their entrepreneurial confidence had increased.
28. **Successful Participation in Global Entrepreneurship Competitions:** Wales's colleges have a strong track record of success in the high profile 'Global Entrepreneurship Challenge' (GEC) competition. Coleg Menai students came third in the world in the 2012 GEC, involving 19 nations. This follows previous strong global performances from Coleg Morgannwg in previous rounds of the GEC.
29. ColegauCymru will work with the South West Wales regional learning partnership to provide the committee with further examples of best practice from Wales, the UK and internationally, as disseminated at a two day conference on youth entrepreneurship taking place on 12th and 13th June 2013 at the Liberty Stadium in Swansea.