

# Future founders

Understanding  
the next generation  
of entrepreneurs



**octopus**

A brighter way

**ten** THE  
ENTREPRENEURS  
NETWORK

## About the polling

ComRes interviewed 1,549 British people aged 14-25 online between 19th and 28th June 2019 (data not weighted).

ComRes interviewed an additional 544 British people who have children aged 18 or under online between 1st and 3rd of July. Data were weighted to be representative by age, gender, region and social grade.

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# Key findings

- New ComRes polling commissioned by The Entrepreneurs Network and Octopus Group finds that **over half (51%) of British young people (aged 14-25) have thought about starting (or already have started) a business.** A further third (35%) say they have not thought about it but are open to the idea and just 15% say they have not thought about it and don't think they ever will.
- Over 1,500 young people (aged 14-25) at different stages of education were interviewed about their attitudes to entrepreneurship. The polling allows us to track how entrepreneurial intentions and

motivations shift in response to the education system.

- **Young people are more likely to consider starting or have started a company if they are attending (65%) or have graduated from university (63%)** compared to 18-25 year olds who haven't attended university (53%).
- **A desire 'to be your own boss' (86%) and the 'freedom to do what I want' (84%) are the top motivations for 14-25 year olds who have started or thought about starting companies.** This is closely followed by 'being passionate about a particular idea or cause' (83%) and 'wanting to make

the world a better place and/or make a positive difference' (76%). 'Wanting to become wealthy' is still a motivation for Generation Z (76%) but young people appear to be driven by a desire for meaning, not money.

- Exposure to entrepreneurship is a key driver of entrepreneurial intention. Respondents who have thought about starting or started a company are more likely to have a family member or friend who is a business owner (57% vs 47% who have not thought about it) and **seven in ten (68%) say that having a family member or friend who is an entrepreneur has made them more likely to consider starting a business.**



- The polling also reveals that those who have thought about starting or have already started their own business are significantly more likely to say that starting their own business is discussed often at their educational institution (37% vs 24%, respectively).
- **57% of young people could not name an entrepreneur who inspires them.** Of those who could, Lord Sugar was the most popular choice (7.9%), closely followed by Richard Branson (6.5%). Elon Musk came third with 2.6%. Bill Gates (2.2%) and Steve Jobs (1.7%) were also named repeatedly. Of those who gave an answer, Kylie Jenner was the most commonly named female entrepreneur (1.1%).
- There is a clear gender gap in terms of entrepreneurial role models. **Half (49%) of young men (aged 14-25) could name**

**an entrepreneur that inspires them; only a third (35%) of young women (aged 14-25) could do the same.** Of the entrepreneurs named, 85% were male, while 15% were female.

- **Two in five (38%) British people aged 14-25 say that their education has given them the skills they need to start a business,** compared to a quarter (26%) who say that it has not.
- Half of respondents currently studying at university (51%) or currently studying business (55%) say that their education has given them the skills they need to start a business – significantly more likely than any other cohort or subject tested, respectively. However, this falls to 39% when students graduate, suggesting that some knowledge isn't transferring from the classroom to the real world.

- At least two thirds of British people aged 14-25 say that not knowing where to start (70%), fear of failure (68%) or not knowing the right people (67%) are barriers to starting a business.
- **Females (71%) are significantly more likely to say fear of failure is a bigger barrier than males (63%).**
- Almost all parents who have children aged 18 or under (97%) say they would be supportive if their child(ren) were looking to start their own business in the future, with seven in ten (71%) saying they would be very supportive.



# Foreword

We have to invest in future generations. We need their creativity, their ambition and their unique perspective on the world to make the most of the opportunities.



“  
Generation Z  
are more  
likely to  
pursue their  
passions and  
look to build  
a business  
with a  
purpose.”

For the first two years of my career after I graduated, I worked as a fund manager for one of the UK's largest investment companies. It was a great place to learn about business, and I was surrounded by incredibly smart people. Yet I still used to look at my watch at almost exactly the same time every day, disheartened that there were so many hours left before I could go home.

Fortunately, I soon worked out what was missing from my life. I needed a purpose. I had to be truly passionate about what I did, and I wanted to work for myself. Alongside two similarly minded colleagues, we quit our jobs to launch Octopus. I can't honestly imagine what my life would be like now if I hadn't taken that leap of faith.

Two decades on, I wholeheartedly encourage anyone who believes they can 'do more' to make that leap. That's why Octopus has partnered with The Entrepreneurs Network to produce this

report, the results of which suggest the concept of entrepreneurship is far more widely understood – and valued – today than it has ever been. And, in some ways, the future founders we're talking about have more advantages than ever when it comes to setting up on their own.

First, they are digital natives. Not only are they well-equipped to use technology to learn more about the world around them, but they also believe technology can help them to achieve their ambitions and realise their dreams.

Perhaps more importantly, this is a generation that values social responsibility.

They are highly motivated and keen to use their skills and abilities to address the world's problems. Moreover, as our survey suggests, people in this age range are not primarily motivated by money. Instead, they are more likely to pursue their passions and ultimately look to build a business with a purpose.

This is a generation looking to find opportunities to spend their working lives doing what they love. We need to do more to give them every chance to succeed. At Octopus we're determined to play an active role in encouraging entrepreneurship.

Through the years, we've backed hundreds of entrepreneurs and invested in more than 500 early-stage businesses. It's also why we've set up our internal Entrepreneur Academy, designed to encourage more young people who work at Octopus to start their own business, offering them education, mentorship and introductions to a network of people who can support them on their journey.



Crucially, we also provide financial backing so that our entrepreneurs don't feel that the risk of starting a new business is a step too far.

But there's much more we can do, so we're calling on businesses and organisations of all sizes to work with us to embed the principles of entrepreneurship in the minds of all young people, and to plant seeds of hope in those who have the potential to create something truly world changing.

We're proud to support this report and we hope it sparks a broader conversation, within government, academia and the entrepreneurial ecosystem.

This is a critical time for the UK, and to avoid getting left behind, we have to invest in future generations. We need their creativity, their ambition and their unique perspective on the world to make the most of the opportunities.



**Simon Rogerson**  
Chief Executive Officer  
Octopus Group

*Simon Rogerson*

# Introduction

There is a growing sense that young people today are more entrepreneurial than past generations. In a recent speech, International Trade Secretary Liz Truss said: “This is the most self-starting, business-minded generation ever”.

Yet often, entrepreneurial ambitions don't translate into the creation of new businesses. The Government recognises this and has launched a review led by Nick Stace, Chief Executive of The Prince's Trust, to identify how best to tackle the barriers facing the UK's aspiring young entrepreneurs.

To support the next generation of entrepreneurs, it's vital for policymakers to understand their motivations, ambitions, and fears. In that spirit, The Entrepreneurs Network, in partnership with Octopus Group, commissioned ComRes to poll over 1,500 young people (aged 14-25) to better understand what they think about entrepreneurship and how different aspects of the education system affect entrepreneurial intentions.

The data enables us to understand how intentions, attitudes, and motivations change as young people age and engage with the education system. For instance, we uncovered that 51% of university students feel their education equips them with the skills to start a business, but that falls to 39% for recent graduates. It suggests that young people may overestimate the real-world applicability of what they learn in the classroom.

**51%**  
of young people have thought about or have started a business, rising to **60%** of 22-25 year olds.

A speaker from UCL's Innovation & Enterprise team.

## What young people think about starting a business

The overall story is positive. Over half (51%) of young people have thought about or have started a business, and entrepreneurial intention rises with age – while only 33% of 14-17 year olds have thought about starting a business, 60% of 22-25 year olds have.

The data also reveals that young people are more likely to be motivated to want to start a business by a desire 'to be one's own boss' and 'being passionate about a cause' rather than 'wanting to be wealthy'.

The polling also highlights the importance of role models. Respondents who have started or thought about starting a company are more likely to have a family member or friend who is a business owner (57% vs 47% who have not thought about it). Seven in ten (68%) say that knowing an entrepreneur has made them more likely to consider starting a business.

A lack of role models may help explain gender gaps in entrepreneurship. Women were less likely to say they were motivated to want to start a business by “following the example of a person [they] admire”.





Almost two-thirds of young women couldn't name an entrepreneur who inspires them, while half of men could. Of the inspirational entrepreneurs that were named, 85% were male while only 15% were female.

The polling identified "Not knowing where to start" as the key barrier preventing young people from starting a business. "Fear of failure" and "Not knowing the right people" were other key barriers.

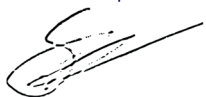
To supplement the research, we also polled 544 parents on how they would react if their child wanted to start a business. The results were overwhelmingly positive.

Almost all parents who have children aged 18 or under (97%) say they would be supportive if their child(ren) were looking to start their own business in the future, with seven in ten (71%) saying they would be very supportive.

This research highlights the UK's massive untapped entrepreneurial potential. The challenge for policymakers is to respond to the issues raised in this report, such as a lack of relatable entrepreneurial role models for young people, to enable us all to benefit from a wider pool of entrepreneurial talent.



**Sam Dumitriu**  
Research Director  
The Entrepreneurs Network



# A generation of entrepreneurs

Young people, on the whole, see starting a business as a viable career option. Over half (51%) have thought about starting or have already started a business.

A further third (35%) have not thought about starting their own business but are open to the idea and just 15% say they have not thought about starting their own business and don't think they ever will. This fits with past research finding that young British people are more entrepreneurial than their German and French counterparts. The 2018 Global Entrepreneurship Monitor found that the Total early-stage Entrepreneurial Activity rate in the UK amongst 18-24 year olds was more than double the rate in France and Germany.<sup>1</sup>

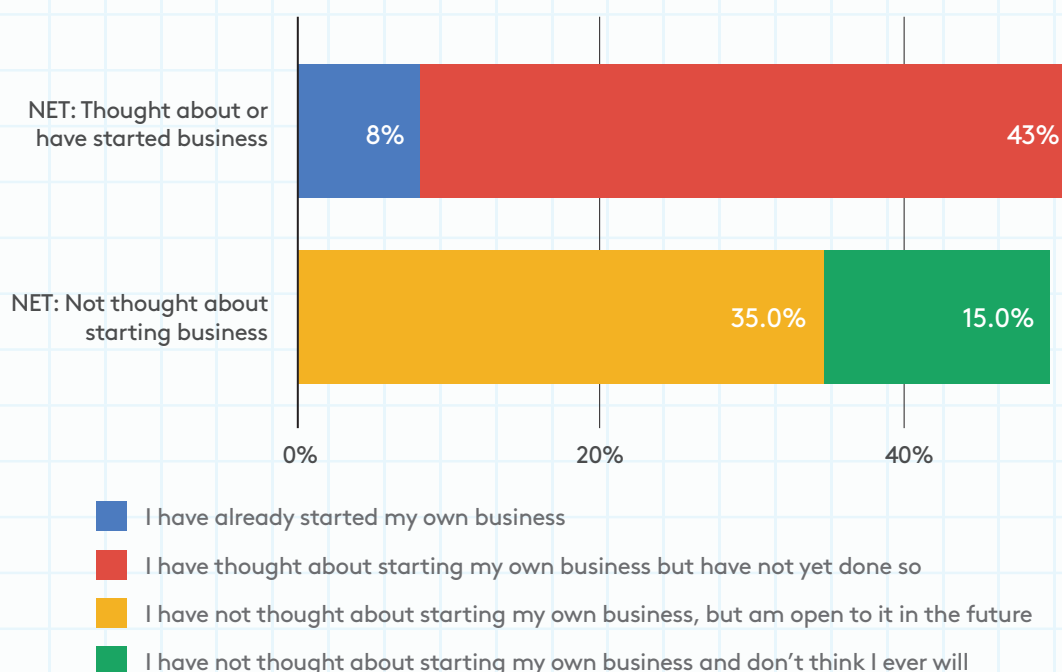
However, while many young people want to start businesses, most haven't yet. Just 8% of 14-25 year olds have started a business and there is a major gender divide.

Men are almost twice as likely to have

started a business compared to women (11% vs 6%). While men are much more likely to start a business, men and women have thought about starting businesses at roughly similar rates (45% and 41%, respectively). Past research, such as the 2018 Global Entrepreneurship Monitor, has found similar gender gaps (10.5% vs 5.2%) in entrepreneurial activity among the wider adult population (18-64).<sup>2</sup>

The high level of untapped entrepreneurial potential has been highlighted in a recent government review. The Rose Review of Female Entrepreneurship found that closing the gap between women and men could add an additional £250 billion in Gross Value Add to the UK economy, which is equivalent to 4 years of economic growth.<sup>3</sup>

Figure 1: Entrepreneurial intention



<sup>1</sup>Hart, M., Bonner, K., Heery, L., Prashar, N., & Levie, J. (2019) *Global Entrepreneurship Monitor 2018: United Kingdom Monitoring Report*.

<sup>2</sup>Ibid.

<sup>3</sup>*The Alison Rose Review of Female Entrepreneurship*, HM Treasury.

**11%** of males (aged 14-25) have started a business.

**6%** of females (aged 14-25) have started a business.

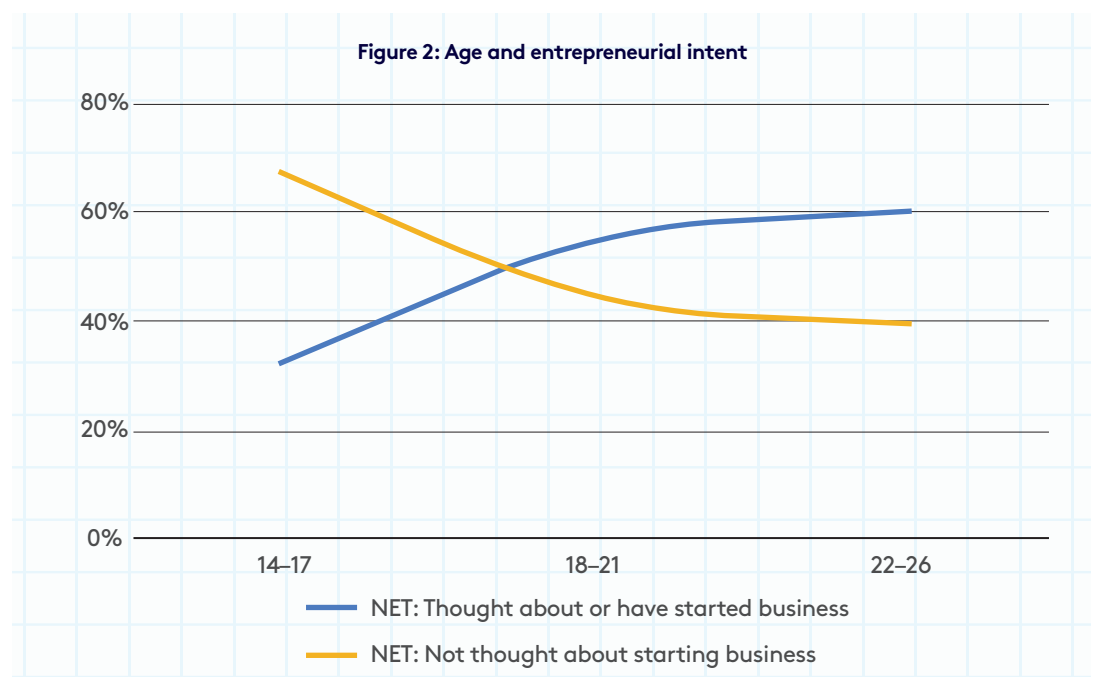
“Education has a significant impact on the propensity to start a company.”

Young people of all types become more entrepreneurial as they get older. While only 33% of 14-17 year olds have thought about starting a business, 60% of 22-25 year olds have. At the same time, the proportion of young people who don't think they will ever think about starting their own business falls from 20% (14-17) to 13% (18-25), suggesting young people are likely to rethink their initial opposition to becoming an entrepreneur.

Education has a significant impact on the propensity to start a company. Young people are more likely to have started or considered starting a company if they are attending (65%) or have graduated from university (63%) compared to 18-25 year olds who haven't attended university (53%). University students and graduates are nearly twice as likely to have actually started a business, compared to 18-25 year olds who haven't attended university (13% vs 6.9%).

When interpreting the data, we should be cautious. Research from Hart, Levie, and Shamsul finds that young people's entrepreneurial intentions tend to be over-optimistic. “The optimism of young people with the desire to set up a new business is not reflected in the numbers who actually go on and do so,” they write. “Indeed, many who start abandon within 12 months and this is in stark contrast to those aged over 30.”<sup>4</sup>

We should also be wary of increasing the number of young people starting businesses without adequate preparation. Recent research from the Institute for Fiscal Studies highlights high failure rates, with 60% of businesses closing within 5 years.<sup>5</sup> Nonetheless, experimenting with entrepreneurship may help individuals to develop skills that are applicable if and when they transition back into the workforce.



<sup>4</sup>Hart, M., Levie, J., & Shamsul, M. K. (2012) *Closing the Generational Start-Up Gap*.

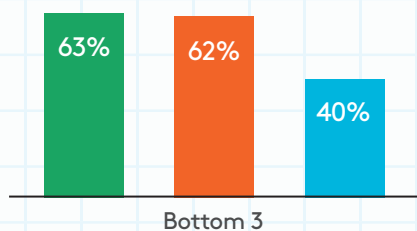
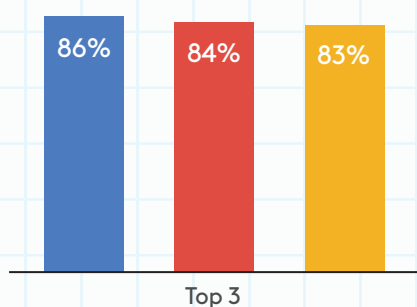
<sup>5</sup>Cribb, J., Miller, H., & Pope, T. (2019) *Who are business owners and what are they doing?* Institute for Fiscal Studies.

# What motivates Generation Z?

To better support the next generation of entrepreneurs, we need to understand what motivates young people to consider starting a business. Are they driven by necessity, a desire to earn more, or are there deeper reasons?

Our polling reveals that young people are drawn to entrepreneurship for a range of reasons. A desire 'to be your own boss' (86%) and the 'freedom to do what I want' (84%) were the top reasons reported by young people who have thought about starting or have started a business. This is closely followed by 'being passionate about a particular idea or cause' (83%) and 'wanting to make the world a better place and/or make a positive difference' (76%). Money is still a motive, with 76% 'wanting to become wealthy' but it's clearly not the only factor.

Figure 3: Reasons for wanting to be an entrepreneur



- Wanting to be your own boss
- Wanting the freedom to do what I like
- Being passionate about a particular idea or cause
- Following the example of a person I admire
- Lack of other available employment opportunities
- Wanting to be famous

“I realised that I could make the difference I wanted by leading rather than following.”

Laura Norman,  
Founder of Chroma Marketing

'Wanting to be famous' was the weakest motivator, with only 40% agreeing and 36% disagreeing. Women were more likely to reject seeking fame as motivation compared to men. Aside from this, men and women tended to have similar motivations for starting a business.

Past research from the 2017 Global Entrepreneurship Monitor found that women were more likely to be motivated to start businesses in order to create meaning "such as helping others, making a difference to society, and building long term relationships with stakeholders".<sup>6</sup>

Of those 21-25 year olds who didn't attend university, the vast majority are likely to agree that wanting the freedom to do what they like was a reason that led them to starting or think about starting their own business (93% vs 85% secondary school, 83% university currently, or 80% university graduates).

However, 21-25 year olds who didn't attend university and have started or thought about starting their own business are slightly less likely to say they are motivated

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## Case study: AEROPOWDER

to consider entrepreneurship due to a 'lack of other available employment opportunities'.

Respondents studying creative arts or social sciences are more likely than those studying business or STEM subjects to agree that lack of other available employment opportunities was a reason that led them to think about starting their own business (65% vs 56% respectively). By their very nature, creative arts degrees are more likely to lend themselves to freelance or self-employed work.

Data from the Destinations of Leavers from Higher Education (DLHE) survey finds that whereas 4.9% of the general graduate population are self-employed, 25.4% of performing graduates work on a freelance basis. The creative arts subject with the lowest self-employment rate, design, still had a rate (13.8%) nearly three times higher than the average.<sup>7</sup>

In light of this, policymakers should consider directing more advice and support towards creative arts students to ensure their businesses have a greater chance of succeeding.

Past research finds a link between entrepreneurial motivations and entrepreneurial outcomes. Nascent entrepreneurs who placed a high importance on financial success tended to have better employment and sales outcomes, while a desire for independence was negatively associated with intended and achieved employment growth.<sup>8</sup>

<sup>6</sup>Hart, M., Bonner, K., Levie, J., & Heery, L. (2018) Global Entrepreneurship Monitor 2017: United Kingdom Monitoring Report.

<sup>7</sup>Kelly, P. (2018) *What do creative arts graduates do?* Prospects Luminare.

<sup>8</sup>Cassar, G. "Money, money, money? A longitudinal investigation of entrepreneur career reasons, growth preferences and achieved growth." *Entrepreneurship and Regional Development* 19.1 (2007): 89-107.



Entrepreneurs create businesses for myriad reasons, from passion about a cause to wealth or being one's own boss. For **Ryan Robinson**, co-founder of AEROPOWDER – the startup behind the world's first feather-based thermal packaging material – problem-solving was king. "I like one chance, no second try situations. Failure happens, and I know I can bounce back stronger."

AEROPOWDER started as a student project in 2015. "Studying to doctorate level gave me experience researching new ideas, making out future plans, public speaking and more."

It won the Mayor of London's Low Carbon Entrepreneur Competition, secured office space in the InnovationRCA incubator and gained access to the Climate-KC accelerator programme, which fosters environmentally focused startups. "I haven't suffered from a lack of role models in my journey so far, many of whom are involved in important social impact activities."

Robinson met his match in co-founder **Elena Dieckmann**. "She doesn't see gender as a barrier. She comes into any situation with a whirlwind of force and makes things happen. And she knows that, when push comes to shove, professional competence and expertise is valued by the right people."

Dieckmann came up with the concept of using waste feathers in sustainable materials and is continuing to explore the potential of waste chicken feathers in more detail through a PhD project. Robinson, meanwhile, is borrowing his "amazing" parents' car for client visits and their garden for prototyping as he explores the commercial potential of AEROPOWDER.

# Role models

The polling highlights the importance of exposing young people to entrepreneurship.

Half (52%) of young people have a family member or friend who is a business owner, and university graduates were the most likely to have a family member or friend who is a business owner or entrepreneur (58%).

Seven in ten (68%) respondents who have a family member or friend who is a business owner say that this has made them more likely to consider starting a business, compared to only 5% who say that this has made them less likely. Respondents who have started or thought about starting their own business are more likely to say they have a family member or friend who is a business owner or entrepreneur than those who have not thought about it (57% vs 47%, respectively).

Among those with a family member or friend who are business owners, men are more likely than women to say that it made them more likely to consider starting a business (74% vs 64%). One potential explanation is that role models are more influential when they are more relatable. This explanation is supported by a recent study by Chetty et al. on exposure to innovation.<sup>9</sup>

They find that children who grow up in areas with more inventors are more likely to go on to innovate themselves. Furthermore, exposure to innovation also affects the type of innovation you engage in. For instance, young people in areas where patenting rates for medical devices are high are more likely to invent new medical devices.

Has having a family member, family friend or personal friend who is a business owner made you more or less likely to consider starting a business?

MORE LIKELY

Males

74%

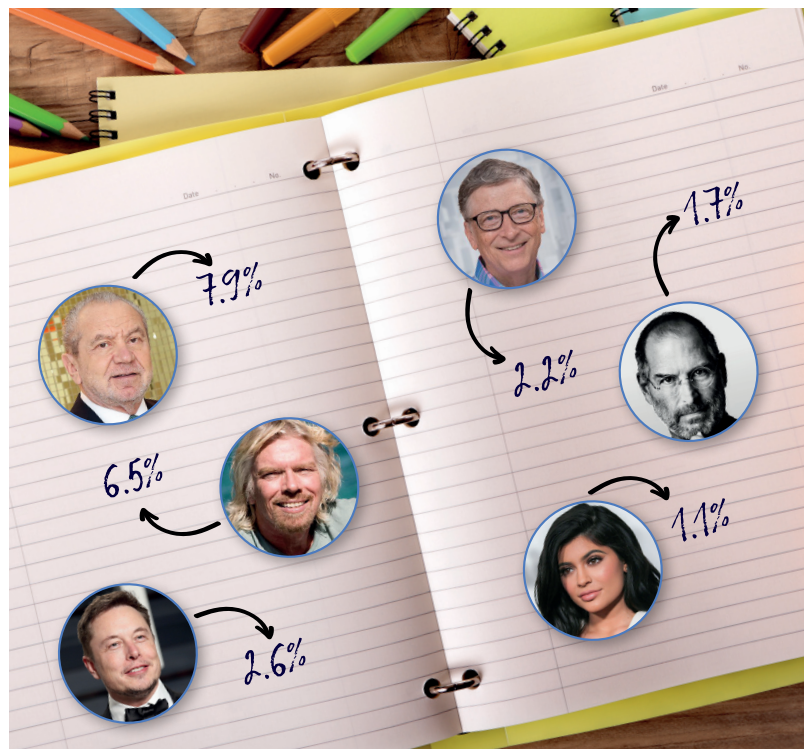
MORE LIKELY

Females

64%

There is a gender angle to Chetty et al.'s research. They find that while women are more likely to innovate if they grew up in an area with many female inventors, the number of male inventors in the area has no impact on their propensity to invent. The study predicts that if "girls were as exposed to female inventors as boys are to male inventors, the gender gap in innovation would fall by half."

As part of our polling, we asked young people to name an entrepreneur who inspires them. It makes for sobering reading: 57% of young people couldn't name an entrepreneur who inspires them. Lord Sugar is Britain's most inspiring entrepreneur (7.9%), closely followed by Richard Branson (6.5%). Elon Musk came third with 2.6%. Bill Gates (2.2%) and Steve Jobs (1.7%) were also named repeatedly. Kylie Jenner was the most commonly named female entrepreneur (1.1%).



<sup>9</sup>Bell, A., Chetty, R., Jaravel, X., Petkova, N., & Van Reenen, J. (2018). Who becomes an inventor in America? The importance of exposure to innovation. *The Quarterly Journal of Economics*, 134(2), 647-713.

**50%**

of young men could name an entrepreneur that inspires them, compared to

**35%**

of young women.

Teachers and students at EntFest, a celebration of entrepreneurship by the Peter Jones Foundation and hosted by the University of Buckingham.



We found a clear gap in entrepreneurial role models. Half (50%) of young men (aged 14-25) could name an entrepreneur that inspires them; only a third (35%) of young women (aged 14-25) could do the same. Of the entrepreneurs named, 85% were male, while 15% were female.

For those without direct connections to entrepreneurs, exposure through school will be the primary form of exposure to entrepreneurship. British people aged 14-25 are equally likely to say that becoming an entrepreneur or starting their own business is discussed rarely (34%), sometimes (35%) or often (31%) at their current educational institution.

However, those who have thought about starting or have already started their own business are significantly more likely than those who have not thought about it to

say that becoming an entrepreneur or starting their own business is discussed often at their educational institution (37% vs 24% respectively).

The findings above make a strong case for bringing more relatable entrepreneurial role models into schools and universities to widen the entrepreneurial talent pool. Policymakers should champion the work of organisations such as Founders4Schools, Girls in Charge Initiative, and Young Enterprise.

# Parental support

In addition to our polling of over 1,500 young people, we polled 544 parents with children under 18 on their attitudes towards entrepreneurship as a career path for their child. The polling revealed near unanimous approval of entrepreneurship as a career path.

Almost all parents who have children aged 18 or under (97%) say they would be supportive if their child(ren) were looking to start their own business in the future, with seven in ten (71%) saying they would be very supportive.

Support is strongest among parents where at least one parent runs a business, with 82% saying they would be very supportive. This contrasted with 71% for parents who have never run a business, and 65% for parents where at least one parent had run a business but no longer did. This suggests parents' experiences (success and failure) drive how supportive they are.

Almost half (43%) say they would be more supportive of their children's entrepreneurial ambitions if they went to university first, but 52% say it would make them no more or less supportive. These findings highlight the relative rise in the status of entrepreneurship in recent years.

Shifting back to young people, 84% believe their family would offer at least some emotional support if they wanted to start their own business with 52% saying they believe their family would offer a lot. Young people are less likely to believe their family would offer a lot of financial (27%) or technical support (26%).







“

Support is strongest among parents where one parent runs a business, with 82% saying they would be very supportive.”

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## Case study: HausBots



For some, entrepreneurship is less a choice than a destiny. **Jack Cornes's** parents left school at 15 to start businesses and the HausBots founder has always known that he wanted to follow suit.

Though the apple hasn't fallen far from the tree, Cornes has chosen an altogether different industry: HausBots is behind the innovative free-climbing, wall-painting robot. As a child, Cornes watched his father build a meat business from market stall to a major supermarket supplier and accompanied him to customer meetings. At 8, he sold vegetables, at 14 he founded a successful online clothes retailer, and by 15 he was trading at markets and festivals up and down the country.

A serendipitous encounter with Vita Coco founder Giles Brook, who was giving a speech at Cornes's school, later led to a job at the beverage business. "It made me more determined to become a successful entrepreneur," he says. Indeed, the school of life had more to teach than traditional education, not least about the tenacity required to succeed.

After founding HausBots in 2017, he applied for "every entrepreneurship competition" he could find, later winning F Factor (along with £10,000 funding) and securing pre-seed funding (£210,000) from the British Robotic Seed Fund. He could have "found a way without these schemes," but HausBots would likely still be a side project.

Cornes worries that there is too much pressure on academia, adding that many friends are now graduating and either lament having gone to university or are realising they want to start businesses. "My dad pretty much said: 'Don't go to university. Learn with someone else's money.'" Cornes wants to see more role models and entrepreneurs in schools showing what's possible and presenting different, exciting career paths: "What we're trying to build could be an industry-changing innovation. That's why it's so exciting."

# Barriers

According to young people, not knowing where to start (70%), fear of failure (68%), and not knowing the right people (67%) are the three biggest barriers to starting a business.

Young people were least likely to agree that paying off student debt was a major barrier to starting a business. However, current university students were significantly more likely to say it was a barrier (62%).

The relative unimportance of student debt may be the result of the progressive repayment structure. In contrast, under the US system, there is evidence that student debt reduces the probability that a young person will start a business and increases the impact of business failure.<sup>10</sup>

Women (71%) are significantly more likely to say fear of failure is a bigger barrier than men (63%). This mirrors data from the Global Entrepreneurship Monitor which has found that fear of failure has persistently been a bigger barrier for women. Students at university were most likely to agree that fear of failure is a barrier to them starting a business (74%).



Figure 4: Barriers to starting a business

	Net: Barrier	Net: No barrier	Don't know
I wouldn't know where to start	70%	27%	3%
Fear of failure	68%	29%	4%
I don't know the right people	67%	30%	4%
Lack of mentors to show me the way	60%	35%	4%
I don't want to take big risks	59%	38%	3%
Not being able to get a loan or credit	58%	35%	7%
I don't have a good business idea	57%	39%	4%
I don't see myself as an entrepreneur	50%	45%	5%
Paying off student debt (only those at university or with a degree)	43%	46%	11%

UCL Base KK event - credit to Alejandro Walter Salinas Lopez

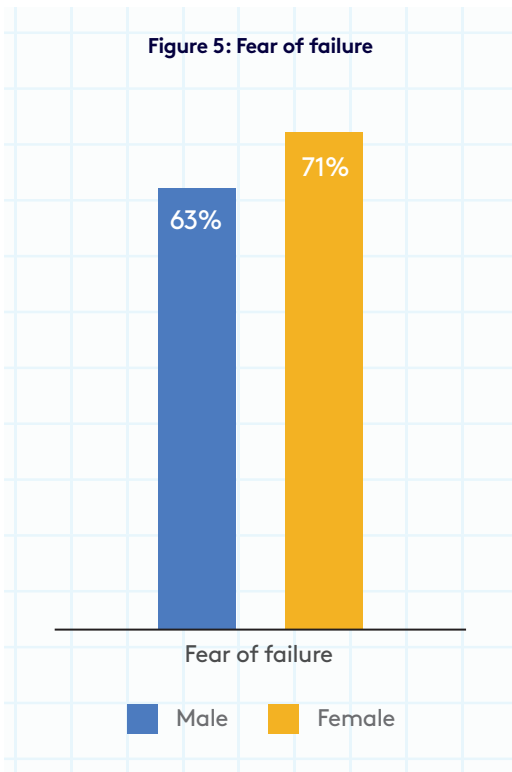
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Failure is something that often crops up at times along the journey. I have often thought to myself that if the worst were to happen, how bad can that be? Many of the most well known and successful entrepreneurs ‘failed’ many times before succeeding.”

**Anastasia Chinery,**  
**Founder of Anopia Events**

<sup>10</sup>Krishnan, K., & Wang, P. (2018). The Cost of Financing Education: Can Student Debt Hinder Entrepreneurship? *Management Science*.

## Case study: Musemio



Not being able to get a loan or credit was listed as the sixth biggest barrier for young entrepreneurs. Past research from the Global Entrepreneurship Monitor found that finance was seen as the biggest barrier to starting a new business and that young people were significantly more likely to mention it than over 30s.



Virtual reality edtech startup Musemio is a labour of love for **Olga Kravchenko** and **Kaitlin Fritz**. “For us, though there are advantages to being an entrepreneur, like freedom, we started Musemio because of our own personal experiences and our goal of democratising cultural education through technology.”

“I think every entrepreneur goes through the fear of failure and more commonly, imposter’s syndrome.” They overcame a fear of failure by accepting “the unknown on a personal level” and drawing on support from their mentors.

Highlighting the importance of role models, they state “as two non-traditional, immigrant founders starting a business in Britain, we are grateful for the female founders and community that have come before us.”

Kravchenko and Fritz don’t see edtech as the most “glamorous” tech startup sector compared to the “more profitably robust fintech and healthtech”, but they derive huge satisfaction from solving a “pressing” problem in making the arts “more accessible – and fun” for children.

# Skills to succeed

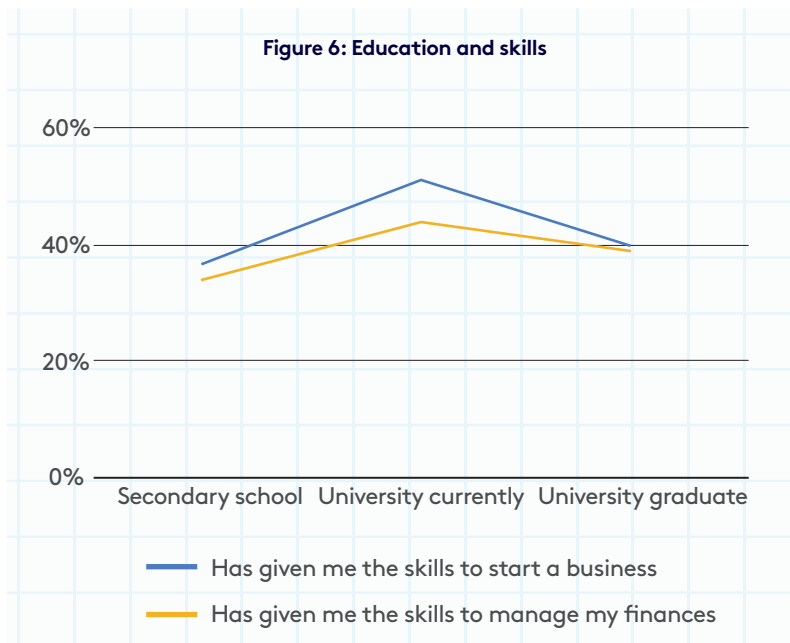
Two in five (38%) British people aged 14–25 say that their education has given them the skills they need to start a business, compared to a quarter (26%) who say that it has not.

Half of respondents studying at university (51%) or studying business (55%) say that their education has given them the skills they need to start a business – significantly more likely than any other cohort or subject tested, respectively. However, this falls to 39% for university graduates, suggesting that some knowledge isn’t transferring from the classroom to the real world.

Past research from Levie, Hart, and Anyadike-Danes raises similar concerns. They state: “[Our] analysis shows that UK entrepreneurship educators spend too much time on technical skills such as business plan writing and financial forecasting and not enough on encouraging students to spend time in the market, engaging with potential customers on the issues they are facing.”<sup>11</sup> This highlights the need to combine classroom-based enterprise education with more hands-on practical work experience.

We also asked young people whether they thought their education has given them the skills they need to manage their finances. **21-25 year olds who didn’t attend university are more likely than any other group to say that their education has not given them the skills they need to manage their finances adequately (45%).** This suggests that not enough is being done to help young people manage their finances effectively when they are in secondary or further education. There could be a selection effect here: if you’re not a good student and don’t go to university, you might be less responsive to financial education at school.

Figure 6: Education and skills



A student at EntFest, a celebration of entrepreneurship by the Peter Jones Foundation and hosted by the University of Buckingham.

<sup>11</sup>Levie, J., Hart, M., & Anyadike-Danes, M. (2009). The effect of business or enterprise training on opportunity recognition and entrepreneurial skills of graduates and non-graduates in the UK. *Frontiers of Entrepreneurship Research*, 29(23), 1.

# Concluding remarks

This report highlights the vast untapped entrepreneurial potential of Britain's youth. Over half of Generation Z see entrepreneurship as an option, but entrepreneurial intentions often don't lead to the creation of real businesses.

To an extent, this should not be a cause for concern. Not everyone is ready to start a business – for the vast majority of young people employment will be a better option. Still, it is important to understand the motivations, intentions, and barriers faced by young people. We want to avoid replicating the US situation where today's young people are less likely to start businesses than past generations.<sup>12</sup>

We should also want to improve the diversity of the entrepreneurial talent pool by closing the gap in start-up rates between young men and women. **Unlocking the entrepreneurial talent of under-represented groups will bring fresh perspectives to bear and lead to the creation of new disruptive businesses.**

Our polling raises a number of issues for policymakers to consider. First, Britain's youth are more likely to be motivated by the desire to be independent or to work on something they are passionate about than by a desire to get rich quick. This should inform the way educators talk about entrepreneurship. Teachers could, for example, discuss with pupils how entrepreneurship can be used to solve pressing social problems.

Second, young people believe 'not knowing where to start' is the biggest barrier preventing them from starting a new business, closely followed by a 'fear of failure'. Consistent with past research, 'fear of failure' was a bigger issue for

“  
Creating a safe space for young people to experiment with starting a business might help build their confidence.”

young women. Creating a safe space for young people to experiment with starting a business might help build confidence and knowledge. The government should champion schemes such as the Peter Jones Foundation's Tycoon Enterprise Competition, where students are lent money to build businesses, but only have to pay it back if they break even, allowing them to try entrepreneurship in "a safe and controlled environment".

Third, and perhaps most importantly, **we need to promote more relatable entrepreneurial role models.** Our polling found that young people are more likely to start businesses if they know an entrepreneur. But most young people are unable to name an entrepreneur who inspires them. Of the entrepreneurs that were named, the vast majority (85%) were male. This is important because past research shows that role models have a greater impact when they are relatable. Closing the gender gap and drawing on a wider range of entrepreneurial talent will require us to champion a more diverse range of entrepreneurs.

To support the next generation of entrepreneurs, we need policymakers to tackle the issues raised in this report. We will all benefit, if we can tap into the vast untapped entrepreneurial potential of Generation Z.

<sup>12</sup>John W. Lettieri (2016) "America Without Entrepreneurs: The Consequences of Dwindling Startup Activity" Testimony before The Committee on Small Business and Entrepreneurship, United States Senate.

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## About The Entrepreneurs Network

The Entrepreneurs Network is independent, non-profit and non-partisan. We support entrepreneurs by:

- Producing cutting-edge research outlining the benefits of easing unnecessary burdens upon enterprise;
- Hosting regular events to bridge the gap between the aspirations of the entrepreneurial community and policymakers;
- Building a network of entrepreneurs who are keen to improve the public policy debate;
- Championing entrepreneurship and making the case for a more entrepreneurial society.

We are also the Secretariat of the APPG for Entrepreneurship. The APPG for Entrepreneurship was set up to encourage, support and promote entrepreneurship and to engage with entrepreneurs; and to ensure that Parliament is kept up to date on what is needed to create and sustain the most favourable conditions for entrepreneurship.

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