



## TAKING ENTREPRENEURSHIP GLOBAL

A briefing paper prepared by Make Your Mark,  
the UK's campaign to unlock enterprise potential

Entrepreneurs drive economic growth. All countries depend on the aspirations and ideas of their people to innovate, create jobs and prosper.

Ever-faster means of communication and increasing ease of travel make it easier for entrepreneurs to start up and succeed on a global stage.

But nations must do more than just rely on these trends. They need to unleash their citizens' ideas to scale up enterprise. This means using tried-and-tested tools, like enterprise campaigns and education initiatives, to encourage people to think and act in enterprising ways: to spot opportunities, marshal resources, and turn their ideas into reality. Above all, it means engendering a 'global mindset' amongst budding entrepreneurs – in order that they think on a global scale, have global ambitions and make global connections. This briefing offers some suggestions on how to do this.

1. Parker, S.C. (2005) 'The economics of entrepreneurship: What we know and what we don't', *Foundations and trends in entrepreneurship*, Vol.1, No.1, pp.1-54.

2. Saxenien A (2006) 'The New Argonauts', Anna Lee Saxenien, Harvard University Press

3. Nickerson, R.S. (1999) 'Enhancing Creativity', in ed. Sternberg, R.J. *Handbook of Creativity*. Cambridge University Press.

4. For instance, networks are known to increase the survival and growth rate of start-ups (Brüder, J. and Preisendörfer, P. (1998) 'Network support and the success of newly founded business', *Small business economics* 10(3), pp. 213-225) and networked individuals are likely to enjoy higher returns on their ventures than those who are not (Burt, R. (2000) *The network structure of social capital*, University of Chicago and European Institute of Business Administration (INSEAD), Helsinki).

5. For an overview of factors underpinning enterprise performance, including connectivity, see Atherton, A. (2007) 'Mapping enterprise: challenges and constraints in developing spatial measures and indicators of entrepreneurial activity,' paper presented at the RGS-IBS Annual Conference 2007.

6. It is of course the case that many businesses start – and stay – local. The argument, however, is that it is now easier for businesses to become global, and for businesses to be founded without a fixed geographic market.

## Entrepreneurs underpin growth

In an increasingly competitive world, societies and communities need more entrepreneurs. They innovate, create jobs, increase economic growth<sup>1</sup> and therefore help ensure a nation's competitiveness. More broadly, economies require people with enterprising skills as employees who can innovate and help companies to grow. Entrepreneurs and enterprising people spot opportunities, take risks, have ideas, and make them happen.

Entrepreneurship is not a zero-sum game. One country's success does not deprive other countries in the long-term. For example, it is currently the dynamism of India and China that is shoring up growth and enabling businesses to remodel themselves. Entrepreneurs help cement trade opportunities between emerging and established economies.<sup>2</sup> In addition, the sharing of ideas between entrepreneurs and innovators across the globe are our best hope in tackling the major global challenges of poverty and climate change - two problems which connect all nations and where opportunities for collaboration are the greatest.

## What enterprising people need

But if entrepreneurs are to drive up growth and address social and environmental issues they need three things to succeed:

**/ Inspiration.** Entrepreneurs are creative – they produce new and better products and services and ways of delivering these. In order to maximise creativity, entrepreneurs and others need their curiosity to be stimulated and rewarded in a culture that offers plenty of opportunities for exploration.<sup>3</sup> The environment must celebrate and reward risk-taking.

**/ Resources.** Most obviously this means tangible support – start-up capital, or production inputs. Equally important are intangible resources, such as advice on pricing or marketing strategies. This could come from state business support, peer-group networks, or mentors.<sup>4</sup>

**/ Markets.** Businesses must have buyers for their products. But this is not enough. They also need 'connectivity' – a route to get their product/service to those buyers, which includes transport links and internet connections.<sup>5</sup> It is possible for businesses to be 'born global' - with a global vision and serving global markets.<sup>6</sup>

## Global horizons mean new opportunities

Since the 90s we have witnessed an unprecedented increase in the speed of communications across the world, and a decrease in the barriers to movement – of people, products and services. This has enabled enterprise and amplified opportunities for entrepreneurs, as illustrated by the following case studies.

**/ Inspiration.** Coffee Republic was formed in 1995 by Bobby and Sahar Hashemi, a British brother and sister team. They found their inspiration abroad and took their business idea back home. On a trip to New York, they found that the city's coffee bars offered a high quality and wide choice of espresso-based coffee drinks not available in the UK. The idea travelled well: Coffee Republic now operates over a hundred coffee bars in the UK and has expanded internationally to countries including UAE, Ireland, Bahrain and Oman. The company now has a market capitalisation of around £6.5 million (equivalent to around US\$12.8 million).

**/ Resources.** Kiva.org was set up in 2005 to link providers of finance with those seeking small sums to start a business. The website allows lenders to find entrepreneurs in other countries and contribute capital to their projects. Kiva's 270,000 lenders have provided 40,000 borrowers in 40 countries with loans totalling US\$27 million.

**/ Markets.** The speed of growth of the internet has allowed internet-based businesses to find consumers more easily, and therefore scale up their activities very fast. An example is Google, founded in 1998 by two people, Larry Page and Sergey Brin, which now employs 20,000 people. Google is one of the five most popular sites on the internet, and is used by millions of people worldwide, with a market capitalisation of US\$179 billion. In a similar vein, the social networking site Facebook has over 72m users worldwide.

## Young people can grab new opportunities

Thus, aspects of globalisation are helping entrepreneurs, and one of the best ways to take advantage of these factors, to create wealth and social benefit, is to focus on young people - who are particularly affected by the changing environment<sup>7</sup>.

**/ They think about entrepreneurship and want to be their own boss.** For instance, 40% of adolescents in the US are interested in starting up a business.<sup>8</sup> In the UK, 16-24 year-olds think more about starting a business than any other age group.<sup>9</sup> In fact, in most countries the 25-34 age group is most likely to demonstrate early-stage entrepreneurship.<sup>10</sup>

**/ They think about global issues.** The success of campaigns such as Invisible Children<sup>11</sup>, and of campaigns to raise the profile of issues such as poverty or climate change, shows that young people care about global issues. In the UK, the highest level of social entrepreneurial activity is amongst the youngest age group, aged 18-24.<sup>12</sup> Young people think about global issues and want to find sustainable solutions to tackle these.

**/ They increasingly want to travel and spend time abroad.** For instance, around 200,000 Britons take a gap year every year, with 130,000 straight out of school.<sup>13</sup> Young people are therefore increasingly exposed to different environments, increasing their chances of spotting opportunities.

**/ They use social media.** Recent studies show that the average young person online has 86 people in their social networking community.<sup>14</sup> Many use social media to reach out across the globe, again increasing chances of spotting opportunities. For instance, an impressive 93% of Chinese young people aged 8-14 have more than one friend online they have never met face to face.<sup>15</sup> Many already use their access to the internet in an entrepreneurial way - in the UK, one in seven 18-24 year old users of social media to earn money through their web-pages.<sup>16</sup> Online businesses will not scare this age-group.

## What we can do to help

If young people are to fulfil their potential, relying on enabling factors and trends is not enough. Countries can do more: encourage more young people to think about enterprise; turn these 'thinkers' into 'doers'; and help budding entrepreneurs to broaden their horizons in order to tap into these new opportunities.

### In particular, countries should:

**/ Inspire more young people.** Entrepreneurship-promotion campaigns in the UK have helped increase the proportion of young people starting up and running a business. Evidence shows that Total Entrepreneurial Activity<sup>17</sup> among 18 to 24 year-olds increased from 2.7% in 2002<sup>18</sup> to 3.7% in 2006 - an increase of 37%. This compares to a 7% increase for the entire population, from 5.4% to 5.8% of the same period. In addition, 64% of 18 to 24 year-olds in the UK think entrepreneurship is a good career choice and 80% think that entrepreneurs have a high status in society, the highest of all age groups.<sup>19</sup>

**/ Upskill more young people.** Education plays a major role in equipping young people with skills for their future. Many education systems lack a focus on enterprise. The US-based Kauffman Foundation and NCGE in the UK have demonstrated the impact of enterprise can have on universities. Such a focus has been shown to increase the likelihood that people will set up successful businesses.<sup>20</sup> It also equips them for a successful career; research finds that children who take part in a business education scheme at school will go on to earn a third more than their peers.<sup>21</sup>

**/ Expand the horizons of more young people.** International exposure encourages people to 'think global'. For instance, evidence suggests that studying abroad increases 'global-mindedness' and interest in world affairs.<sup>22</sup> But more importantly, it develops entrepreneurial skills and attitudes: 90% of those surveyed felt that they were more open to new ideas, and 80% felt more able to make decisions as a result of study abroad.<sup>23</sup>

7. Some other groups are also well placed to take advantage of recent trends in transportation and communications, including for instance migrants, as described by Saxenian, A. (2006) *The New Argonauts: Regional advantage in a global economy*, London: Harvard University Press.

8. Harris Interactive, Inc. (2007) Survey Report created for the Ewing Marion Kauffman Foundation, October 15, 2007.

9. Department for Business Enterprise and Regulatory Reform (2005) SBS household survey of entrepreneurship [www.cabinetoffice.gov.uk/third\\_sector/Research\\_and\\_statistics/social\\_enterprise\\_research/~/\\_media/assets/www.cabinetoffice.gov.uk/third\\_sector/sbs\\_household\\_survey%20pdf.aspx](http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics/social_enterprise_research/~/_media/assets/www.cabinetoffice.gov.uk/third_sector/sbs_household_survey%20pdf.aspx) [accessed on 15.07.08]

10. The 'early-stage entrepreneurial activity' category as defined by the Global Entrepreneurship Monitor (for more information see [www.gemconsortium.org](http://www.gemconsortium.org)) includes those who are setting up a business as well as those who are owner-managers of a new business. See also Bosma, N., Jones, K., Auto, E. and Levie, J. (2008) *Global Entrepreneurship Monitor: 2007 Executive report*, US: Babson College, UK: London Business School [www.gemconsortium.org](http://www.gemconsortium.org).

11. The campaign aims to document and improve the lives of those living in regions of conflict and injustice. For more information see [www.invisiblechildren.com](http://www.invisiblechildren.com).

12. Harding, R. (2006) *Global Entrepreneurship Monitor - Social entrepreneurs specialist summary 2006* [www.gemconsortium.org](http://www.gemconsortium.org).

13. Year Out Group quoted in VSO (2007) *Ditch (un)worthy causes*, VSO advises gap year students, press release 14 August [www.vso.org.uk/news/pressreleases/ditch-unworthy-causes.asp](http://www.vso.org.uk/news/pressreleases/ditch-unworthy-causes.asp).

14. MTV, Nickelodeon and Microsoft (2007) *Youth and digital tech*, [http://advertising.microsoft.com/asia/NewsAndEvents/PressRelease.aspx?Adv\\_PressReleaseID=629](http://advertising.microsoft.com/asia/NewsAndEvents/PressRelease.aspx?Adv_PressReleaseID=629).

15. Ibid.

16. The Future Laboratory (2008) *Myspace 08: People. Content. Culture*.

17. Total Entrepreneurial Activity comprises all the people who are setting up a business by themselves or with other people as a stand-alone activity, those who are setting up a business by themselves or with other people as part of their work, and those who own or run a business that has not been paying salaries for more than 42 months. For further information please see the *Global Entrepreneurship Monitor* [www.gemconsortium.org](http://www.gemconsortium.org).

18. Harding, R. (2002) *Global Entrepreneurship Monitor - UK 2002 report* [www.gemconsortium.org](http://www.gemconsortium.org).

19. Harding, R. (2007) *Global Entrepreneurship Monitor - UK 2006 report* [www.gemconsortium.org](http://www.gemconsortium.org).

20. Harding, R., Brooksbank, D., Hart, M., Jones-Evans, D., Levie, J., O'Reilly, M., and Walker, J. (2006) *Global Entrepreneurship Monitor - UK 2005 report* [www.gemconsortium.org](http://www.gemconsortium.org).

21. AOL United Kingdom (2008) *Young Enterprise scheme hailed*, 30 May <http://money.aol.co.uk/money-news/young-enterprise-scheme--hailed/article/20080529013409990001> [Accessed on 15.07.08]

22. Hadis, B.F. (2005) 'Why Are They Better Students When They Come Back? Determinants of Academic Focusing Gains in The Study Abroad Experience', *Frontiers: The Interdisciplinary Journal of Study Abroad*, Vol.11, pp. 57-70.

23. Ibid.



## CALL TO ACTION

Achieving an economy's entrepreneurial potential requires every part of society to be mobilised. We recommend the following:

1. **Governments** must support the promotion of entrepreneurship amongst young people. They cannot do this on their own - and so should support other actors working towards this goal
2. **Education systems** must equip and upskill young people with an enterprising spirit and global mindset - from an early age
3. **Businesses** must offer opportunities to develop entrepreneurial abilities of their employees, provide space to use these in the workplace, and work with educators to bring enterprise to life
4. **The media** must be inspired and encouraged to celebrate entrepreneurship, and inform the public about the economic and social contribution of entrepreneurs
5. **Social media** must provide platforms that break down barriers, such as language, and enable connections
6. **Entrepreneurs** must act as role models for young people by sharing their stories, by mentoring, and by encouraging the next generation of entrepreneurs

Individually, countries can achieve much of this. But working together, and harnessing the power of social media and young people's interest in enterprise and global issues, they can accomplish much more. Nations should therefore share best practice, build common activities, and create a movement, greater than the sum of its parts, which would unleash young people's entrepreneurial ideas worldwide.

