

ENTREPRENEURS AS CO-OPERATIVE CAPITALISTS: HIGH TECH
CEOS IN THE UK

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Abstract

This paper presents the findings of a survey of CEOs in the UK high tech SME sector. Based on 510 responses, it builds up a picture of personal backgrounds, careers, reasons for starting or acquiring the business(es) and business objectives. A typology is developed, based on business objectives, of 'co-operative capitalists', 'capitalists', 'co-operatists' and 'coasters'. Participants' own comments show the importance of lessons learned in past employment, a cautious approach to business development, and an orientation to satisfying customer needs through employee involvement, often part of a 'stakeholder' and/or ethical orientation.

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1. Introduction

Interest in high tech SMEs boomed in the 1980s, waned in the early 1990s, and has subsequently revived under a different political climate and set of research questions, coalescing around clustering and networks. The original boom in interest stemmed from the promise that SMEs seemed to hold out for employment growth (Birch, 1979), and high tech industries for economic revitalisation and transformation. High tech SMEs offered both, but their performance in the 1980s was mixed, particularly on the employment growth front. Interest by policy makers waned (Oakey, 1994). SMEs have fared much better in the 1990s, and in some localities, such as East Anglia (Keeble, 1998), have begun to live up to their original promise.

This paper is not about high tech SMEs *per se*, but the people who start/acquire and run them. I call them entrepreneurs in the broadest sense. (If entrepreneurs pursue opportunities and create economic value as a result, some pursue opportunities more vigorously than others, and some create more value than others.) There is, of course, an enormous literature on entrepreneurs and entrepreneurship, as well as typologies of this literature. Chell (1986) identifies 'psychodynamic', 'social development' and 'trait' approaches. The first (eg. Kets de Vries, 1977) points to distinctive early or family experiences, which create a restless, indeed 'deviant' personality which is said to lie behind entrepreneurship. The second, by contrast, assumes the importance of early, formative years, but 'places equal emphasis on the way adulthood itself may shape new entrepreneurial ideas and ambitions' (Gibb and Ritchie, 1981, 185). This approach emphasises the social context of entrepreneurship. The third and most common approach is in attempts to identify a trait or group of traits which differentiate the entrepreneur from others (eg. McClelland's (1961) 'achievement motivation'). Chell, Haworth and Brearley (1991) attempt to reconcile the limitations of these approaches by

building a hierarchical model of entrepreneurs, quasi entrepreneurs and business owners based on socially-influenced behavioural characteristics.

My purpose is not to distinguish 'real' entrepreneurs and their behavioural characteristics as such. It is, rather, to present a 'grounded' analysis of the people who start/acquire and run high tech SMEs. To do so, one must also recognise the 'embeddedness' (Polanyi's popularised expression) of entrepreneurs and the entrepreneurial process. As Stanworth and Gray (1991, 165) note: '(I)t would appear that many entrepreneurial or business behaviours can best be understood by reference to the situation or context in which they have occurred.'

There are various embedding contexts, which cannot all be explored here, much as they would strengthen the overall arguments and findings. This paper reports on a survey, constructed with a view to international comparisons, initially with a Japanese survey.¹ The focus of the quantitative part of the survey is on personal contexts, but the open questions help to contextualise this in a broader context - the context in which the CEOs of high tech SMEs started/acquired and developed their businesses. It is a context of economic and social change, industrial transformation and corporate restructuring in the UK during the past 20-30 years.

It is this context in which Keeble, Bryson and Wood (1992, 1997) have studied entrepreneurship and the emergence of small business service firms. They have shown that the occupational and educational backgrounds of the founders of such firms are different from those of 'traditional' manufacturing firms, or the self employed in general, that they have distinctive business objectives, distinctive workforces, and client networks. The survey here of 'high tech' CEOs incorporates some of these business services, but also includes manufacturing, reasoning that the distinction between manufacturing and services has become increasingly blurred, and that Keeble et.al's findings are perhaps part of a broader picture of change in the UK.

Conceptions of entrepreneurs are still strongly influenced by stereotypical images; fortune-seeking, risk-all individuals who, with brilliant technological insight, create thriving business empires from scratch, transforming the economic landscape.² Where conceptions are grounded, it is in US soil, and the rarity of such individuals elsewhere prompts soul searching about the failure of national institutions and attitudes to nurture entrepreneurship.³ There are indeed lessons to be learned from the US, such as the support role of venture capital providers, but rather than asking why we aren't more like the US, it may be more fruitful to explore the characteristics of entrepreneurship in different socio-economic contexts. This is the ultimate aim of this research.

The findings of the survey present a different picture of entrepreneurs and entrepreneurship than stereotypical images. The entrepreneurs of this study espouse a mixture of both 'financial gain' and 'stakeholder' business objectives, but the latter are more salient. They are cautious about the development of their business, and take their cues from customers. They are team leaders rather than individualists, and try to deliver customer satisfaction by motivating and involving their employees. Many express ethical concerns. Hence the significance of the title 'co-operative capitalists.'

The paper is divided into three main sections. The first provides a descriptive overview of the Entrepreneur Survey. It sketches the respondents'- 'participants''-backgrounds, their parents' backgrounds, previous work experience, founding/acquisition of their business, present personal circumstances and future plans. The second section analyses the business objectives of the participants, and based on factor analysis, presents a typology: *capitalists*, *co-operatists*, *co-operative capitalists* and *coasters*. The personal and business characteristics of these four types, and the performance of their businesses, are discussed. The third section is based on the Survey's open questions, in which participants were invited to recall any critical events or experiences which influenced their approach to, and the development of, their business.⁴ Their observations provide rich

insights into personal and business orientations, business development, and the contexts in which entrepreneurship is embedded in the UK. The concluding comments consider the significance of the findings for our understanding of entrepreneurs and their socio-economic context. The questionnaire itself, and raw data, may be found in the Appendix.

2. The Entrepreneur Survey

2.1. The survey

A questionnaire, administered by the ESRC Centre for Business Research (CBR) at Cambridge University, was sent to CEOs of 2000 single site, independent businesses listed on the Dun and Bradstreet Database in January, 1998. The SIC codes of these businesses fell within Butchart's (1987) classification of 'high tech' industries, which is broadly based on R&D intensity, and the proportion of scientists, professional engineers and technicians in the workforce (cf. table 1). Although this classification of 'high tech' is not without its problems, it has been used effectively in a number of other studies (e.g. Hughes and Moore, 1997). Half of the businesses were in 'manufacturing', a quarter in 'computer services', and a quarter in 'other services'. A quarter of the businesses had fewer than 20 employees, half had 20-99, and a quarter had 100-199. The objective was not to obtain a representative sample, which would have greatly increased the number sent to microbusinesses (i.e. fewer than 10 employees), but to include a large proportion which had grown to some extent, and hence shown entrepreneurial drive at some stage.⁵ The upper size limit was intended to increase the response rate. (CEOs of larger businesses are surveyed more frequently, and could be expected to respond less. CEOs of smaller businesses, by contrast, could be expected to respond more, and more fully, as they are less often studied.)

The overall response rate was 28.6%, which was an excellent result considering CEOs themselves were asked to fill in the questionnaire.⁶ The following analysis is based on 510 responses, as some late returns

and mistakenly coded responses have been excluded.⁷ Almost half (49.6%) of the businesses were in manufacturing, 26.7% in computer services, and 23.3% in 'other services' (table 1). Just over a third (35.5%) had less than 20 employees, 56.5% had 20-99, and 7.6% had 100-199, verifying the higher response rate of smaller businesses. The proportion of small businesses was higher in services, particularly 'other services' (table 2; figure 1).

Some 39.1% were founded before 1980, 34.1% in the 1980s, and 26.9% in the 1990s. Manufacturing businesses were longest established, computer service businesses were most recent (figure 2). More than three quarters (79.8%) were private limited companies. The balance was divided between proprietorships, partnerships, public limited companies, and others. Most of the proprietorships were microbusinesses, and the partnerships also tended to be small, while not surprisingly, the public companies were larger (table 3).

Almost three quarters (71%) of the participants described themselves as 'founder CEOs', with the balance divided between 'relative of founder CEO', 'promoted (non family) CEO', 'buy-out, buy-in CEO', 'recruited, scouted CEO' and 'other', in that order (table 4).

2.2. Personal backgrounds

The overwhelming majority (93%) of the participants were British-born, male (94.0%), 'white' or Anglo Saxon (97.2%).⁸ Either minority groups are under-represented in the high tech sector (or the original data base), or they are reluctant to answer questionnaires. Given the small number of non-white ethnic group participants, ethnicity will not be considered further here.

Age-wise, the majority were 'middle aged' (31.9% in their 40s, 38.1% in their 50s), while 16.4% were aged 60 or over, and 13.6% less than 40 (figure 3). Levels of formal educational and qualifications were remarkably high. Almost half (45.8%) had a university degree, most commonly in science or engineering (34.6%). A fifth (20.6%)

had a postgraduate degree, again mostly in engineering (13.9%) or in business/management (5.6%). Over a quarter (26.6%) had a vocational qualification, and almost a third (32.3%) were professionally certified (tables 5,6). There were marked differences by sector; only one third (32.5%) of manufacturing CEOs had a degree, for instance, whereas half (50.4%) of computer service CEOs and two thirds (68.6%) of other service CEOs were so qualified.⁹

Parents, too, had distinctive backgrounds, although not surprisingly, fewer had formal qualifications than their children. Nonetheless, 13.6% of fathers and 6.7% of mothers had a first degree, and 5.3% and 1.0% respectively had a postgraduate degree, and 17.4% and 7.7% were professionally certified (table 7). Almost half of the fathers and one in eight mothers (had) had professional or managerial jobs, while 56.6% of mothers were described as doing 'home/family work' (table 8). Not surprisingly, those whose fathers were manual workers tended to have businesses in manufacturing.¹⁰ A third of fathers and one in eight mothers (had) owned a business, or were a company director.

In brief, the participants of this survey were overwhelmingly white, British, middle aged and male. They had very high levels of education, and so did their parents, relative to their generation. Many were from professional or managerial families, and families in which parents were company owners or directors.

2.3. Careers

Eighty six percent of participants had started or acquired their own business. Asked when they thought about starting/acquiring their own business, over half (55.9%) replied 'after working for several years'.¹¹ As will become clear in Section 3, previous careers were crucial in providing skills, opening up opportunities, and influencing business orientations.

Regarding previous work experience, four in five (77.8%) participants had changed their business (job) before, commonly 1-3 times (71.7% of those who had changed). The previous business they had spent their longest time in - 5-9 years for 37.8%, 10-14 years for 24.8% - tended to be in the same sector as their current business, particularly for those involved in manufacturing. Here three quarters (74.5%) had a background in manufacturing, while in computer services and other services the figures for same-sector backgrounds were 42.1% and 45.7%. Interestingly, almost a third of those in other services had a background in manufacturing (cf. table 9).

The size of that previous business is particularly interesting. For almost half (45.7%) of the participants, the business had 300 or more employees, and for 60.3%, 100 or more employees. For only a quarter (26.3%) the business had less than 50 employees (table 10). The notion that small firms are better incubators than large firms (e.g. Fothergill and Gudgin, 1982) might apply to 'traditional' small firms, but not business services, as Keeble et al. (1992) have shown, nor it would seem, the high tech sector. It may well be as Keeble et al. argue, that this is because of the need for professional expertise, reputation and contacts with other large firms which provide the bulk of these firms' business. In addition, economic restructuring and corporate 'downsizing' in the 1980s and early 1990s might in part be responsible for these figures.

The most common jobs done in the previous business were sales and marketing, and research and development (figure 4). Two thirds had done either or both of these jobs. There was a significant overlap between those who had done sales and marketing on the one hand, and accounting on the other. Likewise, there was a significant overlap between R&D, and production and drafting (and to some extent production engineering).¹² To some extent, there were two groups - a white collar group and a 'productionist' group. However, a sizeable number did not fall into either group. In addition, both planning and personnel management were associated with both groups. In the present business, moreover, this division disappears, because

participants have to do a wide range of jobs in developing their business.

Regarding positions held in the previous business, the most common position was middle or junior manager, but a substantial proportion had held a senior management position as well (figure 5).

In sum, most participants had worked in other businesses, many of them quite large. They had been involved in sales and marketing, or research and development (or both), at least at a junior/middle management level, but often at a more senior level as well. They thus have quite a different profile from, for instance, craftsman founders of 'traditional' manufacturing SMEs. But are the motivations for starting/acquiring a business different as well? Let us look at this next.

2.4. Starting/acquiring the business

One third (34.0%) of participants were younger than thirty when they started/acquired their first business, and three quarters (72.8%) were younger than forty (figure 6).¹³ Just under half (44.7) had started/acquired a single business, a quarter (25.7%) had started/acquired two, and 17.6% three. One in eight (12.3%), however, had started/acquired four or more, and two participants had started/acquired fifteen (figure 7).

Participants were asked about their reasons for starting/acquiring their present business by rating various choices as 'crucial', 'significant' or 'insignificant' (table 11). The three top choices rated 'crucial' were:

'I wanted to be my own boss' (54.6%)¹⁴

'I wanted to do something worth investing my energy in' (51.7%)

'I thought there was a strong future for this line of work' (46.0%)

The desire to be one's own boss in fact rates at or near the top of reasons for starting a business, whether high tech or 'traditional', in

many surveys, and in various countries.¹⁵ Likewise the second choice, wanting to do something worth investing energy in. These are personal motivations, and the third choice - a strong future for the line of work - suggests a facilitating opportunity.

The next set of choices - increasing income/wealth, getting on in the world and the desire to manage a business, are motivations commonly associated with the entrepreneurial drive, but enjoyment of life also clearly belongs in this band (in terms of importance attached to it). In their own comments, quite a few participants mentioned the importance of 'happiness', or 'having fun' (examples are given in section 3).

The list of reasons as it stands is long, and rather unwieldy. To make better sense of these answers, factor analysis may be used. This suggests five factors underlying the choices:¹⁶

- 1 advancement through independence (statements 9, 11, 10, 8)
- 2 self realisation through skill use/development (3, 4, 2)
- 3 taking opportunities (5, 6, 7, 1)
- 4 doing something meaningful (14, 13, 12)
- 5 lifestyle improvement (16, 15)

Although participants were obviously obliged to respond to the choices given, the above factors may be considered a reasonable indication of why people start high tech businesses. In most cases, the factors did not significantly vary by business characteristics, personal background or previous career. 'Advancement through independence', however, was more pronounced amongst younger age groups (perhaps it was fresher in their memories, and dimmer in those of the older age groups), in manufacturing, and in medium-sized businesses (30-49 employees), while 'doing something meaningful' was more pronounced amongst those with higher formal education, particularly those with a postgraduate degree.¹⁷

'Advancement through independence' was also pronounced among those with managerial or skilled manual fathers and administrative or manual mothers, and lower among those with professional or technologist fathers and mothers at home full time. Conversely, those with professional/technologist fathers scored high on doing something meaningful, while those with managerial fathers scored low on this factor. Those who scored high on 'lifestyle improvement' were more likely to have a manual worker mother and less likely to have a mother at home full time. With regards the 'early loss as spur to entrepreneurship' theory,¹⁸ participants who lost a parent before their eighteenth birthday rated taking opportunities and doing something meaningful significantly higher than those without such a loss, but it should also be noted that only one in eight (11.9%) had such a loss in the first place.

In sum, traditional reasons appeared to be the most important in the decision to start or acquire a business. Reasons which suggest an entrepreneurial orientation also figured. Factor analysis produced five groups of reasons, which did not differ greatly according to business type, entrepreneur background and previous career, although there were some differences by age, formal education and parents' background.

2.5. Resources for starting out

'Advancement through independence' can only be achieved with resources, some of which must be gained externally. In fact, becoming 'independent' is simultaneously a process of growing 'interdependence'.

First, it may involve a new kind of relationship with the former business. Of those who started/acquired their own business, 39.1% received some kind of help from their previous business, most commonly customer/client connections, technological expertise, finance, management/planning help, sales and marketing help, and emotional or moral support, in that order. Some have argued that such

links create a dependence associated with a 'dual structure' rather than an entrepreneurial economy, but on the positive side, they can facilitate eventual independence even if there is considerable dependence in the short term.¹⁹

Second, two thirds (68.6%) started/acquired their business with at least (and most commonly) one other partner. In a minority of cases (24.9% of those with partners) the participant's spouse/companion was one of the partners. Partners contributed finance, technological expertise, emotional or moral support, sales and marketing expertise, management/planning expertise, and customer/ client connections (table 12). Although differences by sector were not significant, differences by business size were (highly) significant; the larger the business, the more likely it was to have been started with partners. This suggests that there may well be tangible benefits in terms of growth through collaboration and the pooling of resources by partners.

There were also differences by legal status; only 22% of proprietorships were started with partners, versus 72.3% of private limited companies, 66.7% of public limited companies and 80% of partnerships. Going into business with partners does not simply involve pooling resources, but negotiations and adjustments between partners. As a recent study (Harding, 1999) has shown, this can be highly problematic. If having partners is important for growth, the frequency of breakdown of partnerships should be of great concern to policy makers.

Third, although most participants drew on their own sources of finance, as well as those of their partners, many also relied on external sources (table 13). By far the most common external source was high street banks. Sources that might be expected to fund 'high tech' enterprise like venture capital or business angels played a relatively minor role, less indeed than government schemes, at least in terms of frequency. There is considerable debate about the extent to which finance is a constraint for small firms, particularly high tech firms, but

the comments of many participants suggest relations with external funders is problematic, and shapes the way they develop their business (cf. section 3).²⁰

2.6. Working hours and income

Participants worked long hours. Over half (55.3%) worked ten or more hours per day, and over a quarter (27.6%) worked sixty or more hours per week (figure 8). On the other hand, over half (57.7%) took at least twenty days of holiday per year, excluding weekends and bank holidays. This suggests a pattern of hard work combined with relaxation, consistent with the reasons given for starting/acquiring the business. Those in middle-sized businesses (especially 10-29 employees) worked longer hours, while those in large businesses (50+ employees) worked shorter hours.

Annual incomes (including salary, bonus, shares, dividends and other emoluments, but excluding pension) varied, from less than £20,000 (9.0%) to £250,000+ (2.2%), but were commonly in the range from £30,000 to £70,000 (figure 9). Over half (57.6%) received at least £50,000 per year. In return for relatively long working hours, participants were quite well remunerated.

Not surprisingly, there were highly significant differences by size of business. The larger the business, the higher the income. However, there were also some exceptionally high earners in the middle size bands; 17.9% of CEOs in businesses with 10-29 employees had an annual income of £100,000 or more, including 2.4% with £250,000 or more. Differences by sector were also very significant; a high proportion of other service CEOs had lower incomes, while in manufacturing they were grouped in the middle (52.9% had an income of £30,000-£69,999), and in computer services they were spread, but a higher proportion had high incomes. And not surprisingly, there were very significant differences by legal status. Only 7.1% of proprietors had incomes of £100,000+, compared with

21.7% of private limited company CEOs and 43.8% of public limited company CEOs.

Differences by personal background, including education and even age, were not marked, with the exception of gender: 20.9% of men earned £100,000+ but only 3.9% of women, while 75.8% of women earned less than £50,000 but only 40.4% of men.

2.7. Future plans/ leaving the business

Future plans can shed light on entrepreneurs' personal motivations, and orientations towards their business. When asked about future plans, two thirds (65.1%) had thought about who would succeed them, the most likely candidates being: someone in the company (38.1% of the two thirds), someone outside the company (25.3%), and a son or daughter (21.0%). Not surprisingly, for micro businesses the first preference was for children, followed by someone outside the company, indicating both a family orientation, and perhaps limited managerial resources within the company.

As for whether they planned to be with their current business in ten years time, just over half (51.7%) replied in the affirmative. Some, of course, would be planning on retirement. If those aged 55 or over are excluded on the grounds that they might be expected to retire, the proportion planning to be with their business rises to 61.5%. Of those aged 54 or under, there were few clear-cut differences by personal background or business characteristic, or reasons for starting/acquisition. Microbusiness CEOs were more likely to plan to be with the business than other size groups, while those who scored high on taking opportunities were less likely. Those who scored high on 'financial gain' business objectives and low on 'stakeholder' objectives (discussed below) were much less likely, possibly indicating a more instrumental orientation towards their business.

3. A Typology of Business Objectives

The high tech entrepreneurs of this survey are mostly white, British, male, middle aged and highly educated. They come from distinctive families, often with managerial or professional if not company director or owner fathers, and sometimes mothers, although a third of fathers and one in eight mothers had semi skilled or skilled manual backgrounds. Most described themselves as founder CEOs, and most had started or acquired their own business. They began to think about doing so after working for several years, often in a large company, where they reached at least a junior/middle management level. They wanted to be their own boss, and get on in the world by becoming independent. In their current business, they work relatively long hours, but are relatively well remunerated. Although the majority plan to be with the business in ten years, there are differences according to business objectives, which we shall now look at.

3.1. Business objectives

What do entrepreneurs want to achieve through their business? This question is vital for understanding entrepreneurship, yet until recently, surprisingly few surveys have asked about it. Those that have, have tended to separate business and growth objectives. In this survey, startup/acquisition reasons have been separated from business objectives, but growth objectives are not treated separately.

Participants were asked whether certain objectives were 'very important', 'moderately important' or 'unimportant' for them in their business (table 14). The top two choices rated 'very important' were:

Build a business with reputation for product/service excellence (91.4%)

Provide a stable and positive environment for employees (63.3%)

The results confirm what many studies have shown - that making money is not the only, or even the main, objective. The above two

choices were rated 'very important' more often than 'maximise current and future returns for investors/owners' or 'increase the value of the business for potential capital gains'. Fewer participants rated the former objectives as unimportant as well.

Again, the list of choices can be made more intelligible with factor analysis. This results in two factors, and groups of objectives:

- 1 'financial gain', 'capitalist' objectives (statements 1, 2, 6)
- 2 'stakeholder', 'co-operatist' objectives (statements 4, 3, 5, 7)²¹

It is noteworthy that more people responded to the four statements of the second group than any of the first group statements. But this is not a case of 'either - or', since some participants who scored high on one set of objectives scored high on the other, and some scored low on both. It is possible to create two new variables - 'financial gain' and 'stakeholder' - based on responses to the seven objectives.²² Cross-tabulation shows that those who scored highly on financial gain objectives also tended to score highly on stakeholder objectives.²³ Nonetheless, those who scored medium or low on financial gain objectives also scored quite highly on stakeholder objectives, which were more salient.

3.2. Distribution of 'financial gain' and 'stakeholder' objectives

Which participants scored highly on financial gain and/or stakeholder objectives, and which scored low? Let us look at significant differences, first by personal characteristics and then by business characteristics, in roughly the order followed in section 1.

3.2.1. Age

Financial gain objectives were a high priority for the young - under 40 - but decreased with age (very significant). Stakeholder objectives were more evenly spread across age bands, but were particularly pronounced among the older participants (60+). These findings

suggest either that different generations have different objectives/values, or that these change with age, or possibly both. It would not be surprising to find that entrepreneurs hold different objectives in different stages of their life.

3.2.2. Gender

There was no significant difference by gender on either set of objectives, but the number of women participating and classified was not large (16). The relationship between gender and business objectives needs further exploration.

3.2.3. Education

There was no significant relationship between the possession of a degree or postgraduate degree and financial gain objectives, but those with a first degree (only) scored lower on stakeholder objectives than those with no degree or those with a postgraduate degree.

3.2.4. Parents' background

With regards to financial gain objectives, differences by father's occupation to some extent mirrored those for the startup/acquisition factor 'advancement through independence': those with manager fathers, or semi skilled, administrator, or technician/semi-professional fathers tended to score high, while those with professional or technologist fathers tended to score low, with those with skilled manual fathers in the middle. Only a quarter of the last two groups (26.5% and 26.4%) scored high, versus 42-50% for the other groups, suggesting they had internalised different values. Stakeholder objective differences were not significant, but the above relationship was reversed. Differences according to mother's occupation were not significant. Loss, separation or divorce of parents before the eighteenth birthday did not make a significant difference.

3.2.5. Annual income

There were clear differences on financial gain objectives according to income. The higher the income, the more strongly the objectives were rated; the lower the income, the lower the objectives were rated. The differences were quite stark. Perhaps the pursuit of financial gain objectives had rewarded the former with higher income, and indifference on the part of the latter had resulted in a lower income. Or perhaps the lower income was accepted through indifference, and the higher income justified by emphasis on financial gain objectives. Or both... Various explanations could no doubt be advanced to explain this relationship, and the direction of causation. There were no significant differences in stakeholder objectives.

3.2.6. Starting/acquisition factors

Cross-tabulating startup/acquisition factors and business objective factors produces a number of differences. Those for whom the 'advancement through independence' was very important also scored highly on financial gain objectives, while those for whom it was a low priority scored low on them. There were no such differences with stakeholder objectives, but those who scored high on 'self realisation through skill use/development' and 'lifestyle improvement' also scored high on stakeholder objectives. Interestingly, 'taking opportunities' and 'doing something meaningful' produced no significant differences.

3.2.7. Sector

There did not appear to be any significant differences by sector with regards to stakeholding objectives, but there were very significant differences with regard to financial gain objectives. Those in computer services scored high, and those in other services scored low. It will be recalled that there were these same sectoral differences in terms of annual income. We shall return to this in the typology discussed in section 3.3.

3.2.8. Size

There were clear differences by business size on both financial gain and stakeholder objectives. CEOs of medium-sized business (30-49 employees; also 10-29) scored highly on financial gain objectives. (The same group, it will be recalled, also scored highly on the startup motivation factor 'advancement through independence'.) CEOs of larger businesses on the one hand, but especially microbusinesses on the other, scored lower on financial gain. Quite a few of the latter may be similar to traditional 'livelihood businesses': the only startup motivation factor this size band scored higher than the others on was 'lifestyle improvement'. Stakeholder objectives were very important to (and to a higher proportion of) CEOs in all size bands, but more microbusiness CEOs scored lower, and more larger business CEOs scored higher than the middle size bands.

3.2.9. Legal status

There were very significant differences on both sets of objectives according to legal status. With regards to financial gain, proprietors scored low, private limited company CEOs scored high, and public limited company CEOs scored very high. With regards to stakeholder objectives, proprietors again scored low relatively, while public limited company CEOs scored high and private limited companies scored highest.

3.2.10. Co-founders

Those with co-founders/partners were more likely to score high - and those without were more likely to score low - on stakeholder objectives, and they were much more likely to score high on financial gain objectives as well. Those with co-founders/partners appeared to be actively pursuing both sets of business objectives, and as we have seen, their presence was positively linked with business size.

3.2.11. Future plans

Finally, those who did not intend to be with the business in ten years were more likely to score high on financial gain objectives, and those who were planning to be with the business were more likely to score low on financial gain objectives. (Conversely, those who scored high on financial gain objectives were more likely not to plan to be with the business, and those who scored low were more likely to plan to be with the business.) In addition, a high proportion of those who scored low on stakeholder objectives did not plan to be with the business in ten years. It would seem that those who did not plan to be with the business in ten years had a more instrumental view of their business.

Summing up, first, financial gain and stakeholding objectives were not mutually exclusive. Those who scored highly on one tended to score highly on the other. Some entrepreneurs, it would seem, dynamically pursue both, others incline to one or the other, and yet others rate low on both. Second, it would appear that, to some extent, there is a life-cycle element, and perhaps a generational element, in entrepreneurs' business objectives. Financial gain is more important to younger entrepreneurs, but the importance diminishes with age. Stakeholder objectives tend to be lowest for middle aged entrepreneurs - perhaps they are busy with other concerns, like family - and highest for the older age group.

Third, differences by education were not marked, but participants with a first degree scored higher on financial gain objectives than those without or those with a postgraduate degree.²⁴ Fourth, family background appears to make some difference: those with manager fathers tended to rate financial gain objectives higher and stakeholder objectives lower, while this was reversed for those with professional or technologist fathers. Fifth, those with high annual incomes placed more emphasis on financial gain objectives, while those with a lower income placed less emphasis on them. Stakeholder emphasis, however, was not significantly different according to the income bracket.

Finally, there were differences by sector, size and legal status. Computer service CEOs scored high in terms of financial gain objectives, while other service CEOs scored low. And large and small business CEOs tended to score low on financial gain objectives. Almost half (44.5%) of microbusinesses were in other services, so there is some overlap here, but medium size bands - which scored highest on financial gain objectives - were not particularly associated with computer services, so there appears to be a size effect as well as a sector effect. Proprietors scored lower than the other legal types on both counts, while public limited company CEOs scored highest on financial gain and private limited company CEOs scored highest on stakeholder objectives.

3.3. Entrepreneur types

In order to further explore the relationship between the 'financial gain' and 'stakeholder' factors, and different characteristics of entrepreneurs, we may develop a typology. Here a modified scoring system is used to produce not high, medium and low scores, but simply high and low.²⁵ These are next placed in a table to produce a 2 x 2 matrix, with four quadrants (table 15). The four quadrants are:

- 1) '*co-operative capitalists*'
high on financial gain objectives, high on stakeholder objectives
- 2) '*capitalists*'
high on financial gain objectives, low on stakeholder objectives
- 3) '*co-operatists*'
low on financial gain objectives, high on stakeholder objectives
- 4) '*coasters*'²⁶
low on financial gain objectives, low on stakeholder objectives

The first thing to note, again is the higher proportion of those with high stakeholder objectives, even with a classification system weighted in favour of low stakeholder objectives. The number of co-operative capitalists (83) and co-operatists (94) is much higher than

the number of capitalists (41) and coasters (41). Next, let us explore the characteristics of each group.²⁷

3.3.1. Business characteristics

First, there are strong sectoral differences. The sectoral distribution of co-operative capitalists and capitalists is similar, but there are fewer coasters in manufacturing, fewer co-operatists in computer services, and more coasters and co-operatists in other services (figure 10). There are also a strong differences by business size. Again, the size distribution of co-operative capitalists and capitalists is reasonably similar, and concentrated in middle-sized businesses, but there are fewer capitalists in micro businesses and more in larger businesses. Co-operatists, by contrast are much more prevalent in larger businesses, and coasters in smaller businesses (figure 11). Co-operatists tend to be long-established, while a high proportion of capitalists started their business in the 1980s (and relatively few in the 1990s), and a high proportion of coasters in the 1990s (figure 12). Perhaps coasters have yet to develop a clear set of business objectives.

Differences by legal status were very significant. Most proprietors are either coasters (52.0%) or co-operatists (32.0%), while the majority of private limited company CEOs are either co-operatists (35.0%) or co-operative capitalists (34.1%). Public limited companies are evenly divided between capitalists and co-operative capitalists, while partnerships are split three ways between co-operatists, co-operative capitalists and coasters, with no capitalists. Figure 13 shows the legal status of the various types.

3.3.2. Personal characteristics

Differences by gender and education are not statistically significant, nor are differences by CEO type (founder, promoted, etc.). There are significant differences by age, however. Co-operative capitalists and capitalists are younger than the other two types (figure 14). They

started their first business when they were younger, and have started more businesses (figures 15, 16). They are also more likely to be the director of another company.

There are interesting differences according to parents' backgrounds. While differences in *father's* background are not significant, differences in *mother's* background are very significant. In particular, two thirds (66.7%) of coasters but only one third (36.3%) of co-operative capitalists had mothers at home full time. A relatively high proportion of co-operative capitalists and capitalists had mothers in administrative professions. Most mothers who were manual workers had co-operatist or co-operative capitalist children. Differences in loss, separation or divorce of parents before the participants' eighteenth birthday are not significant.

3.3.3. Reasons for starting/acquiring business

There are also differences in reasons for starting/acquiring the business:

1 advancement through independence

Not surprisingly, the scores of coasters are much lower on this factor, while those of capitalists are high, and co-operative capitalists very high (strong link).

2 self realisation through skill use/development

Both coasters and capitalists score low on this factor, while co-operatists score higher and co-operative capitalists highest (strong link).

3 taking opportunities

There are no significant differences with this factor.

4 doing something meaningful

There are no significant differences with this factor, either.

5 lifestyle improvement

Coasters score lowest on lifestyle improvement, followed by capitalists, co-operatists and co-operative capitalists, who score markedly higher than the others (strong link). The low score of

coasters is noteworthy, as it contrasts with that of microbusinesses noted earlier.

3.3.4. Co-founders

There are marked differences as to whether there was a co-founder or partner(s) or not. A very high proportion of co-operative capitalists and capitalists (81.9% and 80.6% respectively) had a co-founder/partner, while the proportions were lower for co-operatists (67.6%) and much lower for coasters (54.5%).

3.3.5. Working hours and income

Co-operative capitalists and capitalists work longer hours, with co-operative capitalists working the longest (figure 17). A higher proportion of capitalists have an income of £100,000 or more, and fewer plan to be with their business in ten years time (figures 18, 19).

3.3.6. Future plans

Co-operatists and coasters are most likely to plan to be with their business in ten years; capitalists are least likely.

In conclusion, of the possible typologies that might be constructed from this survey, this typology based on business objectives produces the most salient differences in terms of business characteristics, to some extent personal characteristics, and a number of other variables. Participants did differ in their business objectives, specifically their combination of financial gain and stakeholding factors, rather systematically. But, the question will naturally arise, does this matter as far as business performance is concerned?

3.4. Entrepreneur types and business performance

Does it pay to be focused on financial gain objectives, or should stakeholder objectives be given priority, to achieve maximum

business results? Are different combinations important in different sectors? These 'bottom line' questions are intriguing, but answering them is not easy, particularly given that only 259 of the participants have been assigned an entrepreneur type.²⁸ This makes it impossible to control for all the variables which might intervene. And, of course, snapshots are hazardous, anyway. Such difficulties acknowledged, some broad observations may be made, based on non-parametric Kruskal Wallis ranking average tests.

3.4.1. Employees

Co-operatists' businesses had the highest average rank, followed by capitalists, co-operative capitalists and, with notably fewer employees, coasters (table 16).²⁹ These differences were highly significant (at the .01 level). Of course a number of intervening variables could influence these figures, two obvious ones being sector and year of founding. Testing for these, in manufacturing and computer services, the above pattern is maintained, while in other services, capitalists edge out co-operatists. The pattern is also maintained for businesses founded before 1980, but for those founded in the 1980s co-operative capitalists have the highest mean rank, followed by capitalists, then co-operatists. For those founded in the 1990s, capitalists have the highest mean rank, followed by co-operative capitalists.³⁰

3.4.2. Sales

Co-operatists also have the highest mean rank for sales, followed by capitalists, co-operative capitalists and, again by a wide margin, coasters. This, too, is significant at the .01 level. Controlling by sector, in manufacturing the capitalists edge above co-operatists, followed by co-operative capitalists. In computer services capitalists drop to third place, while in other services the order is capitalists, co-operative capitalists, co-operatists and coasters. By year, the general pattern is maintained for businesses started before 1980, while for those started in the 1980s the order is co-operative capitalists,

capitalists, co-operatists and coasters, with capitalists ranking highest in the 1990s.

3.4.3. Pre-tax profits

Capitalists come out well ahead in terms of pre-tax profits, followed by co-operative capitalists, co-operatists and again, well behind, coasters (.01). The general pattern is maintained in computer services and other services, while in manufacturing the order is co-operatists, capitalists, co-operative capitalists and coasters. The general pattern is maintained in businesses started in the 1980s and 1990s, while for those started before 1980 the order is co-operatists, capitalists, co-operative capitalists and coasters.

3.4.4. Net worth

Finally, co-operatists again rank highest on average in terms of net worth, followed by capitalists, co-operative capitalists and then coasters (.01). The general pattern is maintained in manufacturing and computer services, while in other services capitalists edge out co-operative capitalists, followed by co-operatists and then coasters. For businesses founded before 1980, the order is capitalists, co-operatists, co-operative capitalists and then coasters, for those started in the 1980s capitalists drop to third place, while for those founded in the 1990s capitalists again rank highest, followed by co-operative capitalists, co-operatists and then coasters.

3.4.5. Comments

One thing is clear: in all of the business performance indicators, however controlled, coasters come out well behind the other three categories. This group, which makes up a fifth of those classified, seems to share some of the characteristics of 'livelihood' 'leave me alone' businesses, although coasters are highly educated, and work in the high tech sector, often in research and development.³¹

As for the other three groups, co-operatists come out ahead of capitalists in three of the criteria. As we saw earlier, co-operatists' businesses are longest-established, so it is not surprising that they are largest, with the highest sales and highest net worth. But it is worth noting co-operatists rank higher than capitalists in terms of employees, sales and pre-tax profits when only businesses founded before 1980 are considered. By contrast, when it comes to businesses founded in the 1990s, capitalists score highest on all measures, followed by co-operative capitalists, while co-operatists score much lower.

It may well be that the strengths of co-operatists (or benefits of co-operatism) only become apparent over time, while conversely, capitalists burst onto the scene with rapid early growth but subsequently fade, perhaps because they take so much out of the business (their annual incomes are markedly high, as noted earlier); a classic case of the hare and the tortoise. However, the greater profits of capitalists may allow them to take more out of their companies, and since we are not following the same companies in a time series, this can only remain a hypothesis. Alternatively, early rapid-growth capitalists might themselves become co-operative capitalists (who score highest in three of the measures in the 1980s) after a time, before becoming co-operatists. It would not be surprising for more individualistic motives to give way to a stakeholder orientation as the business grows, with employees, loyal customers and community interests to consider.³²

In terms of sectors, co-operatists rank highly in manufacturing. They slip below capitalists in terms of sales, but move ahead in terms of pre-tax profits. In computer services the overall pattern is maintained, with co-operatists ranked highest in all but pre-tax profits. This is interesting in view of the low proportion of co-operatists found in this sector, which seems to attract a relatively high proportion of those with capitalist or co-operative capitalist orientations.³³ It is possible that co-operatists avoid this sector, even though to some extent it rewards stakeholder orientations.³⁴ The reverse may be said of other

services; there are few capitalists and co-operative capitalists in this sector, but they rank highest on all criteria.³⁵ It may be that their relative rarity attracts business - that stakeholder attributes without hard money-seeking attracts business in computer services, and hard-nosed business attributes without frills attracts business in other services (mainly research and development).

4. Participants' Observations

4.1. Open questions

Participants were asked to recall any critical events or experiences which influenced a) their approach to business, and b) the development of their business. They were also asked whether or not their business had a mission statement, and if so, what it was. Roughly three quarters of the participants answered at least one of these three questions; most answered two or three.

However, sometimes it was clear that the 'mission statement' was not a mission statement in the normal sense of the word. In other cases, a mission statement was written in the space for 'approach to business' or 'development of business.' Sometimes participants recorded their personal philosophies or even hobbies in these spaces. In other words, the responses did not fit neatly into the prepared categories. Instead of discarding such responses as inappropriate, all responses were analysed and organised around the issues and views expressed. (The analysis was done with the aid of QSR NUD*IST [non numerical unstructured data indexing searching and theory building] software). They may be presented under the following headings:

- 1 personal orientations
- 2 influences
- 3 developing the business
- 4 business orientations

The objective here is not to pursue the typology developed in the previous section by analysing differences in comments by entrepreneur type. That would not be easy given the range of issues commented on, and in fact participants sometimes expressed different views in their written comments than their type would suggest. The objective, rather, is to pursue the issues already raised - reasons for starting up, business orientations, etc. - and to shed light on the context and process of entrepreneurship, which have not been explored yet. In drawing out salient themes and issues rather than trying to cross-match responses to entrepreneur types or particular characteristics, there is a danger of over generalisation. The justification, however, is that strong themes did emerge, albeit with various nuances and emphases, which add a rich dimension to the survey findings.

4.2. Personal orientations

Statements expressing personal orientations to business, or personal 'philosophies', may be divided into five categories: desire to be independent; drive to succeed; self actualisation; contributing to others (such as family, community or nation); and ethical emphasis. There is a clear overlap between these, and the five factors identified as being important for startup/acquisition.

4.2.1. Desire to be independent

As we saw in section 1, the desire to be independent (or to be one's own boss, or to be free from bosses one doesn't respect) is a critical motivation for starting/acquiring a new business. It was expressed in various ways:

Self employment/independence, ambitions, control (of one's own destiny).

I found I was too individual to fit into someone else's employment.

If you work for someone else, there is always someone above. Only if you work for yourself can you do what you want to when you want to.

One or two expressed an abhorrence for all kinds of big business/ bureaucracy/ government:

I have a dislike for the 'establishment' and always avoid the conventional hierarchical big structures. I am an autocrat in most things.

Independence. Dislike of rings of which Britain was seriously hampered by when I first entered UK industry.

4.2.2. Desire to succeed

More common than the desire to be independent, however, were statements about the drive to succeed:

The over-riding need to be successful.

A need to succeed, brought about because I had a zero education and was poor.

Initially, feelings that I could offer a better service than the company which employed me, and that I would have greater freedom to develop my ideas. My motivation has always been success, which naturally brings its rewards.

This was sometimes mixed with a tinge of pique; to show that others had been wrong:

The incompetence and bureaucracy of large companies. And being told by teachers that I was not going to amount to anything.

Or to fulfil parental expectations, or show them it could be done:

Having seen my father work hard all his life for only a small reward I was determined to develop my skills to a point where I knew I could establish a Company of high repute and returns.

The flip-side of the desire to succeed is the fear of failure:

Interestingly your questionnaire doesn't cover the fear of failure / financial disaster / falling down dead that the normal entrepreneur also lives with - so I suppose I'm also driven by fighting those.

Getting as far away from failure as possible dominated my thoughts for most, if not all, of the early years. The company has never in 30 years been over exposed financially.

Joy of success and the fear of failure.

The drive to succeed involved a preparedness to take risks, mentioned by one or two participants:

Financial gains require financial risk taking based on confidence in yourself and your ability.

But more frequently, risk was mentioned in the context of risk aversion. Much more frequently, too, the drive to succeed was expressed in terms of gritty determination:

Hard work initially - total disregard for hours worked/holiday etc.

'Vision' and 'hard work' are the main ingredients of success.

Only hard work and dedication.

4.2.3. Self-actualisation

A third category of personal orientations, not as common as the 'drive to succeed' but significant nonetheless, may loosely be described as 'self actualisation' - the desire to grow personally and fulfil non-material as well as material needs through the business - or 'self satisfaction':

Self interest - job satisfaction - dictated types of work undertaken and the financial drive is second to this.

Based on a desire to create something for oneself.

The spirit of adventure.

If it ever stops being fun, if I ever dread coming into work, if I ever fail to get a kick out of doing a good job – I'll go and do it somewhere I can.

Quite a few participants echoed this last opinion - 'having fun'.

4.2.4. Contributing to others

For some participants, family security and/or compatibility with family life was a clear priority:

The desire to provide a better chance for the future of my children. This drives the economic engine. Simultaneously to create a better standard of living for myself and family.

Running my own business from an office on the back of my house enabled me to be both mother and businesswoman. Prime importance was attached to being there for my children - being my own boss meant I could do this and offer a first class market research service to clients.

I wanted to work from home and be with my children. After many days leaving early and returning late my young son said to my wife at bed time, 'I think I've lost my dad'. I have three kids - they come first!

One or two also expressed the desire to help other would-be entrepreneurs to set up in business, having successfully done so themselves. And some were motivated by a concern for wider groups, such as community, industry or country:

To provide employment/wealth in local community.

Started our business as I needed freedom of own time to pursue community activities. Guided and directed by Jesus Christ through prayer.

Starting up a community radio station for gay men and lesbians from scratch, and broadcasting to London using entirely volunteers. Exploiting commercial technology and systems for community purposes.

4.2.5. Ethical emphasis

This brings us to the final major category, ethical concerns, which were expressed by one in ten participants:

Providing a useful service and doing worthwhile work have always been more important motivators than wealth creation. Building a high quality ethical business is very important.

Honesty with people - colleagues and clients - and a sense of humour. The objective is to leave the world a better place, not make money.

4.3. Influences

Where did these personal orientations - desire to be independent, drive to succeed, self-actualisation, contributing to others, and ethical emphasis - come from? The most important influences mentioned were early family influences, school, particular people or books, and previous employment.

4.3.1. Early family influences

In some cases the above orientations were attributed to early experiences. When it came to ethical emphases, which were seen to conflict with pecuniary drives, family influences were seen as especially important:

Lifetime influence of parents and family on honesty, reliability and hard work and responsibility. The above regarded as important in building a successful business with good reputation.

Father was killed in action as a fighter pilot 1943. Grew up in a climate that still considered 'duty' of far greater importance than business profit. Consequently business ethics and human relations have probably restricted business development.

Events have shown that my mother's encouragement to attempt to leave the world a little better than I found it may have been taken too literally.

In some cases, too, the family provided a model for entrepreneurship:

All my family were self-employed. I found I was too individual to fit into someone else's employment. We have always been full of ideas, some patentable and potentially marketable, but have always been short of money to invest.

First my father and then my elder brother told me to try to be your own boss even if you have to work 7 days a week.

Influence of parents in building up firm from scratch. Personal involvement from an early age.

In other cases, treatment of parents as employees, scraping by, or with ideas and never able to exploit them, provided a motivation to avoid the same fate:

Seeing my father retire from a company he had served for 40 years and receive only formal thanks.

Father had a number of inventive ideas and never saw them through. Some I later saw done by someone else. He also missed a major business opportunity in its early stages and his best friend went on to become a multimillionaire.

Indeed, sometimes an 'internal dialogue' with parents was seen as the main driving force:

My mother died suddenly in front of me in 1989. My father died of a broken heart. My mother was very ambitious for both my father and I. As such, I wanted to pay back my parents for a wonderful childhood. This has affected all my business decisions in developing the company.

My father died when I was 21, before and since that date I have been trying to prove (to him) that I could succeed. He never thought I could (or would).

Overall, however, fewer than 10% of participants mentioned such early experiences. This is significant in view of some attempts to trace the entrepreneurial drive back to early times - only children, disrupted childhood, and so on.³⁶

4.3.2. Education

There were also some comments about the influence of early education:

Having been educated at a state comprehensive school, business is about dealing with people from all manner of background. My school years 11-18 served well in preparation.

Surviving a rough northern grammar school of 1200 boys where being bright wasn't the best route to popularity.

Including negative lessons:

Being told by teachers that I was not going to amount to anything.

Failing my eleven plus and from then on feeling I had something to prove.

But most comments on education were directed to university education, particularly MBAs:

Being sponsored for an MBA. Having worked in industry for 8 years I realised the requirements needed to make profit.

MBA at London Business School was profoundly influential.

A few, too, mentioned specific skills from their formal education or qualifying courses:

First qualification was in electrical engineering and the second (twelve years later) was in accountancy. Daily bean counting is vital. I'm constantly counting beans.

In total, however, only 6 percent mentioned formal education in their recollections.

4.3.3. Particular people or books

Some mentioned the influence of particular people or books, such as 'management gurus' or influential spokespeople:

Reading Theodore Levitt's advice: 'Sell the sizzle, not the sausage'

Robert Townsend's book Up the Organisation.

More commonly mentioned were people the participants had worked closely with, or socialised with, who they tried to emulate:

I was influenced by the owner of the company in which I served my apprenticeships. He was a person of immense integrity and his attitude was, that whilst profit is important, one has a moral obligation to one's employees and also to the customer.

Greatly influenced by previous bosses who became 'Mentors'.

Working close to a 'great man' who strongly influenced me.

4.3.4. Previous employment

Indeed, most of the comments relating to influence were on previous employment. Almost one third of those filling in open questions made some reference to this.

The company I worked for before starting my own business.

Knowledge of product gained through employment.

No specifics - mainly observation over a number of years and companies of different managers/directors management styles, ethos and problem solving solutions etc. Previous MD of company telling me never to lose sight of the fact that 'profit is paramount.'

In the previous employment I had the opportunity to operate within an environment which I solely controlled... I gained confidence in my own abilities.

While some of the experiences were positive, many were negative:

In my previous company I saw how a company should not be run, and I learnt a lot about what not to do.

Doing the opposite of my old boss!

And these experiences provided the motivation to start their own business:

Frustration with following instruction which was illogical and irrational, so had a go myself.

In 1989 I was director and general manager of company. My fellow directors were inept. So I decided for this and other reasons to start my own business.

Working for an engineering business run by engineers who refused to listen to what the market place wanted convinced me to do 'my own thing' one day.

Poor employment terms and conditions of employment in traditional engineering companies spurred a desire to achieve more. Lack of honest dealing with staff and clients of company spurred a desire for providing an honest service.

1. Working with incompetent, lazy, disorganised bosses. 2. Working in academic life - too slow and repetitive 3. Working for more effective, interesting clients 4. Clients who gave us the opportunity to get started 5. Opportunity for FREEDOM from gerbils, small minded book-keeping dolts, dishonest bosses, arrogant creative people.

The participants took both positive and negative lessons from their former employment. Negative lessons quite often provided an incentive to start their own business, so that they could be their own boss, apply their own knowledge, do things better, as well as make more money. The size of firm was not mentioned in the above quotes, but there were many references to large firms. Some of these were positive:

Experience in large institutional company allowed me to develop appropriate skills and standards.

Some of the positive experiences, however, were related to assignments in small units of these organisations:

Working as commercial Development Manager in Ecuador in 1977-82 I was given great freedom to develop new businesses. One (which I managed myself) grew well for several years - it was very profitable. This showed me I could develop a business for myself.

Although two of the three companies I worked for previously were very large, I worked in export sales, which consisted of few (max. 4) people and we were always having to fight for everything; sales, resources etc.

And more participants reported negative experiences, which provided them with the incentive to leave and start up on their own:

During my employed years I became more and more disillusioned with the bureaucracy of large companies and their inability to provide what customers wanted!

I was fed up of working with fellow directors at my previous job who only looked after their own interests by totally abusing their staff, which I did not approve of.

The start of my business was in part triggered by a realisation that in large companies, company politics can mean you do not get the full rewards you may have earned - better to do it for yourself.

A few mentioned their experience of working with US companies and/or frustration at working in British companies or industry:

I worked for nine years for a US Corporation which tended to promote managers while they were still young 'risk takers.' The training/support given to 'in-job' managers was excellent. I had access/exposure to some very dynamic and motivated senior managers.

Finally, some participants mentioned experiences in other sectors which were influential in either the decision to start up their business, or its development.

Heavily influenced by certain political values - reinforced by working in a 'collective' during the 1980's, leading to an approach to business organisation and management which is now fashionable (flat, participative, employee profit sharing etc.)

My background as a clinical psychologist has influenced my approach to all aspects of running the present business.

The skills I developed as lecturer at UNIVERSITY.

My experience in the army.

In brief, while early experiences were important in shaping values and stimulating tendencies towards entrepreneurship, much more was written about previous employment, which provided a) necessary skills, b) negative lessons, and c) incentives for participants to start up their own business. Previous employment also alerted the participants to business opportunities, which we shall now look at.

4.4. Developing the business

Participants' comments about the development of their business can be divided into three main categories: starting out, development, and finance.

4.4.1. Starting out

Not only were skills formed and attitudes set in employment, but participants often saw an opportunity as well - a niche market, application of a new technology, a new or better way of doing things - which set them on the road to starting their own business:

I was producing designs for the control of air conditioning and refrigeration equipment, and realised I could produce these controls better than any other potential suppliers at the time.

Changes in the political and/or economic environment presented new opportunities:

The privatisation policy of the Thatcher government meant liberation of telecomms. - the market opportunities for small companies escalated.

Changes in NHS - knowledge of NHS environment.

And threats:

University funding cuts in 1980's provided impetus to get out of university research and find an alternative to an academic career.

The cutbacks in government support for research and development (early 90's) forced us to take up manufacture of low tech products for which we knew a market existed.

Discrimination is a particular kind of threat, which some turned into an opportunity:

My main motivation in starting my own business was the feeling that women in business with general administration skills were particularly vulnerable after the age of 40.

Although the present culture is evolving/changing, one has to wait for a 'dead man's shoes' in the UK as a general rule, and my ethnic background was not useful or helpful. I had decided to be my own boss one day and I have made it.

Frequently, skills gained in previous work opened up an opportunity, and a specific threat provided the trigger:

(a) The opportunity afforded by the closure of the R & D operation was critical for the start up of the business; (b) Familiarity with the market was essential to the conviction that a chance be taken and success would follow.

I worked for PO/BT where I gained superb experience in management and personnel as well as technical expertise first in the computer field and then more generally. Eventually I became disillusioned and understood that life in BT would have to change with resulting redundancies, so I left and set up my own factory.

In fact, redundancy was a trigger mentioned by almost 10 percent of the participants. Sometimes it was redundancy of friends or family, or redundancy in general, but more often it was personal redundancy:

Redundant at 55 - it was a case of 'force majeure.'

The need to support my family after being made redundant.

Sometimes the company was put up for sale, or taken over:

The decision to start my own venture came after the sale of the molybdenum company (a shock).

Sale of the company provided an opportunity for buy-outs:

The business was about to be closed down. We paid a fair price and still deal with the previous parent company.

When my first company, which was doubling sales each year as the best in the UK at what it did, was suddenly put up for sale and put into a disastrous position by the 71% corporate shareholder pulling out, I took over... and became a genuine entrepreneur.

In short, there were numerous variations and combinations of being in employment, learning skills and reacting against certain practices, then being given an 'opportunity' to start or acquire a business. Sometimes it was the participant's previous firm or the family firm which went bust. Conversely, sometimes another business or family business provided the financial stability to embark on a new venture:

I saw a need for improved medical appliances used in body waste collection. The current products caused patient discomfort. My pharmacy gave me the financial security and government grants to develop and manufacture our products.

Another set of startup motivations were life stage and related family considerations. Some had reached a milestone age, or wanted a fresh challenge:

30th birthday - 'now or never.'

Having reached senior management and turned 40 years of age I felt it was time to 'go it alone' and develop better high tech products in the field of heat transfer.

Retirement was one milestone which prompted some to take up a fresh challenge:

As I approached retirement age, the prospect of doing nothing appalled me. This was an important influence on my starting my own business.

As for family, some businesses were started or accelerated after children left the nest. Sometimes, too, a partner or spouse was taken ill, forcing the participant to step up their business commitment or take over running the company. And sometimes, it was simply attributed to being 'at the right place at the right time.' Before we leave the startup phase, we should note some of the comments on sources of help - from former colleagues, spouses or partners, clients or customers, and other entrepreneurs:

Fortunate to have a group of colleagues made redundant at the same time with complementary skills and attributes. We had a specific niche skill which was accidentally but perfectly timed.

At first I received much help from other entrepreneurs, one in particular. My wife (SRN) also helped full time which has been of immense value. She is also my QA manager and we have been accredited to ISO 9002 over 5 years.

General encouragement from my new clients, particularly those who had also started their own businesses.

Interestingly, despite their importance, noted previously, most comments about partners were negative, indicating the problematic side, and how it impacts on successful enterprise:

First business start up was with an over-ambitious partner, who preferred to compete rather than work together/complement. Learnt to choose business partners/employees as people I feel comfortable with/ respect. I feel this is reflected in our business, plus respect of our clients.

Creating partnerships is a nightmare.

Being held back by non committed/forward thinking partners (now bought out). Therefore can now plan, invest, strategise, implement, motivate, control whole business rather than being restricted to one element.

4.4.2. Developing the business

Next, let us consider comments about developing the business. Some of the participants may be considered profit-oriented risk takers, seeking rapid growth:

Having bought out my backers after some 10 years, I worked as hard to build further the turnover, profitability and reputation of my company in a fiercely competitive field.

Gengis Khan approach to business but be careful not to wander too far from your core business. We have successfully developed this business by nurturing relationships with larger overseas suppliers, not being afraid to enter new market areas i.e. product or country.

And there were the associated problems of adapting to growth, and of creative forces being caught up in day to day management:

Main problem is control of workload - we have expanded 3 times to keep up. Things never seem to settle down.

Engaging a professional manager to take up the post of MD to allow me to focus on what I was good at. Prior to that I was stifled by trying to run a company.

But even growth oriented companies expressed caution:

Biggest experience has been that too much growth too quickly can kill a company quicker than no growth.

Twice we have purchased manufacturing companies of associated products, both times we have been obliged to stop them trading, and incorporate them into the parent company. We therefore now seek organic growth, rather than by acquisition.

Which was a key sentiment expressed by a large number of participants:

Do not expand too quickly.

Keep brakes on!

Prudence and care have been key factors and discipline of continually looking at all aspects in an effort to improve effectiveness wherever possible.

Natural progression after consolidation. Careful.

The immediate reasons for this caution were often related to experience of cash flow problems, in part related to things like late payment of bills, especially by large companies:

Having always worked for small companies my most important consideration was to achieve financial stability... Regular late payment of invoices causes cash flow problems that must always be considered.

Development held back by slow payment of invoices (four to five months is typical). We limit the amount of work in hand to reduce the risk of cash flow problems resulting from very late payment.

Quickly became aware of dangers to survival of business, if growth too rapid. Important for survival - many small profitable customers and few 'big boy' customers.

Participants had seen companies go under because of cash flow problems, or even run them. It was a case of 'once bitten, twice shy.'

Focus on cash flow (previous company problems). New product development crucial.

My partner - who is older and has had experience of a small business (not his own) that went bust - making all redundant. He has always had the philosophy of growing under our own steam and not 'borrowing' from the bank beyond a very small overdraft.

And not surprisingly, the experience of recent recessions was etched into the minds of many participants:

Having been through two major Recessions (73/74 and 89/92) - taken more realistic approach to business expansion and risk.

The 80-83 recession; The 90-94 recession.

4.4.3. Finance

Caution was particularly evident when it came to statements about financing, which one in eight participants commented on. Some put it diplomatically:

The understanding that capital is very hard to acquire, and the concentration of not dissipating it into unprofitable ventures.

But others more bluntly:

Not to be financially beholden to any institution that can pull the plug for no apparent reason.

Getting development finance and real capital - without being indentured like a serf - is impossible. Money is still Power, not Know-How. Hence it is difficult to get Partnership with the people who have the finance. Given this situation, we have been risk averse.

Numerous institutions were the subject of criticism, but banks in particular were seen as 'fair weather friends' if not downright enemies:

Being told by the bank that they were not concerned with my business, only the safety of their money.

Never trust the banks. Do it yourself.

Any future development terminated due to mistrust of banks.

In a perverse way, this was sometimes a spur to innovation:

The hostility and disbelief of the Bank provided a considerable spur to success, but on the more positive side the confidence clients placed in us gave us the moral support needed in the early days to believe we would succeed.

But more often it induced a cautious approach to finance, or risk aversion. Some mentioned particular experiences as high tech companies. Although some had positive experiences:

Venture capital investment added controls/management accounts and discipline.

The meeting of City Stockbrokers, Panmure Gordon, changed the size of my ambitions because they saw no limit on the finance I could raise and things I could do - so I went and did them!

Others had severe frustration:

Lack of support for high tech industry from the finance sector.

R&D 12 years time scale and complexity of the topic and beyond their comprehension; (b) More recently the introduction of ex R&D 'contract managers' has again set the less sophisticated in 'judgement' against their more sophisticated ex colleagues.

To find investors to take risk of building a business with new product that has no present market. Have found some after long time looking.

Occasionally government funding helped to get a project off the ground:

Without S.M.A.R.T and S.P.U.R. awards from the DTI the business would have failed in its first year. Capital investment is now available from USA and South Africa. Little from UK.

The last sentence indicates a particular frustration with UK financing, resolved only in some cases by sale of the company:³⁷

Investment in my company by a German company about a year ago allowed us to start rapid expansion.

After three years we wanted to expand but could find no backers to finance us. We didn't have sufficient 'track record' for bank, ICFC or SDA. Seven companies bid to buy us out providing we continued to run the company. We did, and today it is a successful multi-million pound business. At the take-over, we still hadn't learned how to sell ourselves properly.

For those wishing to maintain independence, however, financial prudence was required:

Influenced by the reluctance to borrow, and therefore working with minimum capital. This has meant slower growth but has less worry and better control of the business.

My own accounting training very important in steady expansion of my business - without taking too many risks and avoiding borrowed finance as far as possible.

Ours is a small IT agency and no doubt our own small successes would be lost against many companies, however our turnover has gone up year on year, and with the purchases of new equipment and the development of an internal database we

are posed to greatly improve in 1998, and since this has been without help from any financial establishment, we are pleased.

In brief, the participants in this survey were cautious incrementalists rather than swashbuckling risk takers. Reasons included cash flow squeezes from customers not paying on time, and an alleged lack of patient capital. Experience of recession, general economic uncertainty, and business conservatism in Britain were also cited:

The stop/go economy of the UK led me to seek export growth and to maintain a strong balance sheet.

British companies are generally arrogant and rude and uninterested - hence we concentrate on export markets and all our business is foreign. Small companies here in the UK are especially un-appreciated.

I grew up primarily in the USA and took everything for granted. When my parents returned to the UK I began to realise that advancement was much harder, new ideas are generally frowned upon (e.g. We've always done it this way).

My previous business was in New Zealand and was easy to establish. My current business in the UK has been hindered at every stage by government-imposed bureaucracy, and an entrenched attitude that favours standards (even mediocre ones) over quality.

It is difficult to sort out cause and effect - cautious approach and unreceptive environment - but the key point to be noted here is the salience of the theme of caution.

4.5. Business orientations

Finally, we return to business orientations. There were three major themes here: excellence, quality and service; customer orientation; and employee involvement/respect.³⁸

4.5.1. Excellence

Some of these businesses were aiming high:

To develop world-class innovative software products that will take a significant share of the market for host connectivity and integrations.

To develop, manufacture and market world-wide the best time and frequency standards.

To produce the world's best ultrasonic flow detectors.

To be the world's leading wind energy consultancy.

To the anti mission statement cynic,³⁹ these statements may sound like hot air, but apart from indicating high aspirations - sometimes already achieved - they also indicated an international orientation on the part of many participants, sometimes out of necessity (the markets had disappeared in the UK, or were seen as conservative or unappreciative). Markets, particularly for sophisticated niche products, were global:

Experience has taught me that to succeed in our type of business one must think in terms of world-wide markets (we currently export over 70% of our turnover).

The need for aggressive exporting and establishing overseas sales subsidiaries to achieve it.

Indeed, sometimes the rationale for the business itself lay abroad:

We are committed to enhance the competitiveness of the Malaysian Rubber Industry through R & D activities.

To initiate, promote and co-ordinate scientific research in the Antarctic and to provide scientific advice to the Antarctic treaty system.

There were numerous statements, too, which expressed aspirations for European-level, or British-level excellence, or excellence in a certain industry:

To be the most successful provider of Satellite Control Systems in Europe.

Our aim is to be leaders in laboratory automation.

Related to the theme of excellence or leadership was that of quality and service:

To provide a superlative service with zero tolerance of errors.

To grow through exceptional service, quality and value given.

To provide products and services of outstanding quality. Realising that to survive and be successful in business must have a culture which is based on quality goods and services.

With integrity as well:

Quality and integrity.

Driven by the satisfaction associated with quality and integrity (though this is not always perceived or appreciated by customers).

One aspect of quality was the attainment of ISO and BS standards, which a number of participants mentioned.

4.5.2. Customer orientation

Quality and service was in turn linked with a customer orientation. Although both were mentioned by over 20 percent of the participants, customer orientation was even more pronounced than leadership or excellence:

Complete customer satisfaction = customer knowledge.

Satisfy customers beyond their expectations.

We aim to grow profitably together with our customers, through understanding and solving their problems. Realisation of loyalty customers give you if you service their needs.

These were not simply platitudes, either. Some had learned this lesson the hard way:

Don't start a business because you think it is just a great idea. Establish that there is a real market with actual customers. One business was started because we received government funding and I thought it was a great idea - it failed. The current business fulfilled a market requirement, it has been very successful.

Selling inappropriate technology kills business.

The customer orientation, too, sometimes reflected a criticism of former business - especially large company - practices:

1. When I was an employee, I saw continual Customer dissatisfaction caused by co-workers who lacked Technical Expertise and pressure to achieve Unrealistic Objectives. My

core principle has been - Product Quality - to ensure long term Customer relationships and Satisfaction.

During my employed years I became more and more disillusioned with the bureaucracy of large companies and their inability to provide what customers wanted!

One of the advantages of being small, indeed, is the ability to provide personalised and flexible customer solutions, and as a result, no doubt, many sought to make this a key competitive advantage.

4.5.3. Employee respect/ involvement

In addition, almost as many participants emphasised employee respect or involvement:

Your staff are your business.

A computer company has only one asset - the employees. If they leave, there is no business. Be loyal and expect loyalty.

To provide a working environment which is intellectually and materially rewarding for all employees.

This, too, reflected a criticism of former business - especially large company - practices:

In a climate of redundancies and 'devaluation' of engineering skills in late 80's, we wanted to form a company that provided job interest, stability, salaries, involvement (participation) and responsibility for employees.

I worked for 2 years in a company where I was in a senior role but for no reason felt I was going to get the sack all the time - I made up my mind to ensure my employees felt safe working for me.

But it was seen as essential for successful business:

'Happy staff/partners are productive partners/staff.' High turnover of staff in previous job - staff undevoted. My determination to create a supportive working culture where people want to work.

Various former bosses - all chronic 'non-delegators' - persuaded me that employing talented, educated people and satisfying their need of recognition, job satisfaction etc. was only possible if one trusted them to perform without supervision or intervention.

After working for a bad manager I understood that you have to get the people to want to work for you.

Employee involvement and customer satisfaction were frequently mentioned together. The former would deliver the latter:

The secret of success of any company lies in the quality of their staff, and in this age of fierce competition, customer service should be at forefront of all their considerations.

To harness the expertise of our team to work in partnership with our clients to provide customers high quality solutions.

This dual emphasis on customers and employees, moreover, was frequently embodied in a stakeholder orientation:

To look after employees, customers and shareholders with due regard to other interests.

To provide a viable/profitable business for all staff and families' futures. Customer - excellent product excellent service.

The primary concern is for the well-being of the employees and associated persons who rely on our company. Our decisions are conservative based on the objective of being employee oriented rather than profits oriented. Nevertheless we have to be competitive, and continually develop new products, new markets and methods of operating.

As this suggests, ethical orientations towards the business were also expressed in business orientations. Dimensions of this included honesty and trust, putting people first, and doing something useful for society:

Providing a useful service and doing something worthwhile have always been more important motivators than wealth creation. Building a high quality ethical business is very important.

I looked for a business with a future that would prove beneficial to the Environment and Society. We discovered a cutting edge technology that has the potential to really benefit mankind by giving 'waste' a new profitable lift.

What, then, of profit, often assumed to be the prime motivator for entrepreneurship? To be sure, some wrote that the purpose of their business was to make a profit:

To make as much profit as possible without upsetting too many people.

To enjoy making money.

Have fun and make money (internal statement).

But more often, profit was not an end in itself, but a means to an end. Given the reluctance to rely on external sources of funding, for

instance, profits were needed to ensure the survival and growth of the business. Profit was a better guarantor of this than market share:

Do not over-borrow capital. A slow steady growth funded by company profit.

Best source of cash flow is profit. Nobody went bust for lack of profit, only lack of cash.

And profit was frequently mentioned alongside other objectives, including 'stakeholder' objectives:

To grow in a secure environment and to make enough profit to show our people we value them properly.

Run it as a business, with a need to maximise profits in order to be able to re-invest in the best equipment, and staff. Care for your staff. Be ethical and fair such that any decision made can be justified to others.

To sum up briefly, it was clear from the comments that many of the participants were supplying niche, international markets. They were competing particularly in terms of quality, and expressed a strong orientation towards customer satisfaction - surpassing the customer's expectations. This they hoped to do by the recruitment and retention of high quality personnel.⁴⁰ Indeed, this dual emphasis was quite often put in the context of satisfying 'stakeholder' claims, and was sometimes considered an ethical stance. Profit was important, but for delivering these objectives. The following summarises the points made:

Strive to provide the best (quality, service etc.) to clients - they will be prepared to pay. Run it as a business, with a need to maximise profits in order to be able to re-invest in the best equipment, and staff. Care for your staff. Be ethical and fair such that any decision made can be justified to others.

This person then adds:

Because I got it right business increased, and I wasn't going to refuse good, additional business. Expansion was funded by profits - therefore did not get bogged down by borrowing, and having to pay interest. Developed and committed loyal workforce. The market for my business has continued to expand. We obtained the necessary quality stamp/accreditations.

5. Concluding Comments

Through the findings of the Entrepreneur Survey, I have attempted to provide a 'grounded' - and 'embedded' - view of entrepreneurs of high tech SMEs in the UK. I will not summarise all the features here, rather, I will comment on three questions in the light of the findings.

5.1. What makes an entrepreneur?

Some say entrepreneurs are born, not created. Others say the roots are in early childhood. This study can say nothing about genetic makeup. It does affirm that the early family setting does have an influence, but suggests a more complex and dynamic picture. First, people are not simply stamped by their past, but they are engaged in a kind of dialogue with it, drawing certain lessons from it by which they help to define themselves, and no doubt ignoring other potential lessons. Second, environmental influences play an important part on setting people on the road to entrepreneurship. The impact of economic turbulence of the past 25 years came through very powerfully in the participants' own comments. In many cases it not only set them on the road to entrepreneurship, but influenced the way they ran their businesses. Third, experiences in previous employment were critical. Positive skills and lessons were learned, and negative ones as well. Smaller firms in particular provided lessons about the need for financial prudence, while large firms provided (often negative) lessons about the treatment of customers and employees, and the benefits of a 'stakeholder' approach.

5.2. What motivates entrepreneurs?

Pecuniary gain is not the sole, or even the main, objective motivating entrepreneurs. The entrepreneurs of this survey were not risk-all profit seekers. First, their startup motives were more complex. They included the desire for independence and wanting to do something worth investing energy in, increasing income/wealth, getting on in the world and the desire to manage a business. Second, business objectives were a combination of what I have called 'stakeholder' and 'financial gain' factors, but the former were more salient. 'Co-operative capitalists' is supposed to encompass this combination, with a general emphasis on the 'co-operative.' Of course there were individual differences in emphasis, with 'co-operatists' and 'capitalists', indeed some 'coasters' as well. It may well be that espousing stakeholder objectives makes sound business sense, if not in the short term, then at least in the long term. Third, they were cautious, risk controlling - if not risk averse - incrementalists rather than risk-all empire builders; and viewed profits more as a means to (stakeholder) ends rather than an end in itself. In fact, although they valued independence, they were hardly rugged individualists. Not only were they likely to have partners, but they tended to see themselves as 'team leaders', motivating employees to deliver customer solutions.

5.3. How do entrepreneurs build their businesses?

Some entrepreneurs may build empires overnight by commercialising an insight with venture capital. But the participants of this survey were more likely to build their businesses slowly, and without help from venture capital or business angels. Steady as she goes. Better a solid small business than a shaky empire. In fact, the 'three pillars' (to borrow an expression often applied to Japanese management) of their building strategy and management might be described as:

- 1 Cautious growth, financial prudence
- 2 Quality customer service

3 Employee involvement/respect

This style may indeed be well adapted to the environment - adapted to survive capital droughts in a land not known for its patient capital, and to survive frequent shifts in government policy, business cycle extremes and economic restructuring - rather than representing a 'poverty of ambition', as has been recently argued.⁴¹ This is not to suggest that they are passive products of their environment. Indeed, 'co-operative capitalists' with the above management style, responding to and growing with changes in the environment, both international and domestic, may well be an emerging, dynamic feature of the UK economic landscape.⁴² Whether they are forging a new style of entrepreneurship and management (relative to large firms or 'traditional' small firms), and whether this style is distinctively British, are matters for further research.

Notes

1. The Japanese survey was carried out by Momose and Morishita, 1997. The comparison will be done in a subsequent phase of this research.
2. Such stereotypes, derived in part from neoclassical conceptions, have long been criticised. Reasons for starting, acquiring and running businesses are diverse (Scase and Goffee, 1980). Entrepreneurs may take calculated risks, but not wild risks (Timmons et al., 1985). And so on. The stereotypes persist, however.
3. 'Where Are Our Bill Gates?'-type debates are especially evident in Japan. The question is frequently asked by the business media (eg. the feature of Japan's *Newsweek*, 11 September, 1996).
4. Further work remains to integrate this section with the previous sections.
5. It was anticipated that most of the businesses would be first generation, though this was not a requirement.
6. Most were returned before the two-week deadline. A reminder letter was subsequently sent, but produced only a few extra responses.
7. 105 of 2000 businesses were later found to have inappropriate SIC codes, and fell outside the 'high tech' sector designation.
8. Participants were asked to fill in their ethnic background themselves rather than to tick a box.
9. This supports Bryson et.al.'s (1997) findings of extremely high educational qualifications in business services.

10. Manufacturing CEOs were three times as likely to have a skilled manual father than those in 'other services'. 'Other service' CEOs, on the other hand, were more than three times as likely to have a technician or semi-professional mother.
11. The figure is a proportion of those who started/acquired their own business. Other figures were: 'soon after I started working' (12.8%), 'before I got my first job' (10.6%), 'when I was made redundant' (10.6%), 'other' (4.8%), 'when my former business got into trouble' (3.5%) and 'approaching or after retirement' (1.9%).
12. Based on chi-square-based tests for nominal data (phi, contingency coefficient) showing significance at the .05 level or better. Subsequent relational observations are based on the same test.
13. The figures are a proportion of those who started/acquired their own business.
14. This was also by far the most frequently cited reason for leaving the business participants had spent the longest time in.
15. Cf the Bolton Report, 1971, and Gray, 1997, for the UK, and surveys cited in Whittaker, 1997 for Japan. As Gray shows, the 'independence' motive is itself diverse, and includes 'leave me alone' independence, as well as 'wish to get ahead' independence.
16. Five factors had an eigenvalue of greater than 1, and accounted for 59.3% of the variance. Factor extraction and varimax rotation produced the following factors and groupings of variables (with factor loadings of less than 0.5 omitted).
17. Again, based on significance of 5% or better. Only such relationships are noted.

18. Eg. Jennings, Cox and Cooper, 1994.
19. See, for instance, Leighton and Felstead, 1992 for the debate. The point about initial dependence facilitating ultimate independence was made by Scase and Goffee, 1980; also Whittaker, 1997.
20. See Hughes and Storey (eds), 1994. Cosh and Hughes (eds), 1998 (chapters 7-9) show that finance continues to be a serious problem for high tech SMEs, and SMEs in general.
21. To a lesser extent, statement 4 was also linked with the first factor. 'Stakeholder' here is taken to mean representing and balancing the interests of various parties, including owners, employees, customers and to some extent others such as the local community.
22. 'Very important' was rated 1, 'moderately important' rated 2 and 'unimportant' rated 3. For the 'financial gain' factor there were three statements. Participants were rated 'high' if they scored at least two 1s, 'medium' if they scored at least two 2s, and 'low' if they scored at least two 3s out of the three statements. Where two or more choices were missing, or one choice missing and the other two different, or all choices were different, a -1 (missing) score was given.

For the 'stakeholder' factor there were four statements. Where there were at least three 1s, 2s or 3s they were rated 'high' 'medium' and 'low' respectively. Where two or more choices were missing, or one was missing and two of the other three were different, or three choices were different, or there were two 1s and two 3s a -1 (missing) score was given, except where there were two 2s, a 1 and a 3, in which case a 2 was given. Where there were two 1s (3s) and two 2s they were rated high (low).

23. Again, significant at the .05 level. 'Strong' or 'very significant' below indicates significance at the .01 level.
24. This may have been linked with the sectoral distribution of educational qualifications. Almost two thirds of those in other services, whose CEOs scored low on financial gain objectives, had a postgraduate degree. The proportion with a first degree was highest in computer services, which scored high on financial gain objectives.
25. Financial gain objectives are classified as follows, using the above scoring system 'very important' =1, 'moderately important' = 2; 'unimportant' = 3: at least two 1s (3s) = high (low); one 1 (3) and two 2s = high (low); three 2s = high (thus weighting the scoring system towards high financial objectives, given that there were relatively few in this category originally).

Stakeholder objectives are classified as follows. Three or more 1s (3s) = high (low); two 1s (3s) and two 2s = high (low); two 1s (3s) one 2 and one missing = high (low). Next, three 2s and one 1 = missing, three 2s and one 3 = low; four 2s = low; two 3s one 2 and one 1 = low; two 2s one 1 and one 3 = low (thus weighting the scoring system towards low stakeholder objectives, given that there were relatively few in this category originally). Finally, all others = -1 (missing). As ambiguous responses to either set of objectives are omitted, the number of cases is reduced, by almost half, from 510 to 259.

26. The label 'coasters' may not seem particularly appropriate. CEOs in this category might have worked hard towards objectives not given as choices. However, they scored lower not just on business objective factors, but startup/acquisition reasons as well, including 'lifestyle improvement.'

27. Again, I will note only chi-square (Pearson) tests of independence significant at the .05 level (and 'strong' results significant at the .01 level).
28. Ambiguous responses to either set of objectives, as outlined in footnote 25, were omitted, reducing the number by almost half, from 510 to 259.
29. Data on number of employees, sales, profits and networth comes from the Dun and Bradstreet data base, as does year of founding and SIC code. Figures are for the latest financial year before November 1997.
30. If we control for both sector and year simultaneously, for both pre-1980 and 1980s manufacturing businesses the order is co-operatists, co-operative capitalists, capitalists and coasters, while for those founded in the 1990s the order is capitalists and co-operative capitalists by a wide margin, followed by coasters then co-operatists. None of these, however, are significant at the .05 level.
31. There may well be generic similarities between coasters and/or CEOs in R&D on the one hand, and the 'traditional' craftsman who becomes independent on the other, in their attitudes towards work and business. This needs further exploration.
32. Support for this hypothesis comes from the size distribution of different types. By far the largest concentration of capitalists (46.3%) is in the 10-29 employee category. Co-operative capitalists are concentrated in the 10-29 and 30-49 employee size category (38.6% and 27.7% respectively), while the biggest group of co-operatists is the 50+ employee size category (31.9%). Conversely, over half (54.5%) of 50+ employee CEOs are co-operatists, followed by co-operative capitalists (25.5%), capitalists (14.5%) and coasters (5.5%).

33. Only 13.8% of co-operatists' businesses are in this sector, versus 34.1% of capitalists, 31.3% of co-operative capitalists and 20.4% of coasters.
34. Only a quarter (28.6%) of co-operatists' businesses founded in the 1990s were in computer services, compared with 52.0% of co-operative capitalists, 41.7% of capitalists and 38.9% of coasters. Co-operatists seemed to much prefer other services, where two thirds (64.3%) were started in the 1990s.
35. Only 12.2% of capitalists' and 14.5% of co-operative capitalists' businesses were in this sector, versus 30.9% of co-operatists and 38.8% of coasters.
36. Of course the fact that the participants did not mention childhood factors does not in itself discount their importance, but the contrast with detailed comments on previous employment, which we shall consider shortly, was striking. Indeed, given that some participants worked in the family firm after leaving school, some comments about family influence probably referred to this work experience.
37. Selling the company may open up access to other resources beyond finance, of course, and is not necessarily the result of financing problems, but this is a common reason. On the sale of high tech SMEs in Cambridge, see Garnsey and Cannon-Brookes, 1993.
38. There were a number of minor themes as well, which for reasons of space will not be considered here, including the need for innovation, competitiveness, simplicity (simple objectives, free from bureaucracy and 'politics'), understandable to both employee and customer) and learning.

39. ““Mission statement” indeed!! If an entrepreneur’s business has a mission statement it indicates either pretentiousness or that they’ve applied for a loan or grant!!’
40. The findings here strongly resemble those of business service owners reported by Keeble et al., 1992 and Bryson et al., 1997, on all of these counts.
41. P. Treleaven, cited in *Times Higher Education Supplement*, 5 February, 1999.
42. Employment growth between 1992 and 1997 in the sectors covered by this survey was 12.2% compared with the national figure of 7.4% (Office for National Statistics data from Workforce Jobs series). The CBR survey confirms this above average growth, and greater innovativeness of high tech sector firms compared to conventional sector firms: Hughes and Moore, 1998.

TABLES AND FIGURES

Table 1 Industry distribution of questionnaire responses

SIC'92	Industry	%
	<i>Manufacturing</i>	
24.41	Pharmaceutical products	2.2
30.01	Office machinery	1.6
30.02	Electronic data processing equipment	3.9
31.20	Switchgear and control gear	5.9
32.20	Telegraph, telephone apparatus/ equipment	1.2
33.10	Radio and electronic capital goods	12.2
33.20	Measuring, checking and precision equipment	12.4
33.30	Electrical instruments and control systems	5.7
33.40	Photo and camera equipment	1.6
35.30	Aerospace equipment manufacturing	2.7
	Other	0.4
	<i>Total manufacturing</i>	<i>49.6</i>
	<i>Computer services</i>	
64.20	Telecommunications	2.7
72.20	Computer services	12.2
72.30	Computer services	0.8
72.60	Computer services	10.2
	Other	0.8
	<i>Total computer services</i>	<i>26.7</i>
	<i>Other services</i>	
73.10	Research and development	15.9
73.20	Research and development	6.5
	Other	1.0
	<i>Total other services</i>	<i>23.4</i>
	<i>Unidentified</i>	<i>0.4</i>
	<i>Survey total</i>	<i>100</i>

Table 2 Size of participant's business by sector

<i>Sector</i>	<i>median</i>
Manufacturing	28.0
Computer services	24.5
Other services	8.0
All	21.0

Note: medians are used in preference to means, as a small number of large businesses can distort the picture.

Table 3 Legal status of participants' businesses by sector

	<i>Manufac- turing</i>	<i>Computer services</i>	<i>Other services</i>	<i>Total</i>
Proprietorship	6	10	27	43 (8.5%)
Private l.ted coy	234	107	61	402 (79.8)
Public limited coy	4	9	3	16 (3.2)
Partnership	8	8	14	30 (6.0)
Other		2	11*	13 (2.6)
Total	252 (50.0)	136 (27.0)	116 (23.0)	504 (100)

Note: * includes 10 private companies limited by guarantee

Table 4 CEO type

<i>CEO type</i>	<i>%</i>	<i>CEO type</i>	<i>%</i>
founder CEO	71.0%	relative of founder CEO	7.7%
recruited /scouted CEO	5.0	promoted (non family) CEO	6.9
buy-out, buy-in CEO	6.5	company spinoff CEO	0.8
other	3.1		

Table 5 Education backgrounds

<i>Qualification</i>	<i>%</i>	<i>Qualification</i>	<i>%</i>
none	7.9%	first degree	45.8%
GCSE (or equivalent)	49.6	postgraduate degree	20.6
A levels (or equivalent)	45.4	professional certification	32.3
vocational (HNC, etc.)	26.6		

Note: Respondents were asked to tick as many as appropriate

Table 6 Degree specialization

<i>Specialisation</i>	<i>1st degree</i>	<i>Postgrad.</i>
arts, social sciences	6.4	2.2
business/ management	5.8	5.6
science, engineering	34.6	13.9

Note: as for table 5

Table 7 Parents' education backgrounds

<i>Qualification</i>	<i>father</i>	<i>mother</i>	<i>Qualification</i>	<i>father</i>	<i>mother</i>
none	49.3	61.3	first degree	13.6	6.7
GCSE (or equivalent)	22.1	22.8	postgraduate degree	5.3	1.0
A levels (or equivalent)	16.6	14.2	professional certification	17.4	7.7
vocational (HNC, etc.)	16.8	8.2	don't know	3.1	3.2

Note: as for table 5

Table 8 Parents' occupational backgrounds

<i>Occupation</i>	<i>father</i>	<i>mother</i>	<i>Occupation</i>	<i>father</i>	<i>mother</i>
semi-skilled manual	14.7	8.2	profess, scientist, technologist	20.7	8.2
skilled manual	19.9	4.2	managerial	27.0	3.0
clerical, administrative	7.0	16.1	home, family work	0.8	56.6
technician, semi-profess.	9.9	3.2			

Table 9 Industry of previous business by current sector

<i>Industry</i>	<i>Manufac- turing</i>	<i>Computer services</i>	<i>Other services</i>	<i>Total</i>
chemicals, pharmaceuticals	20	1	14	35 (8.8%)
metal/ mech. engineering	38	4	6	48 (12.0)
electric/electronic/instrum. eng.	66	12	4	82 (20.5)
other manufacturing	19	4	6	29 (7.3)
software, information services	1	48	3	52 (13.0)
technology consulting/ dev.t	6	9	8	23 (5.8)
education, professional research	3	8	18	29 (7.3)
other services	17	11	17	45 (14.3)
other	22	17	18	57 (14.3)
All	192	114	94	400 (100)
	(48.0)	(28.5)	(23.5)	

Table 10 Size of previous business by current sector

<i>Size (no. of employees)</i>	<i>Manufac- turing</i>	<i>Computer services</i>	<i>Other services</i>	<i>Total</i>
1-9 employees	16	6	14	36 (8.9%)
10-19	16	5	5	26 (6.5)
20-49	22	13	9	44 (10.9)
50-99	28	17	9	54 (13.4)
100-299	30	18	11	59 (14.6)
300+	83	56	45	184 (45.7)
All	195	115	93	403 (100)
	(48.4)	(28.5)	(23.1)	

Table 11 Reasons for starting/acquiring the business

<i>Reason</i>	<i>crucial</i>	<i>signif.</i>	<i>insignif..</i>
1 I thought there was a strong future for this line of work	46.0	34.8	4.9
2 I wanted to use/develop my technical skills	19.3	35.1	30.6
3 I wanted to use/develop my marketing or planning skills	13.0	34.7	37.1
4 I wanted to use/develop my management skills	15.7	34.6	34.8
5 I wanted to commercialise an existing technology	15.5	23.9	45.4
6 I wanted to develop and commercialise a new technol.	19.3	18.2	47.1
7 I wanted to provide a new service	24.0	27.6	33.1
8 I wanted to be my own boss	54.6	21.6	9.5
9 I wanted to get on in the world	32.2	26.1	26.6
10 I wanted to manage a business	31.3	29.1	24.5
11 I wanted to increase my income/wealth	32.8	36.4	16.3
12 I wanted to do something worth investing my energy in	51.7	26.3	7.1
13 I did it for the development of science and technology	5.1	17.1	62.4
14 I wanted to do something useful for society	7.8	26.4	50.6
15 I did it to enjoy my life	31.1	38.2	15.8
16 I did it for the happiness of my family	18.6	36.7	29.7

Note: Figures exclude those who did not start/acquire their own business, and non-responses for given choices.

Table 12 Contributions by business partners

<i>Contribution</i>	<i>%</i>	<i>Contribution</i>	<i>%</i>
finance	28.9	technological expertise	28.3
sales and marketing	21.1	management, planning	20.3
customer/client connections	17.5	emotional, moral support	26.7
legal expertise	3.8	other	7.2
N/A	41.4		

Note: N/A includes those who did not start/acquire their own business, and those with no partner.

Table 13 Sources of startup/acquisition finance

<i>Source</i>	<i>%</i>	<i>Source</i>	<i>%</i>
self	70.6	venture capital	4.3
partners	32.9	hire purchase, leasing	6.9
(non partner) friends, relatives	7.7	trade customers	3.9
high street banks	38.5	business angels	1.6
other banks	1.2	government schemes	7.7
other	3.0	N/A	13.6

Table 14 Business objectives

Are the following objectives very important, moderately important or unimportant for you in your business? *(please tick one only for each line)*

	<i>very import.</i>	<i>moder. import.</i>	<i>unim- portant</i>
1 Increase the value of the business for potential capital gains	41.6	35.9	22.4 (4)
2 Maximise current and future returns for investors/ owners	49.2	35.0	15.9 (3)
3 Build a business with reputation for product/ service excellence	91.4	8.0	0.6 (1)
4 Provide a stable and positive environment for employees	63.3	30.9	5.7 (2)
5 Build a solid business which I can pass on to my successor	29.2	32.8	62.0
6 Prepare the business for future stock exchange/ AIM listing	9.2	18.7	72.1
7 Build a business which contributes to the well-being of society	22.5	44.1	33.4

Table 15 Typology by business objectives

		stakeholder objectives	
		high	low
financial objectives	high	co-operative capitalists (83)	capitalists (41)
	low	co-operatists (94)	coasters (41)

Table 16 Business performance by entrepreneur type
(Mean rank orders from Kruskal Wallis test)

<i>Mean rank order</i>	<i>Overall</i>	<i>Manu- factur.</i>	<i>Comp. services</i>	<i>Other services</i>	<i>Found. - 1979</i>	<i>Found. 1980-89</i>	<i>Found. 1990 -</i>
EMPLOYEES							
1	co-op *	co-op †	co-op *	cap	co-op	co-cap *	cap *
2	cap	cap	cap	co-op	cap	cap	co-cap
3	co-cap	co-cap	co-cap	co-cap	co-cap	co-op	co-op
4	coast	coast	coast	coast	coast	coast	coast
SALES							
1	co-op*	cap †	co-op	cap*	co-op †	co-cap	cap
2	cap	co-op	co-cap	co-cap	cap	cap	co-cap
3	co-cap	co-cap	cap	co-op	co-cap	co-op	co-op
4	coast	coast	coast	coast	coast	coast	coast
PRETAX PROFITS							
1	cap *	co-op	cap	cap	co-op	cap	cap
2	co-cap	cap	co-cap	co-cap	cap	co-cap	co-cap
3	co-op	co-cap	co-op	co-op	co-cap	co-op	co-op
4	coast	coast	coast	coast	coast	coast	coast
NET WORTH							
1	co-op *	co-op †	co-op	cap *	cap †	co-op †	cap
2	cap	cap	cap	co-cap	co-op	co-cap	co-cap
3	co-cap	co-cap	co-cap	co-op	co-cap	cap	co-op
4	coast	coast	coast	coast	coast	coast	coast

Notes: Rank orders are based on mean ranks from non-parametric Kruskal-Wallis 1-way ANOVA test.

* indicates significance of mean rank orders at the .01 level.

† indicates significance of mean rank orders at the .05 level.

Figure 1 Size of business by sector

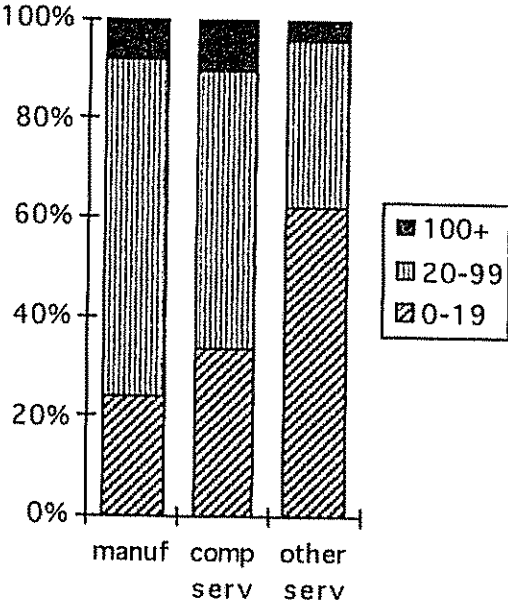


Figure 2 Year of founding by sector

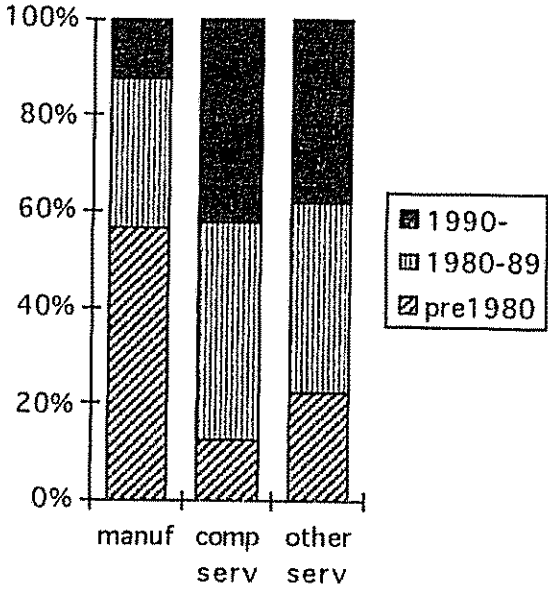


Figure 3 Age of participants

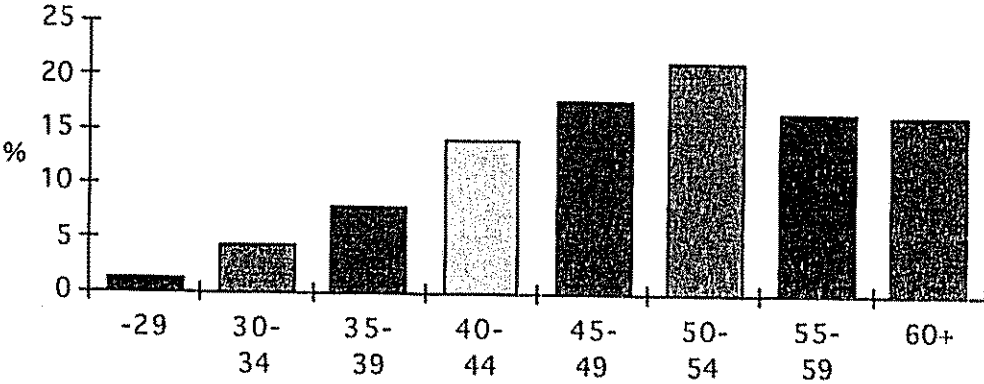
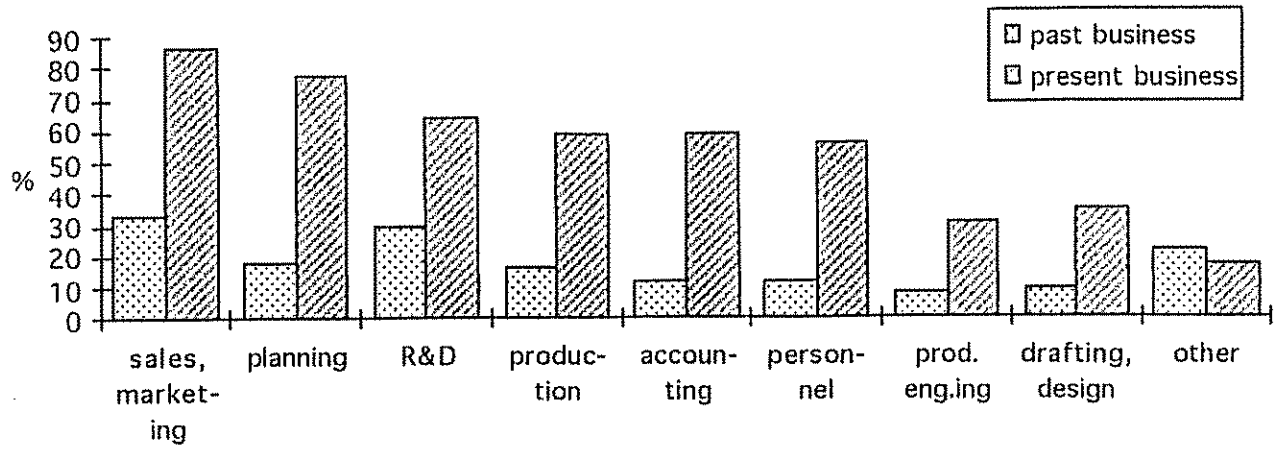
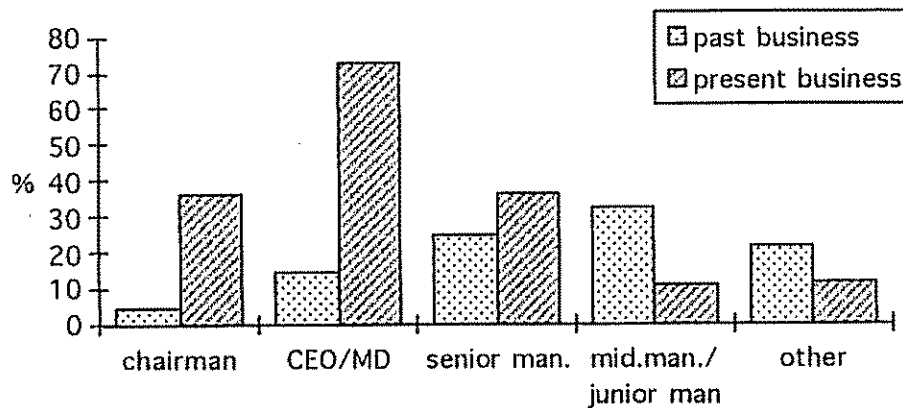


Figure 4 Work done in past and present business



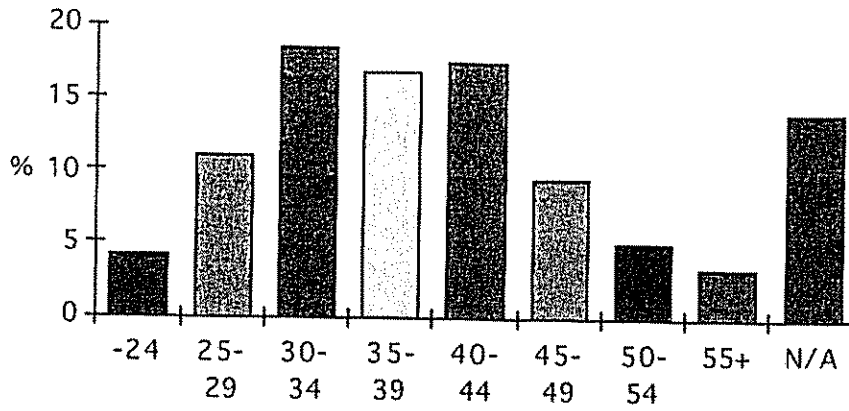
Notes: past business = previous business participants spent the longest time in figures are for all participants

Figure 5 Positions held in past and present business



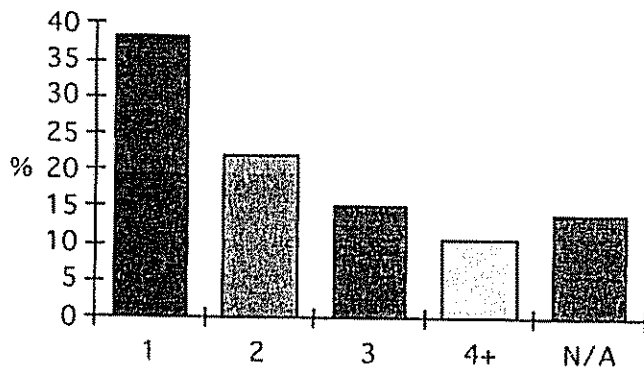
Notes: as for figure 3

Figure 6 Age of participants when they started/acquired their first business



Note: N/A = those who did not start/acquire their own business

Figure 7 Number of businesses start/acquired



Note: as for figure 6

Figure 8 Working hours per normal working month

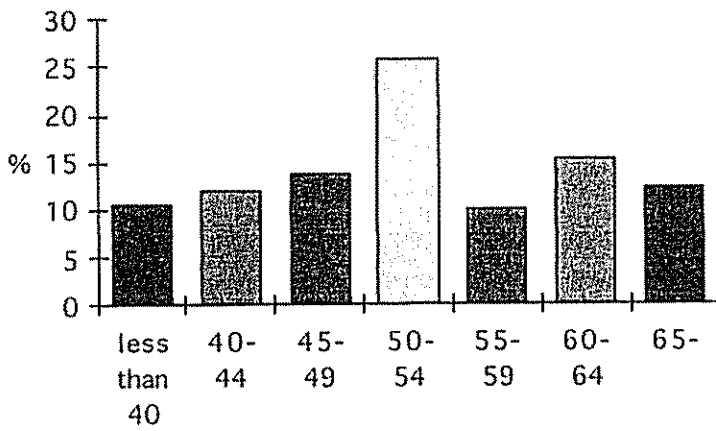
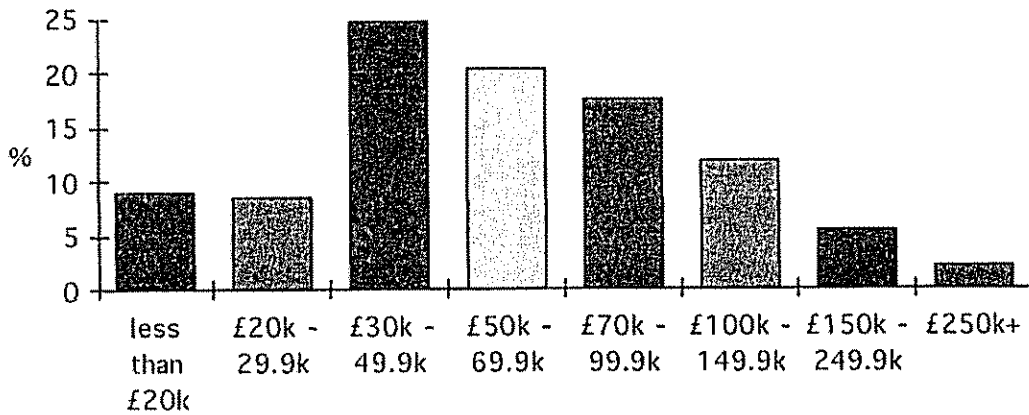


Figure 9 Annual income



Note: includes salary, bonus, shares, dividends and other emoluments, excludes pension

Figure 10 Sectoral distribution

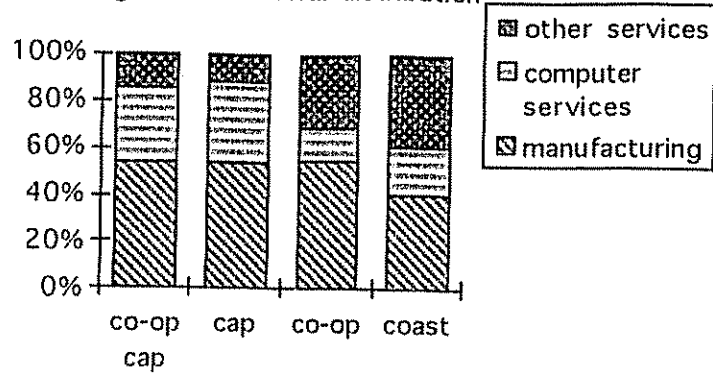


Figure 11 Size distribution

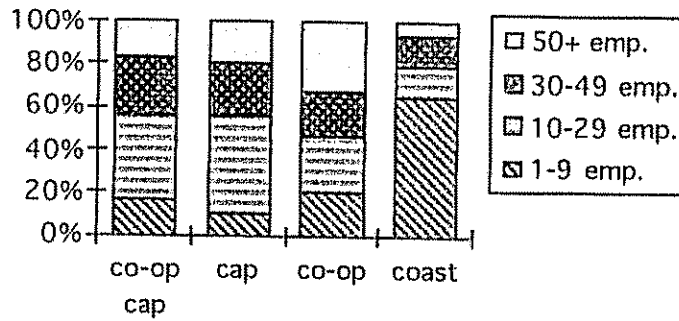


Figure 12 Year of founding

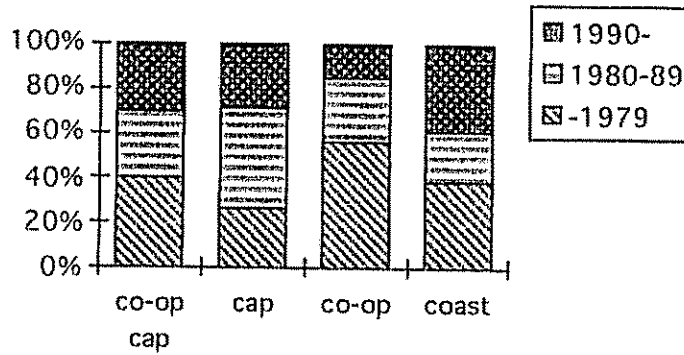


Figure 13 Legal status

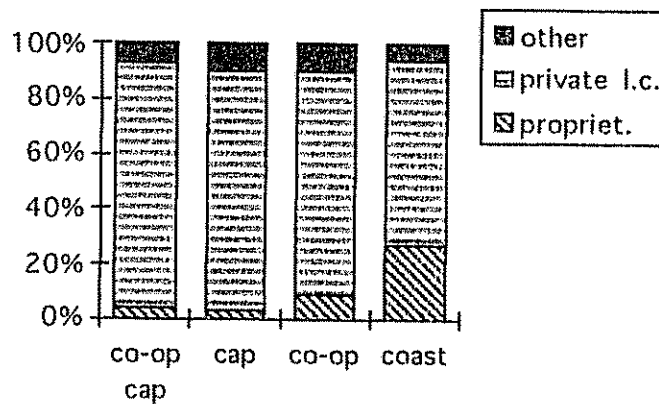


Figure 14 Average age

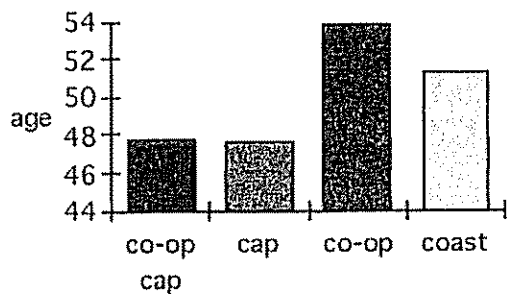


Figure 15 Age when started first business

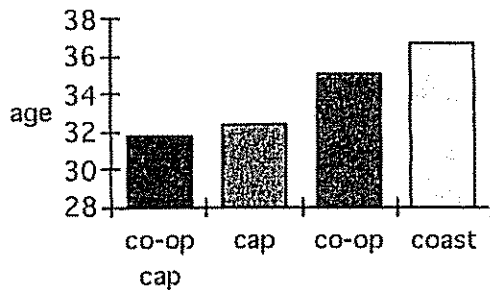


Figure 16 No. of businesses started

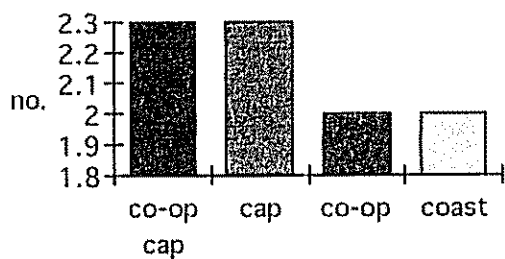


Figure 17 Working hours/day

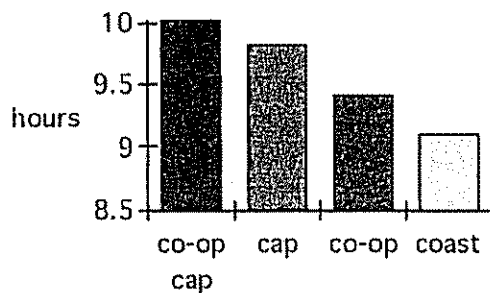


Figure 18 Income of £100,000+

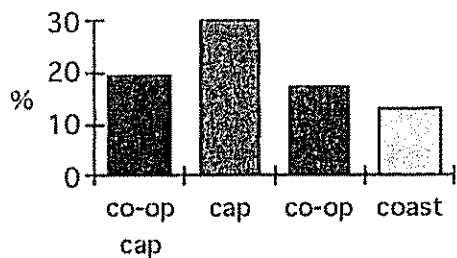
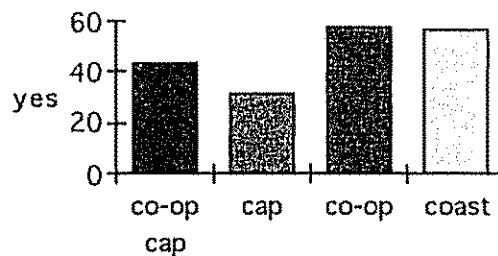


Figure 19 With business in 10 years?



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APPENDIX

APPENDIX: Questionnaire with response data

Section A Starting your present business

Please tell us about you and your present business (company, partnership or sole proprietorship).

A1 What areas have you worked in in your present business?

497 (please tick as many as appropriate)

- | | | | |
|------|--|------|---|
| 86.9 | <input type="checkbox"/> sales, marketing | 59.2 | <input type="checkbox"/> accounting |
| 77.7 | <input type="checkbox"/> planning | 56.3 | <input type="checkbox"/> personnel |
| 64.4 | <input type="checkbox"/> research and devel. | 30.4 | <input type="checkbox"/> production engineering |
| 59.0 | <input type="checkbox"/> production | 35.0 | <input type="checkbox"/> drafting, design |
| 17.5 | <input type="checkbox"/> other | | |

A2 What positions have you held in your present business?

502 (please tick as many as appropriate)

- | | | | |
|------|---|------|--|
| 36.3 | <input type="checkbox"/> chairman | 72.7 | <input type="checkbox"/> chief executive officer/ MD |
| 36.5 | <input type="checkbox"/> other direc., sen.man. | 10.6 | <input type="checkbox"/> middle, junior manager |
| 11.2 | <input type="checkbox"/> other | | |

A3 Which of the following best describes you?

496 (please tick one only)

- | | | | |
|------|---|-----|--|
| 71.0 | <input type="checkbox"/> founder CEO | 7.7 | <input type="checkbox"/> relative of founder CEO |
| 5.0 | <input type="checkbox"/> recruited, scouted CEO | 6.9 | <input type="checkbox"/> promoted (non family) CEO |
| 6.5 | <input type="checkbox"/> buy-out, buy-in CEO | 0.8 | <input type="checkbox"/> company spinoff CEO |
| 3.1 | <input type="checkbox"/> other (please specify) _____ | | |
| | One of a group of founders | | 0.4 |
| | Sole trader/ proprietor | | 0.4 |
| | Director | | 0.8 |
| | (3 others, 0.2 each) | | |

A4 When did you begin to think about starting/ acquiring your own business?

493 (please tick one only)

- | | | | |
|------|--|--|-----|
| 14.0 | <input type="checkbox"/> I did not start/ acquire my own business ⇒ please go to Section B | | |
| 9.1 | <input type="checkbox"/> before I got my first job | | |
| 11.0 | <input type="checkbox"/> soon after I started working | | |
| 48.1 | <input type="checkbox"/> after working for several years | | |
| 1.6 | <input type="checkbox"/> approaching or after retirement | | |
| 3.0 | <input type="checkbox"/> when my former business got into trouble | | |
| 9.1 | <input type="checkbox"/> when I was made redundant | | |
| 4.1 | <input type="checkbox"/> other (please specify) _____ | | |
| | When I resigned/ left | | 0.6 |
| | After my children were (??) | | 0.4 |
| | (15 others, 0.2 each) | | |

A5
498

How many businesses have you started/acquired? _____

N/A	13.9
1	38.4
2	22.1
3	15.1
4	4.6
5	2.8
6+	3.2 (including 2 people at 15)

A6
497

How old were you when you started/acquired your first business? _____ years

N/A	13.9
15-19	2.2
20-24	9.9
25-29	17.1
30-34	18.7
35-39	14.7
40-44	13.0
45-49	5.5
50-54	3.2
55-59	1.2
60+	0.6

A7
490

How old were you when you started/acquired your present business? _____ years

N/A	14.1
19-24	4.1
25-29	11.0
30-34	18.4
35-39	16.7
40-44	17.5
45-49	9.4
50-54	5.1
55-59	2.9
60+	0.4

A8
497

When starting/acquiring your present business, were you helped at all, either by the last business you worked for, or by the business you spent the most time with?

33.6	<input type="checkbox"/> N/A	13.9	52.5	<input type="checkbox"/> no → please go to question A10
	<input type="checkbox"/> yes			

A9 If 'yes', what kind of help did you receive?

495 (please tick as many as appropriate)

N/A 66.7 (for all the following)

- | | | | | | |
|------|--------------------------|----------------------|------|--------------------------|--------------------------|
| 10.3 | <input type="checkbox"/> | finance | 14.7 | <input type="checkbox"/> | technological expertise |
| 7.3 | <input type="checkbox"/> | sales and marketing | 7.9 | <input type="checkbox"/> | management, planning |
| 17.8 | <input type="checkbox"/> | cust./client connec. | 7.3 | <input type="checkbox"/> | emotional, moral support |
| 3.6 | <input type="checkbox"/> | legal expertise | 5.5 | <input type="checkbox"/> | other |

A10 Were the following crucial, significant or insignificant in your decision to start/acquire the business?

(please tick one only for each line)

	Resp.	N/A	crucial	signif.	insignif.
Strong future for this line of work	485	14.2	46.0	34.8	4.9
Use/develop technical skills	461	15.0	19.3	35.1	30.6
Use/dev. marketing or planning skills	455	15.2	13.0	34.7	37.1
Use/develop management skills	460	15.0	15.7	34.6	34.8
Commercialise an existing technology	452	15.3	15.5	23.9	45.4
Dev. and commerc.ise a new technol.	450	15.3	19.3	18.2	47.1
I wanted to provide a new service	450	15.3	24.0	27.6	33.1
I wanted to be my own boss	482	14.3	54.6	21.6	9.5
I wanted to get on in the world	459	15.0	32.2	26.1	26.6
I wanted to manage a business	457	15.1	31.3	29.1	24.5
Increase my income/wealth	473	14.6	32.8	36.4	16.3
Do sthg worth investing energy in	464	14.9	51.7	26.3	7.1
For the dev.t of science and technol.	450	15.3	5.1	17.1	62.4
Do something useful for society	451	15.3	7.8	26.4	50.6
I did it to enjoy my life	463	14.9	31.1	38.2	15.8
I did it for the happiness of my family	458	15.1	18.6	36.7	29.7

A11 Did you start/acquire your present business with other co-founders or partners?

502 N/A 13.7

59.0 yes 27.3 no → please go to A15

A12 If 'yes', was one of your co-founders/partners your spouse/companion?

496 N/A 41.5

14.7 yes 43.8 no

A13 How many co-founders/partners were there altogether? _____

493 N/A 41.8
 2 37.1
 3 13.8
 4 4.5
 5+ 2.8

A14 In what capacity did the co-founder(s)/ partner(s) contribute?
 498 (please tick as many as appropriate)

N/A	41.4		
28.9	<input type="checkbox"/> finance	28.3	<input type="checkbox"/> technological expertise
21.1	<input type="checkbox"/> sales and marketing	20.3	<input type="checkbox"/> management, planning
17.5	<input type="checkbox"/> customer/ client connec.	26.7	<input type="checkbox"/> emotional, moral support
3.8	<input type="checkbox"/> legal expertise	7.2	<input type="checkbox"/> other

A15 Please indicate your sources of finance when you were starting/
 507 acquiring your present business.
 (please tick as many as appropriate)

N/A	13.6		
70.6	<input type="checkbox"/> self	4.3	<input type="checkbox"/> venture capital
32.9	<input type="checkbox"/> partners	6.9	<input type="checkbox"/> hire purchase, leasing
7.7	<input type="checkbox"/> (non part) friends, relat.	3.9	<input type="checkbox"/> trade customers
38.5	<input type="checkbox"/> high street banks	1.6	<input type="checkbox"/> business angels
1.2	<input type="checkbox"/> other banks	7.7	<input type="checkbox"/> government schemes
3.0	<input type="checkbox"/> other		

Section B Your previous work experience

Please tell us about your previous work experience.

B1 Have you ever changed business? 79.6 yes 20.4 no
 510

➡ please go to Section C

B2 If 'yes', how many times? _____ times

468	N/A	22.2
	1	15.0
	2	20.7
	3	20.1
	4	9.2
	5	5.6
	6-9	6.6
	10+	0.6

B3 What was the longest time you spent in a previous business?

497		_____ years
	N/A	20.9
	<5 years	14.5
	5-9 yrs	29.4
	10-14	19.3
	15-19	7.4
	20+	8.5

B4 In which industry was the business you spent your longest time in?

506 (please tick one only)

N/A 20.6

- 6.9 chemicals, pharmaceuticals
- 9.5 metal goods, mechanical engineering
- 16.2 electric, electronic, instrument engineering
- 5.7 other manufacturing
- 10.5 software, information services
- 4.5 technology consulting/development
- 5.7 education, professional research
- 8.9 other services
- 11.5 other

B5 How big was the business you spent your longest time in?

509 (number of employees; please tick one only)

N/A 20.4

- 7.1 1-9
- 5.1 10-19
- 8.6 20-49
- 10.6 50-99
- 11.8 100-299
- 36.3 300+

B6 What work did you do in the business you spent your longest time in?

509 (please tick as many as appropriate)

N/A 20.4

- 33.0 sales, marketing
- 12.0 accounting
- 18.1 planning
- 11.8 personnel
- 29.9 research and develop.t
- 8.6 production engineering
- 16.7 production, mainten.ce
- 9.0 drafting, design
- 21.4 other

B7 What positions did you hold in the business you spent your longest time in?

510 (please tick as many as appropriate)

N/A 20.4

- 4.5 chairman
- 14.5 chief executive officer/MD
- 24.5 other direc., senior man.
- 32.2 middle, junior manager
- 21.8 other

B8 Why did you leave the business you spent your longest time in?
 486 (please tick as many as appropriate)

- N/A 21.4
- 11.7 it had no future
 - 14.2 I couldn't do the work I wanted to do
 - 27.4 I wanted to be my own boss
 - 11.1 my work/ views were not appreciated
 - 10.3 because of friction with bosses/ colleagues
 - 7.4 because of insufficient pay
 - 14.2 I was offered better pay/ promotion elsewhere
 - 14.2 for lifestyle, family or locational reasons
 - 8.6 because of redundancy
 - 9.7 the company was sold
 - 12.3 other

B9 Was the business you spent your longest time in your most recent business?
 499 N/A 20.8

34.3 yes 44.9 no

Section C Your present circumstances and future plans

Please tell us about your current involvement with, and plans for, your business.

C1 What are your normal working hours per day? _____ hours
 495

less than 8 hours	8.1
8-8.5	14.5
9-9.5	22.0
10-10.5	35.1
11+	20.2

C2 What are your normal working hours per week? _____ hours
 496

less than 40	10.5
40-44	12.1
45-49	13.9
50-54	25.8
55-60	25.4
65+	12.3

C3 How many days holiday do you normally take a year (excluding weekends
496 and bank holidays)? _____ days

<10	10.9
10-14	15.1
15-19	15.3 (15 = 13.9)
20-24	25.4 (20 = 20.4)
25-29	17.2 (25 = 14.1)
30+	15.1 (30 = 7.9)

C4 If your business has a mission statement, please write it
217 (the key statement) below.

57.5% did not respond, 3.3% said they had none, 39.2% filled it in. _____

C5 Are the following objectives very important, moderately important or
unimportant for you in your business?
(please tick one only for each line)

	very import.	moder. import.	unim- portant	
Increase the value of the business for potential capital gains	41.6	35.9	22.4	473
Maximise current and future returns for investors/ owners	49.2	35.0	15.9	472
Build bus. with reputation for product/ service excellence	91.4	8.0	0.6	500
Provide a stable and positive environment for employees	63.3	30.9	5.7	488
Build a solid business which I can pass on to my successor	29.2	32.8	62.0	476
Prepare the business for future stock exchange/ AIM listing	9.2	18.7	72.1	459
Build bus. which contributes to the well-being of society	22.5	44.1	33.4	476

C6 Do you hope to be with your current company in ten years time?

497 51.7 yes 48.3 no

C7 Have you thought about who will replace you as CEO when you step down?

499 65.3 yes 34.7 no → please go to C9

C8 If 'yes', who is it likely to be? (please tick one)

496 N/A 34.9
13.7 son, daughter
1.2 other family member, relative
24.8 someone in the company
16.5 someone outside the company
8.9 not sure

C9 What was your approximate annual income in the past year?
 498 (including salary, bonus, shares, dividends and other emoluments, but excluding pension; please tick one only)

9.0	<input type="checkbox"/>	<£20,000	17.5	<input type="checkbox"/>	£70,000 - £99,999
8.6	<input type="checkbox"/>	£20,000 - £29,999	12.0	<input type="checkbox"/>	£100,000 - £149,999
24.7	<input type="checkbox"/>	£30,000 - £49,999	5.6	<input type="checkbox"/>	£150,000 - £249,999
20.3	<input type="checkbox"/>	£50,000 - £69,999	2.2	<input type="checkbox"/>	£250,000+

C10 Are you a director of any other company?
 504 42.7 yes 57.3 no ⇒ please go to Section D

C11 If 'yes', how many companies? (please write number) _____
 503 N/A 57.5
 1 16.5
 2 14.3
 3 6.2
 4+ 5.6 (10+ = 0.6)

Section D Your personal background

Please tell us about your background.

D1 What is your age? _____ years
 499

-24	0.2
25-29	1.0
30-34	4.4
35-39	8.0
40-44	14.1
45-49	17.8
50-54	21.4
55-59	16.7
60+	16.4 (incl. one 93 year old)

D2 What is your gender? 94.0 male 6.0 female
 500

D3 And your current marital status?
 504 (please tick one only)

82.9	<input type="checkbox"/>	married	1.8	<input type="checkbox"/>	separated
0.8	<input type="checkbox"/>	widowed	4.8	<input type="checkbox"/>	single
4.6	<input type="checkbox"/>	divorced	5.2	<input type="checkbox"/>	cohabiting

D4 Which country were you born in? _____

505

UK	46.7
England	38.4
Scotland	5.1
Wales	1.0
Ireland (N and S)	2.6
Other Europe	1.8
USA/Canada	0.8
India/Pak.?Bangl	0.6
China/HK/Japan	0.6
Australasia	0.4
Iran/Iraq/S Arabia/L	0.4
Africa excl. S. Africa	0.4
S. Africa	0.4
Uganda	0.2
W. Indies	0.4
Russia & satellites (o	0.2

D5 How long have you lived in the UK? _____ years

491 (see data - meaningless except in cross-tabulation)

D6 How would you describe your ethnic background? _____

431

White/WASP	97.2
Asian	0.5
Far Eastern	0.5
Middle Eastern	0.5
Afro-Caribbean/black	0.2
Jewish	0.5
Mixed	0.7

D7 What formal educational, vocational or professional qualifications do you have?

504 (please tick as many as appropriate)

7.9	<input type="checkbox"/> none	45.8	<input type="checkbox"/> first degree
49.6	<input type="checkbox"/> GCSE (or equivalent)	20.6	<input type="checkbox"/> postgraduate degree
45.4	<input type="checkbox"/> A levels (or equivalent)	32.3	<input type="checkbox"/> professional certification
26.6	<input type="checkbox"/> vocational (HNC, etc.)		

If you do not have a degree, please go to Section E

D8 If you have a degree, what area is it in?

503 (please tick as many as appropriate)

	<i>1st</i>		<i>postgr.</i>
N/A	54.3	N/A	79.5
6.4	<input type="checkbox"/>	2.2	<input type="checkbox"/> arts, social sciences
5.8	<input type="checkbox"/>	5.6	<input type="checkbox"/> business/management
34.6	<input type="checkbox"/>	13.9	<input type="checkbox"/> science, engineering

Section E Your family background

Please tell us briefly about your family background.

E1 What was your position in the family you were principally raised in?
 504 (eg. 2nd child of 5 children)

_____ child of _____ children
 54.8 were eldest, 0.2 was twin, 27.4 was second, but position cannot be determined without cross-tabulation.

E2 Did you lose a parent before your eighteenth birthday?
 505 11.9 yes 88.1 no

E3 Were your parents separated or divorced before your eighteenth birthday?
 505 N/A 2.0
 8.9 yes 89.1 no

E4 What formal qualifications do/ did your parents have?
 (please tick as many as appropriate)

471 father except 'don't know' - 486; 478 mother, except 'don't know' - 494

<i>father</i>		<i>mother</i>	
49.3	<input type="checkbox"/>	61.3	<input type="checkbox"/> none
22.1	<input type="checkbox"/>	22.8	<input type="checkbox"/> GCSE (or equivalent)
16.6	<input type="checkbox"/>	14.2	<input type="checkbox"/> A levels (or equivalent)
16.8	<input type="checkbox"/>	8.2	<input type="checkbox"/> vocational (HNC, etc.)
13.6	<input type="checkbox"/>	6.7	<input type="checkbox"/> first degree
5.3	<input type="checkbox"/>	1.0	<input type="checkbox"/> postgraduate degree
17.4	<input type="checkbox"/>	7.7	<input type="checkbox"/> professional certification
3.1	<input type="checkbox"/>	3.2	<input type="checkbox"/> don't know

E5 Do/ did they own, or are/ were they directors in a company or business?
 (please tick the appropriate boxes)

504 father, 493 mother

<i>father</i>		<i>mother</i>	
32.9	<input type="checkbox"/>	12.8	<input type="checkbox"/> yes
67.1	<input type="checkbox"/>	86.6	<input type="checkbox"/> no
		0.6	N/A

E6 What occupational grouping best describes them?
 (please tick one only for father, and one only for mother)

503 father, 502 mother

<i>father</i>		<i>mother</i>	
		0.6	N/A
14.7	<input type="checkbox"/>	8.2	<input type="checkbox"/> semi skilled manual
19.9	<input type="checkbox"/>	4.2	<input type="checkbox"/> skilled manual
7.0	<input type="checkbox"/>	16.1	<input type="checkbox"/> clerical, administrative
9.9	<input type="checkbox"/>	3.2	<input type="checkbox"/> technician, semi professional
20.7	<input type="checkbox"/>	8.2	<input type="checkbox"/> professional, scientist, technologist

27.0 3.0 managerial
0.8 56.6 home, family work

E7 What sector do/did they belong to?

498 father, 492 mother

<i>father</i>		<i>mother</i>	
	0.6	N/A	
9.0 <input type="checkbox"/>	2.2	<input type="checkbox"/>	agriculture, fishing, forestry
49.4 <input type="checkbox"/>	10.0	<input type="checkbox"/>	manufacturing, construction, mining
40.2 <input type="checkbox"/>	26.8	<input type="checkbox"/>	services, finance, utilities, public, etc.
1.4 <input type="checkbox"/>	60.4	<input type="checkbox"/>	home, family work

Section F Recollections

F1 Finally, in the space below please recall any critical events or experiences which influenced a) your approach to business, and b) the development of your business.

a) your approach to business _____ 328 _____

b) the development of your business _____ 317 _____

We sincerely appreciate your taking the time to answer these questions. Your help will enable us to understand better entrepreneurs and entrepreneurship in the UK.

