Enterprise Support: A Tonic for Young People?¹

Introduction

In the early 1970s, it was unusual for a young person to consider self-employment as an option. The self-employed were largely either thought of as the petite bourgeoisie (Bechhofer and Elliot, 1976) or, in some way or another, at the margins of society (Stanworth and Curran, 1973). Economically, as the number of small businesses had fallen since the 1920s, there were also doubts about their economic importance (Bolton, 1971). Small scale enterprises were seen as a backwater: “because many small firms appear to be inefficient, traditionalist and family-ridden, the small firm-sector as a whole is seen as imimical to progress and professionalism” (Boswell, 1973: 19).

Since then, there would appear to have been a remarkable change in the attitudes people have towards smaller businesses. Indeed, they are increasingly seen as being pivotal to the fortunes of the British economy. Blair, in his first Labour Party Conference Speech as Prime Minister, suggested that he wanted Britain “to be a country of enterprise and ambition, where small businesses grow, manufacturing and engineering revive” (quoted in Gavron et al, 2000: i.).

¹ The author would like to acknowledge the assistance received by Shell UK plc in the pursuit of this study. He would also like to thank the Conservative Party and the Bodleian Library for allowing access to the Conservative Party archive. As usual, any mistakes are the responsibility of the author.
What has stimulated this apparent change in attitudes to self-employment? Is it, indeed, right to suggest that self-employment is now more acceptable amongst the young or that they are more likely to become self-employed?

In investigating these questions, this paper argues that we have to consider the role of the enterprise support community. Such a suggestion is, of course, not the only way to look at changes in youth enterprise over the last 25 years. Curran (1999) highlighted other valid reasons for the growth of self-employment: the vertical disintegration strategies of large businesses; changes in demand; the increased importance of the service economy; and changes in the technological/innovatory capacity of smaller sized enterprises.

In concentrating upon the role of enterprise support rather than other viable explanations, this paper identifies that the enterprise support has been particularly marked by the philosophy and policies of the Conservative Party, mass unemployment and empirical evidence pointing to the dynamic nature of smaller businesses (Birch, 1979). Yet again there may be other unacknowledged influences on enterprise support but even so this paper identifies three distinctive stages of enterprise support in the last 25 years. The first of these, ‘free-enterprise’, is said to have occurred between 1975 and 1981. This period was a reaction to the economic and social problems of the 1970s. It sought, perhaps naively, to unshackle the entrepreneur by restoring the profit motive and reducing the excessive ‘dead hand’ of the State.
This emphasis upon incentives and deregulation is echoed in later attempts to improve the entrepreneurial capacity and propensity of young people (e.g. White Papers such as *Lifting the Burden* (1985) and *The DTI: The Department for Enterprise* (1988)). Nonetheless, the 1980s do not simply represent an attempt by the State to retire itself. Indeed, this paper argues that the second stage of enterprise support (roughly 1981-1991) represents a remarkable attempt to re-engineer young people’s propensities towards self-employment. If anything, as we shall see, government sponsored activity, ably supported by the voluntary and private sector, marks out this period. In common with many others, we call this the ‘enterprise culture’ period.

In some senses, it would be right to suggest that this period or the loose and vague notion of ‘enterprise culture’ (Keat, 1991; Ritchie, 1991; and Deakin and Edwards, 1993) did not go away in the 1990s. If anything, State support for small businesses has increased: Beesley and Wilson (1984) showed, for example, that the pace of government intervention increased from 2 measures (1946-1960) to 13 (1961-1970) and then onto 33 (1971-81). By 1989 this had mushroomed to 103 initiatives (Curran and Blackburn, 2000), and, more latterly (1995-96), to over 200 at the cost of £632m (Gavron et al, 2000).

Certain things did change in the 1990s. Thatcher was unceremoniously removed from office despite never having lost an election. Enterprise support policy also changed. Instead of generally attempting to increase the *quantity* of UK businesses (new start-ups) we saw a rather lame attempt to increase the *quality* of small businesses (fast growth) in the UK economy.
A similar change is evident for young people in the 1990s. Instead of the mass training schemes of the 1980s (Youth Opportunities Programme, Youth Training Scheme) much more emphasis has been placed on improving the skills and education of young people. This has not meant that self-employment has gone away, just that the emphasis now is much more on 'empowering' young people in the career choices that they make. It is for this reason, that the third period, roughly running from 1991 onwards is called 'enterprising individuals'.

Describing each of these three stages of enterprise support forms the first part of the paper. In the second part, however, we consider empirical evidence on changes in the take-up of self-employment by young people. This is measured using data from the Labour Force Survey for the last 23 years. Consideration is also given to young people's propensity towards self-employment over the 1980s and 1990s. This is assessed by using what available data there is from the annual British Social Attitudes survey. For the moment, though, we consider the 'free enterprise' period.


It all seems unthinkable now. I remember getting off a flight from Washington DC in the spring of 1974… all the talk in front of the aircraft was of the possibility of a military coup in Britain! When I reached McKinsey’s offices in St James’s Street (where I then worked), there were candles on the shelves; this was the three day week. Arthur Scargill’s shock troops were about, in effect, to overthrow the democratically elected government” (Banham, 1990: 5).

The 1970s were a troubled decade for the UK. The collapse of the Bretton Woods system of exchange controls, the doubling of the real price of oil, an inflation rate of 13.6% (1970-1979), the calling in of the International Monetary Fund and continual industrial disputes (the three day week, the ‘winter of discontent’) are all symptomatic of ailments that were said to beset ‘the sick man of Europe’ (Coopey and Woodward, 1996).

Traditional cures seemed to be ineffective. The Heath government’s (1970-1974) attempt to control inflation through an incomes policy was met by hostility amongst trade unionists. The Wilson (1974-1976) and Callaghan (1976-1979) government’s ‘Social Contract’ fared little better. Increases in public spending, regional aid and the bailing out of troubled businesses (e.g. Clyde Shipbuilders, Rolls Royce) no longer provided ready means of reducing unemployment and inflation. Instead, as inflation soared, so did unemployment. Unemployment in December 1973 stood at less than ½ million but by August 1975 it was more than 1 million.
Young people were particularly affected by unemployment. For example, only 1,800 school leavers were unemployed in December 1973 but by August 1975 this had increased to 158,200 (Source: Employment Gazette, various years). This continued for the rest of the decade. Similarly, unemployment durations increased: the percentage of people unemployed for more than a year increased from 14.7% to 21.7% over the period from July 1975 to July 1978.

The response from the incumbent Callaghan government was to introduce a number of schemes to alleviate the problems faced by young people: the Job Creation Programme (October 1975 - December 1977); the Recruitment Subsidy for School Leavers (October 1975 – September 1976); the Work Experience Programme (September 1976 – April 1978); Youth Employment Subsidy (October 1976 – March 1978); Small Firms Employment Subsidy (July 1977 – March 1980); the Special Temporary Employment Programme (April 1978 – March 1981); and the Youth Opportunities Scheme (April 1978 – September 1983) (Jarvis, 1998). Of these schemes, the Youth Opportunities Scheme was the most important. In 1978-79, 162,000 young people (16-18 years old) were given work experience.

In part, these responses may be thought of as temporary measures designed to help alleviate youth unemployment. After all, the economic depression of the 1930s and its attendant structural unemployment were still viewed by many as a situation to be avoided at all cost.\(^2\)

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\(^2\) The Vice-Chairman of the Conservative Party, Knox suggested in a speech given in 1975 that: “we must never allow those days [1930s] of high unemployment to return. History will certainly judge the present generation of politicians harshly if they do".
Nonetheless, it is clear, perhaps because of the monetarist straight-jacket imposed by
the IMF, that Callaghan realised he could no longer rely upon traditional demand
management techniques. This was evident in Callaghan’s ‘in all candour’ speech to
the Labour Party in 1976. Keynesianism, which had seemed to serve the UK so well
in the post-war period, was seemingly bankrupt.

However, if there were those in the Labour government who were troubled by such
issues, there were others in the Conservative Party who questioned the very
fundamentals of the UK economy. For example, those on the right of the party (e.g.
Keith Joseph, Angus Maude, David Howell, Geoffrey Howe) saw the influence of the
trade unions as being oppressive. Equally, government had become overweening.
Restrictive legislation such as the Employment Protection Act (1975) and the
nationalising activities of the National Enterprise Board were seen as severely
debilitating the efficiency and productivity of the UK economy.

The cankerous activity of the State also affected people’s willingness to work.
Managers were given the responsibility to manage but, because of union pressure, not
the authority to manage. Education was also failing to adequately teach young people
about work. This, according to the economic historian Barnett (1972), was due to the
gradual erosion of the entrepreneurial ethic in the UK. Enterprise was lost, according
to this argument, because the education system promoted a disdain rather than support
for technical and vocational education and training. Moreover, the individual had also
become too reliant, particularly after the Second World War, on the ‘nanny state’. In
other words, therefore, not only had the profit motive been lost, individuals
themselves had forgotten how to be entrepreneurial: “the anti-enterprise climate has
been one of the causes of the slower growth in prosperity and well-being for all of us than might have been the case” (Joseph, 1976).

To reverse this decline, the right wing of the Conservative Party, prompted by the Institute of Economic Affairs and the Centre for Policy Studies, sought to set out to resuscitate economic liberalism through the promotion of the efficacy of free markets, sound money and non-intervention in the economy.

In some senses, there was a sense of déjà vu about the promotion of such policies. The previous Heath government, after the famous conference at Selsdon Park in 1970, attempted a similar strategy of non-intervention in the marketplace. This failed. Partly this was due to being forced to bail out Rolls Royce and the Upper Clydeside Shipbuilders in 1971. Fundamentally, though, Heath did not have the conviction to break from the consensus politics of the post war.

Humiliated by two election defeats in one year (1974), radical Conservatives, buoyed by monetarist thinking, returned and refined their concepts of the free-market. Central to this was the desire for the state to act, not as a player/manager, but as a referee:

We have to reinforce success in preference to failure and create the climate and opportunities for fresh successes. And we shall do this not by ever more public spending, more regulations, more control and more bureaucracy, but by gradual and systematic removal of deterrents and discouragements that have grown up to hold back Britain’s instinctive industrial and commercial vitality (Maud et al, 1977: 43).
Deregulation alone, although necessary, was not thought to be sufficient. Government also had a role in reducing the taxation burden of individuals. This mix of improved incentives and deregulation was expected to have a magical effect upon the activities of individuals:

We are like Aladdin. There is a magic lamp in our hands. We can summon to our aid a host of genies – just by encouraging all our wealth-creators through the encouragement of initiative and enterprise (Joseph, 1976).

As a consequence of this increased activity, Conservatives suggested, in a series of speeches (Joseph, 1976; Howell, 1976 and Howe, 1976\(^3\)) and pamphlets (Brown et al, 1976: Maud et al, 1977), that one practical benefit would be to increase employment. This was an odd and perhaps fanciful claim to make at the time. Small businesses were not thought of as being the most likely to create employment. Indeed, as we have seen, Bolton (1971) had suggested that the number of small businesses was declining.

Yet, vindication of the ideological and practical support for the smaller business came with Birch (1979). Birch claimed that 81.5% of all new jobs in the US were created by businesses with fewer than 100 employees. Even more remarkably, he suggested that businesses with fewer than 20 employees generated 66% of all the new jobs whilst, by comparison, large firms of more than 500 employees contributed only 13.3% of new jobs.

Although this important empirical research found its way across the Atlantic prior to the end of the 1970s, its reception was, initially, lukewarm. The *Economist* (1980a),
for example, doubted if policies designed to specifically support small businesses were any more likely to increase job creation. The House of Lords Select Committee into Unemployment in 1980 was also sceptical. They suggested that, at best, small businesses were only likely to make a modest contribution towards employment generation.

It is also debatable if the presence of Birch's findings would have made much of a difference to Conservative Party thinking. During this 'free enterprise' phase, there was a real desire to disentangle the State from economic activity. Indeed, the government's role was to enable rather than intervene in economic affairs.

The Conservative Party got their chance to test out the competence of their 'free enterprise' views following their victory in the May general election of 1979. Howe, the Chancellor of the Exchequer, announced, for example, in the 1980 budget reductions in Corporation tax, Capital Gains tax and Capital Transfer tax for small businesses and the creation of 'Enterprise Zones'. Joseph, the Minister of State for Industry, also sought to reduce government intervention. For instance, the budget for the Manpower Services Commission (MSC), which had been set up by Heath in 1973 to replace the Industrial Training Boards, was cut by £150 million. Joseph also sought to reduce regional aid by one-third, constrained the role of the National Enterprise Board, split the Post Office from its telecommunications division (British Telecom) and scrapped the price commission and price controls.

\[^\text{3} \text{ See: Conservative Party Archive, Bodelian Library, Oxford.}\]
But, for a variety of reasons, the ideals of 'free enterprise' soon foundered. First, it may be judged that in the first year of the Conservative government, their policies were too gradualist. The *Economist* (1980b), for example, mocked them, rather ironically, for being timid versions of 'Selsdon Man'. The *Economist* also derided Joseph and his 'enterprise culture' (*Economist*, 1980b, p.21) for the way in which, having circumscribed the role of the Department of Industry, 9,500 civil servants were left with little or nothing to do. Others were even less sanguine:

The Taoist apophethegm 'Do nothing and nothing will not be done' could well have been his motto [Joseph]; providing a framework and leaving everything else to the market would resolve matters satisfactorily without intervention from government. The trouble was that doing nothing meant that nothing, or too little, would be done. Underlying the new policies appeared to be a widespread ignorance of the nature and extent of the problems of industry. Manufacturing was no Frog-Prince to be awakened by the kiss of monetary policy or fiercer competition, but a Rip Van Winkle" (Chandler, 1994: 12).

'Free enterprise' also proved fallible to economic circumstances. Like Heath, Joseph found that it was impossible to refrain from supporting the 'lame ducks' of British industry. For example, Rolls Royce, British Steel, British Leyland and British Shipbuilders were all offered financial support. Similarly, the government also found itself operating a *de facto* incomes policy (the Clegg Commission) which saw wage settlements rise by 17% in 1980.

In other words, the Conservative Party found the economic actuality of power rather different from the intellectual milieu of opposition. In effect, when Joseph was forced out of the Department of Industry in 1981, the 'free enterprise' phase was to all intents and purposes finished.

The second phase, ‘enterprise culture’, should not be seen as a discrete break from the ideas of the ‘free enterprise’ period. For example, the Conservative Party had set up a Self-Employment Committee to support micro businesses in 1975. Joseph had also suggested that “the whole system of national wealth-creation – and therefore job creation – depends crucially upon there being a number of such individuals [entrepreneurs] who orchestrate the human and material resources available in order to satisfy the demand that they believe they perceive”.

Nonetheless, the ‘enterprise culture’ period, which roughly ran from the sacking of Joseph to the removal of Thatcher, does represent a period of pivotal change in people’s propensity towards self-employment. By the end of the period, 1 in 30 adults would be self-employed and young people, in particular, would, for the first time, have access to support and guidance to aid their attempts to become self-employed. Moreover, instead of enabling entrepreneurship, the period is marked by a wholesale intervention into the venture creation process. Furthermore, what is also remarkable about the period is that this intervention was not confined to the efforts of the government. As we shall see, there were also a number of voluntary and private sector organisations that also sought to increase self-employment opportunities.

Intervention came in two principal forms. First, attempts were made to increase the entrepreneurial awareness of young people in the hope that they would either be more supportive of enterprise or identify self-employment as a likely career path for
themselves. Second, there were large scale attempts to provide finance, guidance and support to allow young people to create new ventures.

These two strands of enterprise support were often confused (or obfuscated) in the 1980s. Lawson, the Chancellor of the Exchequer from June 1983, suggested that “fighting and changing the culture and psychology of two generations” was required. This was also taken up by Thatcher in 1984:

I came to office with one deliberate intent: to change Britain from a dependent to a self-reliant society – from a give-it-to-me to a do-it-yourself nation. A get-up-and-go, instead of a sit-back-and wait-for-it Britain. This means creating a new culture – an enterprise culture – which accords a new status to the entrepreneur and offers him the rewards to match; which breeds a new generation of men and women who create jobs for others instead of waiting for others to create jobs for them. (Thatcher, 1984: 11)

On the other hand, there was a tendency to identify increases in self-employment as evidence that young people were becoming more entrepreneurial:

The numbers of the self-employed have increased annually since 1979, the total increase being in excess of one million. In contrast, during the 1970s numbers declined by 100,000. Today, there are more than three million self-employed – the largest ever number. Another indication of the success of the enterprise culture is that we have witnessed a record rate of business start-ups during the period 1979-87. (Lord Young, 1992: 36)

This emphasis upon enterprising behaviour and economic enterprises has led to a keen interest in understanding what enterprise culture represents (e.g. Gibb, 1987, 1990; Keat, 1991; Ritchie, 1991; and Carr, 2000). This paper contends that the notion is rather like entrepreneurship itself: everyone has seen it, some claim to understand it but, in reality, it is too large and fast moving to fully comprehend.
This paper, however, posits that whilst it is difficult or well-nigh impossible to pin down the traits of the 'enterprise culture' beyond a series of Arnoldian touchstones (Gibb, 2000, 1991, 1987), it is possible to separate out the reasons behind the interest in improving the entrepreneurial capacity and the take-up of self-employment by young people. Essentially, this paper argues that improving the enterprising capacity of young people was a response to the belief that the education system had failed to impart the entrepreneurial ethic. Increasing the take up of self-employment, however, was not only guided by a moral imperative. Instead, it was largely a response to the endemic unemployment of the 1980s.

**The Background to the 'Enterprise Culture'**

In July 1980, unemployment stood at 1½ million. Five months later (December 1980), unemployment was more than 2 million. It subsequently reached 2½ million by September 1981 and 3 million in January 1983. It remained at this level, despite changes to the way unemployment figures were calculated\(^4\), until March 1987. Unemployment only fell to below 2 million in April 1989.

Young people were particularly affected by the increases in unemployment. Figure 1 shows that just over ½ million young people (under 25s) were unemployed in 1979. This had doubled to more than 1 million by 1981; only falling to below this level in

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\(^4\) The unemployment figures presented here are those from the Employment Gazette for various years. This may be considered inappropriate as the way the unemployment figures were calculated was subject to more than thirty revisions (Coles, 1995). Notwithstanding this, figures from the time are presented because a) the revisions give an 'Orwellian' shine to them and b) it was judged important to give a flavour – however anodyne – of the unemployment of the 1980s.
1987. In part, this may be due to the increased numbers of young people entering the workforce. Figure 2 shows that the number of young people increased from around 850,000 in 1975 to 965,000 in 1979. This trend continued until 1986.

The duration of unemployment experienced by young people also increased: there were 200,000 young people who remained unemployed for between six months and a year for each year between 1981-1986. On top of this, the numbers of young people who could be considered as being long-term unemployed (more than 1 year) also increased exponentially: 75,000 in 1980, 200,000 the following year and more than 300,000 for each year between 1982-1986. Indeed, approximately 30% of young people were long-term unemployed during this period.

It is perhaps difficult now, in an age grown accustomed to wide-spread unemployment, to understand the climate that unemployment engendered in the 1980s. To many, it reminded them of the depression of the 1930s. Amongst the young, unemployment was thought to contribute to anti-social behaviour (Cashmore, 1985). More generally, the polling organisation, MORI, has been collecting information on the issues on the sorts of issues that have concerned the British electorate. As Figure 4 shows, unemployment was seen amongst British adults as the principal problem faced by Britain in the 1980s. In 1982, for example, 87% of British adults felt that unemployment was a problem. Five years later, three-quarters of them held this view.

In some senses, it may have been possible to ride out the political consequences of such unemployment. Tebbit (1989) and Lawson (1992), for example, were not alone
in suggesting that the reason why unemployment was so endemic amongst the young was due to the unrealistic wages that young people expected from employment. Similarly, it would be churlish to ignore, *inter alia*, globalisation, the inefficiency of UK industry, the growth of the service economy or the indifferent management of the economy by the government prior to the arrival of Nigel Lawson.

Nevertheless, what really forced Britain to sit up and take notice of young people were the riots in Brixton on April 10-12, 1981 and the subsequent disturbances in twenty-five other locations including Liverpool and Manchester (Pilkington, 1984). Riots were, of course, not new: there had been disturbances during the 1976 Notting Hill Carnival and riots in Bristol in 1980. Moreover, there were also riots in Handsworth and on the Broadwater Farm Estate in 1985. What, however, was distinctive about the riots of 1981 was their scale: 45 million pounds of damage was caused and 4,000 people were arrested.

Moreover, whilst the riots were condemned, it was recognised, particularly following the publication of the Scarman report later in 1981, that a sizeable minority of young people were becoming marginalised. Prince Charles, for example, suggested that “In my travels around this country [the UK] it has become more and more apparent to me that when people feel excluded from their community and unable to make a contribution, the whole fabric of those communities is at serious risk” (quoted in Morton, 1998).
Figure 1: Number of Unemployed Young People (Under 25), 1979-89

Source: Employment Gazette, various years

Figure 2: Number of School Leavers, 1975-2000

Figure 3: Duration of Unemployment Amongst Young People (Under 25s), 1979-1989

Source: Employment Gazette, various years

Figure 4: Issues Concerning the British Electorate, 1974-2000

Source: MORI
Responses to Mass Youth Unemployment: Public Policy

The principal response to mass youth unemployment was not, despite the evidence of Birch (1979), to rely upon the market mechanism. Instead, public policy sought to directly intervene in the labour market. This occurred in two ways. First, there was a massive extension of the supply-side policies of the previous Labour administration. Hence, the Youth Opportunities Scheme (YOP) was expanded (Figure 5). For example, in 1979-80, about 200,000 young people were on YOP. The following year, this increased to 360,000. In the two subsequent years, over half a million young people were on YOP\(^5\). In other words, therefore, more young people (aged 16-17) were on YOP than in work. YOP’s replacement, the Youth Training Scheme (YTS) was also a mass training scheme for young people. In its six years of existence (it was replaced by Youth Training in April 1990) the number of young people on the scheme never fell below 370,000. Indeed, the numbers were generally higher than this, peaking at 420,000 in 1986-87. In other words, therefore, youth training, once the province of the industry (apprenticeships), was effectively nationalised.

The YOP or YTS were not the only schemes of this type to be used by the government. Figure 5 shows that there was also a massive increase in the numbers of individuals on Community Programmes. Similarly, it would be misleading to think that the primary purpose of the ‘Restart’ scheme was to help unemployed people out of unemployment. Lawson who sanctioned Young’s idea for Restart, has suggested that:

Of all the schemes introduced by the Government, ‘Restart’ had the most marked effect on the unemployment figures. Over two million interviews

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\(^5\) Lord Young suggested that the reason for this was “youth unemployment was top of the agenda and the only way we could help was with the existing Youth Opportunities Programme” (Young, 1990: 85).
were carried out each year. Of those who took the short course offered, 60 per cent were in – or about to start – a job within six weeks. Others found jobs unaided when faced with what they saw as the threat of a Restart interview; and there were those who decided they were not looking for work after all and left the register (Lawson, 1992:433).

The second response from the government was to institute a number of programmes to improve entrepreneurship amongst young people. Such intervention was judged necessary because, unlike the ‘free enterprise’ period, there was little trust in the abilities of the UK population to remember the entrepreneurial imperative:

I used to have a nightmare for the first six years in office that, when I got the finances right, when I had got the law right, the deregulation etc., that the British sense of enterprise and initiative would have been killed by socialism. I was really afraid that when I had got it all ready to spring back, it would no longer be there and would not come back” (Margaret Thatcher, Sunday Times, 8 May 1988).

Entrepreneurship was to be regained, paradoxically, by direct state intervention. To achieve this, the Thatcher government sought to make young people either a) more entrepreneurial by increasing their awareness of entrepreneurship (in the expectation that they may then go onto create new ventures) or b) by supporting and funding young people who wished to create a new venture.

In terms of changing attitudes, we have already seen that in the 1970s there was a sense that the education afforded to young people was not preparing them for work. This was a sentiment not confined to the Conservative Party. Callaghan, in his famous speech ‘Ruskin Speech’ of 1978, had initiated the ‘Great Education’ debate because he was concerned that too many young people left education ill-prepared and ill-equipped for work.
This concern remained in the 1980s and drove much of the mainstream educational reforms of that time (e.g. White Paper such as *Better Schools*, 1985; *Education and Training for Young People*, 1985; *Educational Reform Act*, 1988). The government also developed initiatives such as Technical and Vocational Educational Initiative (TVEI), ‘Compacts’ between schools and business, Mini Enterprise in Schools Project, Enterprise Awareness in Teacher Education, and the Enterprise in Higher Education initiative. The importance of these schemes should not be underestimated. Enterprise in Higher Education, for example, cost £56 million. The ‘Compacts’ scheme, imported from the US, saw young people (14-16 year olds) gain work experience in local businesses. Again, Compacts were not cheap: the Department of Employment offered schools in 1991 £50,000 to set up a compact with partner businesses in their local community and £100,000 to run them over 4 years (Deakin, 1996). TVEI was even more ambitious: “at a cost of £1 billion over a ten-year period all schools would have their TVEI programmes. Over two million young
people would be in TVEI in the early nineties and teachers all over the country would boast about their own projects and regard the programme with pride” (Young, 1990: 97).

Outside of traditional educational structures, the government also sought to improve entrepreneurial awareness amongst YTS trainees through a ‘Training for Enterprise’ programme. This ran for four years (1984-1988) and, in total, 284,100 young people were on the programme (20,300 (1984-85), 67,000 (1985-86), 107,000 (1986-87) and 89,800 (1987-88)). The programme sought to impart “the characteristics of enterprise” (Youth Training News, February 1987, p.16) which consisted of: “take the initiative, make decisions, manage resources, influence others, show drive and determination and monitor progress” (ibid). To deliver this, the YTS trainees were required to undertake 3 distinct modules. The first module ‘Preparing’ sought to raise their awareness of entrepreneurship. The second module – ‘Doing’ offered four distinct types of project work: community enterprise (community works project), business enterprise (venture creation), adventure enterprise (group adventure project) or training (‘quality circle’ project). Following the completion of the second module, the trainees were offered in the third and final module – ‘review’ – an opportunity to reflect upon their activities during the programme.

Raising the entrepreneurial capacity of young people may, however, be judged to be a small part of the creation of an ‘enterprise culture’ in the 1980s. The bulk of the attention, instead, was focused upon attempting to increase the quantity of small firms in the UK economy. As we have seen, moral or ideological reasons for such a policy objective may be proffered. Small businesses represented “the very embodiment of a
free society – the mechanism by which the individual can turn his leadership and talents to the benefit of both himself and the nation. The freer the society, the more small businesses there will be. And the more small businesses there are, the freer and more enterprising that society is bound to be” (Thatcher, 1984).

Nonetheless, whilst this moral imperative was important, it was only a small part of the reason why small businesses were so vigorously promoted in the 1980s. Instead, the principal reason, particularly given the vindication by Birch of the Conservative’s instincts, was the seeming correlation between small firms and job creation. Thatcher, for example, saw them as a panacea - “small businesses really are about creating, not only businesses, but jobs” (cited in the Employment Gazette, 1985: 339) - whilst Lord Young also enthused:

The success of small firms is critical to the success of our economy. Too many people regard the emphasis we place on small firms as some amiable eccentricity. Yet their record in creating jobs shows that, far from being a fringe activity, they are at the centre of generating employment. (cited in Employment Gazette, 1986: 444)

To increase the take-up of enterprise amongst young people (and thereby reduce unemployment) a number of schemes were developed. Some of these schemes were targeted at particular groups (e.g. the Graduate Enterprise Programme run initially by Scottish Enterprise and then by Cranfield University). However, by far the most important scheme for young aspiring entrepreneurs was the Enterprise Allowance Scheme (EAS) which was introduced in 1982. Although not specifically targeted at
young people, it provided the unemployed (unemployed for more than 13 weeks – later reduced to 8 weeks) with a payment of £40 a week for a year.

This scheme proved to be a remarkable success: in its first full year (1983-84), Figure 5 shows that approximately 30,000 people entered the scheme. This steadily increased year-on-year, reaching a peak of 106,000 in 1987-88. In total, during the life-span of EAS (1982-1991), 565,700 people made use of it at a direct cost (cost of benefits) of £1,177 million. In terms of young people, Allen and Hunt (1985) indicated that approximately ¼ of EAS entrants were under 25 years of age. If this was true of the scheme as a whole, it may be that perhaps about 150,000 young people used EAS to enter self-employment.

Albeit radical and innovative, it would be misleading to think that the EAS was more than an updated form of job creation. For example, the original idea for the EAS came from Lord Vinson who thought it a mechanism ‘to legitimize moonlighting’ (quoted in Cockett, 1994: 301). Tebbit (1989), although placing an undue emphasis on his creativity, also saw EAS as a mechanism for job generation: “It [EAS] was another scheme, invented by David Young [Lord Young] and me and our officials, which from its small beginnings has become a major job creator” (p. 255). EAS also had other benefits: it cost little or no more than unemployment benefit, there was a possibility that the business may take off and create further employment, and once on EAS, individuals no longer counted towards the unemployment total.

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6 There were few conditions attached: individuals had to have access to capital of £1,000, work full-time on the business, were between 18-59, be based in Britain and that it was suitable for public support (the last requirement was introduced after a massage parlour was set up in South Wales).
The EAS, however, although the most important enterprise creation programme, was not the only source of support available to young potential entrepreneurs in the 1980s. The following section highlights some of the major schemes that were instituted in the 1980s.

Responses to Mass Youth Unemployment: Voluntary and Private Sector Schemes

Before we look at the range of enterprise support schemes available to young people, it is important to remember that enterprise support was not the only response to the mass youth unemployment in the 1980s. For instance, there were a number of bodies such as Youthaid, Jobs for Youth Campaign, the People’s March for Jobs and Youthcall which sought to highlight what they perceived as the iniquities of YOP or the YTS (cheap labour schemes).

Equally, it would also be misplaced to suggest that entrepreneurial support was completely novel amongst the private and voluntary sector. For example, as we shall see, the educational charity, Young Enterprise, has been in existence since 1963.

Nevertheless, the 1980s did see concerted efforts to offer young people the possibility of self-employment. The reasons for this are complex. In part, there was a pervasive sense that “people ...must understand their salvation is in themselves and in each separate man and woman. They must not look to the state for guidance. They must learn to guide the state” (Prince Charles, 1978: quoted in Morton, 1998: 260).
Infusing enterprise support was also the growing recognition of the advantages for large corporate businesses of behaving in a socially responsible manner. Often this was reliant upon the philanthropic instincts of a senior individual within the company (IMS, 1987: 1). Increasingly, however, large businesses were beginning to recognise the advantages of "enlightened self interest" (Pilkington, 1984: 19). It was also true that the endemic unemployment of the early 1980s and the riots of 1981 "provided the final spurs to company involvement" (IMS, 1987: 5).

This section discusses some of these major schemes (Shell LiveWIRE, Prince’s Trust, Young Enterprise, Business in the Community, Project North East and Young Enterprise).

**Shell LiveWIRE**

Although not the earliest source of entrepreneurial support, Shell LiveWIRE, sponsored by Shell UK plc, can perhaps claim to be one of the longest standing initiatives in support of youth enterprise.

There were two principal reasons for Shell UK plc’s involvement in enterprise support. First, Shell has a long history, dating back to its first donation in 1912, of involving itself in community support. Second, Shell, through their scenario planning, also recognised that structural change was likely in the international economy. The likely beneficiaries of these changes, Shell suggested, would be smaller sized enterprises (Shell, 1980).
Shell, however, did not turn their attention immediately to youth entrepreneurship. Instead, their first involvement was to support, in conjunction with Enterprise North, a small business start up competition for aspiring entrepreneurs in the North East of England (Ritchie et al, 1982). This interest grew out of the North East’s low rates of new firm formation.

In the early 1980s, however, Shell had begun to support an ‘Survival Awards Scheme’, set up to provide case studies of young people who had become self-employed. This idea was taken a stage further in 1982 when Shell, in the Strathclyde region, initiated a competition designed to identify young people who had set up a new business. This was called LiveWIRE. LiveWIRE proved to be very successful and was quickly extended to Scotland and Northern Ireland. By 1984, Shell LiveWIRE was extended to cover the whole of the UK. 1600 enquiries for the competition to find the best young business person of the year were received in that year. In subsequent years, this increased so that by 1989 nearly 3500 enquiries were received for the annual Shell LiveWIRE award. This has remained the mainstay of the Shell LiveWIRE programme: over £2½ million has been awarded to new business starters by the year 2000.

Aside from the competition, Shell LiveWIRE has offered a variety of support since its inception. For example, in the early years a Shell Enterprise Loan Fund operated which allowed individuals to borrow up to £5,000 if they could prove they had their

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7 The current rules of the annual Shell LiveWIRE award for the best young business person of the year. This is a competition open to all businesses set up by young people state that individuals need to be aged between 16-30; to have completed a business plan; and to be currently running a new businesses (not necessarily set up with Shell LiveWIRE support) of between 3 and 18 months old.
own funds and were willing to undergo training and counselling. Shell *LiveWIRE* also offered a mentoring scheme in the mid 1980s (‘*LiveWIRE Mate*’) to support prospective young people interested in setting up a business. The programme also became increasingly involved in promoting entrepreneurship amongst young people. For example, Shell in conjunction with Lloyds Bank, developed an ‘Enterprise Game’ for schoolchildren.

In the 1990s, however, Shell *LiveWIRE* has increasingly focused its attention on attempting to increase young people’s awareness of enterprise. This is promoted thorough large scale advertising and delivered through an essential business kit which offers entry level guides which explain the start up process, how to research a market, how to evaluate their business idea and how to write a business plan. The booklets also guide individuals to other sources of advice and support. The provision of such a service has seen a dramatic increase in the number of enquirers Shell *LiveWIRE* received: in 1991 there were 8,600 enquiries but by 2000, boosted by the provision of an internet service, this had increased to 45,000. In total, therefore, since 1982 it is likely that 250,000 young people have made use of Shell *LiveWIRE*.

**Prince’s Trust**

In 1976, Prince Charles set up the Prince’s Trust to provide support to young people in developing their potential. Its first grants sought to improve the leisure activities available to young people (e.g. grants to youth clubs). Following the rising

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8 *Shell LiveWIRE* has also extended its activities to other countries such as Australia, Chile, Ireland, Hungary, Netherlands, South Africa, Mauritius, Brunei, Oman, Singapore and Sri Lanka.
unemployment of 1981, however, Prince Charles recognised that more had to be done to support young people:

I think, what led to that [Youth Business Initiative] was the background of growing unemployment in the early '80s, which more than anything else, led us to try and see if we could encourage people to start up in business because all these traditional industries were being shut down all over the shop. What on earth were people to do? It did seem at the time that self-employment was an option. (Prince Charles quoted in Morton, 1998: 56-7)

In response to these concerns, Prince Charles initiated two schemes to support young people. The first of these was the setting up of a pilot educational bursary scheme in Merseyside and the West Midlands to help young people. The second scheme, which was to become the Youth Business Initiative, offered bursaries and guidance to young unemployed people to set up in business. In its first year (1983), the YBI offered 65 grants. This quickly grew to 210 the following year. Further expansion followed, particularly when the YBI was merged with the activities of the Fairbridge Youth Enterprise Scheme in 1986-87. This also led to a shift in policy towards enterprise support for young unemployed people. Fairbridge, set up by Sir Angus Ogilvy, mainly provided loans rather than bursaries to young people. The merged service, known as the Prince's Youth Business Trust (PYBT) sought to offer a mix of loans and bursaries. Moreover, such awards were tied in to the provision of mentored advice and support by individuals with some business experience.

PYBT services were further boosted in 1988 with the agreement by Lord Young in 1988 to provide matched funding for whatever charitable donations Prince Charles received in that year. Prince Charles managed to raise £40 million that year which was rather more than the £3 million expected by Lord Young (Young, 1991).
The award of such a large sum allowed PYBT to expand their activities. In recent years, their package of services has matured. PYBT (renamed the Business Division in 1999) now provides loans, grants and bursaries\(^9\) to young people or groups of young people to start up a business providing that they are disadvantaged in some way (e.g. unemployed, disabled, ex-offenders) and that they have completed an appropriate business training course and a business plan. The charity, however, remains a lender of last resort. It also continues to link the provision of support with the acceptance of advice and counselling through its network of mentors. Despite these conditions, the charity has provided finance, mentoring and support to 43,000 young people over the period 1983-2000.

**Business in the Community**

Another source of support that came to prominence in the 1980s was Local Enterprise Agencies (LEAs). These were championed by the charity Business in the Community (BiTC) which had been set up following a conference at Sunningdale Park in 1980. Initially, 30 large corporate businesses were involved. BiTC drew its inspiration from the US Community Development Co-operations and the individual initiatives of major employers such as Pilkington Glass (the Community of St. Helens Trust), ICI Mond (Runcorn), Wills (Bristol) and British Steel (Strathclyde), the London

\(^9\) The Prince’s Trust currently provides the following range of grants: test marketing grants (up to £250), loans (up to £5,000) for fixed assets or working capital, bursaries (up to £3,000 for groups and £1,500 for individuals) for groups for equipment, advertising, fees, insurance, car tax, instruction and training; expansion loans (£5,000) to help a business expand, European marketing grants (£350 per business) for visits to other European countries and specialist exhibition grants (up to 30% of basic stand costs).
Enterprise Agency, Birmingham Venture, the Action Resource Centre and Practical Action.

The number of LEAs supported by BiTC grew quickly in the 1980s. In 1981 there were 23, 61 in 1982, 103 in 1983 and 245 in 1985. By 1991, the BiTC network of LEAs had increased to 320. In part, this was largely due to financial support and help-in-kind (secondees) that BiTC members offered. LEAs were, however, also significantly supported by finance from central and local government (LEA Grant and Project Schemes).

Their mission was largely one of providing business support and guidance to existing businesses and encouraging new business start-ups. There services were not specifically targeted at young people although it is likely that many of the LEAs sought to support young people interested in starting or expanding a business.

**Project North East**

Concerns about unemployment also figured heavily in the creation of Project North East (PNE) in 1980. Set up by two young Conservatives, David Irwin and David Grayson, PNE sought to develop innovative new solutions to unemployment in the North East of England as well as ways of countering the low levels of entrepreneurial activity within the region. Some of their schemes were very novel: sending round a ‘business’ bus exhibiting how young people could ‘Make Your Own Job’; creating a Youth Enterprise Centre in Newcastle (supported by corporations such as Esso, Legal
and General and Marks and Spencers); creating a Northern Youth Venture Fund; and running exhibitions for young would be entrepreneurs (e.g. Youth Enterprise Exhibition in 1985). Many of these schemes prefigured attempts by other regional providers of support (e.g. LEAs) to increase awareness of enterprise amongst young people. The government also borrowed the idea of a travelling enterprise exhibition in 1986. The ‘Enterprise Express’, a seven carriage train left Euston Station to visit various locations one of which was Borchester the fictional market town featured in *The Archers*.

PNE has, since the mid-1980s, developed a national profile of support for youth enterprise. This is, principally, due to PNE being responsible for the management of Shell *LiveWIRE*.

**Young Enterprise**

The educational charity, Young Enterprise, owes its origins not to the 1980s but to Sir Walter Salomon’s visit to the US in 1959. Whilst there, Salomon was impressed by the Junior Achievement programme and decided to replicate it in the UK. Young Enterprise began in Kent in 1963 with the aim of providing practical experience of entrepreneurship to young people of school age (15-19).

Central to this is the Company Programme, a scheme that encourages groups of young people to set up a business for a year. During this time they establish a company,
decide on a product/service and pay salaries and rent. Since 1963, there have been 560,000 young people who have participated in the scheme.

Alongside this, since 1966, Young Enterprise has offered a written examination that tests young people's understanding and awareness of enterprise. In the 1990s, Young Enterprise sought to expand its range of enterprise support. In 1990, it set up the 'Team Programme'. This has supported 19,000 young people with special needs to set up their own business for a year. Young Enterprise has also attempted to extend enterprise awareness through its 'Project Business' (improving the business awareness of 14-16 year olds and, more latterly, its 'Primary Programme' (4-11 year olds).

The Impact of Such Schemes

Notwithstanding that there were a number of other enterprise support schemes that did not see the 1990s\(^\text{10}\), there is plenty of evidence to suggest that heightened enterprise support had an impact on self-employment take up rates. For instance, there are a

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\(^{10}\) Examples include a) 'Entrain', set up by the MSC in conjunction with a consortium of 10 youth enterprise support providers (Careers Research and Advisory Centre, The Centre for Employment Initiatives, Cranfield School of Management, Fairbridge Youth Enterprise Scheme, LiveWIRE, National Institute for Careers Education and Counselling, Project North East, Scottish Enterprise Foundation, Shell UK and Young Enterprise)., to provide an entrepreneurial module for YTS trainees. However, despite being awarded £1½ million in 1987, the scheme was cancelled a year later. This was for a variety of reasons: financial mismanagement, the difficulty in recruiting appropriate staff, and, fundamentally, a failure to deliver an adequate number of pilot and actual modules within for YTS trainees; b) HeadStart which was run by the Industrial Society and the Abbey National Building Society. This was a competition that offered young unemployed people (17-22) the opportunity of a training course on entrepreneurship, mentoring, premises and rent and rates support for a year. Despite being piloted both in London in 1983 and subsequently in Nottingham in 1984 this programme never got beyond the pilot stage. c) Instant Muscle - this was a scheme set up in 1981 by four teenagers in Fareham, Surrey. It supported young people working in co-operatives by providing benefits such as cheaper insurance, reductions in printing costs and advice and training.
variety of studies that have pointed to the positive impact of enterprise support schemes such as the EAS (Allen and Hunt, 1985), Shell LiveWIRE (Project North East, 1998, 1999, 2000) and the Prince’s Trust (Dalgleish, 1993; Prince’s Trust, 2000).

Similarly, it is also clear that the role of corporate responsibility programmes became more important in the 1980s. IMS (1989) suggested there were 15 job creation schemes set up between 1976-78. By 1982-84, there were 66 schemes in operation to support job creation. Little wonder, therefore, that Lord Young suggested that enterprise had been ‘regained’ in Britain (1985) and that “the restoration of enterprise in Britain has played a major role in the revival of growth, employment, and prosperity” (1992). Thatcher also suggested that “One of the most heartening changes is in the attitude of young people. No longer are they constrained by the stereotype of a salaried job, and too often in the public sector. They are seeing the attraction of being self-employed, the dream of owning their own business” (1991).
Phase Three: ‘Enterprising Individuals’ (1991 onwards)

It may be tempting to see the 1990s as simply a continuation of the ‘enterprise culture’. Recent pronouncements by Blair (2000), for example, tend to reinforce this impression: “creating an enterprise culture is vital. It is business and entrepreneurs that create wealth - and the young people of today are the entrepreneurs of tomorrow”. On the other hand, Willetts (1998) has also argued that “one should recognise that for many unemployed people the best way back into work is through self-employment” (p. 72). Indeed, through the Labour Party’s ‘New Deal’ initiative we have seen self-employment resurrected as an option for young people (18-24) who wish to come off benefit. This scheme, set up in 1998, offers unemployed people (for more than six months) business support and advice and an enhanced benefit allowance for six months of about £15. A similar scheme also applies for older people who have been unemployed for more than two years.

Yet, for all this continuity, there has been a distinct change in tempo and focus in the 1990s. There are certain reasons for this. First, there was the removal of Thatcher from office and her replacement by Major. Second, there was the recession of the early 1990s that spelt the end of the euphoric optimism of the late 1980s.

Government policy towards the small firm has also changed in three important ways in the 1990s. First, in the early part of the decade the government moved away from delivering training through the MSC to the provision of localised support by Training and Enterprise Councils in England and Wales and Local Enterprise Companies in Scotland (Deakin and Edwards, 1996). Second, the government also sought to focus
upon improving the quality of existing businesses rather than increasing the quantity of businesses. This was to be achieved through the creation of Business Links\textsuperscript{11} which would:

change the existing plethora of business support agencies and services into a comprehensive range of high-quality services available through a single point of access, and thereby raise the general management of small firms. There was also to be a shift in emphasis from start-ups and micro-businesses towards established businesses with the potential to grow (House of Commons Trade and Industry Select Committee, 1996: xi).

Third, the government also changed the way it supported ventures. Schemes such as the Loan Guarantee Scheme, SMART or SPUR – all of which provide financial support – are now in the minority. Attention, instead, has instead shifted to providing support to improve the capabilities and skills of individuals.

In terms of young people, this has meant concentrating on them developing enterprising \textit{behaviours} rather than them necessarily \textit{becoming} entrepreneurs. This is, of course, not new. Concerns about ‘education, education, education’ goes back to the 1970s. However, without the short-term concern of mass youth unemployment, there has been more desire to develop a flexible workforce: “the new technologies of the 1990s, and of the next century will require a self-confident, adaptable and well educated nation…we have divided the world of work from that of education. The division is out of date and damaging” (Straw and Blair, 1991: 1).

\textsuperscript{11} Business Links were first announced in 1992 by the then President of the Board of Trade, Michael Heseltine. Six pilot areas were chosen in April 1993 (Birmingham, Halton, Hertfordshire, Manchester, South and East Cheshire and Hereford and Worcester). This was extended to all areas in July 1993.
In the 1990s, therefore, we have seen continued emphasis upon young people developing enterprising traits and characteristics. New initiatives such as Enterprise Insight have emerged seeking, through the support of the British Chamber of Commerce, Institute of Directors, the Confederation of British Industry and others (e.g. Shell LiveWIRE, Prince’s Trust, BiTC), to enhance the entrepreneurial capacities of young people. This commitment also extends to educational initiatives. Teaching enterprise and enterprise skills are now part of the national curriculum. In terms of contribution of the private and voluntary sector, enterprise support has also increasingly swung towards developing enterprising behaviour. BiTC, for example, now no longer support direct venture creation programmes amongst young people: their members are much more likely to seek to develop links with educational establishments.
Part Two: Enterprise Regained?

In Part One of this paper, we have seen that there have been distinct changes in youth enterprise support. In the first phase, it was argued that enterprise policy was influenced by the wish to enable rather than intervene in economic activity. The second phase, precipitated by mass youth unemployment, saw a wholesale attempt to directly intervene into the youth labour market. The third phase of youth enterprise support has also seen a change in emphasis. The focus now is much more on developing enterprising behaviours. This, of course, was pre-figured in the desire to improve the entrepreneurial capacity and propensity of young people.

In this second part of the paper, we assess the empirical evidence for any increased propensity amongst young people towards self-employment. This is done in two ways. First, consideration is given to self-employment rates amongst young people using data from the Labour Force Survey (LFS) (1977-2000). The second measure of propensity considered in this paper is the data from the British Social Attitudes (BSA) survey. Between 1983-1994, this survey asked employed adults (18+ years) if they had considered self-employment in the last five years.

Based upon Part One of this paper, we argue that it is reasonable to assume that there was very little enterprise support offered in the ‘free enterprise’ period. Partly, this is because the job generative qualities of smaller enterprises were not well understood.

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12 Since 1983, the LFS has surveyed approximately 60,000 individuals on a quarterly basis. Prior to 1983, the LFS was conducted on a bi-annual basis.
13 The actual question is ‘How seriously in the last five years have you considered working as a self-employed person...very seriously, quite seriously, not very seriously, or – not at all seriously.
More importantly, this period was marked by the willingness of the State to disengage itself from support. In the second period - 'enterprise culture' - we saw that there was a shift in public, private and voluntary support towards youth enterprise. This support has largely continued, with some modifications, into the 1990s.

Given these changes, it may be anticipated, prior to 1981, that youth enterprise will be limited due to the lack of encouragement or infrastructural support available to young people. In the 1980s, however, it would be very surprising if self-employment rates amongst the young did not increase. There are, as with the 'free enterprise' period, a variety of plausible explanations for this (e.g. social, cultural and economic) but this paper has singled out the role of enterprise support schemes. It may also be expected that young people's propensity towards self-employment in the 1990s would remain commensurate with the 1980s. Indeed, all other things being equal, it may be anticipated that youth enterprise would be greater in the 1990s because there has been sufficient time for young people to become aware of the opportunities presented by self-employment and, crucially, to realise these opportunities. This is not an unreasonable assumption: in 1996 the government estimated that 92% of secondary schools and 58% of primary schools had some sort of link with the business community (DTI, 1996).

This leads to the following propositions:

1. In the 1980s, self-employment rates amongst young people will be greater than that for the 1970s. Self-employment rates in the 1990s will be commensurate with, or greater than, in the 1990s.

2. In the 1980s, young people's propensity towards self-employment will be greater than that for the 1970s. In the 1990s, this propensity will be commensurate with, or greater than, in the 1990s.
The Rate of Self-Employment Amongst Young People, 1977-2000

Figures 6 and 7 present percentages of self-employed males and females (respectively) since 1977. In both figures, individuals are categorised into the following groups: 16-19, 20-24, 25-29, 30-44, 45-64 and 65+ year olds.

In general, two features are evident from Figures 6 and 7. First, the older the individual, the greater the likelihood of self employed. For example, if we look at males, we can see that only about 0.7% of 16-19 year olds were self-employed in 2000. This compares with 3.3% of 20-24 year olds and 7.7% of 25-29 year olds. However, beyond these age ranges it is clear that the self-employment rate, at least in terms of 2000, approximately doubles for 30-44 and 45-64 year olds. 65+ year old males, however, have similar self-employment participation rates to young people (16-19 and 20-24). For females an almost identical picture is evident: self-employment increases with age; the participation rate doubles amongst 30+ year olds and older women (65+) have similar participation rates to young people.

The second point evident from Figures 6 and 7 is that males are, in absolute terms and regardless of the age group, more likely to be self-employed than females. What, however, this masks is that there the differential between males and females self-employment rates has declined over time. For instance, in total, males in 1983 were 3.4 times more likely to be self-employed. This, however, has steadily dropped to 3.1 in 1993 and to under 3 since 1997.
In terms of changes over time, the LFS data shows, for males, that there was only a very modest increase – across all age groups – for the ‘free enterprise’ period. This may be expected. It was also anticipated that in the 1980s, there would be an increase in the self-employment participation rates. This is very clear from Figure 6. For example, between 1983 and 1990, the percentage of males aged 45-64 in self-employment increased from 11.2% to 15.9%. 30-44 year olds also increased from 13.5% to 18.2%. However, it is amongst younger people that we see the greatest increases over the period 1983-1990: participation rates increased from 4.9% to 9.4% amongst 20-24 year olds and from 8.7% to 13.2% amongst 25-29 year olds.

Such results, taken on their own, would suggest that the interventionist policies of the 1980s had an impact. It implies that it is possible to raise self-employment rates, amongst males, by focused policy interventions.

When we look, though, at male self-employment participation rates for the 1990s, we find that such rates are not commensurate with that of the 1980s. Indeed, with the exception of the 45-64 and the 65+ groups, Figure 6 shows that males are less likely to be self-employed in 2000 than they were either before interventionist policies took a hold (1983) or in the late 1980s. This is particularly pronounced amongst young males. Since 1991, participation rates amongst 16-19, 20-24 and 25-29 year olds have steadily declined. There may be again a variety of explanations for this but it would appear, despite nearly 20 years of enterprise education and support, that there has been no long-term increase in self-employment rates amongst young people.
For females, Figure 7 shows a similar picture. For instance, amongst all age groups there is only a modest increase in self-employment in the 'free enterprise' period. Equally, the 1980s saw increased participation rates amongst all of the age groups. This was particularly pronounced amongst younger females with self-employment amongst the 20-24 age group growing from 1% in 1983 to 2.3% in 1990. This again, all other things being equal, suggests that the interventionist policies of the 1980s did have an impact.

However, unlike the males, Figure 7 shows that female self-employment rates have not dramatically decreased below the 1983 level. Instead, for young females (20-24 and 25-29), participation rates have remained more or less constant throughout the 1990s. Moreover, amongst the 45-64 age group, the 1990s have seen participation rates increase both on the 1983 level and on the levels of the late 1980s.

In terms of enterprise support, it is difficult to understand why female rates have remained broadly constant (or increased!) over the 1990s. 45-64 year old women, unlike younger women, generally do not receive directed support and advice either from the government or from other enterprise support providers. This again points to the limited influence of enterprise support as well as other factors which influence self-employment (e.g. increased participation of women in the workforce).

On balance, therefore, there are only limited grounds for supporting Proposition 1: self-employment rates amongst young males have declined in the 1990s whilst, for females, they have remained approximately constant.
Propensities Towards Self-Employment Amongst Young People

An alternative means by which the contribution of enterprise support could be assessed is to investigate if there had been any changes in young people’s propensity to enterprise (Proposition 2). It was speculated that support for enterprise would be limited in the ‘free enterprise’ period, increased in the 1980s, but marked in the 1990s as enterprise education had presumably filtered through to young people by this time.

To assess this, we use the annual British Social Attitudes (BSA) survey. As with the LFS data, the BSA data for these years are disaggregated into males and females and age groups (18-24, 25-29, 30-44, 45-64 and 65+). The data is presented in Figures 3 and 4. These figures show the percentage of individuals who ‘very seriously’ considered self-employment. We look first at males.

[Figure 3 and 4 about here]

Figure 3 shows that, amongst the 18-24 age group, there has been a decline in a propensity towards self-employment. In 1983, 16% of them considered self-employment very seriously. Subsequently, this drops first to 5% (1989) then to 0% (1993) before recovering to 8.6% (1994).

If there is no evidence of changing propensities amongst 18-24 year old males, the picture is more complex for older groups. Amongst the 30-44 and 45-64 age groups there does not appear to be, on balance, a great deal of change in propensity towards self-employment. For the 25-29 year olds, however, there are marked variations:
rising levels until 1989; a sharp drop in 1993 and a recovery to the levels of the mid-
1980s in 1994. Such variation may suggest that the propensity of this group towards
self-employment is marked by changes in the economic cycle. What Figure 3 does
not show for either this group or younger people is that enterprise support has any
marked impact on their propensity towards self-employment.

In terms of females, Figure 4 shows first that they were less likely, in general, to
consider self-employment ‘very seriously’. But, as with males, there is no consistent
pattern either in terms of age or over time. Nonetheless, for both the 18-24 and the
25-29 age groups, Figure 4 shows, in essence, that these age groups were more likely
to consider self-employment prior to 1986 than after this. On the other hand, older
women, like males, show less variation over time.

As with Proposition 1, there is no evidence of any marked increase in male or female
propensity towards self-employment through the 1980s and the early 1990s. In
essence, therefore, it is difficult to support Proposition 2.

Conclusions

This paper has had two objectives. First, it wished to develop a coherent and cogent
analysis of the changes in enterprise support over the last 25 years. It has suggested
that there were three periods of such support: ‘free enterprise’, ‘enterprise culture’ and
‘enterprising individuals’.
In Part Two of the paper, empirical evidence was considered based upon the LFS and BSA surveys. We found that whilst there had been an increase in youth enterprise in the 1980s (compared to the 1970s), this had not been sustained in the 1990s. Indeed, the rates of self-employment for males in 2000 were approximately similar to that found in 1983.

It may, of course, be objected that it is misleading to ascribe these findings to enterprise support. This paper would agree, to some extent, with such a suggestion. As Curran (1999) suggests, there are a number of factors, besides support, that are likely to influence self-employment propensities (e.g. economic growth, liquidity, unemployment). There is a need, therefore, for further work to appropriately control for the influence of such factors.

Another criticism of this paper, is that it does not appropriate account for counterfactuals i.e. what would happen if the support were absent. This paper recognises this issue, but suggests that the ‘free enterprise’ period was, to all intents and purposes, a period in which enterprise support was very limited. Moreover, it is clear from both Figures 1 and 2 that self-employment rates have shown the largest year-on-year increase amongst the 45-64 year olds. This paper would contend that this group was the least likely to receive enterprise support. This may, of course, simply point to the importance of liquidity or other factors. However, in policy terms it may be reasonable to expect a return (increase in self-employment propensity amongst the young) after 20 years of such support. This paper finds no evidence of such a return – if anything young people are now much less likely to enter self-employment than they were in the early 1980s.
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Figure 6: Percentage of the male population with a main activity classified as self-employed, by age groups.
Figure 7: Percentage of the female population with a main activity classified as self-employed, by age groups
Figure 8: Percentage of Males who considered Self-employment 'Very Seriously'
Figure 9: Percentage of Females who considered self-employment 'very seriously'