

FSB Northern Ireland

The Federation of Small Businesses (FSB) exists to protect and promote the interests of small and medium sized businesses and self-employed people, and with 160,000 members, including 6,000 members in Northern Ireland, is the largest business organisation in the UK.

Northern Ireland can be considered a small business economy, with the highest concentration of SMEs in all the regions in the UK: 98% of all firms employ fewer than 20 people, while 95% employ fewer than 10. Northern Ireland SMEs provide 75% of all private sector jobs, and two-thirds of private sector turnover.

UUBS

Ulster University Business School (UUBS) has over 6,000 students and 140 academic staff, making us the 6th largest business school in the UK. Our Vision is to be the leading centre for entrepreneurial education in the UK and Ireland.

Full report available at:

www.fsb.org.uk/backtothestartup

#BackToTheStartUp

Foreword

Northern Ireland has produced great entrepreneurs who have gone on to develop globally significant innovations and build world class businesses. In engineering, the arts, medicine, technology and beyond, Northern Ireland has much of which to be justifiably proud. Inspirational figures have created employment, wealth and reputation, bringing the benefit of their vision and drive to the whole economy. Our entrepreneurial successes prove that it can be done - but we need to ask ourselves if society has responded sufficiently to stimulate an entrepreneurial orientation as a cherished quality. We need to determine whether we have done enough to help make entrepreneurship an attractive career option for our young people, and *then* if we have done enough to support the creation and success of new businesses - alongside the growth of existing businesses, by those who have already made that choice.

Regrettably, in Northern Ireland, those who walk this path remain relatively few in number and, as a result, our business base is much less than it needs to be. Unless we do much more to stimulate entrepreneurship and provide a more supportive response, we will not see the growth that is required to deliver the transformative effects provided by a burgeoning economy. To achieve this there needs to be a conducive environment where starting and growing a business is seen as a more realistic career. It has been an ambition of numerous government Ministers, their Departments and agencies over many decades, with vast sums poured into schemes and initiatives, to try to inspire and foster the entrepreneurial spirit.

Over that time, recessions have ravaged the economy, to be followed by the inevitable booms – ebbing and flowing within disappointingly limited parameters in which the size of the private sector remains small. Other economies have faced the same recessions but have responded differently, thriving in the face of adversity. In other countries, cultural and systemic enablers exist that not only allow entrepreneurs to flourish, but also help create a climate that encourages people to prioritise starting and running their own business.

No one ever launches a big business - they all begin as tiny start-ups which, given the right conditions, can go on to become titans. Many of today's global giants began in garages – Amazon, Apple, Disney, Google - all saw their creators emerging from the most humble of circumstances, whilst the Martin-Baker Aircraft Company, whose pioneering ejection seat has now saved over 7,600 lives, had its origins in the barns of a Co Down farm. The key ingredient was that, in each case, they established their ventures in a climate where taking risks and, indeed, experiencing failure are the norm, and where ambition is lauded; and where there is a greater value placed on building it at home than on buying it in from abroad – indigenous growth versus foreign investment.

The Federation of Small Businesses has viewed this problem – both the subdued entrepreneurial appetite and the public sector efforts to foster it - with increasing concern, as has the Ulster University Business School. Collectively, the two organisations recognised that the traditionally negative attitude to business failure, alongside the apparent lack of a genuinely supportive and responsive environment in which to start new enterprises, may be contributing to an unambitious ecosystem in which entrepreneurs are less likely to emerge, let alone succeed.

That collective sense - that Northern Ireland hasn't effectively matched its growth ambition with action or results - stimulated considerable debate within FSB and UUBS

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and led to the commissioning of this report into Northern Ireland's business start-up support and associated outcomes.

In order to work out how best to achieve the growth ambition, we need to consider current delivery and performance measurement so that consideration can be given to how future performance might be better directed and supported. The report also looks at the way measurement has been applied in the past, considers start-up interventions, the scale of ambition, and the metrics used to verify performance, and assesses whether all of that combined has delivered the substantial growth required to sustain and grow our economy.

Beyond the need to see many more businesses starting, there is an additional need to consider their longer-term survival and growth, which can be enhanced by giving them a properly supportive environment in which to establish themselves. The sense that the situation was already precarious was identified pre-COVID and before the end of the Transition Period, both of which have since visited destruction on many businesses. FSB and the Ulster University Business School believe there is a need to see the situation greatly improve from the status quo and, doubly so, to repair the damage done in recent months by these two huge external forces.

Many businesses will have failed already, and more will meet their demise in coming months, as they are subject to extraordinary forces utterly beyond their control. Enforced closures brought about by government action to address the pandemic, and suffocating bureaucracy arising from the operation of the new post-Brexit arrangements should, in no sense, be viewed and weighed as anything other than factors totally beyond the control of the business. Indeed, the knowledge gained from the process of failure should be regarded as an asset in getting these entrepreneurs back into a new business. That would be the natural response in a more entrepreneurial society - it needs to become embedded in the culture and fabric of Northern Ireland, so this Report is timely in mapping the start-up environment into which these entrepreneurs will be emerging.

Tina McKenzie
FSB NI Policy Chair

Prof Mark Durkin
Executive Dean, UU Business School

Introduction

As many businesses grapple for survival and stability in the context of Brexit or COVID-19, some are fortunate to thrive. It is said that the mark of an entrepreneur is to adapt and find another way in times of difficulty, and never have we seen the small business owner tested more. Where the challenge presents opportunity for some, others are not so fortunate – but we also have an opportunity to learn from their experience and a responsibility to help people start over once more. Given the progress in our global vaccination programme, we now know there is a rough path to stability. Of course, some of our longstanding challenges will remain – and so, taking inspiration from our self-employed and small businesses, we must engage our entrepreneurial spirit to adapt and to find another way.

Against that backdrop, this report is prompted by a long-held, historical concern within the Federation of Small Businesses (FSB) and the Ulster University Business School (UUBS), that Northern Ireland's performance, in terms of the rate of business start-ups, has been consistently less than what it could, or indeed *should* be. This is in both relative and absolute terms, over many decades relative to other regions in the UK, and despite a plethora of institutional interventions through various organisations and programmes.

Aside from highlighting our gains or suggesting improvements, this report is an acknowledgement that an increase in business start-ups cannot be viewed in isolation by tasking one person, programme or department. Ultimately, it aims to stimulate further discussion by making a case for us to harness our societal and cultural norms as a way of addressing the underperforming level of business start-ups – by inspiring a new wave of entrepreneurship across all generations, where people are unafraid to try and to risk failure, along a path to success.

Important to note throughout this report is the context or labelling of 'failure' and how it may be applied in different ways:

- a. To something which goes wrong because of poor planning or preparation – this is not helpful and should rightly be denounced or censured.
- b. To something which is found not to work when the only practical way to proceed is by careful experimentation i.e. trial and error. This is merely good innovation practice and should be encouraged.

It might be that we tend to think all failures are of the first sort – and so we unfairly criticise them. But neither should we applaud all failures - instead we need to distinguish between them, and encourage one sort over the other.

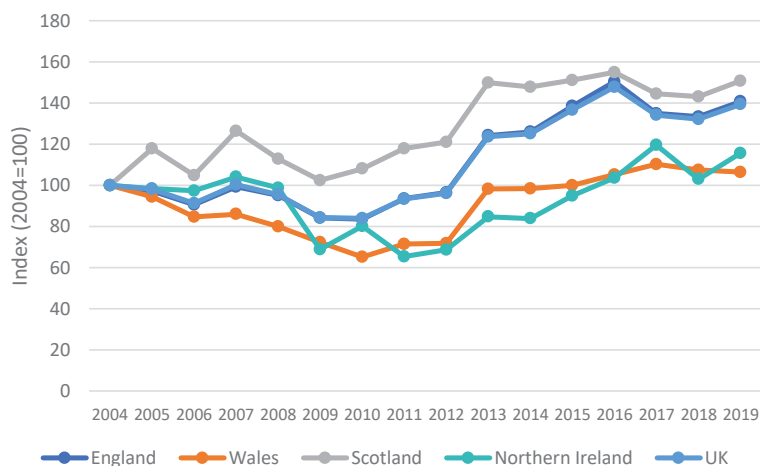
Sketching out the problem

This summary report explores some of the key threads analysed in greater depth across the main report. For the purpose of the report and benefit of the reader, a business is defined as a non-agriculture private sector business registered for either PAYE or VAT. Furthermore, given the longstanding structural history on this subject, we have chosen to use statistics up until directly *prior* to the COVID-19 Pandemic rather than those published since.

Such statistics show there were 6,625 new enterprises – or businesses - created in Northern Ireland during 2019. The rate of business creation has been increasing since 2011-12, when Northern Ireland was in a recovery period from the previous recession. Using 2004 as a base year - when comparable data first became available - **the overall increase in new Northern Ireland businesses created was 16%.**

However, while this increase in new businesses created can be seen within the context of a **6% increase in Wales, there were increases of 41% in England and 51% in Scotland between 2004 and 2019.** Therefore, some may argue that the performance in Northern Ireland is poor despite significant financial investment and a range of programmes, organisations and policy statements - each developed to provide support with the explicit ambition of increasing the relative rate of start-ups.

The rate of births per 10,000 of the population has been relatively static since 2014. **If Northern Ireland had matched the overall UK rate and increased its business births by 39% between 2004 and 2019, then it would have needed 7,965 births in 2019 - an additional 1,300 in that year.¹**



Index of New Enterprise Creation 2004-19 (Business Demography, ONS)

Furthermore, if we restrict business start-up analysis to UK-owned employer businesses i.e. those with at least one employee at the time of the business birth, then we get more of a sense of domestic business creation compared to the overall figure, which also includes Foreign Direct Investment (FDI). When we take both of those measures into account, what emerges is that **Northern Ireland creates only half as many UK-owned new employer businesses compared with the UK overall** – measured as business births per 10,000 population.

¹ Please refer to Appendix D for details of significant performance measures

Digging Deeper

The importance of small businesses in economic development was recognised in the UK in 1969 by Bolton, and in the US in 1979 by Birch. **Evidence of enterprise policy exists in Northern Ireland since at least 1971**, with the creation of the Local Enterprise Development Unit (LEDU) - a government agency to assist small businesses.

Since the 1980s, many governments around the world have viewed small businesses as an essential part of a thriving economy. In particular, they have viewed the launch of new small businesses as a key source of new employment. An early expression of this in Northern Ireland was in 1990 when, following its *Pathfinder* initiative, the then Department of Economic Development (DED) published *Competing in the 1990s: The Key to Growth*, in which the authors stated:

“A key force in any economy is the entrepreneur who can create and develop a business and who can identify and exploit market opportunities.... the aim of the Government’s approach in this area is directed at those who wish to start up new businesses.... Research suggests that the key role for the Government is to remove a number of constraints which may hold back growth in the supply of entrepreneurs.”

Since then, although the name of the Department responsible for economic development has changed more than once, its enterprise objectives have remained constant. For example, in 2002 a new agency was created - Invest Northern Ireland (Invest NI) – which in the following year launched its *Accelerating Entrepreneurship Strategy*. In introducing the strategy, Invest NI noted that **Northern Ireland had one of the lowest rates of VAT registrations in the UK - 28 registrations per 10,000 resident adults, compared to 37 for the UK as a whole.**

Invest NI’s vision for the new *Accelerating Entrepreneurship Strategy* was ‘to make Northern Ireland an exemplar location for starting and growing a successful business’. The realisation of the *Accelerating Entrepreneurship Strategy*, it said, ‘will be an increase in the level of entrepreneurial activity and a new increase in the volume and value of new business ventures to the Northern Ireland economy’.

‘Economy 2030’ is a proposed long-term ‘industrial strategy’ for NI. In draft form since 2017, it presented a long-term vision for Northern Ireland as a ‘globally competitive economy that works for everyone’, identifying as of ‘paramount importance’ the need for a ‘strategy and infrastructure to encourage and grow small business units effectively’.

In its current strategy for 2017-2021, Invest NI repeats its commitment to entrepreneurship, with the additional dimension of developing a strong, supportive ‘ecosystem’ – reaffirming earlier commitments to make Northern Ireland the best region in which to start and grow a business. For this aspiration to become reality, Invest NI notes:

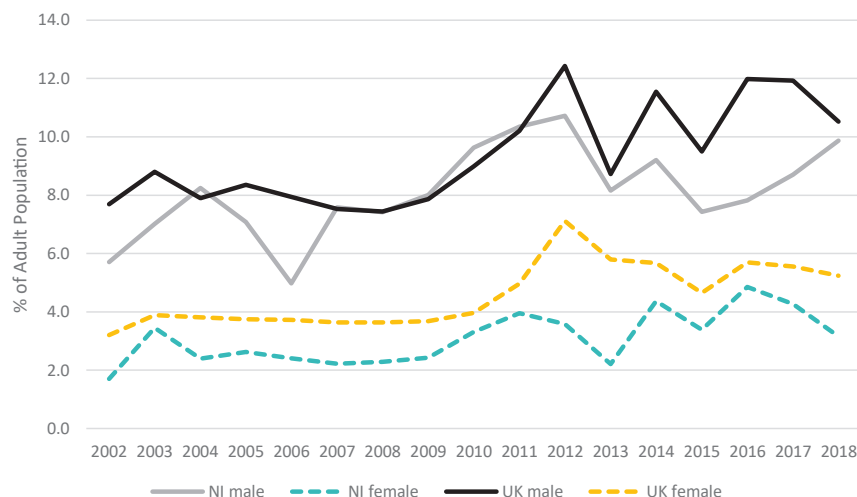
‘We are developing a comprehensive Entrepreneurship Action Plan, which will see Invest NI be a champion for entrepreneurship around which all of the various stakeholders can coalesce. This will provide a strong ecosystem in which businesses can start and grow.’

Performance indicators

However, key performance indicators further outlined in Appendix D of the full report raise questions about the efficacy of current endeavours. For example, ‘total early-stage entrepreneurship activity’ (TEA) is defined as percentage of our 18 - 64 population who are either an emerging entrepreneur or ‘owner-manager’ of a new business. The Global Entrepreneurship Monitor (GEM) outlines how **Northern Ireland has almost doubled its rate from 3.7% to 6.6% between 2002 and 2019. However, the NI rate has remained low relative to the UK average, which saw TEA rising from 5.4% to 9.9% within the same period.**

‘Opportunity Perception’ is the extent to which people perceive likely potential for entrepreneurial activity. Statistically, this has been **significantly lower in Northern Ireland than England, with 31% perceiving good start-up opportunities in NI compared to 40% in England.**

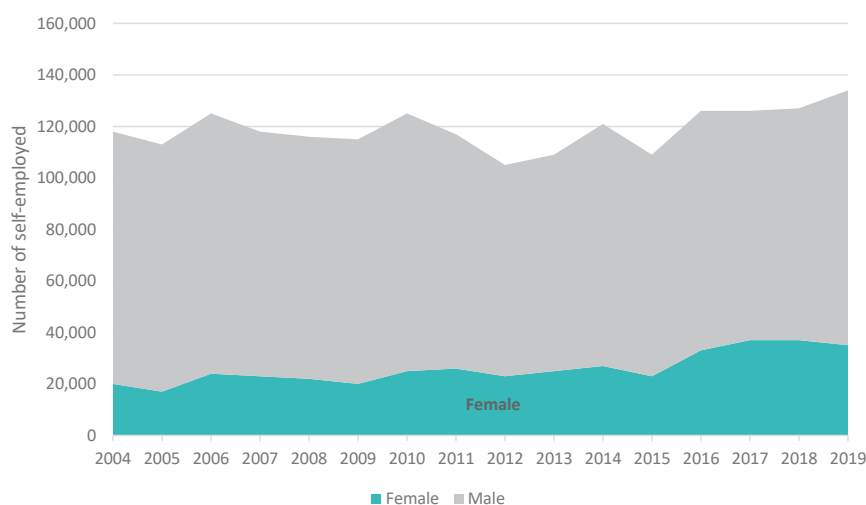
In addition, and of significance, entrepreneurial activity is typically lower for women than men, with female rates of engagement particularly low, typically at around a third of male rates.



Total Early-Stage Entrepreneurial Activity as % of population 2002-19

This is despite a vast recognition, including by HM Treasury in 2019, that more effective policy development to engage and support females in New Business Ventures (NBV) at levels commensurate with their male counterparts, had the potential to add £120 billion to the UK economy. Persistent calls over decades have encouraged more women to engage in business (Rose 2020). Yet, there remains a need for clearer insights to, and specific commitments for, addressing the expectations of women as the issue of potential new business starts is widely unaddressed.

Reflecting this, perhaps, **the ‘Self-employed’ constituency in Northern Ireland is male-dominated. Only 35,000, or around a quarter of the total 134,000 self-employed are female, representing an absolute increase of only 17% between 2004 and 2019.**



Number of Male and Female Self-employed in Northern Ireland 2004-19

Although 6,625 new enterprises were created in Northern Ireland in 2019, figures also show that the net number of new firms, at 860, was lower than in any of the pre-recession years with net new businesses accounting for just 1.3% of active enterprises. This is compared to an average of 4% over 2004-07.

With respect to survival rates, however, Northern Ireland has previously performed relatively well. Between 2002 and 2006, around 70% of new firms in Northern Ireland survived for three years compared to around 65% in the UK. Since 2010, survival rates across the UK have converged downwards and in 2015, Northern Ireland’s rate of 57% was comparable to the UK and other devolved regions.

Linked to business survival is growth and scaling. Along with the absolute measures of business start-up, growth of new businesses is regarded as an important measure by way of value creation aspects in entrepreneurship.² Using a measure of ‘ambition’, often quoted by entrepreneurs (ERC, 2019), research demonstrates the share of surviving firms over a three-year period that reach £1m in turnover by year three - having started with a turnover less than £500k. Northern Ireland firms consistently performed more strongly in this measure when compared to all other UK regions, with around 2.7% of new surviving businesses reaching this threshold - the UK average is around 2%.³

The number of High Growth Firms over the period from 1998, defined as either employment-driven, or employment and turnover-driven, has remained relatively constant in comparison - each fluctuating at around 200 in Northern Ireland. However, the share of High Growth Firms as a proportion of all surviving firms in the period with 10+ employees, shows an overall drop from around 20% of the total in 1998-01 to 14% in 2016-19. The share of employment-related High Growth Firms, including those with employment and turnover growth - who are considered to contribute most to job generation - has also declined, with their contribution more than halving from 9% in 1998-01 to 4% in 2016-19.

It would therefore appear that while the prospects for survival and growth, including high growth, offer possibilities, policies designed to improve Northern Ireland’s relative start-up performance, vis-a-vis the wider UK average, have in fact had relatively little impact for over the 30+ years of relevant policy.

2. Readers should be mindful of the need to support business ‘success’ in whatever particular form this might best suit the business in question, rather than solely focus on ‘growth’ as superior.

3. Note that this relates to a relatively small number of firms with approximately 3,000 UK-owned firms in the UK and 60 in Northern Ireland meeting this criteria.



Go for it

In Northern Ireland, regulations that ease barriers - particularly the costs of starting a business such as including fiscal or taxation provisions - have been equal to the rest of the UK during the period in question. Similar support has been available based on the provision of extensive and indeed, when compared to other places, *enviable* start-up assistance. Provision includes direct and indirect help with grants or finance, premises, training and more recently, the production of a 'business plan'. The aim of this support is to make business start-up easier for an individual and to reduce the risks involved, thus encouraging more individuals to go for it.

Since Local Government Reform in 2015, councils are seen as best placed in driving efforts to increase these business start-up rates at a local level because they now have responsibility for local economic development and community planning. A key facet in delivering these responsibilities is the 'Go For It' programme. The specific focus of this programme is *'to provide free mentoring to enable new businesses to complete a business plan with the support and expertise provided by a network of experienced business advisors'*.

This support sits within the Invest NI *Entrepreneurship Action Plan* as the NI Business Start-Up Programme (NIBSUP) - formerly managed by Invest NI itself and branded 'Go For It'. While Invest NI retains oversight and the programme is a responsibility of local councils, it is delivered under contract by the Local Enterprise Agencies (LEAs). A number of specific key aims are identified for the programme, including an increase of the overall number of business start-ups and new jobs per annum, reducing the perception of risk in business start-up, and enabling entrepreneurs to develop a *'credible and high quality business plan'*.

An internal review of NIBSUP carried out for the period 2017-2019, concluded that the programme had achieved its key aims in this period and was 'value for money'.⁴ However, as aforementioned, research shows that the number of start-ups in Northern Ireland fell between 2017 and 2019 from a high of 6,855 to 6,625 - *despite* the availability of NIBSUP and the many other initiatives. It appears there are questions to be asked relating to the design and delivery of the programme, with respect to the clear emphasis on the development of a business plan as a structure and the key measure of 'success'.

Indeed, much recent research calls into question the value of writing a business plan, as this can be an overly linear and structured modelling of what is, in reality, a challenging but only potentially fulfilling enterprise for many different reasons. To this end, consideration could first be given to validating the key aims that determine the success of the 'Go For It' programme, which recently retendered for a period of at least two years from 2021 to 2023 - but without any substantive change in approach.

The NI Executive has recognised the need for this type of consideration across Government in its 2021 PfG Draft Outcomes Framework Consultation:

'Previous Programmes for Government had been prepared on the basis of service inputs and outputs which, when it comes to measuring success, are strong on counting levels of activity but which are less good at the more fundamental assessment of whether the activities are the right thing to be doing based on their effectiveness when it comes to achieving positive change and improvement'

Further consideration should also be given to how much the business birth rate is impacted by the economic life cycle, within the context of publicly funded support programmes such as 'Go For It'.

4. The Northern Ireland Business Start-Up Programme Mid-Term Evaluation 2017-2021 – commissioned by Lisburn & Castlereagh City Council.

The ecosystem

The most recent focus of institutional interventions has been on the generation of an ‘enterprise ecosystem’ designed to further encourage and support individuals in business start-up activity and growth. An underlying assumption to the generation of various interventions, in terms of policies, organisations and programmes appears to be that their subsequent implementation will reduce the barriers apparently holding individuals back – those who would otherwise engage in business start-ups.

In its 2017-2021 strategy document, Invest NI provides a model of an ‘Entrepreneurship Ecosystem’, identifying programmes and some, but not all, of the many providers in the industry. Research, however, demonstrates that their perspective may be too limited. As is discussed further in this paper, the adoption of a particular focus to encourage individuals to start a business, focusing *only* on institutional interventions, is likely to have, on a consistent basis, a relatively limited impact. This is because it does not take into account the many other elements that form a truly balanced enterprise ecosystem, including the cultural and societal dimensions.

Evidence suggests that policies and methodologies designed and implemented over the past decades to increase the rate of business start-ups, relative to the UK, have been consistently less successful than planned. Despite encouraging headlines, it appears that, while the aspiration to make NI ‘*the best region in which to start, and grow, a business*’ might have been relatively successful, it was the wrong approach - as too few people actually want to do it. Instead, it *should* have been ‘*to make Northern Ireland the region in which most people want to start and grow a business*’. It is difficult to reach any other conclusion and this raises a number important questions.

Firstly, if the policies and methodologies are not actually achieving desired outcomes to increase the rate of business start-ups relative to the UK, then why are they still being pursued, and is this an appropriate response?

The proven way to innovate successfully is by applying ‘trial and error’ - but while the narrative across the economic development system seeks to promote ‘innovation in business’, it does not seem to have applied such thinking to itself. The successful application of ‘trial and error’ requires a conscious assessment of trials to identify what isn’t working well so that it is examined and improved.

While new people or organisations have emerged and tried to introduce new institutional interventions, what has emerged has been, essentially, ‘more of the same’ and there have been no radical examinations on past efforts against results. Perhaps it is possible that decision makers are not fully aware of the significance in current policy approaches.

Secondly - are the policies and methodologies being pursued, alone, up to the challenge - are they adequate and what might alternatives look like?

Over the years, policies and methodologies have been refined and then re-presented but the rationale, and the reasons for selecting chosen methodologies, have not always been exactly clear – except, perhaps, to some of those policy makers more closely involved in their development.

Take, for example, the focus in recent policy statements, to ‘*provide a strong ecosystem in which businesses can start and grow*’. An examination of the concept of an enterprise ecosystem will emphasise the need to understand that a particular focus on any one aspect of the system to the exclusion of others, is to make it quite impossible to achieve such an ambition.

The factor limiting individuals’ ambitions to engage in business start-ups is not the support provided for those who might want to do it - as stated, current provision in Northern

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Ireland could be considered the envy of many. **However, any review of the ecosystem concept in the context of Northern Ireland would conclude that what is missing may be the ‘cultural dimension’.** And so, despite extensive provision, the cultural dimension may point us further to why, relative to the UK average, too few people here consider business start-up as a viable career choice.

The label ‘ecosystem’, it seems, is applied to just the ‘institutional’ support elements that policy finds easiest to provide and measure. The review of NIBSUP and its providers, for example, indicates that as providers they are doing what they are being asked to do. For instance, the ‘Go For It’ campaign and supporting programmes are meeting required targets in terms of business plans prepared, but not necessarily new businesses started. Thus, it would seem that the support prescribed is being delivered, but we then return to the primary question - where are the actual business start-up numbers relative to the UK average?

Social and cultural norms

Economic momentum, based on enterprise, is a social and cultural phenomenon. Research has demonstrated that *individuals* are strongly influenced by the attitudes of other people, determining and moderating what they do and think, reflecting often long established, recognised and accepted societal and cultural norms. These norms are a critical part of properly understanding any enterprise ecosystem and how it might develop, and one that is too often overlooked.

A view about ‘building’ an ‘ecosystem’ that focuses primarily on institutional interventions is therefore limited - as is the idea that an ecosystem can actually be ‘built’ rather than be allowed and encouraged to evolve. While it is sometimes claimed the research has demonstrated that in Northern Ireland, when it comes to engaging in business start-up or not, fear of failure and a reluctance to take risks are key restraints. There is a need to develop our understanding of what fear of failure entails. For example, it might not be a fear of failure but a lack of confidence and/or of social approval.

Research has further demonstrated time and again, that if unrecognised or ignored, cultural and societal norms can actually be a limiting factor in any ambition, policy or methodology to increase the rate of business start-ups. If properly considered, however, the potential to harness their influence could be substantial in realising those much sought-after higher rates of business start-ups.

During the 1980s in the *Pathfinder initiative*, it was suggested that attention should be given to the potential of ‘attitudes’ and ‘social networks’ in determining the likely success of initiatives to support business start-ups and growth. As it turned out the *potential*, inherent in understanding how attitudes might influence an individual’s decision within their social group, was not pursued - the potential of social networking as a support component to methodologies supporting business start-ups was later dropped.

The underlying assumption that more people would consider starting a business if they were not held back because they see it as too risky, too hard or too costly dominated thinking on the formation of policy and methodologies to support the ambition for ever higher rates of business start-ups. However, the notion that cultural and social norms might be a drag on that ambition, was, and continues to be little understood or largely ignored here - to the detriment of policies that could increase small business start-up rates relative to the UK overall.

Overall

This review suggests that, for the last 30 years or more, the rationale behind most enterprise policy in Northern Ireland has endeavoured to encourage business start-up and growth. Furthermore, on the apparent assumption that people will consider starting a business but are dissuaded because it appears to be too risky, too costly or too hard, the policy has been constructed around providing a range of support measures to make it less risky, less costly and generally easier.

The available evidence suggests that, alone, these policies have not worked - not least, because they appear to have had no meaningful effect on the rate of start-ups relative to the UK average over years. Such policies may conform to traditional economic thinking that people act rationally to maximise their benefit, and that starting a business will be beneficial for many people. However, in behavioural economics the relative influence and importance of social pressures and cultural norms in influencing individuals' decisions are now being increasingly recognised for their importance.

The strategic importance of encouraging and supporting the emergence of a robust and comprehensive entrepreneurial ecosystem remains germane. It is now even more acute, with the advent of both Brexit and more recently, COVID-19. These events present challenges and opportunities now and into the future. While uncertainty has evolved around Brexit, we can be certain that businesses are suffering now and may continue to do so in the immediate term.

COVID-19 has had a devastating impact, reinforcing feelings of uncertainty and crises of confidence amongst business owners and of course - those who might be considering starting a business. However, also to be considered will be many who are interested in, and keen to engage on business re-start following failure of their business through no fault of their own – but perhaps solely as a consequence of COVID-19 or Brexit.

Indeed, commentators from the world Economic Forum commenting on the impact of COVID-19 argue for greater collective purpose in the support and encouragement of more entrepreneurship from '*Governments, businesses, civil society, academia, media, innovators, philanthropists and developmental institutions*'.⁵ The need for greater concerted and coherent action seems clear.


If policy is to be developed that can really make a difference going forward and increase the prospects of achieving higher levels of business start-ups in years to come, then there is also a need to consider the key role social and cultural influences can play in people's life choices. If the emergence of an 'enterprise ecosystem' within Northern Ireland will allow more and more individuals to engage in business start-up, and growth is to happen in a sustainable way, then the totality of influences should be considered - not just the institutional ones.

Possible next steps

With this context in mind, the challenge here is to consider and disaggregate a number of important issues in order to proceed.

- The extent to which policy and programmes serve to achieve the policy objective of increasing start-ups, given, for example, that the focus of '*Go For It*' is on 'action' rather than 'awareness' - suggesting that it supports people already *in* business or already *thinking* of starting a business.

5. <https://www.weforum.org/agenda/2020/05/covid-19-is-showing-us-a-new-model-of-entrepreneurship/>

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- The extent to which the programme(s) supporting people already in business or already thinking of starting one, are sufficiently well designed to attract those who have not yet done so.
 - The extent to which programme design reflects the policy objectives of greater collaboration and simplification from the perspective of end-users.
 - The extent to which all of the above meets the needs and expectations of women as potential new entrepreneurs.

We propose that there is real value in seeking to develop a *truly* balanced enterprise ecosystem across Northern Ireland - one with more than a single focus on leveraging the institutional supports available – with an ambition that this in itself will be enough to increase the rate of business start-ups.

It would be an intermediate to long-term strategy requiring more vision, self-belief, determination, calculated risk-taking as well as strategic leadership. All of these traits are well-recognised behavioural traits and competencies of entrepreneurial people.

If this assertion is to be accepted by policymakers, **it would suggest a need for new strategic thinking to ensure more deliberate and even more coordinated action** by partners crucially including, and perhaps led by, representatives of the private sector, the community sector, the education sector and finally, government. It would also suggest the need for a critical, root and branch review of Northern Ireland’s base potential to develop a truly balanced enterprise ecosystem - including cultural and social aspects alongside institutional support.

It also reiterates the need constantly to research what is working, what isn’t working and why - and for the partners, guided by the available intelligence, to have the courage to make necessary changes. A ‘coming together’ of relevant stakeholders in what could be a business start-up ‘Forum’ could be charged with responsibility and corresponding authority, to overview the development and implementation of a coordinated strategy that fosters an enterprise ecosystem in Northern Ireland.

Northern Ireland also needs to celebrate entrepreneurial people, in every context, from business start-ups, to those who choose to grow their businesses, to those active in developing social enterprises, right through to entrepreneurial individuals within our health and social care sector, our universities and our communities. We should make a big deal of enterprising and entrepreneurial people in Northern Ireland who challenge the status-quo in markets, technologies, institutions and in society in ways that add value to citizens - including those who start-up businesses. We need to start a revolution in this regard - success in *this* enterprise will, in consequence, bring the business start-up rates we seek.

Finally

As the reader, are you questioning the efficacy of current policy to stimulate greater levels of business start-ups? Are you persuaded as to the potential of cultural or social influences, combined with policy as a promising avenue to consider going forward? If so, then the FSB and UUBS would encourage you to join with us and other interested groups to discuss and formulate ways in which we could respond to the challenge.

Appended Material

The following outline will guide readers to relevant sections of the full report.

Appendix A - Current Policy Perspectives: reviewing current policies in support of new business start-up activity, reflecting on the role of Invest Northern Ireland and local government and the development of an entrepreneurship ecosystem.

Appendix B - Current Programmes and Provider Perspectives: providing a critical review of current programmes and the range of support providers. A specific focus is on the Northern Ireland Business Start-Up Programme (NIBSUP) branded 'Go For It', acknowledged as the single largest business start-up intervention in Northern Ireland, funded by Invest NI, Local Government and the EU. Attention is given, for example, to the extent to which a programme of this nature contributes to higher start-up activity as well as the extent to which it is effective as an intervention in terms of supporting those who already have an interest to start a business.

Appendix C - A Reflection on Policy: providing a critical reflection on the background to the development of enterprise policy, with respect to Northern Ireland and the assumptions on which much policy is based, particularly with respect to 'growth', 'motivation', 'planning', and 'predictability'. In an annex to Appendix C, a review of policy and practice is provided, which looks at the historical development of the enterprise support agenda. Included in the review is the role of LEDU, the local enterprise unit in the 1970's, 'Pathfinder in the 1980's, the Growth Challenge and Strategy 2010 in the 1990's. Developments in the new century include the impact of local Ministers to Northern Ireland, the launch of Invest NI, the Enterprise Strategy Consultation and the Barnett review through to, in the last decade, a focus on Corporation tax and more consultation targets.

Appendix D - Measuring Outcomes: presented is statistical data on key performance matrices including the level of Entrepreneurial Activity, Entrepreneurial Conditions, Self-Employment, Business Start-Up and Survival. Additional measures presented consider SME Growth, Research & Development, Innovation, Patents, Academic Spin-Outs and the contributions of Venture Capital within Northern Ireland.

Appendix E - Stakeholder Perspectives: provides insights from a survey, undertaken by UU in June 2020, to seek the views from a range of key stakeholders based on their experiences of business start-up support in Northern Ireland. The research focused on a series of topics including available support, advice and mentoring, support programmes and providers, and existing culture. In addition, a critical business perspective from the Federation of Small Businesses (FSB) Report in 2015 is presented.

Appendix F - The Ecosystem Analogy: understanding the ecosystem complex is reflecting many complicated interrelationships and most of the components are affected by many of the other components. Analogies are often made with natural ecosystem to understand the complexities of those interrelationships. Numerous attempts have been made to 'unpack' this concept and its varied interpretations. The rising interest in Enterprise Ecosystems is explored in this appendix, while reflections on this naturalistic analogy are provided and the introduction of concept to the field of enterprise is reviewed.

Appendix G – Social and Cultural Influence: presented is the case arguing that institutional policy and the cultural dimensions of enterprise development are two critically different but, essentially, complementary dimensions likely to determine levels of success in that effort. That a deficiency or even absence in one cannot be compensated for by improvements in the other is debated. Why social or cultural influences may be crucial is explored.

Full report available at:

www.fsb.org.uk/backtothestartup



#BackToTheStartUp

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