Factors influencing the choice of self-employment or starting a business as an initial graduate destination

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1. **Abstract**

This research project was established to create knowledge around the choice of self-employment or business start-up as an initial graduate destination, and the factors affecting graduate decision making in this field. The project also considered the extent to which those choosing business start-up and self-employment were being innovative and entrepreneurial. Finally, the project identified and assessed existing information, advice and guidance provision for students and graduates seeking to enter self-employment or start their own business.

The project population was comprised of leavers from Harper Adams University (HAU), a specialist higher education institution in a rural setting in the UK, primarily offering courses related to the land based sector. HAU has a higher than average level of self-employment among its leavers and graduates. Two surveys were carried out, one of Self-Employed Leavers (40 respondents), and one of Employed Leavers (112 respondents); the data from the two groups was compared and evaluated. Student record data was also used to consider student background in relation to employer outcomes for a wider HAU population (1,593 records).

This project found that individual traits influenced the choice of self-employment, along with further external factors. Exposure to self-employed role models was the same for both survey groups, but background prior to arrival at HAU differed. The decision to enter self-employment was commonly motivated by positive, or “push” factors. Self-Employed Leavers generally perceived themselves as more entrepreneurial than Employed Leavers. They also felt that as individuals they were more entrepreneurial than their businesses. The respondents in both survey groups did not always have a consistent understanding or definition of enterprise and entrepreneurship.

Individual traits that were significantly truer of Self-Employed Leavers than Employed Leavers were:

- I have many business ideas I want to pursue;
- I like to manage my own workload;
- I like to be in control of my own time; and
- I am self-confident.

Individual traits that were significantly truer of Employed Leavers than Self-Employed Leavers were:

- Secure employment is important to me;
- Financial security is important to me;
- Professional success motivates me; and
- Professional success is important to me.

Self-Employed Leavers were more likely to have encountered self-employment and/or entrepreneurship at university than Employed Leavers. No difference was found in the exposure of the two survey groups at school or college. However, the experience of the two groups differed with some Employed Leavers reporting negative stereotypes or comments relating to self-employment. Respondents from both groups referred positively to a range of information and resources, including content incorporated into their course, information, advice and guidance from the HAU Careers Service, information from guest speakers and case studies, and some external resources.

These findings were used to make recommendations regarding how we can best support students and leavers in relation to self-employment and entrepreneurship.
2. Introduction and Background

A high level of interest in becoming self-employed or starting up a business was identified at HAU. During the four most recent complete Destinations of Leavers from Higher Education (DLHE) survey periods (2012/13, 2013/14, 2014/15 and 2015/16), 194 leavers from HAU identified as being self-employed or starting their own business, as shown in figure 1.

Figure 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of HAU leavers identifying as self-employed/freelance</th>
<th>Number of HAU leavers starting up own business</th>
<th>Total HAU leavers in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>51</td>
<td>5</td>
<td>503</td>
</tr>
<tr>
<td>2013/14</td>
<td>37</td>
<td>5</td>
<td>504</td>
</tr>
<tr>
<td>2014/15</td>
<td>38</td>
<td>9</td>
<td>486</td>
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<tr>
<td>2015/16</td>
<td>44</td>
<td>5</td>
<td>522</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>% Self-employed/freelance</th>
<th>% Starting up own business</th>
<th>Total % self employed, freelance or starting up own business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>10.14%</td>
<td>0.99%</td>
<td>11.13%</td>
</tr>
<tr>
<td>2013/14</td>
<td>7.34%</td>
<td>0.99%</td>
<td>8.33%</td>
</tr>
<tr>
<td>2014/15</td>
<td>7.82%</td>
<td>1.85%</td>
<td>9.67%</td>
</tr>
<tr>
<td>2015/16</td>
<td>8.43%</td>
<td>0.96%</td>
<td>9.39%</td>
</tr>
</tbody>
</table>

This outperformed the national graduate population, where in 2013/14, 5.1% of employed leavers were self-employed/freelance and 0.8% started up their own business (HESA, 2016).

The DLHE data also showed that the majority of HAU leavers who became self-employed, freelance or started their own business made a proactive choice to do this, with over 55% of respondents each year indicating that this choice “fitted into my career plan” or “was exactly the type of work I wanted”. In 2014, the Resolution Foundation identified that “[f]or the vast majority (84 per cent), becoming self-employed is a choice taken, at least in part, out of personal preference.” (D’Arcy and Gardiner, p.32). This project reviewed how and why students at HAU pursue self-employment, freelance work and business start-up and used qualitative and quantitative approaches to ascertain what related and wider factors support their successful achievement of this goal.

82% of HAU students self-declared on entry that they were from a rural background (Harper Adams’ Student Records System), there may be particular lessons to be learned in respect of this student group; the project considered the specific nature of this population in relation to eventual outcomes.

With this in mind, the project considered the following research questions.

Why do University leavers choose to become self-employed or start their own business, and what factors (formal and informal) influence this decision?

To what extent are those who choose to become self-employed or start their own business displaying entrepreneurial behaviour?

Which existing information, activities, guidance and resources are of value to those who pursue self-employment or start a business, and what else would be of value to this group?
3. Review of existing research

3.1 Self-employment or employment: whose career is it anyway?

For much of the twentieth century, work was perceived as a progression through a series of linear career stages in one or two organisations (Super, 1981). An ongoing relationship between employer and employee (Adamson et al, 1998) and a hierarchically structured organisation through which an individual could progress (Herriott and Pemberton, 1996; Baruch, 2004) were implicit. However, reduced linear progression and job security (Arnold, 1997) and flatter structures limiting upward progression (Kanter, 1992) changed this understanding; the traditional bureaucratic structures which facilitated career planning (Baruch, 2003) were left behind.

As a result, new models for careers developed, such as the ‘boundaryless career’ (DeFillippi and Arthur, 1994), recognising different options, choices and directions for individuals (Baruch, 2004). They identified that careers crossed organisations, were validated and sustained by external sources and networks, and were owned by the individual, not the organisation. Thus the focus shifted to the individual and their “portable skills, knowledge, and abilities” (Sullivan, 1999: p.458). However, despite this shift to individual ownership and responsibility, these career models generally remained silent on the employment status of individuals, or if an assumption was made, it was that the individual would be employed (Peel and Inkson, 2004).

The “fundamental reshaping of the world of work” was recognised by Savickas’ career construction theory which considered “how individuals use what they have” (undated, p2). This shifted away from an expectation of a lifelong career, and instead advocated a more flexible approach to support individuals in finding their way in this new world. Similarly career socialisation theory suggested “career decisions, although constructed within social context, are increasingly individually, rather than organisationally, centred” (Peiperl et al 2000, cited in Greene and Saridakis, 2008: p.654).

3.2 Self-employment: determinants to entry

Recent statistics showed that self-employment is becoming an increasingly important element of the UK labour market (Tatomir, 2015). A variety of factors have been examined in depth in relation to self-employment, with particular focus on who might be drawn to self-employment, and why. Simoes, Moreira and Crespo (2016) systematically reviewed the literature in this area to date, producing a framework which focuses on the following determinants of propensity towards entry to self-employment; individual characteristics; family background; personality characteristics; human capital; health; nationality and ethnicity; and access to financial resources. These determinants guided the data collection on survey participants in this study.

Under trait and factor theory people make career decisions based on their understanding of themselves and their aptitudes, interests and preferences; this is paired with their understanding and knowledge of jobs and labour market to create congruence (Kidd, 1996). A parallel between the traits determining entry to self-employment, and potential access to resources and support, is readily apparent here.

It is also important to look beyond the individual; Law’s community interaction theory situated the individual in their social context and environment and found “Career management, then, becomes a matter, not so much of what you know concerning decisions and transitions, but of who you pay attention to among the people you know.” (2009: p.2). It follows that career decision making can be significantly prejudiced by those around you, their influence and circumstances, and their
experiences as well as your own. There are also links to the work of Roberts (cited in Watts et al, 2002), as his opportunity structure theory relies upon the individual’s situation and network or lack thereof. However, Roberts saw this as a barrier to progress, whereas under Law’s model, by focusing on the ‘right’ individuals, there is the potential for people to transcend their circumstances. Decision making for career purposes is inextricably linked to every other element of the individual’s life; careers, like people, do not exist in isolation.

3.3 Self-employment: propensity to act

Determinants to entry are an important aspect of the move into self-employment, but there is also a need to examine what triggered the actual decision to act. The division of these triggers into ‘push’ or ‘pull’ factors (Burns, 2001: p.71) is well documented; factors in the former category push individuals into self-employment e.g. redundancy. The latter are more positive, pulling individuals into self-employment, for example, being led by their desire for personal independence, recognition or development. Planned Happenstance (Krumbloltz, 2009) can also be aligned with triggers to self-employment; Shapero’s “entrepreneurial event” (SEE) (cited in Nabi, Holden and Walmsley, 2006) can be seized if the individual has prepared, and has the potential and propensity to act when their “push” or “pull” occurs.

Robertson et al (2003: p.311) considered push and pull factors in relation to a student population, and found that this specific group is positively motivated by risk taking, freedom, financial gain, security of employment and control. Potential barriers for this group were identified as lack of funds, aversion to stress, hard work and time commitment, fear of failure, risk aversion and lack of idea to pursue.

Faggio and Silva (2014) also explored propensity in relation to urban and rural labour markets, noting that entrepreneurship in rural areas was not always led by business creation and innovation i.e. the factors at play were often “push” rather than “pull”. This in turn affected whether the businesses created by the self-employed in rural areas created further jobs, or simply sustained their owner and family.

3.4 Entrepreneurship

It is vital to note the distinction between entrepreneurship and self-employment in the literature. Drucker’s 1985 definition has continued relevance, “an entrepreneur always searches for change, responds to it, and exploits it as an opportunity” (2014, p.33). This definition is advanced by Knudson et al (2004, p.1332) who subdivide into three levels of entrepreneurship “those starting their own ventures, those working for businesses run by other entrepreneurs; and those that find a way to become entrepreneurial in larger organisations”. The self-employed would be the former, but it is also possible to be self-employed and not entrepreneurial. Burns (2001) divides the self-employed into owner-managers and entrepreneurs, suggesting the former are generally not also the latter, and the 2016 Oxford Farming Conference (OFC) report notes “purely running a business and taking the risks associated with that is not entrepreneurial” (p.11); we cannot assume that all those starting a business or moving into self-employment are necessarily acting in an entrepreneurial or innovative manner (Burns, 2001, Nabi, Holden and Walmsley: 2006). So one can be self-employed, but not entrepreneurial, and equally, one can be entrepreneurial but not self-employed. The OFC (2016) particularly highlights “hidden” entrepreneurs in agriculture; they may not be the main force behind their business but their innovation and contribution is vital and valuable.
The literature relating to self-employment focuses on traits, demographics and behaviour, alongside propensity to act. Bringing wider entrepreneurship research into the discussion introduces intention models, specifically Ajzen’s Theory of Planned Behaviour (TPB) (cited in Nabi, Holden and Walmsley: p.378-9). This has been used in a study of university students, and found “the underlying elements of behavioural control perceptions, for example, perceived ability, self-confidence and self-efficacy, were strongly and positively related to career-related intentions to start up a business among university students”.

3.5 Impact of education

Simoes, Moreira and Crespo (2016) consider level of education in their systematic review; there is also value in assessing the impact of formal and informal education that specifically focuses on self-employment and/or entrepreneurship. Self-employment and business start-up as a first graduate destination is recognised as an under-examined area (Nabi, Holden and Walmsley, 2006; Pittaway and Cope, 2006), and Simoes, Moreira and Crespo found that studies on the influence and efficacy of education on self-employment are “far from conclusive” (p.14). Collette extensively examines how entrepreneurship has been embedded into education, and argues that the outcomes anticipated and desired from this inclusion have “spiralled beyond what is realistic and possible” (2013: p.836).

Matlay notes “concerted attempts” to explore entrepreneurship among UK graduates, and highlights that those choosing “entrepreneurship education as part of their curriculum tend to have a higher propensity to engage in entrepreneurship activities” (2006, p.709). Cannon et al’s study of graduate entrepreneurship (1988, cited in Matlay, 2006) also linked prior entrepreneurial experience to engagement with entrepreneurial courses, activities and support once at university, and subsequent moves into entrepreneurship. This ties in with Dyer’s (1994) adaptation of career socialisation theory to entrepreneurship, which included the “influence of education and work experience on career decisions” (1994, cited in Greene and Saridakis, 2008: p.655). In summary, educational choices and experience are contextualised, directed and underpinned by experience prior to the move into the next educational setting. This is then further developed or undermined by the quality and nature of the support subsequently received.

3.6 Rural population

The population for this study is drawn from those leaving HAU between 2012 and 2016. HAU is an English university in Shropshire with courses directed predominantly towards the land based sector, and it draws a significant majority of its students from rural backgrounds. Many students also come from an agricultural background; this can be connected to a range of skills and knowledge relevant to self-employment. The OFC report from 2016 notes the skills required by modern agriculture.

“machinery maintenance, capital appraisal, people management, trading decisions, risk management, crop agronomy, plant nutrition, animal husbandry and nutrition, building construction, planning, water management, business management, budgeting, accounting, logistics, store maintenance, stock control” (p.14)

Clearly, many of these skills can be applied in a multitude of settings that support self-employment or entrepreneurship. This population may also have access to different resources than a more urban population; whether this is access to land or a known group of customers, this ‘head start’ could affect propensity to enter self-employment. Brush and Hisrich (2002) and Burns (2011) note “new enterprises that are started in a familiar setting are far more likely to be successful (cited in OFC report, 2016: p.14), so these factors may not only affect propensity but also ultimate success.
4. Methodology

4.1 Overview

- Destination of Leavers from Higher Education (DLHE) data was used to identify the target population, who received an online survey requesting further information on their decision to enter self-employment or start their own business. Completion of the survey was incentivised by a prize voucher draw.
- A comparison survey of the general graduate population from Harper Adams University was also completed.
- Student records were used complete a larger review of employment outcomes, based on whether the leaver had declared themselves as being from a rural or urban background, and from a farming or non-farming background.

4.2 Detail

194 HAU leavers who identified as being self-employed or starting their own business during the four most recent completed DLHE survey periods (2012/13, 2013/14, 2014/15 and 2015/6) were contacted and asked if they wish to participate in this project, with an explanation of the nature of the research, and the intended outputs. They were asked to complete a detailed survey (hosted by onlinesurveys.ac.uk) investigating the factors influencing their decision, how and when they came to this decision and their current experience of self-employment and/or business start-up. 40 individuals responded to the survey. This group is referred to as “Self-Employed Leavers” throughout this report.

The survey of Self-Employed Leavers also explored related factors e.g. their experience at University; the individual’s behaviours, mind set and outlook; any previous personal experience of self-employment, innovation or entrepreneurship; existing business or family enterprise; exposure to relevant role models or mentors; lack of formal opportunities in desired sector; etc. The survey captured qualitative and quantitative data relating to their employment and connected factors.

The initial findings highlighted that a comparison survey would be needed to see whether the Self-Employed Leavers responses were typical of HAU graduates. Therefore, a comparison survey of the general graduate population from HAU was sent to 1,286 individuals who had indicated in DLHE that they were in employment, but not self-employment after graduation, responses were received from 112 individuals. This group is referred to as “Employed Leavers” throughout this report.

A qualitative survey was initially planned to further investigate respondents’ choices. However, the quantitative online surveys elicited a number of rich free text responses which provided significant detail. These responses are explored further in the discussion section of this report. Therefore an additional quantitative exercise was added instead, to make best use of the project resources and create the most robust data set possible in relation to rural/urban and farming/non-farming backgrounds. Student record data was used to review destinations for all leavers who entered self-employment or employment according to their self-declared background when they began their studies at HAU. This created an additional dataset with 1,593 outcomes recorded.

All project data was anonymised.
4.3 Statistical analysis

This report refers to statistical significance in the data that has been collected and analysed. Statistical significance is the likelihood that any relationship between different factors is not random, and is caused by something other than chance. Statistical significance is normally considered to have been achieved when the probability of the same result being seen through random chance is less than 5% i.e. that particular result would be seen less than one time out of twenty.

Statistical significance is referred to in the text as a p-value. For example, \( p < 0.05 \) means that there are fewer than 5 chances in 100 (equivalent to 1 in 20) that the results seen could have occurred randomly.

The p-value has been calculated using various tests in this report, based on the nature of the data collected and accounting for group sizes. Details of the tests used are as follows.

- Where the survey data from the Self-Employed Leavers and Employed Leavers has been compared for significant differences Fisher’s Exact Test has been used. This test was chosen due to its reliability for a small sample size (McDonald, 2014).
- For analysis and review of the larger dataset considering student outcomes based on urban/rural and farming/non-farming background an independent group 2 tailed T-test was used to compare the means of the two groups and assess statistical significance (Saunders et al, 2007).
- Ranked data was used to collect information about individual traits, analysis of this non-parametric data was carried out using Mann-Whitney U-test to assess statistical significance (McDonald, 2014).
5. **Survey results**

5.1 **Respondent profile**

5.1.1 **Self-Employed Leavers**

The online survey achieved 40 responses, which were split between male and female respondents (42.5% male, 57.5% female). Respondent age ranged from 22 to 62, with an average respondent age of 31 and median age of 26, both rounded to nearest whole number. All respondents bar one were British, and of those who chose to state where they currently reside, 94.7% lived in the UK.

All respondents described themselves as being in good health and would not consider themselves to be disabled (one respondent chose not to answer this question). As would be anticipated from the age profile outlined above, the majority of respondents described themselves as single (62.5%) and a minority had children (20.5%).

The online survey population were selected because they were all self-employed six months after graduation from HAU. Up to four years later (depending on year of graduation) 62.5% of the group remain self-employed, with 15% indicating that they are now both employed and self-employed. 17.5% had moved solely into employment, and 5% described themselves as ‘other’; on closer examination the latter response was selected by two individuals, one was a Partner, and the other had retired.

5.1.2 **Employed Leavers**

The online survey achieved 112 responses, which were split between male and female respondents (32.1% male, 67.9% female). Respondent age ranged from 22 to 54, with an average respondent age of 25 and median age of 24, both rounded to nearest whole number. Again, all respondents bar one were British, and of those who chose to state where they currently reside, 94.5% lived in the UK.

This respondent profile is as expected, based on the eligible population from the four most recent DLHE surveys. 99.1% of respondents described themselves as being in good health and no respondents would not consider themselves to be disabled. As would be anticipated from the age profile outlined above, the majority of respondents described themselves as single (58.9%) and a minority had children (7.1%).

The online survey population were selected because they were all employed six months after graduation from HAU. Up to four years later (depending on year of graduation) 98.2% of the group remain self-employed. 0.9% (or one individual) indicated that they are now both employed and self-employed, and 0.9% (one individual) had become self-employed.

The respondent profile for both groups was as expected, based on the eligible population from the four most recent DLHE surveys. No fundamental profile differences were noted between the two survey groups.
5.2 Sector and employment profile

The online survey showed the Self-Employed Leavers working across a range of largely rural based sectors, with the largest number being employed or self-employed in agriculture. The employment status shown in figure 2 is their current employment status.

Figure 2

In contrast, although agriculture still claimed the largest number of Employed leavers, this group was more evenly spread between four sectors: agriculture; food; land management; and veterinary. Again, Figure 3 also shows current employment status. Fishers Exact Test produced a p-value of 0.025 when the employment sectors of Self-Employed Leavers and Employed Leavers were categorised into “Agriculture” and “Other”, demonstrating that Self-Employed Leavers were significantly more likely to be employed in the agricultural sector than Employed Leavers.

Figure 3
5.3 Exposure to self-employment

The majority of the Self-Employed Leavers (63%) indicated that they had family, partners or friends who were or had been self-employed, as displayed in figure 4. Of those who had had this exposure, 80% had at least one parent who was, or had been, self-employed.

Figure 4

![Bar chart showing exposure to self-employment through family and friends](image)

Similarly, figure 5 shows that 70% of the Employed Leavers indicated that they had family, partners or friends who were or had been self-employed. 82% of those exposed to self-employment in this way reported that at least one of their parents are currently, or had been, self-employed.

Figure 5

![Bar chart showing exposure to self-employment through family and friends](image)

Testing the data from this small sample with Fisher’s Exact Test showed no significant difference between the two groups i.e. Self-Employed Leavers and Employed Leavers were equally likely to have been exposed to self-employment through their family and friends.
5.4 Respondent Traits

Respondents in both groups were asked to rate how true of themselves they felt the following twenty statements to be on a 7 point Likert scale. Their responses were tested to 95% significance using the Mann-Whitney U test. The statements are grouped below in accordance with any significant differences between the two groups. P-values are in brackets after each statement.

5.4.1 Truer of Self-Employed Leavers than Employed Leavers

I have many business ideas I want to pursue (0.0001)
I like to manage my own workload (0.00096)
I like to be in control of my own time (0.00466)
I am self-confident (0.0151)

5.4.2 Equally true of Self-Employed Leavers and Employed Leavers

I am motivated by financial gain (0.12356)
I will work hard to achieve my goals (0.18684)
Being independent is important to me (0.20766)
Being under pressure brings out the best in me (0.34212)
Work life balance is important to me (0.3843)
I have one business idea I want to pursue (0.4413)
I dislike stressful situations (0.82588)
Failure motivates me to try again (0.88076)
Failure scares me (0.88866)
I am risk averse (0.92034)
I want to be recognised for what I achieve in my career (0.93624)
Taking risks scares me (0.9442)

5.4.3 Truer of Employed Leavers than Self-Employed Leavers

Secure employment is important to me (0.00001)
Financial security is important to me (0.00782)
Professional success motivates me (0.00906)
Professional success is important to me (0.04036)
5.5 Access to resources and support – Self-Employed Leavers

Self-Employed Leavers were asked whether they had access to resources and/or support when setting up their business, and their responses are shown in figure 6. No equivalent question was asked of Employed Leavers, as it was presumed they would not have assessed their resources and support in the same way as those who had moved into Self-Employment.

72.5% of Self-Employed Leavers reported at least one type of resource or support had been available to them. Time from other people, Buildings and Financial Support were the three most common responses to this question.

Figure 6

Of those who answered “Other”, one referred to a redundancy payment, one mentioned their own knowledge and experience, and one said they may have some short term access to resources.

Respondents were asked to expand upon the resources and support available to them in a free text question. Of the 22 responses received for this question, 17 mentioned tangible assets or financial support, and 10 mentioned intangible aspects such as knowledge, training, contacts and time from others. These responses will be explored further in section 7.5.
5.6 Decision making factors: Self-Employed Leavers

Self-Employed Leavers were asked “To what extent was each of the following a factor in your decision to become self-employed or start your own business?” in relation to the following five factors.

- Business idea
- Lack of viable alternatives
- Professional ambition
- Redundancy
- Always wanted to work for myself

Figure 7 shows their response. No equivalent question was asked of Employed Leavers, as this question focused on decision making that did not apply to the Employed Leavers group.

Figure 7

Self Employed Leavers were also asked to add further free text information about these factors, or any other factors that had affected their decision making. These responses will be explored further in section 7.3.
5.7 Perceptions of entrepreneurship

Respondents for both surveys were asked to consider the following definitions.

- “an entrepreneur always searches for change, responds to it, and exploits it as an opportunity” (Drucker, 1985).
- “those starting their own ventures, those working for businesses run by other entrepreneurs; and those that find a way to become entrepreneurial in larger organisations” (Knudson et al, 2004)

Both groups were then asked to consider how entrepreneurial they felt they were on a scale of 1-7, with 1 being “Not at all entrepreneurial” and 7 being “Completely entrepreneurial”. Figure 8 shows the mean, median and mode response from the survey groups.

**Figure 8**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
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<tbody>
<tr>
<td>Self-Employed Leavers</td>
<td>4.63</td>
<td>5</td>
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<tr>
<td>Employed Leavers</td>
<td>3.84</td>
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<td>5</td>
</tr>
</tbody>
</table>

Assessing these outcomes with Mann-Whitney U shows the difference between the responses in these two groups is significant at 95% probability, meaning that Self-Employed Leavers generally perceived themselves as more entrepreneurial than Employed Leavers.

Self-Employed Leavers were also asked to consider to what extent they felt their business to be entrepreneurial (see figure 9). The Self-Employed Leavers generally considered their businesses to be less entrepreneurial than they were as individuals, however, this difference was not significant.

**Figure 9**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses of Self-Employed Leavers</td>
<td>3.98</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
5.8 Exposure to self-employment and entrepreneurship through education

Figure 10 shows exposure to self-employment and entrepreneurship in educational settings. Both groups of respondents were asked about their experience at school, college and university. They were asked to confirm whether they received any of the following, in each of the educational settings above.

- Formal education e.g. taught classes or modules on self-employment
- Formal advice or guidance e.g. an appointment with a careers advisor or designated teacher/lecturer on self-employment
- Informal advice or guidance e.g. a casual discussion with a lecturer/teacher/staff member on self-employment
- Formal education e.g. taught classes or modules on enterprise/entrepreneurship
- Formal advice or guidance e.g. an appointment with a careers advisor or designated teacher/lecturer on enterprise/entrepreneurship
- Informal advice or guidance e.g. a casual discussion with a lecturer/teacher/staff member on enterprise/entrepreneurship

<table>
<thead>
<tr>
<th></th>
<th>Encountered at school</th>
<th>Not encountered at school</th>
<th>Encountered at college</th>
<th>Not encountered at college</th>
<th>Encountered at university</th>
<th>Not encountered at university</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-Employed Leavers</strong></td>
<td>17</td>
<td>23</td>
<td>16</td>
<td>24</td>
<td>26</td>
<td>14</td>
</tr>
<tr>
<td><strong>Employed Leavers</strong></td>
<td>46</td>
<td>66</td>
<td>42</td>
<td>70</td>
<td>52</td>
<td>60</td>
</tr>
</tbody>
</table>

They were also asked whether they were made aware of, or exposed to, self-employment in other ways in each educational setting. Finally, they were asked whether they were made aware of, or exposed to, enterprise/entrepreneurship, or exposed to enterprise/entrepreneurship in other ways in each setting. The free text responses to these questions will be considered in section 7.6.

Testing the data above with Fisher’s exact test (results in figure 11) showed notably different p-values for Self-Employed Leavers and the Employed Leavers in their exposure to self-employment and entrepreneurship at each education stage. The University p-value is not statistically significant, but may suggest that either actual exposure, or the memory of exposure, differed between the two respondent groups.

<table>
<thead>
<tr>
<th></th>
<th>Fisher’s Exact test p-value for difference in exposure between Self-Employed Leavers and Employed Leavers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>School</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>College</strong></td>
<td>0.85</td>
</tr>
<tr>
<td><strong>University</strong></td>
<td>0.065</td>
</tr>
</tbody>
</table>
6. **Additional data on student background**

The survey of Self-Employed Leavers received 40 responses. In order to create a more comprehensive dataset in relation to the question of whether rural, urban and/or agricultural backgrounds affect self-employment, anonymised student record data has been used.

On arrival at HAU all new entrants complete a registration form which collects data on whether they are from a rural or urban background, and from a farming or non-farming background. This is self-reported data based on their own perception of their background.

This data has been compared to destinations data from DLHE and is displayed in figures 12 to 15.

**Figure 12**

[Bar chart showing self-employed leavers by farming/non-farming background from 2012-3 to 2015-6]

**Figure 13**

[Bar chart showing employed leavers by farming/non-farming background from 2012-3 to 2015-6]
Factors influencing the choice of self-employment or starting a business as an initial graduate destination
C.Toogood, 2017

Figure 14

Self-Employed Leavers - Rural/Urban background

Figure 15

Employed Leavers - Rural/Urban background

Figure 16 reports the results of a 2 tailed t-test on this data. This shows that leavers from a Farming background were significantly more likely to be Self-Employed, but whether the leaver was from a rural or urban background did not significantly affect their likelihood of entering self-employment.

Figure 16

<table>
<thead>
<tr>
<th></th>
<th>2 tailed T test p-value for difference in outcome between Self-Employed Leavers and Employed Leavers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming/Non-Farming background</td>
<td>0.004388</td>
</tr>
<tr>
<td>Rural/Urban background</td>
<td>0.16257</td>
</tr>
</tbody>
</table>
7. **Discussion**

7.1 **The impact of agriculture**

The first notable finding connected to the agricultural sector was the significant difference in sector of employment between the two survey groups. Self-Employed Leavers were significantly more likely to be employed in the agricultural sector than Employed Leavers.

Further sector impact could be seen in the wider study reviewing self-declared background on entry. Whether a leaver was from a rural or urban background did not affect their likelihood of entering self-employment. However, whether the leaver was from a Farming or Non-Farming background was significant.

The 2016 OFC report reviewed the modern agricultural skillset; their list strongly correlates with skills beneficial to anyone planning to enter self-employment. Further to the skills gained from their agricultural background and studies, 72.5% of Self-Employed Leavers also reported at least one type of resource or support had been available to them, most commonly time from other people, buildings or financial support. Where respondents provided further detail it usually indicated that their business had been set up utilising goodwill, support and knowledge from others, for example:

“People helping me with useful resources, lending me equipment. People with this background have shown me what to do next.”

“Financial support from family business. We have renovated an old building to start the dairy. I have contacts which have kindly offered me there (sic) experience and knowledge to help my business get going.”

“I joined my mother as a self employed gardener with use of her tools and equipment. Friends and family provided contacts to further my business. And advice and knowledge to improve my skills.”

One respondent could see that while they were utilising support to become established, their own education, experience and input meant that this arrangement was mutually beneficial.

“I work on the family farm and aim to become a business partner. The farm is owned by my family and therefore I already had access to land and livestock and my labour, skills and knowledge is helping to expand and improve the business.”

It is apparent that within the populations of these surveys an agricultural background is a significant factor in the likelihood of an individual choosing to pursue self-employment, and in the resources and support available to them in their venture.

7.2 **Traits of individuals**

It must also be remembered that the study populations may be similar in background, but they are individuals with their own preferences, strengths and weaknesses (Greene and Saridakis, 2008; Collette, 2013). A series of trait questions were included in the survey of Self-employed and Employed Leavers to ascertain what difference these personal outlooks and preferences made to employment choices.

The following statements were found to be significantly truer of Self-Employed Leavers than Employed Leavers.
• I have many business ideas I want to pursue
• I like to manage my own workload
• I like to be in control of my own time
• I am self-confident

There was no significant difference in the Employed Leavers and Self-Employed Leavers agreement with the statement “I have one business idea I want to pursue”; however, Self-Employed Leavers were significantly more likely to have many business ideas. Burns (2001), notes that entrepreneurs “see opportunity everywhere” (p.30) and can be distracted by multiple avenues to explore, rather than focusing on a specific project as an owner-manager might. The difference between the two survey groups therefore potentially indicates that those who start a business directly after graduation are more entrepreneurial in nature than those who take longer to enter self-employment. Entrepreneurship amongst the two survey populations is considered further in section 7.4.

Returning to the other statements which were significantly truer of Self-Employed Leavers than Employed Leavers, specifically, a preference for managing one’s own workload and being in control of one’s own time. These chime with the literature in this area, Peel and Inkson (2004) identified need for control as among the most common characteristics of entrepreneurs. Robertson et al (2003, p.311) considered individual traits in relation to a student population, and found this specific group to be positively motivated by freedom, and control, among other factors. Burns (2001) notes the need for independence, along with an internal locus of control, is common to both entrepreneurs and owner-managers. Similarly, Simoes, Moreira and Crespo (2016) identified the need for autonomy and achievement, self-efficacy and internal locus of control as traits found in individuals with the capacity for successful self-employment.

With regard to the final trait which was significantly truer of Self-Employed Leavers than Employed Leavers “I am self-confident”, again the literature supported this as a recognised trait in the self-employed. The free text responses gathered from Self-Employed Leavers certainly indicated a confidence in their own abilities that was not present in the Employed Leavers responses.

“Success in the past has encouraged me to start my own business.”

“A feeling that I could do the job better than firms I had worked for.”

“I do what I know I am good at and feel confident with.”

“I work to very high and professional standard and find it frustrating working for people who do not have the same standards.”

Interestingly, Simoes, Moreira and Crespo (2016) identified over-confidence rather than self-confidence as highly correlating with self-employment, and Burns (2001) makes the same connection between excessive confidence potentially leading to arrogance and even delusion. There is no definitive evidence of this in the free text responses, Self-Employed Leavers may be confident in their abilities, but they did not display worrying over-confidence. Also, Self-Employed Leavers seldom moved back into employment; 12.5% were employed rather than self-employed at the time of the survey. This would imply that the group as whole are generally successful in self-employment, which may not be the case when an over-confident individual over reaches. The healthy attitude to risk shown by both survey groups, which found no significant difference between Self-Employed Leavers and Employed Leavers could also contribute to this continuity.
The following statements were found to be significantly truer of Employed Leavers than Self-Employed Leavers

- Secure employment is important to me
- Financial security is important to me
- Professional success motivates me
- Professional success is important to me

The first two factors are also identified and recognised in the literature; those who are successfully self-employed are generally more willing to live with uncertainty (Burns 2001, Peel and Inkson, 2004, Simoes, Moreira and Crespo, 2016). While the study populations did not show a significant difference in their attitude to risk, the Self-Employed Leavers did present as a group who were significantly more likely to be comfortable with uncertainty, either in terms of employment security, or financial security.

The latter two statements are interesting, as studies to date have generally found that those who are self-employed are motivated by achievement (Peel and Inkson, 2004). Burns (2001) notes the need for achievement but acknowledges this could take multiple forms e.g. financial success, quality of product, or creation of local employment. The wording of the question may be responsible for this finding; it may have been better to remove the connotations of the word “professional”. It is possible that the Self-Employed Leavers perceive “professional success” as success within professional and organisational employment settings, rather than the self-built success of the self-employed individual. An example of this would be the respondent who said “When I graduated self-employment was an easy, quick option”, downplaying the challenges they may have faced, and their decision making process.

Where the majority of the literature looks at wider populations, Robertson et al (2003, p.311) considered individual traits in relation to a student population, and found this specific group to be positively motivated by risk taking, freedom, financial gain, security of employment and control. Potential barriers for this group were identified as lack of funds, aversion to stress, hard work and time commitment, fear of failure, risk aversion and lack of idea to pursue. As already identified, some small areas of correlation can be seen with the survey groups i.e. in the preference for freedom and control among the self-employed, but generally these outcomes do not match up to those from this study. Robertson et al focused on students from Leeds Metropolitan University (now Leeds Beckett University) which has a very different intake and setting to Harper Adams University; this may account for some of the differences found here.

7.3 Motivation and triggers

As considered in the literature review, an individual with a propensity towards self-employment may need a certain trigger or motivating factor to turn their interest into action (Nabi, Holden and Walmsley, 2006). The survey therefore asked further questions to capture how leavers considering self-employment made the decision that this was the right path for them, and took action to pursue this path.

Five decision making factors were suggested to the Self-Employed Leavers. The positive factors i.e. business idea, professional ambition, and always wanted to work for myself, were more highly rated than negative ones i.e. redundancy and lack of viable alternatives. In the established terminology used by Burns (2001), this means Self-Employed Leavers were far more likely to feel they were pulled into self-employment than pushed.
The responses given to the free text question asking for further detail on decision making factors supports this analysis. A quarter of responses mentioned a push factor e.g. “No available jobs locally” or “Poor managers at previous employed roles”. Faggio and Silva’s 2014 paper suggests that rural self-employment is more likely to arise in relation to push factors, and the former quote highlights a common issue, lack of suitable local employment. However, the remaining three quarters of respondents in this study cited a pull factor. These responses were generally more detailed and positive e.g.

“As it is a family business (third generation) I have always wanted to work in the business especially in certain areas such as educational holidays, which we are currently expanding.”

“I run two businesses, one on the farm because my family do it and I love it, but second is catering and this is completely off my own back because I am good at it and passionate about it.”

These findings indicate that Self-Employed Leavers generally see their move into self-employment as a positive choice. HAU students are encouraged to consider a range of employment options; evidently the Self-Employed Leavers have done this and then made a confident and informed choice that self-employment is their preferred option.

7.4 Are they entrepreneurial?

The Self-Employed Leavers and Employed Leavers were asked how entrepreneurial they feel they are. Self-Employed Leavers were also asked whether they felt their business was entrepreneurial. Self-Employed Leavers rated themselves as more entrepreneurial than their businesses, but this difference was not statistically significant. Being entrepreneurial is clearly not a binary distinction, there may well be entrepreneurial elements in generally non-entrepreneurial self-employment or employment (Burns, 2001).

However, the two survey populations showed a significant difference in how they regarded their own level of entrepreneurship, with the Self-Employed Leavers more likely to consider themselves entrepreneurial than the Employed Leavers. This aligns with the trait analysis of the two groups; Ajzen’s Theory of Planned Behaviour (TPB) found self-confidence correlated with start-up ambitions among university students (cited in Nabi, Holden and Walmsley, 2006).

As a group the Self-Employed Leavers display a different outlook and self-perception than the Employed Leavers. Their free text responses highlight this, showing ambition and confidence.

“I think I am quite good at spotting opportunities which has stood me in good stead.”

“I have found a gap in the market and exploited it.”

“Do the same as everyone else expect the same as everyone else.”

“Diversified on the farm and always striving to go bigger and better with catering.”

Again, terminology was problematic. One self-employed graduate commented “I am not motivated by money enough to take big risks associated with the entrepreneurial spirit”. This respondent rated themselves and their businesses as “Not at all entrepreneurial”, and made this comment despite running two separate businesses. While this respondent may be what Burns (2001) describes as an Owner-Manager rather than entrepreneur, the focus on money and risk taking suggests an underlying misconception that a business is not entrepreneurial unless it is risky.
There were also employed graduates who understood that entrepreneurship need not be all or nothing, but did not choose that route for themselves.

“It is not necessarily something that the media allows the majority to perceive it to be. You don’t have to be Sir Alan Sugar to be an entrepreneur, there’s lots of acorns out there just waiting to grow. Start small, think big and grow fast.”

7.5 Influence from others

Despite Self-Employed Leavers drawing on advice and support from those already self-employed in the sector, the study found that Employed leavers were equally likely to have been exposed to self-employed friends, family or other influential individuals. This finding is contrary to the findings of most previous studies in the area (Greene and Saridakis, 2008, Simoes, Moreira and Crespo, 2016). As highlighted in the literature review, community interaction theory suggests “who you pay attention to among the people you know.” (Law, 2009, p.2) is more significant than specific details of background or exposure, and the same background does not always lead to the same outcome (Greene and Saridakis, 2008). Thus, where one farmer’s son or daughter who sees self-employment as a preferred lifestyle choice, another may see a stressful choice that can be avoided, and choose a different role model to emulate. The free text responses from the Employed Leavers suggest that many of them have considered self-employment, for example:

“Legislation and financial stability hold people back from exploiting ideas and opportunity. To be entrepreneurial you have to have some form of agreed income or backing to set up within the agricultural climate and unless you are a farm owner or have capital ties you are limited.”

“I want experience of a successful company first before I would pursue my own business for financial stability and to be more likely to run a business well.”

The latter response, and the response below do suggest that self-employment is likely in their future.

“Working restricts time that you can spend on your own business ideas but is the only way to fund it currently. It is frustrating.”

This is supported by literature which suggests that older individuals are more likely to be self-employed (Greene and Saridakis, 2008; Simoes, Crespo and Moreira, 2016). The average respondent age of 25 and median age of 24 of the Employed Leavers, and the average respondent age of 31 and median age of 26 for Self-Employed Leavers were not significantly different. While any further consideration of future plans would be purely speculative, the study populations were as expected, as this project focuses on first destinations from a university with students who predominantly enter their programme directly from secondary/further education. A longitudinal follow up study would therefore be required to see if this group went on to pursue self-employment in the future.

Simoes, Moreira and Crespo’s (2016) systematic review found family background to be linked to propensity to enter self-employment. However, their research also sounded a note of caution, highlighting that where one partner in a relationship is self-employed, although they may choose a shared or complementary venture, equally, one may choose employment to diversify risk. Self-employed couples or spouses were not the focus of this study, and therefore consistent data was not collected in relation this point; however, this factor could also be at play in this study.
7.6 Exposure to self-employment and/or entrepreneurship through education

Both survey groups were asked whether they encountered self-employment and/or entrepreneurship in formal or informal educational settings. They were questioned specifically about their experience at school, college and university. There was little difference between the exposure of the two groups at school or college. However, their actual experience differed, with some Employed Leavers reporting a negative educational experience at school or college in connection to the promotion or perception of self-employment e.g. “We were always told to get a good job with a good company.” and (in reference to self-employment) “it was discouraged”. No Self-Employed Leavers reported a negative experience. Negative experiences such as these will have influenced the respondents’ thoughts on self-employment, and possibly affected subsequent career decision making (Greene and Saridakis, 2008).

Self-Employed Leavers were notably more likely to have encountered self-employment and/or entrepreneurship through University. In interpreting this data it is worth remembering that their university experience will be more recent than any school and college experience, and potentially this may make any exposure in that setting more memorable.

A further complication in interpreting this data is that the group may remember exposure because of a pre-existing interest in self-employment and/or entrepreneurship, or their interest could have developed as a result of their exposure. A significant proportion of Self-Employed Leavers indicating that they had always wanted to work for themselves, providing some support for the former argument, but this was not true of all respondents in this group.

The responses from school and college showed little variation between the two survey groups, with occasional mentions of a business studies class, or guest speaker from both groups. At university level responses became more specific. Respondents highlighted certain resources and support e.g.

“Business management module in my course @ Harper helped with structuring business ideas”

“Information at careers office”

“Looking at case studies in assignments of farmers setting up businesses and having guest speakers in talking about their career journeys”

The Self-Employed Leavers had also sought out and accessed other forms of support e.g.

“Attended courses at the women’s organisation in Liverpool.”

“HMRC offer good support and webinars”

“I have found that talking with tourist boards and other sector agencies as well as other people that have been through similar processes has helped me greatly.”

However, some of the Employed Leavers were equally aware of additional resources or had participated in relevant activities at HAU e.g.

“Completed ecotrophelia challenge to create innovation, eco- friendly commercially feasible product including business plan and marketing plan.”

“AHDB run courses with the better returns program on improving efficacy and the NFU look at other ways to utilise farm space etc.”
8. Conclusion and recommendations

8.1 Why do University leavers choose to become self-employed or start their own business, and what factors (formal and informal) influence this decision?

This project found that some key factors underpinning the decision to move into self-employment relate to the individual themselves. Respondents who were self-confident, at ease with potential financial and employment uncertainty, motivated by controlling their own time and managing their own workload, and who had multiple business ideas, were more likely to be self-employed.

Further external factors also influenced their decision making process, including support and resources, with Self-Employed Leavers recognising that time from other people, and access to buildings or financial support often contributed to their success. Contrary to other studies in this area, the Self-Employed Leavers and Employed Leavers were equally likely to have been exposed to self-employed friends, family or other influential individuals. Differences arose in their wider background and upbringing though, with those from farming backgrounds significantly more likely to be self-employed than those from non-farming backgrounds. The Self-Employed Leavers generally reported that positive, or “push”, factors had influenced them, and encouraged their move into self-employment.

These findings raise questions about how the circumstances encouraging University leavers into self-employment can be created for those who do not ‘fit’ the outline described above. To further support entry to self-employment universities must consider how we can replicate, or provide alternative versions of, a support and resource network for those who do not have access to this through their own connections and experience. It is also important to review how we can develop relevant individual traits, such as self-confidence, in student populations so that they believe they can successfully become self-employed. This may be through the curriculum or in other settings, but comprehensive personal development and support will cultivate students who have the traits linked to successful self-employment and business start-up.

8.2 To what extent are those who choose to become self-employed or start their own business displaying entrepreneurial behaviour?

As a group, the Self-Employed Leavers perceived themselves as more entrepreneurial than Employed Leavers. They also felt that as individuals they were more entrepreneurial than their businesses. Misconceptions about the meaning of enterprise and entrepreneurship were apparent among respondents. Respondents in both survey groups did not always have a consistent understanding or definition of enterprise and entrepreneurship; it would be beneficial to explore the interpretation of these terms in more depth in the future. Entrepreneurship was frequently equated with risk, and only perceived as applying to the self-employed in some cases.

It is apparent that clearer information and support to better share an understanding of what enterprise is, and how to be an entrepreneur (in self-employment or employment) would benefit all those attending HAU. This is true whether or not they choose to become self-employed, as there is value and benefit in “hidden” entrepreneurial employees. Appropriate methods and means to deliver this message are considered further in relation to the question on the next page.
8.3 Which existing information, activities, guidance and resources are of value to those who pursue self-employment or start a business, and what else would be of value to this group?

Self-Employed Leavers were more likely to have encountered self-employment and/or entrepreneurship at university than Employed Leavers. No difference was found in the exposure of the two survey groups at school or college. However, the experience of the two groups did differ, with some Employed Leavers reporting negative stereotypes or comments relating to self-employment.

Respondents referred to information, activities, guidance and resources incorporated into their course curriculum, received from the HAU Careers Service, and made available in other ways at university e.g. through guest speakers and case studies. Some respondents had also had positive experience of using external sources of support. Therefore, universities need to build on these positive interactions and experiences to provide the right balance of information, activities, guidance and resources internally, as well as signposting to relevant and timely external support.

The experiences reported by both groups of respondents highlight the need for universities to ensure they counteract any negative impressions of self-employment and entrepreneurship from earlier education experience. As discussed in the section above, it is also vital that schools, colleges and universities provide consistent information and guidance about what enterprise is, and how to be an entrepreneur whether in self-employment or employment.
Factors influencing the choice of self-employment or starting a business as an initial graduate destination
C.Toogood, 2017

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