

## TTE@40 -Final European report

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### **Introduction**

Europe is growing older. Europe's ageing population is the focus of policy makers' attention because of the impact it has on family, society and the economy as a whole. In 1999 there were 60m Europeans aged over 65 compared with 34m in 1960 (European Commission 2001). Increases in life expectancy and reductions in the birthrate have led European policy makers to focus on its shrinking and ageing workforce.

At present, employment rates for older people in the EU stand at 38% compared with 57% in the US and over 60% in Japan (European Commission 2002). Increasing the employment of older people is a clear priority for European governments. There is also seen to be a particular need to encourage the participation of older women in the workforce as in 1999 only 27% of 55-64 year olds were working compared with 47% of men (European Commission 2001). Possible policy responses to such changes in the workforce include reforms to the tax and pension systems, encouraging a change in social and employer attitudes towards older people, countries adopting a flexible approach to retirement dates and encouraging genuine lifelong learning (ibid.).

A further, dramatic increase in Europe's population will be seen in May 2004 with the accession of 10 new candidate countries. This will add to the ongoing structural changes and inequalities caused by the increase in the older population and continuing regional disparities in employment. The 10 candidate countries present employment challenges because the jobs lost in their manufacturing and agricultural sectors have not yet been entirely replaced by jobs in the service sector. As the majority of them had state run economies until the early 1990's, the notion of a free market is a relatively recent concept.

TTE@40 is a project funded by the European Commission to look at the training needs of older (40+) would-be entrepreneurs who may be looking to start innovative businesses and to develop internet-based training for them. There are 7 partners in the project: - Austria, France, the Netherlands, Romania, Slovakia, Spain and the UK. The partners have carried out research based on surveys and interviews with older people and assessed the training needs of this target group. This report summarises their findings and draws conclusions from them.

### **The Importance of SME's in Europe**

The EU's policy towards small business was developed in the 1980's. It was prompted by the move to the Single European Market and the realisation that small companies needed different policy initiatives from those aimed at large companies if they were to access the opportunities offered by the new, borderless market. Most of Europe's companies are small and medium-sized enterprises. There are 19.37 m enterprises in Europe, of whom fewer than 200 000 employ more than 50 people (Zoltan 2003). 18 040 000 companies employed fewer than 10 people and are classified as micro enterprises.

In the 1990's there was also a growing realisation of the importance SME's played in employing people, particularly in innovative and high-tech sectors, where the falling costs of new technology allowed small players to move quickly to establish market niches. They are more important than large companies in net employment creation, employing 70 million people in the EU (OECD 2000) and are particularly important in service sectors such as construction, hotel and catering and the wholesale and retail trades (ibid: 8).

There is also concern, however about the relatively low rates of women of all ages who choose to become entrepreneurs (Harding 2002). The rate of business start up is roughly 2 enterprises started by men for every one enterprise started by a woman (ibid p25). In the UK this increases to nearly five businesses for every one started by a woman in the 55-65 age group (ibid. p26). It is clear that changing these cultural attitudes which prevent women in general and older women in particular from setting up businesses will become a priority for policymakers in the future.

With SME's responsible for 66% of total employment in Europe (De 2001) the policymaker's attention is looking to them as an increasingly important vehicle for the current and future self-employment and employment of the older workforce. To this end a Green Paper on Entrepreneurship has been published by the European Commission to look at how support and encouragement can be given to the entrepreneurs of the future (European Commission 2003).

### **Research Objectives**

The aims of the study were to: -

- obtain more information on older entrepreneurs and the particular challenges they face when starting a business
- identify the training needs of older entrepreneurs
- assess the ICT skills levels of those entrepreneurs to see whether there was a demand for professional training to be provided on the Internet
- identify barriers to take-up of internet based training

### **Methodology**

The research targets were mid-career (40+) men and women who were planning to start, or had newly started in business. The partners carried out a quantitative survey designed by the UK partner using locally defined samples. For reasons of cost and time it was impossible to construct a representative sample for each of the partner countries. Business statistics are collected differently in different countries as detailed in the ENSR report (2002) which comments that

“even small differences between countries can have large effects on the indicators (especially job creation)”(p12).

For some countries (eg UK) no database exists of small businesses. We would have had to purchase large scale databases from market research companies and this was not felt to be cost effective or useful. Other studies (eg Curran and Blackburn, 2001)

which have surveyed the general population on entrepreneurship issues have had low numbers of self-presenting older entrepreneurs.

The decision was made that the partners would define their own samples using their network of contacts. This method is commonly used when trying to contact hard to reach groups. Harrison and Mason (1992) discuss the strengths and weaknesses of different sampling techniques to conduct research into the motivations of business angels (private equity investors). Whilst they acknowledge weaknesses in all approaches, they commonly use the “snowballing” technique which assumes that business angels will be linked by business and social networks. Our research used a similar approach assuming the organizations involved in the study would have similar networks to access in order to reach a significant number of older entrepreneurs.

In some countries (eg UK and Netherlands) this network approach resulted in a high contact rate of target participants. In others it resulted in a high contact rate with former students because universities used alumni databases. However, that does not mean the results are invalid. Many of these students may face unemployment and/or wish to start their own business while aged over 40. They are a small scale snapshot survey to raise issues and create a network interested in piloting the project when the modules are ready for development.

Moreover, all partners triangulated the research by conducting qualitative follow-up through either focus groups or telephone interviews. These too confirmed many of the quantitative research findings and did not contradict the major themes which emerged.

The survey contained 60 questions relating their personal background, their proposed or actual business, areas where they felt they would like or needed training, their personal management and ICT skills as well as four questions relating to future contact and quality control.

The surveys were either mailed, e-mailed or a mixture of the two. One partner (France) did not distribute the survey but placed the questionnaire on a website. The partners also conducted qualitative background research into the business environment in their country. They carried out follow up interviews either by phone or in focus groups to explore in further detail some of their research findings. Each country provided percentage tables and frequencies for all variables.

Table 1 below shows numbers of surveys sent and the response rate by number and percentage

Table 1: Survey response

Country	Austria	France	Netherlands,	Romania	Slovakia	Spain	UK
No of questionnaires sent	426	(1700)	312	250	299	250	170
Questionnaire responses	20	45	28	26	89	53	48
% Response rate	4.7	n.a.	11	10.4	30	21	35

As the table shows there were wide variations in both the numbers of questionnaires sent out and the response rate obtained between the countries. This can largely be explained by the type of sample populations chosen by the partners who were free to construct their own samples. The French partner chose to post the questionnaire on a website. 1700 responses were received and 45 were chosen for closer analysis.

The Austrian partner used a database of former students at the University of Vienna. The Dutch partner used a database from the Dutch Chamber of Commerce website and targeted companies set up in the last six months which had a technological and/or innovative orientation. The Slovakian partner used five business centres and two district units of the National Labour Office to select its sample. The Spanish partner used databases provided by the Madrid Chamber of Commerce, the Instituto de Empresa and Senun 40 the Spanish association for older unemployed people.

The Romanian partner did not provide details of how their sample was selected.

### **Data Results and Analysis**

All partners were successful in contacting mid-career people who were the target of the research as Table 2 shows. Most countries, however, experienced difficulties in contacting female entrepreneurs even allowing for a lower start up rate of businesses among women. Only Romania and Spain achieved a representative gender balance. This male bias may reflect current realities and cultural traditions but it suggests that all of the sources used for sampling have work to do in reaching out to older women entrepreneurs. Nevertheless the survey results provide us with a valuable snapshot into the problems and issues facing older entrepreneurs in the 7 countries.

Table 2: Profile of Survey Respondents

Country	Austria	France	Netherlands	Romania	Slovakia	Spain	UK
Gender –%Male	95	96	93	61	70	61	96
Age – % over 35	75	100	75	73	63	98	98
Education – % secondary certificate or lower	0	28	50	0	29	7	56
Education – % Degree or higher	95	92	10	92	25	93	28
Started business last 2 years	30	30	92	27	33	36	95

Educational attainment across all countries seemed to experience a clustering effect. Respondents were either educated to degree level or higher or had achieved a secondary school qualification aged 16. The fact that the response to this question was so wide indicates the need for care when the training programmes are prepared. The research indicates that people are either starting from very low levels or quite high levels of education and care must be taken to pitch training at an appropriate level or for trainees to choose the level they wish to follow.

### **Finance**

The respondents were asked how they financed their start up and were able to choose more than one option. In Austria, 50% of businesses were financed by personal savings, 16% from a combination of savings and borrowing from family and friends and 16% from a mix of savings, borrowings and a government grant. In France 100% of businesses were started with personal savings alone. Of the respondents who had started a business in this sample (15) just 7 responded to this question which may indicate a cultural reluctance to reveal financial matters to outsiders. In Holland 96% of companies were financed through savings with just 7% using a loan from a bank or friends and family. In Romania, all businesses used savings with 25% also using loans from friends and family. In Slovakia, there was a more mixed picture with savings still featuring predominantly but surprisingly 60% of businesses also having backing from a business angel. There was also a higher percentage of both government grant funding (27%) and of bank borrowing (23%). This pattern was repeated in Spain with savings and business angels dominating. In the UK, the picture was different again, with 25% using their savings and a grant but 21% using their grant alone.

While the variety of responses given may be due to the data samples used, all the results show that access to capital is a very real issue for older entrepreneurs across the continent. Access to capital undoubtedly influences the business's ability to survive the crucial first 2 years and to grow in the medium term. Businesses which start with just the founder's savings may find they encounter serious difficulties when they try to grow. The findings also show the importance of informal or private venture capital from either family and friends or business angels in certain countries

(eg Slovakia and Romania). Other countries such as the UK seem to have a more developed market for giving government or charitable grant funding.

### Areas Where Training is Required

Respondents were given a choice of 26 areas where they may require training. They were asked to rank each area on a scale from 1 (most interested) to 5 (least interested). The tables below give the country by country breakdown of responses to this question. Results are based on those who answered most or quite (1 or 2) to a particular subject. The results varied widely from country to country.

Table 3 Netherlands – Areas where respondents require training (%)

Information systems	88
Finding customers	78
Business Plan Writing skills	75
Advertising and promotion	75
Selling skills	74
Creativity/Innovation	68
Financial Management	61
Pricing my product/service correctly	59

Table 4 UK – Areas where respondents require training (%)

Finding customers	87
Selling skills	82
Advertising and promotion	80
Pricing my product correctly	72
Sources of Business Finance	65
Financial Management	60
Time Management	58
IT	55

The Netherlands and UK samples both had high numbers (92% and 95% respectively) of respondents who had started a business in the previous 2 years. It is reasonable to expect that the training needs and skills requirements of these groups of entrepreneurs will differ from the needs of people in the start up phase so we analysed them together. Coincidentally, these are also the countries with the highest level of Internet use per head of population (see Table 11 below). The high desire for training in IT by the Dutch respondents can be explained by the fact that the sample specifically targeted companies who used new technology. This technical skill was less important to UK respondents. Both groups also highly rated skills such as time management and selling skills which are needed by the individual entrepreneur. The UK group however, differed in that they were concerned more with the managerial basics of marketing a product and financing a business. The Dutch group focussed more on the individual entrepreneur's skills and put communication, creativity and presentation skills higher.

The remainder of countries had a roughly similar proportion of respondents who had started a business in the last 2 years (around 30%) so their results are taken together. It is interesting that creativity/innovation came top in both Austria and Romania. This

entrepreneurial competence is obviously a prerequisite to start up. It might have been expected that respondents from a former Eastern bloc country would seek training in this area, given the transition from a planned to a market economy but an explanation for the Austrian response is less clear. Both Romanian and Slovakian respondents were concerned about the potential difficulties of employing people ranking human resource management and, in Slovakia, employment law as areas of high interest. Again, this is to be expected given that these are both transition economies, where rules around employment may be less well known than in western European countries. Anxieties associated with the employment aspect of the business will, correspondingly, be higher. Pricing the product/service correctly was only ranked highly by respondents in Austria and Slovakia. Again, one might have expected needs in this area from the Slovakian respondents – pricing is the basic way in which the business creates value, makes money and becomes a self sustaining entity. An explanation for the Austrian result is less obvious.

The remainder of country responses were pretty uniform in covering the business basics: - marketing, strategy, sources of finance, financial management, advertising, finding customers. The only country where correspondents were concerned about business law was in France, which can again be explained by national requirements in this area and the fact that entrepreneurship has declined over the last 30 years (see country report). Overall, respondents were interested in a mixture of technical (marketing, financial, legal, pricing, IT) and entrepreneurial (creativity, time management, communications, selling, strategic) competences and skills depending on their stage of start up and their national environment. Awareness of these two factors should be incorporated into any training programme to ensure that the type and level of course is appropriate to the entrepreneur and the stage which they, and their business, are at.

Table 5 Austria – Areas where respondents require training (%)

Creativity/Innovation	85
Finding customers	75
Selling skills	75
Advertising and promotion	70
Market analysis/segmentation	70
Pricing my product/service correctly	70

Table 6 France – Areas where respondents require training (%)

Sources of Business Finance	62
Selling skills	55
Financial Management	54
Finding customers	50
Business Law	46%
Strategic Management	46
Market analysis	46

Table 7 Romania – Areas where respondents require training (%)

Creativity/innovation	58
Finding customers	58
Sources of business finance	54

Business plan writing skills	54
HRM	54
Selling skills	50
Time Management	50

Table 8 Slovakia – Areas where respondents require training (%)

Strategic management	54
Market Analysis	54
Financial Management	53
Selling skills	50
Pricing my product	47
Employment law	45
Time management	45
HRM	45
Sources of Business Finance	45

Table 9 Spain - Areas where respondents require training (%)

Finding customers	90
Selling Skills	88
Market Analysis	76
Time Management	75
Operations Management	73
Sources of Business Finance	73
IT	72
Strategic Management	68

### Technology Issues

There were wide variations in the responses to whether the company relied on the use of new technology as Table 10 shows. The Netherlands, Austria and Slovakia lead the field in this area although the definition of “new technology” is obviously open to the respondent’s subjective interpretation.

Table 10 - Levels of IT literacy

Country	Austria	France	Netherlands,	Romania	Slovakia	Spain	UK
% companies using new technology	85	46	100	42	61	36	50
% would use Internet for training	55	54	82	77	50	66	67
Can you access web addresses	100	85	100	70	54	96	90
Have you used educational software?	55	38	90	54	22	70	58

There was an extremely encouraging response to the question as to whether they would use the Internet for training. 50% or more of respondents in each country said yes to this question, which is encouraging given the fact that older people are generally less likely to have access to the internet than younger people. Table 11 below gives estimates of Internet access among the general population in the survey countries, which has a bearing on the project's design and targeting of any new courses. Willingness was highest in the Netherlands, which also has the highest (61%) use among the general population of the Internet (Scope Communications 2003). Interestingly Romanian respondents were also interested (77%) despite the fact that just 5% of the population is online (ibid). Yet 70% of the Romanian respondents could access web addresses suggesting that they had experience of the Internet.

Table 11 - % of population with Internet access

Country	
Netherlands	61
UK	57
Austria	45
France	28
Spain	20
Slovakia	13
Romania	5

Source: Scope communications 2003

From this table we would expect take up of any new courses to be lowest in those countries where Internet penetration is lowest. Clearly access to the training materials produced by the project may need to be provided by partner or business support organisations in countries where Internet penetration is lower.

The response to the question as to whether they could access web addresses is also important as it tests not just attitude towards Internet training but the individual's ability to physically reach the training materials online. Slovakian respondents were the least likely to be able to (54%) but levels of 85% or more were recorded from Austria, France, Spain and the UK which is again encouraging for our training proposal. This is also encouraging given that in 2 countries, the Netherlands (50%) and the UK (56%) over half the respondents had left school at 16 and might therefore be expected not to be IT literate. Table 11 above shows the high Internet penetration in both these countries. It indicates that older entrepreneurs from these places, though they may not have had access to higher education opportunities, have access to the opportunities provided by new technology.

Educational software was likely to have been used by more than half of respondents from Spain, the UK, Austria and Romania, which may make those places more receptive to new electronic training courses.

### **Qualitative research**

Findings from focus groups reflected national preoccupations. The Dutch participants wanted help in accessing the funding they know is available for new, technology-based start-ups. The Romanian focus group thought they already had the knowledge and skills to run a business. With regard to proposed courses they suggested a

preparatory IT course might be useful for entrepreneurs. They also wanted the courses to be low cost, highly flexible and not requiring too much time. The Slovakian focus group showed that those who had already started a business were less likely to be interested in training than those who were planning to start up. They also discovered that older people were likely to be IT illiterate and younger people who would be interested faced high costs in accessing the Internet.

The Spanish research partner held 2 focus groups. The first was with MBAs who were keen that any computer-based training had a professor behind it to answer student queries and monitor student progress. The 2<sup>nd</sup> focus group was made up of women entrepreneurs whose training needs were described as being “closer to product commercialisation than enterprise management” (Spanish report p 7). The UK interviews revealed a preoccupation with funding, its amount, timing and the bureaucracy associated with it. Time constraints were mentioned by several of those running their businesses as potential barriers to accessing further training.

### **Recommendations**

The research has contacted over 2700 older active, or would-be entrepreneurs in 7 countries and had responses from 309 of them. This is a promising start to the [TTE@40](#) project. One of the key issues behind the research however has been the sample used and the sources for the sample, which varied widely between countries. Only 3 countries achieved a contact rate for female entrepreneurs (Romania, Slovakia and Spain), roughly equivalent to the proportions of women in the population who run businesses. This suggests that a gender bias in the results towards men is almost inevitable. This could be due to either the samples or the response rate being lower from women. Either way a key recommendation is for steps to be taken by the project to reach out to older women entrepreneurs so that the discrimination (e.g. age, unemployment and of course gender), which they may experience, is not reinforced unintentionally by this project. This may also be the case for minority ethnic groups but a question on race in the questionnaire was not included for reasons of complexity. We are therefore unable to comment on this aspect.

The respondents demonstrate the heterogeneity of our target group. In some countries they are nearly all educated to degree level – in others barely a third are educated to this level and the majority have only school leaving qualifications. There will be corresponding divergence around their levels of business knowledge and education. It is encouraging that the wide differences in education have not prevented older entrepreneurs from gaining access to the Internet and exploiting new business opportunities the Web offers. All country surveys revealed a higher than national average ability to use the Internet among the sample populations compared to the national population as a whole which is encouraging for our training proposal.

A further challenge is the differences between Romania and Slovakia who are comparatively new to the ideas and practice of private enterprise and the rest of the research group. We might also say that they will operate in profoundly different markets with Slovakia due to accede to the EU in May 2004 and Romania not expected to accede until 2007 at the earliest. This means that Romanian SME's are operating in a different global market to SME's from the other 6 countries surveyed which may have implications for the content of our training materials. The UK,

alongside these 2 countries is outside the Eurozone. From a practical point of view, this will mean that in Slovakia, Romania and the UK, entrepreneurs using [TTE@40](mailto:TTE@40) training packages will expect to see financial training given in their national currencies rather than the Euro.

A further aspect of the heterogeneity of our group is whether the respondent had started up or not. Slight differences were revealed in terms of the subjects people wished to learn about depending on what stage of start up they were at. Clear differentiation will have to be made between training aimed at pre-start up and that aimed at early stage ventures. As far as the priority areas where training was needed, they fall into 2 categories. The first are business “hygiene” areas –the basics of business such as marketing, finance, strategy and IT. The second area relates more to the entrepreneur’s personal skills and competence:-subjects such as creativity, presentation, communication, time management, selling and pricing skills. It is quite surprising to find the uniformity of those responses. These similarities should help the project focus on the areas where older entrepreneurs say they need most help.

Among the wealth of information generated by the research, certain themes emerge. Time and money were cited in both questionnaire and follow up focus group work as potential barriers to training. It is imperative that further work is done to establish the optimum length of the proposed new courses, perhaps in the form of pilot courses. They should be designed to be as visually appealing as possible. Yet they should also build into a coherent and challenging whole to keep the entrepreneurs’ attention and sense that they are learning something of value. One is the need for contact with a teacher and for the training to feel personalised. It is also imperative that the courses are given in the entrepreneur’s language to minimise barriers and frustration which may arise from trying to access training in a foreign language.

It is also recommended that the courses should be free, at least in the early stages of the programme to encourage participation to be as wide as possible. Further thought will have to be given as to how the courses can become sustainable in the long term once European and partner funding is no longer available. The courses should, like the questionnaire encourage participant feedback to enable a circle of continuous improvement to be established.

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