

Social mobility: how entrepreneurship education can play a part

What does it take to become a successful entrepreneur? Having a great idea – or several of them – is a useful starting point, but is rarely the defining factor in determining a person's success.

Personality traits are often more important. Confidence, ego, willpower, innovativeness, and creativity are all common among successful business leaders. Likewise, a solid business acumen to find opportunities through gaps in the market is vital when starting a new venture.

However, within this often debated subject, one factor is often not talked about enough: socio-economic background.

Last year, a report was released by angel network Cornerstone Partners, diversity and inclusion consultancy Engage Inclusivity, and non-profit Diversity VC. They surveyed 1,882 European startups that had either raised venture capital (VC) funding or were eligible to do so.

It found that 75% of the founders came from advantaged socioeconomic backgrounds, with

parents or carers in managerial or professional roles. Only a handful came from families living on welfare entitlements.

These figures are stark, but not surprising. Those all-important personality traits, along with the necessary business nous noted above, are less prevalent among those from disadvantaged communities.

Social barriers preventing entrepreneurship

Fundamentally, there are more obstacles for people from lower socio-economic backgrounds if they want to start and grow a business.

For one, building a startup requires some financial clout, which can be enough to deter people from embarking on such a venture. For example, most crowdfunding platforms will not onboard a startup for a funding round if it cannot show that it already has between 25% and 40% of the investment in pre-commitments. Those 'pre-commitments' often come from friends and family – great news for those with a network of wealthy connections.

Equally as determining is one's quality of education. Better education can instil young people with not only the commercial skills required, but also with high levels of confidence and self-belief.

When looking at prestigious positions in the UK this becomes very apparent. According to figures from Deloitte, despite only 7% of the population attending independent schools, their alumni contribute to 32% of MPs, 51% of top medics, 54% of FTSE-100 chief execs, 54% of top journalists and 70% of High Court judges.

This leads us to the next barrier – access to role models. The gap between entrepreneurs from working class and affluent backgrounds is not just about money and education. Simply knowing someone who is an entrepreneur, inventor, startup founder can have hugely positive effects. It can help you gain insight into how to start a business, or it can re-enforce self-belief as you watch others in your social circle do what you aspire to.

There is a vicious cycle that we must try to break. According to a government report, despite one-in-three students graduating wanting to start their own

business, it is still less likely for those living in deprived communities to feel that starting or owning their own business is an aspiration within their reach. Fewer people do it; fewer role models exist; fewer people consider it a realistic target; repeat.

The question, then, is what can be done to create more working class entrepreneurs.

Entrepreneurship education will be key

Social barriers preventing wider participation in business must be deconstructed at government level to avoid stagnating social mobility. In the meantime, other much-needed avenues of assistance, such as entrepreneurship education should be promoted.

As suggested from the name, entrepreneurship education teaches essential skills needed to acquire business acumen. This is something that can only be taught, so picking up these skills now if not learned at higher education can certainly level the playing field.

Indeed, confidence and ambition will only carry a person – or their business – so far if not supported by an understanding of how to structure, run and grow a business.

Plus, there are hugely important soft skills to be picked up, such as presenting ideas to key stakeholders or building relationships with colleagues and partners.

Again, all of this accounts for little without a strong network, which entrepreneurship education courses provide access to or allow you to build. The phrase, “your network is your net worth” is simplistic, but it is not far from the mark. You need a network where ideas, support, and information on new opportunities can be gained – those networks might already exist for people from more affluent backgrounds (neighbours, family members, friends, old school mates), but for those from disadvantaged background, support is needed to help develop them.

Furthermore, startup founders will need guidance and outside feedback in their pursuits. As such, networking through entrepreneurship courses allows students to find mentors who can serve as an invaluable source of advice. Mentors will have industry-specific experience, allowing new ideas to be built on a foundation of knowledge.

Knowing how to network and where to find contacts is a skill in itself and must be learned if not instilled at a young age. Entrepreneurship education courses provide access to peers with unique perspectives and alumni that guide and mentor. Further, students gain that all-important self-belief by looking around and seeing others in their position achieve.

Ultimately, starting and growing a business is a challenging yet precarious decision. However, this becomes more precarious when society puts more obstacles in your way.

Therefore, people from disadvantaged groups who are determined to launch their own venture can increase their odds of success through training. Access to a wealth of knowledge, resources and networks previously not afforded can help budding entrepreneurs develop a strategy based around smart and effective decisions. These, and a newly found sense of self-belief acquired by observing the strengths of others, prove how incredibly important a role entrepreneurship education can play.

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