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**Are E-Clubs the Answer to Entrepreneurial Learning?**

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## Abstract

The Welsh Enterprise Institute at the University of Glamorgan in Pontypridd established an Enterprise Club in September 2000. The Club is the first of its kind in Wales and supports entrepreneurial staff, students and alumni of the University as well as local businesses within three surrounding county borough areas. The club is also the first 'business club' for businesses within the valleys as there is a high concentration on clubs within Cardiff City Centre, yet valley businesses are often neglected. The Enterprise Club allows students to network with existing entrepreneurs and learn from their experiences; hence several SME owner managers have created jobs for graduates since attending the club. As well as employing a University of Glamorgan graduate, one of the local businesses has also sponsored a business plan competition for the business school.

The Enterprise Club events take the form of guest speakers, from local entrepreneurs whose business started in a garage to now being the 34<sup>th</sup> fastest growing company in Wales, through to bank managers talking about what they require in a business plan to enterprise agencies and support agencies talking about how they can help a business through the start up and growth stages. Members of the club also benefit from free small business counselling and free business workshops provided by the Director and Manager of the Enterprise in Education Initiative

This paper will concentrate on undergraduate student members of the Enterprise Club. The student members either view the Enterprise Club as a vehicle for pursuing their business idea after graduation or view the theme of entrepreneurship as developing their own career path and employing new skills. It is the intention to carry out a focus group with a sample of students to explore their views on entrepreneurship and how the Enterprise Club has helped them to develop new skills and what qualities they have gained from the club to help them start their own business. The aim of the paper is to assess the qualities of the University of Glamorgan's Enterprise Club in order to develop 'Entrepreneurial learning' across the whole campus in order that everyone can access it.

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## Are E-Clubs the answer to Entrepreneurial learning?

### 1 Introduction

Enterprise Clubs have been running throughout America for the past ten years. The most successful are the Entrepreneur Support Club at the Massachusetts Institute of Technology. The Entrepreneurship Association at Anderson (University of California Los Angeles) has more than 400 members, which make up two thirds of the student body. It is the largest and most active students club at Anderson. Thirdly, Stanford's graduate school of business has an Entrepreneur Club, which focuses on the interests of risk seeking students who want to build and manage new organisations. (<http://www2.babson.edu> <http://www.hbs.edu> <http://gsb.stanford.edu>)

### 2 Economic situation in Wales

At present there is much debate in Wales concerning the demise of large manufacturing firms and the Nation has been subjected to a cultural shift from a largely manufacturing dominant country, to the creation of a 'service' country, with an influx of National Call Centres to the Valley areas (in particular where the University of Glamorgan is based). (Entrepreneurship Action Plan for Wales, 2000). However, the National Assembly for Wales states that 'a successful future for the Welsh Economy depends on a strong culture of entrepreneurship' (Entrepreneurship Action Plan for Wales 2000). Yet current statistics from the Global Entrepreneurship Monitor for Wales (GEM 2000), show that Wales is one of the least entrepreneurial countries in the world, ranked eighteen out of twenty three.

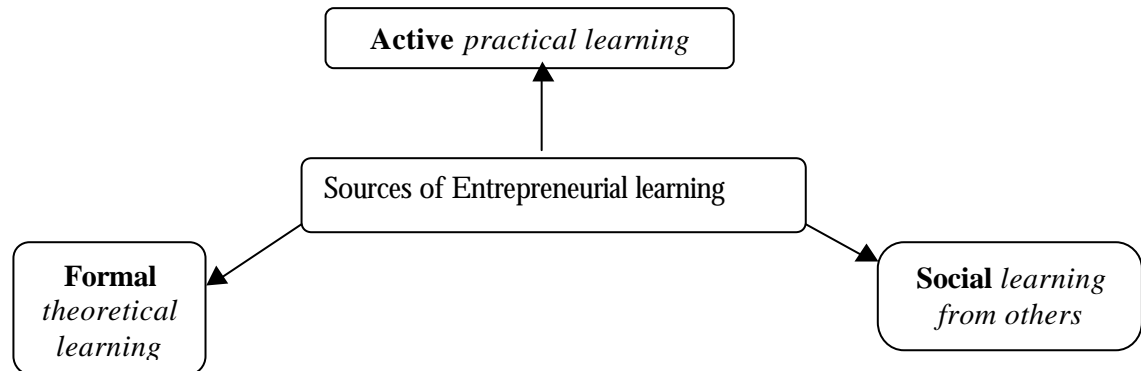
In order to address part of this problem, the Welsh Enterprise Institute at the University of Glamorgan, based in the South Wales Valleys is managing the Enterprise in Education Initiative. The two-year initiative has a budget of £432,000, with a 55% contribution from European Development Funds (ERDF) and £40,000 from South East Wales Training and Enterprise Council (SEWTEC). The project aims to encourage and support entrepreneurial development amongst students, alumni and staff across the University together with the local communities of Rhondda Cynon Taff, Merthyr Tydfil and Caerphilly boroughs. This includes four local Further Education Colleges and 3,500 existing SME's in the area. There are four projects within the Enterprise in Education Initiative:

- 1) An Enterprise Awareness Campaign ~ through the use of posters, a website, appearance at exhibitions and careers fairs, the Enterprise team spread the word of the importance of small businesses in the area.
- 2) The E-Club ~ which is a forum for interested potential and existing entrepreneurs from the varying external communities and within the University.
- 3) Workshops and counselling ~ provided for people wishing to start a business or those already in business.
- 4) Enterprise awards ~ comprise of a business plan competition open to anyone across the University. The project uses the competition to try to network students from multi-discipline areas to develop a business idea.

Whilst these run together (and support each other) the two areas of focus in this paper are the Enterprise Club @ Glam, together with related counselling activities.

### 3 Entrepreneurial Learning

David Rae's (1999 –184) Entrepreneurial capability: sources of learning model can be used to evaluate the E-Club and how Entrepreneurship is taught at the University of Glamorgan.



**Figure 1 – Entrepreneurial capability: sources of learning (1999,184)**

The University runs a series of small business modules within the Business Studies degree and, with the development of the E-College (in association with Virgin and Hewlett Packard), there will also be the option of on-line distance learning. This leads to the question, 'Can entrepreneurship be taught as academic theory?' The Welsh Enterprise Institute runs a unique and innovative Post Graduate diploma in Entrepreneurial Practice, which allows students to combine theory with practice by carrying out a series of practical projects for SME's. Further to this there are currently three Masters programs, a MSc in Entrepreneurship, MSc in Female Entrepreneurship and a MSc in Entrepreneurship for Sports and Leisure which will be run by the University next year. In essence, therefore, 'yes' it can be taught, but the benefits students receive have an educational focus and thus veer towards being 'about' entrepreneurship, rather than 'for' entrepreneurship. This compares to **active** and **social** learning which can provide experiences and skill development preparing students 'for' entrepreneurship.

### 4 Practical learning

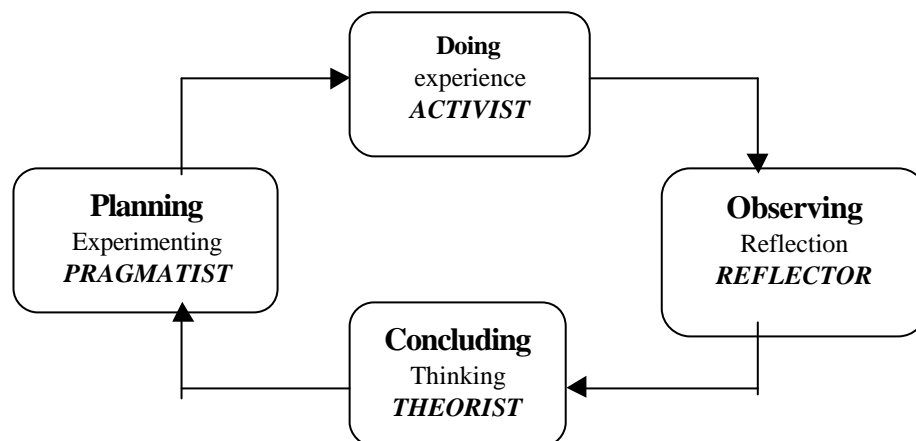
Over one hundred students in the business school were recently asked to submit a business plan for an assignment. In recent years this assignment has been viewed as purely academic. Students could not see the practicalities of businesses needing business plans and more to the point "what was their use?" To address this point, increase the students understanding, and promote entrepreneurship, the Enterprise team developed a business plan competition and provided business-planning workshops for students. Those that wanted to take their business plans further into a 'real –live company' were also given the opportunity of receiving one-to-one business counselling. Students had to totally re-focus their perceptions of business plans; whilst endless pages of academic theory was acceptable for lecturing staff they soon realised that this was not the case for banks or support agencies. To research their business idea for the assignment it was sufficient to visit the library or search the internet. However, they knew that in the real world they needed to talk to people and used E-Club as a vehicle for this. The results of this competition have meant that 78 students out of 120 students entered the competition (who had previously never considered starting their own business), two businesses focused on succession planning –

with the intention of taking over their parents business. Two business ideas have recently been taken up by large, established firms and a further two groups (ten students) intend to pursue their business idea after graduation.

## 5 Learning from others

The Enterprise Club events that attract the largest audiences are the guest entrepreneurs. Whether the audience yearn to be like them and view them as role models, are just interested in their story, or choose to tap into them for advice, when they leave every E-Club member goes away with a feeling of inspiration. Every entrepreneur's story is different. Events have included people who originally started their companies from their attics or garages and as the business has grown and become established have been able buy premises and employ staff. Students have also used the E-Club if they have had queries with their coursework. One guest entrepreneur was a furniture designer. Therefore, there was an influx of design students who had an assignment to hand in the following week, which enabled them to exploit the E-Club. As well as listening to guest speakers the students also have the opportunity to network with other E-club members who are 'all like minded budding entrepreneurs'.

Kolb, Honey & Mumfords learning loop model (1984) reflects the Enterprise team and how they plan E-Club events.



**Figure 2: The learning loop Kolb, Honey and Mumford (1984)**

E-Club is a continual learning loop, the team experiments with different venues, a wide range of speakers, tries to focus on the high points of the year and avoid the lows (with regards to attracting wider audiences) and consults its members as to 'What they want from the club'. Planning of events is carried out six months in advance and whilst the team reflects back over the past six months they continually develop new ideas. E-Club is not something that can be planned on paper and will be rigidly adhered to. To be workable it needs to be flexible and moved around and changed.

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## **6 The Enterprise Club at Glamorgan**

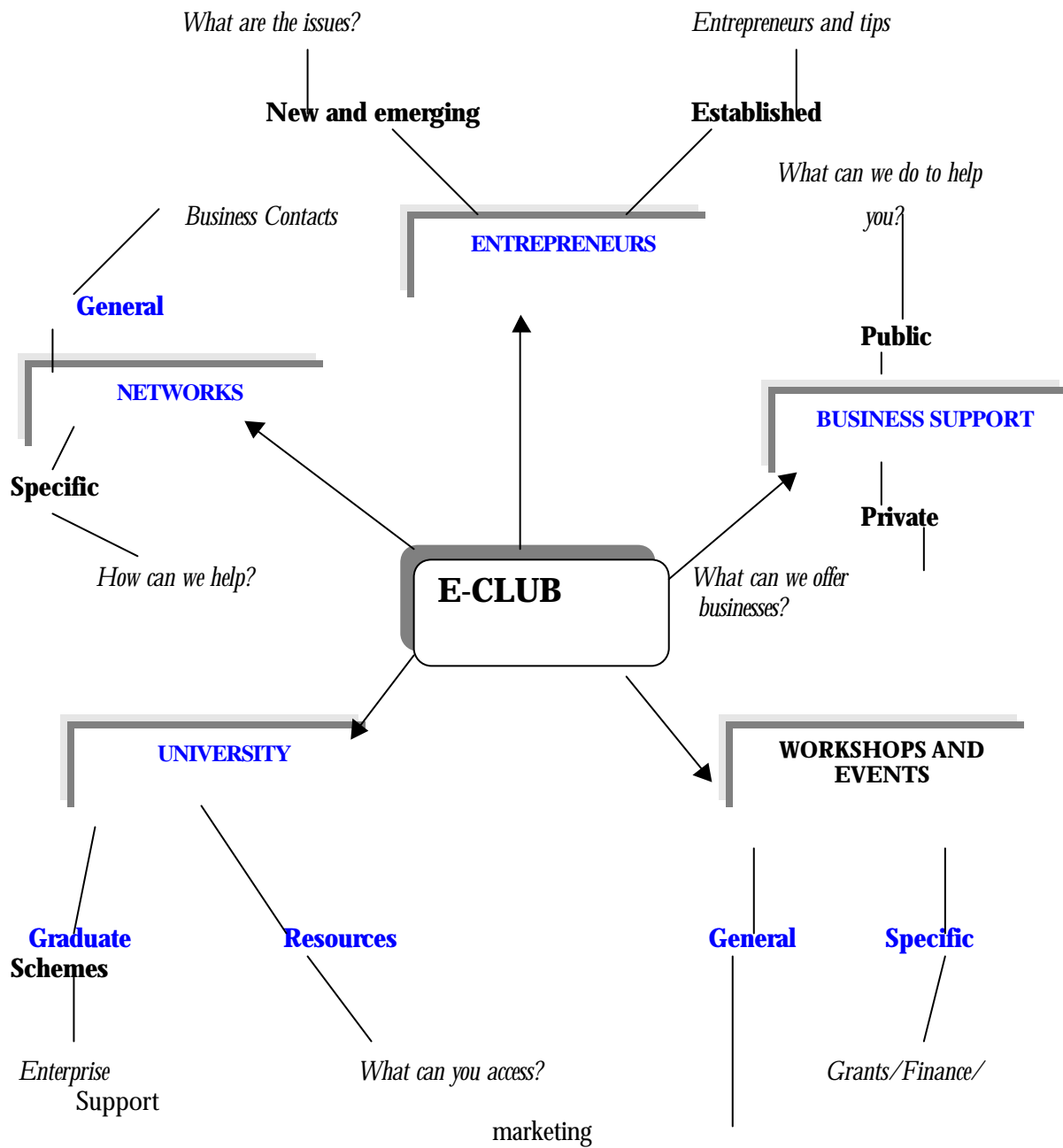
The Enterprise Club at Glamorgan is the first of its kind in Wales as it is the only club in the area that focuses solely on small to medium enterprises – attracting people with a business idea that they wish to pursue in the future and people already in business. Secondly the Club is flexible and easily accessible as events are held in different areas throughout the three neighbouring country boroughs, which also spreads the word of entrepreneurship.

The club currently has 160 members, with a mix of students from multi-disciplinary areas, further education college students, people within the local community, alumni of Glamorgan, staff and people already running businesses. The club meets the second and fourth Tuesday of every month and the events take the form of an array of local entrepreneurs or support agency staff, discussing how they can help a company through its start up phase, banks advising on business planning etc. The Club also runs a transport service bringing students to and from neighbouring towns. Students looking for a one-year work placement have also attended E-Club in search of a hosting company and as a result, within the past two months four students have found graduate placements. Although there are a number of business clubs in the surrounding area, it is important that such clubs understand that the E-club is not a competitor, instead containing valuable people who may be looking for membership to clubs more specific to their business needs in the near future.

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**The Enterprise Club at Glamorgan incorporates the following framework:**

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**Business planning**

*Figure 3: E-Club model*

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Past entrepreneur speakers have included Welsh success stories such as, Tyrone O'Sullivan who campaigned to keep Tower Colliery open, Angela Gidden a furniture designer from Cardiff and winner of the Welsh Woman of the year 1997 award (a recognised business award) and Robert Lewis owner, manager of CFL, the 34<sup>th</sup> fastest growing company in Wales.

For the new and emerging entrepreneurs, it is important that one recognises Glamorgan's graduate entrepreneurs. Two students graduated in July 2000 and the following day started their own company; the company now employs a further five people (all graduates of Glamorgan). Recent graduates and young entrepreneurs such as these are invited to share their 'short experience' with undergraduates to show what is achievable.

The Enterprise Club events involving the above speakers took the form of an open forum allowing the audience to ask questions about the speaker's entrepreneurial journey. Every entrepreneur's story is different and they all started a business for very different reasons and struggled in differing ways. Which is important to unveil to the audience, as it shows the highs and lows of running a business.

Through presentations by business support services staff, students have learnt where to obtain grant aid, mentors and help with various aspects of their business. Most importantly, it enables potential entrepreneurs to start to network and develop their networking skills.

The University yearns to bridge the gap between education and industry and there are a number of 'in house' courses, projects, services and consultancy which can help businesses. Therefore the University uses the E-Club to project this information and interact with the local business community.

## **7 Myth versus reality**

*Myth 1 Business studies students are most likely to start a business*

Before launching the E-club in September 2000 and in order to spread the word of entrepreneurship, the Director and Manager visited every head of department within the University (12 in total) to discuss their departmental entrepreneurial needs. Whilst visiting the heads the general theme was 'how will the E-club benefit students and staff within my department?' and furthermore 'What is entrepreneurship?'

The reality and outcome of these meetings was that people generally thought that as the Enterprise-Club would be operating from the Business School it would only be advantageous to staff and students within that department. This was the first time all departments across the University had been confronted with a multi-discipline project that everyone could benefit from.

The reality is that although Business School students receive formal theoretical teaching in small business development and business planning they are least likely to start a business. Business Studies students are far more interested in becoming managers within a business than developing and pursuing their own business ideas. From the meetings with the Heads of Departments, it was noted that 60% of law graduates would become self-employed, with students in the schools of design, computing and engineering following closely behind. Upon meeting the Enterprise Champions at the four further education colleges it was found that the largest courses were made up of hairdressers, beauty therapists, mechanics and also an uptake in alternative therapies such as aromatherapy and reflexology. At some point the majority of these people would be thinking of establishing their own business as they had the skills to do so, yet until the



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Enterprise Club was established many of these person's needs were neglected. They did not know how to prepare business plans, where to obtain funding or look for premises.

At a recent Enterprise Club event the guest speaker highlighted that "a business is just an idea until it is written down on paper", the enterprise team has also addressed this problem by providing business planning workshops tailor made for specific groups such as hairdressers, mechanics etc.

*Myth 2: There are better prospects for graduates within large companies*

After three or four years of studying, the grandeur of large firms can be rather appealing to new graduates. Upon graduation, graduates are renowned for looking for employment with a large firm and a certain amount of peer pressure makes a graduate believe that there are opportunities for promotion, a good salary and use of a company car. However, the reality of this, is that there is a great deal of competitiveness within a large organisation and many graduates with the same qualifications all wanting the 'same things'. Therefore becoming prosperous within a large organisation for many graduates becomes a mere dream.

Entrepreneurship operates on different levels. At one level it is about making a business idea a reality and developing that business. On another level it is about having personal ambitions and making these a reality through gaining knowledge and experience and developing relevant skills. For some people entrepreneurship remains within the level of personal achievements, for others this expands and incorporates the owner managed business. With this in mind the Enterprise Awareness Campaign encourages students to a) consider employment within an SME or b) focus upon ones business ideas and turning them into reality.

- a) The Enterprise team signpost graduates to a scheme, which is run across Wales called Cymru Prosper Wales. The scheme can find graduate placements within Wales with SME's and pay £80 towards the cost of the employment provided the hosting company matches the £80.
- b) The Enterprise team also offer one- to-one individual small business consultancy and during the past year has provided over 200 counselling hours to people with a business idea who wish to turn it into practice or people already in business thinking of expanding. Such consultancy sessions have ranged from manufacturing firms, through health and fitness centres to web design companies.

It is important to relay to students the many opportunities in SME's. They are less likely to find competition from other graduates and can have high potential to be involved in succession planning strategies of the business entrepreneurs.

*Myth 3: The E-club is only for those with a business idea*

The GEM (2000:61) reports that 'the development of a strong entrepreneurial education system is crucial not only in creating the next generation of owner manager, but also in developing a more creative, enterprising and innovative workforce – not all pupils leaving school or students leaving university will become entrepreneurs. Many will become employees in the public sector/ large firms and most importantly SME's where entrepreneurial skills will be vital in developing the competitiveness of that organisation'.

Researchers continue to debate the characteristics of an entrepreneur, what is enterprise education and how it should be taught. One common theme whilst developing new teaching modules and

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being entrepreneurial within a company is 'creativity'. Mooney (1963) considered four approaches to creativity

- a) the creative environment
- b) the creative product
- c) the creative process and
- d) the creative person

The E-club at Glamorgan encapsulates all four of Mooney's approaches. The environment (Glamorgan Business and Conference Centre) in which the E-club operates is extremely creative. The Manager of the Centre allows the E-club to run from its premises free of charge, with the view that the number of SME owner/managers that the E-Club attracts may also influence such owner/managers to become future customers of the business centre and therefore views the Club as an asset for bringing future money into the business centre and University.

The E-Club is the creative product as it is unique in its process of events, its speakers, its audience/members and its flexibility. Although the E-club has a great mix of members it attracts two types of undergraduates. Those who wish to pursue their own business idea and a further 30 – 40% that view the E-club as a mechanism for learning new skills and who wish to use such skills 'to add to' their personal skills and career development. Therefore a debate could be established here as to who are the most entrepreneurial? Those with a business idea? Or those using the E-club as a feeder for future development?

## 8 The study

The GEM (2000) reported that 40% of small Businesses in Wales are started by Post-graduates. Further to this there are many reasons why universities should play a more active role in the promotion of a stronger enterprise culture.

- To prepare university graduates for employment within a growth sector - small to medium enterprises (SME's).
- To respond to the potential for graduates to become successful entrepreneurs in their own enterprises.
- To contribute to the capacity of small enterprises to survive and grow.
- To foster greater levels of enterprise in young people including a capacity for lifelong learning.
- To respond to concerns about graduate destinations.
- To respond to concerns expressed by business about graduates' preparedness generally for employment within the private sector.

(Project funding proposal for ERDF Funds to support the Enterprise in Education Initiative 1999).

Through its E-club speaker events, workshops and counselling, the Enterprise in Education Initiative covers all six points above. The Club encourages students to look for employment within small firms, the skills they pick up from E-club can be used to their advantage when looking for employment and the individual counselling has contributed to the capacity for small firms to survive and grow.

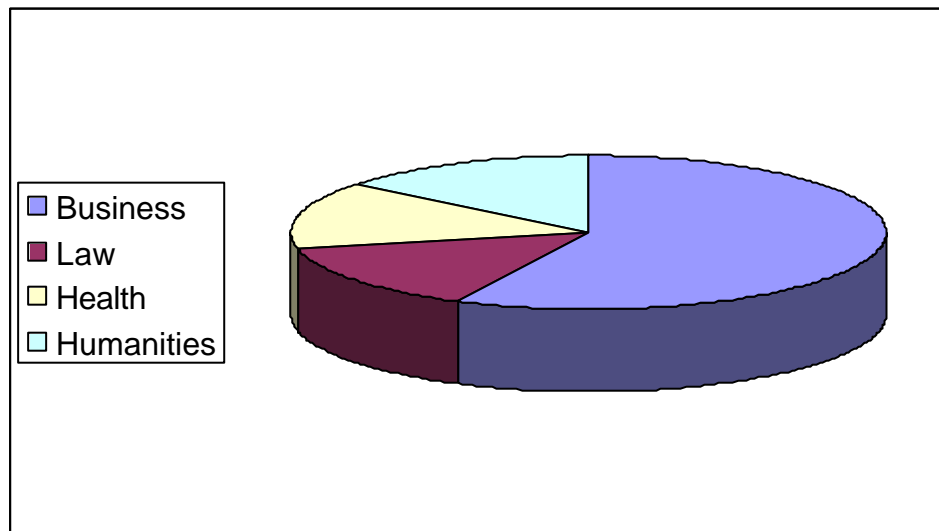
### *Method*

The research for this paper is based on a questionnaire-based survey conducted amongst twenty

undergraduate E-club members, from multi-discipline areas and varying levels of study across the University. The purpose of the questionnaire was to identify suitable students to carry out an in depth study (focus group) on their thoughts and feelings towards entrepreneurship. The criteria of the study was that all interviewees had to be undergraduates of Glamorgan that had attended E-club on a regular basis, in addition to either attending workshops or individual counselling sessions. The initial questionnaire aimed to project an equal mix of those with a business idea and those using the E-club for personal development. Further to this, seven undergraduates were interviewed individually to ascertain, 'How they heard about the E-club', 'What are their views on entrepreneurship?' and 'What qualities they have gained from E-club'.

### *Sample*

Over the past three months seven undergraduates between the ages of twenty and forty-two years of age have discussed their business ideas and entrepreneurship issues with the Manager of Enterprise Education. The students involved in the study did not feel comfortable addressing their business issues within a focus group setting because of confidentiality surrounding their business idea. Therefore they were all interviewed on an individual basis. The seven students consisted of four studying business studies, one studying law, one studying humanities and one studying alternative health.



**Figure 4: Area of study**

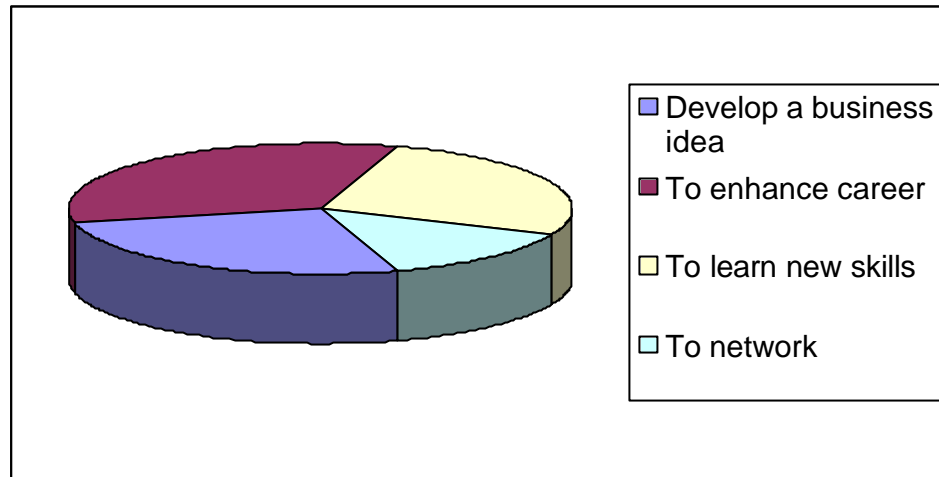
### *Results*

The results are based upon the 7 students used in the focus groups/individual interviews. The Pie chart in figure 4 shows that from the survey, 57% of undergraduate E-club members are from the business school however only 14% of these have a business idea, which is in the business planning stage. When asked their reasons for attending the E-club the majority were there to enhance their careers.

- "I don't know what I want for a career, but do not see myself starting my own business as I don't have a business idea or any practical skills"
- "...I would like to become a small business advisor and I believe that E-Club gives me a good insight into my future"

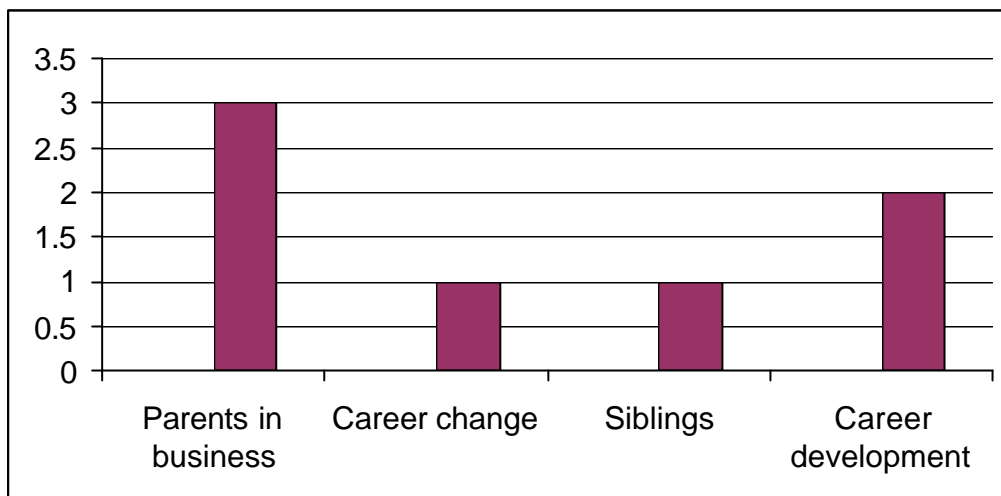
- “E-Club student liaison officer will look good on my CV and give me something to talk about in job interviews

**Figure 5: Reasons for attending E-club**



- “As I would initially be starting the business myself I did envisage running my own business as being rather lonely, but the E-Club has taught me that it is essential to have a business plan, the benefits of networking and that there **is** help and support to help me along the way”
- “I have many business ideas that I want to pursue NOW! However, the E-Club brings me back to reality and makes me focus on one idea at a time”
- “E-Club proved to be a great networking event for me as I was able to talk to those who had already started businesses and ask for tips and advice”.
- “The majority of my family run their own businesses, therefore I guess a certain amount of peer pressure is persuading me to take the same route”
- “After University I want to relocate back to my home town in West Wales, but jobs are scarce therefore to make a living I would have to create my own job”

The results show that family-run businesses (parents) have a remarkable effect on their children:

**Figure 6: Influences**

- “I previously trained as an accountant and followed in the footsteps of my parents and brother, but soon realised that I hated the profession and returned to University. There is a business idea that has been swimming around in my mind for quite some time and the only person I have discussed it with is my brother, he has decided that once I decide to develop the business idea he will also leave accountancy and become my partner”.
- “Although my family have their own business, running my own business was never an option for me. I intended to go to University and ‘break the family mould’ however; during my third year work placement all of this changed and I vowed never to work for anyone else again. The easiest route for me would be to enter my parents company, but still wishing to break the mould I want to branch out on my own”.
- “When I left school, I starting working for my local council and had been with them for nearly twenty years when I was made redundant. At my age finding a job has proved to be very eventful, therefore stating my own business seems to be the ideal option”.

### **Analysis**

Although the E-Club consists of more than 50% of business studies undergraduates, less than half of them have a business idea, which explodes the myth that ‘business studies students are most likely to start a business. However, it could be suggested that the students in question possess more entrepreneurial characteristics than undergraduates studying in other schools; as the students (the opportunists) have recognised the E-Club as an opportunity to add to their personal and career development. Parents who run businesses appear to breed entrepreneurship characteristics! Although some of the students familiar with family-businesses suggested that they did not want to pursue the family business, two of them wanted to start their own company and the other two used the E-club for networking and opportunity hunting.

### *Conclusion of study*

The E-Club fits within Rae’s (1999) social learning theory of learning from others – entrepreneurs, mentors, advisors and networks. “Getting into dynamic businesses, where you

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can develop quickly from exceptional people, is an excellent early career move” Rae (1999:185).

The E-Club is dynamic and the results of the survey show that the E-Club benefits people in a number of ways:

1. To develop a business idea
2. To network
3. To look for opportunities
4. To gain new skills
5. To influence career
6. To add to personal and professional development.

## **9 Recommendations**

The Enterprise Club at Glamorgan is an example of what can be achieved from social (and active learning). Whilst many Universities would find the concept and resources needed to run an Enterprise Club unmanageable, there are nevertheless many ways of adding to students learning and development.

- By introducing guest entrepreneurs to lectures
- By encouraging students to join business clubs within their area
- To influence students to establish their own club as part of the Students Union
- To introduce competitions and ask local companies to sponsor an award – such as a business plan competition
- ‘Learning by doing’, to encourage students to organise a debate evening on an aspect which is affecting small businesses in the area and by inviting local business people to be part of the audience will enable students to network

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