

NAB Special Report

The Lure of Entrepreneurship - Australia's Start Up Culture

Behavioural & Industry Economics (NAB Group Economics)

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This NAB special report provides a unique insight into Australia's start up culture. It explores the latent desire of many budding entrepreneurs (both younger and older) to start their own business, their motivations for wanting to do so and the challenges they expect to face in realising their dream. The survey of over 1,000 Australians confirms that the lure of entrepreneurship in this country is very strong.

Key Findings

- Around **1 in 3** Australians would like to own their own business with young Australians clearly the most aspirational (nearly 1 in 2).
- Not only do a large percentage of Australians want to start their own business, almost **1 in 2** of us believe our level of entrepreneurship is “good” to “excellent”.
- **Men are keener to start a business than women and also believe they are more entrepreneurial** - over 1 in 2 men say they have “good” to “excellent” levels of entrepreneurship compared to just 41% of women.
- A much higher proportion of women (almost **1 in 2**) would prefer to work for someone else - perhaps reflecting greater concern over employment continuity post childbirth and loss of maternity benefits.
- For budding entrepreneurs, **employment flexibility while starting their own business may be a game changer** - around 3 in 4 aspirational business owners indicated they would utilise the flexibility of continuing in their current job while they started their business.
- The **most popular new business choices** are cafés and retail, followed by IT/online & personal services, with older Australians more represented among those wanting to start cafés or retail operations and younger people more inclined to favour an IT or online business.
- **More women than men aspire to start** a café, retail, personal services, health, aged care, child care, or art/craft business. **More men would start** an IT/online, construction or trade business.
- **Most budding entrepreneurs would go it alone or with their spouse or partner** - only 13% would start a business with a friend.
- **Insufficient funds, generating enough income and the security of a regular income, are the key inhibitors** to starting a business.
- Most business owners and aspirational business owners are **motivated by having greater control over their future**. Very few worry about job security. Other motivators include greater rewards for their work efforts, more passion about their work life and better work life balance.
- Around 40% of budding entrepreneurs and 75% of existing business owners **need/needed less than \$50,000 to get their business off the ground**.
- Almost **1 in 2 existing business owners (46%) started their business with less than \$5,000** - this suggests aspirational business owners may be over-estimating how much they will actually need to get a business up and running.
- **Business planning (55%) and banking support (49%) are most commonly cited as critical to get business ideas off the ground**.
- **Over 1 in 3 aspirational and existing business owners would be keen to be part of “community” of other entrepreneurs**, with online the preferred method of interaction. All age groups would prefer online networking with the exception of the over 50s who prefer face to face meetings.
- Among existing business owners, younger entrepreneurs (around 2 in 3) are much more interested in **growing their businesses** than other age groups.

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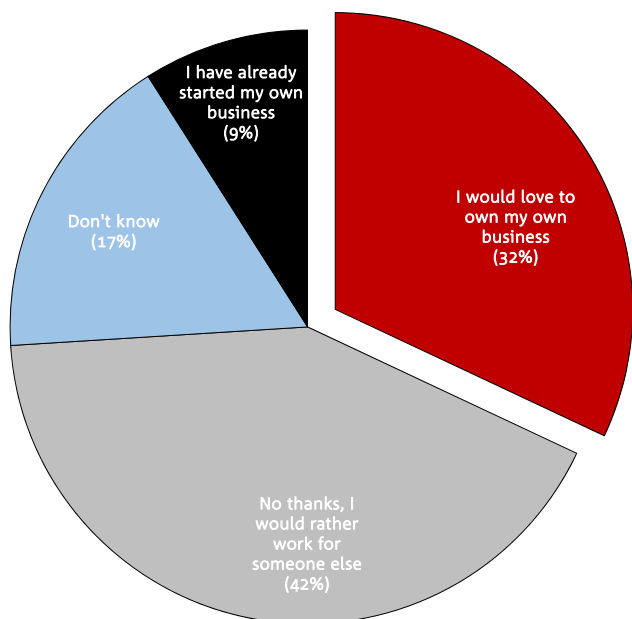
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Main Survey

Own a business or work for someone else



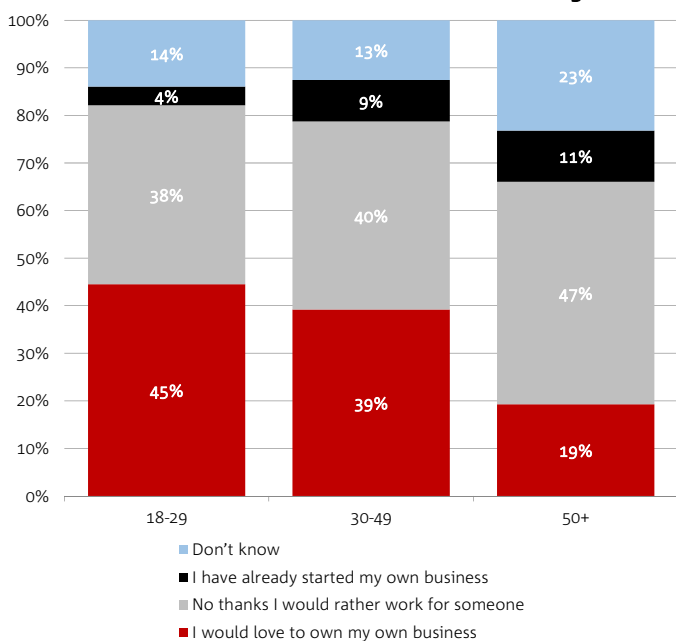
Around 1 in 3 Australians would like to own their own business...

If given the choice of starting their own business or working for someone else, around 1 in 3 Australians said they would prefer to own their own business.

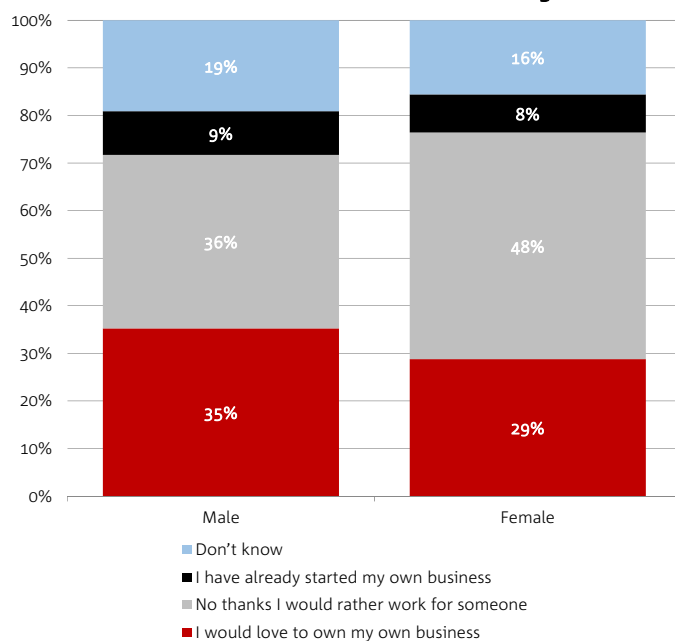
In contrast, around 42% said they were not interested and would prefer to work for someone else.

Around 1 in 10 indicated that they had already started their own business and nearly 1 in 5 Australians simply did not know.

Own a business or work for someone: age



Own a business or work for someone: gender

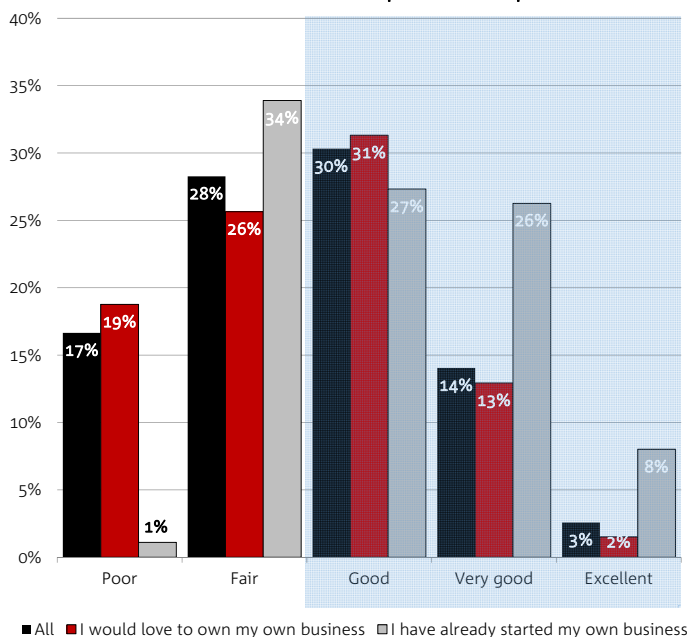


Young Australians and men aspire most to own their own business...

By age, almost 1 in 2 young Australians (18-29) said they would rather start their own business, compared to 39% of middle-aged Australians (30-49) and 19% of over 50s. In contrast, nearly 1 in 2 over 50s said they would prefer to work for someone else, compared to 38% of young Australians and 40% of 30-49 year olds.

By gender, men (35%) were somewhat keener to start their own business than women (29%). In contrast, a much higher proportion of women - almost 1 in 2 - said they would prefer to work for someone else, compared to just 36% of men. This may reflect greater concern among women in having continuity of employment post childbirth and the loss of potential maternity benefits.

Your level of entrepreneurship

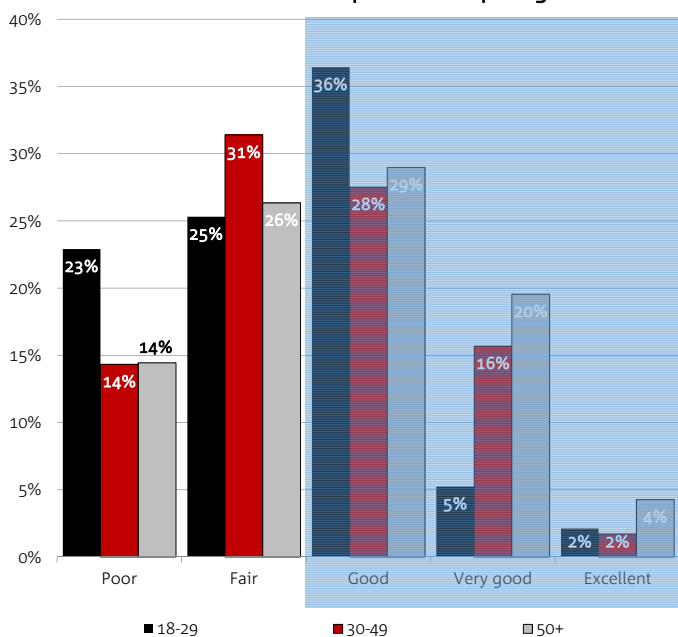


Not only do a large percentage of Australians want to start their own business, almost 1 in 2 of us believe our level of entrepreneurship is “good” to “excellent”...

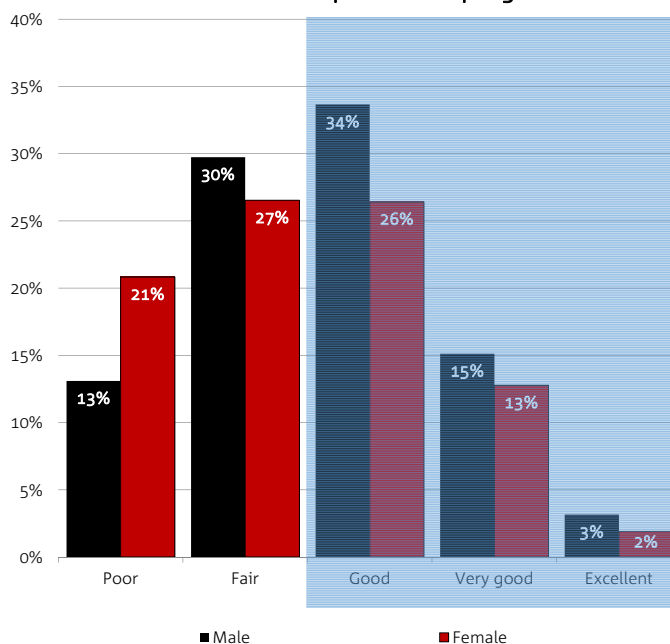
While those already in business rightly believe that their level of entrepreneurship is impressive (over 60% rate it “good” to “excellent”), there is no shortage of entrepreneurial spirit among budding business owners (46%).

Interestingly, among current business owners almost 1 in 3 believe that their level of entrepreneurship is “poor” to “fair”.

Your level of entrepreneurship - age



Your level of entrepreneurship - gender



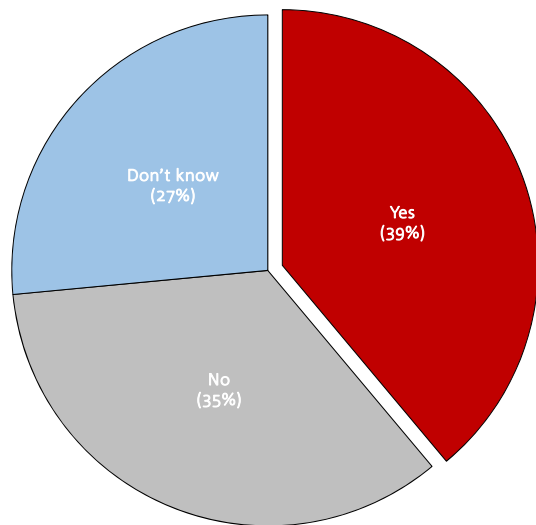
Young Australians are over-represented in terms of those identifying themselves as having “good” levels of entrepreneurship (36%)...

But, it is those in the older demographics that are most confident in their entrepreneurial abilities.

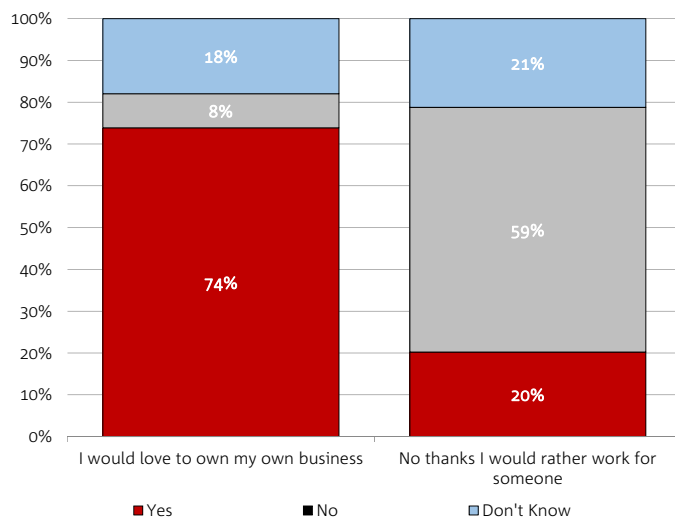
More men than women believe they are entrepreneurial.....

Around 52% of men identify themselves as having “good” to “excellent” levels of entrepreneurship compared with 41% of women. Just 13% of men believe their level of entrepreneurship is “poor” compared to 21% of women.

Would you consider starting up your own business if your company gave you flexibility to stay in your current job while you start the business - all



Would you consider starting up your own business if your company gave you flexibility to stay in your current job while you start the business - split between those indicating they did/did not want to start their own business

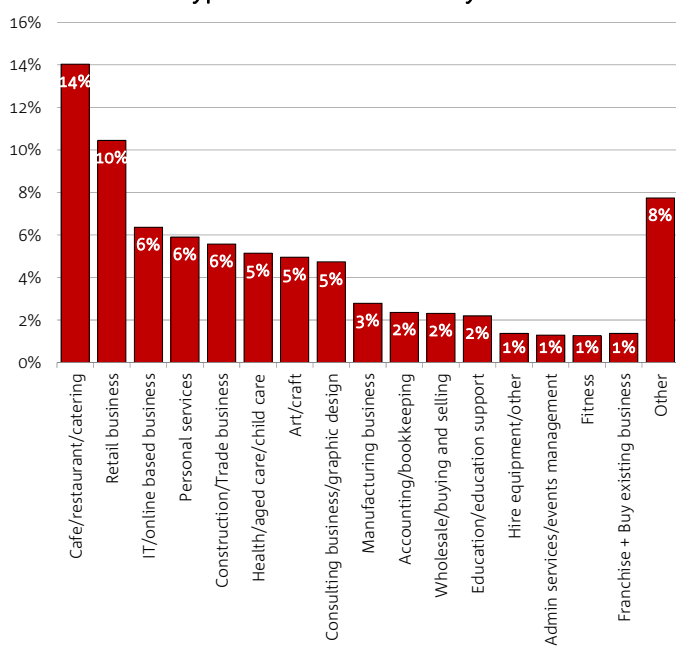


For budding entrepreneurs, having employment flexibility while starting your own business may be a game changer...

A different picture emerges when survey respondents were asked whether they would consider starting their own business if their employer gave them the flexibility to continue their current job while they started a business to see if it worked out. Overall, 39% signalled they would consider starting their own business while 35% would not.

But, for those that had aspirations to start their own business, having the support of their current employer was viewed as a game changer, with around 3 in 4 indicating they would consider starting their own business under these conditions. Moreover, employer support was also viewed positively by 1 in 5 Australians who indicated they would rather work for someone else.

What type of business would you start?



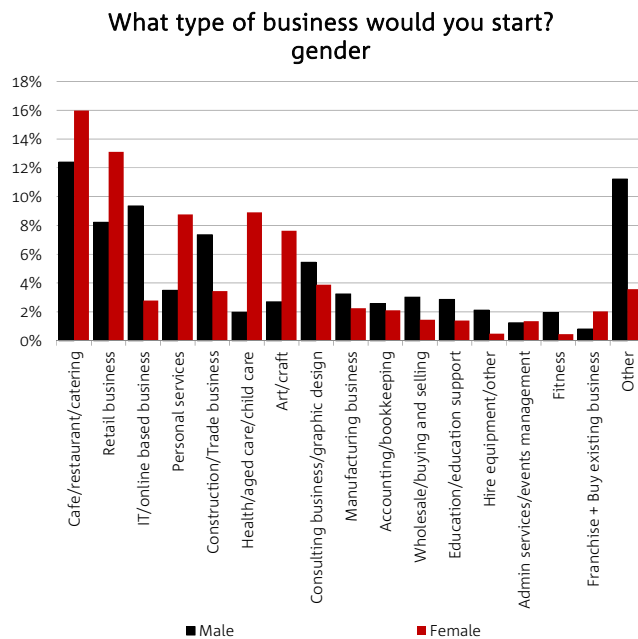
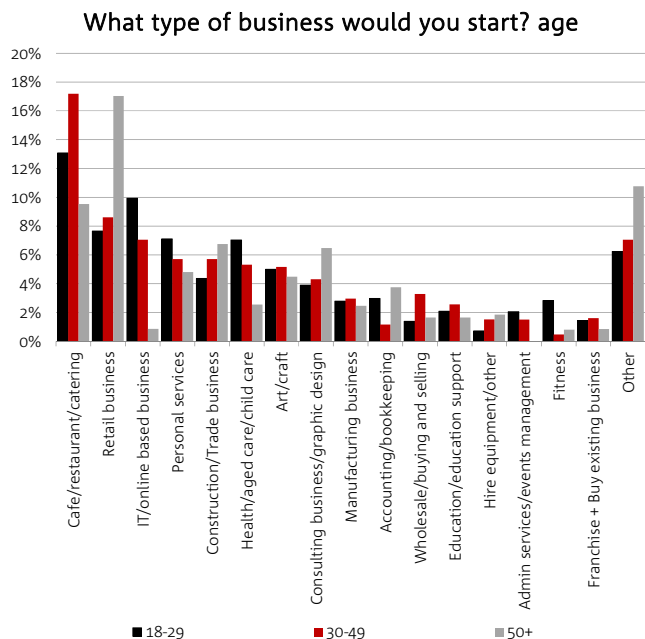
Around 1 in 4 Australians would start a café or retail business, followed by IT/online & personal services...

Overall, 14% of Australians who would like to start a business want to start a café/restaurant, while 10% would look at a retail business.

There are however some notable differences by age and gender....

In particular, more 30-49 year olds (17%) would start a café, more over 50s (17%) would start a retail business and more young Australians (10%) would start an IT or online business.

By gender, a lot more women would start a café (16%), retail (13%), personal services (9%), health, aged or child care (9%) or art/craft (8%) business than men. More men however wanted to start an IT/online business (9%) or construction or trade business (7%).



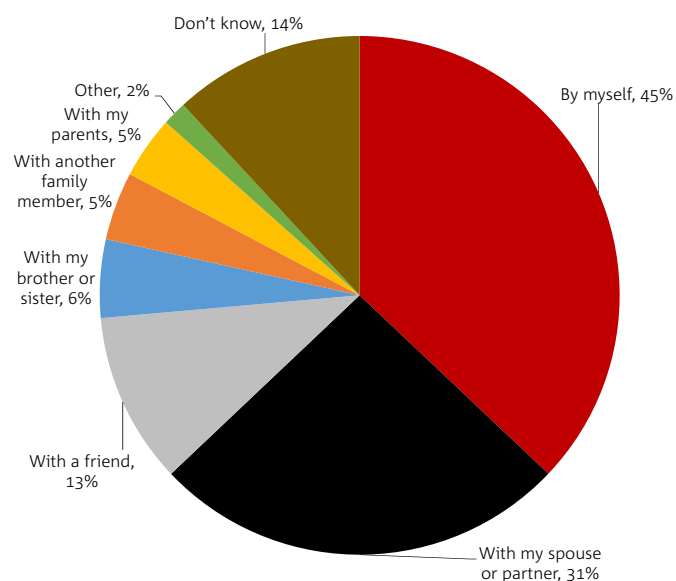
Most budding entrepreneurs would go it alone or with their spouse or partner...

For those who have aspirations to start their own business, the majority said that they would consider going into business by themselves (45%). Around 31% said they would consider going into business with their spouse or partner and 13% nominated starting a business with a friend.

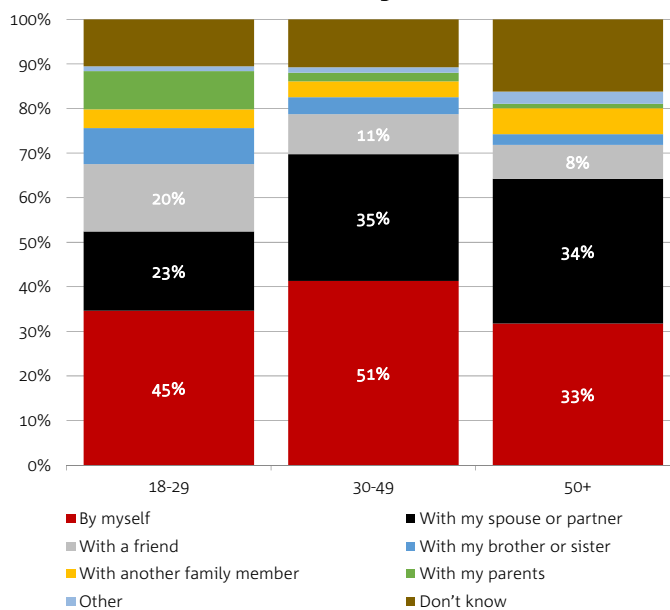
Slightly over 1 in 2 people between the ages of 30-49, would start a business on their own, compared to 45% of 18-29 year olds and just 33% of over 50s. Middle-aged Australians (35%) and over 50s (34%) were also more inclined to start a business with their spouses or partners, but notably more young people (20%) would consider going into business with a friend.

Interestingly, around 1 in 2 men would start a business on their own compared to 40% of women, but 31% of women and men would start business with their spouse or partner.

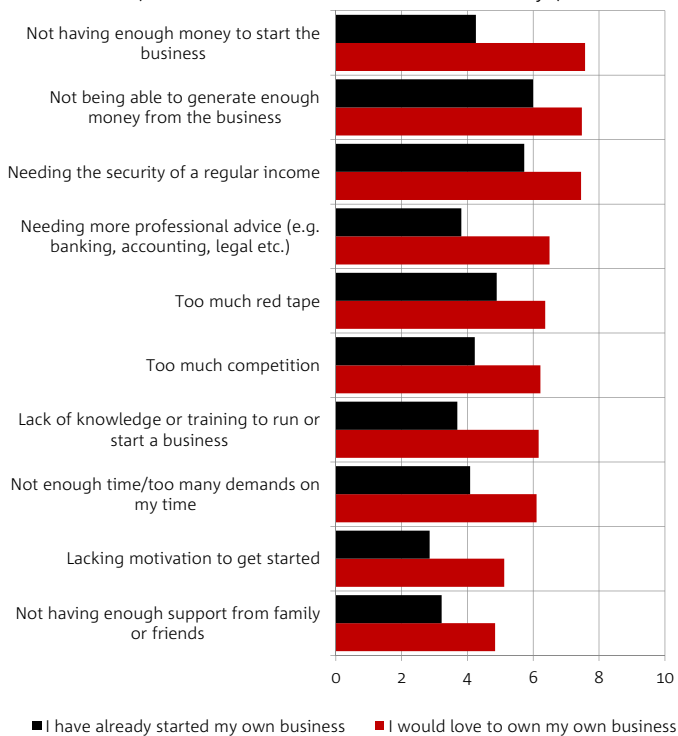
Who are you considering going into business with?



Who are you considering going into business with - age



Your level of concern in terms of some key factors impacting you as to why you haven't started your own business (or impacted you when you first started your business)
(where 0 = "not at all" & 10 = "extremely")



Insufficient funds, generating enough income and the absence of a regular income are key inhibitors to starting own business...

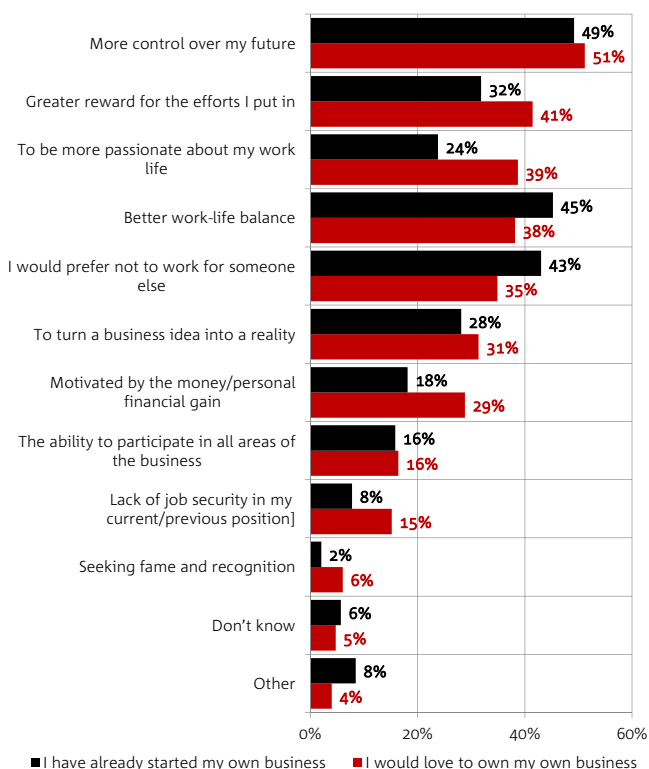
Differences emerge when comparing the level of concern over key factors which impact why budding entrepreneurial Australians have not yet started their own business and the level of concern existing business owners had when they first started out.

Clearly, budding entrepreneurial Australians are being held back most by not having enough money to start their business, generating enough money from the business and needing the security of a regular income. They also rate their concerns higher across all other factors.

Concerns were lower among existing business owners when thinking back to when they first started out...

The level of concern among business owners when they first started out was highest in relation generating enough money from the business, needing the security of a regular income and facing too much red tape. But in all cases their level of concern was lower than for those with aspirations of starting a business.

What motivates or motivated you to become a business owner?



Most business owners and aspirational business owners are motivated by having greater control over their future. Very few worry about job security...

There are also some clear differences in what drives aspirational business owners and those who already have their own businesses.

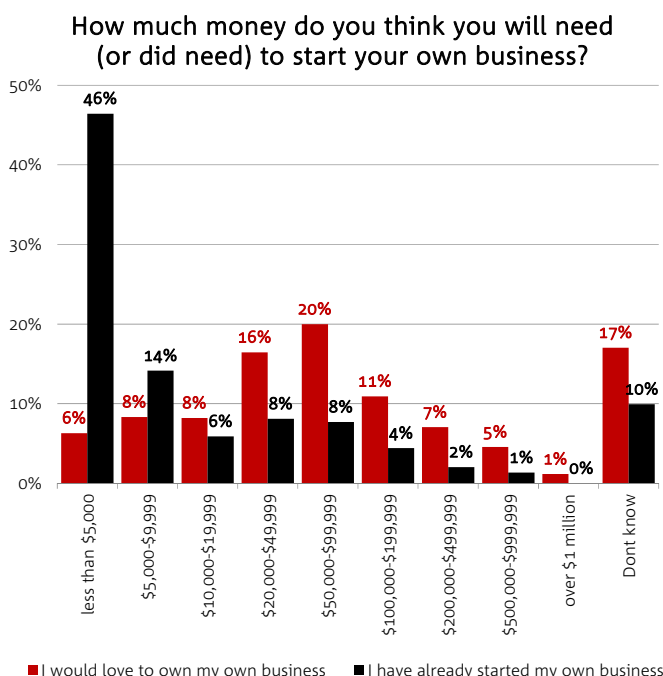
While the majority (around 1 in 2) said they wanted more control over their future, the next biggest motivator for aspirational owners were greater rewards for their work efforts (41%), more passion about their work life (39%) and better work life balance (35%).

For existing business owners, most were motivated by work life balance (45%) and not wanting to work for someone else (43%).

Interestingly, a much smaller share of respondents in both groups were motivated by a lack of job security and financial gain, particularly among business owners.

Motivations to own your own business are many and varied...

- "Being a highly qualified female over a certain age I couldn't find work"*
- "Running your own business is so rewarding"*
- "I want to get off my disability pension"*
- "I want to secure my kids future financially"*
- "I could use extra income in retirement"*
- "I want to do something that I can manage from home while I look after my kids"*
- "I want work to be in a creative area that feeds my spirit"*
- "I like to be in control of my own situation and not be at the mercy of a boss"*
- "To build on my interests"*
- "I want to sell what I love doing"*
- "I just want to follow my dreams"*
- "I can meet a need in the community"*
- "The ability to help my parents"*
- "Need flexible hours as child care is too expensive"*
- "To make a contribution to society and the environment"*



Around 40% of budding entrepreneurs need less than \$50,000 to get their business off the ground...

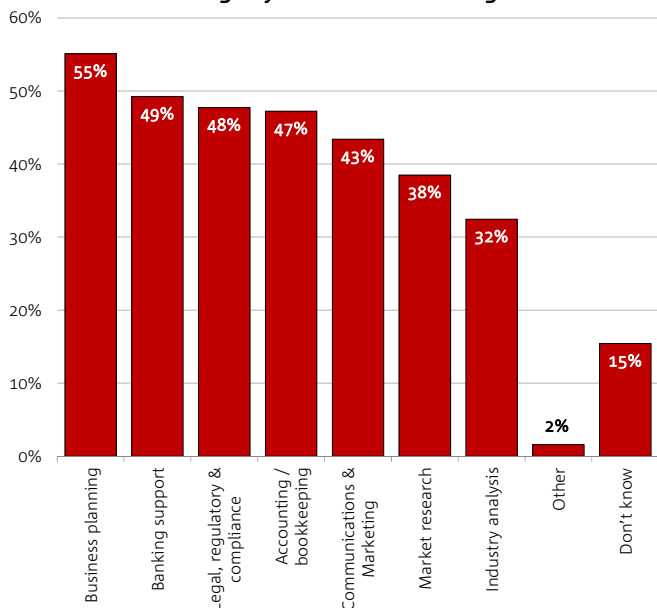
This compares with around 75% of existing business owners that started their businesses with less than \$50,000.

Almost 1 in 2 existing business owners (46%) started their business with less than \$5,000....

This suggests that aspirational business owners may be over-estimating how much they will actually need to get their business up and running.

Around 20% of aspirational business owners think they will need between \$50,000-\$100,000 to start a business, but only 8% of existing business owners actually needed this much to start their business.

What skills or expertise would you need to access to get your ideas off the ground?

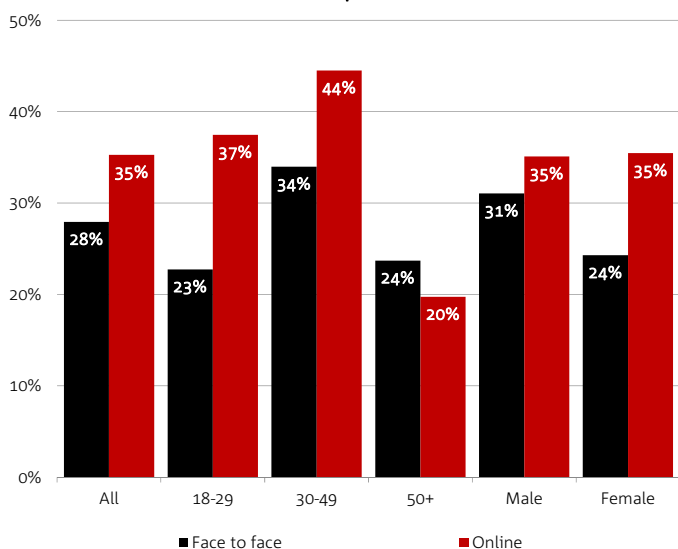


Having business planning skills and banking support are most commonly cited as critical to getting their business ideas off the ground...

Around 55% of budding Australian entrepreneurs think that business planning is the most important skill they will need to get their idea off the ground, followed by banking support (49%), legal and regulatory compliance (48%) and accounting/book-keeping skills (47%).

Only 1 in 3 people believe that industry analysis is important.

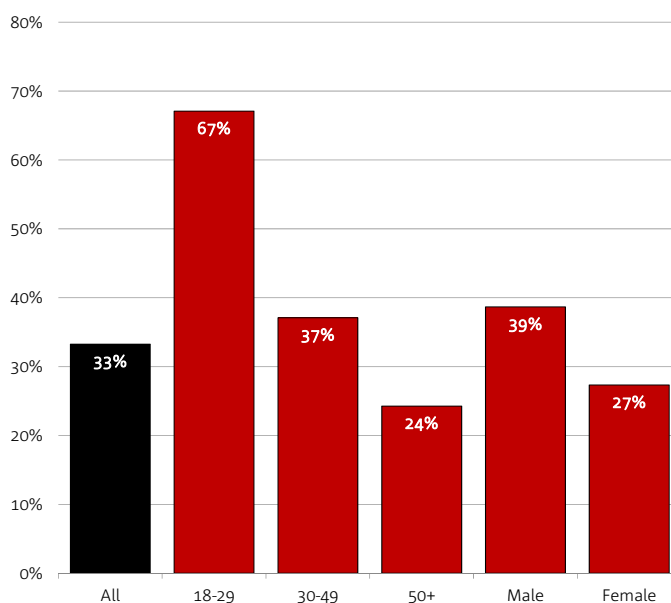
Level of interest in being part of a community of other entrepreneurs looking to develop their ideas, and share skills/experience



Over 1 in 3 aspirational and existing business owners would be keen to be part of "community" of other entrepreneurs, with online the preferred method of interaction...

There are some differences by age. All age groups would prefer online networking with the exception of over 50s who prefer face to face meetings.

Level of interest in growing your business further



Among existing business owners, younger entrepreneurs (around 2 in 3) are much more interested in growing their businesses than other age groups ...

Men (39%) are also notably more likely to want to grow their business than women (27%).

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