**From Great Expectations to Hard Times: A Longitudinal Study of   
Creative Sector Graduate New Ventures**

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**ABSTRACT**

**Objectives:** This longitudinal study aimed to investigate, over a period of four years, what happened to graduates with a creative degree when they tried to start a digital creative business on graduating.

**Prior Work:** There is relatively little literature on the outcomes when graduates try to start a business. Some studies examine, retrospectively, successful creative entrepreneurs but research tends not to follow nascent entrepreneurs in ‘real-time’ whatever the outcome: success or failure.

**Approach:** Seven creative ‘nascent graduate entrepreneurs’ were followed for up to four years. The individuals had all been independently assessed as having ‘promise of business success’, but were young and lacking experience. They had high levels of start-up support in the NE of England, for instance through DigitalCity Fellowships. The creative graduates were followed as individual case studies mainly through six-monthly semi-structured interviews, which explored retrospectively their school/university years and then followed their business progress and personal development. Particular attention was paid to the interaction between their personal, business, and creative lives and how this interaction affected key outcomes.

**Results:** There have been three main contributions of this study to the academic literature. First, none of the businesses provided even the minimum wage for the owners, who have now nearly all moved into employment: the study, therefore, provided real-time data on businesses from inception to closure. Second, perhaps less surprisingly for this age-group, events in their personal lives had a big impact on their business/personal decisions: for instance, the arrival of children significantly sharpened the need for financial security. Third, although the initial transition from ‘creative student’ to ‘creative entrepreneur’ was not easy it did attract plenty of business start-up support. The subsequent attempts to make a second transition from being an unsuccessful creative entrepreneur to financial stability were harder, with little external assistance being available.

**Implications:** The insights from the research have practical implications for the design of entrepreneurship education in HEIs, for the support of creative graduates starting businesses, and for their on-going business or personal support. They also raise issues about the effectiveness of enterprise education and regional start-up support policy.

**Value:** The longitudinal in-depth approach has brought new insights to the ways that creative graduates develop both in their businesses and personally. It highlights several areas where more research would be valuable, especially in dealing with the consequences of their unsuccessful business ventures.

# INTRODUCTION

This study aimed to explore how creative graduates develop new businesses on graduating from university by investigating the parallel development of the graduates as individuals, as ‘creatives’, and as business owners[[1]](#footnote-1) during and after their business start-up. Concurrent longitudinal research on nascent entrepreneurs can truly make unique contributions to understanding of the start-up process ([Davidsson, 2006](#_ENREF_12)) as the researcher is in a much better position to infer causality than with cross-sectional designs. The unit of analysis was the individual nascent graduate entrepreneur (creative graduate) and how they developed as ‘business-people’, using seven multiple case studies ([Yin, 2009](#_ENREF_69)) to provide some degree of generalisability. The United Kingdom’s (UK) creative sector is economically important and universities produce many creative graduates ([DCMS, 2006](#_ENREF_13)) but, given their limited employment opportunities, some decide to establish a business ([Ball et al., 2010a](#_ENREF_3)) in what is a very crowded market. This provides daunting challenges ([Ball et al., 2010b](#_ENREF_4)) when they are also establishing themselves in the wider social world and deciding whether or not they wish to continue as creative practitioners. The creative sector exhibits rather different working patterns from other sectors, for instance it is, *‘characterised by a high level of self-employment[[2]](#footnote-2), portfolio working, and work of a creative nature combined with evidence of life-long learning’* ([Rouse, 2010](#_ENREF_50)), with many freelancers, sole traders and small firms ([Carey et al., 2007](#_ENREF_8)). There is also evidence from workers in the new media sector in Amsterdam of people moving between different work statuses including freelancing, business ownership and paid employment. Many of them had established their own business and had a lifestyle that they themselves recognized would be short-lived and would not be compatible with raising a family ([Gill, 2007](#_ENREF_24)).

Accordingly, the study focuses on the relationships between their business activities[[3]](#footnote-3), their artistic activities[[4]](#footnote-4) and their personal development[[5]](#footnote-5) *in order to address the* research question: *‘What happens to creative graduates after they start implementing their intent to start a growth business?’.* Exploratory pilot research had suggested that a main theme of the research would be the creative graduates’ parallel ‘tripartite’ business, artistic, and personal development, but a new issue emerged as the study progressed: all their businesses, even those that were overtly successful, were financially very weak and none were paying their owners even the minimum wage and most quickly scaled down their ambition from growth business to freelancer. In addition, most of them were becoming increasingly needful of secure income, for instance caused by the arrival of children, and they nearly all abandoned their self-employment, either fully or partially, and sought employment, sometimes outside the creative sector. After about 3 years less than half of them believed that they had ‘acquired’ their first proper graduate employment.

This paper is structured as follows. Section 2 is a theoretical overview relating to nascent graduates’ new ventures, Section 3 is about methodology, Section 4 is the data analysis and discussion, and Section 5 provides the conclusions and recommendations for future research.

# THEORETICAL OVERVIEW ON CREATIVE GRADUATES AND THEIR NEW VENTURES – ENTREPRENEURIAL NASCENCE, INTENTIONS, ORIENTATION AND GROWTH

This theoretical overview reviews salient literature to help conceptualize the dynamics of new ventures started by creative graduates, with a particular focus on the pre-start nascence and intent and business start-up issues. The overview then moves on to focus on types of creative entrepreneurs and growth/performance.

## Creative sector graduates: nascent entrepreneurialism and intention through to start-up

This study adopted the Global Entrepreneurship Monitor ([GEM, 2007](#_ENREF_22)) conception of ‘total early-stage entrepreneurial activity’ (TEA) to define ‘*nascent[[6]](#footnote-6)* creative graduates’ as graduates who had studied a creative subject at University and are in the process of setting up a business in the creative sector.   
Whilst such a creative business is partly a vehicle for generating income, it may also be a mechanism to enable the (nascent) entrepreneur to continue with his or her personal and professional development and to participate in creative sector communities ([Spaeth et al., 2008](#_ENREF_55)). The over-crowded nature of the sector means that the level of profit that can be expected from the business is lower than for many other types of businesses ([Ball, 2009](#_ENREF_2)), even for entrepreneurial individuals with a strong creative reputation. The business may therefore be part of a concurrent portfolio of income earning activities rather than the single main source ([Ball, 2009](#_ENREF_2)). A community of other ‘creatives’ in the same situation reduces the pressure on the entrepreneur to succeed in more conventional financial terms, and available grants may help creative businesses in their early stages, as part of support for cultural industries, but with a consequent danger of ‘grant dependency’. The potential opportunity for creative graduates with a strong entrepreneurial streak was that, if they focussed strongly on the development of a viable business and made good use of the wide range of resources available to them, they might be able to create a successful business where others failed.

The intention to start a business and, therefore, to initially become a *nascent* entrepreneur (as defined above), has been widely explored, for instance using Ajzen’s ([1991](#_ENREF_1)) ‘theory of planned behaviour’ (TPB) as a starting point. Ajzen ([1991](#_ENREF_1)) noted that behavioural dispositions, such as social attitude and personality trait, played an important role in attempts to predict and explain human behaviour but proved to be poor predictors of specific behaviours. Variations on this model, specific to nascent entrepreneurship, were developed ([Kolvereid et al., 2006](#_ENREF_32); [Krueger et al., 2000](#_ENREF_33); [Luthje et al., 2003](#_ENREF_34); [Segal et al., 2005](#_ENREF_52)) and correlate with entrepreneurial intentions and/or behaviours. Gatewood *et al*. ([1995](#_ENREF_21)) unusually investigating motivations of nascent entrepreneurs prospectively (rather than retrospectively), identified reasons given for starting a business including identification of a market need, autonomy and independence, and a desire to make more money. Reynolds *et al*. ([2004](#_ENREF_47)) identified two key transition points in business start-up: the first being ‘conception’ which is the start of the ‘gestation’ stage (nascent entrepreneurship) and the second being ‘firm birth’ which is the actual start-up. Davidsson ([2006](#_ENREF_12)) found that the exploitation process needed to be split into ‘entering’, ‘persisting at’, and ‘succeeding in’ starting a new venture. Along similar lines, McGee *et al*. ([2009](#_ENREF_38)) identified a sequence of ‘inspiration’, then ‘perspiration’, in setting up a new venture. Other authors have identified further stages: for instance, Mullins and Kosimar ([2009](#_ENREF_41)) found that only 30% of start-ups implemented ‘Plan A’ and some, especially in innovative fields, shifted direction (‘pivoted’) several times, thus suggesting that even when the nascent entrepreneur starts with a clear idea of his or her target business the process followed will normally involve far more exploration, back-tracking, re-thinking and re-orientation than one might expect.

Beaven’s ([2012](#_ENREF_6)) longitudinal study of ‘musician-entrepreneurs’ found that their journeys were much more complex than the neat box diagrams displayed by many authors ([Delmar et al., 2000](#_ENREF_15); [Erikson, 2003](#_ENREF_18); [Henley, 2007](#_ENREF_27)). She identified three types of journey – backwards, helical and transverse – all of which may be specific to the cultural performance sector ([Beaven, 2012](#_ENREF_6)), but do illustrate the dangers of ‘uncritical assumptions of the successful transition from HE to graduate entrepreneur pathway being a smooth and straightforward transition’ ([Nabi et al., 2010](#_ENREF_43)). The box diagrams may have value as a way of structuring thoughts about components of the start-up process so long as they are not taken too literally. Another study of musicians ([Mason et al., 2012](#_ENREF_35)) found that many derived their main income from teaching – a significant and stable source of funds – as well as other non-music work. This pattern of a very mixed portfolio of work seems to be the norm for the performing arts, but may be less common with the digital creatives studied in the current research. The issue of ‘necessity entrepreneurship’ as distinct from ‘opportunity entrepreneurship’ is probably also relevant to the creative graduates in view of the large number of creative graduates emerging from the Universities, and the lack of job opportunities in the creative sector. Woodier’s ([2010](#_ENREF_68)) study of students on the SPEED[[7]](#footnote-7) programme also found that the start-up process was complex when she examined ‘critical events’ in their journey, which seemed to be many and varied. Similarly, Jayawarna *et al.* ([2007](#_ENREF_30)) found evidence of ‘tipping points’ caused, for instance, by constrained household income or job dissatisfaction, which led to individuals deciding to try to start a business.

## Typologies of creative entrepreneurs

Mills’ ([2008](#_ENREF_39)) study of business start-up behaviour and the conceptual frameworks used by fashion designers to interpret their own behaviour, and especially the tensions between their creative self and their business self, led to a tripartite categorization of entrepreneurs according to their motivation, aspirations and self-identity: (i) industry orientation: want to participate in the fashion industry and be successful in it; (ii) business orientation: want to work for themselves and build a successful fashion label; and (iii) creative orientation: want to realise their creative potential and be a well-known designer. McElwee and Rae ([2008](#_ENREF_37)) classified creative entrepreneurs in rural areas depending on their ‘business’ and ‘creative’ strategic growth orientations, and hence the person who is low in both orientations is probably running a static lifestyle business whereas the person who is high on both is likely to be pushing the boundaries of business growth and creative development. How creative entrepreneurs learn as their business develops through contextual learning, personal and social emergence and negotiated enterprise has been explored ([Rae, 1999](#_ENREF_44), [2004a](#_ENREF_45), [2004b](#_ENREF_46)).

## Growth and performance: Why don’t the businesses grow?

Given that few creative companies grow to dominate their market ([Cox, 2006](#_ENREF_11)) and that such entrepreneurs must balance conflicting interests and make tough decisions while trying to maintain their creative dynamic, the Cox review (ibid) identified key issues explaining the low incidence of high-growth creative companies. These included generic challenges (marketing; coping with rapid technological and social change; intense competition); and sector-specific issues (lack of awareness and experience; lack of belief in the value of the outcomes; not knowing where to turn for specialised help; limited ambition or appetite for risk; too many other pressures on the business) that are perhaps even more pronounced in fast-moving and fluid sectors such as the creative sector. Smith and Beasley ([2011](#_ENREF_54)) found that their sample of seven creative/digital graduates perceived constraining factors such as the slow growth of the economy, a lack of business acumen, contradictory and poor advisory support from external agencies, a lack of sector-specific mentors and advisory support, a lack of finance, and experience of familial entrepreneurship. Perceived enabling factors included co-mentoring from business partners, course content, financial gain, creativity and innovative ideas, control and risk taking, and the overarching package of support (ibid). Nabi *et al*.’s ([2010](#_ENREF_43)) study of the transition from student to entrepreneur suggested two dimensions that affected the business outcomes: the ‘entrepreneurial maturity (EM)’ of the graduate, and the ‘complexity of the business idea (CBI)’, the latter being based on the complexity of the idea in terms of ‘idea, start-up activities, and contextual market/industry characteristics’. Their findings were useful in going beyond the normal lists of opportunities and barriers and instead explored the relationship between the graduate entrepreneurs themselves and their business ideas

## Overall picture and potential contribution

Overall, the literature review suggested a large and complex sector which is significantly under-researched, despite strong emphasis on understanding differences between sub-sectors ([DCMS, 2009](#_ENREF_14)) and the gulf in mind-set and ways of working between the highly creative ‘subsidised’ organisations and the income-focussed ‘commercial’ businesses ([East, 2007](#_ENREF_16); [Fuller et al., 2009](#_ENREF_19)). This prior research suggested that creative graduates’ journeys would be interesting as they tried to make a transition from the creativity of their student years to the realities of trying to generate income. For instance, they might experience shifts of identity ([Mills et al., 2006](#_ENREF_40)), entrepreneurial learning ([Rae, 2004a](#_ENREF_45)), diverse sources of income ([Ball, et al., 2010a](#_ENREF_3)), and the need to participate in ‘co-opetitional’[[8]](#footnote-8) activities ([Hearn et al., 2006](#_ENREF_26)), as well as a tension between their desire to be creative and to be business-like ([Mills, 2008](#_ENREF_39)). Nabi *et al.* ([2006](#_ENREF_42)) highlighted the ‘lack of in-depth research into the stories, circumstances, context and complexities of graduates on the journey from student to start-up’. Qualitative studies on new businesses in the creative sector have been patchy ([Carey, et al., 2007](#_ENREF_8); [Matlay, 2000](#_ENREF_36); [Rae, 2004a](#_ENREF_45); [Spaeth, et al., 2008](#_ENREF_55)), although Nabi *et al.* ([2010](#_ENREF_43)) helped to fill this research gap. However, the current paper goes further by exploring in detail the lived-experience of creative graduates longitudinally as they actually try to start a creative business.

# METHODOLOGY

This study’s population was a segment of the much larger population of graduate entrepreneurs and, since heterogeneity is problematic in nascent entrepreneurship research ([Davidsson, 2006](#_ENREF_12)), the selection criteria for the creative graduates was set tightly to maximise the likelihood of achieving insights and theories that could potentially be generalisable to all digital creative graduates: they studied a creative subject degree (Bachelors or Masters level), were establishing a business in the digital creative sector in North-East England, and had no prior experience of establishing a business (but may have done some informal trading at school or university and/or work experience as an employee but not as an entrepreneur). All were under 27 years old at the initial interview, were educated mainly in the UK, but with no restrictions on gender, ethnicity, family background, or university attended. A convenience sample was selected from graduates who attended the lead author’s business start-up workshops[[9]](#footnote-9) run at Teesside University, most of whom agreed to take part, and eventually seven were identified. None have dropped out during the project.

## Data collection

Rouse’s ([2004](#_ENREF_49)) longitudinal study of participants in a youth enterprise programme emphasised that research may develop inductively through an iterative process of reading, critical thinking, observation, questioning, listening and analysis. Gartner ([2010](#_ENREF_20)) suggested that, as entrepreneurship is so complicated, a ‘critical mess’ approach is necessary as is an omnivorous willingness to collect facts and ideas. In this study the preferred approach to data-gathering was in-depth interviews: tried and tested procedures that enable exploration of a range of topics to ensure good coverage as well as ‘probing’ unexpected topics thus providing new insights, especially when discussing sensitive subjects ([Easterby-Smith et al., 2008](#_ENREF_17)), helpful when personal issues and business failure issues emerge (eg changing relationships with social partners). The creative graduates were interviewed every six months and each interview took 2.5hrs, was audio and video recorded, and covered events over the prior six months in their business, their progress with their art, and relevant aspects of their personal lives, as well as plans for the future and reflection on earlier events and decisions. Questions were mainly open-ended and, whilst not formally the ‘Critical Incident Technique’ (CIT) used by Woodier ([2008](#_ENREF_67)), it similarly explored the occurrence and consequence of important events in the entrepreneurial journey, and hence constructed a rich and internally consistent longitudinal picture of each creative graduate, thus countering the concern that retrospective accounts may contain ‘exaggeration, concealment and self-justification’ ([Rae, 1999](#_ENREF_44)). Interviews were transcribed by dictating into Microsoft Word using ‘Dragon Naturally Speaking’ software which proved to be quicker and more accurate than typing. The main data collection phase will be completed by the end of 2013, but already some clear and interesting findings are emerging.

## Validity and reliability issues: Quality of data and researcher influence

A strong rapport was established between the researcher and the creative graduates who appeared to be very open in discussing business, personal and artistic issues. Triangulation was carried out using their initial business plans, on-going social media content, and occasional direct or indirect contact outside the interviews. However, most data collected was their own descriptions and perceptions of events in their journeys including current action actions/events, future plans, and reflection on the past. Few internal inconsistencies were detected, except for occasional ‘*post-hoc*’ rationalized re-interpretation of past events. The researcher inevitably had some influence on the creative graduates, especially in the early stages of the business start-up during which they were struggling to find their place in the market, to clarify their personal identity and to identify their wide range of ‘known and unknown unknowns’. Just the process of questioning sometimes caused them to reflect of their situation, re-evaluate their business or personal direction and explore new avenues. On a small number of occasions, the researcher gave specific business advice: either when requested to do so or when a serious issue was looming.

## Data analysis

Data has been analysed by breaking the transcripts into paragraphs covering a single topic and collating and organising ‘key statements’ from these longitudinally by theme, using NVivo to source and to extract the statements into Word documents for thematic analysis ([King, 2004](#_ENREF_31)). About 25 themes were identified for each creative graduate, most of which were common to all of them (e.g. ‘school years’, ‘selling’, ‘personal confidence’ and ‘family support’). The key statements represented 5-10% of the total transcripts and this process of data reduction and collation was essential to enable the large amount of data to be systematically explored. Great care was taken to not lose the ‘voice’ of the participants – for instance, the original statements of the creative graduate were often shortened by removing repetitions, but never paraphrased. An audit trail was maintained to the original transcript for each statement to allow the context to be checked if necessary.

# FINDINGS AND DISCUSSION

This section presents findings from the research to date. In common with Mills ([2008](#_ENREF_39)), the data contained ‘explanations of motivations and aspirations, expressions of self-identity, accounts of risk-taking and decision-making, critical incidents’, as well as interactions with customers, suppliers, other businesses and support organisations: indeed, the whole process of planning and negotiating into business ([Gibb et al., 1985](#_ENREF_23)). Space precludes displaying detailed data for all the creative graduates, so selections will be made to illustrate the processes used and the conclusions reached.

## Creative graduate journeys

Table 1 summarises the journeys for all the (pseudonymous) creative graduates. As well as describing their progress to date it indicates whether the creative graduate believes that they have acquired their first proper graduate job: ie they have financial independence and believe (rightly or wrongly) that they have obtained long-term employment.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Pseudo-nym;***  ***Degree*** | ***Initial business; support scheme*** | ***Life of initial business*** | ***Snapshot of artistic, business and personal life to date*** | ***End-point*** |
| Andrew  Web-site design | Web-site design for small businesses  Supported by NES and EDP. | 3.5yrs | Started the business as he didn’t like his first brief spell in web-site design employment. No prior evidence of entrepreneurial activities.  Technically strong and taught himself good visual design but lacked confidence. He was good in front of potential clients but very poor at finding new sales leads. Income was very low and he was on benefits most of the time. Eventually his brother helped him find a web-site design job in a transport company, at a reasonable graduate salary.  Still actively practising his ‘art’ in his employment, and hopes to be in the job indefinitely. | Creative employee in non-creative business in the NE.  (Website/ software designer)  Long-term employment obtained |
| Belinda  Graphics and Marketing  (plus Design MA) | E-commerce site for products made by graduate designers.  Supported by EDP and Blueprint compet-ition | 1yr | Started the business as she didn’t like her first brief spell in graphic design employment. Lots of evidence of prior entrepreneurial activities.  A very active and lively person. A good communicator who continually found new opportunities and worked hard to exploit them. Perhaps easily distracted, so quickly abandoned her failing business in favour of freelance work. Then found a very well-paid position to support her new family, mortgage and two children. The new role gives her many opportunities to be ‘intrapreneurial’, which she needed to feel fulfilled. She is exploiting her ‘art’ (knowledge of web-site design) in her employment, rather than actively practising it, and hopes to be in the job indefinitely. | Creative employee in non-creative business in the NE.  (E-Marketing Manager)  Long-term employment obtained |
| Colin  Music Design | Music sound-tracks for games  Supported by the DigitalCity Fellowship | 3.5yrs | Started the business because he couldn’t get a producer job in the music industry. Lots of evidence of prior entrepreneurial activities.  Passionate about music and a very active (paid) DJ. Good prior experience of retail management. Broadened the business to include freelance work, music publishing and record labels but struggled to make enough income to support his new family. Perhaps gets bored too easily, and may speak his mind too often. Moved to London for better business and/or employment opportunities. Presently a shelf-stacker in a supermarket. He is very unhappy with this situation, as he is no longer actively practising his ‘art’. Actively looking for employment in the music sector. | Non-creative employee in non-creative business in London  (Retail)  Long-term employment NOT obtained |
| David  Animation | Animation | 1yr | Started the business (in a team of four) as no longer wanted to do hands-on animation - he was the business manager. Attended DigitalCity Fellowship. Some evidence of prior entrepreneurial activities.  The team quickly fell apart due to differing personal objectives. He then tended to drift due to unclear personal objectives – a mix of ad hoc graphic design, retail work etc. Studied PRINCE project management and obtained signage installation work (for the Olympics) which led to full time work in the business. He abandoned his ‘art’ early on. Sees the current employment as an interim step to longer-term continuous employment in project management. | Non-creative employee in non-creative business in London  (Signage Installation Manager)  Long-term employment PARTIALLY obtained |
| Edgar  Animation | Animation  Supported by the DigitalCity Fellowship | 3yrs on-going | Started the business (in a team of two) as he had ‘always expected to do’. No evidence of prior entrepreneurial activities.  The team has been very strong. He tends to take the business lead, and although they still aren’t paying themselves much, the business looks sound and likely to grow. Very good networkers. Recently moved into smart new studio in Teesside University.  Still actively practising his ‘art’ in his business.  Plans to run the business indefinitely. | Still in same creative business in the NE  (Animation)  Long-term self-employment obtained |
| Fiona  Illustration/ Motion graphics | Illustration/ Motion graphics  Supported by the DigitalCity Fellowship | 2yrs | Started the business as a natural progression for an illustrator. No evidence of prior entrepreneurial activities.  Technically strong and an excellent illustrator. A good learner but lacks confidence to network herself and to sell her products. Initially dependent on income from family on-course betting business and now working for a national betting company.  Still actively practising her ‘art’, but more as a hobby. Although she doesn’t enjoy the betting shop work much, she is happy that it finances her artistic endeavours and is still seeking fee-paying art projects. | Non-creative employee in non-creative business in the NE  (Betting Shop Manager)  Long-term employment NOT obtained |
| George  Fine Art (plus Research MA) | Retail e-commerce systems, then sales lead finder.  Supported by the DigitalCity Fellowship | Not started | Started the business because he had many ideas he wanted to implement. No evidence of prior entrepreneurial activities.  Has many ideas, most of which are ambitious and hard to implement. Very good networker who gets in front of investors but finds it hard to firm up and sell the ideas, and assemble an implementation team. Now a part-time employee in a small chocolate business. Abandoned his ‘art’ early on but taken it up again recently as a hobby. He has become very excited by the chocolate industry and is seeking entrepreneurial opportunities in the sector. | Non-creative employee in non-creative business in the NE  (Trainee Chocolatier)  Long-term employment NOT obtained |

Table 1: The creative graduates’ journeys

## Analysis by case: longitudinal threads

The analysis by ‘threads’ is illustrated by the main journey travelled by Andrew, as shown in Figure 1, which is structured according to the initial tripartite model.

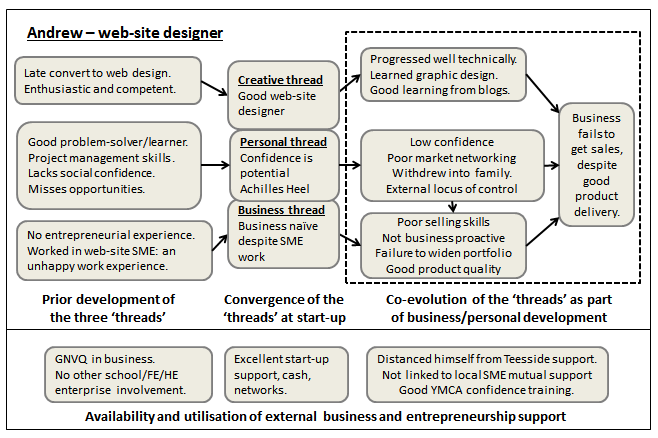


Figure 1: Creative graduate Andrew: Creative, personal and business ‘threads’

The **art thread** shows that, although he was a late entrant to web-design, his art has been a consistently strong feature of his behaviour – and a potential strength.

[At University ] I switched onto the web development degree and that was like lighting the touch-paper, and there has been no looking back from that. (A30:31)[[10]](#footnote-10).

[I] just generally keep improving my design skills, and keeping myself up to date with new ways of doing something and new design ideas. (A12:24)

‘Geek as a badge of honour’ definitely! Still pushing myself as being a geek, (A30:05).

However, the **business thread** demonstrates low levels of prior entrepreneurial behaviour, which was a weak foundation for developing a successful business.

I don't have any entrepreneurial background and, with the exception of that GNVQ, no other entrepreneurial leanings. (A01:02).

At school, I didn’t [do any part-time work] , ‘Hometown’ is not a huge place - a lot of those jobs tend to be already taken. I did a little bit of voluntary work as and where I could. (A00:05)

Once I left [secondary] school I went down a more academic route and the whole idea of business sort of dropped off. (A00:02).

The **personal thread** shows a lack of personal and social confidence

At Uni, I was taken from having a circle of friends, which I never strayed out of, to knowing nobody. I had to quickly find a way of introducing myself to people. (A01:10)

His inexperience was especially apparent in his difficulty in seeking new sales leads. Once in front of a potential client, his enthusiasm and skills shone through and he nearly always made a sale – but was unable to find enough opportunities to do so.

The main area to develop is selling skills, and generating leads to build up to the first face-to-face meeting. Once I've got the face-to-face meeting I can sell my skills perfectly well. (A06:14).

I went on a confidence building course by YMCA training and I think that a lot of my shortfall in generating leads came from a lack of confidence. I came out thinking… “I can do this!” (A18:03)

Perhaps he needed to partner with a good sales person (which he did not wish to do) or become a web-site design employee.

[A sales partner] is an option but would mean bringing somebody else in, which I'm not prepared to do. I would rather add to my own skills. (A01:24)

He quickly abandoned the idea of taking on employees, and attempted, unsuccessfully, to establish himself as a freelancer. By happy coincidence, an ideal website developer vacancy arose in a small business for which his brother worked and Andrew was appointed to the post which he feels is the beginning of a stable long-term period of employment.

I had been applying for retail jobs, and one day, out of the blue, I got a phone call from my brother saying he thought there was a job for me (A42:01)

A further issue emerged as important – the ways that each creative graduate used the opportunities to learn to be entrepreneurial – at school, university, start-up and as an on-going business. In Andrew’s case, although he made good use of business support while on Teesside, once he moved back home he failed to join business support networks, and allowed himself to become increasingly isolated and unable to access customers, collaborators or active support.

[NES] was really really really valuable. It reintroduced the concepts done on the GNVQ giving real world examples. They gave me one-on-one sessions so I could talk about my ideas. (A00:14)

[Now] I feel a little bit on the outside looking in. But at the same time I feel that I am breaking myself into it. But if I become too embedded it would be too easy to get lost. (A24:35)

It was the Job Centre that proposed he go on the confidence-building course, and his family who found him about half the few customers he did get. With the benefit of hindsight, that sequence of behaviours and events seemed consistent and suggested that business failure was likely. But could failure have been predicted? After the first interviews, the researcher wrote in his research notes:

[Andrew has] strong technical and problem-solving skills, and enjoys technical learning, but a lack of confidence may be causing a reticence about selling. Family are supportive, though not entrepreneurial, but are finding sales leads for him. Seems to hope that his contacts will find him his sales leads – including tutors, who he got on well with. He is not doing much networking or having much involvement in the sector. (Richard Hanage research notes, 2009)

There were warning signs, but the researcher would have backed him on the basis of his technical skills, his keenness to learn and the support he had available to him to help him correct some of his personal weaknesses. Perhaps such backing would have been a mistake given that the web-site design sector is so crowded with suppliers just as competent as Andrew and perhaps with more selling skills. Similar detailed analysis has been conducted for the first three creative graduates and, in each case, the analysis by longitudinal threads has helped greatly in understanding the key themes inside the large pile of transcripts (about 150,000 words per creative graduate).

Belinda’s case was very different from Andrew. She exhibited great perceived self-efficacy ([Bandura, 1997](#_ENREF_5)) and, after the first interviews, the researcher wrote:

[Belinda] has many of the required attributes and skills for entrepreneurial success, including energy, drive, capacity for hard work, and networking skills. She admits to not being particularly clever, but tries to compensate by hard work – and feels this is the route to overcoming obstacles and achieving success. Her family are supportive but have some doubts about the future success of the business, and she herself recognises the difficulties of getting the amount of web-site traffic needed for the required levels of sales. (Richard Hanage research notes, 2009)

Colin was more of a mixed picture:

Overall a lively and interesting person, deeply committed to music and ambitious for his business. Outspoken (which may be a pro or a con) and perhaps not yet fully focussing on business priorities. He should succeed, but may later find that employment that capitalises on his managerial skills is a better bet. (Richard Hanage research notes, 2010)

The longitudinal analysis by threads (and their constituent themes) proved to be a very useful way to see trends in behaviour over time and interactions between the different domains of behaviour. The additional thread relating to the utilisation of external support was a useful extension of the model. However, whilst the initial model developed did not do justice to the later problems encountered by the creative graduates when real-life pressures made them face up to the realities of low business performance, the next section looks at their ‘pivots’ and leads on to a proposed extended model.

## Analysis by case: business/personal development ‘pivots’.

It iswell established that start-up businesses often ‘pivot’, i.e. change direction significantly ([Mullins, et al., 2009](#_ENREF_41)), and figure 2 – although slightly differentiated from Westhead et al.’s novice, serial and portfolio typology ([Westhead et al., 2003](#_ENREF_60); [Westhead et al., 2004a](#_ENREF_61), [2005a](#_ENREF_62), [2005b](#_ENREF_63), [2005c](#_ENREF_64); [Westhead et al., 2004b](#_ENREF_65); [Westhead et al., 1998](#_ENREF_66)) - shows how the first three creative graduates have pivoted, not just in their business but also in their personal development and employment choices.

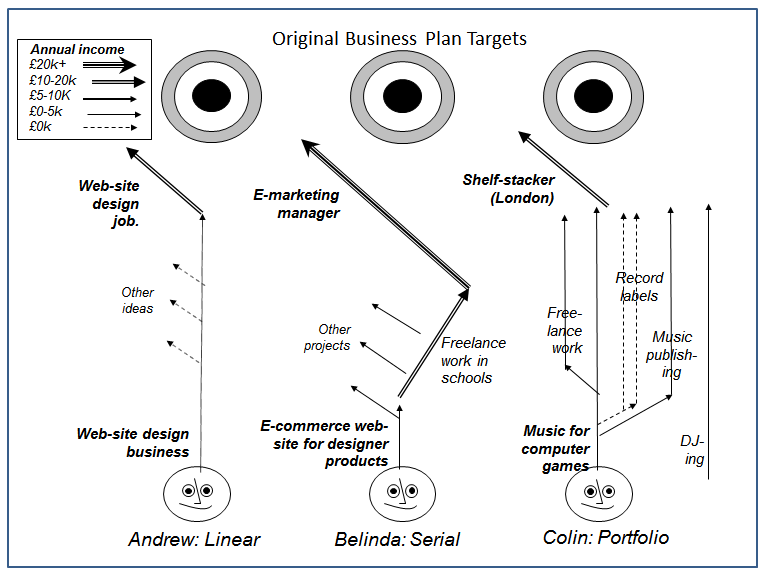


Figure 2: creative graduate business/personal development routes[[11]](#footnote-11)

All the creative graduates achieved the ‘conception’ or ‘gestation’ stage of nascent entrepreneurship ([Reynolds, et al., 2004](#_ENREF_47)) and all but George went on to some form of ‘firm birth’. However, none reached the level of income needed to achieve the transition out of ‘nascent entrepreneurship’ as defined by GEM ([2007](#_ENREF_22)). Andrew did not make a business pivot despite very poor income levels, partly because he was ‘stubbornly’ (his word) determined to make it work, and partly because he could not identify any alternative products to sell. He toyed with some options but did not take them forward to fruition. However, when he finally admitted business defeat, he was able (with family help) to make a ‘personal development pivot’, which capitalised on his strong technical skills. His journey was mainly **linear**, perhaps partly made possible by living at home and being able to live on income from Job-seekers allowance.

*Andrew’s journey was, therefore, consistent with his early indications from the threads and any optimism that he could be supported to significantly change some of his personal weaknesses was misplaced.*

Belinda had the shortest business duration of all the creative graduates but was continually finding and capitalising on new opportunities. In particular, she rapidly made a personal development pivot to enjoyable and well-paid freelance work and then on to a very well paid Marketing Manager role. The ability to find opportunities was a key factor, and later the need for income to support her growing new family added urgency to succeed. Her path was a **series** of distinctively different stages, each building on the previous.

*Belinda’s brief business start-up was consistent with her early concerns about traffic to her web-site, but her ability to make very positive personal development pivots illustrates her self-efficacy and ability to find and exploit opportunities.*

Colin also soon needed extra income for a growing family but his response was different. He was passionate about music and tried broadening the range of music-related activities, making good use of his networks to find the opportunities and work-placement students to help him implement them. However, it is very hard to make a living in the music industry and even the combined income of these activities was insufficient. Loss of the freelance work was a big blow so he and his family moved to be near his parents in London to seek work. He reluctantly accepted a job as a shelf-stacker (in the company of several other graduates). His business path was to develop a **portfolio** of activities with increasing urgency as the family financial pressures increased.

*Colin’s journey illustrates well his total commitment to music but despite him having, on balance, the skills to succeed, his progress was patchy, perhaps because it is so hard to succeed in the over-crowded music sector.*

These three cases illustrate a wide range of business/personal development patterns that can occur in the creative sector (and perhaps in other sectors too). The participants started from similar situations, on paper: artistically strong; keen to start a business; very well supported; but all selling into very crowded markets and lacking business experience. Apart from George who never managed to start a business, the other creative graduates followed similar paths - David (serial); Edgar (portfolio); Fiona (linear) - and for broadly similar reasons, though with varying degrees of success. The portfolio approach has been identified by Ball ([2009](#_ENREF_2)) as being common in the creative sector. The ‘tipping points’ identified by Jayawarna *et al.* ([2007](#_ENREF_30)) seem to be replicated by creative graduates reaching a realisation that they needed to move on to employment, though it was not always recognised until later, For instance, for six weeks Andrew and his family were living in an isolated caravan in the Dales and the absence of broadband, and the physical isolation, caused the business a loss of momentum from which it never recovered. Within these paths, although Belinda ran freelance workshops in schools for a while, none of the others have taken up teaching in the way that was observed in musicians by Mason et al. ([2012](#_ENREF_35)). Some pondered the idea (Andrew, Colin) and Belinda reports that half her Graphic Design degree contemporaries are teaching.

These different types of pivot – taking the creative graduates beyond trying to be a creative entrepreneur and into further personal development steps, perhaps along an entrepreneurial path, suggest an extension to the initial model, shown earlier in figure 1, to encompass this second transition, as explained at the end of this main section. The transition to employment suggests potential links to the literature on employability, which is outside the scope of this paper.

***Analysis from GET test and Learning Styles questionnaire***

The GET[[12]](#footnote-12) test and the Learning Styles[[13]](#footnote-13) questionnaire has been used frequently by the lead author in business start-up training and these have also been utilized in the data collection. Andrew’s GET score hovered around the range 33-38, a mid-range score that may indicate flexibility between employment and self-employment. However, although his ‘reflector’ and theorist’ learning styles were high, his ‘activist’ score was very low indeed – which is consistent with his behaviour as a good technical learner but very slow to convert this ability into meaningful action. Belinda had consistently high GET scores (44-48), suggesting highly entrepreneurial behaviour. Her learning styles were almost diametrically opposite to Andrew’s – very high on activist and pragmatist, and very low on theorist and reflector. She won through by consistently pragmatic action, which is in line with her self-efficacious behaviour. Colin had fairly high GET scores (39-44) and was strong on all the learning styles. These scores suggested that he could be flexible in his personal development and business choices – as evidenced by him enjoying a couple of years as a retail store manager before university, and coping well with running his own business after university.

The scores for the other creative graduates were also broadly consistent with their observed behaviour suggesting that both assessments may have predictive value, but the sample is not large enough to say anything definitive on this.

## Why did they start and why did they fail?

All but Edgar started their business because they could not find employment in the creative sector or could only find unfulfilling jobs, as also found by Hussain et al ([2008](#_ENREF_29)). Hence they were probably much nearer to being ‘necessity’ entrepreneurs than ‘opportunity’ entrepreneurs. The literature on entrepreneurial intent (([Ajzen, 1991](#_ENREF_1)) and others) seems less relevant in this situation in which the main ‘attitude to the behaviour’ is avoidance of the alternative rather than a positive ‘pull’ to entrepreneurship. Their reasons for start-up are also similar to Ball et al.’s ([2010a, pp. 196-197](#_ENREF_3)) findings, including making full use of, and continuing to improve, their knowledge and skills, having a stable source of income and being able to pursue their creative practice. Their failure to achieve a stable income was the main reason for seeking waged employment, but only David completely abandoned his art (animation). Even George has recently bought a set of paints, after a four year lapse. Most creative graduates appeared to find running a business in the creative sector to be too daunting ([Ball, et al., 2010a](#_ENREF_3)). Indeed, by strict accounting criteria all the businesses were failures and none of them paid their owners the minimum wage – not even Edgar who is still in business and looks to be doing the right things to survive. Statistically, only 30% of start-ups survive beyond three years, which would be two out the seven creative graduate businesses and, therefore, that one has done so is not surprising. However, it could be argued that with the high levels of support (around £20,000 per creative graduate) a higher level of success would be expected. On the other hand, it is well known that succeeding in the creative sector is very difficult ([Ball, 2009](#_ENREF_2)).

Although there was some reference to having to switch identity from being a creative to being ‘businessy’ (to quote Belinda), it was not identified by any of them as a major issue. They had committed to making the switch, were well supported in making it, and were initially in a community of others making the same journey. If the outcome of the ‘failed’ business is that it has been a stepping stone to a fulfilling job, and they have learned from the experience, then it can be regarded as a valid step in their personal and professional development, as suggested by Spaeth and Komsala ([2008](#_ENREF_55)). Table 2 shows the researcher’s assessment of the outcomes. Overall, a good outcome for four creative graduates now well placed in employment and personal development terms – Andrew, Belinda, David and Edgar – whilst the other three are ‘under-employed’ and may have difficulty moving on from this unsatisfactory position unless they can correct some of their business weaknesses or, as Andrew has done, obtain suitable employment.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Creative graduate*** | ***Current personal development outcome*** | ***Desirability[[14]](#footnote-14)*** | ***Contribution of entrepreneurial learning to the outcome[[15]](#footnote-15)*** | ***Possible reasons for business failure.*** |
| Andrew | Web-site design job | Good outcome: plays on technical strengths | Medium | Low personal confidence.  Not able to find sales leads  Cushioned by ‘Jobseekers’ |
| Belinda | Marketing manager job | Good outcome: intrapreneurial freedom | High | Low website traffic  Idea not researched enough  Easy alternative found |
| Colin | Shelf-stacker job | Poor outcome: under-employed; not in music. | Low | Difficult sub-sector (music)  Spread too widely  Got bored with selling |
| David | Signage manager job | Good outcome: step in right employment direction | Medium | Team fell apart  Not embedded in the industry  Not excited by animation |
| Edgar | Still in business. | Good outcome: building a growing business | High | n/a |
| Fiona | Betting shop manager job | Medium outcome: job finances her art. | Low | Low personal confidence.  Not good at selling products  Cushioned by p/t family work |
| George | Food industry job | Medium outcome: found exciting new sector | Medium | Ideas very ambitious  Not good at selling his ideas  Not good at implementation |

Table 2: Researcher's assessment of the creative graduate personal development outcomes

The reasons for failure reflect many of those found in the literature: competition and inexperience ([Cox, 2006](#_ENREF_11)); difficult markets, unavailability or poor use of specialist mentors, and little familial entrepreneurship ([Smith, et al., 2011](#_ENREF_54)); limited entrepreneurial maturity ([Nabi, et al., 2010](#_ENREF_43)). Some of the other reasons other authors found, for instance lack of finance or of support, were not relevant as each creative graduate received generous financial and mentoring support. McElwee and Rae ([2008](#_ENREF_37)) classified rural creative entrepreneurs based upon their ‘business’ and ‘creative’ strategic growth orientations. In table 3 the creative graduates are placed according to their growth aspirations – which are very different in some cases from their achievements. For instance, both George and Colin had high growth orientations, but were unable to realise them, raising the question of why the shortfall occurred. With George, it appeared to be mainly lack of project implementation skills, and with Colin a

very demanding creative sub-sector (music).

|  |  |  |
| --- | --- | --- |
|  | **LOW CREATIVE**  **Growth orientation** | **HIGH CREATIVE**  **Growth orientation** |
| **HIGH BUSINESS**  **Growth orientation** | **Entrepreneurial Manager:** Active business growth  Limited creative development   * *Belinda* * *George* | **Creative Entrepreneur:**  Active business growth  High creative development   * *Colin* * *Edgar* |
| **LOW BUSINESS**  **Growth orientation** | **Static:**  Replacement income business   * *David* | **Creative practitioner:**  Creative fulfilment/ lifestyle   * *Andrew* * *Fiona* |

Table 3: Creative and Growth orientations of the creative graduates. Based on McElwee and Rae (2008)

Rea’s ([2004a](#_ENREF_45)) ‘practical model of entrepreneurial learning’ is not fully relevant at this stage of the creative graduates’ business progress, but one element that he identified seems to explain some of the shortfalls between expectations and achievement. David, Andrew and Fiona were all very weakly embedded in the business community and so lost opportunities to learn from customers, suppliers, competitors, collaborators and support agencies and, in the same way, lost opportunities to sell their products. George was also weak in this area in that, although he was well embedded in the start-up and business finance community, he was not so well linked to the markets that his services would operate in, so his ideas were not well grounded. None of Beaven’s strangely shaped ‘nascent journeys’ ([Beaven, 2012](#_ENREF_6)) were evident in the creative graduates’ nascency paths, except perhaps that Belinda and Colin had conducted a few informal projects before committing to start-up. They were all probably influenced (or even constrained) by the business start-up programmes they were on, which steered them through the conventional routes of ideas generation, business planning and start-up. The ‘messiness’ came later when they tried to implement the business plans and discovered that it’s a lot harder in real-life.

Their response to these business difficulties was, for nearly all of them, a gradual realisation that they needed to make a second transition to a more financially stable situation – an escape from entrepreneurship and into employment, as illustrated in figure 3.

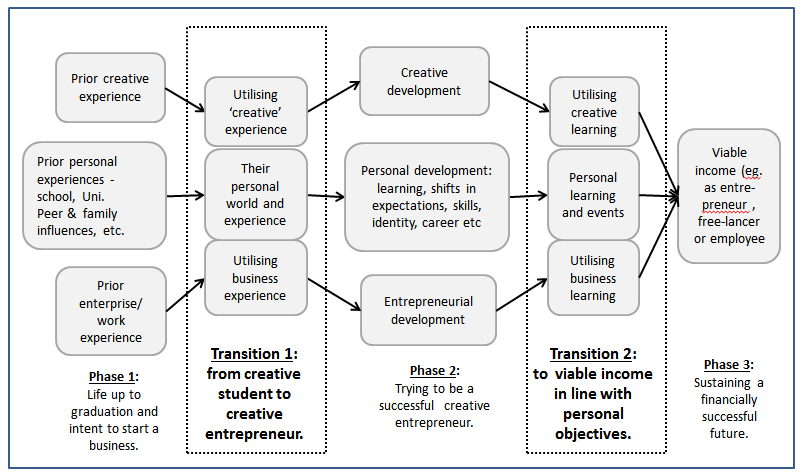


Figure 3: The two key transitions in creative graduate personal development

Future research could follow them all for longer to see how their personal development progresses and whether they exhibit an entrepreneurial journey or settle for long-term employment.

# CONCLUSIONS, IMPLICATIONS, LIMITATIONS AND SOME FUTURE DIRECTIONS

The research has demonstrated the value of a longitudinal qualitative approach to investigating the parallel business, artistic, and personal development of graduate entrepreneurs and has identified how their attempts to start a business may be regarded as part of their longer term personal development, which may be (partly) entrepreneurial. The six-monthly semi-structured interviews worked well, permitting the researcher to remain fairly detached from the participants. The amount of data collected was large, as the research question was very open-ended, and a more focussed approach would have saved a lot of time, but might have missed some of the illuminating detail.

Analysis using the three ‘threads’ (personal, business and art) helped to structure and analyse the interview material and also lent itself to visual presentation of the data. In their ‘business’ thread, it was shown that it is difficult for young inexperienced graduates (novices) to establish a successful creative business, especially if measured in financial terms. Events in their ‘personal’ threads, especially acquiring a family, had a big impact on their business/personal development decisions, as might have been expected for people in their twenties. Their ‘artistic thread’ took second place to personal development or business issues and was completely abandoned in some cases. In others, it became a hobby rather than a source of income.

The first transition from ‘creative student’ to ‘creative entrepreneur’ was followed by a more painful and difficult transition to financial stability usually based on employment. Their struggles with the initial business were often a useful ‘learning experience’ which was a positive help to several of them in moving forward in their further personal development as illustrated in figure 3. Their ‘employability skills’ were enhanced and some were able to acquire a satisfactory and stable period of graduate employment. Taking a longer view, the agencies supporting creative graduates ought to think of the business start-up as the first step in a longer personal development and employment journey (which might or might not be entrepreneurial), rather than an end in itself.

The unexpected outcome of the research was a wealth of data about early business failure – its causes and its consequences – which is an area that most scholars find hard to research ([Cope, 2011](#_ENREF_9); [Cope et al., 2004](#_ENREF_10); [Headd, 2003](#_ENREF_25); [Rogoff et al., 2004](#_ENREF_48); [Sarasvathy et al., 2002](#_ENREF_51); [Shepherd, 2004](#_ENREF_53); [Stokes et al., 2002](#_ENREF_56); [Ucbasaran et al., 2013](#_ENREF_57); [Ucbasaran et al., 2011](#_ENREF_58); [Ucbasaran et al., 2010](#_ENREF_59)) due to the difficulty of finding cases, and the retrospective nature of the data collection. The study unexpectedly followed six real-time business failures from inception to closure.

In terms of limitations, the small sample size limits the generalizability of the results of this research, as has already been mentioned, but so do the selection criteria. The creative graduates were deliberately chosen as representatives of a very specific group – young and inexperienced creative graduates who would, therefore, have the steepest learning curves to climb. A more experienced, more mature, or more business-oriented group might have had very different outcomes. The results are thus not to be taken as typical of creative graduates as a whole.

The research was designed to minimise the effect of the researcher and on the rare occasions when influence did occur, or advice was given, it was in support of their business start-up endeavours rather than employment. The almost universal shift to employment therefore suggests that the researcher had little influence on their personal development outcomes. Further research should be conducted on the second transition and its implications for graduate business, employability skills, and support for personal development. Hypothetically, therefore, some graduates might learn entrepreneurially from their failure and build a ‘stream’ of experience ([Westhead, et al., 2004a](#_ENREF_61)), thus building their human capital reserves in the form of experience as they progress from being novices, acquiring competence, to become more expert and could, resultantly, at some point in the future establish a successful creative new venture.

There may also be scope for exploring the data for implications for the design of entrepreneurship education (before or after graduation) and business support and for regional policy and government entrepreneurship education promotion which puts great store by supporting young graduates to establish ventures as novice entrepreneurs before they have gained industry experience.

**ACKNOWLEDGMENTS**

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1. The term ‘business owner’ is used in this paper to describe a self-employed person who aspires to grow their business and take on employees, as distinct from a ‘freelancer’ who expects to be without employees. [↑](#footnote-ref-1)
2. ‘Self-employment’ is a term that covers several business structures including sole traders, partnerships and limited companies. ‘Business owners’ and ‘freelancer’ are subsets of the self-employed.. [↑](#footnote-ref-2)
3. The term ‘business’ in this paper includes both self-employment and employment activities. [↑](#footnote-ref-3)
4. The terms ‘art’ and ’artistic’ are used to refer to their creative specialism – e.g. music design or graphic art. [↑](#footnote-ref-4)
5. The term ‘personal development’ includes their occupational choice between waged employment and self-employment. [↑](#footnote-ref-5)
6. ‘a person who is now trying to start a new business, who expects to be the owner or part owner of the new firm, who has been active in trying to start the new firm in the past 12 months, and whose start-up did not have a positive monthly cash flow that covered expenses and the owner-manager salaries for more than three months’ ([GEM, 2007](#_ENREF_22)). [↑](#footnote-ref-6)
7. Student Placement for Entrepreneurs in Education [↑](#footnote-ref-7)
8. Co-operative competition, which occurs when companies interact with partial congruence of interests. [↑](#footnote-ref-8)
9. Enterprise Development Programme (EDP), New Entrepreneurs Scholarship (NES), or DigitalCity Fellowship schemes. [↑](#footnote-ref-9)
10. The code in brackets provides the audit trail back to the original transcript [↑](#footnote-ref-10)
11. The terms ‘linear’, ‘serial’, and ‘portfolio’ refer to the patterns of business development, as described in the text. [↑](#footnote-ref-11)
12. Durham ‘General Enterprising Tendency’ test ([Caird, 1991](#_ENREF_7)). [↑](#footnote-ref-12)
13. Honey and Mumford ‘Learning Styles’ questionnaire ([Honey et al., 2000](#_ENREF_28)). [↑](#footnote-ref-13)
14. Based on income level and enjoyment of the job, as reported by the creative graduates [↑](#footnote-ref-14)
15. Based on analysis of the transcripts [↑](#footnote-ref-15)