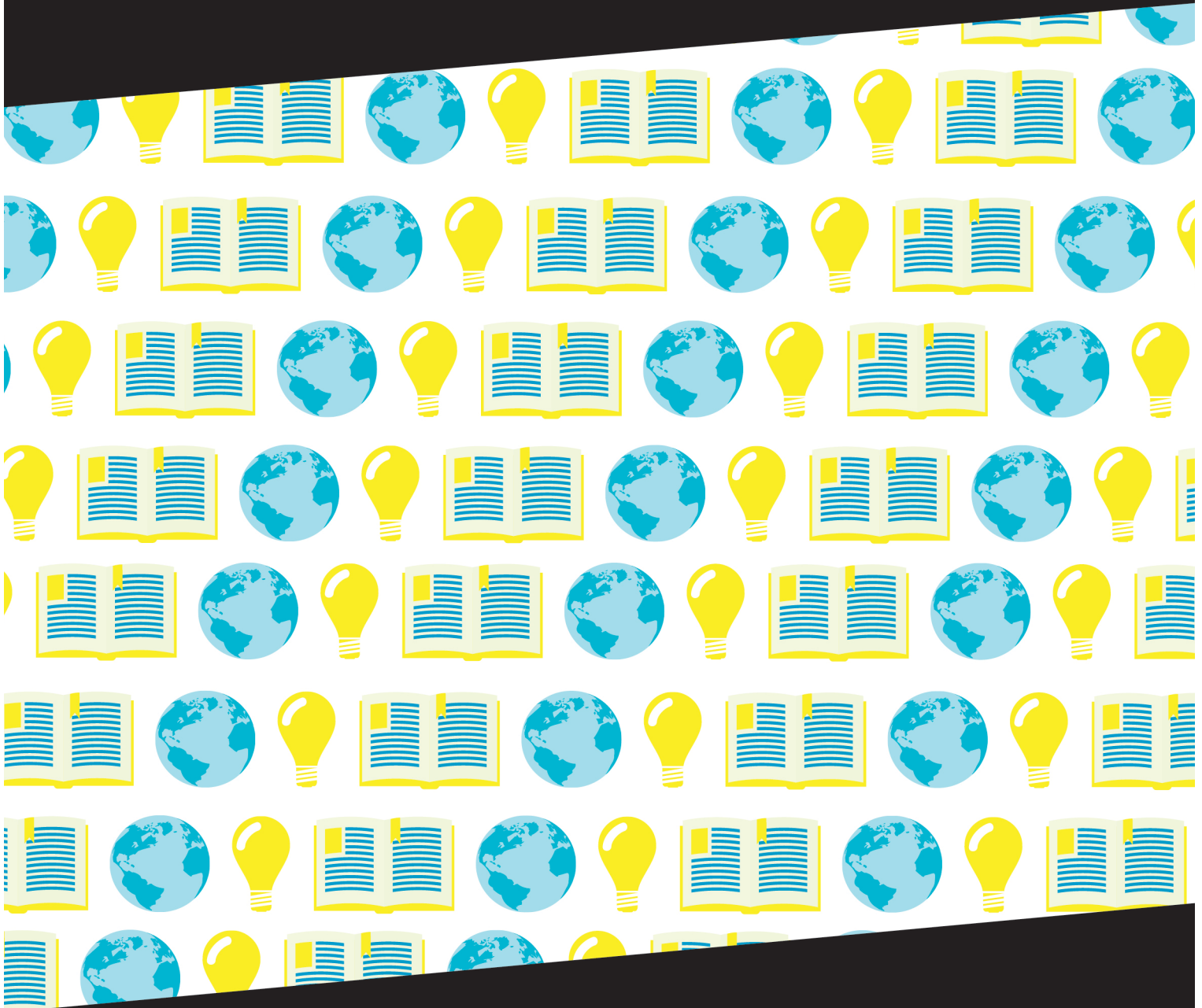


# Made in the UK:

Unlocking the Door to International Entrepreneurs



## Foreword by Lord Bilimoria of Chelsea, CBE, DL



When I first came to the United Kingdom as a young student from India in the early 1980s, entrepreneurship was looked down upon. Back then, the word “entrepreneur” conjured up images of Del Boy and dodgy second-hand car salesmen. Thankfully, in recent years attitudes towards entrepreneurship have been transformed beyond recognition.

Today, we admire the men and women willing to take the risk of starting their own businesses, and we readily celebrate those who are successful. Across our society, an increasing number of people want to be entrepreneurs – particularly the young. And our universities are no longer just training grounds for the professions – the brightest young minds now dream of starting their own business. I came up with the idea for my own business, Cobra Beer, while studying Law at Cambridge, and since starting from scratch over two decades ago we have been able to build Cobra Beer into a household name in the UK.

My story is just one of thousands and this report by the National Union of Students and The Entrepreneurs Network (TEN)

shows the tremendous talent that international students bring to the UK and the enormous appetite they have to start their own business. But the report sets out a number of key recommendations that must be adopted if the UK is to benefit from their dynamism.

The facts speak for themselves. Although 42% of current international students profess an intention to set up their own businesses following graduation, only 14% wish to do this in the UK. Support from universities is also seen in a poor light, with over a third wanting more positive and direct support from their institutions. As Chancellor of the University of Birmingham, I am aware of the fantastic work that organisations such as our Business School are able to do. Similarly, in my role as one of the first two Visiting Entrepreneurs at the University of Cambridge, I have also seen the groundbreaking work achieved by the Centre for Entrepreneurial Learning (CfEL). However, as the report shows, we have to do much more as a nation in order to help international students realise their potential.

As ever, it is the government’s attitude to immigration and student visas that is the most damning. Many students, as reported by the NUS in February’s *Don’t Shut the Door on International Students*, continue to feel a sense of alienation from the government, and we must continue to press for a more welcoming and attractive environment. It is also damaging that the government continues to include international student numbers within the immigration figures, although the whole notion of an immigration cap is harmful. The reintroduction of the Post-Study Work Visa for postgraduates – an initiative I spearheaded in the House of Lords – is rightly seen as a vital policy.

The British public is largely in favour of giving international students the opportunity to make their mark on our country. In a nationally representative poll by ICM, 75% of people were found to believe that international students should be allowed to stay and work in Britain after graduating from British universities, using their skills to benefit our economy, for at least a period of time. In addition, the report recommends that the government should enhance opportunities for qualified international graduates to stay in the UK to work and contribute to the economy.

Through my involvement in UK Trade and Investment's Sirius Programme – a new initiative aimed at attracting young entrepreneurs from abroad – I'm convinced that international students can build and grow potentially world-leading new businesses here in Britain. The entrepreneurs are ready and waiting to contribute to our economy, so we must make sure that we don't let them slip through the net.

The National Union of Students has been fighting for the rights of thousands of international students for many years, and it's good to see them unite with The Entrepreneurs Network, a think tank campaigning for policies to make it easier to start and grow a business. I hope that policy makers and ministers heed and implement the recommendations in this excellent report in full.



Lord Bilimoria of Chelsea, CBE, DL  
*Founder and Chairman of Cobra Beer and  
Chancellor of the University of Birmingham*

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# Executive Summary

In the 2012/13 academic year, there were close to 300,000 non-EU students studying at UK universities. Some will no doubt go on to become entrepreneurs, but until now little has been done to uncover their intentions and experiences of starting a business. This report, conducted by NUS in partnership with The Entrepreneurs network (TEN), is the first significant attempt to survey international students' views on entrepreneurship. Its findings and subsequent recommendations aim to encourage policy makers to consider the challenges faced by the current visa system, with a particular focus on the Tier 1 (Graduate Entrepreneur) visa, as well as encourage the UK education sector to better support international students with entrepreneurial ambitions.

The findings show that more must be done if we want to encourage international graduate entrepreneurs to start their businesses here in Britain. The restrictions to post-study work and failure of the Tier 1 (Graduate Entrepreneur) visa route mean we risk losing talent and inhibiting economic growth if we maintain the status quo.

As international student numbers in UK Higher Education fall for the first time in over three decades and the Tier 1 (Graduate Entrepreneur) visa also fails to reach expectations, this report suggests there are numerous factors that may be behind the low numbers of international graduates from UK universities starting a business here. Based on the views of 1,599 international student respondents, key findings include:

- Although nearly half, 42%, of international students intend to start up their own business following graduation, only 33% of these students, or 14% of the total, want to do so in the UK.
- Students studying creative subjects make up the largest group of those who want to start a business in the UK (22%).
- Only 17% of students that wanted to start a business thought their institution offered enough specific entrepreneur or enterprise advice and guidance.
- Less than half (46%) of respondents think their institution is certified to endorse them for a Tier 1 (Graduate Entrepreneur) visa, while 43% are not sure, despite 101 of the 163 UK Universities being certified by the Home Office.
- Only 20% of respondents with entrepreneurial aspirations have considered applying for the UK Tier 1 (Graduate Entrepreneur) visa.
- Just 2% of respondents intending to start a business following graduation applied for the UK Tier 1 (Graduate Entrepreneur) visa, with almost two thirds, 62%, saying they didn't even consider it.
- Only 18% think that the UK has better post-study processes in place for international students than other countries; 32% think it is worse than other countries.
- 81% of the respondents considering starting their own business are interested in the possibility of permanent residency under the Tier 1 (Graduate Entrepreneur) visa.

**Recommendation 1:** The UK government should increase opportunities for international graduates who wish to stay in Britain to develop a business during study by removing the Tier 4 ban on self-employment for those working within an institutional programme (curricular or co-curricular) or other accelerator.

**Recommendation 2:** Students from different subject areas indicated they would require different levels of finance to start their business. We recommend the financial requirements for the Tier 1 (Entrepreneur) visa, which graduates will need to continue their business in the UK after the Tier 1 (Graduate Entrepreneur) visa, should be tailored to reflect the financial needs of different sectors. Standard amounts of £50,000 and £200,000 are not reflective of the diverse costs of starting businesses in different sectors.

**Recommendation 3:** Increased guidance and support at an institutional and governmental level should be directed toward those studying creative subjects and skilled trades. These are the areas where students encounter the greatest difficulty obtaining a Tier 2 visa due to the close link between their working patterns and self-employment.

**Recommendation 4:** Following the success of the Sirius programme – which offers a fast-track scheme for teams of graduate entrepreneurs who are based in accelerators across the country – UKTI-approved accelerators should be permitted to endorse international students in their programmes under the Tier 1 (Graduate Entrepreneur) scheme. UKTI should consider expanding the number of approved accelerators to reflect the demand from international students.

**Recommendation 5:** As our survey finds, enthusiasm for entrepreneurship declines as study progresses. As such, educational institutions should offer their international students specific business mentorship and guidance to develop student business ideas within their programme of study.

**Recommendation 6:** The UK government should devote more time and resources to the promotion of the UK as a welcoming place to both study and become an entrepreneur. This should include more information for prospective and current students about the entrepreneur visa routes available.

**Recommendation 7:** The risk for educational institutions in endorsing international graduates for Tier 1 (Graduate Entrepreneur) visas should be de-coupled from institutions' Tier 4 licence. This should be made explicit in the official Home Office guidance and in the way the Home Office applies its audit procedures for institutions. This is vital for encouraging more universities to promote and support students.

**Recommendation 8:** Public colleges should be welcomed into the Tier 1 (Graduate Entrepreneur) visa scheme and the scheme should be open to those who study skilled trades and technology at the further education level, as both lend themselves to entrepreneurship.

**Recommendation 9:** Many students would benefit from more time and experience prior to starting a business. To this end, the UK government should reinstate a post-study work visa, de-coupled from the sponsor system, to allow international students to explore markets and industry before finalising their business idea for the Tier 1 (Graduate Entrepreneur) application. This will go a long way to ensuring students' business ideas meet the requirement of being "credible and innovative".

# About the Research



# Introduction

The survey has been conducted by the National Union of Students (NUS) in partnership with The Entrepreneur's Network (TEN) and explores international students' experiences and opinions regarding their entrepreneurial aspirations while studying in the UK. It addresses the current policies impacting international students who want to start a business in the UK, and includes a comparison with other key countries. It is aimed at both policy makers and educational institutions looking to improve the experiences of those international students seeking to start a business in the UK.

This report is divided into four main sections. The first section explores the motivations and expectations of international students studying in the UK. The second section examines their entrepreneurial ambitions. The third section looks at the support needed for students who wish to start a business. The final section looks at students' overall perceptions of the UK.

The rationale behind this research was the recent legislative changes to the international student visa system in the UK, and in particular to entrepreneur visa opportunities. Following the closure of the Tier 1 (Post-Study Work) visa category, which allowed non-EEA graduates to seek and obtain employment for up to two years in the UK, Tier 4 students now need to find employment with a Tier 2 (General) Sponsor or obtain a Tier 1 (Graduate Entrepreneur) visa or Tier 1 (Entrepreneur) visa before the expiry of their current visa to remain in the UK. Tier 2 is stringent in the type of work that can be undertaken and at what pay, which has limited the opportunity for international students who wish to gain experience working in a UK business before beginning their own.

For those who wish to set up or run a business in the UK, there are only two available routes: the Tier 1 (Entrepreneur) visa, and the Tier 1 (Graduate Entrepreneur) visa. The latter requires endorsement by a UK higher education institution or more recently UK Trade and Investment under its Elite Global Graduate Entrepreneur programme, the Sirius Programme.

The challenge for the Tier 1 (Graduate Entrepreneur) route has been take-up. It received only 135 applications and provided only 119 visas in its first year of operation.<sup>1</sup> Despite altering the requirements so students require only "genuine and credible" instead of "world-class" business ideas, in 2013 take up of the visa continued to be well below expectations.<sup>2</sup>

The government closed the Tier 1 (Post-Study Work) visa route in order to restrict international students to "temporary migration" instead of permanent settlement status – by ensuring non-EEA nationals moved into skilled rather than low-skilled occupations, and preventing open access to the UK labour market at a time of perceived high unemployment for UK graduates. Its removal has had a significant impact on the number of international students accessing employment in the UK post-graduation. Tier 2 figures for 2013 show a 70% drop compared to the final year of Tier 1 (Post-Study Work) visas.<sup>3</sup>

<sup>1</sup>Times Higher Education (2013) "Just 119 Graduate Entrepreneur Visas granted in 12 months" <http://www.timeshighereducation.co.uk/news/just-119-graduate-entrepreneur-visas-granted-in-12-months/2007861.article>. Accessed 18 August 2014.

<sup>2</sup> HC Deb, 8 September 2014, c465W [http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm140908/text/140908w0002.htm#140908w002.htm\\_wqn64](http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm140908/text/140908w0002.htm#140908w002.htm_wqn64). Accessed on 02 October 2014.

<sup>3</sup> Office of National Statistics (2012) "Work data tables Immigration Statistics January-March 2012" <<https://www.gov.uk/government/statistics/immigration-statistics-january-to-march-2012>> Accessed 13 August 2014; Home Office and UKV&I (2013) "Statistics – Extensions of stay by previous category." <https://www.gov.uk/government/publications/extensions-of-stay-by-previous-category/extensions-of-stay-by-previous-category#tier-2-skilled-workers> Accessed 13 August 2014.



The Tier 1 (Post-Study Work) visa allowed students to work within a field and establish themselves financially in preparation for starting a business. They would then switch to the Entrepreneur visas available.<sup>4</sup>

This report shows that recent immigration reforms have shut the door on international students with ambitions to start a business in the UK. To turn this around, reforms need to be made to the Tier 1 (Graduate Entrepreneur) visa route. Educational institutions should also improve the support they offer students. Ultimately, the UK government should reinstate a post-study work opportunity de-coupled from the sponsor system. Without a considerable change in the existing system for international student entrepreneurs we will continue to train the best and brightest, only to have them start their business outside the UK. They will become the global competitors of UK business, rather than the next generation of great British entrepreneurs.

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<sup>4</sup>Newland Chase, "Is the UK destroying Entrepreneurship when we need it most?" [http://www.newlandchase.com/nc\\_blog/article/is\\_the\\_uk\\_destoying\\_entrepreneurship\\_when\\_we\\_need\\_it\\_mos\\_t](http://www.newlandchase.com/nc_blog/article/is_the_uk_destoying_entrepreneurship_when_we_need_it_mos_t), Accessed 18 August 2014.

# Research Findings

# Motivations and Expectations

## Motivations for Studying in the UK

Students were asked to choose the top five reasons why they chose the UK as a place to study (see Figure 1). Almost two thirds of respondents (62%) wished to study in the UK because of the perceived quality of education. In addition, just under half (47%) indicated they felt it would improve their opportunities in the global job market and the same proportion wanted to experience living and studying in a different culture.

**Figure 1: Reasons for studying in the UK**

Why did you choose to study in the UK?	
The quality of education in the UK	63%
To gain a different cultural experience	47%
Improve my job prospects globally	47%
Opportunity to work in the UK after my studies	37%
Improve my job prospects back home	32%
To build up links with people from around the world	32%
Improve my job prospects in the UK	21%
To improve my English	18%
To build up links with people in the UK	15%
Other	5%

Base: 1,599 respondents

## Gaining Work and Market Experience

Of those permitted to work in the UK, 70% have either worked, or intend to, while studying in the UK. Indeed, around 88% would be attracted to some term of work placement relevant to their subject area with an employer in the UK; almost half would be interested in this work experience for a term of one year. This is not surprising, since 61% of students stated they also required additional work experience to achieve an accreditation from a UK professional body to complement their degree. Work experience also features in post-study work, with 70% of students indicating they would like to work in the UK following graduation, and 48% of students doing so with no intention to make the UK their permanent home. However, over half of the students who would like to work in the UK following graduation feel it will not be easy to obtain work in their chosen area.

## Barriers to Self-Employment

Of course, self-employment, or setting up a business, could enable these students to secure work in their chosen area. Yet, according to submitted open comments, many are held back by the fact that they cannot start a business or be self-employed while studying. If they do find work elsewhere, they can only take it if offered a zero hours contract through an employer.

The survey results support anecdotal evidence and similar research showing that international students are increasingly looking for an opportunity for meaningful temporary work experience in a host country. Data from the International Student Barometer (ISB) and this survey suggest employability is a major contributing factor to international student satisfaction.<sup>5</sup>

<sup>5</sup> I-Graduate. (2011) "Understanding Student Expectations and National and International Best Practice." Presentation to the AGCAS Conference 2011.

However, while some students might be able to gain industry experience through part-time work, potential entrepreneurs are hindered by current Tier 4 restrictions on self-employment. Enterprise skills need to be practiced, and business ideas take time to develop. The government needs to use the established sponsor system to allow international students to work on their business prior to application. This may mean creating a pre-application period where they will not violate the terms of their Tier 4 visa by working on their business. Alternatively, it could involve incorporating a post-study period into the length of their permitted stay where ideas can be tested and nurtured for better success.

**Recommendation 1:** The UK government should increase opportunities for international graduates who wish to stay in Britain to develop a business during study by removing the Tier 4 ban on self-employment for those working within an institutional programme (curricular or co-curricular) or other accelerator.

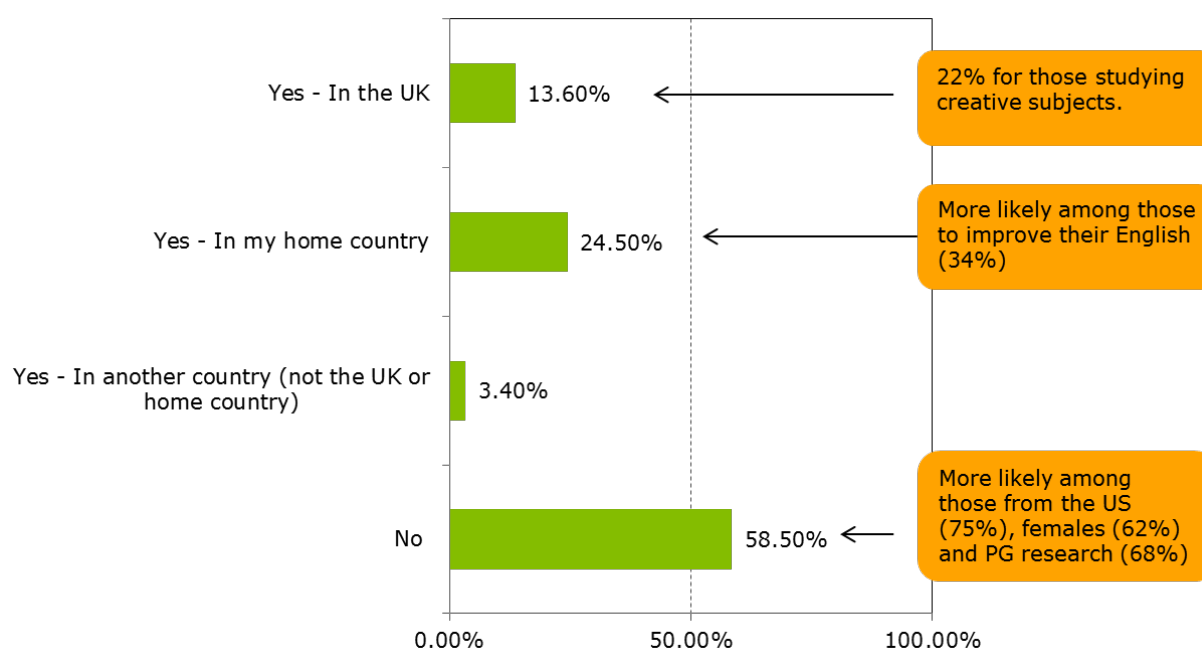
# Entrepreneurial Ambitions

## Plans to Start a Business Post-Graduation

Although 42% of respondents stated they planned to set up a business following graduation, just 14% of the overall sample said that they want to do this specifically in the UK – that is 33% of the total that want to set up a business. Those studying creative subjects are more likely to plan to set up a business in the UK. As Figure 2 demonstrates, a quarter of respondents have plans to set up a business in their home country (25%), while 59% currently have no plans to start a business – particularly respondents from the US, females, and those studying at a Postgraduate Research level.

**Figure 2: Plans for setting up a business**

**Do you have any plans to set up your own business after graduation?**



Base: 1599 respondents.

The small proportion of those planning on setting up a business in the UK could be a result of the lack of understanding of the visa process. A third of respondents (33%) are not at all confident that they are aware of and understand all the regulations to start a business in the UK. This is particularly evident for female respondents and those from the US. Those undertaking business subjects were found to be more confident than those studying the sciences or creative subjects.

When applying a country comparison to the above evaluation we find that students from some of the UK's largest recruiting areas (China, India, Nigeria, USA, Malaysia<sup>6</sup>) are just as likely to express an interest in starting a business here as they are elsewhere in the world. Students from China are just as likely to want to start a business in the UK (18%) as they are in another country (19%) and only slightly less likely to start one at home (13%). Students from India, a

<sup>6</sup> UKCISA. (2012-2013) "Top Non-EU Sending Countries".

[http://www.ukcisa.org.uk/Info-for-universities-colleges--schools/Policy-research--statistics/Research--statistics/International-students-in-UK-HE/#International-\(non-UK\)-students-in-UK-HE-in-2012-13](http://www.ukcisa.org.uk/Info-for-universities-colleges--schools/Policy-research--statistics/Research--statistics/International-students-in-UK-HE/#International-(non-UK)-students-in-UK-HE-in-2012-13) Accessed on: 02 October 2014

country that has seen fewer applications to UK educational institutions in the past two years, are also just as likely to want to start their business in the UK (14%) as in another country (13%). Students from the United States are less likely to want to start a business in an unfamiliar country (5%) than they are in the UK or at home (11% respectively). This suggests that international graduate entrepreneurs are on the whole a highly mobile group, willing to look overseas for the best location for their businesses.

### **Students' Subject Background and Target Industries**

Two-thirds of those respondents planning to set up a business in the UK come from three areas of study: business and administrative studies (27%), creative arts and design (27%) and engineering (14%). Other subjects lie far behind, with 5% or less. Engineering and creative arts and design students also say they are more likely to set up in the UK than in their home country.

Students were asked what industry they wanted to start a business in. Over 50% of graduates wanting to start a business wanted to do so in these eight main industry areas:

- Manufacturing
- Hotels and Restaurants
- Financial activities
- Property development and management
- Education
- Health
- Other community, social and personal
- International organisations

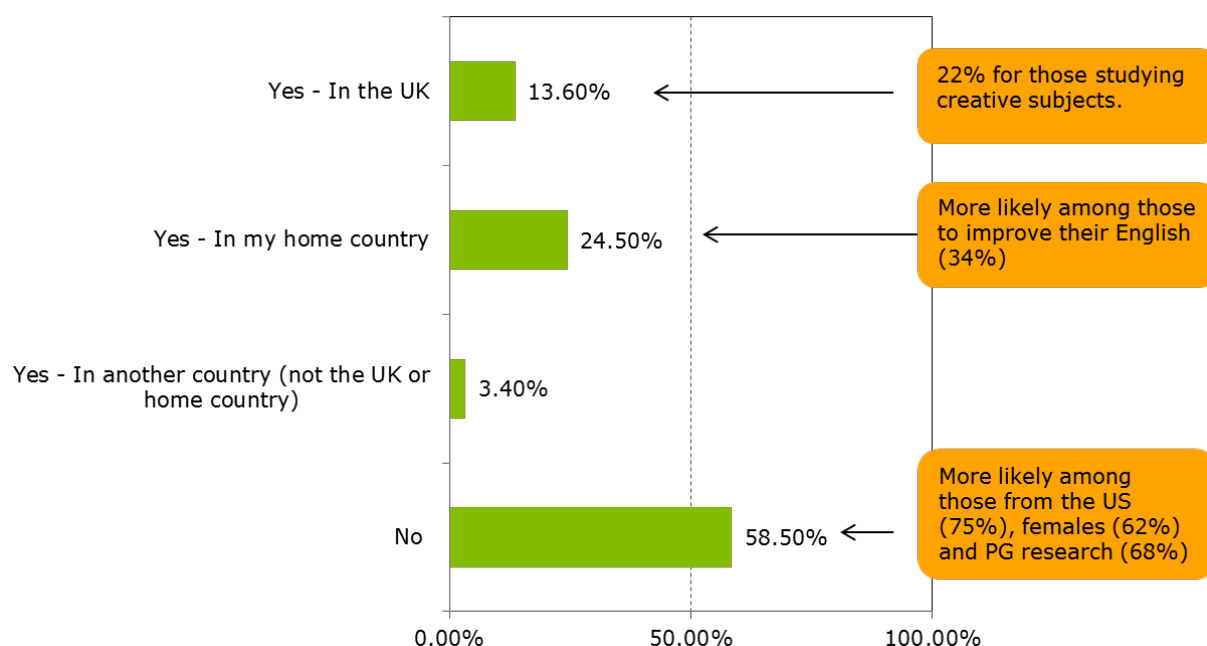
However, the largest single group of respondents planning to set up a business say they're unsure what area of business they want to operate in or have ideas outside the areas listed.

There is often a link for students between their area of study and their business interest area, but not always. For example, almost half of those wanting to set up in manufacturing are from an engineering background (45%), but 35% are from business and administrative studies, and 13% from creative arts and design. Also, 40% of students studying subjects linked to medicine wanted to set up a business in a health-related field.

Business and administrative studies is the single biggest contributing subject area for those wanting to set up in hotels (42%), finance (60%), property development and management (63%), other commercial social and personal (26%), international organisations (44%), and those who are unsure what they want to set up (24%). Creative arts and design students are clearly thinking outside the box, and make up 23% of those wanting to set up "other community social and personal" businesses and 38% of "other" businesses.

### **Plans on Using Tier 1 (Graduate Entrepreneur) Visa**

Just 2% of respondents have applied for the UK Tier 1 (Graduate Entrepreneur) visa – with almost two thirds claiming it didn't factor in their consideration (62%). Those studying science subjects are less likely to have considered the visa than those in business or creative subjects. Despite recent changes to immigration rules (to allow students to begin working on their business from the point of application to the Tier 1 (Graduate Entrepreneur) visa), those who have applied to the visa are more likely to have already graduated. This suggests that there may be little value for students in this visa rule change.

**Figure 3: Consideration of the UK Tier 1 Visa**

The findings suggest that the current “one size fits all” approach for the Tier 1 (Graduate Entrepreneur) visa is inappropriate given students’ diverse subject backgrounds and the range of industries and sectors in which they plan to start a business. The requirements needed for creative arts students looking to set up a community or social project will differ significantly from engineering students going into the manufacturing industry. The government should take these differences into account, and look to change the financial requirements for the Tier 1 (Entrepreneur) visa depending on the applicant’s industry and sector area. This will guarantee students an investment that is both longer-term, and tailored to fit their business.

It is also clear that more needs to be done to retain international entrepreneurs. As mentioned, while 42% of respondents are keen to set up a business following graduation, just 33% of these, or 14% of the total, want to do this in the UK. Further evidence suggests that many international graduates of the key recruitment areas for the UK are looking internationally to start their business; many others are more likely to be lured back home.

The UK needs to widen its appeal to international students, as it is just one option on a list of many possible countries for graduates considering where to start their business. The extent of international competition is made clear in Appendix II, which compares visas available for international student entrepreneurs with the UK’s top five competitors, and top two competitors in Europe. The potential impact of this competition should also be considered in the context of a recent Hobson’s survey of 70,000 prospective international students who had enquired to UK universities: 88% of respondents said that they might switch destination country if visa regulations are tightened.<sup>8</sup>

**Recommendation 2:** Students from different subject areas indicated they would require different levels of finance to start their business. We recommend the financial requirements for the Tier 1 (Entrepreneur) visa, which graduates will need to continue their business in the UK after the Tier 1 (Graduate Entrepreneur) visa, should be tailored to reflect the financial needs of different sectors. Standard amounts of £50,000 and £200,000 are not reflective of the diverse costs of starting businesses in different sectors.

<sup>8</sup> Hobsons. *Competing Globally: Understanding the Decision Making Processes of Prospective International Students*. [http://www.hobsons.com/uploads/documents/hobsons\\_international\\_student\\_decision\\_making.pdf](http://www.hobsons.com/uploads/documents/hobsons_international_student_decision_making.pdf). Accessed on: 25 September 2014.



# Support Needed

## Time and Capital Needed

Figure 4 indicates that respondents looking to set up their own business (in the UK or elsewhere) most commonly do not know how long it will take them to set up (30%). This is particularly the case for those studying science subjects (40%). Just under a quarter believe it will take between six months and one year (23%).

**Figure 4: Time needed to set up business**

Approximately how much time do you think you would need to set up your business in the UK after you graduate?	
Less than 6 months	10%
Between 6 months and one year	23%
Between one year and two years	18%
Between two years and three years	11%
Three years or more	9%
I don't know	30%

*Base: 664 respondents. Balance: Those with no plans to set up a business*

Nearly a third of respondents looking to start their own business also appear unsure of how much capital is needed for a start-up (Figure 5), with 30% claiming not to know. This is less likely among those studying business subjects. However, there is no common expectation of how much it will actually cost.

**Figure 5: Capital needed to set up business in the UK**

Approximately how much financial capital do you estimate you would need to establish your business in the UK?	
Less than £1,000	2%
£1,000-£10,000	15%
£10,000-£20,000	15%
£20,000-£30,000	16%
£30,000-£50,000	12%
£50,000+	12%
I don't know	28%

Base: 664 respondents. Balance: Those with no plans to set up a business

### Institutional and Wider Support Needed

The most common form of support that respondents who wanted to start a business said they would find useful is the opportunity to meet and network with other businesses (19%), as shown in Figure 6. However, 16% of respondents do not know what specific kind of support they would find useful (although business students have less uncertainty on this).

**Figure 6: Useful support**

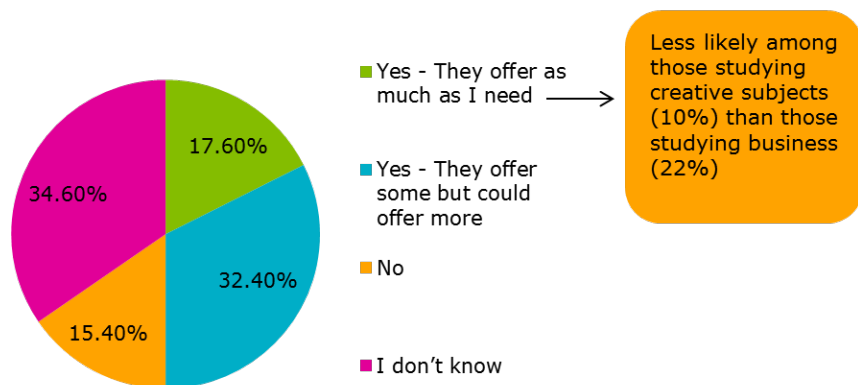
Of the following forms of support, which ONE would be the most useful in establishing your business?	
The opportunity to meet and network with other businesses in my industry	19%
Small startup loans	17%
The opportunity to develop my business idea as part of a university/college sponsored programme additional to my course	17%
A business mentor	16%
I don't know	16%
The opportunity to develop my business idea as part of my course	11%
None, I do not need any extra support	3%
Other	1%

Base: 664 respondents. Balance: Those with no plans to set up a business

Less than half (46%) of respondents think their institution is certified to endorse them for a Tier 1 (Graduate Entrepreneur) visa, while 43% are not sure. As Figure 7 shows, only 18% of respondents think their institution offers enough specific entrepreneur or enterprise advice.

**Figure 7: Entrepreneur or enterprise advice**

**Does your College/University offer any specific entrepreneur or enterprise advice and guidance?**



Base: 664 respondents. Balance: Those with no plans to set up a business

The findings suggest that international student entrepreneurs need more support and more time to set up their business. Almost two in five indicated that they would need years, not months, to build a business idea they feel would be “credible” enough for the application process. This is perhaps a result of juggling the responsibilities of being a full-time student and gaining knowledge in their field. The application for the Tier 1 (Graduate Entrepreneur) visa, along with the supporting funds, must be submitted before their study leave ends, creating a near-impossible situation for many students.

Educational institutions can also do more. Only 18% of students that wanted to start a business thought their institution offered enough specific entrepreneur or enterprise advice and guidance. Educational institutions play a significant role in the Tier 1 (Graduate Entrepreneur) visa route, as applications with an endorsement from a UK higher education institution gain an automatic 25 of the 95 points required for the visa. Without an institution-based system for identifying and supporting enterprise, many international students will miss out on this opportunity to contribute back to the UK.

It is also imperative that endorsed institutions actively promote the availability of this visa route and signpost the accompanying support services as early as possible in the academic year. As this research has shown, those studying creative subjects are more likely to plan on setting up a business in the UK than from other discipline groups. Educational institutions can therefore ensure that this cohort is strategically targeted for entrepreneurial support.

In addition, educational institutions can increase the uptake of the Tier 1 (Graduate Entrepreneur) visa by targeting students earlier. The need for institutional support remains unchanged from a similar NUS survey conducted in 2012. Students in their first year were found to be more interested in starting a business than those in later years – which suggests students lose interest or become discouraged as they progress through their degree. If students were encouraged and put through a programme of support when they showed interest, it could increase the likelihood of successful applications for the Tier 1 (Graduate Entrepreneur) visa.

**Recommendation 3:** Increased guidance and support at an institutional and governmental level should be directed toward those studying creative subjects and skilled trades. These are

the areas where students encounter the greatest difficulty obtaining a Tier 2 visa due to the close link between their working patterns and self-employment.

**Recommendation 4:** Following the success of the Sirius programme – which offers a fast-track scheme for teams of graduate entrepreneurs who are based in accelerators across the country – UKTI-approved accelerators should be permitted to endorse international students in their programmes under the Tier 1 (Graduate Entrepreneur) scheme. UKTI should consider expanding the number of approved accelerators to reflect the demand from international students.

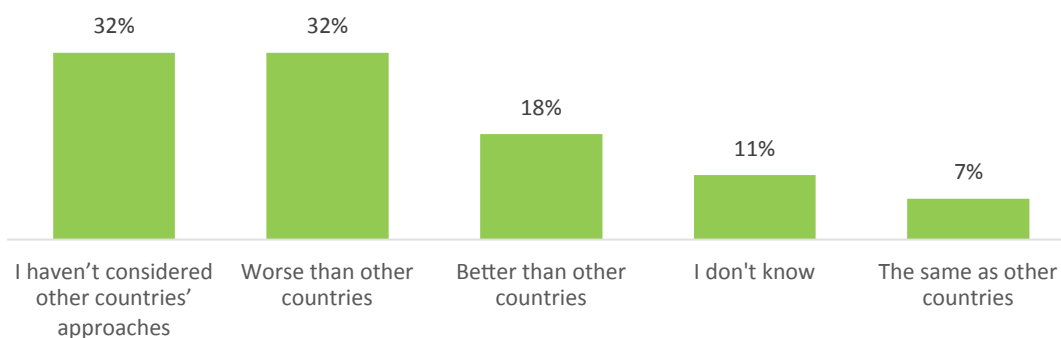
**Recommendation 5:** As our survey finds, enthusiasm for entrepreneurship declines as study progresses. As such, educational institutions should offer their international students specific business mentorship and guidance to develop student business ideas within their programme of study.

## Attitudes Towards the UK

### Overall Perceptions of the UK

Finally, the survey focused on the overall perceptions of the UK for work and entrepreneurship and whether students would advise friends or relatives to study in the UK. Figure 8 shows only 18% of students think that the UK has a better post-study process in place for international students, than other countries. Given the nature of international recruitment and the increasingly attractive post-study work opportunities elsewhere, this should be a cause for concern.

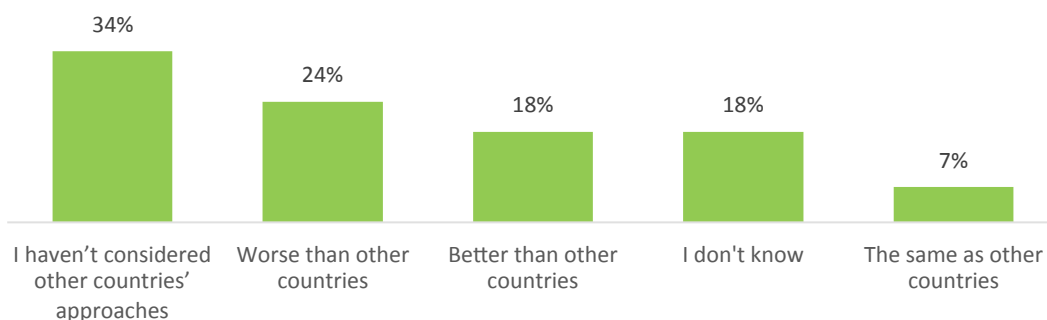
**Figure 8: Process in place for international students’ post-study work**



Base: 1,599 respondents.

Respondents were then asked a similar question but about the processes in place for students to start-up businesses (Figure 9). Of those planning on setting up a business, roughly one third hadn't considered other countries' approaches, 24% rated the UK as worse than other countries and only 18% felt the UK was better than its competitors.

**Figure 9: Process in place for international students' graduate business start-up.**



Base: 664 respondents

Students were then asked whether they would recommend the UK as a place to study to friends and families. Worryingly, a third would not (33%), 41% would, and one in five were ambivalent (21%). There was no significant difference in recommendations between students who were interested in setting up a business and those who were not, suggesting that the Tier 1 (Graduate Entrepreneur) visa has little effect on attracting entrepreneurs.

### Permanent Residency

Respondents were asked if they would be interested in permanent residency from the Tier 1 (Graduate Entrepreneur) visa. This is an option offered in Canada – one of the UK's up and coming competitors in Higher Education – to entrepreneurial students. It seeks to reflect the financial investment and personal commitment it takes to start a successful business.

Given that half of all start-ups will fail in the first five years<sup>9</sup> and experts suggest that pay-back on loans and investment should be estimated between three and five years<sup>10</sup>, starting a business in the UK involves taking a considerable personal risk. It is unsurprising therefore, as Figure 9 shows, that two thirds of respondents interested in starting their own business would be interested in a permanent residency option from the Tier 1 (Graduate Entrepreneur) visa, similar to the Tier 1 (Entrepreneur) and Tier 1 (Investor) visas (66%).

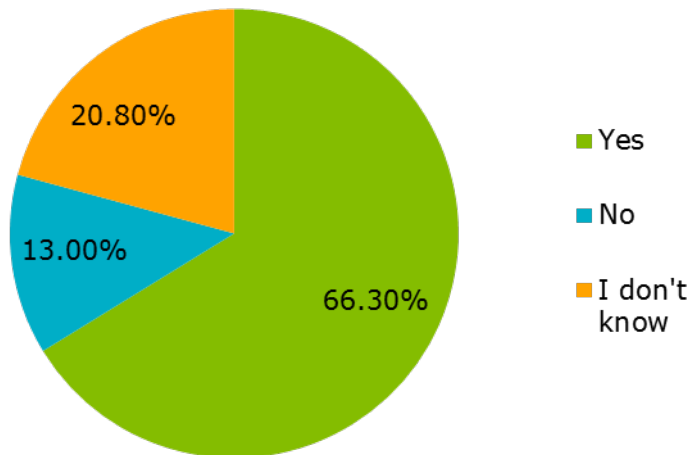
There are significant differences depending on where the respondent would like to set up a business. For those who would like to do so in the UK, 81% responded that they would be interested in an option for permanent residency. For those who would like to start a business in their home country, 59% expressed an interest and for those who would like to start their business in another country 56% would find permanent residency persuasive.

<sup>9</sup> "Growing pains - how the UK became a nation of "micropreneurs", RSA, October 2014  
<https://news.rsagroup.com/assets/download/1535>

<sup>10</sup> Rossingh, Danielle. "The Secret of Start-up Success" <http://news.bbc.co.uk/1/hi/business/2348967.stm> , Accessed 18 August 2014

**Figure 10: Option for permanent residency with Graduate Entrepreneur Visa**

The Tier 1 “Entrepreneur and Investor visa” can lead to permanent residency, would you be interested in a similar option for a Graduate Entrepreneur visa?



Base: 664 respondents. Balance: Those with no plans to set up a business

**Recommendation 6:** The UK government should devote more time and resources to the promotion of the UK as a welcoming place to both study and become an entrepreneur. This should include more information for prospective and current students about the entrepreneur visa routes available.

**Recommendation 7:** The risk for educational institutions in endorsing international graduates for Tier 1 (Graduate Entrepreneur) visas should be de-coupled from institutions’ Tier 4 licence. This should be made explicit in the official Home Office guidance and in the way the Home Office applies its audit procedures for institutions. This is vital for encouraging more universities to promote and support students.

**Recommendation 8:** Public colleges should be welcomed into the Tier 1 (Graduate Entrepreneur) visa scheme and the scheme should be open to those who study skilled trades and technology at the further education level, as both lend themselves to entrepreneurship.

**Recommendation 9:** Many students would benefit from more time and experience prior to starting a business. To this end, the UK government should reinstate a post-study work visa, de-coupled from the sponsor system, to allow international students to explore markets and industry before finalising their business idea for the Tier 1 (Graduate Entrepreneur) application. This will go a long way to ensuring students’ business ideas meet the requirement of being “credible and innovative”.

# Concluding Remarks

The findings in this report complement previous surveys of members of the British public, which have found that most people “would rather international graduates use their newly-acquired skills in British companies than hand the skills and knowledge we have given those graduates to our overseas competitors.”<sup>12</sup> Bright Future and Universities UK’s recent report highlights the significant public support for international students to stay in and contribute to the UK following their studies. In its nationally representative poll, 75% of the population thought that international students should be allowed to stay and work in Britain after graduating from British universities, using their skills for the benefit of our economy, for at least a period of time.<sup>13</sup>

More needs to be done to not only retain international entrepreneurs, but also to improve the perception of the UK as a leading destination for graduate entrepreneurs. The challenge lies in increasing the number of students applying for the Tier 1 (Graduate Entrepreneur) visa, and making it a viable option for retaining the wealth of talent that exists in the international student body. There is an easy solution: re-instate the Tier 1 (Post-Study Work) visa and give students the time they need to research and develop their business idea.

Unfortunately, this is unlikely given the current political environment. So what should be done to help international students now? In addition to greater support from educational institutions, there needs to be a commitment from government. This includes relaxing the financial requirements depending on an applicant’s target industry or sector. It also means opening up the sponsor-specific aspect of the scheme to more participants by allowing public colleges to offer support and endorsement. Decoupling the risk educational institutions currently face in sponsoring students for the Tier 1 (Graduate Entrepreneur) visa from their institutional Tier 4 licence will have a huge impact, encouraging greater promotion and uptake. This wouldn’t replace the effectiveness of the now defunct Tier 1 (Post-Study Work) visa, but it would improve the accessibility and attractiveness of Tier 1 (Graduate Entrepreneur) visa for those with the ambition to take that path.

Up and down the country, top quality teaching and training is being invested in many of the world’s best and brightest international students. Some of these talented individuals will go on to found and grow the world’s most innovative and profitable companies, employing thousands of people. As this research has shown, many international graduates have a passion to start their business in the UK. We would be foolish to continue turn them away. If we do, the next generation of international entrepreneurs will put their skills and ambitions to work in a competitor country rather than creating the next multibillion-pound business in the UK.

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<sup>12</sup> *International students and the UK immigration debate* (British Future & Universities UK, 2014), p. 28.

<sup>13</sup> *Ibid.*, p. 6.



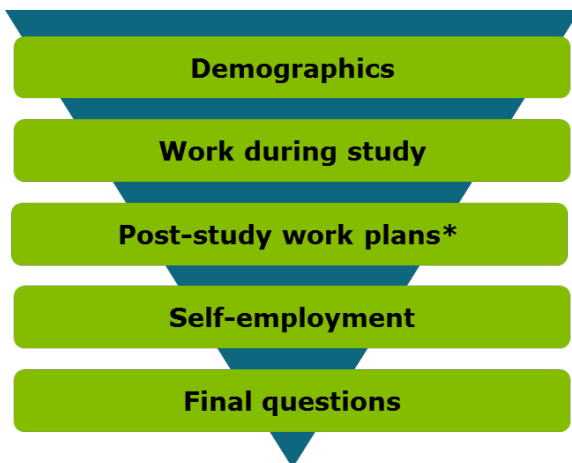
# Appendix I – Methodology

An online survey was conducted, which took approximately 15 minutes for respondents to complete, and was live between May and July 2014. **1,599** international students from outside of the EU/EEA took part in the survey. They were from two samples:

- a. A self-selecting sample from NUS links with different research groups and institutions (1,139).
- b. A self-selecting sample from the NUS Extra database (460).

Students were sent HTML emails, inviting them to take part in the research, with three £50 cash prizes offered to encourage participation. These samples were combined for these findings following a comparison between the two, which found few significant differences between them.

A copy of the questionnaire is available, and it followed the outline presented below:



\*The Post-study work plans section of the questionnaire is not reported on in this document.

## Significant Differences

A number of questions have been broken down and compared with each other. Where there are any statistically significant differences between answers, they are reported where applicable and to a large enough base size ( $N > 30$ ) and are valid at a confidence level of between 95% and 99%.

## Appendix II – Country Comparison

Country	Type(s) of visa offered	Funds	Assessment	Time Granted	Additional support	Post-study work
UK	Tier 1 (Entrepreneur)	£50,000	Genuine Entrepreneur Test	3 + 2	No	No
	Tier 1 (Graduate Entrepreneur)	Maintenance	Letter of Support	1 + 1	Government and universities	No
Australia	Graduate Work stream	None	Application	18 months	No	No
	Post-Study Work stream	None	Application	Up to 4 years	No	Yes
	Business Innovation and Investment Programme	\$1000000-1500000 AUD	Nominated by state government or minister	4 years + permanent	No	No
Canada	Start-up visa	From \$0 to \$118,000 depending on source	Letter of Support	Permanent	Designated organisation	No
New Zealand	Entrepreneur Work visa	NZ\$100,000	Success Factors	1 + 2	No	Yes - entrepreneur specific
	Entrepreneur Residence Category	None	Business Successful	Permanent	No	No
USA	O-1A Extraordinary Ability and Achievement	None	Letter of Support	3 + 1	No	No
	E-2 Treaty Investors	Substantial Investment	Application	2 + 2	No	No
	F-1/OPT Optional Practical Training	None	Letter of Support	17 months	No	Yes - STEM only
France	APS	None	Masters qualification	1 year	No	No - seeking only
	Talent passport	None	Contribution to economic development etc.	4 years	No	Yes
	Skills and talent permit	Varied	Contract approved by the DIRECCTE	3 years	Yes	No
Germany	Job seeker visa	Maintenance	Proof of qualifications	6 months	No	No - seeking only
	Residence for educational purposes - extension	None	Qualification in relation to study	18 months + permanent	No	Yes
	Settlement permit for graduates of German universities	None	24 months employment and contributions	Permanent	No	Yes
	Self employment	EUR1000000	Job creation x10 or concession for recent graduates - business related to subject area	3 + permanent	No	No



**national union of students**

#### **NUS UK**

NUS (National Union of Students) is a voluntary membership organisation which makes a real difference to the lives of students and its member students' unions. We are a confederation of 600 students' unions, amounting to more than 95 per cent of all higher and further education unions in the UK. Through our member students' unions, we represent the interests of more than seven million students. NUS champions students to shape the future of education – and create a better world. We promote, defend and extend student rights.

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#### **The Entrepreneurs Network**

The Entrepreneurs Network is a think tank designed to bring entrepreneurs to the forefront of political discourse and help make Britain the best place in the world to start and grow a business. We are independent, non-profit and non-partisan. We were founded with support from Octopus Investments and sit within the Adam Smith Institute.

We support entrepreneurs by:

- Producing cutting-edge research outlining the benefits of easing unnecessary burdens upon enterprise;
- Hosting regular events to bridge the gap between the aspirations of the entrepreneurial community and policy makers;
- Building a network of entrepreneurs who are keen to improve the public policy debate;
- Championing entrepreneurship and making the case for a more entrepreneurial society.

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