**Coventry University**

**DOCTOR OF PHILOSOPHY**

**To what extent can universities create a sustainable system to support MSMEs? A focus on the West Midlands region**

Williamson, Tom

*Award date:*
2015

*Awarding institution:*
Coventry University

Link to publication

# To what extent can universities create a sustainable system to support MSMEs? A focus on the West Midlands region

By

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**Ph.D.**

**August 2015**

*A thesis submitted in partial fulfilment of the University's requirements for the*

*Degree of Doctor of Philosophy*

To what extent can universities create a sustainable system to support MSMEs?

A focus on the West Midlands region

# Acknowledgements

The competition of this study was the result of a long journey involving the contributions and support of many people. It has been an enduring process of mistakes and revelations that has resulted not only in this thesis, but in the discovery of a fulfilling career and capabilities I did not know I could possess.

I owe a great deal to many people. To the business owners and university employees that participated in the study, I am thankful for your insights and contributions. I hope that the findings of this study will contribute towards a greater understanding of, and relevance of the MSME support provision available.

My thanks to Dr Liz Miles for introducing me to academia and encouraging me to pursue a PhD, and to my colleagues in the wider Enterprise Education networks including EEUK for their support, guidance and friendships throughout and beyond the study.

My appreciation and gratitude go to my Director of Studies, Dr Joan Lockyer, for her continuous support, advice, patience and understanding throughout my studies. Joan offered her time and guidance well above and beyond the call of duty, helping to challenge my perspective and develop my competences within this study and through my professional career.

My sincerest thanks also go to Professor Gideon Maas who for a significant time during this study was my Director of Studies and helped to shape my views and understanding of the sector. His helpful explanations and insights enabled me to gain a grasp of the many dimensions of this study, whilst also pushing me to consider a broader perspective and interpretations.

And to Dr Donald Finlay who supported me in the final year of my studies and write-up with his encouragement, insights and helpful discussions. Without the support of my supervisory team I would not have got to the point of submission. They each helped to build my confidence, my understanding, and provided much needed reality checks on numerous occasions.

# Abstract

Micro, Small and Medium sized enterprises (MSMEs) represent 99.9% of businesses in the UK and they face significant challenges with regards to start-up, survival and growth. Their ability to deal with these challenges is assisted, in some cases, by the provision of business support funded by the public sector. Unfortunately, despite the volume of such businesses, there remains a significant lack of qualitative data into the MSME sector, and their use of university led business support.

This thesis examined the business support agenda, the support needs of MSMEs, the role of universities in the provision of business support, and the needs of public funding bodies, with regards to economic sustainability and growth in the West Midlands. The choice to focus on the West Midlands region was largely pragmatic; the researcher has existing relationships with the small business community and University networks within the region allowing for a comparable study of stakeholders with similar environmental, political and economical challenges. Whilst the findings are therefore in relation to the West Midlands region, they have been compared to secondary data and theoretical frameworks in order to propose a contribution, which is applicable to a wider audience.

The thesis adopted an exploratory, interpretivist methodology with an emphasis on the practical importance of the research results. Through an explanatory sequential mixed methods approach, surveys were used to collect data from MSME business owners, followed by in-depth interviews with university staff in order to produce institutional case studies. The surveys with MSME owners identified a need for support that was free, local, face-to-face and delivered by an organisation with a

good reputation for delivering business support. The survey data also indicated confusion amongst MSME owners about the availability of support from universities, as well as questions around the quality of support provided by universities and its impact. The interviews, and case studies, revealed a significant level of interest, and a feeling of responsibility, from universities towards supporting the MSME community. However there were consistent challenges around funding, sustainability, resources, flexibility of delivery, and the longevity of any enterprise strategy.

The research makes a useful contribution to knowledge through the development of multiple case studies and the development of a conceptual framework for a sustainable system of university led, MSME business support. The model, and analysis, considers the detailed experiences, challenges and opportunities from the stakeholders and proposed a sustainable support system. This contribution to literature provides a unique perspective for both practical application and for the research community to utilise further.

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# List of Acronyms

| | |
|---|---|
| **AR** | Applied Research |
| **AWM** | Advantage West Midlands |
| **BERR** | The Department for Business, Enterprise and Regulatory Reform |
| **BIS** | The Department for Business, Innovation and Skills (formerly BERR) |
| **BSEEN** | Birmingham Skills for Enterprise and Employability Network |
| **CBD** | Central Business District |
| **CPD** | Continued Professional Development |
| **DCLG** | The Department for Communities and Local Government |
| **DLHE** | Destination of Leavers from Higher Education (Survey) |
| **DTI** | Department of Trade and Industry |
| **EEUK** | Enterprise Educators UK |
| **ERDF** | European Regional Development Fund |
| **ESF** | European Social Fund |
| **EC** | European Commission |
| **EU** | European Union |
| **FSB** | The Federation of Small Businesses |
| **GEM** | Global Entrepreneurship Monitor |
| **GVA** | Gross Value Added |
| **HEBCI** | Higher Education Business and Community Interaction (Survey) |
| **HEFCE** | Higher Education Funding Council for England |

| | |
|---|---|
| **HEI** | Higher Education Institution |
| **HEIF** | Higher Education Innovation Fund |
| **HESA** | The Higher Education Statistics Agency |
| **HMRC** | Her Majesty's Revenue and Customs |
| **IASP** | International Association of Science Parks |
| **KPI** | Key Performance Indicators |
| **KTP** | Knowledge Transfer Partnership |
| **LEGI** | Local Enterprise Growth Initiative |
| **LEP** | Local Enterprise Partnerships |
| **MSME** | Micro, Small and Medium Sized Enterprises |
| **NCEE** | The National Centre for Enterprise in Education (formerly NCGE) |
| **NCGE** | The National Council for Graduate Entrepreneurship (now NCEE) |
| **NESTA** | National Endowment for Science, Technology and the Arts |
| **NGO** | Non-Governmental Organisation |
| **OECD** | The Organisation for European Co-operation and Development |
| **ONS** | The Office for National Statistics |
| **PAYE** | Pay As You Earn (tax) |
| **PVC** | Pro-Vice Chancellor |
| **QAA** | The Quality Assurance Agency |
| **QUANGO** | Quasi-Autonomous Non-Governmental Organisations |
| **RDA** | Regional Development Agencies |
| **ROI** | Return on Investment |

| | |
|---|---|
| **SPEED** | Student Placements for Entrepreneurs in EDucation |
| **TBL** | Triple Bottom Line |
| **TEA** | Total, early-stage Entrepreneurial Activity |
| **TSB** | Technology Strategy Board |
| **UCAS** | Universities and Colleges Admissions Service |
| **UKTI** | UK Trade and Investments |
| **VAT** | Value Added Tax |
| **VC** | Vice-Chancellor |

# Chapter 1 - Introduction

## 1.1 – Introduction

This chapter provides an introduction to the thesis and research by establishing a general synopsis of the subject of Micro, Small and Medium Enterprises (MSMEs), and the provision of business support by the University community to MSME owners. The area of study is particularly pertinent, as 75.6% of businesses in the UK have no employees, micro businesses alone account for 95.6% of all businesses in the United Kingdom (UK). A further 3.7% are small and just 0.6% are medium sized (BIS 2014: 4) further highlighting the significance of MSMEs to the British economy. In addition, it has increasingly become the policy of the UK Government to utilise universities as conduits for business support provision (Wilson 2012) and small business engagement. Accordingly, research in the areas of entrepreneurship and SMEs has been identified as both a growing (Gibb 1992, 2000) and an increasingly important (Grant & Perren 2002, Hisrich & Drnovsek 2002) area of academic activity and output (Smith et al. 2013).

This thesis seeks to identify the extent of support provision; the business support related experiences of the entrepreneur; and the motivations of universities in engaging with such support. Within the author's experiences there are challenges within the sector with regards to the longevity and sustainability of support programs (Devins et al. 2005). A complex matrix of support provision and eligibility requirements may result in the wrong support, in the wrong place at the wrong time, leading to a 'black-hole' in support provision for the MSME owner (Deakins 1993).

These insights, together with an examination of the current literature and primary data, support the development of a conceptual framework, which will help to benchmark the current position of universities in their MSME support provision. The framework will also help to identify the gap in support provision to MSMEs in the West Midlands region and aims to provide a sustainable framework for MSME support through the Higher Education Institution (HEI) infrastructure in the future.

## 1.2 – Aims and objectives

In spite of the clear significance of MSMEs to the UK economy (BIS 2014), and the existing role of universities in providing support to new and growing businesses (Wilson 2012), there have been very few studies into the suitability and sustainability of university led business support initiatives for this market. With this in mind, the central proposition of this thesis was;

*To analyse and explore the role of universities in supporting the MSME community, within the West Midlands region*

To achieve this aim, six key objectives were formulated:

**O1:** To conduct a comprehensive review of the literature relating to research of MSMEs, entrepreneurship, government policy for business support, business growth and entrepreneurship in the West Midlands.

**O2:** To investigate, identify and analyse the experiences, needs and barriers to engagement, of MSMEs with regards to enterprise support activities.

**O3:** To investigate, identify and analyse the experiences, challenges and opportunities experienced by universities with regards to enterprise support activities and sustainability.

**O4:** To identify and map the relationships between MSME owners' experiences and opinions of business support, against those of the university providers.

**O5:** To develop a conceptual framework, and recommendations, for a sustainable university led business support system.

**O6:** To evaluate the benefits to all relevant stakeholders engaged in the business support process.

A conceptual framework for a sustainable, university led business support system is considered to be one of the key outputs of the thesis. Its aim is to enable accelerated socio-economic development of the MSME community by providing HEIs with an instrument to support the development and evaluation of their business support agenda. The framework proposed was designed in-line with a best practise framework, which takes into account the needs of all stakeholders, including funding partners and the end users.

## 1.3 – Thesis Structure

This thesis consists of seven chapters, a brief overview of each chapter is provided below:

### Chapter 1:  Introductions

This chapter outlines the aims and objectives of the research. It begins with essential definitions and by outlining the background for the thesis before explaining the

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importance of the topic to a range of stakeholders. The scope of the research, key research questions, and research objectives are also outlined providing further depth and justification for the research and its specific focus.

**Chapter 2: Literature Review**

The purpose of this chapter is to gain insights into, and to develop an understanding of, the MSME business support eco-system. It achieves this by thematically exploring the prior research of entrepreneurship, government policy, business growth, regional development and university engagement in the enterprise agenda. With much of the agenda being influenced by political interventions the history and recent trends have been explored in order to provide a firm grounding for the empirical phase of this research.

**Chapter 3: Methodology**

The methodology chapter outlines the underlying philosophical approach taken by this study before identifying the methods used to collect and analyse data from the various stakeholders. It highlights the sample and their selection technique before splitting into two distinct areas of focus; firstly the predominantly quantitative primary data collection methods for the MSME community is explored and justified along with the analysis techniques adopted; secondly the qualitative primary data collection methods for the university community is explored and justified. Due consideration was given to the ethical requirements for both approaches as well as any resource and logistical implications.

**Chapter 4: Data from MSMEs**

The MSME data will be presented following the questionnaire data collection phase. This chapter will thematically, and comprehensively, share and discuss the findings

from the MSME community, in relation to their past experiences and future plans, in order to develop a deepened understanding of the MSME life-world. When analysed, the data will enable the researcher to gain a holistic understanding of the challenges and opportunities around the support agenda, such findings shall then be used to develop a data collection framework for the next chapter.

**Chapter 5: Data from Universities**

Following the administration of ten semi-structured interviews, across four universities in the West Midlands region, this chapter presents the findings from this community as four institutional case studies. Case studies are an established methodology allowing researchers to "investigate a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin 2003: 13). The discussion and analysis here enable a deep understanding of the challenges, experiences and opportunities surrounding the university led business support agenda.

**Chapter 6: A model for sustainable, university led, MSME support**

This chapter combines the analysis from chapters 4 and 5 in order to propose a model for a sustainable, university led, MSME support system. It achieves this through the design and discussion of a conceptual framework highlighting the key requirements of all stakeholders, referring to the data and literature as throughout. The framework highlighted here will highlighting relevant risks, concerns, and options available to the sector, and is considered to be one of the key outcomes of this study.

**Chapter 7: Conclusions**

The final chapter draws conclusions from the research and data presented in the previous chapters. It addresses each of the key objectives in turn, before making

several recommendations to the stakeholders based on the conceptual framework. The limitations of the study and recommendations for future research have also been identified with a view to facilitating the continued contribution to knowledge in this area. The specific contributions to knowledge are identified following the conclusions and recommendations discussion.

Each of the objectives are addressed in a number of elements through the thesis. Table 1.1 outlines the relationship of each chapter to the key objectives of this research.

**Table 1.1 – Relationship between key objectives and chapters of this thesis**

|  | Ch. 1 | Ch. 2 | Ch. 3 | Ch. 4 | Ch. 5 | Ch. 6 | Ch. 7 |
|---|---|---|---|---|---|---|---|
| **Objective 1** | ■ | ■ |  |  |  |  |  |
| **Objective 2** |  |  | ■ | ■ |  |  |  |
| **Objective 3** |  |  | ■ |  | ■ |  |  |
| **Objective 4** |  |  |  |  |  | ■ |  |
| **Objective 5** |  |  |  |  |  | ■ |  |
| **Objective 6** |  |  |  |  |  | ■ | ■ |

## 1.4 – Scope of the research

This thesis incorporates three specific stakeholder perspectives:

- The Business Community - Micro, Small and Medium sized enterprises (MSMEs) in the West Midlands region.
- The University Sector - Provision of business support by universities in the West Midlands.
- Funding Bodies – European, National and Regional Governments and Policy Makers.

These stakeholders comprise the key elements of what Mason and Brown (2014) consider to be an entrepreneurial ecosystem;

> *'a set of interconnected entrepreneurial actors (both potential and existing), entrepreneurial organisations (e.g. firms, venture capitalists, business angels, banks), institutions (universities, public sector agencies, financial bodies) and entrepreneurial processes (e.g. the business birth rate, numbers of high growth firms, levels of 'blockbuster entrepreneurship', number of serial entrepreneurs, degree of sell- out mentality within firms and levels of entrepreneurial ambition) which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial environment'* (Mason and Brown 2014: 5).

The nature in which these stakeholders interact and have dependencies with each other is regarded as a 'system' within the context of this research and is aligned to Etzkowitz's (2008) Triple Helix Model which considers the business, universities and government stakeholders to be mutually inclusive in order to achieve economic growth.

Although this, in principle, may appear to be a simple task, there are significant challenges when researching these stakeholder groups (Large 2013, Dent 2014). Firstly, the MSME business community are typically not legally obligated to disclose data on the scale that larger organisations might be, this includes turnover, profits, taxes, assets and other data (Storey 1994). Unless they are Value Added Tax (VAT) registered or have incorporated the company entity, there are very few publicly accessible records about their existence and economic contribution (Storey 1994, Large 2013, Dent 2014).

Secondly, the university sector could be very difficult to gain access to, especially when investigating services that may have a commercially sensitive or competitive aspect to them. Decision makers and those involved in strategic processes can be extremely busy individuals and may have gatekeepers making engagement very difficult (Myers 2013: 126), additionally there may be limitations to the depth of disclosure from these individuals dependent on the levels of trust established.

The scope of the research focuses on the West Midlands. This is due to the unique economic characteristics of the region discussed in section 1.4 and also, for very pragmatic reasons that as a member of staff at one of the regions universities, the researcher is able to gain easier access to other key members of staff within universities and the MSMEs in the region through existing networks and relationships *(cf.* 1.7).

Through both questionnaires and semi-structured interviews the success of the research was dependent on access to these individuals and so focussing on alternative regions would have reduced the likelihood of success.

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## 1.5 – The importance of the topic

With 99.9% of enterprises in the UK being MSMEs (BIS 2014: 1) the importance of these businesses to the economy is not disputed (Beck & Demirgüç-Kunt 2004). However there remains a significant knowledge gap in this sector and much research focuses either on the macro environment, largely hindered by a lack of publicly accessible data (Large 2013, Dent 2014), or micro environments which struggle to provide broader contextual relevance to the wider research and policy environments (Curran & Blackburn 2001). The lack of, and transparency of, data on MSMEs should not be interpreted as a lack of interest from these communities or researchers, rather an indicator of the difficulties researchers experience in collating such data, particular when it comes to qualitative insights into attitudes, experiences and intentions (Curran & Blackburn 2001).

Additionally there has been a noticeable shift from centralised, nationwide business support initiatives, including those such as Business Link, towards using and funding existing bodies, including universities, to deliver start-up and growth support to this community (Curran 2000). Business Link, despite evidence suggesting that face-to-face business advisors had a positive impact on the businesses supported (Lean, Down & Sadler-Smith 1999, Mole et al. 2009), was downgraded to a website only service in November 2011 as a result of austerity measures brought about with the change in government in 2010. Furthermore following the abolition of the Regional Development Agencies (Gov.UK 2010) in this same timescale, there was a noticeable shift within West Midlands universities towards alternative funding sources, such as the 2007-2013 round of the European Regional Development Fund (ERDF),

for the continuation and development of business support activities (North, Smallbone, & Vickers 2001).

This study is unique in its approach: it is regionally based and it addresses both the experiences, attitudes and opinions of MSME owners with regards to business support, alongside the experiences, motivations and challenges faced by universities in addressing these needs. The contribution to knowledge is made via a series of case studies of universities in the West Midlands evaluated against the needs of their MSME community in order to develop a conceptual framework for a sustainable university led MSME business support system (*cf*. Chapters 5 & 6). The conceptual framework that has resulted from this study, it is hoped, will provide a template applicable to other regions and policy environments.

## 1.6 – Personal interests in the research area

My personal interests in the research question are threefold. Firstly I am the owner of a technology-based business both formed and operated from within the West Midlands region operating as a sole trader for almost ten years. Whilst establishing the business in 2005, I engaged with a range of business support initiatives from the private and public sectors. This experience was important in informing the initial research perspective and in itself prompted interest in the business support arena as a field of study having gained insights as an end user.

Secondly, my interests have been nurtured and enhanced as an academic with over eight years experience within the enterprise support department at Coventry

University in the West Midlands. During this tenure I have been directly involved in local, national and international business support initiatives through the institution and other private entities. The perspectives attained through this role provide valuable insights into the strategic development and operational environments considered throughout the study

Finally, as a director and former chairman of the largest national membership organisation for entrepreneurial academics, 'Enterprise Educators UK' (EEUK) interest is established around the wider enterprise and business support agenda. Such membership brings with it a significant level of insight into government policy, Non-Governmental Organisation (NGO) and Quasi-autonomous Non-governmental Organisations (QUANGO) delivered business support initiatives. Through my role with EEUK I provided direct input into, and was also able to access a wide range of advisory boards, initiatives and policy groups related to business support. This involvement was particularly beneficial to this research for two reasons; firstly, engaging with individuals at universities throughout the UK with a direct involvement in the enterprise and entrepreneurship agenda within their institution provides access to interviewees as a trusted member of their professional networks; secondly it provides a grounded understanding of the past, current and future of national policy and provision in this field.

## 1.7 – Summary

This study contributes a new critical perspective to the body of knowledge around university managed business support, the provision of support to MSMEs, and the tripartite relationship between governments, universities and businesses. A regional focus enabled the study to analyse both micro and macro data with a view to deepening our understanding of the gap in business support provision and challenges faced by university led support agendas. Whilst there is an abundance of research into MSMEs, business support, and university enterprise agendas, there are few qualitative empirical studies connecting all of these agendas. A golden-thread throughout the study was a focus on the sustainability and longevity of business support initiatives.

The significance of MSMEs to the UK, and West Midlands economies cannot be understated, accounting for 99.9% of firms (BIS 2014: 1) and 60% of private sector employment (BIS 2014: 2) throughout the UK. Accordingly they are a key area of focus for the UK Government with regards to the national economic growth agenda. This study analysed the experiences, attitudes and opinions of MSME owners with regards to business support, in addition to the experiences, motivations and challenges faced by universities in addressing these needs in a sustainable way.

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# Chapter 2 – Literature Review

## 2.1 – Introduction

The previous chapter provided insights into the evolution, scope and importance of the MSME sector and the support infrastructure that surrounds it within the UK and the West Midlands region. Additionally, it positioned this thesis within the field of study and identifies the core questions and objectives being addressed. Developing this foundation further, this literature review will provide a detailed overview of the key arguments, authors, theories and hypotheses relevant to this thesis in response to objective O1. The review also identified important debates and theories in order to establish the historical discourse around the research question. It aimed to identify potential gaps in knowledge and to introduce methodologies, which could be used to fill gaps and to position this research into the established discourse.

The central question this research addresses focuses on the tripartite relationship between MSMEs, universities and the funding providers. Therefore, the literature present within this chapter has been categorized thematically under the topics outlined in Figure 2.1 below.

| 2.3 | • Entrepreneurship |
| 2.4 | • Government Enterprise Agendas |
| 2.5 | • MSMEs |
| 2.6 | • University Entrepreneurship |
| 2.7 | • Sustainability |
| 2.8 | • The West Midlands |
| 2.9 | • Conceptual Models |
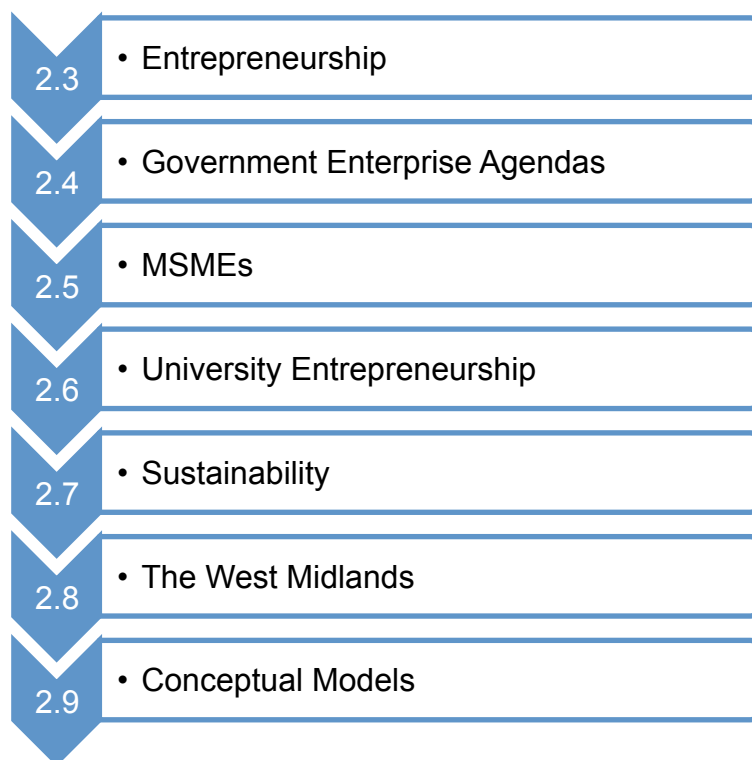
**Figure 2.1 - Literature Review Topics**

The theme of 'entrepreneurship' discusses its origins and history, identifying the key arguments and research problems being addressed within the field. Additionally, the opening section identifies key theories related to entrepreneurship and organisational research. The government theme reviews the role that the UK and local government has played in developing the enterprise environment. It looks at major policies, strategies and implementation at national and regional level of government led support programmes and research around them. The section exploring MSMEs identifies the various definitions and challenges with labelling business according to their respective sizes; it also identifies the attitudes towards growth alongside key literature from the small business growth agenda. The university theme establishes the existing level of involvement of universities and their subsidiaries within the field of entrepreneurship as well as critical arguments about their current and future roles.

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Key literature around sustainability is also discussed in order to inform the analysis and recommendations of this thesis, this included sustainable development and management principles. The regional focus of this study is the West Midlands. This section included data on business trends in the West Midlands as well as an overview of the economic challenges and small business support agenda. Specific university initiatives within the West Midlands are also discussed before finally the literature review explores the development of conceptual frameworks and their usefulness for benchmarking in the university led business support field.

## 2.2 – Sources of literature

Relative to other social sciences, the field of entrepreneurship research is nascent, accordingly only a small proportion of previous studies were based on theoretical frameworks with the majority being exploratory (Boehm 2008). Consequently, it has been necessary to 'widen the net' and review a range of literature, and data, from academic and non-academic sources in order to ensure that a more complete picture of the relevant contributions, debates and knowledge were identified and explored.

A key component of this review was government policy and publications, in addition to the myriad of reports that underpin them. Careful consideration has been given throughout this review with regards to the validity and potential for bias inherent in all sources (Weathington, Cunningham, & Pittenger 2012).

**Academic literature**

The underlying framework for this literature review has been identified from academic texts primarily from journals and academic textbooks. They provide theoretical frameworks, critique and broader insight into the knowledge base of this area of study. Both a global and local perspective has been achieved with such literature in order to highlight the relationships between bodies of work and trends in academic study.

**Public sector publications and reports**

Government white papers, statistics and analysis form an important role when setting the economic context for this research as well as providing a foundation of knowledge around policy in this area. Accordingly this research project analyses a range of reports in order to gain valuable insights into the role of governments and other public bodies. Sources include: the Office for National Statistics (ONS); the Department of Business Innovation and Skills (BIS); Chambers of Commerce; the Higher Education Funding Council for England (HEFCE); Local Enterprise Partnerships (LEPs), and the European Commission / European Union (EU) offices.

**Private sector publications and reports**

Data and the narrative from the private sector have been used to provide an alternative perspective on the public sector reports and these will be used to highlight a range of alternative viewpoints. The range of publications reviewed include: evaluations or critiques of government initiatives and statistics from representative groups to use alongside nationwide data sets. Sources include organisations such as Enterprise Educators UK (EEUK), UK Business Incubation (UKBI), the Federation of

Small Businesses (FSB), Global Entrepreneurship Monitor (GEM) data, as well as local and national newspapers.

**Conference proceedings**

Conference proceedings give valuable, often cutting edge, insights into academic research and may also precede journal articles, or be a snapshot in time of a longitudinal study. In addition conference proceedings could provide access to international thinkers in this space and unearth a level of academic criticism or analysis yet to be published. Specialist conferences with tracks or themes aligned to this study include the International Entrepreneurship Educators Conference (IEEC), the Institute for Small Business and Enterprise (ISBE) conference, and the International Council for Small Business (ICSB) conference.

**Internet sources**

In addition to the above referenced sources, the literature review draws upon a range of online publications, news sources, websites and data repositories to provide a more holistic and less formal insights into the views of stakeholders as providers or beneficiaries that fall within the scope of this research.

## 2.3 – Foundations of Entrepreneurship

The concept of entrepreneurship is highly contested (Mole & Ram 2012) and literature suggests that there is no agreed single theory of entrepreneurship (Heinonen & Poikkijoki 2006, Blackburn & Kovalainen 2008, Gartner 1988, Low & MacMillan 1988, Shane & Ventataraman 2000, Spicer 2012). However with regards

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to a definition, entrepreneurship is broadly referred to as being activities that incorporate, "*an innovative approach to problem solving, high readiness for change, self-confidence, and creativity*" (Heinonen & Poikkijoki 2006: 81). Whilst there has been significant growth in the volume of research into the field of entrepreneurship (Blackburn & Kovalainen 2008) there are some concerns over the quality and accuracy of contributions made within the field with many myths and assumptions being present (Gibb 2000).

Consequently, this literature review first focused on the etymology of the term 'entrepreneurship'. It identified the foundations, the evolution, and the modern understanding of the word and its interpretations. Secondly a preferred definition of entrepreneurship is identified for the purpose of this thesis. Thirdly, a selection of relevant theoretical models have been presented in relation to entrepreneurship and the entrepreneurial organisation. Finally, whilst the presence of a single comprehensive theory of entrepreneurship is yet to be established (Heinonen & Poikkijoki 2006, Blackburn & Kovalainen 2008, Gartner 1988, Low & MacMillan 1988, Shane & Ventataraman 2000), with some suggesting that it is not even possible (Gartner 2001), this section identified key theory with linkages to entrepreneurship, entrepreneurs and the MSME support agenda.

## 2.3.1 – The Etymology of Entrepreneurship

The French economist Richard Cantillon is considered to be the first to give 'entrepreneurship' a central role in economics during the Physiocracy movement of the 18th century (Formaini 2001). In his 1755 'Essaisur la nature du commerce en

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général', Cantillon describes 'undertakers' (entrepreneurs) as individuals who purchase goods at a fixed price to be sold in an uncertain market at a previously undefined price (Cantillon 1755 cited in Brown & Thornton 2013). Cantillon divides the population of the market economy into two classes: "hired people" who receive a fixed wage in return for their efforts, and "entrepreneurs" with non-fixed, uncertain returns (Rothbard 1995a: 351).

Whilst seemingly broad compared to definitions of the 21$^{st}$ Century, Cantillon pivotally identifies the conscious decisions made by the 'entrepreneur' with regard to resource acquisition, market identification as well as supply and demand (Brown & Thornton 2013), with a view to making a profit by assuming the risk (Rothbard 1995a). Cantillon started the debate and introduced the concept of entrepreneurship into the professional and academic lexicon (Brown & Thornton, 2013, Murphey, Liao & Welsch 2006). His work provided the foundations upon which the evolution of entrepreneurship could begin, as well as providing the springboard for future researchers and economists to extrapolate further meaning (Rae 2007).

In 1776, Adam Smith contributed to the understanding of entrepreneurship from the British perspective, by explaining that a nation's wealth is dependent upon the divisions of labour which in turn leads to greater specialisation, efficiency and ultimately wealth (Michael 2007). Michael (2007) goes on to propose that Smith's insights define entrepreneurship "as the study of human actions that lead to changes in the division of labour" (Michael 2007: 287). It has been suggested that Smith's insights were nothing more than a more accurate translation of the work of the Physiocrats (Elkjaer 1991: 806-7, cited in Formaini 2001) whilst some advocate that Smith did not use, nor understand, the concept of entrepreneurship at all (Rothbard 1995b: 25). Whilst there is little consensus around the contribution from Smith

(Formaini 2001), through his contributions to economic theory he identified the need for entrepreneurs to adopt a strategic approach to their activity. The strategic approach permits the entrepreneur to more optimally interact with the economic circumstance in which they find themselves, taking advantage of the opportunity with the highest propensity for returns, as limited by the market (Michael 2007). From Smith's work a definition could be formulated which not only incorporated the trade of produce for economic benefit, but also the cognitive process of seeking an optimal market and developing an understanding of the market dynamics (Smith 1776). However this suggests that the 'entrepreneur' and 'organisation' are two strictly separate entities driven by a common capitalist vision (Newbert 2003), this would later become an important area for discourse.

Some argue that following Smith's lack of specific insight into the entrepreneur, the French economist Jean-Baptiste Say, in 1803, 'rescued' the term from obscurity (Rothbard 1995b: 25). Say argued that an entrepreneur is someone who possessed arts and skills enabling them to create economic enterprises (Say 1803). It was Say that recognised that the 'individual' as the differentiating factor between 'business' and 'entrepreneurship' through their ability to utilise periods of change and uncertainty to maximise their potential profits (Boyett 1997, Rothbard 1995b). Accordingly, the entrepreneur uses their knowledge of the world, and of business, to "estimate the importance of the product, the probably demand for it, and the availability of it" (Rothbard 1995b: 26) in order to return a profit.

Whilst this debate and discussion had been on-going since the early 1700's, it was only following John Stewart Mill's work in 1848 that the idea of the entrepreneur became synonymous with business start-up in modern culture (Mill 1848, Oncioiu 2012). This is despite Mill not actually using the phrase entrepreneur, preferring the

translated phrase "undertaker" in his core text, referring only to the entrepreneur in a footnote (Formaini 2001). In his 'Principles of Political Economy' Mill gave a new definition to 'value' and the principle that when supply cannot mean demand, a new variable of 'value' is introduced and the entrepreneur could use this to gain economic benefit (Mill 1848) by managing both the business and the risk (Sobel 2008).

More recently there can be seen to be two widely accepted views on entrepreneurship definitions, building on the seminal works of Schumpeter, and of Kirzner (Sobel 2008, Jones & Spicer 2009, Mole & Ram 2012). Joseph Schumpeter, the Austrian economist, provided one of the most widely referenced definitions of entrepreneurship in his 1934 works, he explained that "entrepreneurship is the creation and commercialization of new resources or the recombination of existing resources in novel ways that result in the formation of a firm" (Schumpeter 1934 cited in Acs and Audretsch 2005: 247). Schumpeter was also an advocator of the entrepreneur as an innovator, or 'creative destructor', as opposed to simply being the owner of a business (Sobel 2008, Mole & Ram 2012). Consequently the entrepreneur, according to Schumpeterians, may be anywhere, including within existing organisations, bringing about innovative change and exploiting opportunities (Travey, Phillips, & Jarvis 2011). This is a widely cited definition, however Schumpeter's focus on risk acceptance and innovation as essential components for entrepreneurship would appear to negate the entrepreneurial activity of individuals which bring about change by improving or replicating existing models (Shane 2003: 21).

By contrast, the entrepreneur according to Isreal Kirzner is someone capable of identifying opportunities and then creating a vehicle to exploit them (Kirzner 1978) which may result in short term reactions to market opportunities (Rae 2007).

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Regardless of the duration of the exploit, the Kirznerian perspective rests firmly on the requirement for business creation and the conditions which led up to the new venture creation (Romanelli & Schoonhoven 2001) with no explicit need for innovation or uniqueness (Jong & Marsili 2010).

As broad foundations for discussion; the Schumpeterian view of entrepreneurs being innovative agents for change, and the Kirznerian view of entrepreneurs exploiting incremental change in markets to create new ventures, appears to be divisive with either approach potentially overlapping or creating entrepreneurial outputs as determined by purely economic viewpoints (Jong & Marsili 2010). Generally literature indicates that the phenomenon is positive to society and economies (Rae 2007), however a definition must also take into account the behavioural aspects and personal motivations of the entrepreneur in order to provide insight into their life-world (Rae 2007, Gibb 2009).

The concept of the individual and his/her characteristics playing an important role in entrepreneurship only became prevalent amongst scholars around the 1980's when Robert Ronstadt (1984) provided the following definition:

> "*entrepreneurship is the dynamic process of creating incremental wealth. This wealth created by individuals who assume the [major] risks in terms of equity, time, and/or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources*" (Ronstadt 1984: 28).

Ronstadt combines the need for profit determined by the market (Cantillon 1755 cited in Brown & Thornton 2013), the need for capital driven commercial endeavour (Smith 1776, Newbert 2003), the skill set and personality traits of the individual (Say 1803, Boyett 1997), the utilisation of value via supply and demand (Mill 1948, Sobel 2008)

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and the exploitation of new or existing resources in 'novel ways' (Schumpeter 1934, Travey, Phillips, & Jarvis 2011) to provide a holistic definition which clearly outlines the characteristics sought in the field of entrepreneurship. This work was taken further by Timmons (1989) who stated that entrepreneurship was the 'pursuit of opportunity without regard to the resources currently under one's control or influence' (Timmons 1989: 16), critically identifying the need not only for resources but also for the individual to have talent and vision to add significant value to them (Gibb et al. 2009: 5).

Most scholars accept the role of entrepreneurship as the driver for economic growth (Bosma, Wennekers, & Amoros 2011), but there is an emerging recognition of the role entrepreneurship plays in the creation of knowledge, information and "economic wisdom" (Holcombe 2007: 5). The area thus far unexplored is highlighted by the works of Baumol's (1990) theory of productive and unproductive entrepreneurship. Baumol regards 'entrepreneurship' as an omnipresent characteristic of human spirit and whilst this spirit does not vary, the manner in which it is channelled does vary over time (Sobel 2008). Figure 2.2 demonstrates the 3 key components of the entrepreneurial process according to Baumol.

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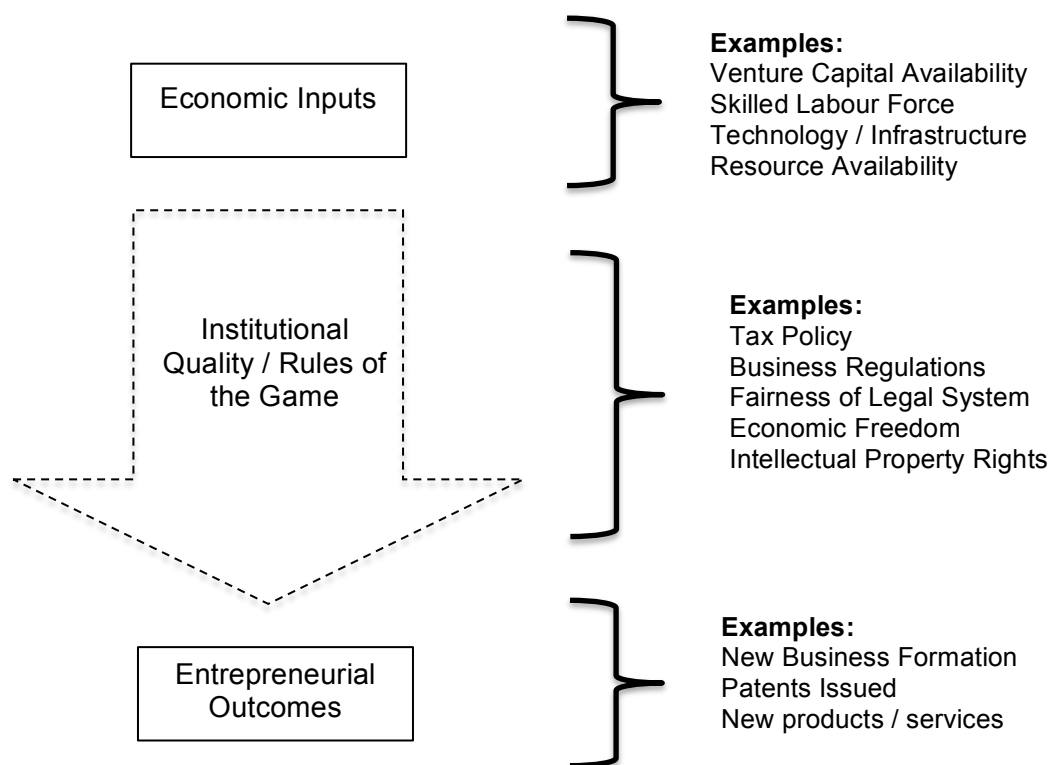
**Figure 2.2 – The Entrepreneurial Process** (Adapted from Sobel 2008)

Unlike the previously discussed economic viewpoints, Figure 2.2 highlights Baumol's argument that the capacity at which an entrepreneur may convert economic inputs into entrepreneurial outputs are influenced not only by their own capabilities, or the market conditions, but also the 'rules of the game' under which they operate (Baumol 1990, Murphey, Shleifer, & Vishny 1991).

These 'rules of the game' will be explored subsequently, however it is necessary to first explore the definitions and understanding of entrepreneurship utilised by such 'rule makers'. In the UK, the National Centre for Entrepreneurship in Education

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(NCEE)[1] was formed in 2004 by the UK Government in response to the policy makers desire to increase entrepreneurial activity within universities. NCEE broadly defines entrepreneurship as "having an idea and making it happen" (NCGE cited in Gibb et al. 2009: 7), for them the concept of enterprise "focuses upon the *development of the enterprising person and the enterprising mind-set* through a demonstration of enterprising skills, behaviours and attitudes across a diversity of contexts" (NCGE cited in Gibb et al. 2009: 7) clearly identifying parallels with the works of Timmons (1989) and Ronstadt (1984) by means of highlighting the importance of the individual, and their traits, to the process of being enterprising. NCGE then state that entrepreneurship is "*the application of these enterprising skills and the entrepreneurial mind-set* in setting up a new venture, developing/growing an existing venture or designing an entrepreneurial organisation" (NCGE cited in Gibb et al. 2009: 7).

An increase in awareness and interest in the field of entrepreneurship for researchers has led to further debate and re-definition around entrepreneurship (Blackburn & Kovalainen 2008). Many concern it with the creation of new organisations to create or extract value (Jack & Anderson 1999), others use the analogy of entrepreneurship being 'the engine that drives the economy of most nations' (Keats & Abercrombie, 1991 cited in Jack & Anderson, 1999: 110). Alternative definitions include entrepreneurship as the process of risk taking, innovativeness, and pro-activeness (Morris & Paul 1987) whilst Caird (1988) identifies a good nose for business, the desire to take risks, the ability to identify

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[1] The National Council for Graduate Entrepreneurship was formed in 2004 and rebranded to become the National Centre for Enterprise in Education in September 2011. For the sake of clarity the terms are used interchangeably dependent on the origination time of the data presented or discussed.

business opportunities, the ability to correct errors effectively, and the competency to grasp profitable opportunities as characteristics of an entrepreneur (Littunen 2000). All of which share elements of synergy with each other and the characteristics of a successful entrepreneur according to Casson (1982) as being, "the ability to take risks, innovativeness, knowledge of how the market functions, manufacturing know-how, marketing skills, business management skills, and the ability to co-operate"(Cassion 1982, cited in Luttenen 2000: 295). It must also be recognised that many entrepreneurs possess only some of these characteristics and it is not a requirement to possess all of these attributes (Luttenen 2000).

Those within higher education, in particular educators and academics, have historically struggled to come to any agreement around the definitions and interpretations of 'Enterprise' and 'Entrepreneurship'. This led to the formation of a working group of educators within the Quality Assurance Agency (QAA) for Higher Education in 2012 and the publication of the following definitions from the HE perspective:

> *"Enterprise is … the application of creative ideas and innovations to practical situations.*
>
> *Entrepreneurship is … the application of enterprise skills specifically to creating and growing organisations in order to identify and build on opportunities."*

(QAA 2012: 8)

Away from the education and research agenda, extensions of the terminology can be seen in wider corporate environments including entrepreneurial corporations (Fournier 1998), entrepreneurial managers (du Gay, Salaman and Rees 1996), entrepreneurial civil servants (du Gay 2004) enterprising policy making (Perren and Jennings 2005), and in wider society (Ogbor 2000). In all such cases, the addition of

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'entrepreneurial' or 'enterprising' to the job description results in the actors assuming a responsible risk taking role rather than that of the routine rule follower (Spicer 2012). In such applications the association to the entrepreneur is seen as highly desirable and positive, avoiding any consideration for the "dark side of entrepreneurship" which may include failure, exploitation, waste, delusion and conformity (Spicer 2012: 159).

Whilst it is generally agreed that to be entrepreneurial, an individual does not necessarily need to run a business (Carrier 1994), this thesis will focus on Ronstadt's (1964) more broad definition of entrepreneurship which includes measured risk-taking and self-motivation to provide solutions for which there is a demand in the market. The ideology of such a definition could equally be applied to the individual and the organisation, be that a business or a university exhibiting these characteristics. Essentially, there must be action on the part of the entrepreneur and the drive to ensue change, however the entrepreneur might be an MSME owner, or university employee, or the university organisation itself.

## 2.3.2 – Theoretical Models in Entrepreneurship

As previously established, the relatively young nature of entrepreneurial research, and most noticeably research around entrepreneurial organisations, has resulted in a dominance of exploratory research over theoretical research (Boehm 2008). Indeed, the absence of an all-inclusive theory of entrepreneurship, or a conceptual framework of entrepreneurship theory, has been previously acknowledged by the research community (Gartner 1988, Low & MacMillan 1988, Shane & Ventataraman

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2000, Zhang & Bruning 2011) with some questioning the ability for such theory to be developed at all (Gartner 2001, Blackburn & Kovalainen 2008). Whilst much of the relevant theory was conceived purely with the corporate world in mind, there is also increasingly an overlap between the behaviour and qualities of private, commercial entities and those of the university as an organisation (Etzkowitz 2003). With this in mind, theoretical principles from wider entrepreneurship research fields spanning academia and commercial environments will now be identified.

When exploring theory and theoretical frameworks, the field of entrepreneurship has its origins within definitions focused on the role of the individual (Cantillon 1755 cited in Brown & Thornton 2013, Say 1803, Schumpeter 1934, Kirzner 1978). Whilst we can learn much from these, it is also necessary to explore the organisational theory related to organisation behaviour with entrepreneurial behaviour being linked to the organisations potential effectiveness (Boehm 2008). Behaviour itself may be influenced by external measures including resources, hierarchies, physical premises and environmental variables (Forgas & George 2001). Considering these influences, the resource-based view of the firm has its origins in the work of Penrose (1958) but has since been subject to much revision, most noticeably from Wernefelt (1984) and more recently Barney (1991). The resourced based view theory, as developed by Barney (1991) highlights 4 categories of resources, which influence the firm's effectiveness:

- Financial Resources
- Physical Resources
- Human Capital Resources
- Organisational Resources
    - Organisation Structure
    - Planning

- o   Controlling
- o   Co-ordinating systems, culture and networks

The availability of these resources or any challenges or competitiveness surrounding their utilisation, could radically impact the organisational effectiveness (Barney 1991). This is equally applicable to the private business or the university as an organisation (Powers 2000).

The resource based view theory has in its focus, the internal environment of the organisation. An external view could be achieved through the resource dependency theory with its foundations in the theory of social behaviour (Pfeffer 1987). It differs from the resource-based view primarily in that it explains that organisational behaviour is determined by the on-going interactions with society or environments (Pfeffer & Salancik 1978). Resource dependency theory therefore implies that an organisation could adapt to the needs of society, or seek to adapt society itself, in order to fit the organisations strengths; the more entrepreneurial the organisation is the easier it could facilitate this adoption. The role of resource dependency theory within the higher education environment was explored further by Wayne (2003), who stresses the dependence of universities on certain external resources (predominantly finances). Foss (2012) highlights the synergy between the resource based view and the concept of entrepreneurship, with both concepts seeking to capitalise upon their knowledge, insights or resources in order to earn a profit. The entrepreneur may be more intuitive or more comfortable with risk than others in strategic management, however the core principles are paralleled (Foss 2012: 128).

Individual and organisational behaviour could be further explored through networking theory, specifically the work of Granovetter (1973) who introduced the theory of

social embeddedness. Social embeddedness identifies the value of relationships with an argument for weaker relationships being of greater value for certain professional goals by comparison to the strongest relationships (family and friends for example) (Granovetter 1973). The understanding of the potential value of relationships becomes an important entrepreneurial trait for individuals in any organisation seeking innovation or growth. By separating the emotional value from the pragmatic operational opportunities, social embeddedness allows opportunities to be exploited through less well established but consciously identified relationships (Granovetter 1973). Within a knowledge economy, where the role of the entrepreneur involves the formation and exploitation of knowledge, the strategic capabilities of networks in themselves provide and accelerate new opportunities and new social knowledge (Gurrieri 2013).

Entrepreneurial behaviour may also be explained through market orientation theory (Narver & Slater 1990, Kohil & Jaworski 1990) which highlights the opportunity for a firm's strategy and decision making to be entirely aligned to the customer needs and marketing intelligence. Narver and Slater describe it as an "organisational culture that most effectively creates the necessary behaviours for creating superior value for buyers, and thus continuous performance" (Narver & Slater 1990: 21). Jaworski et al., (2000) in a later paper, recognised the limitations of the market orientation where the firm becomes dependent on external influencers to drive their strategy, in order to maximise on the opportunities of the marketing orientation the organisation should seek to drive the market (Jaworski, Kohil, & Sahay 2000).

Building on the market orientation is the theory of entrepreneurial orientation, which focuses more on the entrepreneurial behaviours of organisations (Atuahene-Gima & Ko 2001). The origins of entrepreneurship research feed into such theory

(Schumpeter 1934, Say 1803) but develop further to encompass not only the entrepreneurial individual, but also the entrepreneurial team and organisation (Lumpkin & Dess 1996). As the theory of entrepreneurial orientation has developed, it maintains three core elements according to Covin & Slevin (1989):

- High levels of innovation
- Risk Taking Behaviour
- Proactive Attitude

These characteristics may be fostered or nurtured within an organisation or an individual in order to enhance the entrepreneurial orientation. In addition to the three characteristics presented by Covin and Slevin (1989), Lumpkin and Dess (1996) add a further two characteristics to their 'Entrepreneurship Orientation Construct';

- Autonomy
- Competitive Aggressiveness

Lumpkin and Dess (1996) argued that these 5 characteristics may also be applied to individuals or organisations and contribute to the wider conceptual model of entrepreneurial orientation as shown in Figure 2.3. However the characteristics are not necessarily all essential nor equal, with differing organisations displaying stronger signs in some areas than others whilst still broadly relating to the concept of the entrepreneurial organisation. Empirical studies have suggested that organisations with high levels of both entrepreneurial orientation and market orientation have a higher performance in the commercialisation of new products (Atuahene-Gima & Ko 2001).

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**Figure 2.3 – The Conceptual Framework of Entrepreneurial Orientation** (Lumpkin & Dess 1996: 152)

The theories presented here, provide a foundation for discussion in relation to wider literature and secondary data and highlight the application of entrepreneurial principles in the absence of a single entrepreneurship theory. They also inform this research with regards to the development of data collection frameworks which are aligned to the existing literature, and the foundations for analysing its findings.

## 2.4 – Governments and Entrepreneurship

Governments play an important role in the stimulation of enterprise activity through tax-funded business support with a desire to increase economic performance (Lundström et al. 2014).

> "*Where these funds are used to promote the creation of new enterprises, this is referred to as entrepreneurship policy; where the funds are used to enhance the performance of existing (small) firms, it is SME policy*" (Lundström & Stevenson 2005, cited in Lundström et al. 2014: 942).

These views were supported by Huggins & Williams (2009) who links government intervention to a proposed solution for weak economic performance and poor employability trends (Huggins & Williams 2009). The development of public policy incorporates the forces of the economy and political movements in order to resolve the strategic interactions of the target interest group (Rausser, Swinnen, & Zusman 2011). Rausser et al. (2011: 3) proceed to explain that in the case of the general public being the 'target interest group', public policy may seek to address their interests by attempting to "correct for market imperfections, lower transaction costs, effectively regulate externalities, or enhance productivity". Once policy has been introduced, the process of implementation seeks to identify what happens between the initial expectations and intentions of the policy, and the achieved or perceived results of its introduction (Hill & Hupe 2002). Through economic policy governments aim to incentivise firms to "adopt efficient productive techniques", the success of which inevitably determines the varying level of development between regions and countries (Persson & Tabellini 2003: 59).

Entrepreneurship is widely accepted as being one of the core elements of the modern economy (Bruyat & Julien 2000), or even the "engine of economic and social development throughout the world" (Audretsch and Thurik 2004: 114). As a catalyst for business creation, entrepreneurship is regarded as a solution to unemployment, competitiveness and growth thus making it a specific area of interest to policy makers (Thurik 2007). Specific focus is given within literature to the notion of innovation as a stimulus for economic growth (Hausman 2005) and it is recognised that the relationship between policy and SME development is growing in momentum amongst researchers (Lundström & Stevenson 2005, van Stel, Storey & Thurik 2007, Lundström et al. 2014).

However despite this viewpoint, entrepreneurial activity in the UK is moderate when compared to leading world economies (Harding 2006, Huggins & Williams 2009) ranked just 32 out of 43 countries in terms of Overall Entrepreneurial Activity (Bosma et al. 2008: 20). In this section the evolution of European and UK Government intervention policy and strategy was identified and the current objectives of the governments were outlined.

## 2.4.1 – European Entrepreneurship Policy

By contrast to the United States, and even some member states within the EU, European policy makers were slow to understand the links between entrepreneurship and socio-economic development (Thurik 2007: 10). From 2000 to 2013 the share of global 'manufacturing value added' of the EU fell from 18.5% to 15% (European Union 2014: 22). This drop in competitiveness occurred despite a clear long-term

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vision within the EU (European Union 2014). Since the mid-1990's, momentum had gathered and by 2000 the Lisbon Strategy, a 10 year plan, had emerged with the aim "*to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*" (European Council 2000).

However by as early as 2002 the then president of the EU, Romano Prodi, highlighted that significant work remained to be done and he urged for the agenda to be pursued more vigorously; ''*Our lacunae in the field of entrepreneurship needs to be taken seriously because there is mounting evidence that the key to economic growth and productivity improvements lies in the entrepreneurial capacity of an economy''* (Prodi 2002). The response to which was a comprehensive review of Entrepreneurship in Europe, the Green Paper (European Commission 2003a). The Green Paper aimed to "*stimulate debate amongst policy makers, businesses, representative organizations, journalists and scientific experts on how to shape entrepreneurship policy*" (Thurik 2007: 11) and provided three "*pillars for action towards an entrepreneurial society*":

- Bringing down barriers to business development and growth (including time and costs)
- Balancing the risks and rewards of entrepreneurship
- Developing a society that values entrepreneurship.

(European Commission 2003a)

The objectives of the Lisbon Strategy and the Green Paper were to be achieved in a range of ways including a reform of the European Regional Development Fund (ERDF) which was established in 1975 as a financial instrument for explicit regional intervention (Croxford, Wise, & Chalkley 1987: 25). The initial concept of ERDF was

subject to much criticism with regards to the size and distribution of funds (Armstrong 1978) and the limited impact on ensuring regional equality (Martins & Mawson 1980). Radical reforms to the scheme in 1988, in both policy and the size of the fund, lead to positive impact on the growth agenda throughout the 1990's ensuring its role in the future of EU policy (Cappelen et al. 2003).

Following the Lisbon Strategy and the Green Paper there was a shift in focus towards entrepreneurship as a key element of the industrial policy with a view to encouraging support for smaller firms rather than the traditional large-scale projects (McManus 2005). By 2007 the focus of ERDF "aim[ed] to strengthen economic and social cohesion in the EU by correcting imbalances between its regions" (European Commission 2014), with 80% of the funds specifically focussing on four themes:

- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy.

(European Commission 2014)

The focus on four themes aimed to accelerate the so called 'knowledge-based economy' identified in the Lisbon Agenda (European Commission 2013) whereby knowledge was regarded as the main source of (potential) wealth and power (Castells 1996, Rodrigues 2002), and further reinforced the significance of the MSME community which were recognised for being very important within knowledge based economies (Curran & Blackburn 2001).

In order to minimise the effects of the 2008 financial crisis "the European Council adopted, in December 2008, the European Economic Recovery Plan worth EUR 200 billion, or 1.5% of the EU's GDP" (Hodorogel 2009: 89) in order to support the most

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vulnerable industries. This plan sought to ring fence funding for market stimulation and new business growth by working in conjunction with the existing development funds (Hodorogel 2009).

The ERDF fund represented €201 billion in its 2007 – 2013 period and €183.3 billion throughout the 2014 – 2020 period (European Commission 2011), to be match funded by partner institutions upon successful bidding for funds. However despite greater impact analysis there remains scepticism over the scheme (Nijkamp & Blaas 1995) with claims of on-going misuse of funds (T'Joen 2014).

## 2.4.2 – UK Entrepreneurship Policy

According to Lundström and Stevenson (2002) ''*the general goal of SME Policy is to strengthen the existing base of small enterprises by ensuring they can compete in the marketplace and they are not prejudiced be- cause of their small size, relative to large firms*'' (cited in van Stel, Storey & Thurik 2007: 172).

Following the 1971 Bolton Report (Bolton 1971) the UK Government recognised the link between SMEs and economic growth, job creation and innovation (Tilley & Tongue 2003). Bolton (1971) also significantly identified that the number of small firms was declining and that regulatory burdens were insidious (Huggins & Williams 2009). The report included recommendations to consider amending the size classification of firms' dependent on their industry rather than broad economy wide silo's as present in the EU and adopted in the UK today (Carter & Jones-Evans, 2006: 9). The mid-1970s saw one of the worst economic recessions in the UK with

mass-unemployment, and inflation of almost 24%, share prices had fallen from the peak by 75% (Louth 2008). As the UK began to exit this recession, the entry of a new Conservative Government in 1979 led to the introduction of a radical economic stimulus packages including financial support for new business start-ups; Training and Enterprise Councils (TECs) were created to focus on local enterprise growth and development (Huggins & Williams 2009). Following this in 1992 was the introduction of a nationwide network of business advice bureau's known as 'Business Link' (Bennett & Robson 2003). Robertson (2003) describes Business Link as "*UK Government organisations designed to champion the interests of small businesses by providing practical business information and advice*" (Robertson & Collins 2003: 303).

Much of these actions were seemingly reactive rather than proactive and the benefits of such were not felt as widely as intended. The perception of the schemes highlighted that many considered it to only intend on reducing unemployment figures and not to genuinely increase levels of enterprise activity (Storey & Strange 1993).

With the arrival of the Labour Government in 1997 enterprise policy shifted towards improving productivity, closing the enterprise gap with other leading economies, and to enhance social inclusion (HM Treasury 2002; Mueller van Ste & Storey 2006; Huggins & Williams 2009). Regional Development Agencies (RDAs) followed with an aim to be "*a catalyst to further drive economic development and to enable regions to improve their relative competitiveness*" (Huggins & Williams 2009: 23). The Labour Government also introduced the Small Business Service which had oversight for all enterprise policy development as well as to refine and manage the Business Link network (DTI 2004) and the Local Enterprise Growth Initiative (LEGI) which a remit "*to release the productivity and economic potential of our most deprived local areas*

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*and their inhabitants through enterprise and investment - thereby boosting local incomes and employment opportunities*" (BIS 2009: 2). The development of LEGI was in parallel to the EU Green Paper (European Commission 2003a). This provided a mechanism for UK financial stimulus packages to be aligned with the EU regional development strategies *(cf. 2.4.1)* through the use of LEGI funding to match funds available through ERDF (see Bererton 2011). Figure 2.4 shows the transition of Government initiatives from 1970 to 2015.

A significant accelerator to the development of an enterprising culture and political support system was the neo-liberal governance of the Thatcher government
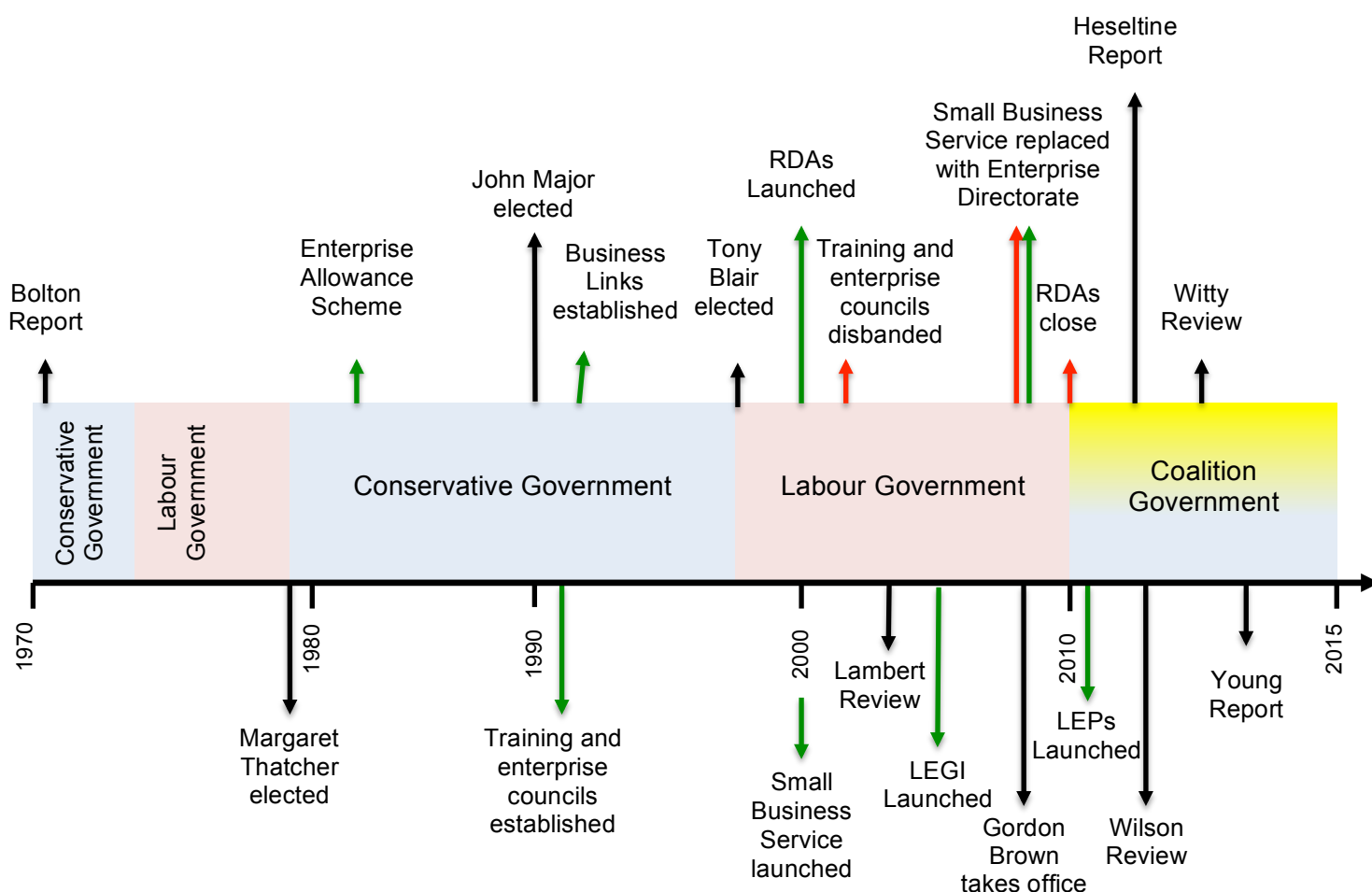


**Figure 2.4 – The transition of Government initiatives from 1970 to 2015**
(adapted from Huggins & Williams 2009)

(Bateman 2000, Peters 2001) which saw "the spirit of enterprise and entrepreneurship being unleashed in the country" (Bilimoria 2013). This approach sought to 'responsibilise individuals' and encourage entrepreneurial cultures in order to support "national economic survival and competition in the world economy" (Peters 2001: 60).

The subsequent transition of government led initiatives demonstrates the significance of entrepreneurship to the UK Government economic agenda as a mechanism for increasing GDP (Audretsch & Thurik 2001, Acs 2006). Figure 2.4 identifies some of the key landmarks on the business support horizon including the relatively short transition between, and lifespan of, support initiatives (Huggins & Williams 2009). However this does not necessitate that the volume of enterprise support programs consistently increase over time (Storey & Greene 2010), Table 2.1 highlights the volume of small business interventions and the significant fluctuations that follow economic growth and recession.

**Table 2.1 – UK Small Business Support Programs** (Adapted from Storey & Greene 2010)

| Time Period | Number of Small Business Interventions |
|---|---|
| 1946 – 1960 | 2 |
| 1960 – 1969 | Increase to 13 |
| 1970 – 1979 | Increase to 33 |
| 1980 – 1989 | Increase to 103 |
| 1990 – 2004 | Increase to 267 |
| 2005 – 2006 | Increase to over 3,000 |
| March 2006 | Decrease to 100 |

In 2008 the UK Government released its enterprise strategy (HM Treasury 2008). The strategy followed consultation with economic analysts, business owners and those from public sectors directly involved with the business support arena. Table 2.2 summarises the core areas identified in this strategy. Many of these are extensions of previous government objectives; for instance a desire to foster an enterprise culture was a core focus of the Conservative Government from the late 1970's (Joseph 1976, Curran 2000, Storey 2005, Huggins & Williams 2009). From 1997 to 2007 the Labour Government made little progress against their own measures of

**Table 2.2 – A summary of the UK 2008 Enterprise Strategy** (Adapted from HM Treasury 2008)**.**

| Area to be addressed | Issues identified | Measurement of change |
|---|---|---|
| **Culture** | Enterprise talent should be identified and 'unlocked'; fear of failure should be reduced; everyone should have the opportunity to be enterprising. | % Increase in number of people showing ambition to be enterprising. |
| **Knowledge & Skills** | Provide individuals and businesses the opportunity for support, knowledge and training allowing them to grow their business. | % Increase in number of businesses seeking external advice and/or providing training to their own staff. |
| **Finance** | Provide skills and advice to business owners to help make their business 'investment ready' and to ensure appropriate level of finance is available to them. | Reduction in number of businesses complaining about difficulties accessing finance. |
| **Regulatory Framework** | Unnecessary and overly complex regulation 'stifles' enterprise | Reduce administrative burden of regulation by 25% by 2010 |
| **Innovation** | A need for more research and development, business-to-business collaborations and business to university collaborations to increase innovation. | Increase in % of business turnover attributed to new or improved products and processes |

change with the only outcome being "*an explosion in the number of new and often uncoordinated initiatives, each seeking its own segment of the policy playing field*" (Huggins & Williams 2009: 34).

These initiatives were later disrupted by the 2010 'emergency budget', brought about by the September 2008 financial crisis, throughout Europe, which initially lasted for six quarters in the UK (Cowling *et al.* 2015: 489). The austerity measures introduced saw the closure of the Business Link support service, the closure of Regional Development Agencies and the introduction of Local Enterprise Partnerships with significantly reduced budgets. These changes represent a paradigm shift in terms of a government enterprise strategy and resources to support business development (Gov.UK 2010).

By the end of the Labour Government, in 2010, the significance of entrepreneurship as a key component to government strategy was well established; "*For ten years enterprise has been one of the five core drivers of the Government's strategy to lift the productivity of the economy*" (HM Treasury 2008: 3).

There has been much emphasis and resource provided by the government in the UK focussing on developing a stronger culture for enterprise. In the 2008 whitepaper 'Enterprise: unlocking the UK's talent', it is stressed that there is a need to "encourage a supportive environment for enterprise, to promote innovation as a core driver of enterprise, to enhance access to finance for entrepreneurs and to develop a supportive regulatory and legal framework for our businesses, especially our smaller businesses" (HM Treasury 2008). However challenges emerge upon application of these policies as highlighted by Devins et al. (2005) who highlight the lack of

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longevity, flexibility and bespoke support provisions for micro businesses. The following section will focus on the more recent developments in this space.

### 2.4.3 – Present Government HE interests

This thesis aims to identify the role of universities in working towards the previously identified government objectives *(cf. 2.4.1, 2.4.2)*. Figure 2.4 highlighted the pace of change and interest at national government level with a series of government endorsed reports emerging. This section will outline these reports to demonstrate the breadth and depth of current policy interventions. Readings (1996) argues that the role of the university has shifted from an idealistic position focused on knowledge creation, to an instrumentalist position serving societies need. This results in an "erosion of the autonomy and authority of academic governance" (Charles 2003: 9).

By contrast, Robinson and Haynes (1991) described the potential for universities as a catalyst for "*tying academic learning to the real world*" by linking pedagogical theories to actual business methods and by merging applied research and resources with real business environments (Robinson & Haynes 1991). The potential for universities in providing support to entrepreneurs lies almost entirely in the presence of a Science / Business Park together with a strong research agenda within the institution (Hansson 2007), the exception being for curriculum and extra-curricula based support offered to entrepreneurs within the education system (Gibb et al. 2009).

It is also recognised that whilst entrepreneurial skills, attributes and behaviours are essential to economic stability and growth (Bosma, Wennekers, & Amoros 2011), much of the potential is never realised (HM Treasury 2008). Huggins & Williams (2009) and Henry (2013) support this concept by suggesting that entrepreneurship, and enterprise education has global credibility as a remedy for economic and social crises.

In the post-Lisbon Strategy (European Council 2000) era significant changes were made at EU and national level which directly impacted the role of University-Business collaborations. The Lambert Review of Business - University Collaboration (Lambert 2003) was the first report of its kind to set about identifying the benefits to institutions, regions and the UK, which could be achieved through enhanced University and Business collaboration. Lambert (2003) places specific emphasis on the role of enhancing Knowledge Transfer Partnerships, exploitation of intellectual properties, the use of HEIF to fund such collaborations and the role of RDA's to ensure they measure not only jobs created but the value add achieved in their regions. The Lambert Review was regarded by many (see Brough and Barnes 2003, London 2003) as a pivotal step in the role of government in the enhancement of business and university relations, however London (2003) points out the on-going issues faced between University and SME engagement as well as an omission of any recommendations around the provision of early stage funding which could be used to stimulate new relationships.

Under the Cameron ministry formed in May 2010, there have been a number of exploratory and critical reports into the government policy, initiatives and the role of universities, in stimulating entrepreneurial outputs contributing to the foundations set by the Lambert Review (2003). The first such report was the Wilson Review of

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Business-University Collaboration (2012) which acknowledges that "*universities are an integral part of the supply chain to business – a supply chain that has the capability to support business growth and therefore economic prosperity*" (Wilson 2012: 1), it also provides very practical recommendations surrounding the development of Knowledge Transfer Partnerships (KTP's), Innovation Vouchers, Placement opportunities and careers advice aligned to the local MSME market place. The interconnected and interdependent relationship between universities and businesses is well established. Through Wilson's report there are calls for an all-round optimisation of this relationship for an enhanced prosperity of 'UK PLC' (Wilson 2012).

This report was followed by Lord Young's micro-business focussed report "Growing Your Business" in 2013. Importantly the aim of this report was to focus policy makers, researchers and support providers' attentions on the micro business highlighting the post double-dip-recession trend in small business growth (Young 2013) and making recommendations to expand the small business growth support provision. The Young report refocuses the attention of support policymakers and providers on what he calls "the vital 95%", referring to the significance of micro-enterprises to the UK economy and the importance of a support infrastructure to nurture them (Young 2013: 6).

The significantly more university-centric Witty Review (2013) continued the momentum of Wilson (2012) and the recommendations of Young (2013) in declaring that "*universities should assume an explicit responsibility for facilitating economic growth*" in what is referred to as the Third Mission of the University[2] (Witty 2013: 6).

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[2] The primary and secondary missions being Research and Education

In describing the support provision for SMEs by universities Witty notes the variety of the support, the issues SMEs face in engaging with external support, but also the substantial benefits available if tackled correctly. Specifically, Witty recommends that universities identify potentially innovative SMEs and focus support on them to achieve the best return on investment for the economy (Witty 2013). The focus on utilizing universities as change-agents in this sense is not a new concept, however the realization of the potential impact a more aligned agenda between politics, business owners and universities is noticeably emerging as a theme in political agendas and academic research.

Underpinning much of this, within England at least, is the Higher Education Funding Council for England (HEFCE) formed in 1993 following a merger of the Universities Funding Council (UFC) and Polytechnics & Colleges Funding Council (PCFC) (Mundell 1992: 100). HEFCE's formation required, for the first time, an assessment of quality of research and teaching to be made in order to distribute public funds towards universities (Mundell 1992, HEFCE 2012a). The role of HEFCE is to "*distribute public money for higher education to universities and colleges in England, and ensures that this money is used to deliver the greatest benefit to students and the wider public*" (HEFCE 2012a) although the formula used has been subject to much criticism and speculation  (Dutta, Sefton, & Weale 1999, Whittington 2000). HEFCE administer a range of funding schemes, most noticeably within the entrepreneurship and innovation landscape is the Higher Education Innovation Fund (HEIF) which launched in 2001 (HEFCE 2012a). The aim of HEIF is to incentivise universities to transfer their knowledge into companies in order to drive growth in the knowledge economy (Sainsbury 2002). Such Knowledge Exchange (KE) activity "generated £2.68 billion for English HEIs in 2011/12" (Ulrichsen 2014: 2), and an

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average of £22,000 per academic FTE (Ulrichsen 2014: 23), with an aggregate growth rate of 3.3% (Ulrichsen 2014: 2). Studies have demonstrated the significance of HEIF funding towards the wider enterprise and entrepreneurship agenda within HEIs and the synergy between HEIF and the presence of an enterprise agenda full stop (Rae et al. 2012, Ulrichsen 2014) demonstrating not only its effectiveness but also the potential dependency of the sector on the funding provision (Jongbloed, Enders & Salerno 2008).

HEFCE also have responsibility for the annual survey of higher education-business and community interaction (HEBCI), focusing on "*specific interactions with external partners, such as contract and collaborative research, consultancy, continuing professional development and intellectual property, rather than attempting to assess the entire contribution of higher education institutions throughout their teaching and*

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**Figure 2.5 - HEBCI income streams 2003-13** (Source: HEFCE 2014)

*research activities*" (HEFCE 2014: 2). From 2011-12 to 2012-13 the overall level of HEBCI, in financial values, increased by 5%; greater that the overall GDP for the same timeframe (HEFCE 2014), further demonstrating the significance of activity in this space.

Figure 2.5 highlights the growth of business and community interactions from universities in financial terms since 2001. Contract research (where private organisations commission the research) is the largest area of interaction, followed by collaborative research (typically funded by grants or research councils, but still incorporating an external partner). Exploring this income by the partner type we can see that "*total investment across all activities from large businesses was £729 million, while SMEs were £181 million. Income to HEIs from the public and third sectors (charities and social enterprises) was £1,295 million*" (HEFCE 2014: 4). Despite the continued growth of Knowledge Exchange within HEIs, the West Midlands region has achieved just 9% growth of KE income from 2004 to 2012 compared to 73% growth for London, 69% in the East of England and 67% in the East Midlands. In fact the only region to see less growth in HEI KE income than the West Midlands was the North East region with 3% growth (Ulrichsen 2014: 25).

However much of this policy, and their recommendations, are predicated on the university (and faculty) being motivated to engage with the business community. Lois et al. (1989) and others (Samsom & Gurdon 1993, Siegel, Waldman & Link 2003, Lundqvist & Williams 2013) have identified the misalignments between venture creation and the core objective of the university, particularly within the sciences. The burden brought about by policy requiring more entrepreneurial outputs from the university faculty may result in disharmony for academics that have to move away from research pathways (Glassman et al. 2003, Mendes & Kehoe 2009).

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## 2.4.4 – Regional Government

A common criticism of government enterprise policy is that it blankets the nation with policies, which do not take into account local conditions (Convery 2006, Huggins 2009). This was acknowledged by the UK Government (HM Treasury 2003) and plans to deliver enterprise strategies which were tailored to, and which empower, government bodies at regional and local levels were established (Convery 2006).

Within England, the system of local government has been subject to on-going change since the late nineteenth century (Pemberton & Goodwin 2010);

> "*In 1974 a major round of structural reform led to the creation of 47 county councils; six metropolitan county councils in the largest conurbations outside of London (both of which were responsible for 'strategic' services such as Planning, Education and Transport), and 333 lower-tier districts / boroughs with responsibility for 'lower-level' services such as Housing, Recreation and Environmental Health*" (Pemberton & Goodwin 2010:3).

These reforms received much criticism for lacking economic or geographic sense spurring further reform and restructuring (Elcock 1994). Since 1994 a regional classification has been adopted with ten regions of England (including the West Midlands) initially and then nine since 1996 following the merger of Merseyside and the North West regions (ONS 2015). From 1996 to 2011 each region was represented by a Government Office for the Region (GOR) with representation from a number of government departments in order to maximise prosperity and the quality of life within their area. However following the Comprehensive Spending Review in 2011 these were replace in favour of a more local focus of government (ONS 2015). Despite this the role of the region has remained significant, primarily for statistical purposes (ONS 2015) with the nine English regions each being a first level region

within the Nomenclature of Territorial Units for Statistics (NUTS) as used by the European Union for statistical analysis and policy implementation (European Commission 2015).

Regional Development Agencies (RDAs) were created as a mechanism to address these variations in regional and sub-regional economies (BERR 2009). A total of nine RDAs were introduced by the government in 1999 - 2000 with an aim to *"...co-ordinate regional economic development and regeneration, enable the English regions to improve their relative competitiveness and reduce the imbalances that exists within and between regions*" (Neighbourhood Renewal Unit 2008). The RDA concept was seen as a catalyst for the government's enterprise strategy at local level translating central government policy into meaningful decisions for the local economy (Huggins & Williams 2009). RDAs were tasked with five core focus areas:

- Economic development and regeneration;
- Promotion of business efficiency, investment and competitiveness;
- Promote employment;
- Enhance development and application of skills relevant to employment;
- Contribute to achievement of sustainable development

These core focus areas were weighted with specific regard to the needs of the regions covered by each RDA (BERR 2009). Between 2002-03 and 2006-07, for every £1 spent by the RDAs, an average of £4.50 of economic output (or Gross Value Added - GVA) was put back into the regional economies, though it is recognised that not all 'projects' governed by the RDAs resulted in a positive contribution to their economies (BERR 2009).

RDAs were closely followed by the formation of the Local Enterprise Growth Initiative (LEGI) in 2005 with an aim to use enterprise and entrepreneurship as a further tool for regeneration of deprived areas across the UK. The Local Enterprise Growth Initiative was described as a "*tool to help us tackle disadvantage and deprivation and transform our most deprived communities*" (BIS 2007) by providing access to funding to local and regional governments to deliver regionally specific support or regeneration programmes.

The initial three year period of the LEGI scheme was valued at £300 million (HM Treasury Small Business Service 2005) with local authorities being able to apply for between £2m and £10m each. The investment could only be utilised by deprived areas that required funding for regeneration. Convery (2006) identified a lack of synergy between the Government Offices (GOs) and the Regional Development Agencies (RDAs) regarding the control of LEGI; GOs and RDAs were on the same political tier however "*RDAs regard[ed] themselves as being more business-led and enterprise-focussed and therefore better placed to determine the right local or sub-regional arrangements for enterprise support*" (Convery 2006: 322).

The scale and volume of these initiatives further supports the argument that there is clearly a significant level of support available, however questions remain over the degree to which the schemes achieve their full potential (Fuller, Bennett, & Ramsden 2002, The Taxpayers Alliance 2010). This is further explored by Drever (2006) who asserts that:

> "...*If local authorities are going to succeed in the implementation of the policy, empowerment must be based on more than merely enlarged funding. Local authorities must develop their capacities and be given the freedom to act flexibly and deliver innovative solutions.*" (Drever 2006: 5).

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Drever (2006) identified very little independent research into the future developments of RDAs and Governmental Bodies supporting small businesses. A general census from researchers supports the notion that control over the many programmes of support should be disseminated amongst the Local Authorities rather than the Regional Level (Fuller, Bennett, & Ramsden 2002, Drever 2006). Over their ten years of operation the RDAs' gross outputs were recognised to be:

- over 620,000 jobs created (or safeguarded);
- over 76,000 new businesses created;
- over 6,600 hectares of brownfield land remediated;
- over 1.6 million people provided with learning opportunities and supported in developing skills and education; and
- investment of nearly £8.2 million attracted into their regions.

(House of Commons 2008)

Despite these well-publicised successes (Gibbs 2000, House of Commons 2008, Wilson et al. 2012), the RDAs were disbanded on 31st March 2012 following an "emergency budget" in June 2010 announcing the new formation of Local Enterprise Partnerships (LEP's) to replace them (GOV.UK 2010).  LEPs were unfunded volunteer organisations and initially struggled to gain traction, certainly not of the level previously seen by the well-funded RDAs (Bennett 2011). The Heseltine report (2012), which was widely accepted by government, suggested the necessity to utilise LEPs as conduits for centralised government funds and European funds to best address the local needs (Heseltine 2012). Critical differences for LEPs included the setting of their own geographic areas, economic strategy and voluntary involvement of the business community in decision making (Bennett 2011) as part of the coalition governments 'Big Society' vision (Bentley, Bailey, & Shutt 2010). A key difference in

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the management of LEPs will be the compulsory presence of the Chamber of Commerce on the LEP board in all regions, with Cambers being a lead partner in half of the LEPs (Bennett 2011). Bentley et al. (2010) also highlight the changes in budget, with over 65% less funding when compared to RDAs, and funding models with a focus on bidding for specific project funds rather than the allocation of an annual budget. The shift from RDA to LEP, along side wider austerity measures including the closure of Business Link support and similar business support QUANGOs[3], represented a paradigm shift in the business support landscape within the regions (Storey & Greene 2010) as a result of the 2008 global financial crisis.

This evolution of regional control and autonomy is described as "a fundamental transformation from a geographical, political and cultural entity to a triple helix of firms, universities and government agencies that generate new initiatives for regional innovation" (Etzkowitz 2008: 77).


## 2.5 – Micro, Small and Medium Sized Enterprises


The significance of MSMEs to the UK economy must not be understated, however the understanding of clear parameters for identifying SMEs and Micro firms is still disputed (Storey 1994). Figure 2.3 highlights a number of key reports on the importance of MSMEs to the economy starting with the Bolton report in 1971 which argued that "small firms" could not be defined by employees, resources, turnover or productivity, it also argued that the same metric could not be used throughout the

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[3] Quasi-Autonomous Non-Governmental Organisation

[4] The total sample size was 747,970 business owners.

economy (Bolton 1971: 1). The Bolton committee identified three criteria in order to identify a small firm:

- A small firm should have a relatively small share of its market
- It should be managed by its owners, or part owners, in a personalised way (not through formalised management structures)
- It should be independent and not form part of a larger enterprise – owner managers should be free to make decisions. (Bolton 1971: 1)

Using this criterion, industry specific definitions were conceived in order to identify the small firms and their value to the economy as outlined in Table 2.3 highlighting the need to define size within the context of the market place (Bolton 1971: 3). However such definitions were not widely accepted by the academic community, nor government statisticians, due to the difficulties in making economy wide analysis and generalisations.

In practice the Department for Trade and Industry (DTI) adopt the following working definitions (Culkin & Smith 2000: 146):

- Micro Firms: 0 – 9 employees
- Small Firms: 0 – 49 employees (includes micro firms)
- Medium Firms: 50 – 249 employees
- Large Firms: over 250 employees

In a separate report, Culkin also highlights how the DTI and it's various subsidiary groups adopt a wide range of definitions to suit their specific aims and objectives, further complicating the usefulness of definitions and terminology (Culkin 1998).

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**Table 2.3 – Bolton Committee Small Firm Definitions** (adapted from Bolton 1971: 3)

| Industry | Criteria | % of small firms in the industry (1963) | % of total employment in small firms (1963) | Average No. of Employees (1963) |
|---|---|---|---|---|
| **Manufacturing** | ≤ 200 employees | 94% | 20% | 25 |
| **Retailing** | ≤ £50,000 turnover | 96% | 49% | 3 |
| **Wholesale Trades** | ≤ £200,000 turnover | 77% | 25% | 7 |
| **Construction** | ≤ 25 employees | 89% | 33% | 6 |
| **Mining / Quarrying** | ≤ 25 employees | 77% | 20% | 11 |
| **Motor Trades** | ≤ £100,000 turnover | 87% | 32% | 3 |
| **Miscellaneous Services** | ≤ £50,000 turnover | 90% | 82% | 4 |
| **Road Transport** | ≤ 5 vehicles | 85% | 36% | 4 |
| **Catering** | All except multiples and brewery managed public houses | 96% | 75% | 3 |

Despite this clear differentiation of the Micro enterprise by the DTI, BIS incorporate the micro firm into the classification of the small firm, that is to say that a small business encompasses any firm with 0 – 49 employees and medium sized companies have from 50 – 249 employees (BIS 2014: 4). The approach adopted by BIS is aligned to the relevant legislation within the UK, the Companies Act (2006) identifies firm sizes if the firm satisfies 2 of criteria in Table 2.4:

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**Table 2.4 – Firm Size Definitions in the UK** (Adapted from the Companies Act 2006)

| Criteria | Small Firm | Medium Firm |
|---|---|---|
| **Turnover** | ≤ £6.5 million | ≤ £25.9 million |
| **Balance Sheet** | ≤ £3.26 million | ≤ £12.9 million |
| **Employees** | ≤ 50 | ≤ 250 |
| **Section of Companies Act (2006)** | 382 | 465 |

The benefits of which are a standardised criteria for analysing cross sector business whilst still mainlining an element of flexibility for the SME owner by only requiring two criteria to be met. Within the EU there is yet a further definition applied, they communicate the difficulties in establishing pan-economy definitions based on turnover and balance sheet financial data, but stress the staff headcount criterion as being "undoubtedly one of the most important, and must be observed as the main criterion" (European Commission 2003b: 36). Table 2.5 outlines the EU classifications for micro, small and medium sized enterprises where the staff count must be met, and one of the relevant financial criterion being met.

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**Table 2.5 – Firm Size Definitions in the EU** (adapted from European Commission 2003b)

| Criteria | Micro Firm | Small Firm | Medium Firm |
|---|---|---|---|
| **Employees** | ≤ 10 | ≤ 50 | ≤ 250 |
| *and* **Turnover** | ≤ €2 million | ≤ €10 million | ≤ €50 million |
| *or* **Balance Sheet** | ≤ €2 million | ≤ €10 million | ≤ €43 million |

The European Commission revised the figures in Table 2.5 in 2003 to reflect the economic changes since their first release in 1996. Alongside these changes the European Commission requested for all member states to adopt the same metrics for business size classifications to standardise the understanding of SMEs (European Commission 2003c). The EC definitions were specifically relevant to this research as many business support initiatives in the West Midlands region were supported by European Regional Development Funds (ERDF) which adhere to these guidelines in order to assess the eligibility of businesses for support provision.

The area of study is particularly pertinent as MSMEs represent a significant proportion of all enterprises in the UK and EU as represented in Table 2.6, despite this there is still a lack of quality research into the MSME community (Curran & Blackburn 2001). This study adheres to the EU definitions for consistency against the funding provision; this is a prime reason for adopting the term MSME, rather than SME, for absolute clarity.

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**Table 2.6 – UK and EU SMEs** (adapted from BIS 2014, Lukacs 2005)

| Size | UK Firms | EU Firms |
|------|----------|----------|
| Micro | 95.6% | 93% |
| Small | 3.7% | 5.9% |
| Medium | 0.6% | 0.9% |
| SMEs | 99.9% | 99.8% |

At the micro level, studies have addressed the unique and individual characteristics of the entrepreneur (Nooteboom 1988). Nooteboom (1988) explains how this is achieved through an established understanding of the 'life-world' of the individual, seeking to identify the social construction of their reality in order to understand the "real world" as it is to the entrepreneur (Berger & Luckmann 1966: 13). This life-world has been regarded as the "*province of reality which the wide-awake and normal adult simply takes for granted in the attitude of common sense. By this taken-for-grantedness, we designate everything which we experience as unquestionable; every state of affairs is for us unproblematic until further notice*" (Schutz & Luckmann 1973: 3). The norms, processes and attitudes of the entrepreneur must therefore be explored in order to establish their life-world and perspectives towards their venture.

## 2.5.1 – MSMEs and Growth

With economic impact at the heart of the European and UK wide statistics in the previous section, it is clear that the wider agenda seeks to identify organisations, perhaps through innovation, with high-growth potential (Storey 1994). Lean, Down &

Sadler-Smith (1999) echo the importance of 'growth potential' as a metric, but highlight the historical dependence on quantitative data for assessing such potential. There is, they claim, a need for managerial aspirations and attitudes towards growth to be "*assessed at an intuitive level and through personal contact between client and advisor*" rather than solely relying on quantitative data (Lean, Down, & Sadler-Smith 1999: 83).

However the concept of growth is not a norm for micro firms, most of which start small and die small with no significant growth stage experienced (Storey 1994, Davidsson, Achtenhagen & Naldi 2010). Indeed many individuals seek self-employment for greater control over personal goals and ambitions that may be traded off against financial goals or ambitions (Keasey & Watson 1993: 11).

The relevance of high-growth, high-impact firms has been identified as being "*critical to the growth of regional economic activity*" (Chapman et al. 2014) as highlighted by the fact that in the UK between 2002 and 2008 the 6% of businesses with the highest growth rates generated half of all the new jobs created by existing businesses (NESTA 2009a). Beck & Demirguc-Kunt (2006: 2932) refer to SMEs as "the engines of economic growth" signifying their importance to the overall economic recovery and growth agenda.

In order to establish the varying degrees of growth within a firm, Birch (1979) proposes a range of characteristics of the high-growth firm, or Gazelles, and his work influenced the modern definition used by the Organisation for European Co-Operation and Development (OECD) (Birch 1979). The OECD defines high-growth firms as having "*annualised growth in employees (or in turnover) greater than 20% a year, over a three-year period, and with ten or more employees at the beginning of*

*the observation period*" (OECD 2008). This defined threshold is widely cited in European and UK policy and within the business support initiatives previously discussed *(cf. 2.4)*, however when referring to the 95.6% of enterprises acknowledged as being micro businesses (BIS 2014: 4) it is clear that "high-growth" categorisation will not be possible.

Other classifications for MSMEs include Birch's definition of 'Mice' (Birch 1979) as "*firms that started out small, grow very little and hence contributed only marginally to employment growth*" (cited in Henrekson & Johansson 2008: 1). Canada (1998) elaborates on this to say Mice were "*companies with little or no potential for generating new jobs*" (Canada 1998: 1) and McGrath (2002) explains how "*Mice seek to provide personal income without working for someone else*" (Mcgrath 2002: 53).

Birch's definitions, however, were entirely based on the number of employment opportunities a business generates, this indicator is somewhat restrictive as a firm could be entirely run by a sole trader or partnership yet still be classified as 'high-growth' in terms of their financial or sales growth (Weinzimmer, Nystrom, & Freeman 1998). If, however, a definition for measurement or criteria for Mice enterprises is required, McGrath explains that they "usually grow at less than 10% annually" in order to "remain relatively stable in size" (Mcgrath 2002: 53).

The 2013 GEM Report concluded that only 24% of entrepreneurs expected to grow their business by at least five employees over the next five years, whilst across the EU 13% of entrepreneurs expect to create more than 20 jobs (GEM 2013) clearly demonstrating a trend towards the majority of businesses being classified as "low growth". Perhaps the more attitudinal measurement of growth should be followed

such as those proposed by Storey (1994) who explored the growth ambitions of UK businesses, or Hakim (1989) who explored growth intentions, identifying that 55% of businesses surveyed[4] had no plans for growth (Hakim 1989). Further similar studies by Greenbank (2001) found fewer than half of the sample seeking growth, and Baines and Wheelock (1998) found 38.5% of respondents specifically rejecting a growth agenda.

This supports Storey's definition of a 'trundler' as businesses for which growth is not an objective (Storey 1994), regardless of "what state assistance is available, and whatever the nature of the market place into which they sell, they do not see taking on additional employees as an objective" (Storey 1994: 119). Other authors have categorised business start-ups as 'growth-rejecting' or 'growth ambivalent' (Baines, Wheelcock, & Abrams 1997) and McMahon (2001) describes 'lifestyle businesses' as having few or no growth aspirations (McMahon 2001). Whilst the issue of the various categories or definitions of business growth is well explored, there is little agreement about the characteristics of growth, it is said to be unlikely that there will ever be a generic model of MSME growth or growth criteria (Lewis 2008).

The Home Business Report (2014) identified "*2.8 million businesses operating full time from home, contributing £300 billion to the annual UK economy*" (Enterprise Nation 2014) and suggests that in 2014 50% of respondents to their annual survey were running a part-time business from home, a form of business start-up they call "Working 5 – 9" (Enterprise Nation 2014).

The concept of a 'lifestyle business' is therefore difficult to silo, however the characteristics could be extrapolated as being entrepreneurial activity which is

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[4] The total sample size was 747,970 business owners.

aligned towards the personal circumstances and lifestyle (Kaplan 2003) and where growth may still be found but it is not the primary objective or motivation (McMahon 2001, Burns 2001, Bolton & Thompson 2003).

In addition to the mind-set of the entrepreneur and their growth intentions (Sexton & Bowman-Upton 1987), a growing body of literature also considers the barriers to growth experienced by MSMEs (Barber, Metcalfe & Porteous 1989). Barber et al. (1989) describe these barriers within three categories; Management and Motivation, Sources, and Market Opportunities and Structure. Management and motivation largely concerns the capabilities and intentions of the owner, as previous discussed (McMahon 2001, Burns 2001, Bolton & Thompson 2003, Storey 1994, Kaplan 2003, Hakim 1989). Market Opportunities and Structure may relate to the openness of the market, the competitive environment and the ability of others to compete or move into the space occupied by the MSME (Barber, Metcalfe & Porteous 1989). Sources include, amongst other things, access to funding, most noticeably the "finance gap", which is configured where a firm has potentially profitable investment opportunities but insufficient funds to exploit them (Storey 1994, Deakins 1996, Jarvis 2000, NESTA 2009b).

The challenge faced by researchers in this field revolves around the categorisation of business size being misaligned to the categorisation of business growth (Weinzimmer, Nystrom, & Freeman 1998), with business support predominantly focussing on business growth or growth potential (Lean, Down & Sadler-Smith 1999, Wiklund, Patzelt, & Shepard 2009) it is apparent that there is a research gap with regards to MSME growth definitions within a business support policy context. For policy makers the challenge revolves around the optimal distribution of funds in order to achieve economic returns, Shane (2009) argues that public funding should only be

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targeted at high-growth firms and not those that remain small intentionally (Shane 2009), while Gordon, Hamilton & Jack (2012: 771) identified SME support delivered by universities was capable of producing returns of £2.40 - £4.30 per each £1 of investment, regardless of the growth orientation of the firm.

## 2.5.2 – MSMEs Support Needs

Following the Bolton Report (1971) perceptions in the UK towards small firms changed significantly (Matlay 1999: 6). More recently, as the previous section outlined, the scale and significance of MSMEs and their attitudes towards growth on a national scale was seen to increase (GEM 2013, Enterprise Nation 2014). However regardless of whether or not the firm seeks growth (Wilson 2008), or stability (McMahon 2001), the net benefit to the economy with specific attention drawn towards employment creation, remains positive (Matlay 1999: 7). It is somewhat paradoxical that there remains a comparatively light volume of qualitative research into the business support needs of MSME owners (Chaston 1992, Devins et al. 2005, Samujh 2011). Since the mid-1990's it has been acknowledged that MSME owners lack the skills required to analyse and exploit market opportunities in a timely manner (Matlay, 1997; Storey, 1994), despite such training needs being identified in the Bolton Report (1971). Matlay (1996, cited in Matlay 1997: 7) further suggests that during cycles of recovery and growth these skills shortages "*seriously handicap and frustrate efforts to sustain the quality of economic output in Britain*".

As interventions and policy have evolved, our understanding of their effectiveness has been limited at best (Lean 1998), and whilst national policy has focused on firms with growth potential *(cf. 2.5.1)* there may be cause for a regional support agenda to

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reflect the importance of MSMEs to the regional economy (Lean 1998: 232). Such business support typically includes "*advisory assistance, dissemination of best practise, encouragement of partnerships, gateway services and so on*" (Wren & Storey 2002: 334), and quality control of this support is recognised as being key in ensuring the reputation of support remains attractive to MSME owners (Ramsden & Bennett 2005). Empirical studies, however, have shown minimal or even a negative impact for micro firms with the most significant impact being observed with small sized businesses (Wren & Storey 2002). Unfortunately this is against a backdrop of very little data or impact analysis overall for the micro business support agenda (Chaston 1992, Devins et al. 2005).

In addition, Devins et al. (2005: 545) suggest that it is common place for support and training provision initially designed for larger organisations to be inappropriately repackaged for the MSME market with little or no adaptation. In their conceptual model, Devins et al. (2005) highlights the importance of the relationship between the support provider and the micro-business owner as being equal to any cost or value proposition, alongside the requirements for funding to be secured over a long term basis in order to establish trust, confidence and credibility. The lack of appropriate support offering, particularly during the start-up phase, can result in negative experiences, which in turn lead to lower levels of awareness about future support provisions (Lean 1998). Matlay (2004) furthers this perspective by highlighting the misalignment of support initiatives to the micro and small firm, regardless of their growth or impact potential, his work also demonstrated the lack of awareness of support initiatives amongst the MSME community.

Support itself may be sought from a range of providers, private sector (including consultants, mentors and coaches), public sector (including government initiatives,

publicly subsidised and QUANGO support) and informal connections such as friends and family (Ramsden & Bennett 2005). A study by MORI (1994) and later concurred with by Berry et al. (2006) highlight the significance of external accountants as a source for advice throughout the business life cycle. In their SME focussed study Ramsden & Bennett (2005) identified a greater level of satisfaction for 'soft' support (reassurance, supportive guidance etc.) over 'hard' support (improved financial performance and efficiency etc.) suggesting some crucial differences for small firm support where the owner-manager has more autonomy, control and emotional investment, over larger firms where the role of owner-manager is obsolete. Berry et al. (2006: 44) identified that "*SMEs whose owner managers were high users of a range of business advice were also those that were growing most quickly*", further supporting the call for multiple, diverse support services. As part of this overall system of support, Walshok (2013) identified the importance not only of supporting individual entrepreneurs, but also in supporting the development of a community of entrepreneurs. In doing so a culture of 'reinvestment' can be established with entrepreneurs, having engaged with support the MSME can be encouraged to contribute their time, knowledge, efforts and potentially finances (either in the use of commercial support, or in terms of investments into other firms engaged in the process) back into future iterations of the support scheme (Walshok 2013: 16).

Considering the wider system of support initiatives, Lean (1998) concluded that where there is support, there is a need to bridge the gap between early stage start-up support provision, and growth support for established firms, this research will consider this viewpoint and the others presented here in the data collection with MSMEs in a modern context.

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## 2.6 – West Midlands University Entrepreneurship Strategies

An entrepreneurial university is any that undertakes entrepreneurial activities "*with the objective of improving regional or national economic performance as well as the university's financial advantage and that of its faculty*" (Etzkowitz et al. 2000: 313). Therefore universities have become catalysts for regional and national socio-economic development (Urbano & Guerrero 2013). They provide a wide variety of services which manifest as incubators of new ideas and technologies, promote new business creation, and offer a variety of resources and capabilities that contribute to creating a sustained competitive advantage (Dasgupta & David 1994, Kirby 2002). Universities have also been recognised for their role in supporting micro-sized enterprises with support when innovating, however this is largely dependent on "*the necessary infrastructure exist[ing] in the university*" (Jones et al. 2014: 48).

Many universities are established centres of expertise, research and development, as well as offering support on many levels for the local community. Etzkowitz (2008) describes the 'capitalisation of knowledge' as the new mission of universities with a view to connecting knowledge creation and knowledge application more closely (Etzkowitz 2008). With this in mind the university as a body could be regarded as a delivery partner for government (regional, national and European) and a primary contributor to the economic recovery agenda. The role of universities in this agenda is well established (Bolton 1971, Wilson 2012, Witty 2013, Young 2013) and the concept of the entrepreneurial university has been widely discussed. Gibb (2009) describes the role of universities as needing to enable the UK to

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> "*Compete internationally and respond entrepreneurially (socially and economically) to the pressures of uncertainty and complexity induced by globalisation*" (Gibb 2009: 3).

It depends, according to Etzkowitz (2008), on the following four pillars:

- Academic Leadership being able to formulate and implement a strategic vision,
- Legal control over academic resource (staff, buildings, intellectual property etc.),
- Organisational capacity to transfer technology through patents, licensing and incubation,
- An entrepreneurial ethos amongst administrators, faculty and students.

European, National and Regional policy has recognised the value of universities in the delivery of business support *(cf. 2.4)* and a range of initiatives can be seen embedded within the institutional strategies of universities in the West Midlands. One such example of this alignment is the use of HEIF funds in order to stimulate Knowledge Exchange, Enterprise and Innovation activities. Table 2.7 outlines the distribution of HEIF funds across HEI's in the West Midlands with distribution varying from no funding (Harper Adams, Newman University, University College Birmingham, and the University of Worcester) through to the maximum allocation available in all years of the scheme (Coventry University, University of Birmingham and University of Warwick).

HEIF funding is commonly used as match funding for European Regional Development Funds and European Strategic Funds (Bererton 2011). Table 2.8

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highlights the total value of ERDF achieved by each institution between 2007 – 2013[5]
(modified from DCLG 2015).

**Table 2.7 – Distribution of HEIF within the West Midlands (2010 – 2016)**

| Round | HEIF 4 | HEIF 5 | HEIF 6 |
|---|---|---|---|
| **Years** | **10 - 11** | **11 - 15** | **15 - 16** |
| Aston University | £1,861,708 | £1,690,228 | £1,066,970 |
| Birmingham City University | £1,900,000 | £1,293,503 | £646,752 |
| Coventry University | £1,900,000 | £2,850,000 | £2,850,000 |
| Harper Adams University | £495,847 | Nil | Nil |
| Keele University | £1,204,853 | £747,361 | £478,065 |
| Newman University | £160,909 | Nil | Nil |
| Staffordshire University | £1,332,476 | £1,202,189 | £1,041,554 |
| University College Birmingham | £295,823 | Nil | Nil |
| University of Birmingham | £1,900,000 | £2,850,000 | £2,850,000 |
| University of Warwick | £1,900,000 | £2,850,000 | £2,850,000 |
| University of Wolverhampton | £1,565,458 | £2,087,085 | £2,488,895 |
| University of Worcester | £421,576 | Nil | £338,404 |

Whilst this data does not reflect the delivery of ERDF programmes, due to the
collaborative nature of many programmes between stakeholders, it does serve to
highlight the variance of funding across the region as a reflection of the regional
diversity previously discussed (*cf*. *2.4.4*) and the alignment of institutional strategies
to utilise such funding to meet their strategic objectives.

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[5] This data highlights the primary applicant for ERDF funding and does not reflect any
dissemination of funds between institutions / organisations or their involvement in the delivery,
this is particularly important where the RDA or LEP might be leading a bid with universities as
key delivery partners). Additionally it includes commercial subsidiaries of the intuitions
(including Science Parks) within the single figure. Accordingly any university with a nil entry
may still be actively involved in, and funded by, ERDF funded programs but not as a lead
applicant.

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**Table 2.8 – Distribution of ERDF within West Midlands Universities**

| Institution | ERDF Budget Awarded | Match Funding | Total |
|---|---|---|---|
| Aston University | £15,779,998 | £15,169,895 | £30,949,893 |
| Birmingham City University | £590,260 | £590,268 | £1,180,528 |
| The University of Birmingham | £14,769,019 | £14,619,445 | £29,388,464 |
| University College Birmingham | Nil | Nil | Nil |
| Coventry University | £26,204,857 | £26,056,718 | £52,261,575 |
| Harper Adams University | Nil | Nil | Nil |
| The University of Keele | Nil | Nil | Nil |
| Newman University College | Nil | Nil | Nil |
| Staffordshire University | Nil | Nil | Nil |
| The University of Warwick | £28,198,572 | £28,191,930 | £56,390,502 |
| The University of Wolverhampton | £17,664,783 | £17,568,716 | £35,233,499 |
| The University of Worcester | Nil | Nil | Nil |

With a total of £326m of ERDF awarded within the West Midlands between 2007 and 2013 (DCLG 2015), 31% of all funds were awarded to the region's Universities representing the significant role of HEI's in the delivery of EU development strategies *(cf. 2.4.1)*. HEBCIS data from this period (2011/12) indicates that half (six) of the West Midlands HEI's have SME Support as one of their three key contributions towards economic development, a third (four) of West Midlands universities consider their key contribution to be graduate retention, meeting the regions skill needs, research collaboration with industry or technology transfer (HESA 2013b). All but one University have a strategic plan for business support, however five institutions

identified that there were barriers present which disincentives' staff from engaging with businesses (HESA 2013b). All Universities reported to HEBCIS that they have a central, dedicated unit which provided a point of enquiry for SMEs and assistance to SMEs in specifying their needs. Table 2.9 highlights the date such initiatives were established with many directly following key EU, National and Regional initiatives and strategies outlined in Figure 2.4.

**Table 2.9 – Date of formation of initiatives responsible for Business and Community interactions**

| Institution | Date of formation of initiatives responsible for Business and Community interactions |
|---|---|
| Aston University | May 2000 |
| Birmingham City University | January 1985 |
| The University of Birmingham | May 2008 |
| University College Birmingham | September 1999 |
| Coventry University | July 1989 |
| Harper Adams University College | n/a |
| The University of Keele | May 2000 |
| Newman University College | n/a |
| Staffordshire University | August 1999 |
| The University of Warwick | April 2000 |
| The University of Wolverhampton | 01/12/2001 |
| The University of Worcester | 10/07/2007 |

Most noticeably are a range of initiatives following the RDA Formation in 1999 and the EU Lisbon Strategy in 2000 which occurred around the time six institutions developed their dedicated business interaction services, and a further two

universities following the formation of LEGI in 2005 and the ERDF reform in 2007. These resources, both financial and physical, have enabled institutions to engage in a wide range of support with the business community. The HEBCIS data for 2011/12 identifies Contract Research, Consultancy and Continued Professional Development (CPD) as key areas for engagement. Table 2.10 provides insight into the proportion of University activity in these three key areas which engages SME's. Across the West Midlands region it is evident that Universities deliver just 3% (£2.3m) of all their Contracted Research, 10% (£2.8m) of consultancy and 10% (£3.2m) of CDP revenues from SME engagement (HESA 2013b).

**Table 2.10 – SME business engagement as a percentage by financial value**

| Institution | Contract research with SMEs | | Consultancy with SMEs | | CPD with SMEs | |
|---|---|---|---|---|---|---|
| | Value (000's) | % of all Research Revenue | Value (000's) | % of all Consultancy Revenue | Value (000's) | % of all CPD Revenue |
| Aston | £474 | 20 | £10 | 6 | £375 | 21 |
| BCU | £0 | 0 | £67 | 15 | £122 | 3 |
| Birmingham | £710 | 2 | £396 | 8 | £11 | 0 |
| UCB | £0 | n/a | £26 | 13 | £31 | 26 |
| Coventry | £200 | 11 | £1,374 | 16 | £1,385 | 18 |
| Harper Adams | £244 | 24 | £83 | 36 | £238 | 27 |
| Keele | £248 | 21 | £59 | 6 | £0 | 0 |
| Newman | £0 | n/a | £2 | 9 | £1 | 100 |
| Staffordshire | £34 | 3 | £115 | 3 | £52 | 1 |
| Warwick | £364 | 1 | £368 | 25 | £462 | 6 |
| Wolverhampton | £47 | 8 | £330 | 5 | £54 | 5 |
| Worcester | £0 | 0 | £11 | 6 | £497 | 70 |
| West Midlands | £2,321 | 3 | £2,841 | 10 | £3,228 | 10 |

The breadth and depth of funding provision (HEIF and ERDF) requires an equally diverse range of business engagement strategies by universities. Table 2.10 highlights the level of engagement with SMEs in key elements of university activities in 2011/12. These engagements must address the strategic imperatives of the funding providers (EU or UK Government) whilst also addressing the specific needs of local businesses throughout the West Midlands region in order to successfully engage with the SME community and evidence impact.

For the West Midlands these activities represent an average of £18 million in KE income per institution, which compares with the average of £21 million per HEI in England and £34 million per HEI in the East of England. Only 2 regions experience lower KE income per HEI; London with £17 million per HEI and the South West with just £12 million per HEI (Ulrichsen 2014: 24) indicating the underperformance of the region.

The vision of an enterprising university may be sought after by many HEI's, and forced upon others (Philpott et al. 2011), and within the West Midlands all HEI's include a reference to entrepreneurship, economic development, innovation or knowledge transfer within their strategic mission statements[6]. However there is no one-size-fits-all approach (Clark 2001) and institutions must take into account their resource availabilities and capabilities (Williams & Kitaev 2005) in order to identify the opportunities which deliver the maximum economic and institutional benefits (Reid & Schofield 2006). A failure to do this will result in an ineffective strategy for the

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[6] A review of all West Midlands University strategies was undertaken for this research and documents can be found in the list of references. Specific references are only made to institution specific findings.

institution or could result in a "*schizophrenic entrepreneurial divide within their institution*" (Philpott et al. 2011: 169), particularly if faculty deem the enterprise activity to deviate away from their research goals (Glassman, et al. 2003, Mendes & Kehoe 2009).

## 2.6.1 – University Enterprise Support in the West Midlands

Enterprise activities provided by universities can be categorised into three core areas; entrepreneurship education (Gibb et al. 2009), commercialisation of university assets (including knowledge) (Etzkowitz 2003, Louis et al. 1989), and business support activities including consultancy (Wilson 2012). A review of University strategic documents identifies a range of engagement methods ranging from specific projects funded through ERDF or similar funds, through to core departments within an institution offering bespoke support for business owners (see Table 2.9). Institutions such as Aston University have a dedicated Pro-Vice Chancellor for "Business Partnerships and Knowledge Transfer" (Aston University 2015) with others having bespoke units for leading the institutions entrepreneurship agenda such as the Institute for Applied Entrepreneurship at Coventry University and the Entrepreneurship and Innovation Centre at the University of Birmingham.

Support specifically for student entrepreneurs across the 12 West Midlands universities includes but is not limited to:

- Business Plan / Idea competitions
- Guest Speakers
- Student led Enterprise Societies

- Student Business Incubators
- Start-Up Funding (including grants and loans)

Funding and mentoring play a very important role within the provision of enterprise support to students and feature in two of the most celebrated student enterprise initiatives within the West Midlands, SPEED and BSEEN;

The Birmingham Skills for Enterprise and Employability Network (BSEEN) is a collaborative initiative between Aston University, University of Birmingham and Birmingham City University (BSEEN 2015) providing their students with mentoring and "six months of free office space, business training and a £1,000 grant" (Loizou 2015:4). BSEEN incorporates ERDF funding and institutional HEIF allocations to provide support to "undergraduates and graduates, up to 5 years after graduation living in the West Midlands region" (BSEEN 2015).

The Student Placements for Entrepreneurs in EDucation (SPEED) programme was first conceived in 2006/7 as a collaborative HEIF3 funded project between 15 Universities, within the West Midlands this included Aston, Birmingham City, Birmingham, Coventry, Harper Adams, Keele, Staffordshire, Warwick and Wolverhampton universities (Heath 2015). From 2008 the programme continued on a regional basis with Wolverhampton University joining the original ten West Midlands universities as a ERDF and HEIF funded "SPEED WM". It's final iteration was as "SPEED Plus" which saw collaboration from Birmingham City, Coventry, Keele, Staffordshire and Wolverhampton universities (SPEED Plus 2015). The programme offers a combination of mentoring and consultancy, grant funding, workshops and training, and access to internal resources such as hot-desking office space (SPEED Plus 2015). Its aim has been "to make it more possible for 'would-be' entrepreneurs

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to convert their ideas, concepts and dreams into a sustainable business plan giving them a genuine self-generated future career option" (Birch & Clements 2006). SPEED allowed for institutions to develop support programs which would address the local needs of their students, whilst providing a strategic synergy with regional and national policy as required by HEFCE (HEIF) and ERDF funding; it "provide[s] an experiential route to developing entrepreneurial and business management skills. This in turn would help establish sustainable ventures, driving change within HEIs, embedding enterprise and entrepreneurship in the curriculum and aiding graduate retention in regional economies" (Rae 2011: 103).

Initiatives such as BSEEN and SPEED seek to meet the institutional strategic aims, commonly aligned to innovation, enterprise and regional development *(cf. 2.6)* by developing stronger links with the business community, encouraging innovation and competitiveness of start-ups (Piterou & Birch 2012).

When measuring the levels of student focussed enterprise provision within HE institutions it can be seen that historically the West Midlands has marginally fewer students engaged in in-curricula enterprise activities at 31% compared to the UK average of 34% of students (NCGE 2006). In comparison the West Midlands had a higher than average engagement level for extra-curricular activities at 69% compared to the UK average of 66% of students (NCGE 2006). The last decade has seen a rapid expansion of institutions who offer enterprise related accredited courses, the West Midlands offered an average of 10 courses per institution compared to a UK average of just eight (NCGE 2006). This indicates that the West Midlands is not only attracting students who want to engage in enterprise activities but also that the Higher Education Institutions (HEI's) are keen to drive forwards and promote enterprise activities both to their current students but also as part of their recruitment

and admissions process. There is also a higher than average number of HEI's that have a VC/PVC for Enterprise (+16%) staff enterprise training (+17%) and Entrepreneurship Champions (+16%) (NCGE 2006) which suggests that overall the institutions were keen to embed an entrepreneurship culture across their institutions, both with a top-down and a bottom-up approach.

Lundqvist and Williams (2008) explore the relationship between business start-up, technology transfer and formal entrepreneurship education in order to encourage students to increase their entrepreneurial capacity. UCAS (2013) report that three institutions in the region (Coventry University, Staffordshire University and University of Worcester) offer bachelor's degrees with Enterprise being the core focus (UCAS 2013), although only one of these is a venture creation programme (Lackéus 2013) with students actively starting businesses within their formal education, the benefits of which are well acknowledged (Lackéus & Middleton 2015). This is opposed to degree programmes which have a strong level of enterprise embedded within them but only secondary to a core subject, (i.e. Engineering & Entrepreneurship) an typically not experiential or truly aligned to the life-world of the entrepreneur (Clements & Birch 2012). Regardless of the approach, the motivation towards embedding enterprise within the formal education system is strong (Zainuddin 2012) and empirical studies confirm that the more universities invest in entrepreneurship education, the higher the entrepreneurship rates (Varela & Jimenez 2001). Furthermore, empirical studies have demonstrated the breadth and depth of learning that can be facilitated through the use of extra-curricular enterprise societies and the relationship between student society activities and the preference towards becoming an entrepreneur (Pittaway et al. 2015).

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Secondly is the commercialisation of university assets (Etzkowitz 2003, Louis et al. 1989), which includes knowledge transfer, technology transfer and consultancy as recommended by the Lambert Review of Business-University Collaboration (Lambert 2003). Knowledge transfer in organisations is the process through which one unit (e.g. group, department, or division) is affected by the experience of another (Argote & Ingram 2000: 151). Across organisations, institutions and industries the role of knowledge management is to increase the performance of the recipient unit (Darr, Argote, & Epple 1995). Stemming from the primary mission of the university (Witty 2013: 6), research may lead to innovation in line with Schumpeter's view of the entrepreneur (1934). Technology transfer is considered to be a major driver of sustainable development by placing knowledge and dissemination in the centre of the development process (Brodhag 2013). However whilst innovation, technology and research have been seen to be positive contributors to economic prosperity, our understanding of the innovation process is still limited (OECD / EUROSTAT 2005).

Knowledge transfer may also be achieved through the provision of Continue Professional Development (CPD) or training directed at business professionals or owners. Table 2.10 previously highlighted Coventry University as a key player in this activity providing 43% of all SME CPD in the West Midlands through their trading subsidiary Acua Solutions Ltd. The HEFCE (2006) Employer Engagement Strategy "initiated a programme of activities to support workforce development, in particular supporting the enhanced engagement between HEIs and employers" (UBC 2011: 70). Acua Limited was initiated as a pilot project of that programme with a remit to design and implement "a range of effective organisational development programmes, which improved decision making, problem-solving, learning and innovation" (UBC 2011: 70). Acua enabled CPD and training to over 6,000 learners in 3 years, and

equivalent of 2,800 full time equivalents (FTEs) establishing Coventry University as a "driving force behind improvement in organisational performance" (Acua 2012).

Where a university sees commercial value in research it produces, they may commercialise the opportunity through a spin-out retaining intellectual property ownership and or a majority share of the entity (Velo et al. 2008). Pirnay & Surlemont (2003: 356) define university spin-offs as "*new firms created to exploit commercially some knowledge, technology or research results developed within a university*". Unlike knowledge and technology transfer however, there exists potential limitations to spin-out activity based around the capabilities of the individual to act as both academic researcher and business owner or entrepreneur (Hammerstedt & Blach 2008). These limitations were further supported by Siegel et al. (2003) who described how technology transfer offices within universities tend to prioritise licencing and knowledge transfer over any spin-out or venture creation activity. Further disagreements were proposed by Cohen et al. (2002) whose research indicated that the best way to transfer knowledge remained through softer chancels such as conferences and research papers (see also Salter and Martin 2001). Whilst spin-out firms do appear to generate economic benefit, the provision of entrepreneurial skills to graduates is likely to have a much greater economic benefit (Philpott et al. 2011: 163).

Finally, the business support agenda covers a wide range of initiatives (Wilson 2012). Rasmussen and Borch (2010) identify the emerging relationship between universities and incubators or science parks as part of their commercial business support, and technology transfer, offer. Rothaermel et al. (2007) describe the science park, incubator and previously discussed technology transfer offices, as the primary source of new firm creation within the university environment (Rothaermel, Agung, & Jiang

2007). Data from UK Business Incubation (UKBI) suggests that seven West Midlands universities also have a Science, Technology or Business Park either adjacent to or as a partnership operation between the University and European, local, and national government. These include:

- Aston University – Aston Science Park
- University of Birmingham – Birmingham Research Park
- Coventry University – Coventry University Technology Park
- Keele University - Keele University Science & Business Park
- Staffordshire University - Staffordshire Technology Park
- University of Warwick - University of Warwick Science Park
- Wolverhampton University - Wolverhampton Science Park

(UKBI 2008)

Combined they offer a range of services to MSME markets; these services include but are not limited to:

- Business incubator space
- Seminars and workshops
- Knowledge Transfer Partnerships
- Mentoring
- Route to market advice and consultancy
- Subsidised administrative services
- Serviced Office Space

Many of these could be found offered for free or at a subsidised rate to the end user, the institution typically funds such projects through public sector funding, including regional funds from Local Enterprise Partnerships (LEPs), European Regional Development Funds (ERDF), and Local Enterprise Growth Initiatives (LEGI) funding. The European Commission regard Science Parks as "a business incubator"

providing a range of services, support and resources with an aim to increase local development and job creation (European Union 1990).

The International Association of Science Parks (IASP) has a stronger focus on the organisational and managerial aspects involved and defines a Science Park as:

> "*... An organization managed by specialized professionals whose main aim is to increase the wealth of its community by promoting the culture of innovation and the competitiveness of its associated businesses and knowledge based institutions. To enable these goals to be met, a Science Park stimulates and manages the flow of knowledge and technology amongst universities, R&D institutions, companies and markets; it facilitates the creation and growth of innovation-based companies through incubation and spin-off processes; and provides other value-added services together with high quality space and facilities*" (International Association of Science Parks 2004)

Hansson (2007) suggests that in Europe and Great Britain there is greater emphasis on the notion that a Science Park is a physical space that encourages community, enterprise and commercial activity whilst also maintaining and establishing links with the host university (Hansson 2007). In contrast Hannon and Chaplin (2000) argue that:

> "*The critical input factors in incubator practice would appear to be the incubator management, and the approach adopted by the incubator managers and staff in the implementation of incubation policies.*"
> (Hannon & Chaplin 2000)

Hannon and Chaplin are supported by Carroz (2001) who suggests that the advice and commitment from management is more valuable that the real estate and facilities on offer (Carroz 2001). In practise both factors are likely to play an important role in attracting end users to engage, though Hannon and Chaplin (2000) specify that it is the role of the management to make the transition from a business community to a

business incubator that facilitates development and growth (Philpott et al. 2011). Universities in the West Midlands have been very efficient with this method of business development as they have readily available educational and research knowledge and resources that could be directly applied to business incubation. Where resources are deployed from local, national and European governments to facilitate the support provision, not only must the mutual benefit be clearly established, but also a mind-set of cooperative collaboration is essential to success (Inzelt 2004).

## 2.6.2 – Future Enterprise Support Trends

There remains evidence of frustration with regards to support provision in the West Midlands as highlighted by 67% of West Midlands based businesses being "dissatisfied with the local support for small businesses" (Federation of Small Businesses 2000). In addition to this there is an expanding growth agenda for MSMEs in the region with 49% of small businesses owners intending to grow their businesses moderately and 7% hoping for substantial growth (Federation of Small Businesses 2004). This gap in the business support offering should be the focus of future enterprise support strategies.

With reference to student enterprise provisions, Collins et al. (2004) argue that students should be increasingly exposed to entrepreneurs as a role model as well as an entrepreneurial society, including students who come from entrepreneurial family backgrounds (Collins, Hannon, & Smith 2004). It is perhaps surprising therefore that the volume of research addressing action based, enterprise education to enable the

transfer of students into entrepreneurs, remains limited (Lackéus & Middleton 2015). The future of 'Enterprising universities' will become essential in addressing this need. Schulte (2004) discusses how Higher Education Institutions (HEIs) should put increased emphasis on developing the individuals and the future entrepreneurs who will become the business leaders of tomorrow. Perhaps more importantly, the institution must act, think and operate in an entrepreneurial way (Schulte 2004, Gibb 2009). This in itself is most certainly much more difficult to implement than merely developing an enterprise support program. Mortimer (1995) describes the traditional, non-entrepreneurial, universities as "*a process to induct the cleverest young people into the black arts or mystique of academia, the secret pass of which was the prized degree*" (Mortimer 1995). Mortimer also argues that a modern entrepreneurial university regards its stakeholders as not simply including staff and students, but also industrialists and the business world. Intriguingly the author writes from the perspective of a university which has completed an Enterprise in Higher Education (EHE) programme which was a 'remarkable success', and claims that in the new entrepreneurial university "*deans of faculties are (horror of horrors) starting to work together to look at educational issues that were taken for granted for years*" (Mortimer 1995).

Collins et al. (2004) describe their recommendations to a university that would like to change their policies, practices and offerings to be more pro-entrepreneurship as follows:

- Build cumulative pre-incubation time into the curricula to allow students to build and develop a business idea.
- Prepare students for 'risk' and 'ownership.
- Provide entrepreneurial experiences for students.

(Collins, Hannon, & Smith 2004)

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Collins et al. (2004: 461) go on to explain how their findings highlight that "*students from all subject backgrounds will have entrepreneurial needs*", highlighting that changes do not need to be implemented within a module, course or even faculty; instead it needs to be apparent across the entire institution through their culture. Furthermore, universities of the future must focus on teaching students to "*understand entrepreneurship, become entrepreneurial and become an entrepreneur*" regardless of their discipline (Heinonen & Poikkijoki 2006: 83). Heinonen & Poikkijoki go on to describe the future of enterprise education as:

> "*The aim of our entrepreneurship education … is to integrate the skills and attributes of an entrepreneurial individual with the entrepreneurial process and related behaviour.*" (Heinonen & Poikkijoki 2006: 81)

On a more pragmatic level, Jones and English (2004) advise that the teaching or delivery style itself must become entrepreneurial by stepping away form pedagogic practice and moving towards andragogic practice (Gibb 2009, Jones *et al.* 2015). This would include being "*action-oriented, supportive of experiential learning, problem-solving, project based, creative, and involves peer evaluation*" (Jones & English 2004: 422). This concept was further supported by Heinonen (2007) who saw the role of the lecturer / teacher as "*a guide, creating entrepreneurial learning environments and processes for the students, and on the other hand as a helper, facilitating their co-learning process with their peers*" (Heinonen 2007: 17). This introduces a move towards heutagogic practice within enterprise education with "student determined approaches" becoming a mechanism to increase student engagement through a community based learning experience (Jones *et al.* 2015).

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## 2.7 – Sustainability

Sustainability is a key element of this study and the subject of much debate amongst academics. Definitions and interpretations can vary significantly, especially in commercial and political environments, however the origin lies in a broad definition that sustainability refers to our "*meeting the needs of the present without compromising the ability of future generations to meet their own needs*" (Brundtland Commission 1987: 16). An understanding of sustainability may be supported further by the development of this abstract definition to include the carrying of capacity, futurity, and environmental and socio-economic long-term quality of life (Starik & Rands 1995). Therefore sustainable development would "*seek to maintain an 'acceptable' rate of growth in per-capita real incomes without* depleting the national capital asset stock" (Turner 1988). Although empirical studies by Springett (2003: 77) criticises the lack of clarity of the term, participants in her study refers to synonyms to 'sustainability' including 'long-term', 'viable for a long time', having 'longevity' and 'survival'. The lack of a vigorously accepted definition has led some business owners to cease using the phrase 'sustainability' unless it could be "translated into something more meaningful … rigorous, verifiable and testable" Springett (2003: 77).

Within the wider field of research reference is commonly made to three essential elements of sustainability as being the economy, the environment and society (United Nations 2005) as outlined in Figure 2.6. In wider literature this trinity is referred to as the Triple Bottom Line (TBL) or the 'three pillars of sustainability'

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**Figure 2.6 – Venn diagram of Sustainable Development** (Adams 2006)

(Elkington 1994) with sustainability-oriented organisations reporting on their TBL in their performance records.

The main focus of research in the field of sustainability is within the environmental field; whilst such environmental studies might be relevant to wider society the focus of this research calls more significantly upon the economic and social aspects.

Social sustainability is outlined by Woodcraft (2011) as including the following dimensions; amenities and infrastructure, social and cultural life, voice and influence, and space to grow. Social sustainability may be measured through variables such as

the unemployment rate, disposable household income, education levels, crime levels, life expectancy and happiness indexes (Slaper & Hall 2011).

Economic sustainability describes the ability of an economy to support a defined level of economic production indefinitely (Brundtland Commission 1987). The economic sustainability agenda could be assessed through the monitoring of income levels, unemployment or welfare costs, job growth, GDP and other taxes (Slaper & Hall 2011).

For the SME, sustainability may be impacted by a wide range of attributes, Husband and Mandal (1999: 702) highlight "*operational management, financial control, records, marketing and customer focus, access to information, use of professional advice (e.g. accounting, legal), keeping up to date with market changes, people employed, forward planning, technology and innovation*" as key contributors to their sustainability. Whilst Pojasek (2007) describes business sustainability, as a rapidly emerging discipline and a relatively young profession, accordingly there is often a lack of clarity over the terminology and lexicon used in sustainability research. Pojasek recommends that business sustainability enables the organisation to accomplish the following:

- *"Provide context within which the organisation addresses its activities, products, and services.*
- *Identify critical objectives and targets (stemming from the organisation's vision and mission) that must be achieved.*
- *Remove impediments or interruptions that could deter the achievement of organisational objectives and targets.*
- *Allow the organization to understand the probable outcome of controls and other mitigation strategies for dealing with impediments or interruptions.*

- *Allow the organisation to understand how it can continue to achieve its critical objectives and targets should interruptions occur.*
- *Create criteria and/or triggers for implementing crisis and emergency response, continuity response, and recovery response procedures.*
- *Ensure that staff and management understand their roles and responsibilities both during normal operations and when a major disruption may occur.*
- *Ensure that there is a clear understanding throughout the organisation of what accountabilities and responsibilities are in place when there is an emergency or a major stakeholder issue, and ensure that this understanding remains current.*
- *Build consensus and commitment to the requirements, implementation, and deployment of business sustainability and continuity, which are integrated as part of the routine way the organisation conducts its business."*

(Pojasek 2007: 2)

These principles support research in this field by establishing a conceptual framework for interpretation, analysis and evaluation of sustainability in a range of environments. Whilst this framework provides a useful model against which to evaluate and analyse small firms, there remains a void with regards to empirical data that supports a clear explanation for how small firms sustain their development and growth (Smallbone & Wyer 2000: 432). During a complex time of change, organisations must be aware of their internal and external dependencies and influences both in terms of potential impact and the longevity of the initiative (Doppelt 2010). Universities have been under pressure to change, with proliferating new demands from government, industry and society in addition to the traditional research, teaching and learning community demands they are subject to (Clark 2004). Lackéus (2013: 7) summarised this environment for change by suggesting that "many of the policies and practices vis-à-vis incentivising and accelerating

entrepreneurship in the 1980s may be insufficient for the challenges of the 21st century".

The sustainability agenda, therefore, impacts both the commercial business community and the higher education sector alike, with a necessity to ensure their impact and longevity are maintained in accordance with their stakeholder needs, resource availability and strategic vision (Doppelt 2010). However as Jacques Schraven states "there is no standard recipe: corporate sustainability is a custom-made process" (cited in Marrewijk 2003: 96), and organisations must therefore select the most appropriate approach towards sustainability that aligns to their corporate strategy, aims and intentions ( Marrewijk 2003).

As mentioned previously *(cf. 1.1)*, the principles of sustainability that inform this research focus on the sustainability of individual support projects, sustainability of the enterprise agenda within universities, sustainability of business growth and sustainability of economic growth. Referring back to the broadest origins of sustainability research, the definition of the Brundtland Commission (1987: 16), which identifies sustainability as "*meeting the needs of the present without compromising the ability of future generations to meet their own needs*" aptly provides a guiding principle which is applicable to all areas of focus for this research.

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## 2.8 – Entrepreneurship in the West Midlands

This thesis looks specifically into the enterprise support agenda and economy within the West Midlands region, it is important that researchers understand the entrepreneurial evolution and economic change which has resulted in the current industrial and entrepreneurial climate at the local level.

The West Midlands region sits in the centre of England and has a population of 5.6 million (ONS 2013), some 8.9% of the UK population[7]. The concept of the region is a political construct providing a basis for statistical analysis throughout the NUTS administrative divisions *(cf. 2.4.4)*. It is because of this conceptualisation of the 'region', that the West Midlands has become synonymous with the industrial revolution and centres of mass-production, however despite this the region is both geographically and economically diverse. It incorporates;

> "*the urban central areas of the conurbation to the rural western counties of Shropshire and Herefordshire which border Wales. The longest river in the UK, the River Severn, traverses the region southeastwards, flowing through the county towns of Shrewsbury and Worcester, and the Ironbridge Gorge, a UNESCO World Heritage Site, as birthplace of the Industrial Revolution. Staffordshire is home to the industrialised Potteries conurbation, including the city of Stoke-on-Trent, and the Staffordshire Moorlands area, which borders the southeastern Peak District National Park near Leek. The region also encompasses five Areas of Outstanding Natural Beauty, the Wye Valley, Shropshire hills, Cannock Chase, Malvern Hills, and parts of the Cotswolds. Warwickshire is home to the town of Stratford upon Avon, the birthplace of the writer William Shakespeare. The West Midlands and Greater London are the only regions of England and of the United Kingdom which are landlocked*" (AWM 2008).

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[7] Total population of the UK in 2011 was 63,182,000

Following the abolition of Regional Assembly in March 2010 (WMLB 2010) the county, unitary and district councils assumed greater involvement in the planning and delivery of public services, in doing so it was envisaged that the local needs of these diverse communities could be better served (ONS 2015).

The West Midlands is located at the hub of the UK's road and rail network. 75% of the UK's population is within five hours drive and all major European cities are within 48 hours (AWM 2007). These statistics present an optimal environment for a thriving business and industrial location where infrastructure and labour force have the potential to be both strong and efficient.

Furthermore, the West Midlands is home to 12 universities, which between them in 2012/13 had 190,665 enrolled students (HESA 2013a). This equates to 8.15% of the total students in the whole of the UK[8] (HESA 2013a), many of these graduates will seek employment within the region directly after graduating. This data from HESA indicates that there is a healthy supply of 'quality graduates' and post-graduates within the region further adding to the appeal of the West Midlands to enterprises setting up in the region.

By contrast however, the region has suffered mass de-industrialisation over the past two decades. "*For over a century this region has been the heartland of car production in the UK*" (Donnelly et al. 2005: 249), however it has been seen to drastically decline since the mid-1970's (Spencer, 1987) when the sector employed some 146,000 compared to just 65,238 in 2002 (MacNeill, Burfitt & Bentley 2008), culminating with the retraction of several key manufacturers from the region.

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[8] Total enrolled HE students in the UK was 2,340,275 in 2012/13

Manufacturing now accounts for just 11.2% of jobs in the region (ONS 2014a). In particular the decline of the automotive industry has been a significant influence on the current industry and employment position of the region (Donnelly et al. 2005).

The rapid decline of what was once the most prominent industry within the West Midlands has led to what Cavazos and Schneider (2006) describe as the "snowball effect" (Gamboa-Cavazos & Schneider 2006) whereby tributary and dependent businesses both up-stream and downstream suffer as a consequence of the closure or downsizing of other business operations. This could be due to the lack of supply or demand of their products but could span across many industries and sectors within a 'closed' economic system. In the case of the West Midlands, the impact has been primarily on local industries (largely MSMEs), which acted as suppliers and contractors to these manufacturers. From 2007 to 2012 the level of unemployment in the West Midlands increased from 5.8% to 8.6% with gross disposable household income being amongst the lowest in the UK at just £14,400 per head (ONS 2013), by 2014 the unemployment rate had recovered slightly to 7% (ONS 2014a).

This steady decline in industry and manufacturing is due to a number of complex micro and macro factors; however the issues this thesis is more concerned with were the consequences of this change - the way in which the long-term entrepreneurial activity has been impacted following such radical change.  The level of early-stage Total Entrepreneurial Activity (TEA) "rate is the proportion of people aged 18-64 who are involved in entrepreneurial activity as a nascent entrepreneur or as an owner-manager of a new business" (Bosma et. al. 2008). In a comparable time frame the TEA in the West Midlands has drawn closer to the UK average; in 2009 the TEA in the West Midlands was 5.2% compared to the UK rate of 5.8% (GEM 2010). This translates into a range of economic activities, most noticeably is the self-employment

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data, which in 2010 was 12.7% of the working population in the West Midlands and by 2014 had risen to 13.5% (ONS 2014b).

The 'West Midlands Economic Strategy' produced by Advantage West Midlands (AWM) identified the significance of the region on the economic development of the UK. It also indicates that there is an active policy in place to address this gap and regional development bodies were aware of the issues they face;

> "*In 2005, output per head was 89% of the UK average. When scaled across the whole of the economy, this equates to a £10bn output gap – in other words, the region's economy would be £10bn richer if our output per head were the same as the UK average*." (AWM 2007: 4)

The 2007 AWM Economic Strategy was their third strategic publication and sought to "set the agenda and provide leadership for achieving economic development in the region" (AWM 2007: 84) in order to achieve their vision to "be a global centre where people and businesses choose to invest, work, learn, visit and live" (AWM 2007: 4). The strategy aimed to influence around £25 billion of public sector resources in the West Midlands region around three key themes;

1. Business
    a. Seizing Market Opportunities
    b. Improving Competitiveness
    c. Harnessing Knowledge
2. Place
    a. Increasing Birmingham's Competitiveness
    b. Improving Infrastructure
    c. Developing Sustainable Communities
3. People
    a. Sustainable Living
    b. Raising Ambitions and Aspirations

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c. Achieving Full Potential & Opportunities for All

(AWM 2007: 38)

The £10 billion output gap (AWM 2007) further highlights the extent at which the West Midlands has suffered at the hands of de-industrialisation, further to this is the impact of globalisation as Donnelly et al. (2005) explains "*With much of the region's motor industry being in the hands of multinationals, employment levels are, therefore, potentially vulnerable to investment decisions being made overseas due to foreign ownership*" (Donnelly et al. 2005: 250). In this transitional period it is essential therefore that the regional development agencies and public support services address this increasing need for support and provide the framework for Owner-Managed businesses and MSMEs to survive.

Further studies from Federation for Small Businesses (FSB) highlight that "*Just over half of businesses (53%) were registered as limited liability companies, 32% were registered as sole proprietorships and 13% were partnerships*" with reference to the West Midlands (FSB 2006a). When looking into the support available, fewer than 5% of the small businesses surveyed had used government funded business advice/support in the last 12 months. When asked why this was the case, 30% of respondents said that they were unaware of the support being available, furthermore 20% of the business community said that they "did not use government support due to confusion over the service provision on offer" (FSB, 2006b). The same report anonymously quotes a business owner as saying "Too many schemes, too bureaucratic, too long a timeline between identifying the need, completing the submission and getting the agreement". The FSB concluded their findings with the following statement; "Small businesses need a government funded business support system that is independent, easily accessible and not confusing to the user" (FSB

2006b). With the closure of the regional observatories, which used to provide RDAs with the evidence base for policy and evaluation at a region level (Bentley, Bailey, & Shutt 2010: 14), empirical data at a regional level is scarce which results in little data more recent that then FSB study discussed.

The level of self-employed individuals in the West Midlands had risen from 7.5% of the economically active, working age population in 1999, to 13.5% in 2014, this equates to 338,651 self-employed individuals in the region (ONS 2014b). The Home Business Report (2009) identified 207,190 Home Businesses in the West Midlands contribution £21.4bn to the UK annual economy (Enterprise Nation 2009). With increasing levels of 'part-time' self employment we cannot be certain from this data if individuals will be reported as self employed by the ONS if it is not their primary source of income, therefore the true level of enterprise activity could be significantly greater than the data indicates (Enterprise Nation 2014). Table 2.11 highlights data from 2011 – 2014 for the region, most notably the region has a survival rate slightly

|  | West Midlands |
|---|---|
| **Number of Start-Ups** | 13,501 |
| **3 Year Survival Rate of Start-Ups** | 56.7% |
| **3 Year Survivors reaching £1m turnover** | 3.4% |
| **% of all WM Turnover in Manufacturing Sector** | 41.4% |
| **% of all WM Turnover in Business Services Sector** | 36.8% |
| **% of all WM Turnover in Personal Services Sector** | 7% |
| **% of all WM Turnover in Public Services Sector** | 14.7% |
| **% of Firms identified as Fast Growth** | 16.9% |

**Table 2.11 – Summary of West Midlands Firms** (adapted from Bonner *et al.* 2015)

lower than the UK average of 58% but a higher proportion of these (3.4%) reach a turnover in excess of £1m than the UK average of 2.4% (Bonner *et al.* 2015: 18). The regional turnover figures are strongly dominated by Manufacturing industries followed by Business Services with significantly less turnover being generated by Personal and Public services. The West Midlands region performs marginally higher than the UK average when looking at fast-growth firms, with 16.9% of firms comparing to the UK average of 16.6% (Bonner *et al.* 2015: 17).

Putting this into the historical context of the West Midlands, it would seem therefore that the region is in a stage of flux, more small enterprises are emerging both as part of national and international trends in enterprise creation (GEM 2010, ONS 2014b), but also as a consequence of a declining manufacturing industry and recent job losses in the region (Donnelly et al. 2005). The true paradox however, is that a survey of the small business owners suggests a significant proportion of business owners who think that the business support available is poorly marketed, inappropriate and insufficient (FSB 2006). The notion that the 'support system' itself causes almost as many problems as the initial problems faced is therefore suggested, and this is further acknowledged within the AWM Enterprise Strategy which highlights the need to "stimulate enterprising behaviour across the board" and the need to "link skills more closely to innovation and enterprise" (AWM 2007: 42). Further insight into the support available, its origins and developments is required to fully understand these concepts.

### 2.8.1 – West Midlands Business Support Bodies

Coventry was one of only 10 regions to successfully bid for funding in the first round of LEGI; the City was awarded £12.6m in total in the first two years (Convery 2006: 317). Whilst LEGI delivered funding directly to private projects, the funding was primarily allocated to the Regional Development Agency (RDA), in this case Advantage West Midlands (AWM). Before their demise *(cf. 2.4.4)* AWM were the core leaders in developing the 'West Midlands Economic Strategy' and then liaising with partner organisations, both public and private, in order to meet the demands and goals of the strategy (Roberts & Benneworth 2001). They described themselves as leaders of "*the development of our region's business base by attracting international investment, developing key industries, encouraging enterprise and innovation, raising skills levels and co-ordinating the provision of finance and business support to companies*" (Advantage West Midlands 2007). AWM's primary objective is not in providing support for the end user, with the exception of funding for large-scale projects; this job falls down to a number of support services across the region. NESTA identified 48 business support providers across the West Midlands region (NESTA, 2008), and suggest that support is available far beyond this if niche and industry specific support is to be considered. Furthermore, in 2014 the Department for Communities and Local Government (DCLG) published a list of 101 individual business support programmes within the West Midlands which were funded by ERDF (DCLG 2014).

Despite their success, the RDAs were disbanded on 31st March 2012 *(cf. 2.4.4)* following an 'emergency budget' in June 2010 announcing the new formation of LEP's to replace them (GOV.UK 2010). In practise this resulted in the single RDA, Advantage West Midlands, being replaced by six LEP's, each with different management, funding and priorities:

- Black Country LEP
- Greater Birmingham and Solihull LEP
- Coventry & Warwickshire LEP
- Marches LEP
- Stoke-on-Trent & Staffordshire LEP
- Worcestershire LEP

Further support could be obtained by MSMEs through various local 'Chambers of Commerce', as well as privately funded business support organisations, which offer both subscribed and free support. In the West Midlands the Chamber of Commerce often acts as a delivery partner for the LEP where applicable, thus building the bridge between the entrepreneur and the development bodies.

It is essential that support is offered to smaller enterprises, Kotabe and Scott-Swan (1995) explain how larger firms may innovate more often but when the smaller firms innovate, their innovations are more radical (Kotabe & Scott-Swan 1995). Interestingly, Gray (1990) identified that when faced with growth many small business owners would prefer to keep control and restrict the growth of the business providing that it allows for a quality level of living (Gray 1990), which would concur with the findings of previous studies (Hakim 1989, Greenbank 2001, GEM 2013). So it is established that a significant portion of small businesses have no, or very limited, intention to expand *(cf. 2.5.1)*. This trend is not intrinsically linked to business support

demand however, there is a need to develop a business to a level that it is sustainable and allowing for an adequate quality of life for its owner (Pojasek 2007).

In separate reports, Cromie (1991) and Smallbone (1991) identified the primary problems faced by small businesses, in particular owner-managed enterprises. They discovered the core issues to be; Accounting and Finance, which includes cash, flow management, financial management, accounting procedures and stress related to financial concerns; Marketing and Selling activities and the skills required to collect and interpret market data, to engage with customers, to negotiate and to complete sales transactions; Management of people with specific reference to the employment life-cycle, dealing with Human Resource due-diligence and staff related conflict; Work-Life Balance challenges prevent the separation of the business activity and the social or domestic responsibility. This can result in tensions within relationships, fatigue and ill health; Loneliness and isolation is related to the issues previously mentioned, with overworking causing challenges for social commitments and tensions faced with employees the entrepreneur may experience psychological challenges around loneliness; Ambiguity and uncertainty was identified as a result of the unpredictable nature of running a business and was often connected to the financial challenges previously mentioned. By comparison to conventional employment governed by clear contracts of employment and legal boundaries for the role of employee and employer; and Unsuitable Premises which may impact the psychological wellbeing, the physical health of the entrepreneur (use of visual display units, adjustable seating and other health and safety related concerns) as well as having clearly defined work and social environments in the case of those working from home (Cromie 1991, Smallbone 1991).

Thus, it is evident that there is support available amongst the 101 ERDF funded projects listed by DCLG in the West Midlands; however the problems are still persistent (DCLG 2014). In a study focusing on business failure Watson et al. (1998) listed the most common reasons for business failure to be:

- Business marginality
- Cash flow problems;
- Lack of finance;
- Poor long term business prospects;
- Poor trading conditions;
- Business not earning enough money;
- Increased competition.
- Obtained full-time paid employment.
- Personal reasons.

(Watson, Hogarth-Scott, & Wilson 1998)

In the same report, Watson et al. (1998) conclude that many support services base their support initially around the Business Plan, however there is a lack of consideration for "*viability of the business concept itself and this requires focusing on the external business environment and market specific factors*" (Watson, Hogarth-Scott, & Wilson 1998: 237). They conclude that the business plan is '*an obstacle ... based on erroneous assumptions it loses its validity as an analytical tool*' (Watson, Hogarth-Scott, & Wilson 1998: 237). Ray (1993) also talks about businesses being offered assistance without their individual abilities and needs being considered and points out that there is no ideal set of attributes that guarantee success, and so support services must become more tailored to the individuals and their enterprises (Ray 1993).

It is clear that the range of business support available is extensive; however the research discussed suggests that it is not meeting the needs and requirements of the business community (Devins et al. 2005). Deakins (1993) argues that in fact the problem is not that support is not available, but that "the best way to coordinate support and reduce duplication is through the development of formal networks between agencies" and encouraging them to directly point the entrepreneurs to the most appropriate support available, he describes the development of formal strategies of support as 'underdeveloped' (Deakins 1993). The benefits of his conclusions would not only be that the end user receives a much more appropriate and beneficial service, but also that there is a clear 'system' developed and a vast reduction of duplication and unnecessary overlapping.

## 2.9 – The application of Conceptual Models

A number of studies have looked into the confusion that surrounds the support 'industry' and the lack of 'linkage' between different agencies (Deakins 1993). McLarty (2005) conducted a survey of small businesses and commented, "*An observation of advice availability suggests confusion with regard to this (advice) service. Too many sources (of advice) and the weight to place on such (decisions) are major concerns*" (McLarty 2005: 230). This belief is supported by Drever (2006) who claims that there is often a confused and incoherent provision of business support (Drever 2006) "this situation is reinforced by the multiplicity of funding sources, often with diverging aims" (London Borough of Lewisham, 2004 – cited in Drever 2006). Drever argues that it was the place of LEGI to "fund a mechanism to

enhance, link up and provide a strategic overview of existing neighbourhood renewal and business support activities... such a mechanism, it is hoped, could also provide the clear and coordinated marketing of existing services, which is currently lacking" (Drever 2006). Where useful support is more easily signposted studies have shown that up to 70% of MSME owners suffer from "information overload" (Cloete & Snyman 2003), and by contrast Jacobs (2002) considers there to be an "info-famine" with regard to the access to knowledge (Jacobs 2002).

It is clear then that there is evidence that the current level of support for small businesses is ample if not excessive, yet there is confusion amongst the users of the services. Many support services were only available to a certain criteria or demographic of individual, others were geographically discriminatory and some were industry specific (Wren & Storey 2002, Ramsden & Bennett 2005).

A further problem identified by Drever (2006) was the lack of a centrally marketed service, this research identified environments where multiple support services compete in marketing which further complicates the issues of access for the MSME owner. There seems to be arguments for a centrally funded, as proposed by Drever (2006), agency to act as the initial contact and linkage (triage facility) for all business support agencies in the region.

The solution might lie in the development of a regional conceptual model or framework, Robinson (2004) describes a conceptual model as "non-software specific description of the simulation model that is to be developed, describing the objectives, inputs, outputs, content, assumptions and simplifications of the model" (Robinson 2004), or more abstractly described by Mylopoulos (1992: 50) as "the activity of formally describing some aspect of the physical and social world around us for the

purposes of understanding and communication". According to Kung & Solvberg (1986, cited in Gemio & Wand 2004: 248) a conceptual model serves four roles in developing domain understanding;

- aiding in a person's own reasoning about a domain,
- communicating domain details between stakeholders,
- communicating domain details to systems designers,
- documenting the domain for future reference.

Therefore conceptual modelling could be seen as a process whereby individuals reason and communicate about a domain in order to improve their common understanding of it (Gemio & Wand, 2004: 248).

Further justification behind a conceptual model is the need for abstraction of a model from a real or proposed system (Robinson 2006). This process of abstraction involves some level of simplification of reality (Zeigler, 1976 cited in Robinson, 2006).

Effective conceptual modelling requires that the abstraction is an appropriate simplification (Pidd 2003 cited in Robinson, 2006). In short this identifies the need to produce the simplest possible model, in doing so it becomes both usable, as it is interpretable by all affected by it, and flexible across many industries and business models as it lacks specific criteria which led to analysis paralysis for those trying to use the model. Schmeiser comments that when developing such a model "abstracting a model from the real world is very much an art... analysis of the model is more of a science, and therefore easier, both to teach and to do" (Schmeiser 2001: 40) thus indicating the need for both a creative insight and also the scientific ability to evaluate, measure and analyse the models validity.

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In order to ensure that the model is thorough, yet simple, Pidd (1999) provides some guiding principles:

- Model simple; think complicated
- Be parsimonious; start small and add
- Divide and conquer; avoid mega-models
- Use metaphors, analogies, and similarities
- Do not fall in love with data
- Modelling may feel like muddling through

(Pidd 1999: 121)

The underlying principle of the 'conceptual model' is described by Rycroft-Malone and Bucknall (2010: 149) as being a "pattern, plan, representation or description designed to show the main object or workings of an object, system or concept". A limitation of the model is its requirement to have been analysed, evaluated and measured as proposed by Schmeiser (2001), such efforts to verify the model can be expected to be of limited use in diverse and rapidly evolving environments.

By contrast, Dewey (1938: 402) identified the value of conceptual frameworks as a tool by making comparisons to the notion of a map, the consequences of developing a map provides the mechanism by which it can be tested. Conceptual frameworks, therefore, are "descriptive, showing relevant concepts and how they relate to each other" (Ilott et al. 2013: 1), the framework can be applied as a 'tool', just as Deweys' (1938) map, enambing it to remain fit for purpose and to provide flexibility to the circumstance and situtiaon of the user (Ilott et al. 2013: 3). The purpose of the conceptual model is to "outline *possible* courses of action to present a *preferred* and reliable approach to an idea or thought" without prescribing a single, tested, model (Rycroft-Malone and Bucknall 2010: 149). Dewey (1938: 136) proceeded to outline the benefits in developing a conceptual framework in advance of it being required as

opposed to requiring a framework (or tool) and having to improvise (see also Shields & Tajalli 2006).

By understanding these core principles a framework for conceptualising the problems surrounding the delivery of support to the small business community in the West Midlands could be formulated. Such a framework can provide options and identify possibilities for the end user (Rycroft-Malone and Bucknall 2010), for them to use flexibly in a situation and circumstance as required (Dewey 1938), and in taking into account other resources and commitments within the specific situation (Ilott et al. 2013). This conceptual framework for future university led enterprise support in the region would help to build the linkages and networks of business support agencies whilst making the 'system' user friendly and less problematic for the end user.

## 2.10 – Summary

The literature on business support, policy and initiatives is extensive and varied. However there were some clear areas of consensus identified including:

- Definitions and parameters of entrepreneurship (Ronstadt 1984), MSME sizes (European Commission 2003b), and growth (OECD 2008).
- Business support policy as a response to economic challenges (Matlay 1996)
- Business support policies and their impacts (Cappelen et al. 2003)
- Discussions around businesses which are easily evidenced (e.g. those registered as Companies, those VAT registered, or newly declared Sole Traders) and the knowledge gap surrounding many MSMEs (Storey 1994)

- Issues of continuity or sustainability of support, agendas and impact (Clark 2004)
- The applicability of entrepreneurial theoretical models to the University as an enterprising entity (Lumpkin & Dess 1996).

These themes highlight certain synergies between the core literature and the objectives of this thesis, however they also largely reaffirm the lack of investigation into potential solutions at a regional level by only postulating over the challenges and issues discovered, or empirically studying the phenomenon at a very broad level. It is also evident that the micro business community is under researched due to the relative lack of publicly available data (Large 2013, Dent 2014).

In turn, it is clear that there are a lack of impartial, qualitative, longitudinal studies, which results in a variable foundation of knowledge around micro and small enterprise support (Curran & Blackburn 2001). This is in part due to the 'sponsored' origins of many studies or their purpose being to criticise or invoke a change in policy introducing heightened levels of bias. Wider literature identified both the supply and demand of business support (Ramsden & Bennett 2005) and clearly identified the role of universities in bridging the gap between economic growth strategies at the international, national and regional levels, and the MSME owners (Reid & Schofield 2006). Unfortunately there are significant difficulties when seeking out the motivations, aspirations and challenges faced by the universities and business owners in the MSME support environment that is perhaps unsurprising given the quantitative focus of the research identified (Storey 1994).

This chapter has also sought to identify the sources and influence of policy within and around the business support agenda. At a European level it is noted that the Lisbon Strategy (European Council 2000) together with the subsequent Green Paper

(European Commission 2003a), sought to align the priorities and strategy of the EU towards a more entrepreneurial vision. This resulted in a reformed version of ERDF which aimed to "strengthen economic and social cohesion in the EU by correcting imbalances between its regions" (European Commission 2014), in order to accelerate progress towards the so called 'knowledge-based economy' identified in the Lisbon Agenda (European Commission 2013).

In the UK, government policy sought to align itself, against the backdrop of EU initiatives, with the development of RDAs in 1999 and LEGI in 2005. The Lambert (2003) review and the reformed ERDF agenda (2007 – 2013 funding) was paralleled by the 2008 UK Government Enterprise Strategy (HM Treasury 2008), with core elements of delivery and funding being channelled through the RDA's up to 2012. Following the demise of the RDAs, policy interventions were either channel directly via central government (including through NGO's such as HEFCE) or though the newly established LEPs with close alignment to the EU funding agenda. Since 2012 there have been government endorsed reports by Heseltine (2012), Wilson (2012), Witty (2013) and Young (2013, 2014, 2015) which have stressed not only the importance of business support provision, but also the need for a university and business collaboration in order to capitalise on the opportunities of a knowledge based economy.

Regional policy throughout this time has been seen to align to national and European directives in order to capitalise on the funding available. The AWM Enterprise Strategy highlights the need to "stimulate enterprising behaviour across the board" and the need to "link skills more closely to innovation and enterprise" (AWM 2007: 42). In addition, initiatives such as LEGI provided further resources to allow local and

regional distribution of support through funding which in turn could be used as match funding for ERDF programs.

Finally, the enterprise strategies of universities have been explored through a combination of HEIF strategies, University strategic plans and HEBCI reports. The diversity of activities reflects the academic and research interests of the institutions together with the micro-economic diversities of the sub-regions (AWM 2008). It is evident that Universities align their enterprise strategies to a multitude of stakeholders, most noticeably they seek to utilise RDA and HEIF funding requiring an alignment to local and nation strategies. However they also clearly identify the importance of ERDF funding which could indicate the bypassing of national and regional strategic agendas where a university directly aligns to the requirements of the EU. The following chapters of this thesis aimed to expand upon this foundation of knowledge by identifying the extent of activity, motivations and challenges of universities in providing business support to MSMEs in the West Midlands. In order to establish a conceptual framework for university led MSME support the view of the MSME community within the West Midlands will also be established.

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# Chapter 3 – Methodology

## 3.1 – Introduction to the Methodology

This chapter starts with a statement of the key research questions and a rationale that supports their choices. The formation of a research methodology follows, with an exploration of the ontological and epistemological assumptions that underpin this work, before discussing the methodological choices made. This process is outlined by Crotty (1998) in his proposal of the four components of the social research process (Figure 3.1).

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**Figure 3.1 – Four Elements of Social Research** (Crotty 1998)

Furthermore the chapter outlined the proposed timescales, resources and ethical implications or considerations required together with the proposed strategies and methods to be used to alleviate them.

Whilst the literature has discussed a range of academic texts this research is not seeking to test, prove nor create theory. This is not specifically a result of the prior research itself, rather a philosophical orientation of the study to be explained more in later chapters *(cf.* 3.3). Crucially, the review of existing literature *(cf. Chapter 2)* has enabled the researcher to come to a clear understanding of the problem being investigated, and provides a firm foundation of prior knowledge and data upon which to make key methodological decisions.

## 3.2 – Key research questions

As previously acknowledged, the overarching question this research aims to address is:

*To what extent can universities create a sustainable system to support MSMEs? A focus on the West Midlands region.*

Historically the provision of economic stimulus funding and initiatives, whether local, national or European in source, have been linked to economic measures such as unemployment, Gross Domestic Product (GPD) and other socio-economic criteria (Huggins & Williams 2009). Such measures vary significantly across the UK (ONS 2013) which results in support and funding provision varying by region. For this reason this research takes a regional focus in order to account for the specific opportunities and challenges faced by both the business community and the business support providers within a particular geographic region. The West Midlands

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was of particular interest for a number of reasons, not least as a result of the authors' personal interests as discussed earlier *(cf.* 1.7).

Firstly, the West Midlands is home to 12 universities each with an established and increasing presence of commercial activity and business engagement at all universities in the region (HEFCE 2014). Between these institutions, in 2012/13 there were 190,665 enrolled students, which equates to 8.2% of all Higher Education students in the UK (HESA 2013a) providing a key recruitment resource for firms in the region. Not only is graduate employment an opportunity, but there is an increasing need for these graduates to be retained within the region in order to make a lasting contribution to the regional economy (Charles 2003). In order to achieve this, enterprise activity within universities has been recognised as a prime contributor to enhancing both employability and start-up levels (Penaluna 2014).

Secondly, by looking into the economic evolution of the West Midlands it was possible to identify how a growing entrepreneurial climate could support employment and economic growth. Between 2007 and 2012 the level of unemployment in the West Midlands increased from 5.8% to 8.6% with gross disposable household income being amongst the lowest in the UK at just £14,400 per capita (ONS 2013). Additionally the contribution towards the UK gross value add (GVA) reduced from 8% in 2001 to just 7.3% in 2011 (ONS 2013). This has been largely influenced by the decline in manufacturing industries in the region, most notably the automotive industries which alone declined from employing some 146,000 in the mid-1970's (Spencer 1987) to just 65,238 in 2002 (MacNeill, Burfitt & Bentley 2008). Manufacturing accounted for less than 15% of jobs in the region by 2008 (WMRO 2008). The rapid decline of what was once the most prominent industry within the West Midlands (Bailey & Berkeley 2014) has led to what Cavazos and Schneider

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(2006) describe as the "snowball effect" (Gamboa-Cavazos & Schneider 2006: 16) whereby tributary and dependent businesses both up-stream and downstream suffer as a consequence of the closure or downsizing of other business operations.

Thirdly, the Global Entrepreneurship Monitor (GEM) highlights that the level of entrepreneurial activity is both a concern and an opportunity in addressing the previously mentioned challenges (GEM 2013). Total, early-stage, Entrepreneurial Activity (TEA) "includes individuals in the process of starting a business and those running new businesses less than 3 1⁄2 years old, as a percentage of the adult population" (Amoros & Bosma 2013: 12). In 2009 TEA in the West Midlands was 5.2% compared to the overall UK rate of 5.8% (GEM 2010), in recent years the UK TEA has risen to 7.3% representing the increase of opportunity driven enterprise activity (Amoros & Bosma 2013) however comparative regional data is not available unfortunately. It can be interpreted, therefore, that the West Midlands has seen a significant transformation with industry related activity declining and enterprise related activity increasing over the last decade. Additionally, within the West Midlands it is interesting to note that the number of individuals of working age who declared themselves as self-employed increased from 11.8% of the working population in 2008 to 13.5% in 2014 (ONS 2014b: 12). Furthermore the impact of MSMEs can be felt much wider than self-employment with MSMEs accounting for 60% of private sector employment in 2013 (BIS 2014: 2), and micro businesses alone representing 33% of private sector employment (Dellot 2015).

Within the context of this study it is also relevant to identify that by 2013 86% (56,700) of enterprises in the West Midlands region were micro, 11.4% (7,495) were small, and 2.1% (1,390) were medium sized, resulting in 99.5%% of firms being MSMEs (NOMIS 2013).

Taking into account these phenomena, in order to understand the complex nature of the overarching research question, a series of sub-questions have been developed that dissect it. The sub-questions provide a framework for the secondary and primary data collection activities of the research as follows:

**Q1:** What is the existing level of business support offered within the West Midlands region?

**Q2:** What do entrepreneurs think about the support offerings, from universities, available at present?

**Q3:** What are current (perceived) barriers preventing universities from providing support to MSMEs?

**Q4:** What might the potential advantages be to universities in providing business support to MSMEs?

**Q5:** What are the benefits / implications to the regional economy should a university offer such support?

Table 3.1 outlines the relationship of each sub-question to the key objectives of this research; the objectives were achieved through the exploration of the research question.

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**Table 3.1 – Relationship between sub-questions and the key objectives of this thesis**

| | O1: To conduct a comprehensive review of the literature relating to research of MSMEs, entrepreneurship, government policy for business support, business growth and entrepreneurship in the West Midlands. | O2: To investigate, identify and analyse the experiences, needs and barriers to engagement, of MSMEs with regards to enterprise support activities. | O3: To investigate, identify and analyse the experiences, challenges and opportunities experienced by universities with regards to enterprise support activities and sustainability. | O4: To identify and map the relationships between MSME owners' experiences and opinions of business support, against those of the university providers. | O5: To develop a conceptual framework, and recommendations, for a sustainable university led business support system. | O6: To evaluate the benefits to all relevant stakeholders engaged in the business support process. |
|---|---|---|---|---|---|---|
| **Q5:** What are the benefits / implications to the regional economy should a university offer such support? | ■ | | | | | ■ |
| **Q4:** What might the potential advantages be to universities in providing business support to MSMEs? | | | | | ■ | ■ |
| **Q3:** What are current (perceived) barriers preventing universities from providing support to MSMEs? | ■ | | ■ | ■ | | |
| **Q2:** What do entrepreneurs think about the support offerings, from universities, available at present? | ■ | ■ | | ■ | | |
| **Q1:** What is the existing level of business support offered within the West Midlands region? | ■ | ■ | ■ | | | |

## 3.3 - Research Philosophy

This section aimed to outline, explain and justify the research ontological assumptions, epistemology and the underlying philosophy that informs the research.

Ontology refers to the nature of reality and the nature of social beings (Hudson & Ozanne 1988), and epistemology can be defined as the relationship between a researcher and the reality and how that knowledge is generated (Carson, Gilmore, Perry, & Gronhaug 2001). Whilst there are many fractions of ontological perspective, there are two dominant ideologies; Positivism and Interpretivism (Edirisingha 2012).

Positivist research has its origins in the work of Auguste Comte in the 19th century (Crotty 1998: 20) and is characterised by the assumption that a single, objective reality exists regardless of the perspective of the researchers beliefs of perspectives (Hudson & Ozanne 1988). Therefore, a positive researcher believes that "*objects in the world have meaning prior to, and independently of, any consciousness of them*" (Crotty 1998" 27). Such research is characterised by its predominantly quantitative methodologies in order to prove or disprove hypotheses (Guba & Lincoln 1994), accordingly the central premise of positivist research is that "*anything that cannot be verified by experience is meaningless*" (Blaikie 2007: 110). Positivist studies would be expected to produce outcomes that are scientifically proven, or validated against a tool (Guba & Lincoln 1994), in order to produce a model of behaviour *(cf. 2.9)*, the model could then be prescriptively replicated by others with a view to achieving the same outcomes as the originator (Rycroft-Malone and Bucknall 2010).

Interpretivist research, by contrast, has its origins in the work of Max Weber at the turn of the 20th century who identified the need for human sciences to achieve

*Verstehen*, or understanding (Schwandt 1994). Schwandt explains that positivism emerged "*in reaction to the effort to develop a natural science of the social*" (Schwandt 1994: 125). Interpretivist researchers believe that reality is socially constructed and multiple realities exist relative to each social actor (Hudson & Ozanne 1988), therefore knowledge acquired in this discipline is socially constructed rather than objectively determined (Carson et al. 2001:5). Accordingly it is argued that because positivists seek explanations, whilst interpretivists seek understanding, they are in fact seeking to investigate different realities and accordingly should adopt different methods (Dilthey *n.d.* cited in Crotty 1998: 67). By contrast the outcome of interpretivist research accounts for the subjective reality of its data (Hudson & Ozanne 1988), therefore it would not be intuitive to produce prescriptive models but rather to propose subjective frameworks for others to use within the context of their own environment and circumstances *(cf. 2.9,* Rycroft-Malone and Bucknall 2010).

Blackburn & Kovalainen (2008) suggest that traditionally entrepreneurship researchers have "*blindly adopting positivist, variable-centred approaches as the norm or ideal scientific method*" (2008: 130), not discrediting the value of such research but questioning the methodological justification for doing so. This was supported further by Gordon (2000) who argued that such reductionist methods fail to understand "*the complexity of personal experience and do not take account of context and human agency in their attempt to provide simplistic cause and effect explanations*". Indeed some argue that it is not possible to factually verify theory within the social sciences due to the inherent social construction of both theory creation and data analysis (Morgans 2007).

Whilst there are debates arguing that the Positivist and Interpretivist philosophies are in fact closer linked than common discourse might suggest (Weber 2004) it is,

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however, important to clearly specify and adhere to a single approach. The Interpretivist approach is characterised by the notion that "the researcher uses his or her skills as a social being to try to understand how others understand their world. Knowledge, in this view, is constructed by mutual negotiation and it is specific to the situation being investigated" (O'Donoghue 2007: 9-10). Due to the researcher's past experiences *(cf. 1.7)* there is an established understanding, to some degree, of the life world of the entrepreneur and the university enterprise agenda. Such experience provides a springboard into the interpretivist methodology and accordingly provides an opportunity for the research to gain a unique perspective though an atypical approach (Blackburn & Kovalainen 2008). As an Interpretivist the researcher believes that the 'individual' and the concept of 'reality' are separate and that individuals may interpret any given situation in many different ways (Crotty 1998). The 'life-word' of the individual dictates not only their understanding and interpretation of a scenario, but also their actions and responses to said scenario, the role of Interpretivist research therefore is to understand behaviour rather than seeking to predict it (Rubinstein 1981 cited in Hudson & Ozanne 1988). An Interpretivist therefore seeks to "determine the motives, meanings, reasons and other subjective experiences that are time and context bound" (Hudson & Ozanne 1988: 509) rather than seeking to determine the law-like regularities of positivist research.

The concept of interpretivism was underpinned by Herbert Blumer's (1969: 2) "three simple premises" of symbolic interactionism:

- Human beings act toward things on the basis of the meanings that the things have for them.
- The meaning of such things is derived from, or arises out of, the social interaction that one has with one's fellows.

- These meanings are handled in, and modified through, an interpretative process used by the person in dealing with the things[9] he encounters.

Blumer (1969) highlights the challenges researchers face when trying to interpret the life-world of the individual, with limitless variables and interpretations constructed by the individuals. In turn, considering the complexity and dynamic nature of the subject matter it would not be appropriate to constrain the research proposal and findings to definitive generalised 'laws' as outlined by the Positivist approach (Crotty 1998), nor would it be appropriate to attempt to measure the social forces and experiences which formulate the ways in which individuals experience the world which suggests that the Realist approach is also not a useful philosophical foundation. With this in mind this research adopted the philosophical views of the Interpretivist perspective (Holden & Lynch 2004), in doing so it can be recognised that the research does not seek to achieve "the" understanding, rather it will achieve "an" understanding relative to the place and time (Denzin 1984). Whilst this may be seen as a limiting factor on the grounds of not being able to generalize from the findings, there is the opportunity for generalisation within the context of the study (Hudson & Ozanne 1988), which calls for the social variables to be explored clearly throughout the study.

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[9] Blumer describes "Such things include everything that the human being may note in his world - physical objects, such as trees or chairs; other human beings, such as a mother or a store clerk; categories of human beings, such as friends or enemies; institutions, as a school or government; guiding ideals, such as individual independence or honesty; activities of others, such as their commands or requests; and such situations as an individual encounters in his daily life." (Blumer 1969: 2)

As previously established, this thesis will require the researcher to understand the subjective reality of the participants and participant organisations in order to put into perspective the outcomes and data collected. Such understanding would have been difficult to achieve via a deductive approach, which would require a pre-conceived hypothesis thus eliminating the opportunity to seek alternative explanations and clarity. The Interpretivist approach requires greater analysis and insight of a smaller, more qualitative sample, rather than the large sample sizes required by more scientifically deductive methodologies – this is echoed by the characteristics of interpretative research philosophy and policy research (Hakim 1987).

## 3.3.1 – Policy Studies

Policy is defined by Ranson (1996: 266) as "*a temporal process involving issues of task (how policy is to be formulated and carried into practise) and of people (who is to be involved in the process), which stretch over time in the pursuit of change*". The significance of policy and government intervention within the field of entrepreneurship, business support and university business engagement, has been widely discussed within the literature review (*cf*. 2.4, 2.6). Researchers have published widely around the role of policy (Hart 2003), its uses and limitations (Mokry 1988), and the mechanisms for measuring their impact (Holcombe 2007, Kressel 2012), however the concept of policy itself is not a straightforward one (O'Donoghue 2007). Ozga, (2000) describes three approaches to policy research that have evolved over time:

- The Social Administration Project - Concerned with the needs of the end users affected by the policy

- The Policy Analysis Project – Concerned with the efficient and effective delivery of social policies irrespective of their content (Ozga 2000: 39)
- The Social Science Project – Concerned with finding out how things work, rather than putting them to work (Ozga 2000: 40).

The overarching principles of policy research was well summarised by Majchrzak (1984: 12) as "*the process of conducting research on, or analysis of, a fundamental social problem to provide policy makers with pragmatic, action-oriented recommendations for alleviating the problem*". The action oriented approach led Wildavsky (1979: 15) to stipulate that it was "more important to practise policy analysis than to spend time defining it". However with multiple, and often conflicting, influences on the policy process (O'Donoghue 2007: 129) such research can face significant challenges. The focus on action oriented research outputs (Majchrzak 1984) provides a useful tool for academics and policy makers to interpret the causes and consequences of government action (Ham & Hill 1993). There are, according to Ranson (1996), four principal traditions of policy research;

- Pluralist traditions, which are based around the idea of partnerships between different levels and fractions of government, although the partners do not necessarily hold an equal degree of power (Ranson 1996: 252).
- Neo-Marxist traditions develop the pluralist ideologies but with recognition that the state has a dominant role in the policy system (Ranson 1996: 254).
- New Right traditions perceive the neo-marxist view as being overly simplistic (Ranson 1996: 257), they recognised that policy making "*in a modern, complex plural society like Britain is unwieldy and complex… often unscientific and irrational, whatever the claims of the policy makers to the contrary*" (Ball 1990: 3).
- Neo-Pluralist traditions are also based around the idea of partnerships in the formation of policy, however it further recognises that the state is the most

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powerful partner (Ranson 1996: 263) and "is capable of wielding a tremendously strong influence… the results of policy can [therefore] result in very different outcomes to those intended" (O'Donoghue 2007: 131).

The views put forward by Ranson are comprehensive, the role of policy researchers is to understand if and how the stakeholders interrelate (O'Donoghue 2007) in order to fully understand the partnerships. Such an understanding would only be possible through qualitative research, concerned with the process just as much as the end result (O'Donoghue 2007).

It is the work of Hakim (1987) that best inform the methodology of this study in her description of 'policy' research being opposed to the more traditional theoretical research. She clarifies the difference as being; "*an emphasis on the substantive or practical importance of research results rather than on merely 'statistically significant' findings, and second, a multi-disciplinary approach which in turn leads to the eclectic and catholic use of any and all research designs which might prove helpful in answering the questions posed*" (Hakim 1987: 212).

## 3.4 - Research Design

Yin (1994: 20) describes a research plan as a "*logical plan for getting from here to there, where 'here' may be defined as the initial set of questions to be answered, and 'there' is some set of conclusions*". This section, together with section 3.5, outlined, explained and justified the research approach and procedures of enquiry, including time-scales and data collection methods. Finally any ethical, logistical and operational issues that may need consideration were identified.

The intention of this research was to collect data and gain insights, which could then be transcribed into a conceptual framework. This further clarifies the reason for the research approach to be interpretivist as opposed to the positivist approach, which would seek to prove or disprove a pre-conceived hypothesis or theory.

When considering the data collection process, a range of methodologies were considered in order to establish a data set which is reliable, useful and comparable, whilst taking into account operational challenges and practical limitations associated with data collection. Initially it is important to explore the advantages and disadvantages of quantitative, qualitative and mixed methodologies.

Qualitative research seeks to exploring and understanding the meaning individuals or groups ascribe to a social or human problem (Creswell 2013: 4). Qualitative researchers observe their subjects in their own environment and aim to engage with them on their own terms (Kirk & Miller 1986), believing the best way to understand something is to study it in its own context and become immersed in it (Denzin & Lincoln 1994). They argue that human experience cannot be described using numbers or adequately explained by manipulating, measuring, or controlling variables. Qualitative researchers call for flexibility. Qualitative research is criticised for being biased; being shaped by the prejudices, views, and beliefs of the researcher as well as study participants; and being too particularistic, focusing too closely on the individual and failing to make connections to larger situations. It is regarded as being highly subjective, soft and unscientific (Reichardt & Rallis 1994).

Quantitative research is an approach for testing objective theories by examining the relationship among variables (Creswell 2013: 4) often with predetermined hypotheses (Piergiorgio 2003). It uses statistical sampling techniques to survey

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representative samples and allow generalisations to the population being studied (Abusabha & Woelfel 2003). Quantitative researchers pride themselves in being unbiased, taking an outside and objective view to studying the subject at hand (Reichardt & Rallis 1994), however it is faulted for forcing individuals and human behaviour into rigid categories (Miles & Huberman 1994, Reichardt & Rallis 1994).

## 3.4.1 – Mixed Methods

Mixed methods research is "*an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks*" (Creswell 2013: 4). There is growing support for the mixed-methods approach within social science (Miles & Huberman 1994, Reichardt & Rallis 1994, Abusabha & Woelfel 2003) with a view that achieving a more "complete understanding of a research problem" could be achieved (Creswell 2013: 4). According to Creswell (2003), the main differences could be summarised as shown in Table 3.2:

This study aimed to benefit from the advantages of both methodological approaches via a mixed methods design as outlined in Table 3.2. These advantages were further identified by Connor, Altman & Jackson (1984) as being a primary driver for mixed-method research approaches.

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**Table 3.2 - Differences between quantitative, mixed and qualitative methods** (Creswell 2003: 15)

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There remains a number of options available to mixed methods researchers with regards to the strategies of inquiry (Denzin & Lincoln 1994) as summarised in Table 3.3:

From Table 3.3, three specific strategies of enquiry are noteworthy for this research. First are non-experimental designs (Surveys), which provide a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population (Creswell 2003). It includes cross-sectional and longitudinal studies using questionnaires or structured interviews for data collection with the intent of generalizing from a sample to a population (Fowler 2008).

**Table 3.3 – Alternative strategies of inquiry** (Source: Creswell 2013: 12)

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Secondly, case studies provide a strategy of inquiry found in many fields, especially evaluation, in which the researcher develops an in-depth analysis of a case (Creswell 2013). Cases are bound by time and activity, and researchers collect detailed information using a variety of data collection procedures over a sustained period of time (Stake 1995; Yin 2003). They could be particularly useful when seeking to understand complex social phenomena and when the focus is a contemporary phenomenon within some real life context (Yin 2003: 1). Yin goes on to highlight that one of the most important elements of case study information is the interview (Yin 2003: 89), which is likely to be a fluid conversation rather than a rigid process (Rubin & Rubin 1995 cited in Yin 2003: 89).

Finally, Creswell (2003) described the concept of explanatory sequential mixed methods as one in which the researcher first conducts quantitative research, analyses the results and then builds on the results to explain them in more detail with qualitative research. It is considered explanatory because the initial quantitative data results were explained further with the qualitative data. It is considered sequential because the initial quantitative phase is followed by the qualitative phase (Creswell 2013).

## 3.4.2 – Research Design Framework

These two distinct methodologies, as described in section 3.4.1, are outlined in Figure 3.2 as a thematic research design framework for this study with indication of the various themes and lines of enquiry. It highlights the two methodological approaches, the literature review themes, and how they inform both each other and the core themes of the study.

The top row, shown with a blue outline, indicates the secondary data that influence the themes of this study as covered in the literature review, the process flow is indicated by arrows to highlight the aspects of the study that inform each other.

The bottom row, with a green outline, indicates the primary data collection phases, which were informed by the secondary data and literature review. As previously discussed, and further highlighted in Figure 3.2, data were to be gathered from the MSME community first in order to support the interview design for the university support providers and strategy makers.

Finally the middle row, with a red outline, indicates the research questions in abbreviated form; these have been clustered into the core stakeholders of the study; business owners, business support providers, university oriented and socio-economic outputs. Process arrows in the middle line indicate both the chronology of enquiry and logic choice for enquiry in order to focus on the university support vehicle and its potential impact on socio-economic development as the final output.

The data collection followed a strict chronological process in order to enable the effectiveness of the explanatory sequential mixed methods approach (Creswell 2003) to be maximised, this process is outlined in Figure 3.3. The context is as previously described but with an emphasis on the relationship between the methodologies and their order of implementation.

The survey tool for MSME owners is predominantly quantitative with some qualitative elements for clarification and elaboration of contributions. With participants from many industries, geographical locations and with differing experiences the research tool for MSMEs must offer a standardised experience for participants (Fowler 2002). In doing so the researcher is able to ensure the validity of results and comparability of data sets were possible by reducing any possibility for researcher bias or miscommunication (Fowler 2002). Elements of this analysis, together with secondary data findings, will then inform the design of the semi-structured interview format to be conducted with key staff from four West Midland's universities as the second stage of this research. The data from universities will then be used to produce four institutional case studies before being combined with the MSME data to produce a needs analysis for the sector. Following this, Figure 3.3 outlines the development of a conceptual framework for a sustainable system of university led, MSME support is created with all of the above data taken into consideration. Finally conclusions were drawn in order to establish the outcomes of the research and discuss the implications to the sector.
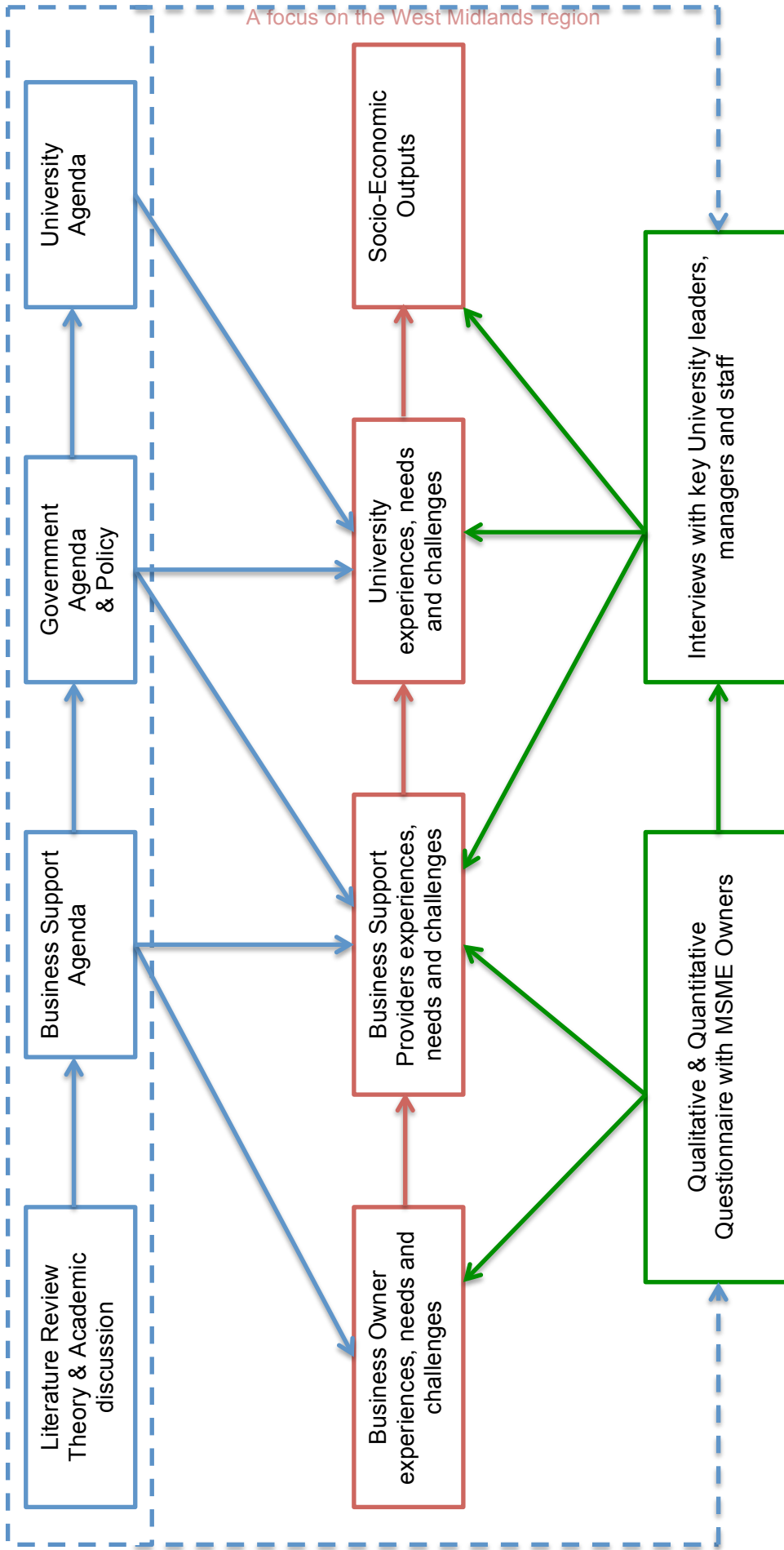
**Figure 3.2 – Thematic Research Design**

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Literature Review Theory & Academic discussion

Business Support Agenda

Government Agenda & Policy

University Agenda

Socio-Economic Outputs

University experiences, needs and challenges

Business Support Providers experiences, needs and challenges

Business Owner experiences, needs and challenges

Interviews with key University leaders, managers and staff

Qualitative & Quantitative Questionnaire with MSME Owners

Source: Adapted from Alfahim (2011)

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**Figure 3.3 – Research Design (Chronology)**

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### 3.4.3 - Research Strategy

Research strategy refers to the way in which the research question or problem will be addressed as a specific plan of action. Trends within the field of management research suggest that qualitative data are more appropriate for studying phenomena that are not well understood (Bouchard 1976, Barley 1990, Edmonson & McManus 2007), however this is largely a result of very little attention being given to the usefulness of mixed (or hybrid) methodologies and the conditions under which they could be utilised within this field (Edmonson & McManus 2007).

Through an Interpretivist approach, this thesis draws upon an 'explanatory sequential mixed methods' design, with data collected in two distinct phases in order to exploit the best parts of multiple methodologies (Connor, Altman, & Jackson 1984). In phase 1 this thesis will focus on objective O2 by incorporating qualitative and quantitative questionnaire responses from West Midlands based MSMEs in order to address sub-questions Q1 and Q2. In phase 2 semi-structured interviews with key staff at West Midlands universities were conducted in response to objective O3 and research sub-questions Q3 and Q4.

Once collected, the data were analysed independently within each methodology but also through a process of data consolidation (Caracelli & Greene 1993) whereby a new qualitative data set was presented and discussed combining both methodologies in relation to objective O4 and O6 and sub-question Q5.

### 3.4.4 - Time Horizons

This research primarily focused on a cross-sectional approach to data collection and analysis within each proposed methodology. The purpose of this was to produce comparable data sets taking into account time specific factors such as economic, political and other market characteristics for the target sample. The initial literature search identified the historical trends affecting the research statement as well as forming a foundation of knowledge for the thesis. The individual questionnaire responses mapped the attitudes and perceptions of business support utilised by MSMEs within the West Midlands, and finally the data collected through semi-structured interviews identified the motivations, strategies and challenges faced by universities in providing support to MSMEs. The intended period for data collection was from 2011 - 2014 primarily as a result of the economic change outlined in Chapter 2 *(cf*. 2.4), but also due to the changes in the support environment and policy interventions at a similar time. There were two specific phases of data collection in this explanatory sequential mixed methods study, phase one saw a predominantly quantitative questionnaire administered to MSMEs in the third quarter of 2011, phase two involved highly qualitative semi-structured interviewed with key university employees during the second quarter of 2014.

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## 3.5 - Data Collection Methods

This section discussed and justified the data collection methods for this thesis. In addition it discusses the target samples and their respective data collection methods.

## 3.5.1 - The Target Samples

An initial thematic literature search sought to identify the historic and current state of affairs for the overall UK Business Support environment with regard to the provision of enterprise support to MSMEs.  It did not identify any qualitative, Interpretivist studies within the West Midlands region and so the target sample for this research is not specifically informed by prior study. As the thesis itself has a geographical focus (the West Midlands region) the target sample was both MSMEs and key staff in universities within this region.

Initially, due to the previously mentioned engagement between the researcher and the MSME community *cf*. 1.7), questionnaires were distributed to MSME owners selected via a purposeful sample whereby the researcher actively selected the most appropriate sample, from his own established network of MSME contacts, to answer the research question (Marshall 1996: 523, Punch 2005: 187). One criticism of this sampling approach is that is can lead to insufficient breadth causing distortion (Patton 1990), in order to address this conscious efforts were made to invite participants from a wide range of industries and locations. Nine primary MSME contacts known to the researcher were contacted for their participation. The primary contacts were also encouraged to redistribute the invitation and participant

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information leaflet to other MSME owners incorporating a snowball sample technique whilst maintaining a high quality purposeful sample. This approach was anticipated to enable the research tool to reach a wide range of networks and MSME owners for an optimal geographical spread, particularly given the geographical and economic diversity found across the region *(cf. 2.4.4)*. This sampling technique, together with the anonymity of the research tool, aimed to alleviate any unnecessary risk of researcher bias due to the lack of direct affiliation or contact between the researcher and the participants past the initial MSME contacts. Furthermore, it embraced the efficiencies of local business networks and communities for rapid, diverse distribution and collection of data.

In order to encourage participation, there were no pre-selection criteria with respect to the size or age of the MSMEs (although such data was collected and those targeted in the initial purposeful sample would have conformed to this target criteria), the only requirement was for the business to have been started within, or operating from within, the West Midlands region, the boundaries of which can be seen in Figure 3.4. The questions were exploratory and aim to extract qualitative information where available in order to determine their and individual experiences as accurately as possible (Berger & Luckmann 1966, Schutz & Luckmann 1973, Nooteboom 1988). The questions permit participants to only volunteer the data they were certain about, therefore should a participant not be in a position to contribute accurately their data in other contributions could still be utilised.

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**Figure 3.4 - The Geographical Reach of the Study**
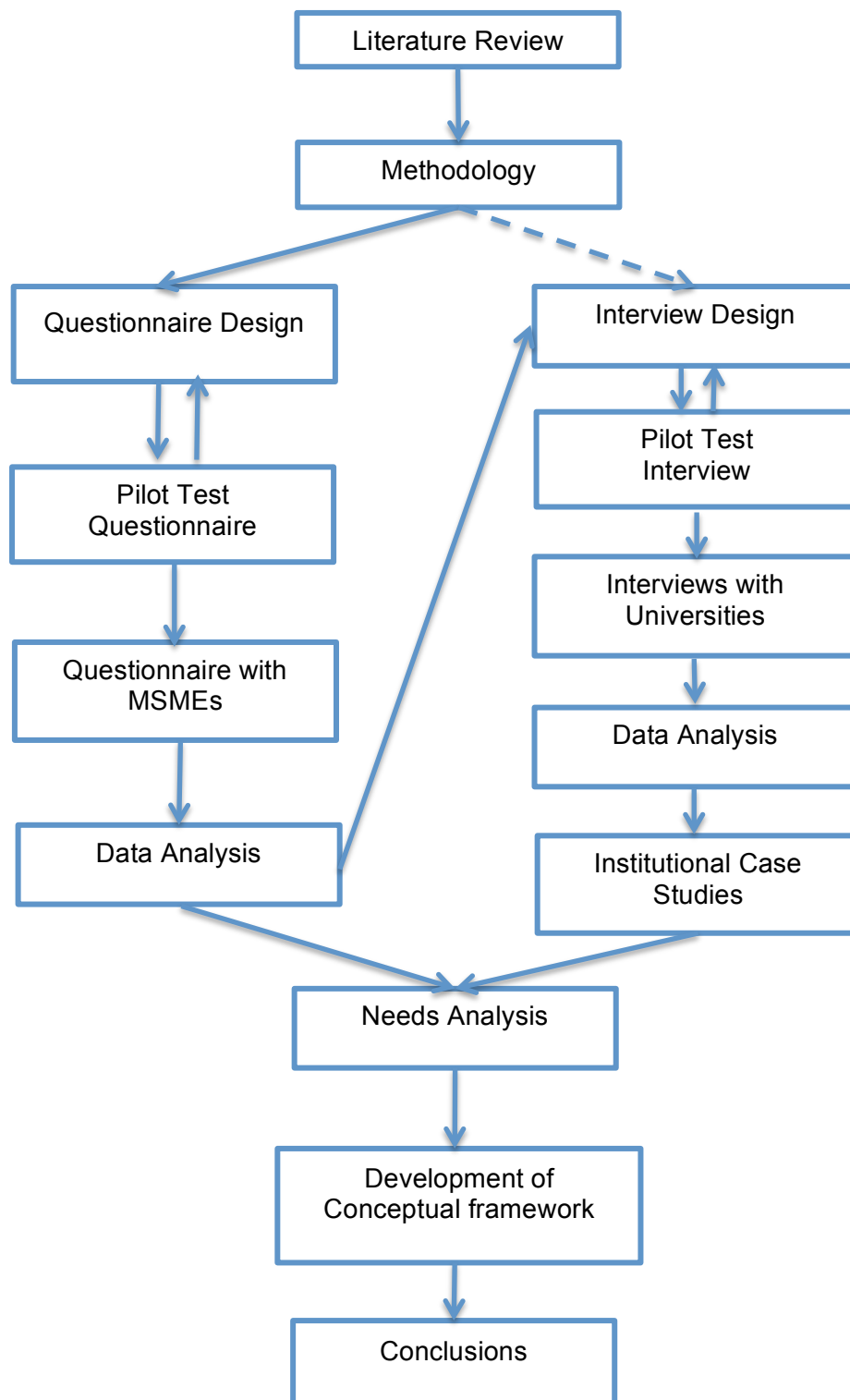adapted from TUBS (2011) and Bayley (2007)

The target 'population' was inherently specific, but also difficult to identify (Storey 1994, Ozcan 1995, Curran & Blackburn 2001); this required the researcher to be selective with the data sets collected in order to get the most valuable sample by way of importance (Neuman 2000). Whilst quantitative researchers often focus heavily on the requirement for a large sample, they fail to understand the value and usefulness of studying small samples (Marshall 1996: 523). This is also in line with the Interpretivist view which seeks to explore understanding and meaning rather than provide a tool for predicting the future or proving hypothesise / theory. For this reason an initial target of 50 useable respondents from a representative geographic area was designated, subject to on-going review during the data collection phase in order to assess whether the data received was appropriate for analysis.

The second methodology required a similar approach to sampling. The principal difference being that individuals within the university ecosystem are significantly easier to identify than many MSMEs and accordingly it is possible to identify specific individuals involved in the enterprise agenda at institutions. This also followed a purposive sampling technique which sought out respondents who could provide 'information rich' contributions (Barbour 2001, Punch 2005) whilst acknowledging that the seniority of the target sample may bring with it logistical constraints. In such scenarios Barbour (2001) describes the need for a hybrid sampling technique to include the benefits of purposive sampling first with the pragmatism of a convenience sample (Marshall 1996) as a secondary component. This allowed the sample to be identified, and approached, but for flexibility to be built in on the understanding that some participants will not be available or willing to contribute in the specified timeframe.

Within the West Midlands there are 12 universities, comprising:

- Two Russell Group universities (chartered around the beginning of the 20th century)
- Two Plate Glass universities (chartered after 1966)
- Eight New universities (chartered after 1992, some former Polytechnics)

Four universities were identified for participation in the study; their selection is based upon achieving a representative mixture of university classifications from the above list, as well as a geographic spread throughout the West Midlands in order to address the geographical and economic diversity found across the region (*cf*. *2.4.4*). Institutional strategies were also considered alongside HEIF and HEBCIS data in order to ascertain the level of business engagement already offered (*cf*. *2.6*) by the sample. In line with the ethical requirements outlined in section 3.6, and the promise

of anonymity offered to participants in order to encourage deeper contributions, the identities of these institutions, and the participants, will not be revealed in this thesis.

Participants from these universities were identified, from both the professional networks of the researcher and the publicly accessible data from the institutional websites, with efforts made to ensure that a blend of university leaders, senior managers, and managers were interviewed from each institution. Examples of such roles are outlined in Table 3.4 below:

**Table 3.4 - Sample University Job Title Clusters**

| University Leaders | Senior Managers | Managers |
|---|---|---|
| Vice-Chancellor | Directors | Assistant Directors |
| Deputy Vice-Chancellor | Chief Executive | Senior Project Managers |
| Pro-Vice-Chancellor | Associate Dean | Project Managers |
| Dean | Head of Department | Associate Head of Department |
| Executive Dean | | Principle Lecturer |

Four employees were approached for interview at each institution with a minimum unobjectionable sample size of two staff members from each institution being acceptable for consideration and analysis, the difference primarily being due to scheduling availability. The aim was to conduct between eight and 16 interviews completed with a range of perspectives reflected from the various institutions.

## 3.5.2 - Secondary Data Collection

A thematic analysis was conducted to evaluate the current role of support bodies in providing support to MSMEs, this can be found in chapter 2 of this thesis. The secondary data was categorized thematically in order to align it to the three specific stakeholder perspectives concerned as outlined in Figure 3.2:

- MSMEs in the West-Midlands region
- Universities – Including their MSME support providers
- Government - Including Policy and Funding Bodies at regional, national and European levels.

The secondary data was collected through national, regional and local government publications produced by key national and regional government and private bodies including the Office of National Statistics (ONS), Department for Business Innovation and Skills (BIS), The National Centre for Entrepreneurship in Education (NCEE), Advantage West Midlands (AWM), Local Enterprise Partnerships (LEPs) and the Chamber of Commerce.

Multiple-Source Secondary data was also be used such as government white papers, institutional annual reports and departmental records providing an analysis of data, which was collated as primary data by that organisation, whilst this may have limitations with regard to the application, and comparability of the data; it allows access to a wide area of existing expertise. Due to the political nature of the target sample, most institutions, departments and government bodies have monitors and reports in place measuring key characteristics of the support and enterprise environment, which offers an opportunity to make comparative analysis and

extrapolation within this thesis. It is likely that resources such as department annual reports and annual Global Entrepreneurship Monitor (GEM) data were essential to formulating a foundation of knowledge prior to formulating the exact methodology for primary data.

Advantages of secondary data collection include the relatively low level of specialist resources needed, with the vast majority of this data being available electronically there could be significant savings of time and money (Ghauri & Gronhaugh 2002). Further advantages could be gained by collecting historical archives of data and analysis to extend and support the longitudinal methodology by extending the data collection period available.

### 3.5.3 - Primary Data Collection – Questionnaires

Primary data was essential in collecting reliable and valid data to support the trends and arguments emerging from the secondary data collection. Initially primary data was collected via an electronic questionnaire with a wide range of MSME owners in the West Midlands region. Due to the Interpretivist approach of the thesis it was not appropriate to solely rely upon quantitative data collection, it was necessary to allow the participants to respond in an explanatory and exploratory way via a series of open-ended qualitative questions (Saunders, Lewis, & Thornhill 2003). This approach also gave insight into the life-word (Gibb 1992) of the participants in line with the research philosophy proposed.

The questionnaires were conducted electronically in order to reach a wide population and in order to aid the data collection and analysis process given the limited resources available, although physical copies including accessible versions were available on request. Being a regional study it was essential that as wide a target population as possible, within the geographical boundaries, was reached, however it had previously been established that the MSME community is difficult to identify and specifically target (Storey 1994, Ozcan 1995, Curran & Blackburn 2001) and so sampling difficulties were expected and accounted for as an acceptable limitation. The research tool was distributed initially to nine known contacts of the researcher, through business networks and organisations in the region, these participants were then encouraged to forward the invitation further adopting a purposive snowball sample methodology. In line with the Interpretivist approach the focus was to achieve rich, descriptive data from participants in order to view them holistically and to produce a descriptive analysis of their life-world (Hudson & Ozanne 1988).

The questionnaire was designed in accordance with best practice in terms of question design (Fowler 2002) in order to maximise the quality of responses.  To test this, a pilot study of seven participants was conducted in order to check the usability of the online data collection tool, the veracity of the questions, and the participant's understanding of the data requested. The pilot study sample included two undergraduate students of entrepreneurship, two private individuals unrelated to the field of study, and three MSME contacts[10], with a view to identifying weaknesses with the methodology, research tool, language and user friendly aspects of the research

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[10] The MSME pilot participants were instructed not to participate in the final 'live' study, however as the study was fully anonymised it is not possible to verify this.

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tool. Following this pilot study small modifications to the instructions, participant information leaflet and the multiple choice questions were made. Overall, the aim of this process was to ensure that participants were satisfied with the simplicity of the online tool and their ability to take part.

The online questionnaire was pilot tested a final time post-modification to ensure effective data collection and no further modifications were deemed necessary at this point. The final version of questionnaire had 34 questions and took around 45 minutes to complete. The questionnaire included items that were on a Likert scale and these were used for collecting participants' impressions about their experiences and needs with regards to business support.

A full copy of the research questionnaire for MSME participants can be found in Appendix 1, it comprised of four elements each with a specific area of focus. Section A asked five essential questions related to research ethics, informed consent, confidentiality and confirmation that the participants understood the aims of the study as discussed previously (cf. 3.6).

In Section B the business itself was profiled, specifically questions were asked about the age, location, development stage, legal status, number of employees, turnover and commercial activity of the business. This data not only ensured that the target market is achieved, but was also essential in order to make comparisons to other studies outlined in Chapter 2. In addition participants were asked to identify if this business was their sole source of income in order to give an indication of their financial dependency on the enterprise.

Section C addressed the use of business support when starting this business, questions require participants to identify what sources of support were utilised

including specific details where possible, the factors which were important when selecting a source for support and what types of support the participants felt was not available. In order to understand the value of the support used participants were also asked to identify their satisfaction with the level of support, value for money, impact on their business and impact on themselves. Qualitative questions aimed to explore any instances where participants were not eligible for support, narrative around their experiences and narrative around any gaps in support available.

In order to understand the growth aims and growth potential of the business and entrepreneurs, Section D asked participants to indicate their expected growth in terms of turnover and employees over the next five years in order to make comparisons with data discussed in Chapter 2 and also to align them with the growth criteria provided by the OECD. Succession planning and owners attitudes towards the future development priorities were also explored in order to be combined with data from Section A to fully profile the current and future intentions of the businesses.

### 3.5.4 - Primary Data Collection – Interviews

With the views and experiences of the MSME end user collected, phase 2 of this study aims to conduct semi-structured interviews with key staff within four selected West Midlands universities. The universities were selected in order to represent a geographical spread throughout the region and also to cover the range of university types within the region such as Russell Group, Plate Glass and Post '92 universities. Interviews generally involve "presentation of oral-verbal stimuli and reply in terms of oral-verbal responses" (Kothari 2004: 97) and have been identified as one of the

central methods to most qualitative studies (Taylor & Bogdan 1984: 76). Due to the potentially sensitive nature of such discussions, individual, face-to-face interviews were selected with a view to being more open and informative, despite the time consuming nature of such data collection. Interviews can be designed on a scale from highly structured to unstructured, with highly structured interviews being similar to quantitative data collection for ease of analysis. Unstructured interviews are therefore more like conversations between the interviewer and interviewee with little or no structure from the interviewer, such data can be more difficult to analyse and compare whilst being more detailed and thorough. It may also be argued that very senior figures within organisations may be difficult to engage within a questionnaire, however if time could be secured to meet face-to-face the potential participation in a qualitative data collection process is much greater.

A mid-way point on this scale offers the semi-structured interview. Such interviews have a clear framework of topics, questions or specific themes, which the interviewer proposes in an open-ended manner allowing for "greater depth than is the case with other methods of data collection" (Cohen, Manion, & Morrison, 2000: 269). This provides the detailed, open, discussion of unstructured interviews allowing the conversation to divert and follow tangents where appropriate, whilst also ensuring that a framework of topics were covered for ease of comparison between participants. Semi-structured interviews rely on a developed relationship of trust between both interviewer and interviewee in order to ensure that the discussion develops and is maintained throughout the process. In semi-structured interviews the researcher "makes reference to an outline of the topics to be covered … the order in which and the wording of the questions are left to the interviewers discretion" (Corbetta 2003: 270). Due to the nature of such conversations it could be a challenge to accurately

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record the data whilst also ensuring that the quality of dialogue is consistent, accordingly it is recommended that audio-recordings be collected for later analysis and accurate transcription (O'Donoghue 2007). With the potential for commercially or personally sensitive data being discussed, research ethics, trust and boundaries must be clearly agreed in advance in order to ensure the successful outcome of the process, a participant information sheet and informed consent declaration will therefore be used throughout the process.

In order to test the researcher's capabilities in conducting semi-structure interviews, as well as the structure, technique and technical elements with regards to audio recordings, two pilot interviews were conducted. Each pilot interview consisted of the full range of questions to an academic within the host institution and one external academic, neither participant were considered as participants for the final data collection stage. The feedback and experiences gained from the pilot study resulted in some minor terminology changes and considerations for the researcher to prepare for a range of circumstances and issues, particularly with the new audio recording technology utilised.

The line of enquiry of the semi-structured interview was informed, in part, by the responses from the MSME data collection process in order to focus the relevance of data. This included the quantitative and qualitative comments from MSME owners about business support, regional support, university delivery of support and the needs of the business owners.

In order to address the research questions the interviews were arranged around fivecentral themes;

Firstly, the role of the individual was explored - participants were asked to describe their specific individual role with regards to enterprise activity, business support and the development of enterprise strategy at their institution.

Secondly the interview focused on the institutional strategy - in order to determine the opportunities and challenges around the development of business support strategies, participants were asked to share the short, medium and long-term vision and strategy for enterprise and business support at their institution. They were also asked to identify the management and development of the strategy, including who is involved, and the implementation of the strategy, including sources of funding.

Thirdly the questions focused on the market place - in order to determine if the institution focuses their business engagement with a specific subset of the market place, participants were asked about the target market for business support activities. They were also asked to identify perceived competitors and explore how market research is tackled at the institution.

Fourthly the institutional motivation was queried – in order to establish why the institution has an involvement in the business support arena, participants were asked to give insight into the institutional motivations. They were also asked to identify how staff were measured against this motivation (impact targets, revenue targets and so on).

Finally participants were asked about the challenges faced – In order to understand the barriers and difficulties faced, participants were also asked to describe the challenges they face in the development of, implementation of, and sustainability of the business support agenda. The closing statements invited participants to give a personal insight into potential solutions or improvements to the business support

offer at their institution in order to highlight additional weaknesses or limiting factors at a micro and macro level.

These broad themes were shared with participants in advance of the interview (see appendix 7) in order to allow them to further understand the interview and more efficiently prepare where necessary. With participants being targeted from a range of institutions, incorporating a rage of roles and responsibilities between them, it is conceivable that contributions would vary within individual institutions. This allows the researcher to determine the wider agenda and consistency between leadership and front-line staff. It may also result in some topics being omitted for certain participants who may not be directly involved in the process – although an opinion will still be sought through the semi-structured dialogue.

Once transcripts had been produced, they were coalesced with additional notes from the researcher, including body language, hesitations or other verbal/non-verbal indicators. Gorden (1980, cited in Fotana & Frey 1994) identified the main types of non-verbal communication as:

- Proxemic – the use of physical space
- Chronemic – the timing and pace of speech and silence
- Kinesic – body movement and posture
- Paralinguistic – variations in volume, pitch and quality of voice.

By noting such observations the researcher aimed to understand any additional intent, contradiction or emotional responses (such as frustration, anger, annoyance, satisfaction, humour and so on) with regards to the interview process and responses in order to improve the accuracy of analysis and discussions.

Additionally, in order to preserve the anonymity of the participants, personally identifiable data was omitted in accordance with the participant agreement and the code of ethics that underpins this study. Such data included:

- Names (including those of colleagues)
- Identifying descriptors (including institutional names, projects or unique concepts to the institution)
- Geographical references
- Institutionally unique circumstantial data (including awards, accolades and strategic alliances).

The omission of this data was agreed in order to encourage detailed contribution to the study without risk of compromising the professional integrity of individuals or commercially sensitive data in the final published thesis. It however does not mean that such data is not considered in the analysis and discussions by the researcher. By considering such sensitivities it was anticipated that there would be fewer barriers to participation with a minimal impact on the outcomes of the study.

Completed transcripts were then used to produce four institutional case studies. The researcher selected case studies as they seek to "*investigate a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident*" (Yin 2003: 13). These cases could then be used to draw cross-case conclusions, against the same thematic framework, by identifying trends and commonalities from across the transcripts. In turn these could be further analysed against the qualitative primary data from the MSME community in order to develop conclusions and recommendations.

## 3.6 - Ethical Considerations

The area of ethics can be defined as "a code of behaviour appropriate to academics and the conduct of [their] research" (Wells 1994). In relation to this research it specifically regards those who become the subject of the work (Fowler 2002). Areas, which may need addressing in the course of research for this thesis, include:

- Privacy of participants
- Voluntary nature of participation (and the right to withdraw partially or completely)
- Consent and avoidance of any possible deception of participants
- Maintenance of the confidentiality of data provided
- Behaviour and objectivity of the researcher.

(Saunders, Lewis, & Thornhill 2003)

All primary data collected for this research was conducted under informed consent conditions, which is where the participant is fully aware of, and in agreement with, the researcher's role and the intended use of any data collected. This was communicated in writing, usually electronically, prior to any research activity commencing and once again at the time of data collection. A copy of the Participant Information Leaflets for both data collection methods can be found in Appendix 2 and 6. Appendix 1 also shows the informed consent declarations made by each participant through the online questionnaire. Where physical declarations were sought they shall be allocated a unique participant reference number and stored in a separate, secure location from any other research materials or findings in order to further preserve the anonymity of participants.

At the data collection stage there were a number of ethical considerations that specifically relate to the methodology being used. Throughout the data collection it

was important to be clear with participants regarding their right to withdraw at any point or to withdraw from certain elements of the research process. Furthermore the data collection itself needed to be thorough and accurate so as to avoid any subjective selectivity in what is recorded; this was overcome by using online data collection and audio-recordings to avoid any misinterpretation of handwriting / notes and also to permit the participant to review and correct their responses prior to submission. During the questionnaire phase, participants indicated their consent through a series or compulsory questions at the start of the study. Interview participants will indicate their consent via a written agreement accepted (signed) by the researcher and the participants outlining the intended methodological procedures and data handling processes, they were also give a verbal indication via the recording, a copy of such agreements were provided to the participant for their records.

When dealing with select organisations and individuals it was important to maintain individual and institutional anonymity or confidentiality – particularly when being opinionated or critical of an issue, weakness or when discussing commercially sensitive data. Consideration was also given, prior to publishing data, if it may have harmful consequences or identify, directly or indirectly, any individual who had requested anonymity, by nature of its content. Following transcription and analysis participant names, institutions / organisations and job titles were omitted along with any provided details of named individuals. When dealing with MSME owners, senior university leaders and experts this is an important consideration in order to ensure their trust and comfort in participating, but also to protect their integrity and position within the sector.

Finally, with regard to the data collected, any data controlled, possessed or stored was done so in accordance with the UK Data Protection Act 1998. The Data Protection Act outlines how data can be handled and stored, Saunders et al. (2003) summarise the core issues as follows; personal data must be:

- Processed fairly and lawfully
- Obtained for specified, explicit and lawful purposes
- Adequate, relevant and not excessive in relation to the purpose for which they were processed
- Accurate, and where necessary, kept up to date
- Kept for no longer than is necessary
- Processed in accordance with the rights granted to data subjects by the Act
- Kept securely
- Not transferred to a country outside the European Economic Area unless it ensures an adequate level of protection in relation to the right of data subjects.

(Saunders, Lewis, & Thornhill 2003)

In addition electronic files were password encrypted, and stored on the secure digital storage facility of the host institution. Any hard copies of consent forms and notes were kept secure, and separate, in order to further protect the identity of the participants. In line with industry best practice (Fowler 2002) and institutional regulations, a full review of the methodologies, informed consent protocol, risk assessment, research tools and participant information leaflet, was conducted by the host institution ethics committee prior to any data collection commencing. Appendix 3 and 8 includes copies of the ethical approval documents for both methodologies.

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## 3.7 - Logistics and Resources

Due to the nature of the methodology being utilised for this thesis there were minimal logistical issues to be considered. The researcher invited MSME participants to take part in the online questionnaire via email broadcasts utilising personal, business and partner networks. By encouraging snowball sampling, it was intended that a geographically and industrially diverse sample of participants could be reached for the questionnaire element of this study. In the event that participants were not able to access the online questionnaire, or have a disability preventing them from taking part, a physical, accessible (including large print or braille) version, or telephone questionnaire could be offered as a substitute (though it is worth noting that this was not ultimately required). By utilising electronic means of data collection the participants could select a time and environment, which best suited them and reduced any external pressures from the researcher. It was intended that at least 50 usable data sets would be collected in order to be representative and provide ample data for trend analysis.

Resources required were minimal but included access to the institutionally approved Survey Share tool; a scalable and adaptable electronic survey facility, which complies with the UK Data Protection Act requirements, outlined previously. Internet access for secondary data collection, access to Coventry University's Lanchester Library were also required.

The interview process was slightly more onerous; participants were interviewed at their home institutions for their convenience. This required travel throughout the West Midlands region requiring significant time and financial investments from the researcher. In line with the submitted risk assessment (see appendix 4) the director

of studies was contacted prior to and post interview in order to confirm the researchers safety. However it is worth recognising that all such destinations were highly regarded UK HEI's with research agendas, and meetings were via prior arrangement, accordingly the interviewer and participant risks were recognised to be negligible.

## 3.8 – Data Analysis

The explanatory sequential mixed methods approach (Creswell 2003) adopted by this study required numerous stages of analysis. Firstly the predominantly quantitative questionnaire with MSME owners was analysed in order for the findings to inform the research tool for the second stage of the study. At stage 2 the qualitative interviews with university staff were analysed before a final stage of analysis saw both data sets combined in order to draw conclusions and recommendations. This section identified the separate approaches taken for the 2 stages of data collection.

## 3.8.1 – Quantitative Data Analysis

The quantitative data gathered via an online questionnaire were automatically codified by the online platform into a computer readable Comma Separated Values

(CSV) file (Fowler 2002). The data file was then entered into the Microsoft Excel[11] computer package where the data coding was manually verified for anomalies or errors by the researcher. This was particularly important with regards to missing responses (where a response was not required or was refused), invalid responses (for example too many options being selected) and where the participant opted out or did not know the answer (Fowler 2002).

 It was recognised that Microsoft Excel was powerful and versatile enough to perform the required data analysis without the need of additional software, this also avoided any data corruption or compatibility issues when sharing data between software. Both nominal and ordinal data was processed via frequency counts of the responses in order to identify the comparative response levels (Morris 1999). The data was converted into percentage of the total survey population in order to assist in the comparison and identification of relationships between data (Saunders et al. 2003).

Once comparative data was processed the software was utilised to develop visual representations of the data to aid the analysis and discussion further (Henry 1995). A selection of standard bar charts, percentage component bar charts, pie charts, histograms and pictograms (specifically using the Google Maps® interface for geo-location data), were selected in order to demonstrate trends, anomalies and emergent themes for discussion (Saunders et al. 2003).

The exploratory nature of the Interpretivist approach led itself towards a comparatively small sample size, accordingly the research did not seek to prove or disprove any theory or hypothesis and it was felt that statistical analysis was of

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[11] The full package was Microsoft Excel for Mac 2001 version 14.4.7

limited value. The process undertaken provided insights into the experiences, challenges and opportunities around the research question in order to inform the second stage of the methodology and to also make a valid comparative analysis in the conclusions.

## 3.8.2 – Qualitative Data Analysis

Analysing semi-structured interviews could pose unique challenges, most notably as "there is not a standardised approach to the analysis of qualitative data" (Saunders et al. 2003: 379). In order to ensure a detailed insight could be gained into the individual life-world (Nooteboom 1988, Berger & Luckmann 1966, Schutz & Luckmann 1973) it was important to emphasise the quality of data collected and ensure that the sample selected were of the highest calibre.

Once completed, the audio recordings of interviews were transcribed verbatim into a standard word processing package (Microsoft Word). Alongside the interview transcription, the researcher also made adequate note of non-verbal feedback, tone and attitude of response and other intonations. The emotional responses give an entirely new meaning to the literal transcription of the statement (for example through irony, frustration or excitement). In a similar vein there was little standardisation between each interview and so the interviewers own contribution was recorded and analysed for these variances, particularly where the interviewee asked questions of the interviewer. The use of verbatim transcriptions ensures the integrity of the data is maintained before and during the analysis process (Saunders et al. 2003: 401).

Once suitably transcribed, the data was read repeatedly in order to identify key themes (Neuman 2000). The "entire set of responses could be considered part of the case study" (Yin 2003: 104), accordingly these themes contributed towards a narrative analysis of each interview transcription organising the contributions from the participants against the research framework. Cross interview analysis of the narratives was pivotal in the formation of institutional case studies with multiple perspectives forming a single institutional narrative (O'Donoghue 2007: 136). The purpose of adopting a narrative analysis was to allow the linkages, relationships and socially constructed explanations (Saunders et al. 2003: 402) to be recognised, whilst maintaining the authenticity of the data and producing an account, which was comparable across the different institutions. The final result of the narratives were four institutional case studies (Yin 2003) identifying the unique circumstances, challenges, opportunities and thoughts of participants at the specific institutions.

## 3.9 - Summary

The aim of this research was to identify the experiences and needs of MSME owners with regards to business support, and the motivations and challenges of universities in order to determine the research question, "To what extent can universities create a sustainable system to support MSMEs? A focus on the West Midlands region". In order to achieve this an explanatory sequential mixed methods approach was identified incorporating a questionnaire targeted at MSME owners in the West Midlands, followed by a series of semi-structured interviews with key staff from a range of West Midlands universities.

The research followed an Interpretivist philosophy and was exploratory in nature, with this in mind there were no hypothesise or predictions, rather there was an underlying intention to explore the phenomenon of university led business support agendas and their suitability for the market place within the context of social variables described. Similarly the Interpretivist approach aligned the study to understand behaviours, decisions and actions rather than seeking to predict them (Rubinstein 1981). Through this understanding, the research intended to produce a series of outcomes and identify trends, which in turn, facilitated the creation of a conceptual framework for business support.

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# Chapter 4 – Data from MSMEs

## 4.1 – Introduction

In this chapter the primary data collected from the MSME community via a questionnaire is presented and discussed. This first phase of primary data collection aimed to address objective O2:

- **O2**: To investigate, identify and analyse the experiences, needs and barriers to engagement of MSMEs with regards to enterprise support activities.

This objective was predominantly intended to answer research questions Q1 and Q2:

- **Q1**: What is the existing level of business support offered within the West Midlands region?
- **Q2**: What do entrepreneurs think about the support offerings, from universities, available at present?

Through an initial invitation email, nine known MSME contacts were approached inviting them to engage in the study. They were encouraged to disseminate the invitation further through their networks in order to achieve the desired sample size and geographical spread through a snowball sampling technique. The online questionnaire was accessible for a period of two months in the third quarter of 2011 producing 54 usable (complete) data sets from self-defined MSME business owners within the West Midlands region. Whilst anonymity is essential within this study, participants were asked to provide the first half of their business post-code in order to ascertain the geographical spread of the data collection. This was explained

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alongside their rights to withdraw and other ethical consideration in the participant information leaflet (see appendix 2) accessible via the homepage of the survey. A full break down of the questions and possible responses can be found in Appendix 1. Participants could only access the questionnaire having confirmed their informed consent to participate via the homepage of the survey.

This chapter presents data utilising a range of graphical and tabulated formats followed by discussion and analysis. The key findings were then used to inform the methodology and qualitative data collection for the second phase of this study with key University staff.

## 4.2 – The Sample

As this research was not seeking to identify individual characteristics or to generalise about the profiles of business support users themselves, very little demographic data (gender, age, NRS social grade and so on) was collected about the participants. One area that was of particular interest was an indication whether the business they were answering in reference to was their sole source of income. Figure 4.1 reveals that only 45% of participants received their sole income from the businesses they discussed. This indicates a 55% response rate of "life-style" businesses providing supplementary or secondary income for the entrepreneur. The data is encouragingly similar to the 50% of participants running a business part time as identified in Enterprise Nations (2014) 'Home Business Report' *(cf. 2.5.1)*.
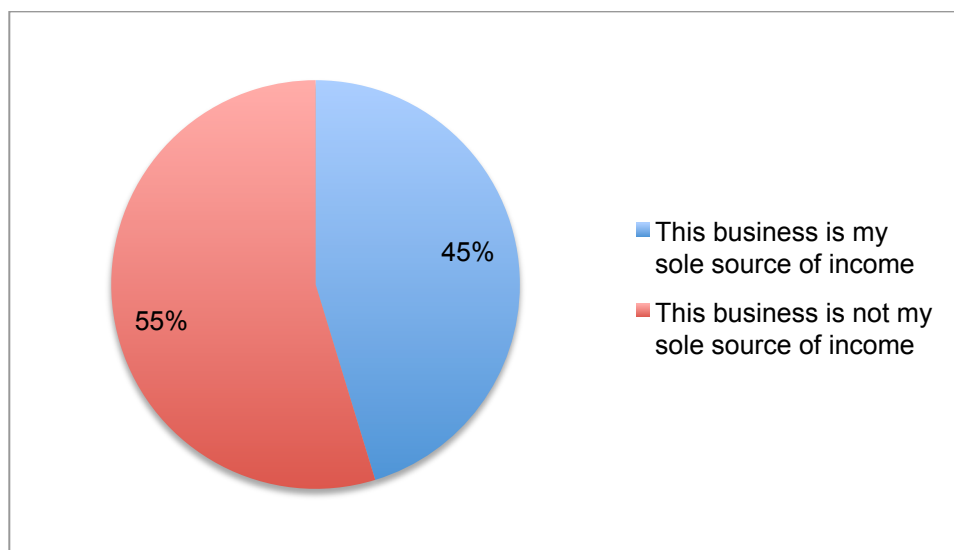
**Figure 4.1 - "Is this business your sole source of income?"**

Figure 4.2 displays the indicated location of the business operations. Using the Google Maps™ interface it is possible to overlay this in a geographical representation with a regional border indicated by a thick black line. The postcode provided by each participant can be seen as a red indicator pin. Where two or more businesses share the same post-code prefix only one pin is shown thus explaining the reason for pins not representing 54 enterprises.

There were three notable observations from this data:

Firstly, whilst the participants were clearly centred around the central business districts (CBD) of the region, including the Birmingham and Coventry enterprise zones and the main transport arteries, there were participants represented from all suburbs and counties within the region to some degree. Rural participants would appear to be poorly represented.

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Secondly, the 'pins' in Figure 4.2 represent the business address, which may explain the incentive to setup businesses around a select number of central hubs, regardless of the domestic address of the participant. Additionally, it does not take into account the location of customers, any multi-site operations, or ICT enabled businesses that

This item has been removed due to third party copyright. The unabridged version of the thesis can be viewed at the Lanchester library, Coventry university.

**Figure 4.2 - The geographical distribution of participants.**

have been recognised in other studies as potentially having extended geographical areas of business (Jones et al. 2014: 293). Where participants have provided an address outside of the regional boundary their data has been disregarded in all further responses and analysis although due to their close proximity to the region border it is possible that they may have been engaged in business support activities within the West Midlands region.

Finally, the literature review made reference to entrepreneurial activities with university students *(cf. 2.6 and 2.8),* technology and science parks *(cf. 2.6.1)* and staff *(cf. 2.6).* For the purpose of this sample participants are identified as MSME owners regardless of their enrolment as a student or their affiliation to a technology park, science park or as a member of university staff.

## 4.3 - The MSME Profiles

Participants were asked a series of questions in order to profile their businesses and business activity against a number of criteria. In order to determine the age of the businesses the start-up month and year was asked and is summarised in Figure 4.3, literature commonly dictates that the likely survival of a business could be determined by their operation after three years (Burke 2006: 20). From the data collected it is clear that 41% of responses had not yet reached this time frame (formation prior to 2009 in this case), there were also noticeable peaks observed in 2005 and also post 2009, which may be indicative of the economic factors, government interventions and policy discussed previously *(cf. 2.4).*

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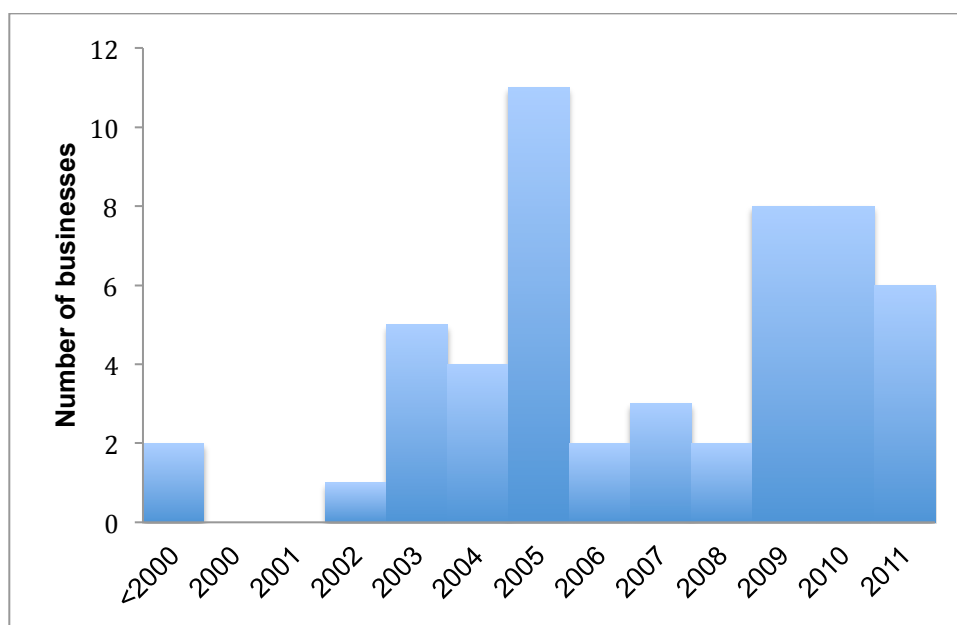


**Figure 4.3 - The formation year of each business**

To deepen the researchers understanding of these businesses the owners were asked for their opinions towards the stage of the businesses development within the business life cycle as summarised in Table 4.1. Considering the data in Figure 4.3 it is perhaps unsurprising to see a high number of responses indicating their stage to be that of continued growth and early trading. All of the responses were related to currently trading enterprises which provides further validation of the sample when drawing conclusion and making suggestions for business owners active within the current economic climate (as opposed to those still at the idea or development stages).

Figure 4.4 highlights the legal entities of the businesses surveyed. Over half of the businesses surveyed were Limited companies, with a third being sole traders and under a tenth being in partnerships. When compared to the previously discussed FSB (2006) study this sample is generally proportionate to their sample of 53% Limited Companies, 32% Sole Trader and 13% Partnerships sample.

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**Table 4.1 - What stage would you describe your business being in at present?**

| Response | Number of Responses |
|---|---|
| The idea is still being developed | 0 |
| The business is ready to start but has not yet started trading | 3 |
| The business has recently started trading | 15 |
| The business has traded for a few years and is continuing to grow | 20 |
| The business has been growing for some time and is now stabilised | 5 |
| The business has started to decline | 6 |
| Other: | 4 |
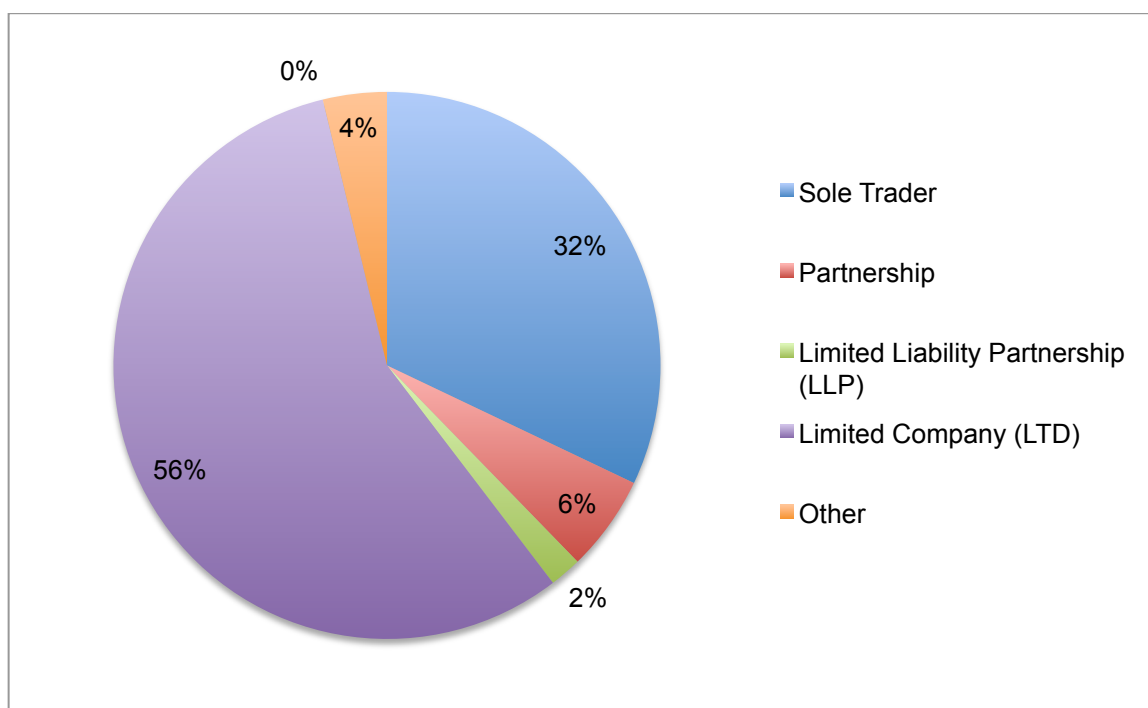


**Figure 4.4 – The legal status of participants businesses**

When asked about the number of staff employed within the enterprises there were no responses above 10 employees. This is an important consideration as it demonstrates the effectiveness of the sampling technique adopted in order to gain insights from difficult to research micro-enterprises, additionally because in order to be regarded as high growth by the OECD the firm must exceed 10 employees. 53% of those sampled indicated only one employee of the business with 47% employing between two and nine people.

In order to understand the size of the enterprises further participants were asked to indicate their turnover in line with a range of thresholds utilised by the EC, as shown in Figure 4.5. The current EC upper threshold for micro enterprises is £1.6 million turnover; the data indicates that no participants had a turnover greater than this. With 55% of respondents indicating that this business is not their sole source of income it is perhaps unsurprising that 41% of participants indicate a turnover of less than £20,000 / year.

**Figure 4.5 – The current (or projected) turnover of participants**

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## 4.4 – Sources of Business Support

Having established a profile of the participants, the questionnaire next asked a series of questions about the support utilised during the start-up phase of the business. The researcher was interested not only in the support used, but the motivations, criteria for selection, satisfaction and impact of this support. Figure 4.6 indicates the sources of support used by these entrepreneurs.
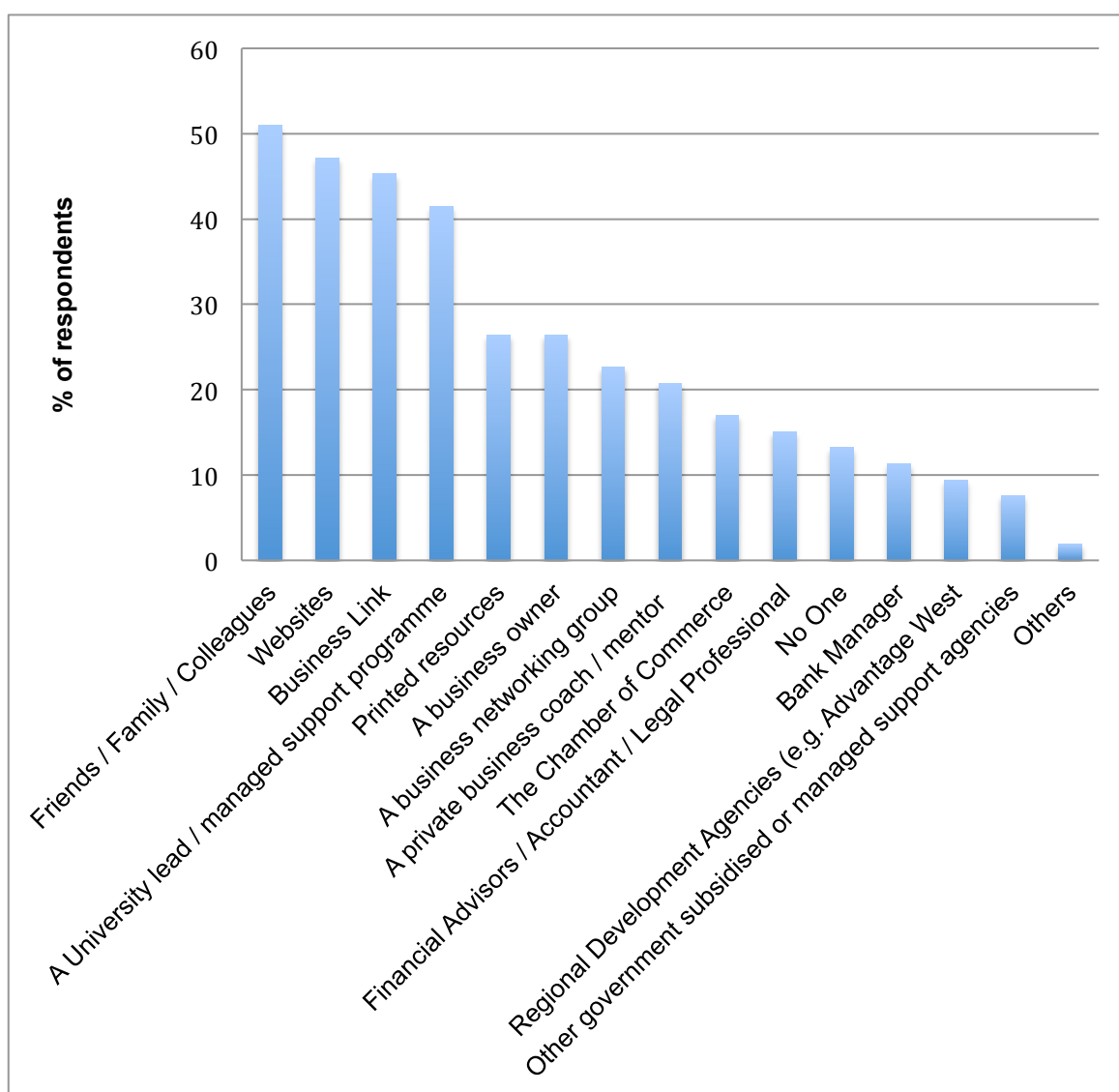


**Figure 4.6 – Sources of business advice when starting the business**

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Of particular significance it is noticeable that over 50% of respondents indicated that they utilised friends and colleagues as a viable source of support, which concurs, with the findings of Ramsden & Bennett (2005). This was followed by business support websites (47%), the UK Business Link service (45%) and support provided by universities (41.5%) were also of importance to a large proportion of the businesses surveyed.

The motivations and criteria for MSMEs when selecting business support can be seen in Figure 4.7. Most noticeably 70% of those surveyed stated that support being free of charge was one of their main requirements when selecting a support programme to engage with. Support that was local to the business, delivered face to face, and with a proven track record of success were also rated highly by over 50% of respondents. It is very interesting to note that specific support tailored towards support for growth was only of interest to 15% of respondents despite 38% previously indicating that they were at the growth stage of their business lifecycle (Table 4.1). Support tailored to specific needs of groups, such as religion, gender, ethnicity etc. was of the least importance, due to the intentional lack of demographic data of this orientation it is not possible to identify if this is an issue in sampling or not.

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**Figure 4.7 – Factors influencing the use of support provision**

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## 4.5 - Satisfaction and impact of Business Support

When asked to rank the support received in terms of value for money and overall satisfaction (Figure 4.8), it was observed that around half of the participants were either satisfied or very satisfied with both the level of support available (48%) and the value for money (51%). By contrast it is very interesting to note that around 30% of participants expressed dissatisfaction with the level of support available to them, which is significantly lower than the 67% dissatisfaction level reported by the Federation of Small Businesses (2000). This indicates that support either was not available or was not known to a third of MSME owners during the start-up phase of their business.
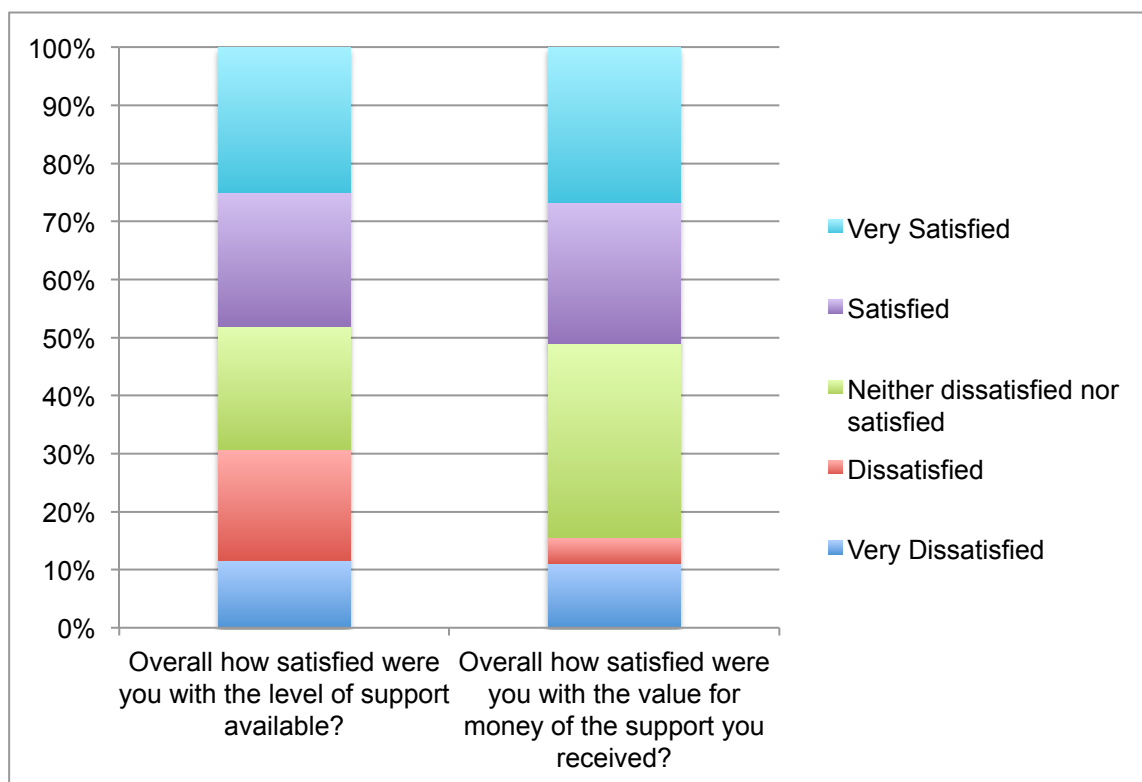


**Figure 4.8 - Satisfaction and value for money of support**

In terms of the impact of the business support received (Figure 4.9), 30% believe that the support they received ultimately had no impact on their turnover as per the findings of Wren & Storey (2002), with less than 20% believing that they personally did not benefit from the support received. That being said, the inverse statistics were very encouraging. Of those that did receive business support, a significant majority found that it did benefit them, with 60% of respondents claiming an average or greater impact on themselves and 40% indicating an average or greater impact on the turnover of their businesses. The general lack of impact studies in the wider research makes such data difficult to assess on a regional, national or international level (Chaston 1992, Devins et al. 2005). Of those that indicated that they did not receive any business support, Table 4.2 indicates their feedback as to why this was:
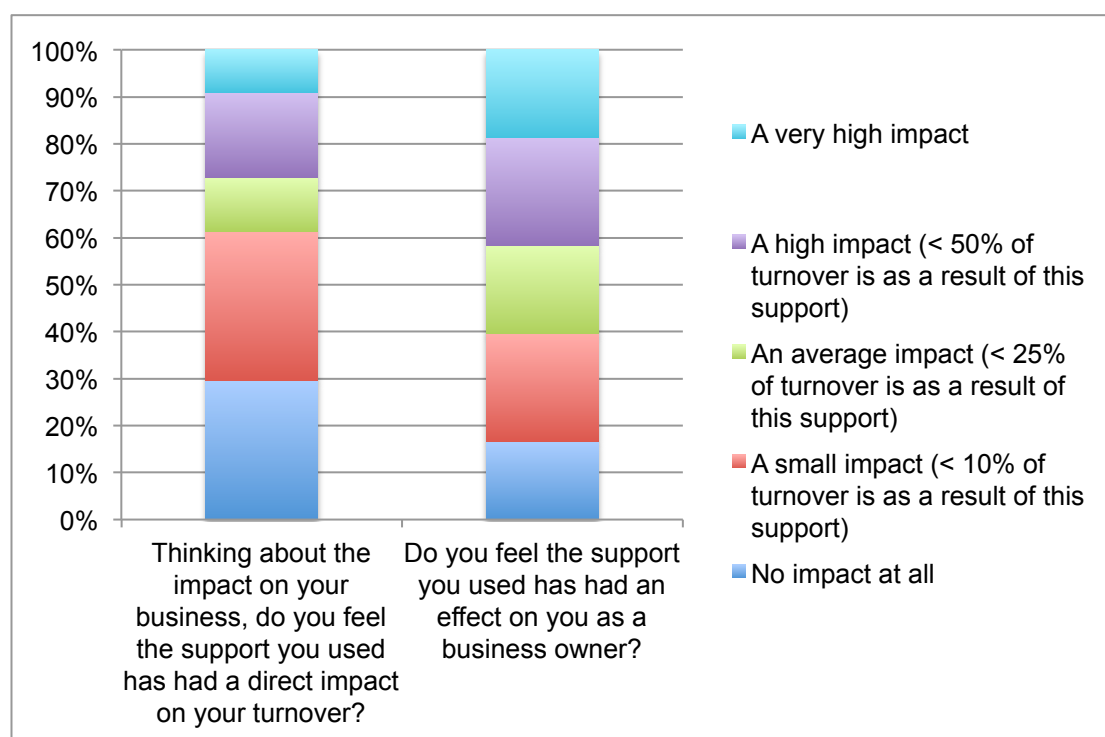


**Figure 4.9 - Impact of support on turnover and personal development**
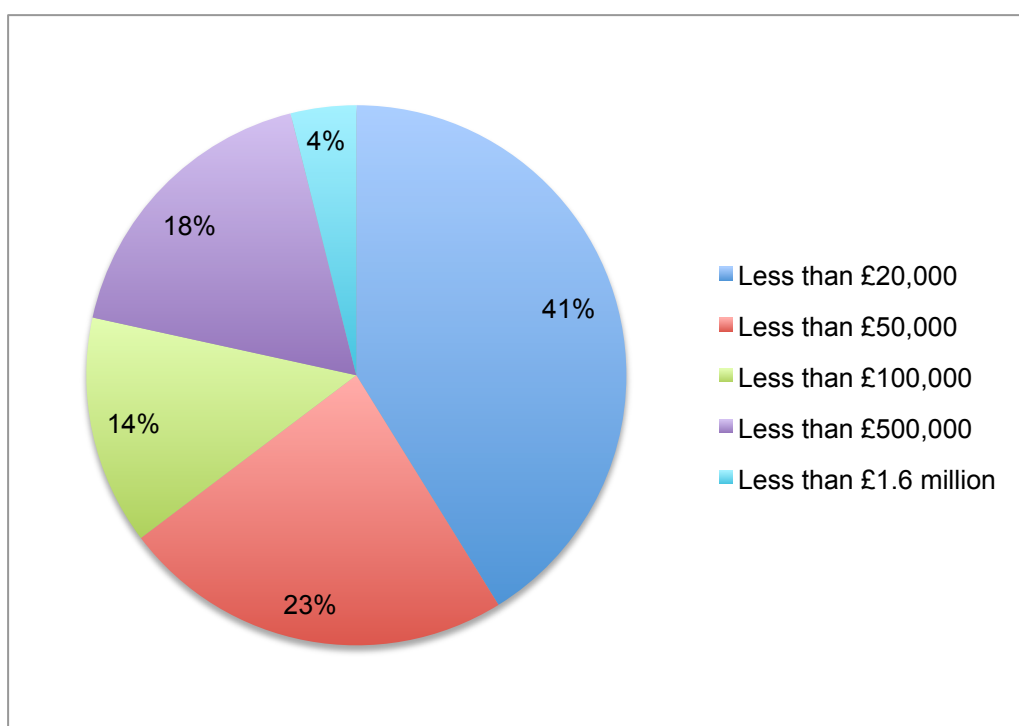
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**Table 4.2 - Reasons for not engaging with business support**

| Answer | Response |
|---|---|
| Was not aware that support was available | 7 |
| Was aware of support but it did not seem relevant to your needs | 9 |
| Support process seemed very complex / bureaucratic | 4 |
| You did not meet the demographic criteria for support available | 0 |
| You did not meet the business criteria for support available | 3 |

The most common reasons for not engaging with business support was indicated to be a lack of awareness that support was available, which suggests a marketing or promotional issue, and support appearing to be not relevant to the needs of the business; such difficulties were previously noted by Matlay (2004). Given previous response levels indicating the value and interest in business support there were some important issues to be addressed here. 40% of respondents went on to suggest that they felt excluded from business support programs specifically because they were an MSME. This would appear to support the so called 'black hole' of business support previously identified by Deakins (1993).

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## 4.6 - Future plans and aspirations

In the final stages of the questionnaire for MSME owners, questions concentrated on the future plans and aspirations of the participant with regards to their businesses. Some 30% of the sample intended to eventually sell their businesses with a further 35% not sure about the prospect of selling the business on. When considering passing the business on to a family member, 22% were not sure and 74% definitely would not intend for this, only two businesses within the sample indicated an intention to pass their businesses on to a relative.

When asked about future growth aspirations (Figure 4.10), based on OECD guidelines, none of the sample could be considered as high-growth due to the lack of 10 employees. However when considering the projected growth by turnover and employee levels in isolation, 11% of respondents could be classified as 'potentially' high-growth as measured by more than 20% increase per year in employment figures. According to McGrath (2002), who suggested that business growth of less than 10% would define the enterprise as a "mice", the data would suggest that 28% of respondents should be classified as "mice" with the remaining participants simply being no or low growth enterprises.

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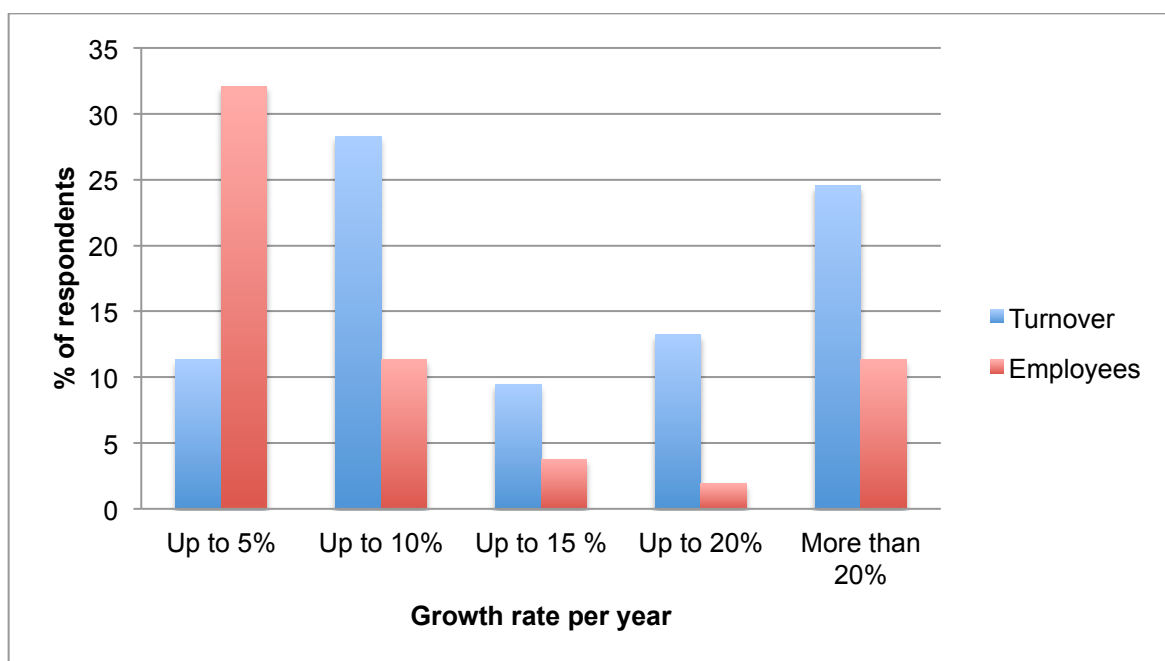


**Figure 4.10 - Growth aspirations of participants**

Crucially this data verifies that by the OECD guideline all of the participants were not high-growth, however questions were raised about the OECD metrics which, if used by support providers, may result in firms with high-growth potential from being excluded from support provisions. The existing and projected turnover and employee growth data would appear to indicate that further work is required in the development of a measure for business growth in agreement with the discussions of Weinzimmer, Nystrom, & Freeman (1998).

To what extent can universities create a sustainable system to support MSMEs?
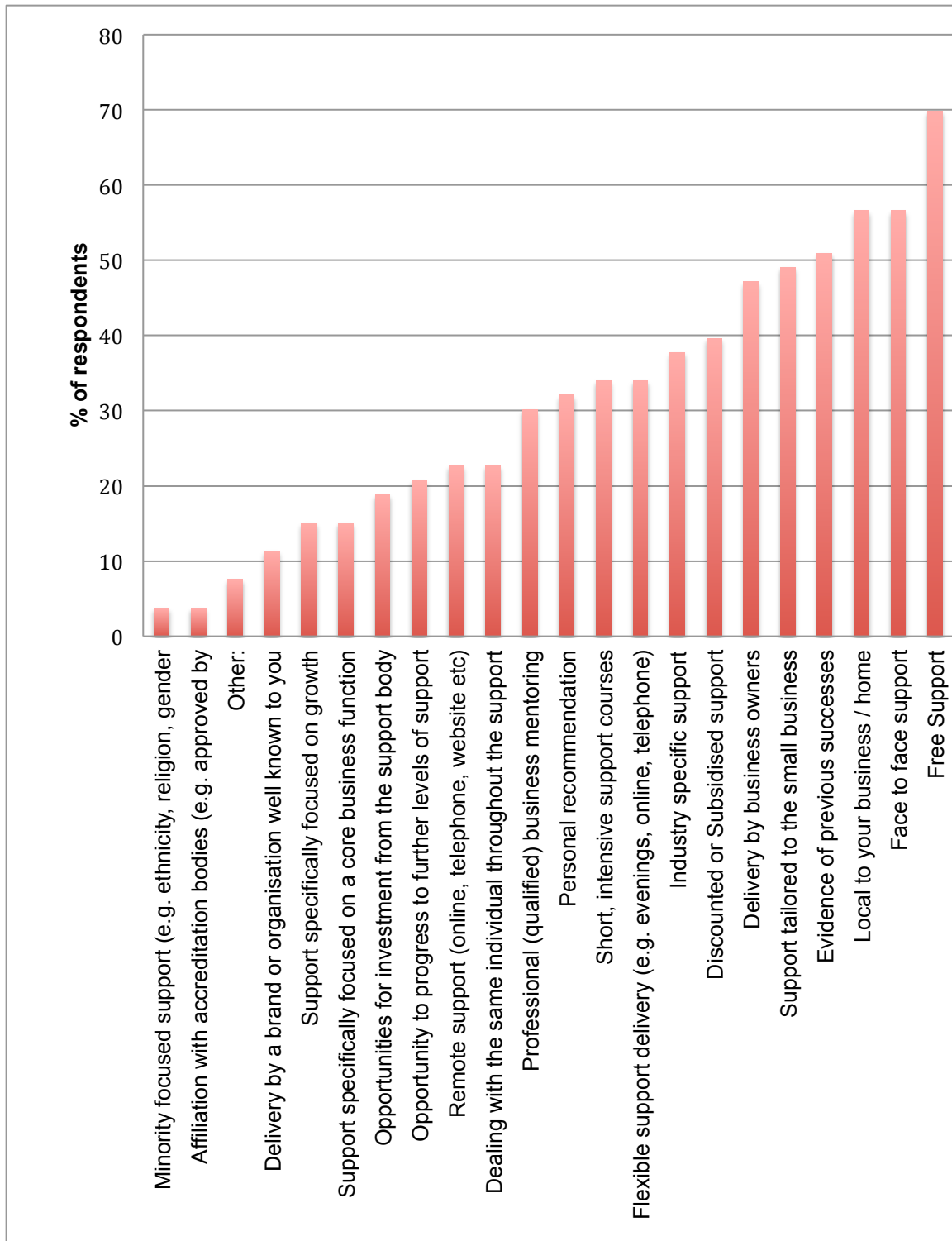
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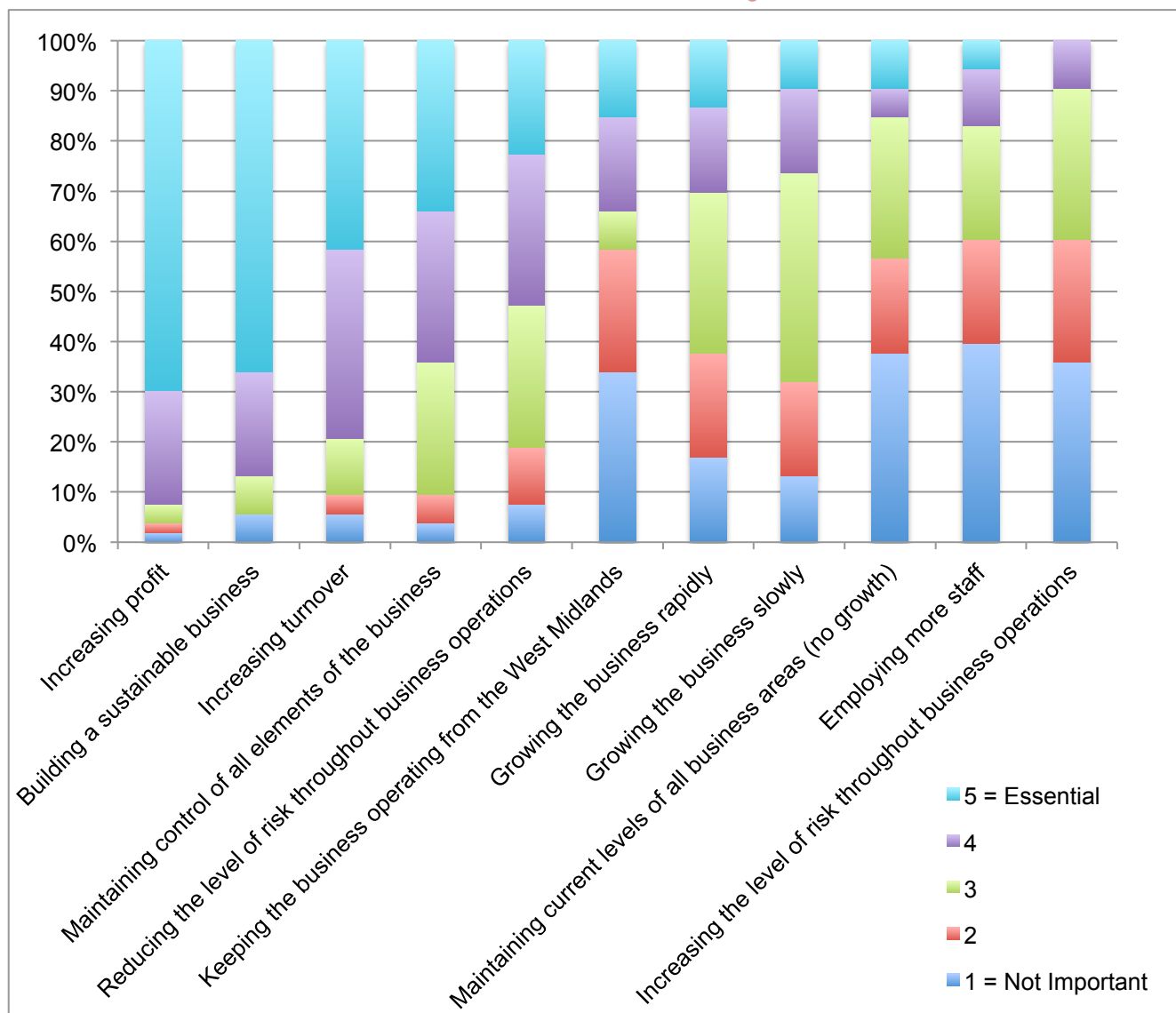


**Figure 4.11 - Future operational priorities of participants**

When asked about the priorities and importance of a range of operational priorities, business owners in this study revealed a number of noteworthy trends as shown in Figure 4.11. Accepting responses 4 and 5 on the Likert scale to be 'clear positive responses', financial criteria were identified as the most essential with profitability (92%) and sustainability (87%) being the highest rated criteria closely followed by turnover (79%). Maintaining control (64%) and reducing risk (53%) then followed providing some indications towards the difficult economic climate faced by

businesses owners. When considering growth the total percentage of respondents indicating a positive response was marginally greater for high growth intentions (30%) compared to slow growth intentions (26%). However it must be noted that these two questions resulted in the highest level of mid-range (3) responses, which indicates uncertainty, or a lack of consideration for this within future plans. Finally, 56% of respondents indicated that 'not growing the business at all' was not important for them, further supporting the principle that the majority of respondents were seeking some form of growth (Hakim 1989, Baines and Wheelock 1998, Greenbank 2001).

## 4.7 - Discussion and Analysis of MSME Data

Seeking to explore the attitudes towards, and perceptions of, MSME business support within the West Midlands requires a great understanding of the current needs of the organisation and the business owner. Both a geographical range and business profile range (incorporating income age, formation type, employees, business operations and support profile) were achieved in this research allowing the research to gain significant insight into the experiences and thought process of the MSME owners surveyed. However the study does not intend to produce a representative sample, and so extrapolation into the wider population is not possible. The aim of this study was to gain a significant insight into the (Berger & Luckmann 1966, Schutz & Luckmann 1973) of the MSME, with specific focus on their support experiences and needs. Accordingly, this section discussed the quantitative primary data from MSME owners alongside their qualitative contributions in order to further our insight into their experiences.

Whilst all of these businesses fall into the low-growth definition provided by the OECD (2008, *cf. 2.5.1*), it is their intention to grow that is of particular interest to this research as this would orientate them towards post start-up support. These 'trundlers' (Storey 1994), life-style businesses (Kaplan 2003) and 'growth-rejecting' or 'growth ambivalent' (Baines, Wheelcock, & Abrams 1997) businesses have in the past been omitted from, or mis-represented within, research and policies due to the difficulties surrounding their monitoring (Storey 1994, Large 2013, Dent 2014). Many will not be registered with Companies House, or be on the VAT or Pay As You Earn (PAYE) register, in the UK some 57% of private sector businesses were not registered for PAYE or VAT (BIS 2014: 8). Additionally they may not make use of large lobbying organisations such as the Federation of Small Businesses, Institute of Directors or the Chambers of Commerce thus making them difficult to collate data from as a sample. With a majority of the sample (55%) also seeking income from other employment it is also clear that many of the enterprises sampled had not yet grown enough to be truly sustainable for their owners.

47% of all businesses stated that they had used support provided by universities within the region, of these 100% were motivated by price, with 90% stating that they were looking for free support. Half of this sample expected a turnover of less than £20k with 16% expecting between £20k and £50k turnovers, just 20% indicated an expected turnover between £50k and £100k. There did not appear to be any correlation between the businesses that engaged with university support and their growth intentions.

Regarding the indicated attitude towards growth, initially the data around this seems inconclusive with 26% of respondents suggesting they intend to grow the business slowly, 30% seeking rapid growth and 15% intending no growth at all. However 32%

of respondents indicated no preference (three on the Likert scale) towards high growth, producing a combined 47% of respondents indicating no preference towards growth at all (by design or ambiguity), this is comparable to the 41.5% result experienced by Lean (1998) and similar studies by Baines, Wheelcock, & Abrams (1997). For the inverse data, 42% of respondents indicated no preference towards low-growth. 25% of the total number of respondents indicated no preference towards either high or low growth, which is a similar figure to the 24% reported by the FSB (2006). It could be argued therefore, that many of the small businesses sampled were uncertain about their futures and about the growth potential of their businesses even having engaged with a wide range of business support. When asked about attitudes towards recruitment, 36% of respondents indicated that they have no desire to employ further (or any) staff within the next five years, this compares to just 11% expecting no growth in terms of revenue. Regardless of the market conditions and business feasibility this data critically identified some significant issues around owner ambitions. With 85% indicating a positive response towards a desire to build a sustainable enterprise, it is clear that many of the business owners surveyed intend to keep their businesses growing slowly or not at all which concurs with the findings of Gray (1990). It is also clear that many of these were open to the concept of utilising business support programmes, in particular those that were university led. However despite using such support their business size and potential to grow is inhibited.

A number of participants elaborated further with comments about the support available and their experiences, most noticeably were criticisms of the support provision not being aligned to their needs. Participant P5 mentioned "*I think the advice I was given held my business back and slowed me down*" and Participant P46

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echoed this with "*I found the level of competence in advisers very patchy*" and Participant P50 added "*[support is] Mostly delivered/supported by bureaucrats who have no understanding of small business (or in fact of business at all)*". Regarding government and policy related matters, Participant P18 indicated how "*The true SME has been abandoned by the government and banks for the last 2 years… it has to return to supporting start-ups and early stage businesses, and those organisations which support them*". Where there was support available some participants experienced difficulties in accessing it, as highlighted by Participant P46 "*I feel that the government bodies only want to help high growth, or digital, innovative businesses*" and Participant P20's comments, "A*dvantage WM and the chamber [of commerce] seem very focussed on big companies – [I] don't think anyone is really interested in SMEs unless they are going to employ staff*", a case echoed by several participants and in agreement to the findings of Lean (1998).

The qualitative data suggests an element of dissatisfaction and exclusion for MSMEs towards business support, the case for high-growth or industry specific support is well argued and clearly has an important economic role in ensuring the economic stability of our markets. However with only 35% of business owners indicating a desire to remain within the region, the West Midlands could be at risk of outwards migration of MSMEs, those loyal to the region have a strong voice such as Participant P43 who stated "*We are committed to Birmingham and the West Midlands*", however these were in a minority. The respondents also indicated a desire to support local economic development even without directly employing staff, as highlighted by Participant P29, "*although we don't employ staff the business contributes to the local economy - outsourcing accounting, graphic design, print framing, web hosting, photographic printing and album manufacture*".

It was observed that participants did not indicate any specific attitude towards the delivery agents they would like to work with in their qualitative comments, providing their motivations for engaging with business support were satisfied. It appears that criticism around the support offered by established bodies such as the former Business Link concentrate their focus on the volume of throughput as a measure of success. As a result, such service provision lacked in-depth support and verifiable impact on the business. However, MSMEs and their owners, which meet the criteria of the more niche-oriented support, could possibly gain access to this through other providers. The findings presented here appear to suggest that a high level of support is available however it is evident that far too many businesses were either not aware of it, or they were not eligible to receive it, an echo of the FSB findings in their 2006 report.

Whilst the data could be analysed for trends and norms within the MSME community, it is not intended to be statistically proven or disproven. Rather it provides a collective insight into the  (Berger & Luckmann 1966, Schutz & Luckmann 1973) of the MSME owner with a wide range of micro enterprises contributing to an overall picture. The quantitative data provides us with insights into the experiences, opportunities and needs of the owners, whilst the qualitative comments provide deep insights into the challenges, frustrations and suggestions with regards to the business support provision for MSMEs.

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**4.8 – Summary**

This chapter presented the findings of a quantitative and qualitative questionnaire with 54 MSME participants in the West Midlands. Nine participants were initially selected, as a purposeful sample, from the researcher's personal network of MSME contacts and then encouraged to invite further participants from across the region in a snowball sampling approach. The aims of this approach were to reach the very elusive micro business owners (Storey 1994) and to achieve a high quality response level with a high level of geographical dispersion.

The participants had engaged with a wide range of support including former national government schemes, private sector support, informal support and university led support. This provided an excellent point of reference for this research and resulted in a wide range of informed insights around the challenges, opportunities and experiences of the MSME community when seeking business support in the West Midlands.

Participants also indicated a range of perspectives around their previous support experiences with most suggesting that they were happy with the support however there were inconsistencies, eligibility concerns and questions over the impact of support on their businesses. When discussing future support needs there is a clear preference for support provision which is free, local, face-to-face and from an organisation with a recognised reputation in the support industry. These key findings identified here serve two key purposes; firstly they provide satisfactory responses to research questions Q1 and Q2 and in doing so provide the necessary insights into objective O2; secondly, by analysing the experiences, and identifying the business

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support needs of the MSME community in the West Midlands the data provides the required foundation for the second phase of data collection for the research.

Upon completion of this stage of the analysis the process of developing a research tool for phase two *(cf. 3.5.4)* could begin, taking into account the feedback and evidence collected. Questions within the semi-structured interview were aligned to represent the evidenced insights into the life-word of the MSME owner as discussed in this section.

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# Chapter 5 – Data from Universities

## 5.1 – Introduction

In this chapter, the primary data collected from the university community via qualitative interviews is presented and discussed. This second phase of primary data collection aimed to address objective O3.

- **O3**: To investigate, identify and analyse the experiences, challenges and opportunities experienced by universities with regards to enterprise support activities and sustainability.

This objective was predominantly targeted at answering research questions Q3 and Q4:

- **Q3**: What are current (perceived) barriers preventing universities from providing support to MSMEs?
- **Q4**: What might the potential advantages be to universities in providing business support to MSMEs?

In order to establish the challenges, opportunities and level of activity within the West Midlands, university led business support environment for MSMEs, this study involved detailed semi-structured interviews with key staff members from four West Midlands universities (two university leaders, six senior managers and two managers). Four participants at each institution were identified from the researchers own networks and from the publicly accessible profiles on institutional websites, with a view that no fewer than two interviews would be conducted at each institution for a range of perspectives. The purposive sample was then subjected to convenience

sampling with challenges such as availability and a willingness to contribute resulting in ten interviews being conducted across the four institutions.

Whist a semi-structured approach had been adopted in order to facilitate a flexible and detailed contribution; there were five key themes which were provided to the participants in advance of the interview (see appendix 7 following their acceptance to participate (see appendix 5). The themes were derived from three key elements of this study; the research objective (O3), the research questions (Q3 and Q4), and the findings from phase 1 of this study with the MSME community *(cf. 4.8)*.

Each of the five themes had supplementary questions to provide a loose framework for the interview, although the phrasing, ordering and inclusion of each varied according to the circumstances within the semi-structured interview itself:

- The role of the interviewee in the development and provision of business support for MSMEs
    - o Can you describe your specific role with regards to enterprise activity, business support and the development of enterprise strategy here?
    - o With regards to this activity, how is your specific contribution measured?
    - o Why do you feel universities provide business support? Should they?
- The business support strategy at the institution, its sustainability and resource allocation
    - o What is the S/M/L Term vision and strategy for enterprise and business support here?
    - o Other than yourself, who is involved in the development of this strategy / planning? And why?
    - o To what extent is the sustainability and longevity of support a consideration or concern during this process?
    - o What funding is available to achieve this strategy? What are the sources of funding and why?

- The business support marketplace
    - What is/are the target market/s?
    - Who are the perceived competitors (private, public and university)?
    - How do you aim to differentiate the support offering?
    - What market research takes place in order to establish the scale of demand?
    - Is market research an important component in the bidding process and how frequently is it reviewed?
- The motivations for the institutions to engage in this level and type of support
    - How would you describe the motivations for your university to engage in the support described?
    - In your opinion where does your university find itself on the scale between financial motivations and the altruistic desire for Socio-Economic Development?
    - Typically, what comes first, the funding or the project?
- The challenges faced around development, delivery and sustainability of support provision
    - What are the challenges faced in the development of business support activities?
    - What are the challenges faced in the delivery of business support activities?
    - What are the challenged faced with the sustainability of business support activities?
- Given a clean sheet of paper, what would your priorities be with regards to developing a business support agenda here?

Interviews were conducted with multiple individuals at each institution, with varying roles and responsibilities, in order to understand the breadth and depth of these themes, varying levels of seniority were sought in order to gain insight into both operational and strategic data.

In order to ensure anonymity of participants, references to personal names, job titles, institutions, project names and other identifiable data have been omitted from this thesis *(cf. 3.6)*. Throughout the discussions in this chapter institutions were identified as I1 – I4 and participants from P1-P4 at their respected institutions, therefore I1P1 indicated participant one from institution one, I3P1 being participant one at institution three and so on. A full breakdown of the participants' profiles can be found in Table 5.1, more specific definitions of the job descriptions can be found in Table 3.2.

**Table 5.1 - Participant profiles for University Staff**

| Institution | University Leaders | Senior Managers | Managers |
|:-----------:|:------------------:|:----------------:|:--------:|
| I1 | - | I1P1, I1P3, I1P4 | I1P2 |
| I2 | I2P1 | I2P2 | - |
| I3 | - | I3P2 | I3P1 |
| I4 | I4P2 | I4P1 | - |

Interviews were recorded with permission of the participant, these was later transcribed verbatim and then thematically analysed against the interview framework in order to enable a degree of comparability with other key staff from the same institution. This enabled the anonymised presentation of data as a series of institutional case studies.

This chapter presented the findings of these interviews utilising institution specific case studies followed by discussion and analysis.

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**5.2 – Case Study 1 (I1)**

Institution 1 (I1) was a post 1992, former polytechnic college. Through a purposive, convenience sample *(cf. 3.5.1)* four participants were invited to participate*.*  At I1 this resulted in four interviews, one was a manager (I1P2) and three were senior managers (I1P1, I1P3 & I1P4) from a diverse range of departments and with varying responsibilities.

**5.2.1 - Individual Role**

Participants were asked to describe their specific individual role with regards to enterprise activity, business support and the development of enterprise strategy at I1. I1P1 indicated that they had a direct involvement in a senior working group challenged with developing the enterprise strategy. However with an evolution of the university leadership team there were subsequent changes which did not fit inline with the original strategy and which seemingly diluted the strategy. By contrast however, I1P2 expressed how, despite being at the coal-face of business support delivery, there was no feedback or input from them or their team into the overall enterprise strategy. When asked if they were consulted about changes or initiatives it was clear that they had no experience of this and were clearly frustrated with the lack of clarity around the strategy.

I1P3 was involved in the development of a new enterprise strategy across the institution 18 months prior to the interview (circa Q1 2013) with a specific focus on the research strategy (commercialisation of research) and in a similar vein I1P4 sat

on the senior management team and was responsible for representing the commercial activities of the institution to the senior managers.

When asked how their individual contributions to the development of an enterprise strategy were measured there were no clear indications of input being measured for the participants. I1P2 had already stated that they had no involvement anyway but others were simply involved in a working party or discussion around what works and what does not. With this in mind the only measurements were allocated to outputs from the strategy, such as those highlighted by I1P4 who was measured via results from the Destination of Leavers from Higher Education (DLHE) data.

Participants were then asked why they feel universities provide business support and if they should do so. I1P1 expressed that they felt universities had "more capacity to do more good in a short space of time than most other entities that currently exist", specifically highlighting the need for "excellent pedagogy" and "staff with entrepreneurial experience" as being critical to this. However, when reflecting upon the suitability of the university as a support vehicle they commented that "The university aren't necessarily the perfect vehicle, and I wouldn't say they were necessarily the sole vehicle. But I think they have more capacity to do more good in a short space of time than most other entities that currently exist". I1P2 made it clear that for them the role was simply addressing a demand – they were engaging with an increasing number of students that wanted to follow their passion (often a creative skill) and turn this into a sustainable income, therefore universities provide support to address this demand and to produce graduates with positive destinations. For I1P3, the university was seen as a critical element in the local and regional landscape, the role of the university was to ensure that economic and social benefit was capitalised upon and a significant part of this was supporting commercial endeavours. They also

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indicated that business support is one of the ways in which universities apply their research, the university needs the business relationships in order to achieve this. Finally, I1P4 was very clear in saying that "it is fundamental to what we do", the university is a key economic driver and had a knowledge base capable of significant impact within the economic environment. With this in mind, there is a clear belief that, for a variety of reasons, the university has a vested interested in engaging with, and supporting, local businesses.

## 5.2.2 - Strategy

In order to determine the opportunities and challenges around strategy, participants were asked to share the short, medium and long-term vision and strategy for enterprise and business support.  I1P1 gave great insight to the historical context of the strategy by indicating the extent at which it depended on individual leaders and members of the leadership team which often changed, this resulted in very significant sustainability challenges. At a more practical level, I1P2 was aware that such a strategy existed but was highly critical of the level of engagement and communication between themselves and the strategy makers. To I1P2 "the only strategy was survival" with the strategy often being formulated and communicated at the last minute or not at all. On a more positive note, I1P3 enthusiastically highlighted the linkages between the enterprise strategy and the employability strategy, there were also strong synergies with the commercialisation of research strategy. Specific short, medium and long term strategies were not identified by any participant,

however I1P4 indicated that whilst there were "no specific targets or goals" relating to business support or entrepreneurship, there was a focus on "medium term aspirations and short term wins" of the institution overall, and that enterprise was embedded within that.

It was also important to understand the scale and scope of engagement in the development of this strategy. I1P1 suggested that this was largely a top-down approach and the entire agenda was dependent on the leadership and department heads to understand what they needed, I1P1 had previously shared experiences of the entire agenda changing with a change of leadership and the challenges this brings with it. I1P2 indicated that the agenda was now largely driven by the employability programme and the careers department with regards to student facing enterprise support. I1P3 highlighted how different departments and faculties had different approaches and degrees of involvement which largely made the "mapping" of involvement impossible. I1P4 considered everyone to be involved but did not provide specific details of how their involvement might feed into a strategy. It was clear that whilst individuals were clear about their role, they were far less clear about the input and responsibilities of colleagues across the institution.

Addressing the challenges around developing a sustainable system of support, I1P1 was adamant that sustainability was the primary concern. The business support team were quite sustainable due to the wide variety of projects being delivered (via public funding) however in the majority of cases projects and initiatives would only last as long as the external funding was available for it. Similarly, I1P2 was critical of the sustainability, as a member of staff on a fixed term contract tied to the delivery of a project it was always a concern for them that the project (and all of its benefits) would

come to an end in the near future. They commented that in terms of the life of the programme "their expectations had been managed" to prepare them for its closure. I1P3 was more positive towards sustainability of the wider agenda but admitted that specific initiatives were not designed to run past their funding commenting that "very little business support was offered without being associated to a public source of funding". I1P4 was again more positive, commenting that "we always look at the sustainability and longevity, mainly because [of] the people you employ, you get some really talented individuals you don't want to lose".

Funding was clearly a concern and issue for the institution, when asked further about the sources of funding available to achieve this strategy all participants indicated that the primary drivers were the Higher Education Innovation Fund (HEIF) and the European Regional Development Fund (ERDF). I1P2 added that "the university [has] the appetite for it but they don't have the appetite to actually put their hand in their pocket unfortunately". I1P4 also indicated that there was limited reinvestment from consultancy work. Both in terms of sustainability and freedom of support it would seem that funding was a significant concern for all participants and without a clear, communicated, strategy for entrepreneurship or business engagement it appeared unlikely that this would change.

## 5.2.3 – The Marketplace

In order to determine if the institution focused their business engagement with a specific subset of the population, participants were asked about the target market. Due to the nature of their role at I1, I1P2 predominantly focussed on their current

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students as a target market. Others however were less specific with I1P3 indicating that "there was very little focus here, everything was fragmented and different activity happens in different places largely driven by funding opportunities". I1P4 reinforced this with the comment that "we align to the strategic imperatives of our strategic partners", indicating that they do what the funding provider asks of them, and accordingly they accept that such requirements may change frequently as long as there was "a need in the region".

It was noted that when the conversation shifted focus to its competitors, I1P1 highlighted some internal competition but suggested that the institutional focus was largely on collaboration rather than competition. Despite this, I1P2 saw the local Job Centre and a local business incubator as significant competitors as well as national campaigns including Start-up Britain and Start-up Loans, which may offer competitive products or target the same market with slightly different support provision. I1P2 considered these regional support providers as having the visibility and brand awareness required in order to be regarded as a first point of contact for support, as well as recognising their abilities to apply for similar funding opportunities as I1. I1P3 regarded other universities in the region as prime competitors along with the Chamber of Commerce and private business support consultants.

It is important to consider the market research that takes place in order to determine the scale of demand and market awareness of the institution. I1P3 was clear that overall "there's not much market research" and I1P4 could only add that the market data received was predominantly based on existing relationships and business engagements to gain real insights. By contrast I1P1 highlighted how market research was a requirement for all public funded bids, the data itself was collated by the Business Development Group and aimed to indicate potential impact. The emergent

approach at I1 indicated that the market research was collected where a specific funding source required it, but this was not then disseminated nor factored into ground level discussions with the various elements of enterprise provision across the institution.


## 5.2.4 – Institutional Motivation


Discussions with I1P3 suggested that the motivation for the institution was grounded in research; "research is what makes a university a university and the business support aspect is where research gets applied to the real world". When pushed further, participants were asked where the institution might sit on a scale between Financial Motivations (income, project spend, financial targets etc.) and the altruistic desire for Socio-Economic Development (measured by business start-up, success rates, skills development etc.). I1P1 felt that I1's primary motivation was largely altruistic, even with public funds as an 'enabler' the entire agenda was developed from a desire to make an impact. By contrast however, I1P3 considered it to be "somewhere in the middle but moving towards financial motivations", this was reinforced by I1P2's claims that it was almost entirely financial motivation, stating, "we only do things that have funding attached". I1P4 concurred that it was primarily motivated by funding, in particular as that is what is measured and set as targets for individuals and teams as opposed to business engagement, growth, success or opportunities.

The discussions each revolved around finances as the primary driver for the agenda, participants were subsequently asked to reflect on whether the institution would design a support project and then seek funding, or identify funding and design a

support project around it. It was clear from I1P2 that they believed funding was the first step, indicating that funding would often be sought without much consideration for the delivery of the project, "I see it all the time. I see ERDF projects at this University struggle for outputs because they [the university leadership] don't understand it". This perspective was corroborated by I1P3 who added "I think we tend to go for what's out there with the funding then try and mould around it" and I1P4 agreeing that "It's normally working to a funding call, I would have to say quite heavily but we have in the past had a really good project and then went to look for funding for it, but I would say 95% you are working to the funders call".

## 5.2.5 – Business Support Challenges

At the development stage of the business support agenda, institution 1 faces a number of challenges, I1P1 identified strong leadership as their key challenge citing from experience how "without a clear firm leader the entire agenda can collapse overnight". I1P3 was further concerned with local resources including staff availability and time allocations to deliver on business support activities. I1P4 had other issues to mind however, they were focused on ensuring they remain competitive by "preventing duplication" in the wider business support market place.

Challenges around the delivery of business support activities revolved around resources; I1P1 was concerned about having "sufficient number of people who have both the understanding of what entrepreneurial activity is, and are sufficiently versed to be able to deliver it" with I1P3 adding that the retention of these staff was also a concern.

Previously interviewees had established the dependency on external funding sources; this also raised the issue of sustainability for business support activities, which I1P1 clearly associated directly to be determined by the funding bodies. There was no desire for investment into the enterprise strategy past the minimum requirements of funding provisions, accordingly there was nothing that the institution could do to influence sustainability unless external funders extend the funding cycle durations. I1P3 suggested that the bigger challenge was being able to deliver projects in a "commercially realistic time frame", without the "capability and resources to deliver in that time frame" the demand for institution led support could be impacted affecting the longevity of the agenda.

Finally the interviewees were asked to reflect upon the potential solutions with regards to developing a business support agenda at their institution. For I1P1 there was a clear opportunity to develop "a fully commercial model" where funding is derived from commercial activity in order to contribute towards funding business support. This concept was backed up by I1P3 who indicated that there was room for more commercial activity to remove some dependency on HEIF and ERDF type funding. Alternative suggestions included I1P2 who sought a business support model for student entrepreneurs which was subsidised by the institutions central funds, much like the funding of central careers teams. Whereas I1P4 was more focused on the product line by identifying a "need for a sustained pipeline of support from idea to growth with a wider variety of funding models all being used together".

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**5.2.6 – Summary**

Despite indications from I1P1 and I1P3 of an institution wide enterprise strategy, developed over 18 months, clear commercial activities (I1P4) and business support activities (I1P2), there is no evidence of "specific targets or goals" (I1P4) forming a short, medium and long term strategy at I1. Despite this there was a very clear motivation from all participants in engaging with the agenda and the role of the institution in supporting MSMEs *(cf. 5.2.1)*. With limited market research (I1P3), unless a funding partner required it (I1P1), the institution relied on existing relationships (I1P3, I1P4) to guide their awareness of the market place and the needs of the business community. This dependency on strategic partners, including funding bodies, was further reinforced with three of four participants indicating that the institution was primarily motivated by financial targets and income generation. The short-term nature of such funding causes resource issues for I1 with the quality of delivery staff (I1P1) and the retention of good staff (I3P1) also being a concern. However underlining much of this was a need for strong leadership with a clear vision for the institutional strategy (I1P1).

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**5.3 – Case Study 2 (I2)**

Institution 2 (I2) was a Plate Glass (post 1966) university. Through a purposive, convenience sample *(cf. 3.5.1)* four participants were invited to participate. At I2 this resulted in two interviews, one with a member of the University Leadership Team (I2P1) and the other with a member of senior management (I2P2) with varying responsibilities between them.

**5.3.1 - Individual Role**

Participants were asked to describe their specific individual role with regards to enterprise activity, business support and the development of enterprise strategy at I2. Both I2P1 and I2P2 were directly involved in the strategic management board, which included discussions around enterprise, and business support, others involved included the other university leaders and Deans of faculties as well as the team responsible for commercial activity. Whilst there were clear institutional targets identified for the management board, there were no individual measurements or input targets. Participants were then asked why they feel universities provide business support and if they should do so. I2P1 indicated that this was about the socio-economic contribution to the local and regional society. In particular there was a clear synergy with innovative businesses to be able to benefit from engagement with the institution, with this in mind I2P1 was clear that university support was not for "routine businesses". I2P2 was clear that universities were "the ideal vehicle" for support with a combination of resources and knowledge to serve the needs of business owners.

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**5.3.2 - Strategy**

In order to determine the opportunities and challenges around strategy development, participants were asked to share the short, medium and long-term vision and strategy for enterprise and business support. Both I2P1 and I2P2 gave insight into the fact that the strategy was currently under review and as such metrics were not available yet. In the past they were largely living in the short-term in order to respond quickly to opportunities. There was a very positive attitude detected towards the new strategy which is being developed by I2P1 and I2P2 as part of the wider university management team (including Vice Chancellor, Pro-Vice Chancellors and Deputy Vice Chancellors) and the Faculty/School Deans. The working group is noticeably very senior and has no representation by end users (business owners) or staff "at the coalface".

When developing a business support strategy, I2P1 highlights that sustainability and longevity of support is addressed on a case-by-case basis and is not always possible depending on demand and legal [contractual] requirements. In a similar vein I2P2 highlights that it is always a concern and something that is deeply discussed, but it is accepted that the industry is not geared up to work in that way all of the time (through funding streams). A few flagship products would likely move to core funding if public funding could not be sought to extend its lifespan, however specific details were not available due to the re-writing of the strategy. When asked about the source of funding I2P1 indicated that both HEIF and ERDF were core sources plus other smaller external funding. This is then supported by core funds. By contrast, I2P2 suggests that most funding comes from core funds, then HEIF. They also mention

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some ERDF and a move towards European Structural Funds adding "we specifically haven't chased ERDF particularly in the past". The inconsistency here could be due to a difference in roles or a lack of internal awareness in this regard.

### 5.3.3 – The Marketplace

In order to determine if the institution focused their business engagement with a specific subset of the population, participants were asked about the target market for business support activities. I2P1 highlighted some strong niche areas around their research and academic strengths but this was largely supported by large business activity. MSME contributions were more likely to be "a little bit of everything" very much on an ad-hoc basis. I2P2 indicated a new initiative to focus on three themes of Business Engagements; Environment and Sustainability, Health and Aging, and a third undisclosed sector. They highlighted that business users tend to come from a very local area, for this reason it was perceived by both participants that the main competition was other HEI's, particularly those in the local area. In order to remain competitive I2P2 indicated that they tended to offer support around their core strengths and therefore engage with businesses that were attracted to that. They start by evaluating their strengths rather than analysing other providers and then finding a niche. In order to ensure that there is sufficient demand for a support offering I2P1 highlighted how "market research is conducted for all larger initiatives as well as a risk assessment for the executive management team". In addition I2P2 indicates how they "…work quite closely with the LEP and some of the business

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intelligence reports that they produce. We will commission external market research"

in order to ensure a competitive product with sufficient demand.


### 5.3.4 – Institutional Motivation


The motivations for institution 2 to engage in business support activity was surmised by I2P1 who said that they "have both a responsibility but also an opportunity associated with knowledge exchange and knowledge transfer. Ultimately… we would see it as one of our functions to improve, enhance the region, increase the skill base [and] there would be, down the line, some benefits that would be associated with better educated people and more people want to go to university and a more competitive region". I2P2 indicated that on the scale between financial motivations and the altruistic desire for Socio-Economic Development I2 was "mid-scale but we are moving more towards the financial pressures".

The discussion around finances also covered the influence of financial availability on the agenda itself, I2P1 indicated that typically they would identify a source of funding first and then provide support in line with the funding brief, although they were trying to reverse this approach in the future. By contrast however, I2P2 highlights that "generally, we'd be looking to develop the things we want to do and identify appropriate funding streams", this again seems to be a contrasting message which may be as a result of localised approaches or an overall lack of cross-institution awareness or transparency.

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## 5.3.5 – Business Support Challenges

With the development of a new business support and entrepreneurship strategy there were a range of challenges identified and being addressed. With regards to the development of business support initiatives I2P2 discussed the increasing challenge of "academic capacity to engage on this agenda alongside all of the other pressures on their time". Moreover, reflecting on the availability of resources, when identifying challenges around the delivery of business support both participants were concerned about having the right staff in place to deliver, both in terms of volume and quality of staff, from both academic and industry backgrounds. There were also concerns about retaining excellent staff past the duration of their project or funding cycle.

Sustainability challenges for business support agendas were identified as a key concern, for I2P1 the institution was "largely delivery agents for government and so as funding cycles change our role changes too", this makes sustainability very challenging as there is an external locus of control. In addition there were challenges around the perceived relevance of the projects offered as highlighted by I2P2, "I suppose one thing we'd look to re-visit is just the strategic relevance of the project, so why are we doing it, should we continue to do it and that's divorced from the funding cycle".

Finally the interviewees were asked to reflect upon the potential solutions with regards to developing a business support agenda at their institution. I2P1 sought "closer engagement with businesses and having more frequent 2-way discussion with business owners about wider university initiatives" with a view to improving the awareness of business needs. I2P1 also commented "there may also be room for a commercial model of support with businesses buy[ing] vouchers they could trade in

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for staff time". By contrast, I2P2 suggested "I'm not sure it would look that different to what we are currently doing, but if I had control of academic time as part of that, then I think I'd have more capacity for them to engage and do part of that agenda" and "with limitless resource we'd do a lot more consultancy for example".

### 5.3.6 – Summary

The enterprise strategy at I2 was currently under review with both participants having an involvement in the strategic management board. Accordingly there were no targets or objectives, although there was a drive towards engaging in business support activities that related to the core academic strengths of the institution (I2P2), as well as a focus on supporting innovative businesses (I2P1). The focus on core strengths was also seen as a key tool in remaining competitive (I2P2) and in gaining research outputs for the institution (I2P1). The provision of business support was predominantly financed by public funding which results in varying degrees of longevity and sustainability. A range of on-going and ad-hoc market research initiatives were under taken in order to assess the feasibility of programmes (I2P1) and in deciding the extent of core funding that could be contributed, usually as match funding against a public source (I2P2). Whilst there was a well articulated vision that the role of a university was to "enhance the region" (I2P1) there remained an increasing focus on financial motivations (I2P2) with funding typically identified first rather than a demand for support leading to the identification of funds (I2P1). The availability of academic resources, retention of key staff, and the lack of flexibility within funding briefs, were identified as the more significant challenges faced in developing a sustainable system of business support across the institution.

**5.4 – Case Study 3 (I3)**

Institution 3 (I3) was a Russell Group university. Through a purposive, convenience sample *(cf. 3.5.1)* four participants were invited to participate.  At I3 this resulted in two interviews, one with a senior manager (I3P2) and the other with a manager (I3P1) with varying responsibilities between them.

**5.4.1 - Individual Role**

Participants were first asked to describe their specific individual role with regards to enterprise activity, business support and the development of enterprise strategy at I3. I3P2 explained how historically "The university didn't have an overall enterprise strategy and it didn't have a Pro Vice-Chancellor at the time with enterprise in their title." However I3P1 explained how more recently "a Business Engagement Strategy had been developed which in-turn feeds into the university executive board. The executive board consists of VC's, PVC's Deans and other senior managers". The mechanisms for input to the enterprise strategy were varied and bureaucratic, as explained by I3P1; "I feed into a collective department level discussion, which, through their management would then be represented at the Business Engagement Strategy level. This strategy in itself informed and was informed by the university executive board."

The contrast of opinions, with I3P1 highlighting a clear enterprise strategy and I3P2 suggesting an absence of one, was further echoed when discussing the reasons and motivations for providing business support. I3P1 indicated, "we have such a large

amount of information, knowledge here at the university…not just people but expertise in facilities, the pieces of kit that we have. All these bits and pieces…are all a fantastic resource to help businesses - and you know a lot of the time we buy kit… because we know businesses have a need for that". I3P2 identified their role as being more focussed on the support for students and graduates and identified a clear synergy between the needs of the students (skills, positive destinations etc.) and the role of providing business support. By contrast to I3P1, I3P2 indicated that overall business support as a practise was "tolerated rather than expected" and that "universities, whatever their nature…have to work with small businesses. Ours doesn't like doing it very much I'd have to say". With regards to the strategy and the motivations there are clear contrasts within the institution, potentially as a result of the specific areas of operation, or the target groups with I3P1 focusing on the local business community and I3P2 focussing on internal enterprise support, predominantly with students.

## 5.4.2 - Strategy

In order to determine the opportunities and challenges around strategy, participants were asked to share the short, medium and long-term vision and strategy for enterprise and business support. I3P1 indicated that there were clear targets and a vision for business support however they were not aware of the specific details as they were only discussed at a very senior level by the university executive team. They also mentioned how a number of roles were dependent on HEIF funding and that any changes to HEIF could significantly impact the implementation and

achievement of such a strategy. I3P2 gave insight into the fact that the strategy was currently under review and as such metrics were not available yet. In the past they were largely living in the short-term in order to "respond quickly to opportunities" (I3P2).

Both participants indicated that the sustainability and longevity of support was a consideration and where possible this was a strict criterion for the planning and development of initiatives. However, the dependence on funding schemes meant that it was often accepted that some initiatives had a "limited shelf-life" (I3P2). A small number of "core" initiatives were more sustainable than others (e.g. mentoring) as they could be "funded by a range of streams as they came and went" (I3P2). HEIF and ERDF funding were both identified as primary sources of funding and accordingly heavily influenced the agenda. I3P1 also mentioned that an increasing level of client funding support was achieved through the Technology Strategy Board (TSB).

### 5.4.3 – The Marketplace

In order to determine if the institution focused their business engagement with a specific subset of the population, participants were asked about the target market for business support activities. I3P1 highlighted that overall the institution tries to play to their core strengths around research or academic interests – predominantly from a resource basis, so initiatives might be offered to a particular industry based on the institutions recognised excellence in that field. I3P2 indicated a similar view to I3P1 however also alluded to the idea that as a consequence of this approach MSMEs were often excluded from the initiatives. Competitors were identified by I3P2 who

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highlighted other HEI's in the region but also mentioned that private organisations were also able to tap into public funds were also significant competitors. The reference to competition was not necessarily in terms of others offering similar services to the same end-users, but also in the sense that they compete for bids and funding.

I3P1 explained how the role of market research is changing, "in the past we probably didn't do as much as we should, that changed significantly [a] few years ago. We can't just apply for any old money to do any old interesting thing that crops into an academics mind at 2am. Now you really have to justify why you are applying for funding and it has to be rigorous and robust…so yes I think now far more research is done than there used to be". I3P2 was also critical of the historical lack of market research but was encouraged by the change in attitude towards that now, it was agreed that this was largely influenced by the requirements of funding schemes rather than a need or desire to assess demand in the marketplace.

## 5.4.4 – Institutional Motivation

The motivations for institution 3 to engage in business support activity was surmised as being down to the individual in terms of why they might want to engage with the strategy. At an institutional level there were clear strategic linkages between industry and research, which were being widely exploited (I3P1), but business support only existed where there was external funding to support it (I3P2).

I3P1 indicated that financial targets were the primary driver and measure of success however impact and outreach was also an important measure. The university leadership, "previously made it clear that only in exceptional circumstances would a

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support programme be supported without a funding source". I3P2 agreed that institutionally the focus was on income generation however at the "coal-face" there were individuals and teams very much dedicated to helping business owners as a first priority and finding funding for that as a consequence. It was clear from both participants that funding would need to be in place before an initiative could be considered. It was also apparent that income generation targets were being increased and more widely rolled out moving forwards.

## 5.4.5 – Business Support Challenges

With so much dependence on external funding it was perhaps unsurprising when I3P1 explained "the reduction in funding through government support is a huge challenge, because there is increased competition then for any bid that you put in". In addition the move from RDA to LEP was heavily criticised in terms of continuity of progress for specific projects and also the wider agenda. I3P2 was critical of the bureaucracy and internal politics, which initially "stemmed from a lack of buy in at the top. Approval processes took far too long and opportunities were missed".

With specific focus on the challenges around delivering business support, I3P1 thought that the culture within the institution was its biggest hurdle. They reflected on the former polytechnic's having a much "better handle on some of the things than we have … in terms of how academics can get involved, in working with business, that is a situation that needs to change, we need to incentivise them [academics] more".

Sustainability was a particular concern with both participants mentioning the dependence on funding and government initiatives as dictating the future for them. I3P2 also highlighted how retaining core staff was a real challenge and often the

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agenda could be set back or stop entirely if key individuals were not retained or suitably replaced, retention might be due to project based funding ending or variations in schemes such as HEIF.

Finally the interviewees were asked to reflect upon the potential solutions with regards to developing a business support agenda at their institution. I3P1 wanted business engagement to be a formal part of the academic incentive programme to encourage more interest and activity in this space by the academic faculty. Recognition and promotion on that basis was also discussed as a potential catalyst. I3P2 wanted greater alignment with the core research and academic strengths in order to provide a wider and more specialised support offering. Alignment to research aims might also provide a source of funding through applied research (AR) income and the potential for knowledge transfer partnerships (KTP) or other outputs. I3P2 recognised that core funding would be essential to pump-prime this activity initially.

## 5.4.6 – Summary

Participants at I3 each had a specific area of focus, with I3P1 involved in local business support and I3P2 involved in internal enterprise support and training, predominantly with students. I3P1 was clear that there was a 'Business Engagement Strategy' which was fed into by many layers of management across the institution, however I3P2 was not aware of such a strategy nor it's inputs. The strategy, according to I3P1, was currently under review and so targets and objectives were not established, however evidence of specific decisions to acquire resources specifically because they were sought after by the business community was provided (I3P1). By

contrast I3P2 considered business support to be "tolerated rather than expected", clearly indicating a lack of encouragement from the central leadership.

The support provision was aligned to the core academic strengths of the institution (I3P1), however this often resulted in the exclusion of MSMEs from the provision of support. Public funds were essential to the enterprise support agenda, to such an extent that institutional competitors were identified not only as those offering competing support provisions, but also those bidding for similar funding (I3P1). There was an institutional focus on income generation and financial targets identified by both participants, and this was seen to be increasing in breadth and depth moving forwards. Any reduction in funding could have a significant impact on the business support agenda (I3P1) as well as the slowness to respond to market opportunities (I3P2).

## 5.5 – Case Study 4 (I4)

Institution 4 (I4) is a post '92 former polytechnic college. Through a purposive, convenience sample *(cf. 3.5.1) four* participants were invited to participate. At I4 this resulted in two interviews, one was a university leader (I4P2) and the other was a senior manager with varying responsibilities between them.

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**5.5.1 - Individual Role**

Participants were asked to describe their specific individual role with regards to enterprise activity, business support and the development of enterprise strategy at I4. I4P1 identified themselves as being directly involved in the decision making process for business support initiatives and their subsequent management. I4P2 was more focused on the entrepreneurship development of students and business support provision within the student community.

Both participants indicated that the university has a focus on outputs and not inputs, with that in mind their individual contribution to strategic decision making was not measured, however they had (or oversaw teams / individuals who had) targets for business engagement and so on.

For I4P1 it was clear that universities were "the guardians of the knowledge in the economy and one of the best ways we can get the knowledge from within the institutions into business is to work directly with the business" however this was caveated by the belief that "universities generally are quite poor at getting that message out" to the small business community. I4P2 added that "I think universities can (I4P2 emphasises) be the vehicle", however "I don't know if we always get it right".

**5.5.2 - Strategy**

In order to determine the opportunities and challenges around strategy, participants were asked to share the short, medium and long-term vision and strategy for

enterprise and business support. I4P2 commented, "I'd be very surprised if any university had an overall strategy for enterprise and entrepreneurship. They have lots of bits of strategy that fit together…". The overall strategy referred to was co-ordinated by a central team of business development staff which is headed by a senior management team, I4P1 feeds into this team which in turn feeds into the university leadership team. I4P2 sits on the university leadership team, which includes Vice-Chancellors, Pro Vice-Chancellors, Directors and Deans.

I4P1 suggested that larger projects tend to have more of a focus on sustainability from the offset, examples were explored of new teams and departments being setup to support and engagement with businesses following 'pump-priming' from public funds – these departments were then designed to be sustainable self-funding entities once their initial funds ran out. However smaller projects "will come and go" as I4P1 explained… "projects have life cycles and … it comes back to how Government or European Government supports business … the challenge for universities is to make it as seamless as possible, the more seamless we can make it the better it is for the business". I4P2 was not sure about these aspects but indicated that demand and engagement were the measures of sustainability that is to say that any initiative with high levels of engagement should be designed to be sustainable.

The delivery of this strategy was enabled through various funding sources including ERDF, HEIF, and former RDA support. TSB and research councils were also key parts of the funding mix along with local, national and international government funds. I4P1 stressed the significant level of institutional funds contributing to the delivery of business support highlighting the requirement for the institution to match ERDF funds through cash or time allocations.

### 5.5.3 – The Marketplace

In order to determine if the institution focused their business engagement with a specific subset of the population, participants were asked about the target market for business support activities. Through these discussions it was established that there is no central target market overall for I4, however the university has specialist teams with industry related themes. These themes were then each a niche area of operation contributing to the overall university business engagement targets.

Competitors could be at a very micro level, for example other universities delivering on the same project or at a macro level such as other universities nationally that were driving towards the same key performance indicators (KPI's) as this institution. There were others working in the same space and markets as I4 however in many cases they collaborate with the institution anyway.

I4P1 indicated that market research was conducted as and when the funding body required it. Most of this was conducted internally but occasionally external market research agencies were also used. There were fewer examples of on-going research directly informing the day-to-day operations outside of individual projects and feedback from those on support programs.

### 5.5.4 – Institutional Motivation

The motivations for institution 4 to engage in business support activity was described by I4P1 as "the strategy is that we help business, we want to be a business facing university… working with businesses is one of the key ways we get our knowledge

out into society and that is one of the underlying principles of the university". I4P1 went on to explain how "ultimately we are here to benefit the economy, so if the economy benefits that is part of why we are here and helping businesses be more successful in their own right is an aim. But on the other side of the things we will not enter into particular activities unless there is a clear measurable outcome, but that doesn't' necessarily have to be a financial outcome". I4P2 also indicated that the institution sat in the middle of a scale between financial motivations and a desire to benefit society, "there are projects which almost run as a cost because they are valuable and in the wider commercial entity there are profit making activities which then subsidise other aspects of the operation".

Funding was a very key area of conversation at I4 and whilst not explicitly agreed upon it was clear that in the majority of cases staff would identify funding and then develop an idea around that. There was a selective process when looking for funding however, this ensured a degree of synergy and alignment to the institutions core strengths. Business support projects would not typically be given the green-light without a funding stream, even if the funding stream only covered part of the overall costs (e.g. ERDF).

## 5.5.5 – Business Support Challenges

When considering the development challenges, I4P2 explained that finding the "right people to deliver support was a challenge at times and there was a need to ensure that there are enough people to deliver the support effectively". In terms of delivery of such support, I4P1 discussed the challenges faced with certain funding streams. ERDF was noted for its complex administrative burden and business owners were

put off from the administrative requirements. Additionally the eligibility of business owners, (e.g. the so called 'postcode lottery'), caused issues at the coal face. Moreover, with 50 business support projects running at any one time across the institution there were operational challenges around sign-posting effectively and when trying to co-ordinate efforts between projects and to generate cross-campus awareness of the support.

Further difficulties were expressed around the sustainability of delivery. Particularly, as I4P1 comments, that "the difficulty possibly comes down with individuals, especially if individuals are employed specifically for the lifetime of a project, because they will only look to the end of their appointment". In order to address these challenges the participants highlighted that "we're quite good at taking on permanent members of staff most of the time" but inevitably there were fixed term contracts for specialist projects.

Finally the interviewees were asked to reflect upon the potential solutions with regards to developing a business support agenda at their institution. I4P1 indicated that "I'd want something that was truly demand led in terms of an overarching support" – this gives insight into the present scenario which is not always demand led (but funding led / skewed). Support provision aligned to the size of business rather than other metrics was also discussed with a view to tailoring the offering more appropriately. Strategic partnerships were also suggested as a means to reach the more difficult to reach MSME community (Storey 1994, Ozcan 1995, Curran & Blackburn 2001), this could be through accountants, HMRC and other networks in order to identify businesses not yet engaging with the institution.

**5.5.6 – Summary**

Both participants at I4 demonstrated a well-defined vision that university have a role to play in developing the business community and economy, however they also agreed that historically universities may not have "got it right". There was a lack of any formal 'enterprise strategy' at I4, however enterprise and business engagement was featured throughout the wider strategy and a central team of business development managers were responsible for co-ordinating the wider strategy (I4P1). Examples of sustainable business support initiatives were provided, where significant infrastructure investments were required (I4P1), however for smaller scale programs the sustainability may not be a concern. The institution focused its efforts on activities with clear, measurable, outputs. Such outputs did not have to be financial but must be quantifiable (I4P1), with some projects running at a financial 'loss' in order to achieve the desired outputs (I4P2). The administrative burden of funding provision, together with internal competition (I4P1) and finding the right people to deliver support (I4P2) were the key challenges faced by the institution.

**5.6 – Discussion and Analysis of University Data**

This chapter highlighted the findings from in depth semi-structured interviews with 10 participants from four West Midlands universities (two university leaders, six senior managers and two managers). Four staff were approached for interview at each institution with a designated minimum sample size of two staff members from each institution being acceptable for consideration and analysis, the difference primarily

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being due to scheduling availability and willingness to participate. The individuals identified were in a very strong position to comment on the internal and external business support agenda within the context of their own institutions.

## 5.6.1 - Individual Roles

The participants were all directly involved in the enterprise or business support agenda at their institutions and accordingly all had means to input into the strategic development or operational delivery of business support. All institutions had a strategic management team overseeing the enterprise or business support agenda, and participants fit into one of three categories with regard to the strategic management team as represented in Table 5.2.

**Table 5.2 - The role of participants within the strategic management of business support.**

| Institution | Direct Input into Strategy (Group 1) | Strategic Input via Superior (Group 2) | No Direct Input into Strategy (Group 3) |
|---|---|---|---|
| I1 | I1P1, I1 P4 | I1P3 | I1P2 |
| I2 | I2P1, I2P2 | - | - |
| I3 | - | I3P1, I3P2 | - |
| I4 | I4P1, I4P2 | - | - |

Those not directly represented on the senior management team (group 2 and 3) indicated dissatisfaction that the challenges and opportunities at the coal-face were not being addressed and there were frustrations that funding requirements take precedent over the needs of the end users. However for the participants that were members of, or directly fed into the, senior management team (group 1) there was a clear theme of co-ordinated discussions taking into account their input. Some participants were directly involved in business support projects or departments whilst others were overseeing the strategic level activities across the wider institution. It was noted that there was no indication of individuals being directly measured or accountable for their input into the strategic management process for business support, despite this I1P4 and I4P2 highlighted that they were measured by outputs which included DLHE or business engagement targets.

The strategic management insights from all four case studies provide detailed insights into the management structures in place and the degree of connectivity between strategic development and frontline delivery. In addition it validates the sampling technique by clearly demonstrating that interviews were undertaken with participants with a range of roles and responsibilities, but also with those directly involved in the strategic decision-making at their institutions. The challenges associated with conducting qualitative research with such senior members of staff within organisations have been previously discussed *(cf. 3.5)*.

The research sought to identify the motivating factors influencing universities to engage in business support activities. Reasons provided varied from a resource based view (Penrose 1958, Wernefelt 1984, Barney 1991) as discussed by I1P1, I2P2, and I3P1 arguing that universities have specialise equipment, facilities and knowledge that is highly sought after by the business community, through to

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philosophical views around universities being socio-economic catalysts tasked with supporting the needs of their community of users (I1P2, I1P3, I2P1, I4P1) in line with market orientation theory (Narver & Slater 1990, Kohil & Jaworski 1990). There was also an indication that engagement with the business community is a conduit to improving the primary role of the institution, be that education or research, by ensuring the knowledge and awareness from industry is relevant and informed (I1P4, I3P2) to contribute towards the knowledge-economy (Castells 1996, Rodrigues 2002). It was recognised however, that not all comments were positive or supportive of the business support agenda, in particular it could be noted (I1P1, I3P2, I4P2) that the institution did not always support business support activities. Indeed they suggested that in some circumstances universities may not be the perfect vehicles for business support, and that their institutions did not always get it right suggesting a misalignment between venture creation and the core objectives of the university (Lois et al. 1989, Samsom and Gurdon 1993, Siegel et al. 2003, Lundqvist and Williams 2013).

## 5.6.2 - Strategy

In order to determine the opportunities and challenges around strategy, participants were asked to share the short, medium and long-term vision and strategy for enterprise and business support. It was indicated by all participants that targets existed (or were being reviewed) primarily in the short term, however despite six of the 10 interviewees claiming to sit on the strategic management board (Table 5.2) there were no specific examples from any institution indicating the strategic goals or aims at their institution. This may be indicative of a sustainability challenge being

faced (Clark 2004, Pojasek 2007, Slaper & Hall 2011), or that the institution has not yet fully committed to the concept of the entrepreneurial university (Etzkowitz 2008, Gibb 2009), or that there is no tangible enterprise strategy to share outside of the pursuit of funding.

At a very abstract level it was clear that business support or enterprise strategies were connected into the wider institutional agendas spanning the faculties and schools as well as central services such as the careers and employability departments. However given the previously very positive comments around the synergy of the business support agenda it is somewhat surprising that there was not a more succinct response with regards to targets, aims or visions in this area.

One area of commonality however was around the limitations of developing long-term strategies due to the changing funding landscapes. All four institutions highlight primary funding sources driving the business engagement agenda as being ERDF and HEIF with contributions from institutional central funds or additional external funding being limited or very specific in their nature. At the time of the interviews, HEIF funding was allocated through to 2015, with ERDF funding at the end of a funding cycle running from 2007 – 2013 and a new funding cycle emerging from 2014 – 2020. HEIF funding was notably uncertain post-2015 at the time of data collection which resulted in elements of ambiguity due to staff roles being directly funded by HEIF allocations, this resulted in certain decisions being put on hold with regards to the future of initiatives until future HEIF funding was clarified.

With various initiatives specifically being aligned to these funding cycles the institutional strategies were largely focused on short-term visions as highlighted by I1P2, I2P2, I3P2 and I4P1. This external locus of control seemed to be a point of frustration for many participants, many of whom referred to projects or support

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initiatives which were very successful but which had to cease following the end of funding which contradicts the opening statements made around the (potential) role of universities in providing small business support.

## 5.6.3 – The Marketplace

In order to determine if the institution focused their business engagement with a specific subset of the population, participants were asked about the target market for business support activities. As Wayne (2003) argued within the context of technology transfer, generally business engagement strategies are largely determined by the external funding provision. Through the case studies, business support provision appears disjointed and poorly focussed with I1P3, I2P1 and I4P2 each indicating that their institutions had no target market and that activities were fragmented, a critical issue according to Powers (2000). Whilst support initiatives may be varied and disjointed there were some efforts being made to cluster support within thematic groups or centres of support, I3P1, I2P2 and I4P1 indicated a desire to deliver support aligned to the institutional core strengths or themes, however the practical application of that was inconsistent (Robinson & Haynes 1991).

Accordingly, there were challenges faced by all institutions with relation to competitors. All institutions regarded other higher education institutions (HEIs) as competitors, particularly those within the West Midlands region who may be targeting similar businesses. Interestingly competitors were also identified as being any organisation also targeting similar funding streams, which in the case of ERDF funds creates a high level of competitiveness within the region as funds were allocated specifically within regional boundaries. The focus on competitiveness towards

funding rather than 'users' further highlights the significant role of funding provision in the sector (Wayne 2003). I1P1 and I4P1 each highlighted a culture of collaboration within their institution, suggesting that where practicable they would seek to work with a rival institution to co-deliver or pool resources in order to deliver a specific initiative.

When assessing demand the participants were asked about the market research activity at their institution (Wilson 2012, Lambert 2003, Inzelt 2004, HM Treasury 2008, Granovetter 1973). It is clear that historically institutions had done very little, quality market research around the MSME community, however this has changed in more recent years. The change, however, is seemingly only as a result of the funding providers insisting on such information (I1P1, I3P1, I4P1) in order to demonstrate demand. There was very little on-going market research, which could then be used in order to inform the wider strategy or to assist the institution in identifying future projects, instead the institution would identify a funding proposal and conduct the research required to support their application for funding. Additionally, there were questions about the sharing of such data and dialogue between the bid-writing teams and the individuals or teams who may already be engaged with the business community (or those who may be tasked with delivering future support) in order to assess the usefulness of the data.

## 5.6.4 – Institutional Motivation

In order to further understand the motivations for institutions to engage in the business support agenda, given the previously identified barriers and challenges around funding, research and strategic influence, participants were asked to place

their institutions on a scale between the 'altruistic desire to support socio-economic development' and 'financial motivations such as income generation targets'. Figure 5.1 highlights the responses, which identify I1 and I3 as being largely motivated by financial targets, with I2 moving towards that agenda. I4 stood firmly between the two criterion with both participants identifying a focus on financial targets, which must support economic growth for the region. I1P1 was the only participant to believe that their institution was purely acting altruistically, it was noted from the interview dialogue that the participants enthusiasm and passion for supporting entrepreneurs was noticeably greater than other participants. These characteristics, together with political capability, institutional influence and a commercial mind-set resulted in a history of successful bid applications, which supported I1P1s agenda to deliver business support. It was observed by the researcher, that other participants in the same institution were not able to influence the agenda in the same ways as I1P1, accordingly their perception of an altruistic mind-set is likely derived from their personal entrepreneurial attitude towards delivering support where needed by finding the funding to do so.
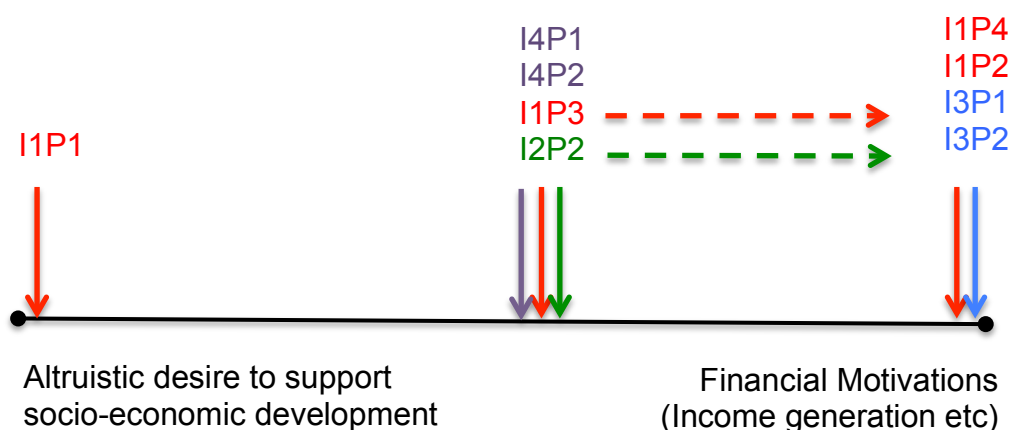


**Figure 5.1 - Institutional Motivations for providing business support**

Again the agenda is significantly dependent on the availability of funding but also it is determined by the measure of income generation as opposed to the impact agenda. To verify the significance of this, and the assumptions from previous elements of the interview, participants were asked whether they believed that their institution would develop a concept for a business support programme first, and then seek funding, or would they identify funding and then build a programme around it. In the majority of cases it was clear that funding would be identified first and then a project would evolve from the funding requirements (I1P2, I1P3, I1P4, I2P1, I4P1) although it was noted that only certain funding calls would be considered in order to maximise the chance of a successful bid. Only I2P2 considered the opposite to be true which may highlight institutional inconsistencies or a changing agenda. Despite such strong motivations towards financial measures and the principle role of funding in the development of support provision, there were comments from participants at all institutions highlighting the lack of flexibility within the funding brief, the uncertainty about funding longevity, and the administrative burden of some funding schemes.

The institutional motivations could therefore be summarised as financially driven with decision making and productivity being entrenched in financial principles highly influenced by external factors (Wayne 2003).

## 5.6.5 – Business Support Challenges

Participants were asked to reflect upon the challenges they face in the development, delivery and sustainability of the business support agenda within their institution. There was much overlap between the three areas and the most notable challenged

shared by all institutions was that of resources. There were clear indications that projects could be (and were being) developed without a clear understanding of the resources available for delivery. This could be in terms of academic input from colleagues who may be asked to contribute on a time-allocation model, or in terms of dedicated delivery staff, which need to be recruited internally or externally. These resource constraints echo the arguments of Samsom and Gurdon (1993) and others (Lois et al. 1989, Siegel et al. 2003, Lundqvist and Williams 2013) who have expressed concerns about the distraction of venture creation away from the core missions of the university (research and education).

It is also noted that dedicated business support staff could be very difficult to find and contract terms may not be favourable with fixed or short-term durations linked to the certainty of the funding provision (I1P2). Once acquired there were issues and concerns around the retention of staff whose contracts end due to the completion of the project (I4P1, I3P2, I1P3), such staff often have high levels of understanding and skills, but also strong established networks with the business community which risk being lost when they leave the institution.

Further challenges included the duplication of support provision (Deakins 1993) as described by I1P4, I4P1, and I2P2 and ensuring that there is a strategic relevance of the projects being offered. In an environment with financial motivations, as previously discussed, there is an incentive for individuals to "win" bids, which may not always fit the intentions or strengths of their institution and therefore pose delivery issues. There was also a desire to ensure that the commercial relevance of the project extended beyond the content or aims. This commercial relevance included the speed of delivery (I1P3) and the relevance to the real world of the entrepreneur (I1P2), in order to capitalise upon the benefits of market orientation (Granovetter 1973) and

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entrepreneurial orientation (Atuahene-Gima & Ko 2001, Lumpkin and Dess 1996, Covin and Slevin 1989).

With a focus on sustainability it appeared that the institutions had accepted their role as delivery agents for the local, regional, national and European governments. Accordingly the sustainability agenda was very complex and fraught with concerns. The strategic visions highlighted the role of universities in supporting economic development and ensuring a cycle of knowledge from academic and industrial activities, however a significant factor in achieving this is the funding provision from these governments, which is subject to a four – six year funding cycle. This results in institutions committed to entrepreneurial activity but which are unable to ensure a consistent and enduring relationship with the business community due to the rapidly evolving profile of support provision. The sustainability of the agenda may also come down to the institutional leadership (I1P1), which could be seen to significantly impact the extent of activity in this area. Ensuring that university leaders understand the importance of such activity is crucial to the continuation of the agenda and in some cases examples exist of new leaders not understanding (or agreeing with) this element of the institutional operations (Pojasek 2007).

## 5.6.6 – Future Solutions

Finally the interviewees were asked to reflect upon the potential solutions with regards to developing a business support agenda at their institution. Commercial models were discussed by I1P1, I1P2, I2P1 and I4P1 with regards to a model that provided commercial activities to generate revenue, which in turn subsidised support

provision. This may take many forms depending on local assets and resources, but principally this accounts to the provision of business support as a 'loss-leader', subsidised by commercial business services such as conferencing facilities, mentoring or consultancy. Successful firms, post-support, may then be incentivised to engage with the commercial activities in order to create a self-sustaining cycle of funding for the support agenda.

The relevance of support provision was also discussed by I2P1 and I4P1, both highlighting the need to ensure that the provision is aligned to the needs of the business community to ensure a demand led agenda moving forwards. This may be achieved via greater engagement and dialogue with the business community, particularly the MSME community which has been identified as difficult to reach (I3P1).

Further control or influence over academic staff input was also highlighted as a potential solution (I2P2, I3P2) with a more transparent model for incorporating academic staff into the business engagement agenda either by incentivising this activity through the academic staff review procedure, or by 'releasing' staff to work on business activities more easily and flexibly. Academic staff were regarded as being very busy but very valuable as a business support resource, gaining access to these staff could drastically change the business engagement activity but the staff have to be encouraged and supported in that process.

Finally there were suggestions (I1P2) of considering greater use of institutional core funds for business support activities aimed at the student population. Such funds may be considered a similar investment as those made for employability and careers departments, placement advisors and other central services.

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## 5.7 – Summary

This chapter presented the findings of semi-structured interviews with 10 participants from four West Midlands universities. The participants were selected from a range of institutions and represented university leaders, senior managers and managers with engagement in the enterprise or business support agenda within their institutions. Together the participants were in an excellent position to provide a wide range of informed insights around the challenges, opportunities and experiences in supporting the MSME community in the West Midlands.

The interviewees all agreed that universities had an important role in the provision of support to the local business community and were proud of their previous and existing support programs. A consistent trend amongst interviewees however was the dependence on external funding (predominantly from ERDF, HEIF and former RDA / LEP project funding) which heavily skews the support offer according to the requirements of the funding call. Availability of funding overall was positively regarded however all institutions indicated a lack of synergy between the demands of the local community and the types of support on offer due to the funding requirement. Combined with a general lack of market research (outside of very specific research to support a funding bid) there is far greater need for awareness of the market needs and, in turn, synergy with the support offer.

The sustainability of externally funded projects was a significant concern to interviewees, from a market perspective there were indications of confused and conflicted marketing efforts, from a resource perspective there were concerns about staff (and their networks) retention both connected to existing funding systems.

All institutions indicated a centralised co-ordination of the strategy and direct involvement from the most senior levels of the institution when making decisions around the enterprise and business support agenda. However there were also indications of a lack of coordination within some institutions with differing levels of seniority being aware of different agendas (or aspects of the same agenda).

The institutional case studies provide a detailed, and rare, insight into the experiences of the HEI providers both individually and as a sector. With the regional, national and European level policy providing more opportunities and demand on HEIs the data presented here go some way into determining the readiness to engage in the accelerated agenda, whilst also indicating some significant areas of concern.

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# Chapter 6 – A Framework for a Sustainable System of University Led, MSME Support

## 6.1 - Introduction

The previous two chapters outline the findings from both the MSME *(cf. Chapter 4)* and university communities *(cf. Chapter 5)* with regards to university led business support programmes. There is a very clear evidence base for the demand of business support from MSME owners with over 40% of respondents already engaging with universities for support. Additionally it has been established that universities see business engagement and business support provision as a desirable activity and something they were resourced to provide. At the local, regional, national and European Government level there is significant interest in using the existing university infrastructure as a delivery mechanism for business support and socio-economic development via distribution of funding in exchange for specific activities and outputs.

In this chapter, the two data sets were considered in unison in order to outline a framework for the sustainable delivery of MSME business support by universities in the West Midlands. That said, the framework is not intended to be a prescriptive process for universities to follow verbatim in their strategic development, nor is it intended to represent a single or optimal solution. It is, however, intended to be a heuristic device (Marshall 1998) to facilitate on-going discussions around the development of MSME support strategies and policy with a view to improving the sustainability of initiatives in the future.

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The author's own interests and experience *(cf. 1.7)* within the university led entrepreneurship and business support arena span over nine years, with a further 11 years as an MSME owner, and will inform the data analysis in the development of this framework. Indeed, whilst this is a regional study focusing on the specific needs and opinions of businesses and universities in the West Midlands, it is anticipated that many of the challenges are echoed across the sector and so the framework and discussions presented should be of equal value to those outside the West Midlands region.

## 6.2 – Needs Analysis Paradox

Heller (1996) explained that a situation from which individuals cannot escape due to contradictory rules or beliefs is paradoxical, or "Catch-22" (Heller 1996). The challenge within this study is to consider the needs of each the business owner, the university as a provider, and the funding provision which inevitably does not result in a synergistic framework naturally. In such a paradox there must be a change of

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**Figure 6.1 - Triple Helix Field Interaction model** (Source: Etzkowitz 2008)

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needs, resources or limitations in order to create a satisfactory outcome for all stakeholders. The deep insights of MSME and university needs achieved through the empirical components of this study, together with secondary data analysis of policy motivations and requirements *(cf. 2.4)*, provide an opportunity to analyse the causal links between the stakeholder groups in unison.

Through Etzkowitz's (2008) Triple Helix model a visual interpretation of this paradox can be established, with each of the three stakeholders having their autonomous core, with a peripheral area of overlapping or dependence for operation as represented in Figure 6.1.

The challenge faced through this thesis is to apply the empirical findings from the MSME and University communities, together with the secondary data from MSME, University and Government sectors, into a single model or framework. In order to do so, the varying degrees of influence, interest and demand influencing the ease of engagement must be established as represented by the overlapping peripheral areas of the model in Figure 6.1 (Etzkowitz 2008).

## 6.2.1 – Requirements of Business Owners

This study reached out to the MSME business community within the West Midlands region in order to develop a greater understanding of their experiences and requirements with regards to business support activities. Data from this study indicates that there is strong demand for business support from MSMEs with 87% of respondents making use of support. 47% of respondents had engaged with

universities for this support. The requirements of MSME owners could be summarised as follows:

- Support should be free (70%)
- Support should be face-to-face (56%)
- Support should be local to the business (56%)
- Evidence of previous success is important (51%)
- Support should be tailored to the MSME (49%).

The MSME community were clear about their future aspirations, for which support would be sought. Predominantly the focus was on growth ambitions, which could be characterised as:

- Increasing their profit (92%) and turnover (79%)
- Increase their sustainability (87%)
- Maintaining control of the business whilst growing (64%)

Remaining within the West Midlands region was significantly less important for the MSMEs with only 35% of respondents indicating this as a priority for them, this may have policy and demand implications for the government and university delivery agendas. In order for the needs of the MSME business community to be satisfied, these criterion would need to be addressed within the support provision; free, local, face-to-face support developed specifically for MSMEs and delivered by a body recognised for prior successes. The support should focus on enabling the MSME to grow, but not specifically seek high-growth firms, by focusing on their financial growth, sustainability and equity-control dilemmas.

## 6.2.2 – Requirements of Universities

It is clear from the university representatives engaged within this study, and the university strategic documents reviewed (*cf. 2.6*), that business engagement is an important element of their *raison d'être*. The desire to engage with businesses in order to share knowledge, contribute towards economic development, or seek commercial outputs was evident in all interviews conducted. However there was also an overwhelming indication that the agenda is actually being dictated by the funding providers, which in turn appeared to be predominantly Local Government (via LEPs), National Government (via HEIF) and European Government (via ERDF). Figure 6.2 outlines the existing influences within the business support agenda as described by the participants in this study. The Governments (regional, national and European) dictate the agenda based on their needs analysis, in turn universities accept this agenda by bidding for project funding which must be used to achieve the goals indicated by the funding provider. Businesses, which fit the criteria outlined by the universities (and in turn by the government), then engage with the business support but have little influence over the provision. The only feedback loop would be circumstantial, if the businesses benefit, and if they grow, economic indicators will improve over time.
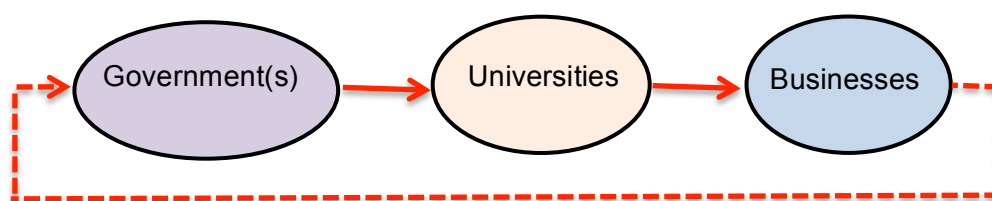


**Figure 6.2 - Existing business support funding cycle**

The contradiction within the sector lies somewhere between the firm belief that the university has, in its founding principles, a role or responsibility to engage with the business community, however this may only be acted upon if an external entity will provide the capital asset to conduct such activity. This results in a situation whereby if funding was not provided by external bodies a significant element of the business engagement agenda would potentially disappear, despite the visions and missions outlined in their marketing materials.

That said, it is clear that the business support agenda requires funding in order to exist, when asked about 'ideal scenarios' the participants were keen to see a wider variety of funding utilised (including commercial revenue) and greater control over the use of funds. There was criticism over the restrictions that come with the current system of funding which could result in components of the market place being ineligible, or a less than optimal provision of support, which is not tailored or relevant to the needs of the MSME.

Institutional cultures and attitudes also need to be addressed, with the current focus on measuring staff achievement by financial inputs (bids won / funding secured) as opposed to throughputs (business engagements) or outputs (business growth) creating misaligned institutional agendas. The role of the entrepreneurial university (Gibb 2009) is to enable the UK to "*compete internationally and respond entrepreneurially (socially and economically) to the pressures of uncertainty and complexity induced by globalisation*" (Gibb 2009: 3).

Gibb argues that in order to achieve this shift there needs to be

> "*changes in staff rewards and status systems to encourage those who engage, and have high credibility, with the business and wider*

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> *stakeholder community. This in turn demands enhanced mechanisms for support of on-going social interaction between academics and students and particularly entrepreneurs.*" (Gibb 2009: 8).

This echo's the contributions of participants in interview who saw the need for academic and professional staff to be incentivised and rewarded for engaging in the business support agenda. Such incentives could also address the concerns raised in the wider field of study (Glassman, et al. 2003, Mendes & Kehoe 2009, Philpott et al. 2011).

## 6.2.3 – The Funding Dilemma

The empirical data from MSMEs suggested that government provision of business support itself was not appealing to the business owner, with only 7.5% of participants previously engaging, this may be an indication of eligibly requirements as echoed in the qualitative comments from MSME owners. A further 9.4% had engaged with regional development agency support (now Local Enterprise Partnerships), with the majority of formal support provisions coming via QUANGOs such as the former Business Link agency (45%) or universities (47%). The government agenda to stimulate business start-up and growth must therefore focus on a conduit to the market place, which is trusted by MSMEs and easy to engage with, whilst being well resourced and geographically dispersed to manage the scalable demand. Universities have been recognised as optimal vehicles for business engagement and economic stimulation (Bolton 1971, Wilson 2012, Witty 2013, Young 2013) and are well placed for this activity. Furthermore the universities themselves have recognised the benefits of engaging with businesses in order to disseminate knowledge, validate

understanding and improve their wider services including education and support provision. However the political landscape is subject to policy reform, fiscal planning and economic strategy, which are often less than 4 years in duration. Accordingly it is very difficult for the political landscape to provide, with any certainty, financial support in the medium and long term for specific programs. Conditions on funding may be revised to encourage wider investment (from the private sector or the university itself), longer durations of operations, or opportunities to bid for continuation funds where projects were seen to be exemplar based on impact and outputs (not just throughputs as is common at present). Commercially driven models which use commercial activities to subsidise MSME support may also be encouraged or incentivised through central funding schemes.

## 6.3 – A Sustainable Framework

Referring back to the broad definition of sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland Commission 1987: 16) the data provides a detailed insight into the "needs of the present" as well as the barriers preventing "future generations" from having their needs addressed. By this it can be surmised that the current needs must be taken into account for the MSME owners, universities and the government (or funding providers). At present the sustainability challenge focuses around the primary source of funding, with funding limitations and uncertainties around the future sources of funding it is not possible for the business support providers to guarantee future generations of business owners with access to the same support.

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The principles outlined above were essential elements in the development of a sustainable framework for university led MSME support. Using Etzkowitz' model as a framework, Figure 6.3 outlines the current process flow identified in this thesis.



**B** – Businesses

**G** – Government(s)
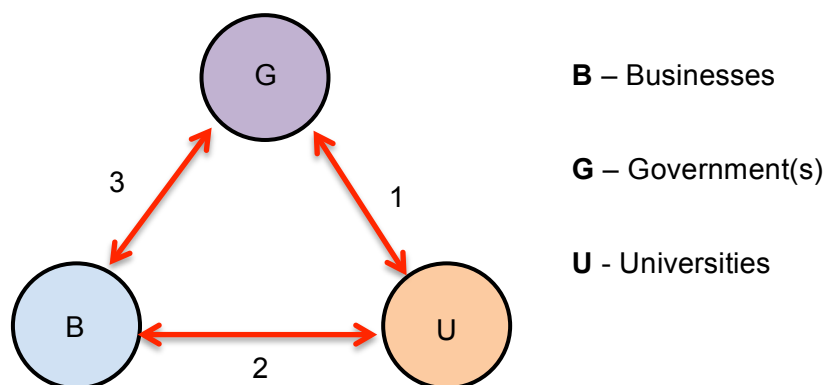
**U** - Universities

 **Figure 6.3 - Triple Helix** (adapted from Etzkowitz 2008)

**The government** (local, national or international) determines the economic stimulus available and seeks to identify delivery partners (universities). Funds transfer in exchange for appropriate targets being achieved (business engagements / support provision). The University may also feed into the government agenda via research (informing policy decisions), feedback on past experiences, or lobbying as collectives through various channels.

**The university**, as the delivery agent for government, establishes the support programme in accordance with the requirements of their brief. They then seek to establish new or existing relationships with the target business community in order to deliver the support. Feedback is received from on-going business relationships, there is also the potential for businesses to engage with wider university agendas including commercial support (consultancy), research (including knowledge transfer) and in an advisory capacity.

**Businesses**, having engaged with the support provision, were deemed to be successful if they survive or grow and then contribute to the government agenda both in terms of economic prosperity (including employment rates, taxes and GDP) and wider engagement or feedback through intermediaries. The government input into business is established through incentives (including tax breaks, tariffs and diplomatic support) and engagement through specialist departments such as the department for Business, Innovation and Skills (BIS) or UK Trade and Investment (UKTI).

In the Triple Helix model there is an assumption that relationships are mutually beneficial (if only to achieve targets) and that there is mutual interest and motivation to engage, as a US model there is far greater autonomy of the university with little or no control over it from government or business (Etzkowitz 2008) which may also pose challenges in the application to UK environments. It is also dependent on the continual cycle of activity in order to sustain future growth. A sustainable framework
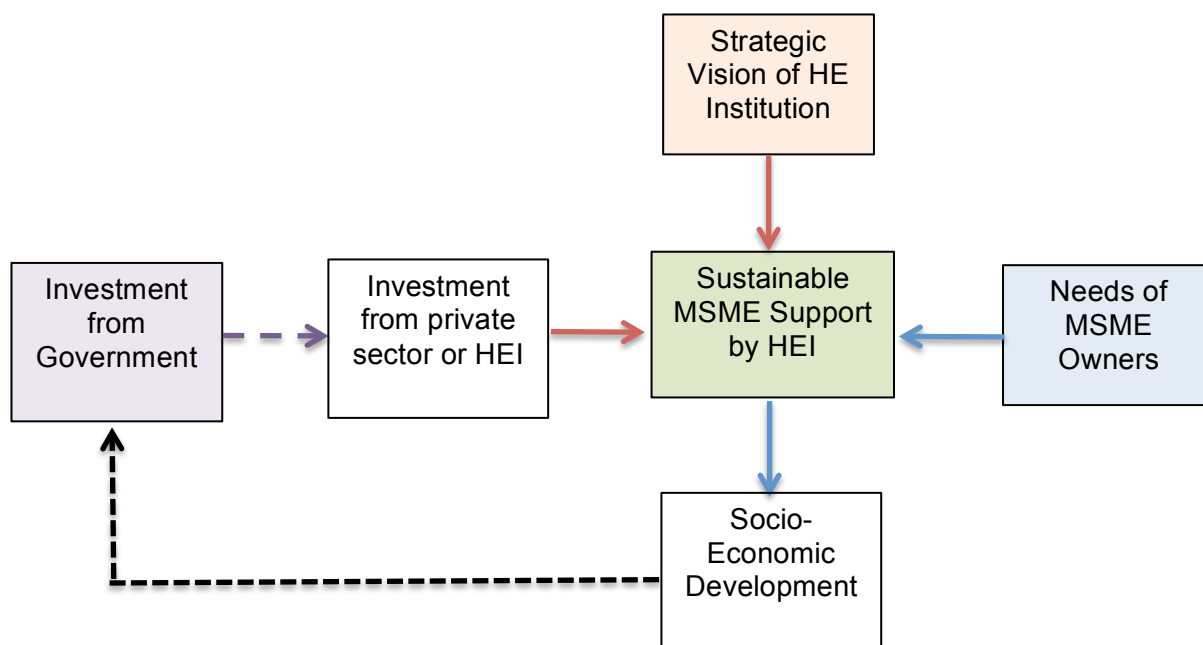


**Figure 6.4 – Foundations of a sustainable framework**

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for developing a university led system of support for MSMEs in the West Midlands could build upon this concept whilst taking into account the empirical findings previously discussed, as outlined in Figure 6.4.  Through this model it could be seen that a stimulus package external to the MSME, in addition to the HEI's strategic vision as an entrepreneurial university and the needs of the MSME owners are all required in equilibrium in order to create a sustained support programme. Most MSMEs were reluctant (or more likely unable) to invest themselves in these support programs and HEI's stressed the desire to be less dependent on public funds moving forwards, but unless there is a direct feedback to their institution there would need to be external funding. Successful support programs are measured, in this framework (Figure 6.4), by their outputs in terms of socio-economic development in order to satisfy the needs of governments, which should in turn directly influence the availability of further funding in order to establish sustainability.

From Figure 6.4 a conceptual framework emerges taking into account these various factors as represented by Figure 6.5. The framework presents three critical pathways, one for each of the key stakeholders identified. Through the framework broken lines signify optional, but recommended, directions of influence with solid lines signifying essential components. Key performance indicators play an important element of the framework, which suggests a change to measuring outputs (impact) from throughputs (engagements). KPIs may include, but are not limited to:

- Finances (including Turnover, Profit, Acid Test Ratio etc.)
- Resources (including Staff, Assets, Accrued revenue etc.)
- Economic Risk Assessment

(Setanti 2010)

The following sections discuss Figure 6.5 from the perspective of the three stakeholders featured in this research. It responds to the needs of each group specifically and provides a range of options to allow specific groups to tailor their engagement in the support agenda.

Within Figure 6.5 colours are used (aligned to Figures 6.3 and 6.4) to demonstrate the key stakeholder involved in each stage. Purple activities relate to the government or policy developers, Orange activities are specific to the HEI, and Blue activities are those of the MSME. The activities highlighted in Green incorporate the support delivery stage, which involves the HEI as a supplier, the MSME as an end user and (potentially) the government as a funder. Accordingly lines are shown in the same respective colours in order to suggest the direction of influence between each activity, or the travel of knowledge throughout the framework. Where a line is dashed it represents an optional process for the stakeholders to consider depending on their strategic need.

To what extent can universities create a sustainable system to support MSMEs?

A focus on the West Midlands region



**Figure 6.5 – A sustainable framework for university led MSME support**

To what extent can universities create a sustainable system to support MSMEs?

A focus on the West Midlands region

### 6.3.1 – A Sustainable Framework for Government

For the government, which may be local, national or international (including European), the framework initially identifies the need for economic development (G1) as the premise for engaging in the MSME support arena (Rausser et al. 2011). The government body or department is then required to identify the financial stimulus available (G2) for enhancing the performance of the MSME community (Lundström et al. 2014). Funding models identified through this study have been criticised (*cf*. *5.6.4*) for lacking flexibility, being mis-aligned to the needs of the MSME community, and burdensome with regards to administration. Before the funding is allocated within the framework proposed a period of consultation is identified (G3) incorporating the universities or their representative bodies (HEFCE, Universities UK, Russell Group etc.) who are required to share their market research in order to identify support needs which may be specific to a certain environment, industry or micro-environmental circumstance. The explicit focus on market orientation (Narver & Slater 1990, Kohil & Jaworski 1990) addresses the findings in this study; from MSME owners who felt that support was not aligned to their needs, that they were not eligible for support, or that support offered had no or little impact (*cf*. *4.5*); and from the university community who sought a shift towards a demand led agenda (*cf*. *5.6.6*).

With the case for support made (G3), the next step for government within the framework is to agree with the HEI, the specific terms of the funding provision (G4). These terms will include the match-funding requirements from the HEI, which may include staff hours, resource allocation and other sources of funding, together with the required impact measures and payment schedules. The HEI applicant would be

asked to indicate the impact return on investment (ROI) they hope to achieve with the funding they have requested, which could then be assessed against the internal funding criteria. The framework does not make recommendations for the terms of such criteria, but recommends that in opposition to the conventional method of announcing a theme or call for proposals with rigid frameworks built in *(cf. 5.6.4)*, the HEI may compose a tender outlining their proposed impact measures, durations, and funding schedules. This study does not seek to recommend the impact requirements of funding bodies, but rather to recommend this critical shift in funding provision measurement. However previous studies identify economic contributions of £2.40 - £4.30 for every £1 of investment (Gordon, Hamilton & Jack 2012: 771), such data may be a useful starting point for these negotiations.

Once a successful tender for an MSME programme has been agreed, the initial funds would be released to the HEI (G5) who would then commence with the support activity. Throughout the support cycle the HEI is required to record various KPI's in order to then be awarded the final tranche of funding on successful completion of the pre-determined ROI by means of 'impact'. There is potential here for funding cycles to be determined by achievement rather than time-periods with the HEI only drawing down their final funding 'award' on completion of the agreed outcomes, be that sooner or later than anticipated in the bid. Removing some of these artificial parameters (time) may further contribute towards the authenticity of the support experience, and by only measuring output / impact and not throughput, there would be fewer limitations on the number of business engagements. If a business does not achieve the required impact measure as a result of the scheme they would not be counted towards the project output and the HEI could not draw down completion

funds for that support, only at the discretion of the support provider would they be eligible for additional cycles of support.

Upon successful completion there has been a positive contribution to the economy (G6), the framework would encourage the government to then provide further fiscal stimuli for the continuation of the project and/or divergence into new areas. Such a framework would enable successful projects to be retained along with the core staff, which has been identified through this study as a significant challenge for HEIs *(cf. 5.6.*5). Any underperforming project would not be able to draw down their final funding, however through their initial funds received (G5) should minimise any negative impact on their operations.

Through each iteration of the framework, socio-economic benefit increases providing a net-gain for the economy, in addition the KPI assessment data could be centrally recorded to significantly increase the available data on MSMEs for economic and academic analysis in alignment to the recommendations of Large (2013) and Dent (2014).

## 6.3.2 – A Sustainable Framework for MSMEs

For the MSME owner, the framework provides a support system more aligned to their needs *(cf. 4.4)*. The MSME community should be encouraged to engage with the HEI community in order to make their life-world (Berger & Luckmann 1966, Schutz & Luckmann 1973, Gibb 2009), and challenges faced better known (B1). Such involvement may include engaging with the wider provision of the university,

including student activities, technology transfer, research and consultancy (Etzkowitz 2003, Gibb et al. 2009, Wilson 2012). Through such involvement the MSME could then avoid the difficulties in identifying the support provisions (Drever 2006) or falling victim to "information overload" (Cloete & Snyman 2003) and be more conscious of the support provision available (B2). If applicable, and relevant, (Wren & Storey 2002, Ramsden & Bennett 2005) the MSME owner can then apply to the HEI for support, detailing specifically their current situation and future intentions (B3). Whilst this application may include qualitative or quantitative data all MSMEs would be required to provide specific KPI's which could be used to assess their eligibility as well as to form the basis of the impact analysis methodology (B4). Such data may be used anonymously as market research by the HEI, or by the government funding bodies to form a central repository of MSME data sets, in order to establish a solution to the knowledge gap around micro firms (Storey 1994, Large 2013, Dent 2014).

The aim of this framework is to provide MSMEs with a tailored support experience aimed at providing positive growth for the business in response to the data from this study *(cf. 4.5)*. Accordingly the support programme itself (B5) may take many forms but should be supplemented by a face-to-face mentoring programme (U9) in response to the data in this study *(cf. 4.8)*. Through the on-going mentoring, further impact data could be collected around the KPI's in order to establish when the programme is complete for that specific MSME (U10).

Upon completion there will either be a positive outcome (from a project perspective) with clear evidence of growth (B7), or a neutral outcome with no growth recorded (B6). In the case of a neutral outcome the MSME will not be counted towards the project outputs, but their KPI data will still be recorded and analysed, at the discretion of the support provider would they be eligible for additional cycles of support. With a

positive outcome (B7) the business will have established growth in accordance with the project KPI and may seek to continue engaging with the HEI in a range of ways (U12), this may include:

- Commercial Support (e.g. Paid mentoring, consultancy etc.)
- Resource Provision (e.g. incubation, office space, conference facilities, access to specialise resources etc.)
- Engagement in an advisory capacity to the HEI
- Engagement in research or education opportunities
- Knowledge Transfer, Intellectual Property or Spin Out opportunities.

With established relationships and a proven track record, such opportunities may provide further accelerant to the business growth whilst providing a further ROI for the HEI (Walshok 2013).

Should the MSME seek to further engage with support offerings through this framework, they may do so without barrier. However their KPIs would be measured at the start of the project cycle and so accordingly any growth would be in addition to previous engagement, effectively starting afresh in each cycle with growth being exponentially proportionate depending on the requirements of the project. At the HEIs discretion support cycles may be repeated but the providers must take all reasonable measures to ensure that the business is appropriate for the support scheme and that the motivations of the owner are aligned to the intended outputs *(cf. 2.5.1)*.

To what extent can universities create a sustainable system to support MSMEs?

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### 6.3.3 – A Sustainable Framework for HEIs

For the HEI, the framework provides a support system with transparency and empowerment at its core. The framework recognises the importance of entrepreneurial leadership (Gibb 2009, *cf. 5.2.6*) towards the development of the entrepreneurial university (U1). It also calls for a clear strategic vision (U2) for enterprise and an action plan making clear the intentions of the institution, the vision should be informed by the engagement with the MSME community (B1) and the existing commercial activities of the institution (U12).

Whilst the findings of this study identify a range of enterprise strategies, they can be seen to be non-specific or lacking clear targets *(cf. 5.6.2)*. The framework recommends a clear, institution-wide, strategy and action plan with short, medium and long term objectives, to be identified as a result of the entrepreneurial vision of the institution and the engagement with MSMEs (U3). A clear trend from the interviews with key university staff identified the influence of the funding providers on the market research activities *(cf. 5.6.3)*, accordingly there is a need for greater engagement between MSMEs and Universities. The framework recommends that on-going consultation and market research activities be conducted by the HEI with the MSME community (U4), this data may have value as research outputs (which in turn may have associated funding opportunities) in order to arbitrate any issues with academic staff feeling that such activities deviate away from their core research goals (Glassman, et al. 2003, Mendes & Kehoe 2009). The collection of market research data would also be of use within the consultation process with the government funding providers (G3), in order to strengthen the application for funding.

Once the support programme has been designed and aligned to the MSME needs *(cf.
4.5*), the HEI has various options with regards to the funding requirements (U5):

- Utilise government funding, to be matched by central funds (and/or resources such as staff time) – (G4)
- Utilise central funding only in order to 'pump prime' the project. This may be as a loss leader to be recouped by commercial activities, or a 'freemium' model with initial support free of charge and further support charged *(cf. 5.6.6*).
- Utilise private sources of funding through commercial partners or research bodies, providing outputs are aligned to their requirements.
- From philanthropic support which has been seen to be increasing (HEFCE 2012b).
- Offer a subsidised provision with MSMEs making a contribution to the costs, although this contradicts the findings of this study *(cf. 4.5)*

The identification of and application for funding, regardless of the source, will be enhanced and supported further by the evidenced needs of the MSME community (U4). If pursuing funds from government(s), the framework recommends that a HEI develop a tender for funding (U5 ⇋ G4) outlining the aims, support provision and expected outcomes (economic impact measures). Upon a successful agreement for the provision of funds, an initial release of funds should be made, the specific details of which is to be agreed between both parties however in order to recognise the investment required by the HEI *(cf. 5.6.5*) it would be recommended that this initial payment reflects a majority of the total funding in order to mitigate risk and ensure sustainability.

The MSME will engage with the support programme, which may include workshops (U8) and / or mentoring provision (U9) as determined by the HEI in order to tailor the

experiences towards the individual MSMEs' needs (*cf. 4.5*). Regular KPI measures are required (U7, U10) in order to assess the impact of the support, such rich data will hold academic value (U11) as well as being required by the funding partner (if involved) as evidence of impact (G6). Upon completion the HEI may signpost the MSME to their commercial provision (U12) in order to recoup the investment made and to further develop the relationship with the business. Such activities may including engaging with the MSME in a technology transfer or knowledge transfer partnership (Argote & Ingram 2000, Pirnay & Surlemont 2003), where further sustained income generation can be achieved for the HEI (Velo et al. 2008). The sustainability benefits associated with the 'reinvestment' of MSME engagement, which may include their contributions in time, knowledge and efforts from the MSME back to the institution, have been clearly identified in wider studies (Walshok 2013: 16).

The framework recommends that all outputs, and impact data, be considered in future iterations of the institutional enterprise strategy (U2 to U3) as well as being utilised fully as research outputs (U11) in order to further contribute to the field of knowledge in this area. The successful completion of a funding cycle will result in evidenced growth of MSMEs (B7), economic impact (G6), research outputs (U11) and linkages to commercial activities with the MSMEs (U12). The economic impact orientation of the model results in a self-fulfilling sustainability with addition funds being allocated to successful projects and unsuccessful projects being unable to drawdown their final funding allocation (G6). By ensuring that the system is sustainable, with future resource allocation being linked to evidenced economic impact, the framework further satisfies the challenges specific to staff retention and

recruitment *(cf. 5.6.5)* by providing an on-going catalyst for support on the proviso that targets are met.

## 6.4 – A Scalable Model

The framework outlined in Figure 6.5 seeks to address all of the primary findings from this study, accounting for the needs of the MSME community (*cf. 6.2.1*) and the opportunities and challenges from the university sector (*cf. 6.2.2*) whilst maintaining
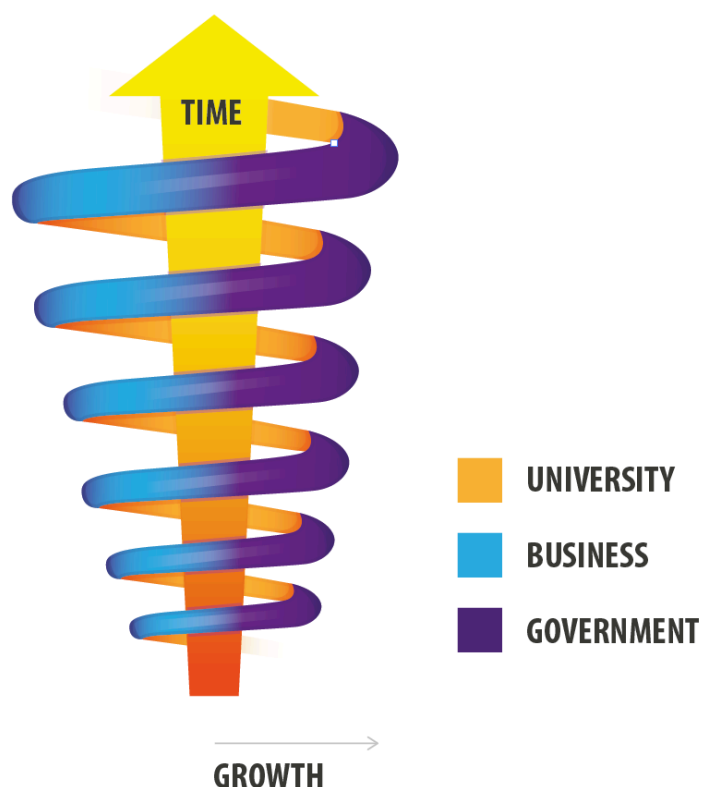
**Figure 6.6 - The sustainable growth spiral**

some of the core principles of the current public funding schemes (*cf. 2.4, 2.6*).

However a key requirement for the sustainability of the framework was the on-going net positive contribution to the economy to justify further funding cycles and extensions of successful projects. Figure 6.6 represents the causal flow of the three core stakeholders from figure 6.5, against the economic growth achieved using the Spiral Dynamics model as a template (Beck & Cowan 1996). In the model (figure 6.6) the x-axis represents the economic growth achieved and the y-axis represents time. To this end, the spiral highlights the requirement for government to support universities and universities to support businesses in order for the government targets to be achieved. As each project is delivered upon (figure 6.5) the spiral re-commences, starting from a stronger economic base, providing all three partners have their needs and interests met (per figure 6.5) the sustained growth is achieved with overall economic growth established over time and the likelihood of individual business prosperity heightened. Each turn of the spiral is indicative of a funding cycle within the overall economy, it does not necessarily suggest that the support programs overall shift focus from start-up to high-growth initiatives. There will always be a need for start-up, growth and high-growth support provision in parallel, however the scale of programmes and their measured return on investment (Impact) will grow over time.

## 6.5 – Summary

This chapter presented a single combined discussion of the findings from the MSME questionnaires and the interview data from university staff together with the secondary data discussed in the literature review and background chapters. Taking into account the requirements of MSME owners and universities, as per the empirical findings in this study, the chapter identified a co-dependent relationship between government, business and universities, which falls in line with the literature review analysis. The specific insights around past experiences, challenges and opportunities available presents unique perspectives into the misalignment of the industry, with needs not being addressed sufficiently in some areas.

Most noticeably is a demand for free, face to face, local support for the MSME community delivered by organisations with credibility in this provision. Universities require financial stimulus in order to mitigate risk and expand their resources, they also have significant concerns about the longevity of support and restrictive nature of some briefs requiring them to only work with specific clusters of the MSME community. For government there is a need to provide support to the MSME community in order to stimulate economic growth and they see the expertise, resource and location of universities as an optimal conduit for such support.

The purpose of figure 6.5 is to present a conceptual framework for a sustainable system of university led MSME support by taking into account all of the data collected. It includes a number of optional pathways to enable the HEI to make decisions based on their internal strategies, options include the commercialisation of research outputs and the degree to which public funding is utilised (if at all). It

provides a much-needed central database of MSME data sets to enable the policy makers and wider research community more opportunity to understand the MSME environment. Within the framework, all three stakeholder perspectives must be considered in union in order for the system to become sustainable, but most importantly is the need for the HEI to be empowered to offer support in response to MSME needs, rather than a policy driven perspective which the data suggests were subject to high levels of inconsistency and inefficiency.

The sustainability of figure 6.5 is demonstrated conceptually in figure 6.6, as the spiral engages with government, MSME and universities, with each turn the economy grows, but each stakeholder is equally dependent on the consistent or increased engagement of the others. The framework is dependent on the principle of there being mutually beneficial outputs (measured through impact).

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# Chapter 7 – Conclusions

## 7.1 Introduction

This thesis aimed to analyse the extent to which a university can create a sustainable system to support MSMEs, and to provide a critical analysis of the future prospects for university led MSME support. This aim was achieved by pursuing a number of key objectives:

**O1:** To conduct a comprehensive review of the literature relating to research of MSMEs, entrepreneurship, government policy for business support, business growth and entrepreneurship in the West Midlands.

**O2:** To investigate, identify and analyse the experiences, needs and barriers to engagement of MSMEs with regards to enterprise support activities.

**O3:** To investigate, identify and analyse the experiences, challenges and opportunities experienced by universities with regards to enterprise support activities and sustainability.

**O4:** To identify and map the relationships of MSME owner experiences and opinions of business support against those of the university providers.

**O5:** To develop a conceptual framework, and recommendations, for a sustainable university led business support system.

**O6:** To evaluate the benefits to all relevant stakeholders engaged in the business support process.

The overarching question that this research explored was:

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Therefore, in order to understand the complex nature of the overarching research question a series of sub-questions were investigated:

**Q1:** What is the existing level of business support offered within the West Midlands region?

**Q2:** What do entrepreneurs think about the support offerings, from universities, available at present?

**Q3:** What are current (perceived) barriers preventing universities from providing support to MSMEs?

**Q4:** What might the potential advantages be to universities in providing business support to MSMEs?

**Q5:** What are the benefits / implications to the regional economy should a university offer such support?

This chapter shall outline the contribution of the research to the wider literature and provide conclusions for each of the key objectives proposed. Finally, it shall present recommendations to the various stakeholders and suggestions for future research opportunities that may follow this thesis.

## 7.2 – The Key Findings

This thesis explores and contributes to a wide and varied literature on entrepreneurship, business support and regional development. The contribution to knowledge is based on adding to existing literature and research by investigating it from a new perspective. Due to the inherent complexities of identifying the sample (Storey 1994, Ozcan 1995, Curran & Blackburn 2001), there is surprisingly little

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empirical research focusing on the business support experiences of MSMEs, this thesis also makes a useful contribution to knowledge in this regard. A similar lack of empirical data could be identified with regards to the experiences of the university sector in the provision of support to MSMEs, with very little published around the barriers and opportunities in this space. Collectively, this represents a significant gap in knowledge as MSMEs represent 99.9% of businesses in the UK (BIS 2014: 1) and there is a clear trend towards universities being the preferred conduit for support from government backed funding (Wilson 2012, Young 2013). MSMEs deserve greater attention from the research community, however there could be significant challenges with research targeting micro firms, as any enhance insight into their behaviour could lead itself toward significant impact on policy and economic activity (Storey 1994).

In addition, in order to address the variance of regional economic challenges (*cf. 2.8*), provision of funding, and policy interventions throughout the UK (*cf. 2.4.2*), this research chose to focus on the West Midlands region. In doing so, however, a number of difficulties arise for the researcher. Primarily the shortage of existing region specific data following the closure of regional observatories (Bentley, Bailey, & Shutt 2010) provides an uncertain foundation in many regards; in turn this could result in any findings or proposals being questioned for validity particularly by the traditionally positivist research community. These issues have been overcome through the researcher's ability to gain access to the MSME owners and senior members of universities within the region via his professional networks *(cf. 1.7)*. In addition, the Interpretivist approach adopted sought explanations rather than 'proof', providing a detailed insight into the experiences, opportunities and challenges faced by MSME owners and universities.

The tripartite relationship between government, universities and business owners (MSMEs) is specifically of interest to researchers because of a unique set of circumstances and characteristics (Beck & Cowan 1996, Etzkowitz 2008). Firstly there is significant interest from the UK and European Governments in utilising universities to provide support to the business community (Bolton 1971, Audretsch & Thurik 2001, European Commission 2003a, McManus 2005, Acs 2006, Thurik 2007, Huggins & Williams 2009). A series of white papers and reports have emerged (Wilson 2012, Witty 2013, Young 2013) in the last decade outlining the opportunities for university – business collaboration. In addition to this, following the UK austerity programme in 2010, the government funded business support agency 'Business Link' was disbanded along with several other business facing QUANGOs shifting the focus from directly support businesses towards funding intermediaries to provide this support (Storey & Greene 2010).

Secondly the number of MSMEs could be seen to be steadily increasing year on year, particularly within the region of focus (Federation of Small Businesses 2000, ONS 2014a, Enterprise Nation 2014). In turn it could be anticipated with some degree of confidence that the demand for support was increasing at a time where funding and availability could be seen to be reducing. The findings within this research support the increased demand for free, face-to-face support delivered by organisations with proven track records in the sector, which provides an opportunity for both governments and universities. Without the provision of sustainable support mechanisms the business owners turn to informal channels of support including friends, business associates and the Internet, which inevitably results in a high variance of support quality and appropriateness.

Finally, there is a clear appetite from universities to engage with the MSME business community in a support capacity. Of the universities engaged within the research it is clear that they have infrastructures, resources, knowledge and, perhaps most importantly, a willingness to engage with MSMEs in order to achieve regional growth. The appetite is further fuelled by the risk mitigation afforded by the UK and EU funding provisions such as HEIF and ERDF (Croxford, Wise, & Chalkley 1987, European Commission 2013, 2014). There are, however, some drawbacks in this area with regards to sustainability with many funding schemes having relatively short life spans resulting in uncertainty about the longevity of many programmes (Elkington 1994, Clark 2004, Pojasek 2007).

In summary the vision of the UK and European Government is to establish mechanisms of support to encourage economic recovery and growth (*cf. 2.4*). The role of the university, as a centre of knowledge and resources, within society is increasingly focused upon and geared towards MSME engagement and support (*cf. 2.4.3, 2.6*). Whilst historically many universities focused on knowledge (and technology) transfer (Argote & Ingram 2000) and spin-out activities (Pirnay & Surlemont 2003) the pipeline of support is diversifying and expanding to encompass the needs of the MSME community, which in itself is growing (Federation of Small Businesses 2000, Dellot 2015). The aims of all three primary stakeholders could be achieved with a support framework incorporating both the needs and barriers faced by all parties (Figure 6.5). With universities now providing a significant proportion of government funded business support (Wilson 2012), and MSMEs representing 99.9% of businesses (BIS 2014: 1), it is a recommendation of this research that changes are made to the approach taken by funding providers in order to support the recommendations in the sustainable framework presented (Figure 6.5).

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## 7.3 – Objective 1: To conduct a comprehensive review of the literature

The first of the objectives for this research required the researcher to conduct a comprehensive review of the literature relating to research of MSMEs, entrepreneurship, government policy for business support, business growth and entrepreneurship in the West Midlands. This objective aims to address all five research questions by exploring the relevant literature across all aspects of the thesis. The studied literature *(cf. Chapter 2)* provides insight into the etymology of entrepreneurship and the evolution of research in this field. The concept of entrepreneurship is highly contested (Mole & Ram 2012) with a general consensus that there is "no agreed single theory of entrepreneurship" (Gartner 1988, Low & MacMillan 1988, Shane & Ventataraman 2000, Heinonen & Poikkijoki 2006, Blackburn & Kovalainen 2008, Zhang & Bruning 2011). The literature review also highlighted the relatively young nature of research in this field (Boehm 2008) and provided a foundation of theoretical frameworks in order to provide a basis for the methodology as well as a tool for analysis. From the studied literature it was determined that there was a growing body of knowledge in the field of entrepreneurship research, but also that there is a large scope for the development of knowledge in the field of university and small business support.

Through the review of literature it was possible to further understand the political landscape surrounding the enterprise and small business agenda at a European, national and regional level (Bolton 1971, Audretsch & Thurik 2001, European Commission 2003a, McManus 2005, Acs 2006, Thurik 2007, Huggins & Williams 2009, Wilson 2012, Witty 2013, Young 2013). With demand clearly increasing according to wider studies, and provision of government managed support

decreasing due to austerity measures, the paradox of small business support is established (Huggins & Williams 2009, Storey & Greene 2010).

Further studies reveal the characteristics of small firms with regards to growth as well as the attitude towards growth (HM Treasury 2008, Henry 2013, Young 2013). With 99.9% of all businesses in the UK being MSMEs (BIS 2014: 1), the opportunity for growth is substantial and consequently the potential for impact a growth agenda might have is significant (Storey 1994). The role of universities in the provision of MSME business support (Dasgupta & David 1994, Etzkowitz et al. 2000, Kirby 2002, Urbano & Guerrero 2013) provided an encouraging basis for much of this study, however there is a noticeable lack of research around the theoretical models for entrepreneurship (Gartner 1988, Low & MacMillan 1988, Shane & Ventataraman 2000, Heinonen & Poikkijoki 2006, Blackburn & Kovalainen 2008, Zhang & Bruning 2011), academic entrepreneurship and data sets regarding micro enterprises and the university provision of business support. This gap in knowledge provides a foundation for the methodology and data-collection in this research providing a clear focus for the contribution to knowledge to be made.

With significant discussion and contribution to the sectors knowledge coming from non-academic sources (Gibb 2000, Blackburn & Kovalainen 2008) there is a clear opportunity and motivation here for the research community to conduct wider investigation and analysis.

## 7.4 – Objective 2: MSME Business Support

The second objective of this study was to investigate, identify and analyse the experiences, needs and barriers to engagement of MSMEs with regards to enterprise support activities. This objective was specifically aligned to research questions 1 and 2:

**Q1:** What is the existing level of business support offered within the West Midlands region?

**Q2:** What do entrepreneurs think about the support offerings, from universities, available at present?

The lack of data on MSMEs (micro businesses in particular) has been commented on several times in this research (Storey 1994, Large 2013, Dent 2014), however there are noticeable gaps in the knowledge surrounding the engagement, experiences and needs of MSMEs with regards to business support (Narver & Slater 1990, Kohil & Jaworski 1990, Prodi 2002). This is primarily due to the difficulties in identifying and accessing small business owners who may not be registered with Companies House, the VAT register or other public records used by longitudinal and ad-hoc studies in this space (Storey 1994, BIS 2014). Whilst this study accurately identifies MSME owners with an experience of business support, caution must be taken when extrapolating the findings much wider than the core focus of the research. That being said, the researchers own experiences working within the micro and small business environment would corroborate the broad trends identified within the research. Overall just 13% of the MSME owners engaged with indicated that they had not made use of business support at all, with 42% of the sample having already engaged with university provided business support. Additionally, 45% had engaged with the

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now defunct Business Link for support and guidance, which may indicate a now unfulfilled market.

When looking towards support available it could be clearly seen that the MSME community desire free, face-to-face, local support from a provider with a proven track record. In conjunction with the removal of Business Link in 2010, the demand for subsidised (free to the user) support is very high and the MSMEs are happy to use any provider capable of meeting the four requirements above. If governments are to continue funding business support activities in order to stimulate economic recovery and growth (Prodi 2002, Tilley & Tongue 2003, European Commission 2014) it is reasonable to concur that universities have potential to be a very constructive partner in the provision of support (Robinson & Haynes 1991, Hansson 2007, Wilson 2012, Witty 2013, Young 2014). This would be supported by the existing level of engagement and open attitude towards universities from MSME owners as demonstrated by the data of this study and through a review of institutional strategic documents (*cf. 2.6*).

There are, however, indications within the data collected from the MSMEs that their business support needs were not currently being met entirely. The qualitative data presented suggests that many support initiatives were very specific in their remit (high growth firms, industry specific, post-code specific etc.) or limited in their usefulness (no bespoke or tailored content), which impacts on the levels of participation. Any initiatives to expand or develop publicly funded support programs must ensure that the needs of the end users are clearly considered in the design and delivery of the programme in order to maximise the impact to the business and economy.

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## 7.5 – Objective 3: University provision of business support

The third objective aimed to investigate, identify and analyse the experiences, challenges and opportunities experienced by universities with regards to enterprise support activities and sustainability. This objective was focused primarily on research questions 1 and 3:

**Q1:** What is the existing level of business support offered within the West Midlands region?

**Q3:** What are current (perceived) barriers preventing universities from providing support to MSMEs?

It is clear, from this research, that there are two co-dependent phenomena at play within the higher education sector with regards to business support and entrepreneurial activities; firstly, since 2010 the austerity measures put in place by the UK Government significantly reduced the availability of support for MSMEs (Storey & Greene 2010, Table 2.1). In addition, the level of support from UK and European Governments with regards to the university provision of enterprise support is growing rapidly (*cf. 2.*6) and further initiatives have been recommended to governments (Witty 2013, Young 2013).

Secondly, the degree of business engagement from HEI's over the last 20 years has gained significant momentum (Sainsbury 2002, Rae et al. 2012, Young 2014). Most universities own or are directly affiliated to a science, technology or enterprise park (Louis et al. 1989, Hansson 2007) with a range of commercial activities and business engagement taking place (*cf. 2.*6). In addition, through inwards investment and external funding, the range of business support and engagement is growing. There are examples of business mentoring, support, workshops, incubation, investments,

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KTP's, consultancy and much more at all of the institutions engaged within this research (*cf. 2.6*). Many universities have entrepreneurial activity clearly defined within their corporate strategy and a clear vision to increase this level of engagement *(cf. 2,6 and 5.6.2)*.

The combination of these activities provide a prime opportunity for expansion of the business support agenda within HEI's in order for the West Midlands region to improve on historical underperformances such as their low KE activity (Ulrichsen 2014) and the £10bn output gap reported (AWM 2007:4). By combining the needs and resources of both the universities and government parties there is greater propensity for long-term sustainability to be achieved. It is also encouraging that the business community regard universities as ideally placed to provide such support, both in terms of their geographical spread throughout the region and with regards to the knowledge, resources and experience in this area. Accordingly the existing role of universities in the provision of business support is expansive, however challenges remain with regards to specific projects or delivery of activities, which were dependent on subsidies or outright funding *(cf. 5.5.5)*.

Most specifically challenges exist around the funding cycles, which cause uncertainty around sustainability for the delivery partner. Where a project is providing significant benefit to the business community, and in turn the economy, it may well cease to operate once the funding cycle has completed (Clark 2004). Additionally, many staff offering central support within the institution may be directly funded by the HEIF scheme, changes to which may cause significant disruption to their roles and the schemes they are involved in. Consequently, there is a very clear role for universities to play in the provision of business support, however questions will remain over the sustainability of the agenda unless there are either commercial models to support the

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funding of the activity, or long term commitments from public funding bodies to encourage more long term initiatives.

## 7.6 – Objective 4: MSME and University relationships

The fourth objective required the research to identify and map the relationships of MSME owner experiences and opinions of business support against those of the university providers. The objective was focussed on exploring research questions two and three:

**Q2:** What do entrepreneurs think about the support offerings, from universities, available at present?

**Q3:** What are current (perceived) barriers preventing universities from providing support to MSMEs?

The explanatory sequential mixed methods approach taken in the research provides a comprehensive insight into the attitudes, experiences and challenges faced by both stakeholder communities, it also permits the research to identify a schedule of priorities for the two stakeholders before drawing conclusions.

Throughout chapter 6 the needs of the MSME business owners and the university were discussed against the objectives of the funding providers. It is clear that all three stakeholders have mutual interdependencies with synergy to the Triple Helix model proposed by Etzkowitz (2003). The understanding of these interdependent relationships, alongside the needs of each individual group, contribute to the creation of the conceptual framework for sustainable university led MSME support (Figure 6.5).

**7.7 – Objective 5: Conceptual Framework and Recommendations**

The fifth objective focused on the outputs of the research project with a view to develop a conceptual framework, and recommendations, for a sustainable university led business support system. It is important to consider the theoretical models proposed in the literature review, alongside the data collection from MSME owners and universities before considering a conceptual framework which could be interpreted by all stakeholders equally. The objective was aligned to research question four which sought to identify "What might the potential advantages be to universities in providing business support to MSMEs?".

The main output for this objective was the development of Figure 6.5. Within the proposed framework, recommendations were presented taking into account the findings from both elements of the methodology. Figure 6.5 is presented with a range of options for individual businesses and support providers to customise dependent on their local environment, for example the choice between use of public funds or commercial business models. In addition to Figure 6.5, Figure 6.6 proposes the abstract impact of the framework highlighting these interdependencies. With all three stakeholders working towards one business support agenda, the framework proposes overall economic growth and the scalability of the agenda that are mutually inclusive.

The consideration of this framework's application, together with the literature review, data collection, findings, analysis and conclusions provide the basis for the recommendations found at the end of this chapter.

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## 7.8 – Objective 6: Stakeholder Benefits

The final objective was for an evaluation of the benefits to all relevant stakeholders engaged in the business support process. The most significant hurdle identified within this research, is the need for all stakeholders' needs to be addressed, and satisfied, in union. This final objective sought to address research questions 4 and 5:

**Q4:** What might the potential advantages be to universities in providing business support to MSMEs?

**Q5:** What are the benefits / implications to the regional economy should a university offer such support?

Within the existing HE business support environment it is clear, from this research and the literature review (Dutta, Sefton, & Weale 1999, Whittington 2000, Drever 2006), that there is a top down model, with the agenda being dictated by the policy makers and funders as outlined in figure 6.2. To support the recommendations in the framework presented (Figure 6.5) in order to achieve sustained growth (Figure 6.6) greater effort must be made to consider the co-dependence of all stakeholders in achieving overall growth. Feedback on the current system was not all negative, far from it in fact, however there were clear frustrations within the data collected which highlight the improvements this thesis discusses. The findings and recommendations outlined in this research aim to support the following needs of each stakeholder group:

**Government**(s) requires socio-economic recovery and growth (*cf. 2.4, 2.8*) and have a remit to fund this in part (Lundström & Stevenson 2005). In return they expect key performance indicators to improve, such as GDP, unemployment rates, taxable

contribution to name just a few *(cf. 2.4)*. Recent history (with the closure of QUANGO's such as Business Link) makes it clear however, that they are not in a position to deliver the business support themselves nor through a wholly funded partner *(cf. 2.4.2 and 2.4.3)*. In response to this, the government require geographically dispersed delivery partners, with strong reputations for quality, track records of business support activity, and vested interests in the local and national economy (Wilson 2012, Young 2014).

**Universities** believe that they have a key role and responsibility to engage with the business community in order to create and share knowledge in a variety of ways *(cf5.6.4)*. They recognise that their facilities, resources and knowledge are very desirable to business owners of all sizes and are open to the idea of sharing this with the business community. However, simultaneously there would be costs associated with such activities and the university body is not in a position to accept all business engagement activity as a cost. The return on investment may be via research outputs, quality enhancement activities, or financial return either through grants / funding from government or through commercial activities with the business community *(cf. 5.6.6)*. Providing the costs could be addressed the university community indicated that internal barriers (ownership, management, resourcing etc.) were manageable and there was a confidence from the data, that significant benefits could be achieved as a result of this activity.

The **MSME business owner's** requirements were also quite clear, there were vibrant ambitions for growth within the MSME community *(cf. 4.6)* however the technicalities of measuring growth results in many MSMEs not meeting the 'high-growth' requirements. In order to support these ambitions, support has been utilised historically from government-funded schemes (including Business Link and Regional

Development Agencies – now LEPs) and from the university sector *(cf. 4.4)*. Future business support engagement must be free, local, face-to-face and from a body with a history of successful activity in this space in order to satisfy the needs of MSME owners *(cf. 4.8)*.

Looking at the benefits to stakeholders holistically, it is evident that the MSME owner will not usually agree to pay for business support. For the universities, as business support providers, this causes a conflict as they need to cover the costs of support provision, which suggests that commercial models are unlikely to work alone. The universities will therefore require government funding to subsidise or cover these costs entirely but in doing so the university is able to provide the government with the KPI improvements sought. In order to do this in a sustainable way, both long-term financial commitments and clearer emphasis on measuring the impact of outputs would be required as explored in Figure 6.5 (Pojasek 2007, Slaper & Hall 2011).

## 7.9 – Application of Entrepreneurship Theory

This research set out to explore the entrepreneurship research landscape before collecting and analysing empirical data. As an Interpretivist study it was not the intention to test, prove, nor create theory, however it is an important component of research to understand the theoretical landscape and, where appropriate, identify synergy and relevance between the research and theory. As explored in the methodology chapter, Hakim (1987) describes this as 'policy' research, as opposed to theoretical research with a focus on practical importance and application.

Within the review of the literature *(cf. 2.3.2)* this thesis identified the following theories with applicability to the research question:

- Resource Based View of the Firm Theory (Penrose 1958, Barney 1991)
- Networking Theory (Granovetter 1973)
- Market Orientation Theory (Narver & Slater 1990)
- Entrepreneurial Orientation Theory (Covin & Slevin 1989, Lumpkin & Dess 1996)

Within the Resourced Based View theory, Barney (1991) highlights four categories of resources that influence the effectiveness of the organisation; financial resources, physical resources, human capital resources and organisational resources. The findings from this research relate very closely to this theory, particularly with regards to the university as an organisation:

**Financial resources** were identified as being the primary determinant of business support and enterprise activities by universities. Despite a clear indication from all participants that enterprise support was within the university's core vision, it was also very clear that the practical delivery was largely dependent on the agenda provided by funding partners. The effectiveness of the organisation is called into question by the lack of a market driven approach and with regards to the overall scope and sustainability of the agenda.

**Physical resources** had not been recognised by participants as a growing concern, however it could be seen that throughout the sector universities have been investing in a growing infrastructure to house their enterprise activities. From technology, enterprise and science parks through to business incubators and mentoring space

the ability for universities to deliver business support could be seen to depend on such physical spaces being established.

**Human capital resources** were also identified as significant challenges for universities. Specialist employees with relevant experiences are required in order to support the agenda. Several participants indicated concern over the dependence on public funds to cover staff costs, when the funding ends or ceases to renew there is a strong possibility that staff may not be retained, which causes significant issues for the organisation.

**Organisational resources** varied from institution to institution however it was very clear that the planning and control of the agenda required significant co-ordination in order to be effective. With internal cultures and networks being varied within individual organisations, and the scope for enterprise support activities to occur in many departments, faculties or components of the institution, there is a risk of internal competitiveness and low efficiency without such management.

The resource based view of the firm provides us with a framework for evaluating the effectiveness of the organisation. Powers (2000) argued that despite the theory being developed with private sector organisations in mind, it is a useful model for universities to utilise when assessing the optimisation of their management and initiatives. Concurring with the findings of this research, Wayne (2003) stresses the dependence of universities on certain external resources (predominantly finances).

Networking theory, as explored through Granovetter's theory of social embeddedness (1973) provides a valuable insight to the MSME data discussed previously. The findings of this study identify that the most significant source of support, utilised by business owners, was that of friends and family (51% of

respondents). Granovetter highlights how these stronger relationships may be beneficial from a perspective of trust, but may also lack objectivity and value. Weaker relationships, he argues, may be of greater value when chasing professional goals. The MSME community are in need of support mechanisms, however they have commented within this research that eligibility requirements, availability and relevance have been varied historically. If the provision of support could be tailored to the MSME needs more closely they would be advised, according to Granovetter, to focus on support provision from weaker but trusted relationships. The opportunity here for universities is to have an open policy for engagement with this segment of the market in order for the MSME owners to engage with the support provision for growth.

Narver and Slater's theory of market orientation (1990) highlights the opportunity for a firm's strategy and decision making to be entirely aligned to the customer needs and marketing intelligence. When participants from universities were asked about the future desires with regards to business support many indicated a more commercial model as an option. The opportunity for a commercial model is also accommodated through the conceptual framework recommended by this research (Figure 6.5). Regardless of the funding source (public funds or commercial activity driven) the findings of the research identify a need for a market oriented approach as an essential element of the future of business support. This could be achieved through greater engagement with the business community, on-going market research and a flexible support offering allowing for elements of support to be tailored to the individual business needs.

Through the entrepreneurial orientation theory (Covin & Slevin 1989), key characteristics were proposed in order to enhance the entrepreneurial orientation of

the organisation. Covin and Slevin's work was developed further by Lumpkin and Dess (1996) who proposed a conceptual framework of entrepreneurial orientation (Figure 2.1). The conceptual framework discussed provides a useful tool for reflection, analysis and strategic planning for both the MSME and university organisations in order to maximise their entrepreneurial orientation. In doing so they increase their propensity to achieve growth through:

- High Levels of Innovation
- Risk Taking Behaviour
- Proactive Attitude
- Autonomy
- Competitive Aggressiveness.

These theories provide a useful reference point for this research in the absence of an all-inclusive theory of entrepreneurship (Gartner 1988, Low & MacMillan 1988, Shane & Ventataraman 2000, Zhang & Bruning 2011). Whilst the aims and objectives were not orientated around the proving or disproving of a theoretical framework, the synergy between the findings of this research, and the theoretical foundations of the sector, further support the findings and recommendations proposed.

## 7.10 – Recommendations

A number of recommendations have been identified throughout this thesis, with regards to the actions recommended to the three key stakeholders within the conclusions of the research the following recommendations can be made.

Firstly, despite the challenges in identifying and engaging with MSMEs they remain a critical element of the economy. Encouraging higher levels of business start-up and business growth within this sector can have significant benefits to the economy. Accordingly this thesis identifies a need for specific funding to be allocated towards support initiatives specifically for MSME engagement, but within a system that permits the support provider to address the specific needs of the individual MSME in return for an agreed impact measure. Within such a funding mechanism there is the potential for a centralised data collection tool, the purpose of which could be multifaceted with impact data for the funding provider, performance data for the project management, and a rich data set for the research community.

Secondly, there were significant issues in profiling MSMEs according to their propensity for growth due to their inherently small size. Accordingly they may not be eligible for support specifically targeting high-growth firms despite their potential to grow exponentially with associated returns to the economy. Further research must be conducted to develop new criteria for micro and small sized high-growth firms or with a view to developing a "growth potential" index highlighting key performance indicators associated with the early stages of growth potential. Such measures will then allow support providers to acknowledge the growth potential and allocate specific support accordingly (see also Lean, Down & Sadler-Smith 1998).

Thirdly, this thesis concludes that universities are ideally placed for the provision of support to MSMEs, further more they are motivated and adequately resourced for this activity. However, funding remains a (if not *the*) critical issue and the current models (Figure 6.3) result in unsustainable outcomes due to the short, fluctuating funding cycles. The framework presented by this thesis (Figure 6.5) provides recommendations to government funding agencies (at the European, National and Regional levels), and universities themselves, to provide sustainable solutions for MSME support either through revisions to the public funding model, or though more commercial models of financing the activity. A hybrid model could be offered with a combination of public and commercial funding activities if there is not the appetite from government to engage in such a process. Alternatively a fully commercial model is proposed within the framework offering support provision as a "freemium" model. In order to address the confusion addressed in the literature review (McLarty 2005, Drever 2006) and the MSME data, a more coherent approach to marketing and branding of support provision is needed. Current funding models (most noticeably ERDF) require each project to be branded and operated as a unique proposition, however for the end user this creates unfamiliarity and a lack of consistency. University providers should be able to create a strong, sustainable, brand in order to gain a reputation amongst their MSME community. As the various schemes of funding evolve they would not be required to develop new project names or identities, simply to achieve the specified targets of that funding agreement.

Finally, there must be an immediate shift towards impact assessment for all support programs rather than input or throughput as a means of determining success. With questions over the impact of schemes such as ERDF (Nijkamp & Blaas 1995, T'Joen 2014) it is clear that more must be done here, lessons can be learned from the

recent research excellent framework (REF) in the UK which increased the reward for research with clearly measurable impact outputs for the first time in 2014 (Martin 2011). Only by incorporating this shift will there be a clear economic justification for long term, sustained funding for projects and schemes that provide a net gain to the economy.

These recommendations, in addition to the previously identified findings and conclusions, provide a tangible output to this research. Together they address the objectives of this thesis and provide grounded solutions to support the creation of sustainable, university led, systems of support the MSMEs in the West Midlands and beyond.

## 7.11 – Contribution to Knowledge

This section identified the contribution to knowledge, within the area of university led MSME support in a regional context, of this thesis.

Within the context of the West Midlands the research is unique and within the context of Interpretivist regional studies involving opinions of micro-businesses, and opinions from senior university staff around business support, it is one of a very sparse cluster of contributions. Through an explanatory sequential mixed methods approach, the research has made a valid contribution towards the understanding and awareness of sustainable, university led, systems of support for micro, small and medium sized enterprises by identifying and analysing the experiences, challenges and opportunities experienced by the various stakeholders.

Additionally the thesis presented a conceptual framework for the development of a sustainable system for university led MSME support (Figure 6.5). The framework addresses the needs, challenges and opportunities identified from the MSME community, university leaders and managers, and the policy makers. In doing so the thesis make a contribution to the stakeholder communities featured in the study, but also to the academic research community which may seek to build upon these insights and proposals. The framework demonstrates the role of funding as the 'keystone' within the support system and proposes a range of options to support providers, governments and the MSME community in order to address and re-balance such issues.

Finally, the thesis identified systemic challenges within the tripartite relationship between business, universities, and governments. Most noticeably the case study analysis highlights; a lack of broader market research by the support providers, instead opting to conduct specific research only to support a bid for funding; a lack of flexibility within the public funding to address local support needs for the MSME owners (*see also Devins et al. 2005*); a lack of dedicated, long term, enterprise strategies within the HEIs in order to ensure sustainability; a short term focus for policy and economic stimulus interventions which result in a very fragmentary support delivery; and despite clear demand and trust from MSME owners, there remains confusion about the provision of support from universities in a constantly evolving market place.

Therefore, the thesis itself is a contribution to the wider research agenda and should add to the repository of knowledge in this field.

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**7.12 – Limitations of the Study**

This section recognised the limitations of this research and potential improvements. A number of limitations have already been discussed within the methodology and discussions chapters. Any doctoral research will have limitations on the focal range if it is to produce worthwhile insights to a specific phenomenon.

Firstly, the decision to conduct a regional study was justified through earlier chapters, in order to consider the unique socio-economic environment experienced by all stakeholders, however it brings with it limitations around the ability to generalise from the study. Whilst other regions in the UK and Europe have similar characteristics to the West Midlands (and therefore synergies may be expected), further exploration and research in additional regions would be required in order to make wider generalisations.

Secondly, as an Interpretivist study the focus was on achieving a valid understanding of the participants' life-worlds, in particular their experiences, challenges and ideas about the future (Nooteboom 1988, Berger & Luckmann 1966, Schutz & Luckmann 1973). In order to achieve this methodological decisions were taken to limit the breadth of data but to increase the depth of insight. The questionnaire provided excellent insights into the experiences of micro businesses within the region, a population which can be very difficult to reach, however a more representative sample may have provided additional support to the discussion. The primary aim of the study was not to statistically prove or disprove any hypothesis or theory, however a more representative sample could have provided a wider range of analysis tools to the researcher, of course this would require much more information about the overall

target population which has been established as lacking. The interviews were conducted with a range of senior figures within universities in the region, such individuals were extremely difficult to reach and even more so to arrange times to participate (due to their commitments rather than their level of interest). Accordingly a longer data collection period may have provided greater flexibility in such cases in order to target similar samples at each institution. It is worth noting, however, that this in itself provided valuable insights, and that seeking similar samples may invoke bias to the sample depending on the institutional size and local political characteristics. Positivist studies in the same area of research may provide further valuable contributions to knowledge, but could miss some of the underlying understanding.

Thirdly, the study was very specifically focused at the tripartite relationship between MSMEs, universities and government, however empirical data was only sought from two of the stakeholders. Whilst seeking data from policy makers and government officials may have been of value to the study it was felt unnecessary for a number of reasons. There was an existing, expansive volume of secondary data available regarding the government and policy agenda which provided a very firm foundation for the study; the author has first-hand experience working with several government bodies involved in this landscape which provides the background knowledge and experience required for Interpretivist study; government officials, civil servants and ministers have a constantly evolving portfolio and frequently move, accordingly it would have been extremely difficult for the research to identify the most appropriate source, and furthermore difficult to establish the trust required for a meaningful contribution to the study.

Finally, the researchers past and current experiences as a micro business owner (and receiver of regional business support); full time academic within the field of entrepreneurship; and within various national and international representative bodies; provided the necessary understanding and experience required to conduct interpretivist research with these groups. The roles, which gained significant momentum throughout this research, also enabled the researcher to establish trusted networks of contacts that became pivotal in this research. However as a part-time student with multiple other full-time commitments it is possible that alternate methods of study may have resulted in different decisions and opportunities being identified, rightly or wrongly (Gardner & Gopaul 2012). Most noticeably was the time period between data collection for the multi-phased methodology, which was chosen in order to accommodate the academic year with data collection during the quieter summer months.

## 7.13 – Future Research

This section recognised the opportunities for future research as a result of this research. This research successfully highlights the views of the MSME owners and university staff involved in the enterprise and business support agenda. It highlights many opinions and perspectives which have previously had limited exposure from an otherwise difficult to reach sample (Storey 1994, Ozcan 1995, Curran & Blackburn 2001). That being said, the opportunities for future research are expansive.

As the recommendations of this study have been presented as a series of conclusions and a conceptual framework (Figure 6.5) subsequent research would

logically start with the process of testing this framework in a variety of environments. The testing of a conceptual framework further contributes towards the quality and applicability of the recommendations. In addition to this, as a regional study it would be advocated for future research to replicate the methodology and expand this study into additional regions within the UK and internationally, particularly within the EU where funding mechanisms are very similar. The economic climate in the West Midlands is not necessarily unique and there are many comparable regions for which this study may already have direct applicability into. However the broader phenomenon of understanding the optimal tripartite relationship between government, university and business owners is of significant importance globally (Etzkowitz 2008).

Furthermore, a key characteristic of this research was the primary data collected from HEIs, in order to protect the identities of participants it was necessary to anonymise this data and discussions. Whilst this results in a very rich contribution from participants it is recognised that this approach limits the ability of this work to conduct a comparative analysis of the primary data against the institutional strategic documents identified in 2.4 and 2.6. There is scope, in future work, to build upon this foundation with new primary data collection to enable such investigation, critically comparing the strategic vision and reported outcomes, with the experiences of those responsible for developing the agenda, delivering support and engaging as an end user.

In addition there may be significant value in conducting longitudinal studies of support benefactors in order to determine the impact of support initiatives with greater effectiveness. Longitudinal case studies such as these could further help to identify the effects and impacts of the support received from a variety of business owners highlighting the growth achieved and causal-effect of support. With

participants utilising a range of support mechanisms and delivery partners' comparisons could be made in order to further identify the experiential challenges and opportunities within the support sector whilst contributing to the wider data pool for the research community.

The research also identifies the limitations of data regarding micro-businesses. Publicly held data sets are very limited where a business may not be registered with Companies House, PAYE or the VAT register (BIS 2014: 8, Storey 1994), accordingly studies such as this have challenges with regards to sample size and reliability. The conceptual framework discussed (Figure 6.5) highlights an opportunity for a co-ordinated data collection process involving the university community as delivery partners and the government as funding providers. Regular measures of key performance indicators could be fed into a central data-repository as a condition of the funding. This would provide a wealth of quantitative data for researchers in a wide variety of fields and contribute towards a much greater understanding of the impact of support and the evolution of MSMEs with significant academic and policy implications.

The research has an intentionally narrow, but high quality focus as previously mentioned; there are however other entities in the business support environment, many of whom may also be eligible to bid for UK and EU funds to expand their support offering. This report does not seek to identify their activities or challenges, but recognises this as an opportunity for further research. This may include, but is not limited to, business angels, venture capital funds, private consultants, and business support organisations such as business networks, accountants and coaches.

Finally, whilst there are inherent difficulties in doing so, the empirical views of the policy makers, fund managers and economic advisors to government may also be of use in further studies in order to develop greater understanding of their decision making process and criteria. Further research with such views incorporated would be of value to the field of study, though there are significant complexities and limitations involved without the formal endorsement or sponsorship of the government department(s) involved.

Research around the challenges of enterprise support is in its heyday as a result of the changing agenda within universities over the last 20 years. Moreover, it can be argued that the role of the university is changing (to differing degrees at differing institutions) to encompass a wider role in the economic development of their regions and the UK. The opportunities for further research in this field, and for future trends to be influenced through greater understanding of the variables identified within this research and elsewhere, are rife and must be capitalised upon in order to ensure that the support sector is able to keep up with the ever-changing life-world, and demands, of the MSME community (Berger & Luckmann 1966, Schutz & Luckmann 1973).

Upon the successful completion of this study, the findings and discussions of this research will be developed further within a series of journal articles targeting peer-reviewed journals for wider dissemination of the contribution made.

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# Appendices

## Appendix 1 – MSME Questionnaire

### Section A - General Information

Participants are advised to read the "Participant Information Document" prior to taking part in this survey.

1) I confirm that I have read and understood the participant information sheet for the above study and have had the opportunity to ask questions.
Yes / No (If "no" participant cannot continue)

2) I understand that my participation is voluntary and that I am free to withdraw at anytime without giving a reason.
Yes / No (If "no" participant cannot continue)

3) I understand that all the information I provide will be treated in confidence
Yes / No (If "no" participant cannot continue)

4) I understand that I also have the right to change my mind about participating in the study for a short period after the study has concluded (14 days).
Yes / No (If "no" participant cannot continue)

5) I agree to participate in this research project
Yes / No (If "no" participant cannot continue)

6) Contact Email Address (optional)

(This is an anonymous survey. Your contact details will not be used in anyway connected to your responses but may be used to contact you for further participation, we may also use this information to share our findings with you once the research project has finished)

By continuing with this questionnaire you are giving your informed consent as a participant.

### Section B: Small Businesses

To start we are going to ask you some questions about your business, please answer the following questions to the best of your knowledge with regard to the current position of the business.

7) Is this business your sole source of income?
Yes / No

8) In which month and year did you start your business (e.g. March 2003)?

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9) Where is your business based? Please provide us with the first half of your postcode (e.g. CV1):

10) What stage would you describe your business being in at present? [Choose one]
The idea is still being developed
The business is ready to start but has not yet started trading
The business has recently started trading
The business has traded for a few years and is continuing to grow
The business has been growing for some time and is now stabilised
The business has started to decline
Other:

11) What legal status is (or will be adopted by) your business?  [Choose one]
Sole Trader
Partnership
Limited Liability Partnership (LLP)
Limited Company (Ltd)
Public Limited Company (PLC)
Other:

12) What is the main trade or profession of your business (e.g. Restaurant / Tree Surgeon)?

13) How many people are employed within your business? [Choose one]
1
2 - 9
10 - 49
50 - 249
250+

14) What is your current annual (projected) turnover? [Choose one]
Less than £20,000
Less than £50,000
Less than £100,000
Less than £500,000
Less than £1.6 million
Less than £8.3 million
Less than £41.5 million
Greater than £41.5 million
Other:

**Section C: Business Support**

We are now going to ask you some questions which relate to your experiences starting your business, please answer to the best of your knowledge using the space available to add your comments where possible.

15) When starting your business, whom did you approach for business advice (tick all that

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apply)?
No one
Friends / Family / Colleagues
Bank Managers
Financial Advisors / Accountant / Legal Professional
A business networking group
Websites
Printed resources
A private business coach / mentor
A business owner
Business Link
The Chamber of Commerce
Regional Development Agencies (e.g. Advantage West Midlands)
Other government subsidised or managed support agencies
A University led / managed support programme
Others (please provide details below)

16) Please provide names and details of any support agencies, programmes or bodies you used when starting your business (e.g. University of MyCity or The Mytown Business Agency)

17) Which of the following factors were (or would have been) important to you when considering business support? (Please tick all that apply)
Free Support
Discounted or Subsidised support
Evidence of previous successes
Short, intensive support courses
Flexible support delivery (e.g. evenings, online, telephone)
Local to your business / home
Face to face support
Remote support (online, telephone, website etc)
Opportunity to progress to further levels of support
Delivery by business owners
Industry specific support
Opportunities for investment from the support body
Dealing with the same individual throughout the support programme
Professional (qualified) business mentoring
Minority focused support (e.g. ethnicity, religion, gender focused support)
Personal recommendation
Delivery by a brand or organisation well known to you
Support tailored to the small business
Support specifically focused on growth
Support specifically focused on a core business function (e.g. finance)
Affiliation with accreditation bodies (e.g. approved by DEFRA)
Other:

18) When considering or choosing business support, what other features would you have liked to be included or considered?

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19) Overall how satisfied were you with the level of support available?
Very Dissatisfied
Dissatisfied
Neither dissatisfied nor satisfied
Satisfied
Very Satisfied
N/A

20) Overall how satisfied were you with the value for money of the support you received?
Very Dissatisfied
Dissatisfied
Neither dissatisfied nor satisfied
Satisfied
Very Satisfied
N/A

21) Thinking about the impact on your business, do you feel the support you used has had a direct impact on your turnover?
No impact at all
A small impact (< 10% of turnover is as a result of this support)
An average impact (< 25% of turnover is as a result of this support)
A high impact (< 50% of turnover is as a result of this support)
A very high impact (>50% of turnover is as a result of this support)
Unsure
N/A

22) Do you feel the support you used has had an effect on you as a business owner?
(Consider personal development, confidence, organisation, health, communication skills etc)
No impact at all
A small impact
An average impact
A high impact
A very high impact
Unsure
N/A

23) Please describe any other impacts, positive or negative, which resulted from the business support you received?

24) If you do NOT receive any business support, why was this? (Check all that apply)
Wanted to succeed without support
Was not aware that support was available
Was aware of support but it did not seem relevant to your needs
Support process seemed very complex / bureaucratic
You did not meet the demographic criteria for support available (e.g. postcode, financial status, benefits status etc)
You did not meet the business criteria for support available (e.g. low business value, business sector, growth potential)

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Other:

25) Please provide further details of instances where you have not been eligible for business support.

26) Do you feel that your position as a small business excludes you from many existing support programs?
Yes / No / NA

27) If you answered 'yes' to the above, please explain why you feel this?

**Section D: Current and Future Plans**

We are now going to ask you some questions which relate to your current and future plans for your business, please answer to the best of your knowledge using the space available to add your comments where possible.

28) Considering the next 5 years growth of your business, what growth in terms of turnover would you expect:
Up to 5% growth per year
Up to 10% growth per year
Up to 15 % growth per year
Up to 20% growth per year
More than 20% growth per year
Other:

29) Considering the next 5 years growth of your business, what growth in terms of your number of employees would you expect:
Up to 5% growth per year
Up to 10% growth per year
Up to 15 % growth per year
Up to 20% growth per year
More than 20% growth per year
Other:

30) Do you intend for a member of your family to take over the business eventually?
Yes / No / Unsure

31) Do you ultimately intend to sell this business?
Yes / No / Unsure

32) Please rate the importance of the following topics from 1 to 5 (1 is Not important at all and 5 is Essential):
Building a sustainable business
Maintaining control of all elements of the business
Growing the business slowly
Growing the business rapidly
Employing more staff

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Increasing turnover
Increasing profit
Maintaining current levels of all business areas (no growth)
Keeping the business operating from the West Midlands
Reducing the level of risk throughout business operations
Increasing the level of risk throughout business operations

Thank-you for taking part in this survey, we would like to remind you that your answers will be stored and processed in the strictest privacy and in full accordance with the Data Protection Act (1998). You may be contacted by email as we further our research but at no point will your data from this survey be connected to you as an individual, nor your personal contact details. The information you have provided will assist this research project as we investigate the support environment for businesses in the West Midlands. If there is any further information you would like to volunteer to this research please use the box below to leave your comments. When you have finished you may submit your data by clicking the link below.

If you are aware of anyone else that may be able to make a valuable contribution to this research we would be very grateful if you could forward them the link to this survey: http://shs.bz/bizsurvey

33) Additional information:

34) When this research is complete would you be interested in receiving a summary report of its findings (to be sent via email to the address supplied
in section A)?
Yes / No

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## Appendix 2 – Participant Information Sheet

**Study/Project Title:**  To what extent can a University create a system for sustainable start-up businesses in regions such as the West Midlands.

Thank you for agreeing to take part in my project.

### 1.        Information about the project/Purpose of the project

This project forms the final part of my Masters (MPhil) Level study at Coventry University. The findings will make up my dissertation, which is a 15,000 word research project in the area of my choice, and also a doctoral (Ph.D.) submission. My chosen topic is "To what extent can a University create a system for sustainable start-up businesses in regions such as the West Midlands"

The purpose of this study is to identify trends in support needs for West Midlands start-ups and look at the relationship between these needs and the support that a University is able to offer. Specifically this research aims to identify the current support offerings and identify a need for a systematic approach to support.

The main objectives are:

        a) To identify the support requirements of West Midlands based businesses

        b) To identify the support offerings of West Midlands Universities

        c) To identify any inconsistencies between above parties and make recommendations accordingly.

The project hopes to look at the support requirements of small businesses in the West Midlands compared to the attitudes and provisions of West Midlands based Universities with regard to Small Business support offerings.

### 2.        Why have I been chosen?

You are being invited to participate in the study because you have been identified as being a small Business Owner in the West Midlands

### 3.        Do I have to take part?

No.  You do not have to take part.  Participation is entirely voluntary.  If you change your mind about taking part in the study you can withdraw and the withdrawal options are provided in section 7.   There are no consequences to deciding that you no longer wish to participate in

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this investigation.  If you take part you will be contributing to the development of knowledge in this area and the process may also allow you to think about it as a form of reflection.


## 4.        What do I have to do?

To take part in this research you are asked to take part in an online questionnaire comprising short and long answer questions.

To locate the questionnaire please use the following links:

Business Owners: http://shs.bz/bizsurvey

If you would like to request this questionnaire in other formats, including print, large print and accessible formats please contact the researchers directly using the details in section 14.


## 5.        What are the risks associated with this project?

Every effort has been made to remove all possible risks to the participant. You will need to give up approximately 20 – 30 minutes of your time to complete the online questionnaire. You can refuse to answer any questions if you wish or that you may find difficult.  You can choose to stop the interview at any time.

The questionnaire will be fully confidential with all responses being recorded in a collective summary rather than individual cases. The researchers will ensure that all personally identifiable responses are removed from all published material including Names, Positions, Institutions, Departments and opinions expressed within the results. Your contact details may be provided to the researcher on a voluntary basis for the sole reason of being invited to engage in future elements of this research programme. These details will be stored separately to any stored responses and will be treated in full accordance with the Data protection Act 1998.


## 6.        What are the benefits of taking part?

If you take part, as a participant you will be given access to your transcript.  Within the questionnaire you will also be invited to receive a copy of our findings – Note that we will require your contact email address for this purpose.  This will provide you with an insight into the business support environment within the West Midlands. You will be a part of helping to identify improvements to the overall Business Support environment and the abilities of West Midlands Universities, as well as contributing to knowledge in this area. Your personal views and opinions are important when making such conclusions and by taking part you can be sure that your/your organisations position has been taken into account.


## 7.        Withdrawal options

You have the right to withdraw from this study at various stages throughout the investigation. For example,

        a)        Prior to the questionnaire taking place
        b)        At any point during the questionnaire
        c)        Two weeks after the questionnaire has taken place

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After this (14 days), you will not be provided with another chance to withdraw and the information you have provided will be used within the final dissertation.

To withdraw, you must email me directly simply stating that you no longer want to be involved. This must be done within the timescales given above.   The information that you have provided will be removed and any raw data (i.e. responses) will be destroyed within two weeks of your notification to me. In order to remove such data we will need you to provide a date and time of the survey's completion, unless you provided your email address voluntarily which will enable us to identify your data for removal.


**8.        Data protection & confidentiality**

For the duration of this research I will ensure that the information collected is held and used appropriately, and not divulged to any third parties. Formal consent will be obtained by all participants through the informed consent form on page 1 of the questionnaire. The data will only be seen by the researcher and academic staff at Coventry University if and when required. Confidentiality will be respected at all times, and documents will be stored in a secure place.

Only I will have access to the raw data. You may only be identified on any research documents by a participant code.  I will retain the raw data from the project until my final mark for my dissertation has been given and it will then be destroyed.

If you volunteer to provide contact details within your response you MAY be invited to participate in further research on a voluntary basis. Any further research will be covered by a new participant information document similar to this, outlining your rights and processes. Such contact details will be stripped from all stored data on completion of the research and securely disposed / erased.

When your data has been entered into a computer file, your comments will only be associated with a code and access to the file will be password protected on a machine which is also password protected.


**9.        What if things go wrong?  Who to complain to.**

If you change your mind about taking part in the study, please follow the withdrawal process

shown under point 7 above.  If you decide to withdraw from participation all of your data will

be destroyed and will not be used in the study. The decision not to take part in the study will

not have any consequences for you.


If you are unhappy with any aspect of my research then you should contact me by phone or e-mail in the first instance.  My contact details can be located in section 14. If after this you still feel that the situation has not been resolved you should contact my Project Supervisor at Coventry University who will be able to help.  Details of my Project Supervisor can be found in section 14 also.  My Project Supervisor will then contact you directly.

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If you still have concerns and wish to make a formal complaint about the conduct of the research then you should write to:  Dr S. Rivers, Acting Dean, School of Lifelong Learning, Coventry University, Priory Street, Coventry, CV1 5FB.

If after this you still feel that your concerns have not been fully addressed and wish to raise your concerns further then you should write to:  Prof I. M. Marshall, Pro-Vice Chancellor (Research), Coventry University, Priory Street, Coventry.  CV1 5FB.

### 10.      What will happen with the results of the study?

The results of this study will only be used to inform my dissertation, and will only be read by the academic staff that mark, moderate and externally verify the work.

The results will be written up and presented as part of my Masters dissertation and Doctoral submission.  If the results are novel, they may also be published in the public domain i.e. professional journals and at conferences.  Your contribution will not be identifiable.  If you would like to receive a summary of the findings, please contact me.

### 11.      How will the information from this study be made available to others within your organisation?

The findings from this study will be disseminated to other participants who elect to receive such information, as well as staff within Coventry University / Coventry University Enterprises Ltd. All such information will be fully anonymous as per the details outlines in section 5.

### 12.      Will the results of this study be published in the public domain?  How have the organisation and participants been made aware of this?

The findings from this research will also be used in subsequent research projects at Doctoral level of the researcher. Summarised findings and conclusions will be submitted for publication in Journals for publication no sooner than 2013. All such information will be fully anonymous as per the details outlines in section 5.

### 13.      Who is organising and funding the investigation?

The research has been organised and managed by the researcher below with funding provided by the Institute of Applied Entrepreneurship, Coventry University.

### 14.  Contact Details

| Name | Role | E-mail Address | Telephone Number |
|---|---|---|---|
| Tom Williamson | Researcher | twilliamson@coventry.ac.uk | 07974984337 |
| Dr Gideon Maas | Project Supervisor, Coventry University | gmaas@coventry.ac.uk | 07974984434 |

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**15.      Who has peer reviewed this study?**

This study has been peer reviewed through the Schools of Lifelong Learning Peer Review process.  The result is that it has been approved by Dr Gideon Maas.

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## Appendix 3 – Ethics Checklist (Questionnaire)

Low Risk Research Ethics Approval Checklist

Applicant Details

| | |
|---|---|
| **Name:** *Thomas Williamson* | **E-mail:** twilliamson@cad.coventry.ac.uk |
| **Department:** *Institute of Applied Entrepreneurship / BES* | **Date:** *28 July 2010* |
| **Course:** *MPhil / Ph.D* | **Title of Project:** *To what extent can a University create a system to support sustainable start-up businesses in regions such as the West Midlands* |

Project Details

| |
|---|
| ***This part of the research will focus on collecting additional responses by means of an online questionnaire.*** |
| **Research Objectives:** |
| The research is divided into 2 parts, The main research question to be answered, is whether the current provision of support for small "sustainable" enterprises, by Universities, is sufficient: |
| Part 1: The business owners perspective on University based business support (Target 250 participants) |
| In order to answer this question, the following sub-questions were identified: |
| Is the current level of business support offered by Universities appropriate, or relevant, to the needs of a small (low-growth aspiration) business owner? |
| Would small (low-growth aspiration) business owners consider Universities as a viable support partner? |
| What would prevent a small (low-growth aspiration) business owner from approaching a University for support? |
| Part 2: The Universities perspective on University based business support (Target 50 participants) |

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In order to answer this question, the following sub-questions were identified:

Is the current level of support offered by the practitioner, relevant to small (low-growth aspiration) business owners?

What gaps to practitioners believe exist between current and required levels of support for small (low-growth aspiration) business owners?

How do practitioners believe University based business support has evolved in the past 5 years, does this support the small (low-growth aspiration) business owner more or less?

What are the core motivational aspects for the University's business support strategy?

How is the business support strategy targeted or focused towards small (low-growth aspiration) business owners?

What are the benefits, if any, for the University in providing support for small (low-growth aspiration) business owners?

**Research Design:** *Mixed methods*
**Methods of Data Collection:** *Primary research through a structured questionnaire*

**Participants in your research**

| Will the project involve human participants?<br><br>Participants to complete questionnaire. Questions are attached. | **Yes** | No |
|---|---|---|

If you answered **Yes** to this questions, this may **not** be a low risk project.

If you are a student, please discuss your project with your Supervisor.

If you are a member of staff, please discuss your project with your Faculty Research Ethics Leader or use the Medium to High Risk Ethical Approval or NHS or Medical Approval Routes.

Risk to Participants

| Will the project involve human patients/clients, health professionals, and/or patient (client) data and/or health professional data? | Yes | **No** |
|---|---|---|
| Will any invasive physical procedure, including collecting tissue or other samples, be used in the research? | Yes | **No** |
| Is there a risk of physical discomfort to those taking part? | Yes | **No** |

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| | | |
|---|---|---|
| Is there a risk of psychological or emotional distress to those taking part? | Yes | **No** |
| Is there a risk of challenging the deeply held beliefs of those taking part? | Yes | **No** |
| Is there a risk that previous, current or proposed criminal or illegal acts will be revealed by those taking part? | Yes | **No** |
| Will the project involve giving any form of professional, medical or legal advice, either directly or indirectly to those taking part? | Yes | **No** |

If you answered **Yes** to **any** of these questions, this may **not** be a low risk project.

If you are a student, please discuss your project with your Supervisor.

If you are a member of staff, please discuss your project with your Faculty Research Ethics Leader or use the Medium to High Risk Ethical Approval or NHS or Medical Approval Routes.

Risk to Researcher

| | | |
|---|---|---|
| Will this project put you or others at risk of physical harm, injury or death? | Yes | **No** |
| Will project put you or others at risk of abduction, physical, mental or sexual abuse? | Yes | **No** |
| Will this project involve participating in acts that may cause psychological or emotional distress to you or to others? | Yes | **No** |
| Will this project involve observing acts which may cause psychological or emotional distress to you or to others? | Yes | **No** |
| Will this project involve reading about, listening to or viewing materials that may cause psychological or emotional distress to you or to others? | Yes | **No** |
| Will this project involve you disclosing personal data to the participants other than your name and the University as your contact and e-mail address? | Yes | **No** |
| Will this project involve you in unsupervised private discussion with people who are not already known to you? | Yes | **No** |
| Will this project potentially place you in the situation where you may receive unwelcome media attention? | Yes | **No** |
| Could the topic or results of this project be seen as illegal or attract the attention of the security services or other agencies? | Yes | **No** |
| Could the topic or results of this project be viewed as controversial by anyone? | Yes | **No** |

If you answered **Yes** to **any** of these questions, this is **not** a low risk project.  Please:

If you are a student, discuss your project with your Supervisor.

If you are a member of staff, discuss your project with your Faculty Research Ethics Leader or use the Medium to High Risk Ethical Approval route.

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Informed Consent of the Participant

| | | |
|---|---|---|
| Are any of the participants under the age of 18? | Yes | **No** |
| Are any of the participants unable mentally or physically to give consent? | Yes | **No** |
| Do you intend to observe the activities of individuals or groups without their knowledge and/or informed consent from each participant (or from his or her parent or guardian)? | Yes | **No** |

If you answered **Yes** to **any** of these questions, this may **not** be a low risk project.  Please:

If you are a student, discuss your project with your Supervisor.

If you are a member of staff, discuss your project with your Faculty Research Ethics Leader or use the Medium to High Risk Ethical Approval route.

Participant Confidentiality and Data Protection

| | | |
|---|---|---|
| Will the project involve collecting data and information from human participants who will be identifiable in the final report? | Yes | **No** |
| Will information not already in the public domain about specific individuals or institutions be identifiable through data published or otherwise made available? | Yes | **No** |
| Do you intend to record, photograph or film individuals or groups without their knowledge or informed consent? | Yes | **No** |
| Do you intend to use the confidential information, knowledge or trade secrets gathered for any purpose other than this research project? | Yes | **No** |

If you answered **Yes** to **any** of these questions, this may **not** be a low risk project:

If you are a student, discuss your project with your Supervisor.

If you are a member of staff, discuss your project with your Faculty Research Ethics Leader or use the Medium to High Risk Ethical Approval or NHS or Medical Approval routes.

Gatekeeper Risk

| | | |
|---|---|---|
| Will this project involve collecting data outside University buildings?  Participants to complete questionnaire online. | Yes | **No** |
| Do you intend to collect data in shopping centres or other public places? | Yes | **No** |
| Do you intend to gather data within nurseries, schools or colleges? | Yes | **No** |
| Do you intend to gather data within National Health Service premises? | Yes | **No** |

If you answered **Yes** to **any** of these questions, this is **not** a low risk project.  Please:

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If you are a student, discuss your project with your Supervisor.

If you are a member of staff, discuss your project with your Faculty Research Ethics Leader or use the Medium to High Risk Ethical Approval or NHS or Medical Approval routes.

Other Ethical Issues

| | | |
|---|---|---|
| Is there any other risk or issue not covered above that may pose a risk to you or any of the participants? | Yes | **No** |
| Will any activity associated with this project put you or the participants at an ethical, moral or legal risk? | Yes | **No** |

If you answered **Yes** to these questions, this may **not** be a low risk project.  Please:

If you are a student, discuss your project with your Supervisor.

If you are a member of staff, discuss your project with your Faculty Research Ethics Leader.

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Principal Investigator Certification

If you answered **No** to **all** of the above questions, then you have described a low risk project. Please complete the following declaration to certify your project and keep a copy for your record as you may be asked for this at any time.

Agreed restrictions to project to allow Principal Investigator Certification

Please identify any restrictions to the project, agreed with your Supervisor or Faculty Research Ethics Leader to allow you to sign the Principal Investigator Certification declaration.

| |
|---|
| **Participant Information Leaflet:** attached |
| **Informed Consent Forms:** Not applicable. Built into the online questionnaire. |

Principal Investigator's Declaration

Please ensure that you:

Tick all the boxes below and sign this checklist.

Students must get their Supervisor to countersign this declaration.

| | |
|---|---|
| I believe that this project **does not require research ethics approval**. I have completed the checklist and kept a copy for my own records. I realise I may be asked to provide a copy of this checklist at any time. | **X** |
| I confirm that I have answered all relevant questions in this checklist honestly. | **X** |
| I confirm that I will carry out the project in the ways described in this checklist. I will immediately suspend research and request a new ethical approval if the project subsequently changes the information I have given in this checklist. | **X** |

Signatures

If you submit this checklist and any attachments by e-mail, you should type your name in the signature space. An email attachment sent from your University inbox will be assumed to have been signed electronically.

Principal Investigator: Tom Williamson

Signed: T Williamson (Principal Investigator or Student)

Date: 20 May 2011

Students storing this checklist electronically must append to it an email from your Supervisor confirming that they are prepared to make the declaration above and to countersign this checklist. This-email will be taken as an electronic countersignature.

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Student's Supervisor: Dr Gideon Maas

Countersigned G Maas (Supervisor)

Date 20 May 2011

I have read this checklist and confirm that it covers all the ethical issues raised by this project fully and frankly.  I also confirm that these issues have been discussed with the student and will continue to be reviewed in the course of supervision.

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**<u>Introduction to study</u>**

**Dear Sir/Madam,**

Thank-you for agreeing to take part in this important research project being conducted at the Institute of Applied Entrepreneurship at Coventry University as part of a Masters/PhD study investigating the support environment for small businesses. The initial stage of this research comprises a survey of the current University based business support environment.

This survey is specifically targeting owners of Businesses operating or started within the West Midlands

If you are a member of a West Midlands University and have been invited to participate in this survey please click here.

I appreciated that this is a busy time of year for you, but I hope that you can support this research by participating in this 15 minute online survey created by the Principle Researcher, Tom Williamson of the Institute of Applied Entrepreneurship, Coventry University. In addition, if you are aware of any colleagues or associates that may able make a valuable contribution to this project I would be extremely grateful if you would forward this information to them on my behalf.

If you do not have access to the Internet, or prefer to answer the questionnaire on paper, you may request a paper survey by sending an e-mail to twilliamson@cad.coventry.ac.uk.

This questionnaire will ask you to identify some personal information, however this data will be stored and analysed in an encrypted form and is collected for comparative analysis only. All published data will be fully anonymous ensuring your responses, including any personally identifiable information; job titles, institutions names and all other data are completely confidential. Moreover, the results of the survey will be reported in summarized format to further protect your responses.

Your personal contact details will be stored separately to your questionnaire responses, at the end of this research you may be contacted directly by the researcher with regard to participating in further research, at all stages you reserve the right to withdraw from this research and your anonymity and privacy will be full respected and ensured. All data will be stored, handled and processed in full accordance with the Data Protection Act 1998.

Thank you in advance for your participation in this important project. If you have any questions about the administration of the survey, please contact Tom Williamson, via twilliamson@cad.coventry.ac.uk or 0797 498 4337 or Dr Gideon Maas, Director of the Institute of Applied Entrepreneurship via gmaas@cad.coventry.ac.uk or 0797 498 4434

This questionnaire should not take you more than 15 minutes and we will appreciate it if you can complete all categories of this questionnaire.

Your support in this study is highly valued and appreciated.

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**Tom**                                                                    **Williamson**

**Institute of Applied Entrepreneurship, Coventry University, CV1 2TT**

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**Appendix 4 – Interview Risk Assessment**

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To what extent can universities create a sustainable system to support MSMEs?

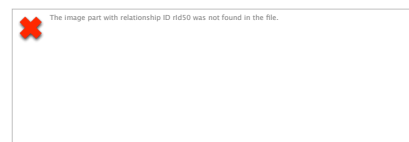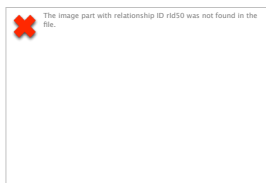A focus on the West Midlands region

## Appendix 5 – Invitation to interview

Thomas Williamson
Institute of Applied Entrepreneurship
The Hub - Room 1.10
Coventry University
Jordan Well
Coventry
CV1 5QP

5<sup>th</sup> February 2014

Dear **Prof XXX**,

This letter is an invitation to participate in a research study. As a part-time Ph.D. student in the Institute of Applied Entrepreneurship at Coventry University, I am currently conducting research under the supervision of Dr Joan Lockyer on the involvement, motivations and challenges of Universities in providing business support to MSMEs in the West Midlands. I am also a Senior Lecturer at Coventry University and the current Chair of Enterprise Educators UK.

The intention is for this research to result in the construction of a conceptual model identifying a system for sustainable business support within Universities and their subsidiaries/affiliates. To date, a study of business owners has taken place in order to establish the experiences and engagement of the business community with the support provision available to them. I am now keen to interview key influencers within a range of institutions in the West Midlands region to establish your perception of business support provision in the region.

I would like to include the University of XYZ as one of my case studies due your historical and current level of engagement in this area. As the XXXX for the University of XYZ, you play an important role in the strategic decision-making and operational management of the business support provision within your institution, and your input would provide valuable insights to this study. I would like to invite you to participate in a 1-hour interview at a time convenient to your schedule, it is anticipated that interviews will take place in March 2014. To ensure that I accurately reflect your input, I would ask your permission to audio record the interview, a full transcript will then be available for your review.

I have attached a more detailed overview of the study for your benefit, however if you have any questions regarding this study, or would like additional information about participation, please contact me by email at *twilliamson@cad.coventry.ac.uk.*

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Thank you in advance for your consideration of this request, it is very difficult to get a full insight into the support mechanisms for businesses within the regions without the input of the people who are most influential in their development, I would appreciate it if you could respond with some indication of your availability in order to make the necessary plans to proceed.

Yours sincerely,

Thomas Williamson

PhD Candidate

Coventry University

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## Appendix 6 – Participant Information Sheet for Interviews

**Study title:**
To what extent can a University create a sustainable system to support start-up MSMEs in regions such as the West Midlands?

**What is the purpose of the study?**
The aim of this study is to establish the institutional strategies, intentions, motivations and challenges around the provision of business support.

**Why have I been approached?**
For the purposes of the study I intend to interview a range of key staff within Universities in the West Midlands who have an active role in the development of business support and enterprise strategy. Additionally I am interested in interviewing members of staff who might be involved in the management or delivery of business support and enterprise activities.

**Do I have to take part?**
No. Participation is entirely voluntary. If you change your mind about taking part in the study you can withdraw at any point during the interview and at any time in the two weeks following that session. You can withdraw by contacting me by email and providing me with your participant information reference number, which can be found on your informed consent form. If you decide to withdraw from the project all of your data will be destroyed and will not be used in the study. There are no consequences to deciding that you no longer wish to participate in the study.

**What will happen to me if I take part?**
At a mutually convenient time you will be asked to meet with the researcher for a semi-structured interview. The themes of the interview will be shared prior to the study in order to better help you prepare and understand the topics of discussion. Interviews will preferably take place at your institution, however if more convenient a telephone / Skype interview can be arranged. Interviews are expected to take no more than 1 hour and to ensure the accuracy of your input I ask your permission to audio record the interview, a full transcript will then be available for your review. In the event of a telephone / Skype interview you will be asked to indicate your informed consent verbally at the start of the recording.

**What are the possible disadvantages and risks of taking part?**
There are no envisaged disadvantages in taking part in this study. You can refuse to comment on any of the questions, however it is hoped that by circulating the topics in advance of the interview this should be minimised.

**What are the possible benefits of taking part?**
You will be contributing towards a greater understanding of the motivations, intentions and challenges faced by Universities in the provision of business support. The researcher has also engaged with business owners throughout the West Midlands region in order to identify a systemic and holistic understanding of the issues and opportunities in the business support sector. A copy of the findings will be available to you upon the completion of this study.

To what extent can universities create a sustainable system to support MSMEs?

A focus on the West Midlands region

**What if something goes wrong?**

If we have to cancel an interview I will attempt to contact you as soon as possible using the method indicated by you on the consent form. If you change your mind about taking part in the study you can withdraw at any point during the interview and at any time in the two weeks following that date by contacting me using the email address stated below. If you decide to withdraw all your data will be destroyed and will not be used in the study. If you have any concerns the project supervisor, Dr Joan Lockyer, may be contacted at jlockyer@cad.coventry.ac.uk.

**Will my taking part in this study be kept confidential?**

Yes. Only I will have access to the raw data. All the consent forms will be stored in a separate, secure (locked) location from the raw data itself. Any reference to your contribution will be attributed to a fully anonymised institutional reference and your participant code, a broad indication of your job title / role may be indicated subject to your prior consent. I will only retain the raw data from the project until my final submission has been assessed. They will then be destroyed. When the data, including transcriptions and recordings, have been entered into a computer, your responses will only be associated with your code number and access to the file and system will be password protected.

**What will happen to the results of the research study?**

The results will be written up and presented as part of my Ph.D. Thesis. The findings may also be presented at academic conferences and / or written up for publication in peer reviewed academic journals.

**Who is organising and funding the research?**

The research is organised by Thomas Williamson, who is a Ph.D. student at Coventry University within the Institute of Applied Entrepreneurship (IAE). This project is funded by the IAE.

**Who has reviewed the study?**

This study has been through the University Peer Review process and been approved by the project supervisor and the Coventry University Ethics Committee.

**Contact for Further Information**

Thomas Williamson

twilliamson@cad.coventry.ac.uk

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To what extent can universities create a sustainable system to support MSMEs?

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## Appendix 7 – Pre-Interview Questions

**Individual Role**

I am particularly interested in your role(s) with regards to enterprise activity, business support and the development of enterprise strategy. Additionally your views on why (or if) Universities should be engaged in this area of work.

**Strategy**

What is the S/M/L Term vision and strategy for enterprise and business support and who is involved in its development and planning.

Sustainability and funding is also of interest within this element of the interview.

**Marketplace**

Areas of specialism or target markets for business support are of interest as well as any attitude towards competitors in this space.

Market research activities may also be relevant for discussion.

**Motivation**

Why does your institution involve itself in this activity? What does it seek to get in return?

**Challenges**

What are the challenges faced in the development and delivery of business support activities?

Is sustainability of support a concern?

To what extent can universities create a sustainable system to support MSMEs?

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## Appendix 8 – Ethical Approval for Interviews

REGISTRY RESEARCH UNIT

ETHICS REVIEW FEEDBACK FORM

(Review feedback should be completed within 10 working days)

**Name of applicant:** Tom Williamson

**Faculty/School/Department:** [Business, Environment and Society] Strategy and Applied Management

**Research project title:**  To what extent can a University create a sustainable system to support start-up MSMEs in regions such as the West Midlands – <mark>P21348</mark>

Comments by the reviewer

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**Evaluation of the ethics of the proposal:**

Section 6: you don't provide details of how you are going to ensure confidentiality/anonymity or how you are going to securely store data collected. Whether electronic (i.e. recordings of interviews) or hard copy (transcripts; field notes) you need to explicitly state how these things are going to be achieved in this section. I know it is in the PI form, but you need to include it in this section as well please.

Section 12 - how are you making contact with individuals you intend to interview? Via email, using a database? Just explain here.

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To what extent can universities create a sustainable system to support MSMEs?

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| Evaluation of the participant information sheet and consent form: |
|---|
| Can you just explain how evidence of consent will be obtained if face to face interviews are not conducted (i.e. if you use Skype). e.g. will you get them to forward you a signed consent form before conducting the interview, OR get verbal consent at the start of the recording? |

| Recommendation: |  |
|---|---|
| (Please indicate as appropriate and advise on any conditions.  If there any conditions, the applicant will be required to resubmit his/her application and this will be sent to the same reviewer). | |
| **X** | Approved - no conditions attached |
| | Approved with minor conditions (no need to re-submit) |
| | Conditional upon the following – please use additional sheets if necessary (please re-submit application) |
| | Rejected for the following reason(s) – please use other side if necessary |
| | Not required |

**Name of reviewer:** Anonymous

**Date:** 03/03/2014