

ESRC Methods Festival
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ESRC Secondary Data Analysis Initiative Project

Developing the Business Structure Database
as a tool to support sub-national business policy
analysis in the UK (ES/K00400X/1)

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Are all LEPS created equal?

- context
- the LEPs
- workplace dynamics
- job dynamics
- summing up



Context



what's the point?

- LEPs – Local Enterprise Partnerships – were set up at the end of 2011 with responsibility for sub-national business support functions in England previously the responsibility of the (disbanded) Regional Development Agencies
- LEPs are necessarily concerned with their **local area**: published data on the business population typically refers to firms: businesses **with HQs** in the LEP area
- the project was designed to produce 'workplace' data: for business units which may be autonomous or part of a multi-workplace (multi-location) firm
- we can then connect jobs in a LEP area with the business units in that area – so we can connect the workplace dynamics – births (openings) and deaths (closings) – job dynamics: job creation and destruction
- the data covers 'employer enterprises' – businesses with employees – and only in the private sector

from: Bank of England, Finance for Small Businesses:
in Deprived Communities (2000), Annex 3

Chart 1

The relationship between deprivation and enterprise (1998)

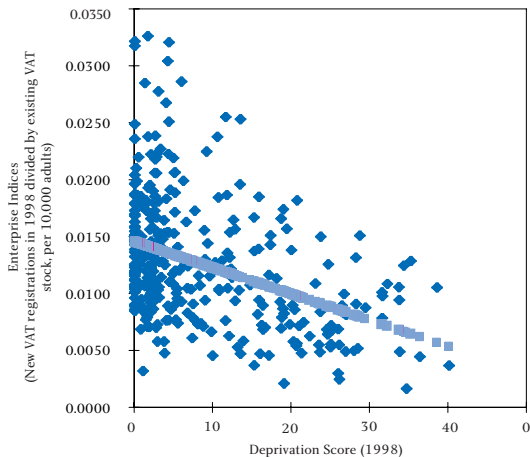
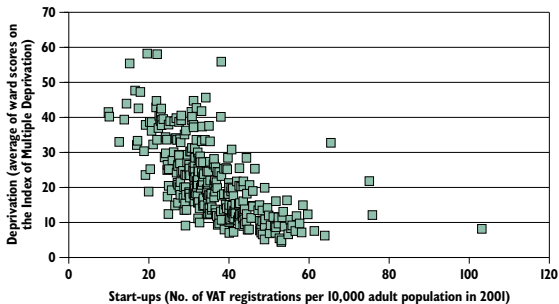


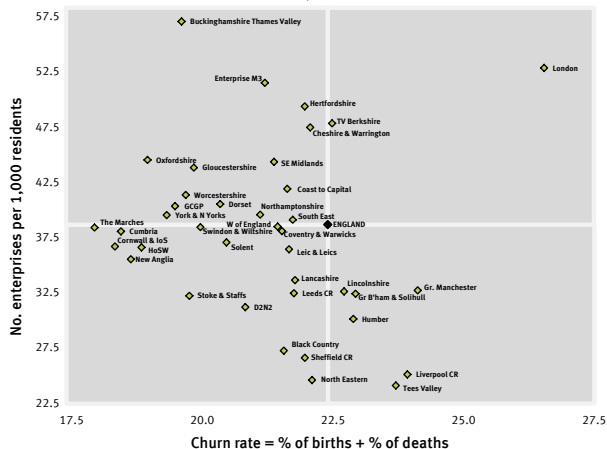
Chart A.I: Business start-ups and deprivation in English local authorities



*Note: London boroughs are not represented on this graph.
Source: Business Start-Ups and Closures 1994-2001, SBS; Indices of Deprivation 2000, ODPM.*

Figure 4.4

FIGURE 4.4: SCATTERPLOT OF NUMBER OF ENTERPRISES PER 1,000 RESIDENTS VS. CHURN RATE

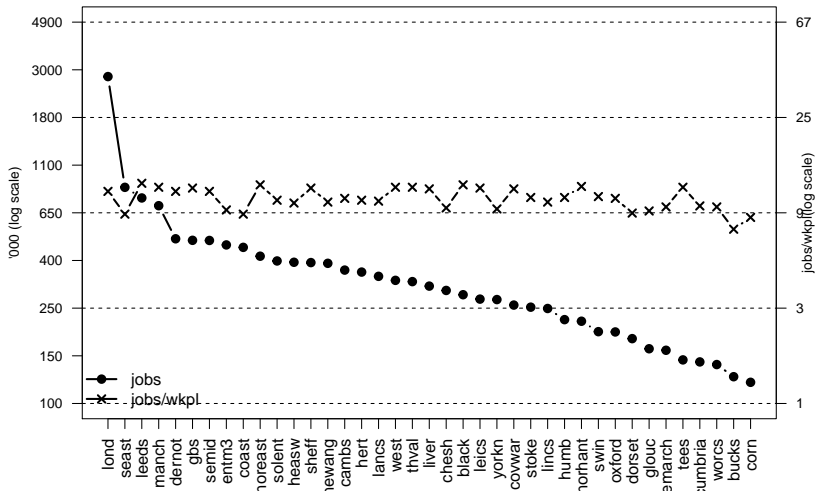


the LEPs



	jobs '000		wkpl '000		pop '000	
max	lond	2776.4	lond	246.3	lond	8173.9
min	corn	112.4	tees	12.1	cumbria	499.9
ratio		24.7		20.3		16.4
median	liver	308.3	west	27.7	hert	1116.1
	jobs÷wkpl		jobs÷pop		wkpl÷pop	
max	leeds	12.3	thval	37.5	chesh	34.4
min	bucks	7.6	liver	20.5	liver	17.7
ratio		1.62		1.83		1.94
median	ox/cam	10.5	black	24.7	themarch	25.0

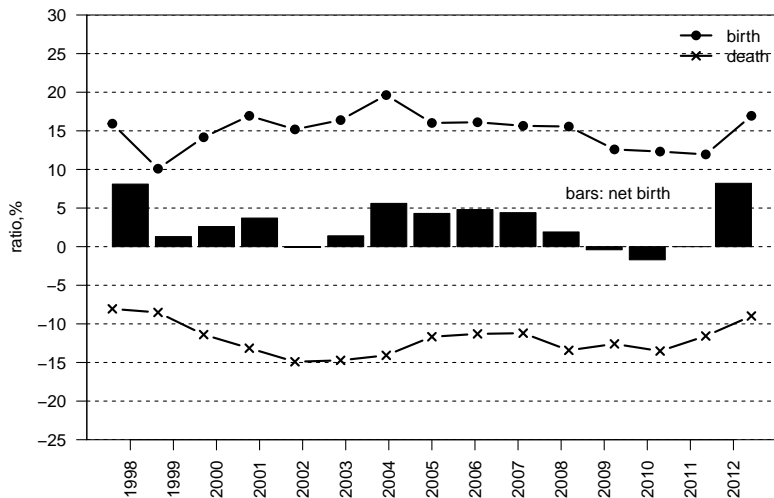
LEPs jobs, 2011, decreasing order, '000 (lhs log scale)
and jobs/workplace ratio (rhs log scale)



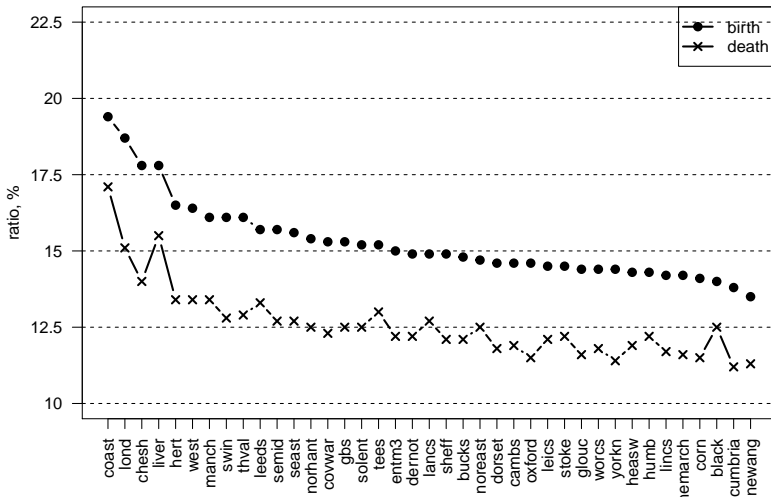
workplace dynamics



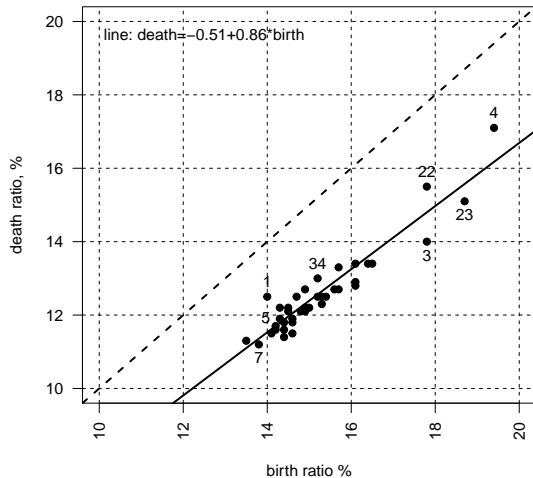
LEPs workplace births, deaths and net births, 1998–2012,
ratio to opening stock



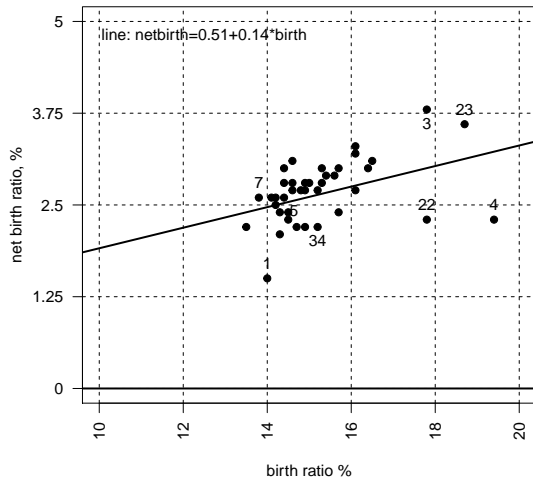
LEPs, workplace births and deaths, average 1998–2012,
 av 1998–2012 ratio to opening stock, (%)



LEPs workplace births & deaths, average 1998–2012
ratio to opening stock, (%)



LEPs workplace births & net births, average 1998–2012
ratio to opening stock, (%)



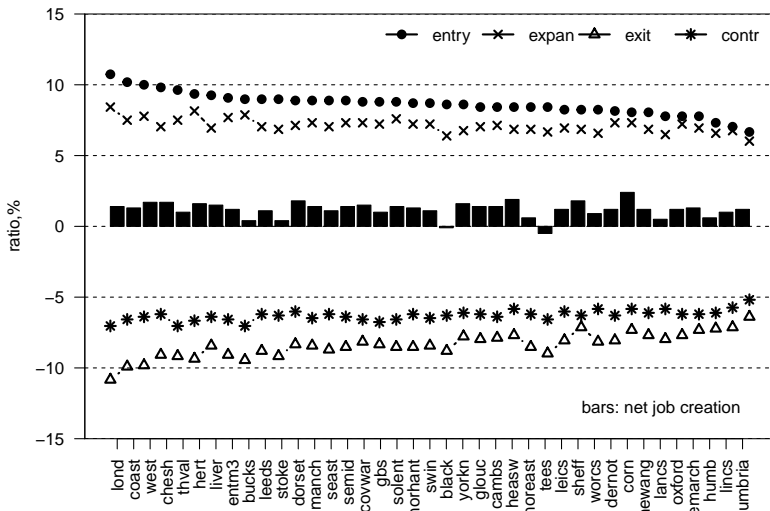
job dynamics



LEPs, job creation & destruction components, 1998–2012,
ratio to opening stock, (%)

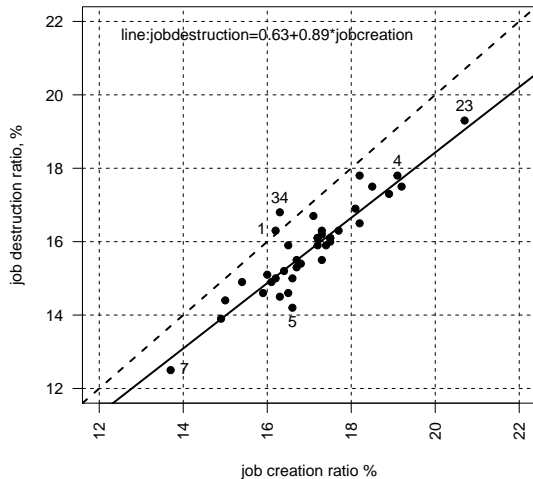


LEPs, job creation & destruction components, av 1998–2012,
ratio to opening stock, (%)



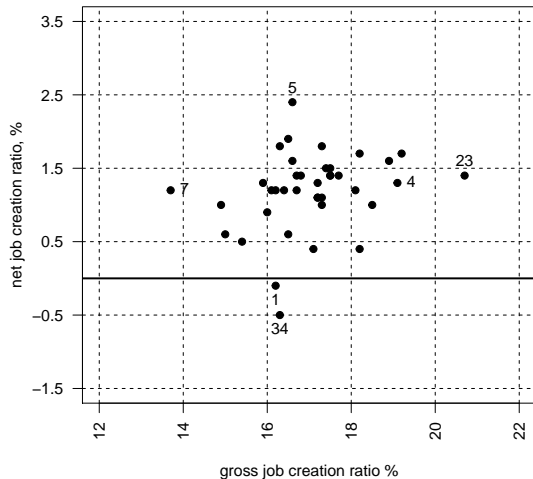
LEPs, job creation & destruction, av 1998–2012

ratio to opening stock, (%)



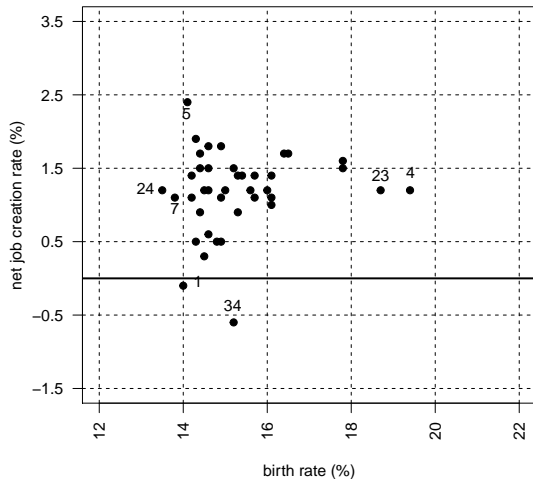
LEPs, net and gross job creation, av 1998–2012

ratio to opening stock, (%)



LEPs, births and net job creation, av 1998–2012

ratio to opening stock, (%)



summing up



- there is a strong positive relationship between birth and death rates, but **net** birth rates – *the change in the stock of workplaces* – are hardly correlated with **gross** birth rates
- there does appear to be a spatial pattern in births and deaths, with larger cities and LEPs close to London recording higher rates and more northerly and less populated places recording lower rates, but there is no obvious spatial pattern in **net** births
- job creation and destruction rates are strongly positively correlated but **net** job creation – *the change in employment* – appears uncorrelated with **gross** job creation
- there is a spatial pattern in the contribution of workplace entry and exit rates to job creation and destruction which resembles that between of birth and death rates but there is no obvious pattern in **net** job creation.

The key linkage which ties variation in birth and job creation together is the relative uniformity across LEPs in the ratio of jobs to workplaces

- there is a reasonably clear relationship, on average, and over the longer term, between the workplace birth and death and job creation and destruction which might be used to benchmark LEP-level policy interventions and their evaluation
- difficultly for policymakers – the principal outcome of interest: growth in jobs – is the net result of two very much larger, and opposite signed, flows: job creation and destruction.
- the RDAs had a commitment to reduce the persistent gap in growth rates between regions, but it is not yet been made clear the extent to which LEPs will be expected to play a significant role in the spatial re-balancing of the English economy: if they are, the 'spatial stickiness' in business vital rates and the associated pattern of job creation and destruction suggests caution in formulating targets

Watch that space! The County Hierarchy in Firm Births and Deaths in the UK, 1980–1999, Michael Anyadike-Danes, Mark Hart and Maureen O'Reilly, **Small Business Economics**, 2005, v.25, pp. 273–292

The impact of sector, specialisation and space on business birth rates in the United Kingdom: a challenge for policy? Michael Anyadike-Danes and Mark Hart, **Environment and Planning C**, 2006, v. 24, pp. 815–826

Are all LEPs created equal? Workplace and job dynamics 1998-2012, Michael Anyadike-Danes and Mark Hart, *mimeo*, available for download from: <http://www.aston.ac.uk/aston-business-school/staff/academic/esg/dr-michael-anyadike-danes>

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