

Impact case study (REF3b)

Institution: University of Liverpool
Unit of Assessment: 19 – Business and Management Studies
Title of case study: Developing Learning and Leading in Small Firms
<p>1. Summary of the impact</p> <p>Impact is primarily economic and organizational, resulting from more effective leadership processes and practices by small firm owner-managers. The mechanism of impact was a programme known as LEAD (leadership, enterprise and development), which drew a significant community of owner-managers of smaller firms in Greater Merseyside into the Management School, to enable them to use research findings about managerial and entrepreneurial learning, leadership and business support in the running of their firms. The resulting impacts were on management practices and processes, and firm performances. Practitioners engaging with the University of Liverpool Management School (ULMS) LEAD programme experienced turnover increases averaging 21%. The beneficiaries are small firms, their employees and business support partnerships.</p>
<p>2. Underpinning research</p> <p>Research which underpins the impact is the result of a number of projects undertaken by University of Liverpool Management School staff members:</p> <ul style="list-style-type: none"> • Research undertaken in 2004-2005 by Elena Antonacopoulou (Professor at Liverpool since 2003) (Section 3, 1), was based on a longitudinal study of managerial learning in three major UK banks. The study demonstrated that <i>organizational context was central to the promotion of individual managerial learning</i>. Managers who demonstrated effective learning attributes were willing to challenge the institutional norms which acted as barriers to knowledge sharing within their organizations. • Research undertaken in 2005-2006 by Lisa Anderson (Lecturer/Senior Lecturer at Liverpool since 2005) (Section 3, 2/3) specifically focused on the nature of action-learning in SMEs (small and medium-sized enterprises). This research was based on 19 action-learning sets comprising over 100 owner-managers. The authors identified a number of drivers for learning in smaller firms: <ul style="list-style-type: none"> -Action-learning is extremely useful for encouraging 'critical reflection' amongst owner-managers; -Action learning offers a more structured approach to the acquisition of new knowledge than informal, learning-by-doing; -Taking owner-managers out of their everyday work environment encourages them to adopt a more strategic approach to learning. • Research by Oswald Jones (Professor at Liverpool since 2008) and Allan Macpherson (Senior Lecturer at Liverpool from 2007 – 2010), supported by a researcher Kofinas (Section 3, 4/5), stressed the importance of a number of elements associated with effective learning in small firms: <ul style="list-style-type: none"> -Formal and informal networks are important sources of new knowledge; -Learning is situated and context specific; -Social learning requires high-levels of trust between participants; -Periods of reflection are essential to embed new knowledge; -Changing attitudes and behaviours require longitudinal interventions. <p>This research activity, undertaken in 2008 and 2009, included additional analysis of data collected as part of a three year project (2003 - 2006) known as the Evolution of Business Knowledge (EBK) which examined the nature of knowledge creation and learning in a range of Northwest SMEs (varying by size and sector) and which attracted ESRC funding of £360,000 [RES-334-25-0015].</p> <p>The combined research insights were used to shape the content of LEAD at the Management</p>

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School. For example, the programme began with a two-day experiential event designed to build trust between participants as a basis for the mutual sharing of knowledge and information. The design of this event was based on Antonacopoulou's research (Section 3, 1) which indicated the role of institutional norms acting as barriers to learning; encouraging a more strategic approach to learning (Section 3, 2) and the need for high levels of trust between participants (Section 3, 5). The 10 month duration of LEAD included a number of elements (action learning; master-classes; periods of reflection) which were designed to embed real behavioural change at the level of individual owner-managers and their firms (Section 5.1).

3. References to the research

1. Antonacopoulou, E.P. (2006) 'The relationship between individual and organisational learning: new evidence from managerial learning practices'. *Management Learning* pp 455-473 (ABS ranking 3*, Impact factor 1.582, 116 citations on google scholar)
2. Clarke, J., Thorpe, R., Anderson, L., Gold, J (2006) 'It's all action, it's all learning. Action Learning in SMEs' *Journal of European Industrial Training* 30:6 pp 441-455 (66 citations on google scholar)
3. Anderson, L. and Thorpe, R. (2006) *Putting the 'C' in HRD*. In: C.Rigg, K.Trehan and J.Stewart ed(s). Critical Human Resource Development. Beyond Orthodoxy. London, Pearson, pp. 153-168.
4. Macpherson, A., Kofinas, A., Jones, O. and Thorpe, R. (2010) 'Making Sense of Mediated Learning: Cases from Small Firms', *Management Learning*, 41:3, 303-324 (ABS ranking 3*, Impact factor 1.582, 10 citations on google scholar).
5. Jones, O., Macpherson, A. and Thorpe, R. (2010) 'Promoting Learning in Owner-Managed Small Firms: Mediating Artefacts and Strategic Space', *Entrepreneurship & Regional Development*, 22:7/8, 649-673 (ABS ranking 3*, Impact factor 1.333, 23 citations on google scholar).

4. Details of the impact

Jones was responsible for the design and delivery of the ULMS LEAD programme to four cohorts (total 102) of owner-managers based in Greater Merseyside in 2009-2010. The LEAD programme was the mechanism by which the owner-managers benefitted from original research undertaken at Liverpool. Funding (£450k) for the ULMS LEAD programme was successfully obtained from the North West Regional Development Agency (NWDA) for a major programme aimed at the owner-managers of small firms wanting to improve business performance. After compiling a data-base of eligible small firms within Merseyside, 351 owner-managers were contacted by phone to explain the principles and benefits of participating in LEAD. Subsequently, 122 attended four-hour 'taster' sessions at ULMS and 104 of these owner-managers were enrolled onto one of four [LEAD cohorts](#).

Research-Informed Programme

Lancaster University Management School provided the systematic framework for LEAD. ULMS became a flagship provider of [the programme](#) by basing the content on research described in Section 3. There was a deliberate strategy by the ULMS team to mobilize insights from various strands of their research through engagement with the Merseyside small business community. A [Future North West](#) report in 2010 had highlighted that skills, employment and enterprise in the region was among the lowest in the UK, and advocated a priority focus on the development of "the enterprise capabilities of our people through education and skills". Given the importance of high growth smaller businesses to the recovery of the UK economy and the need to develop leadership and management skills, it is right that the programme is delivered to support business growth within the Liverpool City Region; it has been designed to use leadership as stimulus for growth, job creation and improved productivity in the Liverpool City Region. The ULMS LEAD programme encouraged owner-managers to adopt appropriate leadership skills to promote organizational learning as a basis for improving firm performance including turnover and profit. For example, participants were expected to explain to their action-learning sets how they improved communications about their objectives for the firm with all employees and to demonstrate that they

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had delegated some operational responsibility providing more time to consider the firm's overall direction (strategic space). This followed directly from research which identified activities which shift the focus of learning from the individual (owner-manager) to the organization (employees). Based on research (outlined in Section 3, 3), owner-managers were required to work in action-learning sets for the duration of the programme to share knowledge and experience, as well as building trust between participants, and forced to reflect on their practices by building 'reflection days' into the LEAD programme. Three reflection days during the 10-month programme were designed to ensure the participants embedded the changes in their organizational routines. Evidence of changes in the behaviour of participants is demonstrated by a number of illustrative quotes (Section 5.2-5).

Relevance to Business Needs

The ULMS LEAD programme met practitioner needs. The value/impact of LEAD is demonstrated by the fact that 102 (out of 104), who had not previously engaged with the Management School, completed the 10-month programme. This level of commitment from the small firm community demonstrates the direct relevance to their business needs. Attendance involved 31 days/half-days. This was considered essential in ensuring that owner-managers' behavioural changes became embedded in the day-to-day routines of the business. A further indicator of LEAD's impact on the businesses was the 98% [attendance at the four 'graduation' events](#) on completion of the programme. Overall, the impact was felt at the level of a community of small firms which participated in LEAD (Section 5.8). Impact took place between April 2010 and May 2012.

Impact on Management Practices and Processes

- *Organisational Learning.* The research-informed programme changed the awareness, behaviour and activity of those responsible for managing small firms. Changed behaviours meant that owner-managers shifted the focus of learning from the individual level to the organizational level by developing the appropriate mechanisms for knowledge creation and sharing (Section 5.2-4).
- *Knowledge Sharing.* All owner-managers engaged actively in the sharing of knowledge in small (six or seven participants) action-learning sets which met every month for the duration of the programme (Section 5.5).
- *Strategic Space.* Owner-managers set up formal structures for internal knowledge-sharing as well as creating 'strategic space' (virtual and physical) in which they could reflect on how the changes were benefitting their firms (Sections 5.2-6).
- *Employee Relationships.* Owner-managers changed the ways in which they interacted with their employees as the basis for improving firm performance in terms of turnover and profitability (Sections 5.2/.5/.6).

Impact on Firm Performance

Importantly, there is evidence of significant improvement in financial performance of the smaller firms concerned (which constitute almost just over 13% of Merseyside smaller firms). Average turnover on entering the programme was £1,024,840 (NWDA 'base-line' questionnaire, Section 5, 1). Twelve months after completion all participants were surveyed by ULMS staff about the benefits they had gained as a result of the LEAD programme (Section 5, 7). We obtained detailed responses from 39 of the participating businesses and, on average, turnover had increased by 21% which equates to £320,000 per firm and a total of £12 million for these 39 businesses (Section 5.6).

Sustained Business Involvement

On completion of LEAD, delegates were invited to continue their involvement with ULMS via a series of eight Master-classes/networking events between October 2011 and September 2012. Thirty-six owner-managers participated in the follow-on programme (cost £400) to enhance the impact of LEAD by further developing leadership skills amongst the participants. The impact of

the master-classes included creating a business plan, developing positive relationships, problem-solving, developing the business (Section 5.7).

5. Sources to corroborate the impact

1. North West Development Agency (NWDA) [Base-line questionnaire](#).
 The baseline questionnaire was issued to all participants at the start of the programme. This document enabled the delivery team to gauge details of the businesses performance prior to their engagement in the programme. This information was then used to measure the impact of participation in the programme. An example of a response from a participant, can be provided on request.
2. Corroborating statements from two participants in the LEAD programme which provide confirmation of the impact of the programme on individual businesses. In his statement, the Director of Alpha Financial Management confirms that: "LEAD has re-energised me and my business. It's helped bring a fresh perspective and sharper focus to everything we do, and helped to crystallise how we are going to take the business forward over the coming years." In her statement, the former Business Development Manager for Inclusive Access Ltd confirms that: "I now ensure that my staff are clear about their objectives, and target and measured output, rather than input. This has freed me up to do other things in the business."
3. Corroborating statement from the Programme Director of LEAD who was responsible for commissioning LEAD providers and overseeing the performance of the various delivery organisations for the NWDA. This statement acknowledges the Management School's research into small firms as an important contributory factor in awarding the contract. Suggests that the background research, "afforded the delivery team an insight in to the needs and requirements of small firms...giving the bid value and credibility". It also acknowledges the success of the University of Liverpool LEAD programme in terms of the numbers recruited and the retention and satisfaction rates.
4. Corroborating statement from the Business Growth Manager for Liverpool City Council/Liverpool Vision recognising the contribution the ULMS LEAD programme has made to business growth in Liverpool, and on the impact on behaviours and attitudes of those participating, and the effectiveness of their leadership.
5. [Summary of responses](#) from participants in the LEAD programme collected during the final 'reflection day'.
 On the final reflection day, LEAD participants are encouraged to sum up their LEAD experience. Participants reflect on the impact the programme has had on their personal Leadership abilities and on the growth of the business itself.
6. [Questionnaires](#) returned from the follow-on survey completed 6 months after the programme had been completed indicating increases in turnover.
 102 questionnaires were sent out with 41 business responding. The average growth was 21% with a total increase in turnover of £12 Million (average £293k).
7. [Report to Northern Leadership Academy](#) on follow-on programme for LEAD graduates.
 Following the delivery of the LEAD programme, 39 of the 102 participating businesses continued their relationship with the University of Liverpool, by attending a follow on Leadership masterclass series, sponsored by the Northern Leadership Academy (NLA). The impact of this series was captured in a report, which highlighted lessons learnt and benefits to the participating SMEs, in line with the NLA Leadership Principles.
8. The Chairman of Liverpool Vision can be contacted to corroborate the contribution of the University of Liverpool LEAD programme to SME business growth in the Liverpool City Region.