

Institution: Aston University
Unit of Assessment: 19 Business and Management Studies
Title of case study: Maximising High Growth Entrepreneurship and Driving Small Business Growth
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Research at Aston University has influenced and shaped business support policy in the UK and changed the strategic direction of small businesses in the Midlands region, which has led to increased growth and profitability. A specific impact of the research nationally has been to inform the Coalition Government's business support policy and form part of the underlying rationale for the new Growth Accelerator business support programme in England. At regional level the research has changed strategic thinking, specifically in the Greater Birmingham and Solihull region through its Local Enterprise Partnership, the Leeds City Region, and the Greater London Authority, influencing business support strategy and practice in those areas. On the ground, Aston's research has had a direct impact on the growth, job creation and profitability of small businesses in the Midlands.</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>High-growth firms (HGFs) attract considerable attention from the policy community. These 'exceptional firms' (defined by the OECD as firms with at least 10 employees who grew by at least 20% per annum in employment or turnover in three consecutive years) are supposed to drive UK economic performance. Through their expansion they have a major role to play in increasing employment, something particularly relevant in the midst of the current downturn. Research on HGFs at Aston for NESTA has highlighted the importance of a small group of firms that drive growth in the UK economy (Refs 3.1 and 3.2). The research, which commenced in 2008 and is on-going, is led by Professor Mark Hart (Economics and Strategy Group (ESG)) and involves other full-time academics in the ESG at Aston. The research team was funded by NESTA in 2008 and 2011 and also by the UKTI in 2011.</p> <p>The research team has, for the first time, constructed and published the OECD metric on HGFs for the UK which was published in 2009 (Ref 3.1). This led directly to the widely known notion of the 'Vital 6%' (i.e., those small number of firms in the private sector with at least 10 employees which created around 50% of the jobs in a 3 year period) and the range of issues addressed by the Aston research team on HGFs including a profile of their characteristics (older businesses, across ALL sectors, in all cities and regions and UK-owned) and their contribution to job creation, innovation, productivity, internationalisation and financial constraints. There is a focus on comparative international HGF research and the Aston team assisted NESTA throughout 2009 and 2010 to develop the methodology and syntax to determine the number of HGFs and to process a number of country-level firm-level datasets to produce comparative assessments of the role and contribution of HGFs.</p> <p>Alongside the work on HGFs sits the Global Entrepreneurship Monitor (GEM) UK research project which has been based at Aston since September 2008 and is led by Hart and involves Mickiewicz at Aston and Levie (Strathclyde). GEM UK is part of the GEM global research consortium (www.gemconsortium.org), the most important international forum that promotes entrepreneurship research and policy advice, and develops the comparative international dataset on entrepreneurship, covering over 70 countries. The Aston-based UK team, with its design and collection of the individual level data, has been playing a key role with Autio (Imperial) in extending the research into the worldwide Global Entrepreneurship Development Index (GEDI) project that focuses on entrepreneurial attitudes, aspirations and activity of individuals and defines the policy and institutional conditions conducive to entrepreneurship (Ref 3.3). GEM UK and GEDI research since 2010 has focused on high aspiration entrepreneurship and answering the question: who are the high growth entrepreneurs and why are there not more of them? The research indicates that mobile individuals, and in particular immigrants, as well as graduates are more likely to be high</p>

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aspiration entrepreneurs (Ref 3.4).

The research at Aston on HGFs has shown their economic impact and contribution to the UK economy (especially in terms of job creation) and on the profile and motivations of the individuals and teams setting up and running high aspiration businesses. This research on the drivers of business growth has informed a body of evaluation research on business support products and services in England (for the Department for Business, Innovation and Skills, BIS) that the Aston team has contributed to since 2005 (Hart and Saal) which has provided evidence on the types of firms who benefit most from interventions and their impacts, i.e., innovative and export-oriented firms and those willing to seek external finance and involve non-executive directors (Ref 3.5 & 3.6).

The Research Team:

Mark Hart (Professor September 2008 – present); Tomek Mickiewicz (Professor January 2012 – present); Michael Anyadike-Danes (Visiting Senior Research Fellow June 2011 – November 2011; Senior Lecturer December 2011 – present); Karen Bonner (Senior Research Fellow July 2011 – present); David Saal (Lecturer October 1999 – March 2007; Senior Lecturer April 2007 – present)

3. References to the research (indicative maximum of six references)

- 3.1 'Measuring Business Growth: high-growth firms and their contribution to employment in the UK' (Anyadike-Danes; Bonner, Hart and Mason), NESTA Research Report, London, Oct 2009 (available on request)
- 3.2 'Firm Dynamics and Job Creation in the UK, (Anyadike-Danes, Hart and Du) Enterprise Research Centre White Paper No. 6, Apr 2013 (available on request)
- 3.3 'Entrepreneurial Profile of the UK in the Light of the Global Entrepreneurship and Development Index', (Autio, Cleverly, Hart, Levie, Acs and Szerb), Imperial College Business School and GEDI, Apr 2012 (available on request)
- 3.4 'The contribution of migrants and ethnic minorities to entrepreneurship in the UK' in Minitti (ed.) Dynamics of Entrepreneurship, Oxford University Press (Levie and Hart), Sep 2011 (available on request)
- 3.5 'Broader or Deeper? Exploring the most effective intervention profile for public small business support', Environment and Planning A, (Mole, Hart, Roper and Saal), Vol 43, 87-105, March 2011, DOI: 10.1068/a43268
- 3.6 'Assessing the Effectiveness of Business Support Services in England: Evidence from a Theory Based Evaluation', International Small Business Journal, Vol. 27, 557-582, Oct 2009. (Mole; Hart; Roper and Saal), DOI: 10.1177/0266242609338755

HGF work (Refs 3.1-3.2, 3.5-3.6) has been supported by a number of awards, for example: NESTA, 'Building evidence on High Growth Firms: Firm Dynamics and Productivity Growth' £49,000, 2011-2012.

UKTI 'Contribution of Trade and Investment to High Growth Firms', £48,795, 2010-11

Birmingham City Council 'Analysis of High Growth Firms in Greater Birmingham and Solihull LEP' £6520. 12/11 - 01/12

UK Commission for Employment and Skills 'Linking Data at the Virtual Micro-Laboratory (VML)', £14,885.00 01/11 – 04/11

Scottish Enterprise 'Account Management Programme Data Matching', £9,165, 09/11.

Greater London Authority 'London's Business Demographics' £29,940. 11/12 - 03/13.

Leeds City-Region 'Firm Level and Entrepreneurial Analysis in the Leeds City Region' £23,800. 03/12.

ESRC under the Secondary Data Analysis Initiative (SDAI) to develop a more robust evidence base for LEPs by being the first research team to link the firm-level and plant-level versions of the BSD – the key rationale for seeking funding for this project was based on our earlier work on HGFs. (£110,399. 10/12-12/13)

GEM UK (Refs 3.3. and 3.4) has attracted ~£2million financial support in the period 2008-2013 from a variety of sources (RDAs before their demise; UK Government Departments and the Devolved Administrations) with £950k research income recorded at Aston since 2008.

For example:

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BIS provide Aston with an annual budget of £35k since 2008 to support the research work of the GEM. £189,775 income recorded to end of July 2013.
 Welsh Assembly Government 'GEM Wales', £42,840, 10/11-09/12
 Invest Northern Ireland 'Global Entrepreneurship Monitor Research and Report INI', £30,936.
 04/11 – 03-12.
 (all awards to Professor. Mark Hart at Aston University)

4. Details of the impact (indicative maximum 750 words)

Aston's research has had 3 major areas of impact: influencing business support policy in the UK nationally, informing regional strategies to drive small business growth, and delivering growth in small businesses on the ground in the Midlands.

Aston's ground-breaking research on HGFs quantified for the first time the nature and scale of HGFs in the UK. This, combined with insights from the GEM UK project and evaluations of business support in the UK, provided new information about the profile of businesses and their support needs (**Refs 3.1 – 3.6**). This information is used by BIS in England. BIS provide core funding to GEM UK each year and are the principal user of the annual GEM monitoring metrics and research outputs. There is regular involvement with the work of the Enterprise Directorate (BIS) as they provide briefing notes for policy managers and ministers on entrepreneurship matters. GEM UK has developed a set of statistical 'look-up' trend tables on entrepreneurial attitudes, aspirations and activity (2002-12) for the use of statisticians and policymakers in BIS and by Ministers in the formulation of policy (see White papers) and in answers to Parliamentary Questions (**Ref 5.8**). In a report on Information Assurance for BIS Indicator Data Systems by the National Audit Office (NAO) in 2012 the GEM UK survey was the only third party survey which received a top score of 4 which meant it was "fit for purpose and cost-effectively run". (**Ref 5.8**). There has been regular national and regional press coverage on the results of the annual GEM UK survey (e.g., Financial Times, Daily Telegraph, The Guardian and The Economist as well as extensive media coverage during the annual Global Entrepreneurship Week (GEW)). The principal impact of the evaluation research and the work on HGFs has been to inform the business support strategy by BIS and in particular the design of Growth Accelerator (**Ref 5.1**). The identification of 26,000 businesses as their target for Growth Accelerator over the 3 years of the programme from 2012 was a direct result of the Aston research on HGFs which identified a small number of firms which were responsible for around half of job creation in a 3-year period. The strategy developed by BIS for business support (**Ref 5.2**) has been planned in the light of information from Aston's evaluation of business support interventions demonstrating the importance of adopting a long-term approach to evaluations. This will shape the eventual evaluation of Growth Accelerator (**Ref 5.3**).

The research on HGFs (**Ref 3.1**) as well as on the GEM UK datasets and GEDI was a key pillar in the successful bid for Aston to co-host the new Enterprise Research Centre (ERC) to provide robust independent evidence on the drivers of small business growth. ERC outputs (i.e., those involving Aston research staff) have already begun to impact policy and have led to discussions with BIS (June and September 2013) on the reformulation of business support, the Business Bank as well as the evaluation of Growth Vouchers – two major announcements in the March 2013 budget (**Ref 5.9**). Aston HGF research was commissioned by Greater Birmingham and Solihull (GBS) Local Enterprise Partnership (LEP) and the Leeds City-Region LEP as well as Greater London Authority to inform their strategic thinking on driving growth. The work with the GBS LEP led to an active involvement with the Heseltine Review (2012-13) and resulted in Hart providing key inputs into the business support strategy proposals in the Heseltine Pilot in Birmingham and included recommendations to position Business Schools as a key provider of growth support for small businesses (**Ref 5.4**).

Building on an understanding of the drivers of small business growth (from research projects outlined in section 3 and **Refs 1, 2 and 5**) Aston was approached in April 2011 by Goldman Sachs (GS) to deliver the GS 10,000 Small Businesses Programme which has had a direct impact on small businesses. This programme has enabled Aston to recruit and engage with growth-oriented small businesses and provide them with an intensive 4-month practically-focused management

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education programme. The programme curriculum is informed by research based at Aston on HGFs – especially, innovation, internationalisation, finance and entrepreneurial motivation and aspiration. The *10,000 Small Businesses Programme* has 109 alumni in the Midlands and the impact of the programme on their growth trajectories has been remarkable. Growth in jobs, revenue and profits are in evidence (significantly higher than similar cohorts of small business elsewhere in England – e.g., 77% of firms reported an increase in jobs in the 12 months prior to March 2013 compared to only 24% in the wider business population, 66% of firms indicated that their turnover was greater in the same period compared to 35% in the wider business population, and 53% of participants had increased the underlying profitability of the business) and they are more likely to be seeking external finance for their businesses to enable them to grow even faster. Alumni from the programme are also accessing Aston business services for the first time (e.g., Knowledge Transfer Partnerships (KTPs) and Knowledge Exchange and Enterprise Network (KEEN) projects) to consolidate their growth and competitiveness. Lord Young's report in May 2013 uses GEM data extensively and showcases the *10,000 Small Businesses Programme* as good practice. The Witty Review in July 2013 showcased the *10,000 Small Businesses Programme* and its role and impact at Aston Business School. (Refs 5.5 – 5.7).

5. Sources to corroborate the impact (indicative maximum of 10 references)

- 5.1** NESTA Report in 2009 'Vital 6%': <http://www.nesta.org.uk/sites/default/files/vital-six-percent.pdf>
- 5.2** BIS communication from Enterprise Directorate confirming the importance of the Business Link evaluation work on the shaping of Business Support policy post-2010 and the importance of informing the design of 'Growth Accelerator'. (available on request)
- 5.3** Hart and Drews (2013) BIS report on "Long-Term Impact of Business Improvement services"(forthcoming) (available on request)
- 5.4** Reports for GBS LEP, Leeds City-Region LEP and Greater London Authority on the HGF analysis produced in 2011, 2012 and 2013 respectively. Letter from Board of GBS LEP on Hart's involvement in providing analysis on HGFs and on setting out proposals for the future shape of the business support ecosystem for Greater Birmingham.
- 5.5** Lord Young *Growing your Business*, May 2013: <https://www.gov.uk/government/publications/growing-your-business-a-report-on-growing-micro-businesses>; Witty Review Independent Review of Universities and Growth: preliminary findings, July 2013: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249633/bis-13-1048-independent-review-universities-and-growth.pdf
- 5.6** Video clips from 5 small businesses that have completed the GS *10,000 Small Businesses Programme* in the Midlands www.aston.ac.uk/10ksb.; Written testimonials from GS Midlands alumni – e.g., Jim Griffin (AI Ltd)
- 5.7** Stimulating Small Business Growth: progress report on the GS *10,000 Small Businesses UK Programme*. Published by Aston and 4 other UK Business Schools: <http://www1.aston.ac.uk/about/news/releases/2013/april/10ksbreport/>
- 5.8** 'Enterprise: Unlocking The UK's Talent, Department for Business, Enterprise & Regulatory Reform, 2008 - Government White Paper' (<http://www.berr.gov.uk/files/file44992.pdf>). NAO (2012) Information Assurance Summary Reports: Department for Business, Innovation and Skills, NAO, July 2012: http://www.nao.org.uk/wp-content/uploads/2012/07/Information_assurance_BIS.pdf
- 5.9** ERC Rapid Response Paper to BIS on Business support: www.enterpriseresearch.ac.uk