

Institution: Manchester Metropolitan University
Unit of Assessment: C19 Business and Management Studies
Title of case study: How Entrepreneurship Research At MMU Supports SMEs And Social Enterprises To Succeed
<p>1. Summary of the impact</p> <p>Research into entrepreneurship and business start-up at Manchester Metropolitan University has created know-how to support new entrepreneurs and to guide established businesses through renewal and change. With an emphasis on “knowledge in action”, MMU’s entrepreneurship research has provided a cornerstone for start-up, growth and leadership programmes offered by the university’s Centre for Enterprise (CfE), and seen by owner-managers themselves as positively impacting directly on their businesses. Utilising research-based knowledge, CfE has worked with 150 start-ups and 1,500 small firms and social enterprises in the North West of England, fostering job creation, access to funding, and business growth.</p> <p>2. Underpinning research</p> <p>Small businesses and business start-ups are a potential source of job creation and much is expected of them in regions such as the North West of England, where public sector employment has declined. Research with and for start-up businesses, social enterprises and established small and medium-sized enterprises (SMEs) at MMU is undertaken through the Centre for Enterprise, launched in 2001 to encompass activities related to entrepreneurship and management capability in SMEs.</p> <p>Jones with Thorpe (details below) researched the evolution of business knowledge in SMEs and developed the concept of “strategic space” that enables owner-managers “to focus on strategic renewal and change” [i][1]. Strategic space recognises the need “for owner-managers to have the resources, motivation and capability to engage in critically reflexive processes to review and revise organizational practices in order to accomplish learning and transformation” [2].</p> <p>The New Entrepreneur Scholarship (NES) programme at MMU supported 900 new entrepreneurs from 2001 to 2008 [iv]. Research associated with NES enhanced learning about working with nascent entrepreneurs. Lee examined how NES scholars (with little formal education) could create “cognitive social capital” with which to bridge out of their existing networks to access physical, monetary, human, strategic and operational resources [ii]. NES entrepreneurs’ lack of “cognitive social capital” limited their ability to obtain business backing [3]. Rouse and Jayawarna surveyed NES businesses to analyse the importance of various types of finance, and compared the results to published data about finance used by start-ups across the UK. Almost half of NES Scholars lacked enough capital to start a viable business and those seeking finance were badly prepared for the investment process. These findings challenged extant literature to take more account of the impact of poor capitalisation on start-ups and emphasised the heterogeneous financial needs of small firms [4]. Research with NES at MMU was contextualised by investigation of entrepreneurship education at a national level by Martin and Antcliff [iii]. The study highlighted the challenge for institutions to develop approaches for student and graduate enterprise which engage students, sponsors and communities effectively [5].</p> <p>From 2004, MMU entrepreneurship research and practice began to include the social economy through the application of reflective learning and strategic space to social enterprises. Mike Bull studied management practices in social enterprises across the North West using both quantitative methods and innovative, qualitative, participatory research deploying visual techniques to help social enterprises explore and articulate their sense-making [iv]. This research showed social organisations oscillating between the social and economic, and evolving from, whilst retaining aspects of, the traditions of the third sector [6]. Mike Bull and Sue Baines followed up this research with ESRC Knowledge Exchange funding (2009 – 2011) against a background of increasing pressure on many social organisations to deliver public services. Their work underlined a need for income diversification rather than specific up-skilling to compete for public sector contracts [v][6].</p>

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Those whose work is featured here are CfE Director Lynn Martin (2009 -), founding Director Oswald Jones (left 2009), Richard Thorpe, Professor, left 2003, Robert Lee, Senior Lecturer (2007 -), Julia Rouse, Principal Lecturer (2004 -), Dilani Jayawarna (left 2009), Val Antcliff, Research Fellow (2011 -), Mike Bull, Senior Lecturer (2004-), Sue Baines, Reader (2007 -). All carried out the research described while at MMU.

3. References to the research

[1] Jones, O., Macpherson, A., Thorpe, R. and Ghecham, A. (2007), The evolution of business knowledge in SMEs: conceptualizing strategic space. *Strat. Change*, 16: 281–294. ABS 2*

[2] Jones, O., Macpherson, A., Thorpe, R. (2010) Learning in owner-managed small firms: Mediating artefacts and strategic space. *Entrepreneurship & Regional Development*, 22 (7-8): 649-673 ABS 3*

[3] Lee, R and Jones, O (2008) Networks, Communication and Learning during Business Start-up: The Creation of Cognitive Social Capital. *International Small Business Journal*, 26, 5, 559-594 ABS 3*

[4] Rouse, J. and Jayawarna, D. (2006) The financing of disadvantaged entrepreneurs: Are enterprise programmes overcoming the finance gap? *International Journal of Entrepreneurial Behaviour & Research*, 12, 6, 2006: 388-400 ABS 2*.

[5] Rae, David and Martin, L. and Ancliff, V. and Hannon, P. (2012) *Enterprise and entrepreneurship in English higher education: 2010 and beyond. Journal Small Business & Enterprise Development*, 19 . (3), 380 – 401 (Emerald Literati Award, Highly Commended, 2012) ABS 2*

[6] Seanor, P. Bull, M. Baines, S. and Ridley Duff, R. (2013) Where ‘social entrepreneurs’ draw the line: You can’t get there from here! *International Journal of Entrepreneurial Behaviour & Research*, 19 (3): 324 - 343 ABS 2*

Key External Grants

[i] ESRC ‘Evolution of Business Knowledge in SMEs’ (£364,000); part of the *Evolution of Business Knowledge* (EBK) initiative, 2003 – 2006 - Oswald Jones.

[ii] ESRC +3 PhD studentship The Cognitive Elements of Social Capital: Entrepreneurship in International SMEs Robert Lee (supervisor, Oswald Jones), linked to the ESRC EBK project (£47,5000) 2005 – 2008.

[iii] Review of graduate enterprise education, (£15,000) the National Council for Graduate Entrepreneurship, 2010 – Lynn Martin.

[iv] ESF ‘Improving Managerial Skills in Social Enterprises’ 2002 – 2005 (£120,000) and extension 2005 – 2006 (£92,000) - Mike Bull

[v] ESRC Business Opportunities Scheme ‘Engage: Stimulating Third Sector Organisations in the Health Sector Supply Chain’ (£100,000) 2009 – 2011 to further develop the ESF work for social organisations wanting to step up to supplying the NHS and local authorities - Sue Baines and Mike Bull.

Other funding

[vi] The New Entrepreneur Scholarship programme was funded by the Learning & Skills Council, 2001 to 2008 to support new entrepreneurs (£6,600,000). MMU used some of the funds to develop research capability and learning from the programme, recruiting Rouse in 2004 to research NES-related activities.

4. Details of the impact

Under the leadership of Professor Lynn Martin (appointed in 2009) CfE has grown to employ 35 full-time staff dedicated to supporting nascent entrepreneurs and advancing business growth in established SMEs and social enterprises. Knowledge generated through the research described in sections 2 and 3 has informed learning programmes and resources characterised by an emphasis on strategic space, which is greatly enhanced when opportunities can be created for owner-

managers to consider the firm's longer-term objectives. Strategic space is conveyed to business owners as taking time to work "on the business rather than in the business". Below are highlighted examples selected to illustrate the range of CfE's practical engagement with businesses and to evidence some of the significant ways in which this has helped owners of established SMES, start-ups and social enterprises to develop themselves and their organisations.

Strategic space and peer learning – established small firms

The **Leading Edge** programme was developed by CfE to activate the idea of "strategic space" through an emphasis on regular times for critical thinking and reflection. Leading Edge worked with SMEs in financial and professional services in Greater Manchester, funded by the European Regional Development Fund (ERDF). In July 2008 analysis of the economic impact of this project identified a strong positive contribution to turnover, level of employment, and quantity and variety of new processes initiated in the 82 participating firms. Increased turnover directly attributable to the programme was £3.8 million and 77 new jobs were created [A]. The success of Leading Edge led to CfE winning the contract from the Regional Development Agency to run five **LEAD** programmes for leaders in SMEs and social enterprises (again informed by Jones' work on strategic space [A, B] and embedding peer-to-peer learning as discussed by Lee [I-3]). The number of LEAD programmes at MMU increased to six owing to high demand and high quality. LEAD at MMU provided a framework to increase profitability, innovate and grow the business for 120 owner managers of small businesses and social enterprises with core development of strategic space and peer support. As one participant reported, "I'm now really aware of the benefits of reflection – it's a simple thing but been a great aid in managing the business"

SMEs and social enterprise leaders on the **10,000 Small Businesses Programme** also have the opportunity to develop strategic space and strong peer networks. MMU is one of only four universities in the UK awarded contracts by the Goldman Sachs Foundation to deliver this five-year programme, which commenced in 2010. Created by Babson University and developed for the UK by the four university partners, it is based upon action learning, peer-to-peer support, strategic space and managerial capability to underpin better decision making, financial management and access to funding. 127 businesses had completed the programme by the end of July 2013 in the North West. Access to funding has been particularly successful having enabled participants at MMU to access approx £3M of growth funding. Other direct impacts across the programme include: 77% of participants created net new jobs, 66% grew revenues and 16 businesses have been nominated for, or have won, prestigious national awards [B, C].

In addition, the connection between social and economic benefits which forms a large part of CfE's work has led to new social enterprises being developed, and to new community schemes being formed by participants in the North West [D, E]. The Knowledge Action Network programme in the North West is designed to help businesses uncover and address their business challenges, fully funded under ERDF. Unlike the 10,000 Small Businesses Programme, KAN is available to sole traders as well as employing businesses. Participants benefit from specialist coaching, membership of a Knowledge Action Group of business owners, expert speakers and master classes – all informed by research-based knowledge about strategic space and peer learning. KAN commenced in October 2013. By the end of July 2013 KAN at MMU had assisted 67 businesses and already evidenced 4 jobs created and 6 businesses with improved performance [F, G].

Support for student and graduate enterprise

Enterprise Champions addresses the low level of graduate founded start-up businesses across the region. In Phase 1 of the project (2008-2010) the CfE team worked with over 400 students on skills assists interventions, resulting in 32 new businesses. Phase 2 (2010 to 2013) featured new add-on activities to embed transformative learning, such as two-day "business boot camps". The boot camps engage participants with intensive start-up support covering finance, marketing, pricing, and problem solving. Boot camps were held in June 2012 with 40 participants in Manchester and 40 at Crewe. As a result, 20 attended individual follow up sessions and 15 started trading. These activities were informed by the body of research at MMU about nascent

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entrepreneurs associated with NES, including the work of Rouse and Jayawarna [3], who enriched understanding of finance for start-ups, and Lee et al. [4] who stressed the importance of transformative learning and cognitive social capital. Overall, by July 2013 Enterprise Champions Phase II at MMU resulted in 31 jobs created and 28 new businesses commenced trading [H]. Baroness Hanham, Parliamentary Under Secretary for Communities and Local Government praised the excellence of the programme and MMU's "enterprise culture" [I].

Sustaining Social Enterprise

Mike Bull's research with social enterprises led to the creation of **Balance**, an on-line diagnostic tool to help social enterprises self-analyse, reflect and identify where their skills, strengths and shortcomings lie. Balance draws on the concept of strategic space as well as research with social organisations that uncovered the complexity of their transitions to social enterprise [6]. Under ESRC KE funding a new section on the diversification of income sources was added in April 2010. Since then, 540 social enterprises have registered to use the tool and 380 assessments have been completed. Social Enterprise North West offers Balance as part of the support they provide and have to date purchased 240 licences (2012 - 2013) [J]. The Social Solutions Academy, which supports the learning and development of over 350 social entrepreneurs, public sector representatives and private sector executives said it is "really easy to use and provides a good snapshot for social businesses".

5. Sources to corroborate the impact

[A] Report corroborating the economic impact of Leading Edge available on request.

[B] 10,000 Small Business Progress report "Stimulating Small Business Growth" published in April 2013, corroborating economic impact of 10,000 Small Businesses programme
<http://www.business.mmu.ac.uk/news/2013/10KSB%20UK%20Progress%20Report%20-%20April%202013%20-%20web%20version.pdf>

[C] Press coverage of 10,000 SBs report, Small high growth firms are source of new jobs
<http://www.ingeniousbritain.biz/latest-news/starting-up/small-high-growth-firms-are-source-of-new-jobs/1011/100913>

[D] Contact details of Euprotec Ltd uploaded. Euprotec are willing to corroborate impacts of 10,000 Small Businesses on the creation of participant-led community schemes.

[E] Press coverage featuring one of the first participants in the programme Windmill Tapes and Labels, <http://www.telegraph.co.uk/finance/yourbusiness/10006938/Goldman-Sachs-bank-boss-sticks-with-Stockport.html>.

[F] Supporting evidence for the impact of the Knowledge Action Network (KAN) programme available on request.

[G] *Encouraging a British Invention Revolution: Sir Andrew Witty's Review of Universities and Growth* (2013) KAN cited, page 33.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf

[H] Supporting evidence (funding report) for the impact of the Enterprise Champions programme available on request.

[I] Enterprise Champions report of ministerial visit;
http://www.creativemanchester.org.uk/news/minister_praises_the/94

[J] Testimonial of Social Enterprise North West Chief Executive corroborating the impact of Balance available on request