



The Centre for Small & Medium Sized Enterprises Report 2001

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The Centre for Small and Medium Sized Enterprises was first established in 1985 by the late Ian Watson to undertake teaching and training in the area of small and medium sized enterprises. By 1987 it had added high quality academic research in the subject area to its portfolio. The Centre is unique in having these three activities in place for virtually fifteen years

2001 has been a highly successful year in terms of additional funding to expand our teaching, research and dissemination activities. This has led to outstandingly able new staff being appointed.

Mercia Institute of Enterprise

The substantial expansion in the Centre's teaching activity has been associated with the establishment of the **Mercia Institute of Enterprise** under the Directorship of Professor Stephen Hagen. Funding for Mercia comes from two successful bids to the Office of Science and Technology (OST). The first focussed on expanding considerably the teaching of enterprise to Science and Engineering students, both within Warwick University and the other Universities that comprise the Mercia partnership. The Warwick target is that ultimately 20% of undergraduates should have received some form of enterprise training whilst at this University.

However, the Mercia Institute of Enterprise (MIE) is much more than Warwick: it is a partnership between Warwick and Birmingham, but involving all of the other universities in the West Midlands - Aston, Coventry, Central England, Keele, Staffordshire and Wolverhampton. The second successful bid to OST, recently announced, will lead to closer links with all these Institutions, as new Masters and Doctoral programmes are developed, together with Enterprise Research Fellowships.

The Mercia funding, with support from Warwick Business School, has enabled us to attract high quality new staff. We are delighted to welcome Dr. Andrew Burke, from the University of Edinburgh, as Reader. Andrew's research interests include dynamic industrial economics, enterprise capability and performance, venture finance, intellectual property rights and regulation.

He has a particular interest in cultural industries (especially the music industry) and is on the Executive Board of the Association of Cultural Economics International (ACEI). His teaching will cover new venture economics, strategy, finance and planning. In the Spring term of 2002, Andrew will be visiting UCLA as an Associate Professor and will be delivering two MBA Entrepreneurship modules. He is also an Editor of the forthcoming International Journal of Entrepreneurship Education.

Francis Greene, who received his Doctorate this year, becomes the Mercia Lecturer. Francis, formerly Senior Research Fellow in the Centre, will teach on the Centre's current undergraduate and postgraduate programmes; he will develop new courses for the next academic year. Francis' research will include the co-direction of the Leverhulme study (details below); Youth Enterprise Culture; and the assessment of the Euro for UK SMEs.



Dr Andrew Burke

Andrew and Francis join our existing team of Stephen Batstone and Nigel Sykes who continue to deliver high quality teaching to both undergraduate and post-graduate students.

Key Research Developments

The Centre has been fortunate in obtaining substantial funding from the **Leverhulme Trust** to look at changes in the characteristics of new firms and their founders over three decades in Cleveland. The research will also, currently, compare Cleveland with Buckinghamshire and Shropshire. This research is being carried out by myself, Francis Greene and Kevin Mole, assisted by Bridget Reah.

Dr Kevin Mole has joined us as a Research Fellow, from the Middlesex University Business School's Centre for Interdisciplinary Strategic Management Research. His current research interests include small business advice, and strategy within the engineering and electronics SME sectors.

Dr Stuart Fraser's continuing funding from the **Midland Productivity Association** has enabled him, in conjunction with **Barclays Bank**, to look at the impact of small firm training loans. His early results suggest the loans improve firm performance. He also has continued to examine the Shell Technology Enterprise Programme and shown that 'disadvantaged' students significantly enhance their immediate employment prospects by participation on STEP. This year Stuart has received a grant of £45,000 from the Department of Education and Skills to analyse the impact of the **Investors in People (IiP)** Initiative on small business performance and survival. To assist him, Lorena Dominguez-Arocha has been appointed on a part-time basis.

Stephen Batstone has been working on a TACIS funded project with the Russian SME Resource Centre and the Netherlands Economic Institute, to produce the 1st Russian Observatory, due to be published in June 2002.

Finally, Francis Greene and I continue our examination of the Shell *LiveWIRE* programme. We expect our results to be published next year.

We already know that 2002 will be an outstanding year for refereed journal publications with nine already 'in the can', and a number of others close to acceptance. During the next few years I expect this trend to continue as we seek to understand better the relationships between enterprise activity and performance. In the medium term I expect CSME research to focus on issues such as the performance of the self-employed, enterprise in media-entertainment industries, small firm finance, intellectual property rights, and the roles of entrepreneurial education and training. Government policy on entrepreneurship and small business, in a wide range of different countries is likely to be a key theme.



David Storey receiving an Honorary Doctorate from the Dean and the Vice-Chancellor of Wolverhampton University.

Key Training and Dissemination Developments

A most exciting entrepreneurial collaboration, has been the creation of the **Virgin Business Guides**, edited by Robert Craven and Grier Palmer. Six books have been published so far, which have been enthusiastically received by readers, the book trade, business support advisers and reviewers. These books, many of which have been written by Warwick Associates, are intended to provide readable insights into aspects of small enterprise for owners and managers. We are delighted to have this link with **Virgin**. Distribution is now established in the United States and the Far East, disseminating our business ideas and the CSME brand world-wide.

On the teaching front a major commitment for Mercia has been the design, promotion and delivery of three Enterprise modules inside the new **Warwick Skills Certificate**: the first was launched in November with innovative use of web-based learning and action learning sets. We aim to develop additional modules, especially helping graduates to use transferable skills either in SMEs or working in entrepreneurial ventures.

Our **Business Growth** and **Key Manager Programmes** have been restructured and improved under the direction of Grier Palmer, linking to Mercia and also the Virgin Books venture. The 10th Warwick-based editions of these programmes have two excellent groups of entrepreneurial owners and ambitious directors. Additionally the regional coverage is expanding with a third edition about to run at Milton Keynes, and new local collaborative versions being set up at Oxford and Worcester for early 2002.

Margaret Toozer has developed the new University **Diploma in Organisational Evaluation and Improvement**, to be piloted next year, in partnership with Midlands Excellence and Advantage West Midlands. We have also helped the new Small Business Service launch locally with Customer Service training; and aided by 'HEROBaC' we run a lively network for e-business firms, and a very successful CPD initiative for regional members of the **Chartered Institute of Marketing**.

We have supported the **Enterprise Fellowship Scheme** with both mentoring and training of the Fellows: Isabel Ford, who was hosted by the Centre, launched a Project Management start-up business at the University's Innovation Centre called TeamPro Solutions. We also contributed marketing help and training to the July **EnterpriseFest**.

The successful partnership between the Centre, the Marketing Council and Business Links continued with the **Grow with Marketing** programme, managed by Don McPhie. Using the most up-to-date techniques, information and case studies, the training sessions aimed to develop the marketing skills of Business Advisors, emphasising the importance of focussing on customers as the centre of business activity.

We are active participants in the University's increasing support of **Regional and Local Business Communities**. Activities include Grier's supervision of two Kitts + associates at a high-tech start up, plus two new Teaching Company Schemes. He also helped the Midlands Technology Network's workshop at Warwick in October sharing the Centre's research on high growth. Additionally we are working on projects with the Warwick Manufacturing Group to help regional initiatives for the business diversification of firms, mixing our growth training skills with WMG's technology knowledge.

The Centre for Small and Medium Sized Enterprises

The Centre was established in 1985 under the direction of the late Ian Watson as an integral part of Warwick Business School to undertake research, teaching and training of the highest quality in the area of small and medium sized enterprises.

The premise that the small enterprise is not simply a scaled-down version of a large enterprise is fundamental to the CSME's activities. This means that specialist knowledge, backed up by specialist research into the internal and external environment in which small and medium sized enterprises operate, is required. The Centre's objective is to undertake long-term, leading-edge research on this topic, and to ensure this is closely linked to the interests of the SME sector and to the policy community. It then seeks to disseminate this research and best practice to SMEs themselves and to business support services.

Some Personal Reflections

I was particularly honoured to receive an Honorary Doctorate from **Wolverhampton University**, where I have long-established research links with Professor Les Worrall. I am also looking forward to playing a full role as Visiting Professor, linking with Professor Elizabeth Chell at the **University of Manchester**. I am pleased that my visiting links, with Professor Mark Casson at the **Department of Economics in Reading** continue, and that my **EIM Research Fellowship** this year looks to be close to producing some good papers with Andre van Stel and Sander Wennekers.

Perhaps my most high profile role however, has been my appointment as the only non-owner of a small business on the **Small Business Council**. The SBC seeks to provide guidance to both the Chief Executive of the **Small Business Service** and the **Secretary of State for Trade and Industry** and its recently published first report has generated considerable interest and comment.

Given the quality of the staff we now have 'on board' and the long term funding from Mercia, I am confident the Centre will continue to enhance its reputation for the conduct of long term high quality research which feeds through into teaching and training activities.

Professor David Storey
Director
Centre for Small & Medium Sized Enterprises

Publications

Refereed Journals

- Audretsch, D.B. Baumol, W.J. and Burke, A.E. Competition Policy in Dynamic Markets, *International Journal of Industrial Organization*, Vol.19: 613-634
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- Burke, A.E., FitzRoy, F.R. and Nolan, M. 'When Less is More: Distinguishing between Entrepreneurial Choice and Performance', *Oxford Bulletin of Economics and Statistics*, Vol.62: 565-587
- Burke, A.E. 'Legal Structure and Strategic Regulation of Intellectual Property: Who Pays for R&D in Arts Markets?' *Recherches Economiques de Louvain*, Vol.66(1): 193-211
- Crick, D., Chaudhry, S. and Batstone, S. 'An Investigation into the Overseas Expansion of Small Asian-Owned UK Firms', *Small Business Economics*, 16(2): 75-94
- Mole, K. and Worrall, L. 'Innovation, Business Performance and Regional Competitiveness in the West Midlands: Evidence from the West Midlands Business Surveys', *European Business Review*, Vol. 13, No. 6, pp 353-364
- Westhead, P., Storey, D. and Martin, F. 'Outcomes Reported by Students who Participated in the 1994 Shell Technology Enterprise Programme', in *Entrepreneurship and Regional Development*, 13, pp.163-185

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- Burke, A.E., Fitzroy, F.R. and Nolan, M. 'Self Employment, Wealth and Job Creation: The Roles of Gender, Non-Pecuniary Motivation and Entrepreneurial Ability', *Small Business Economics*
- Curran, J. and Storey, D.J., 'Small Business Policy in the UK: The Inheritance of the New Small Business Service and Implications for its Future Effectiveness', *Environment and Planning C: Government and Policy*
- Fraser, S., Storey, D., Frankish, J. and Roberts R. 'The Relationship Between Training and Small Business Performance: An Analysis of the Barclays Bank Small Firms Training Loan Scheme', *Environment & Planning C: Government and Policy*
- Greene, F.J. and Travis, L., 'An Assessment of Euro Preparations by UK SMEs with EU-Links', *Small Business Economics*
- Kon, Y and Storey, D.J., "A Theory of Discouraged Borrowers", *Small Business Economics*
- Mole K., 'Street-Level Technocracy in UK Small Business Support: Business Links, Personal Business Advisers and the Small Business Service', *Environment and Planning C: Government and Policy*
- Mole K., 'Business Advisers Impact on SMEs: An Agency Theory Approach', *International Small Business Journal*
- Westhead, P. Wright, M. and Storey, D.J. 'Links Between Higher Education Institutions and High Technology Firms' *Advances in Entrepreneurship*
- Wren, C. and Storey, D. 'Evaluating the Effect of "Soft" Business Support upon Small Firms Performance', *Oxford Economic Papers*

Books

- Craven, R. and Palmer, G. (eds), *Virgin Business Guides*, Barrow, P., 'The Best-Laid Business Plans', Barrow, P., 'The Bottom Line', Craven, R., 'Kick-Start your Business', Cumming, T., 'Little e, Big Commerce', Dickenson, P., 'It's Not About Size', Wolfe, J., 'Do Something Different', Virgin Books
- Storey, D.J. *Small Business: Critical Perspectives on Business and Management* (ed), Routledge

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- Kon, Y. and Storey, D., 'A Theory of Discouraged Borrowers', *CSME Working Paper No. 70*
- Sykes, N. 'Envisioning, Enabling and Enacting: Metamorphosing the Enterprise', *CSME Working Paper No. 71*
- Greene, F.J., 'Enterprise Support: A Tonic for Young People', *CSME Working Paper No. 72*

Edited Books

- Storey, D.J. 'Regional Variations in Entrepreneurship in the UK', (ed), *The Economics of Regional Policy*, H Armstrong and J Taylor (eds), Spring 2001
- Westhead, P. and Storey, D.J. 'The Shell Technology Enterprise Programme: Student Outcomes', *Education and Training*, Harry Matlay (ed) Vol.42, No.4/5, 2000

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- Mole K. and Rogerson P. 'Statistical Methods for Geography', Sage, *London Economic Geography Research Group website* <http://www.econgeog.org.uk/bkreview.html>

Case Studies

- Burke, A.E. 'Putting the Cash into Cashmere: A Case Study of Belinda Robertson Fashion Design', *European Case Study Clearing House*, Video Documentary, No.301-188-3

Conference Presentations

- Fraser, S. and Greene, F.J., 'Enterprise Regained? Enterprise Support and Self-Employment', *ISBA Conference*, November 2001
- Greene, F.J. and Storey, D.J., 'The Value of Outsider Assistant in Supporting New Venture Creation by Young People', *Babson Entrepreneurship Conference*, Sweden, June 2001
- Mole K. 'Explaining and Augmenting SME Survival: Business Advisers' Experience and Academics' Theories', *British Academy of Management*, Cardiff, Wales, 5-7th September 2001
- Mole K, Ghobadian A, O'Regan N and Liu J. 'Technology Deployment in UK Manufacturing SMEs', *Babson College/Kauffman Foundation Entrepreneurship Research Conference*, Jonkoping, Sweden 15-17th June 2001
- Mole K, Ghobadian A, O'Regan N, Viney H and Liu J. 'Management Strategies in Engineering and Electronics SMEs: A Factor Analysis', *High Tech Small Firms*, Manchester Business School, Manchester, 31st May - 1st June 2001
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- Mole K. 'Business Support and a Logistic Recurrence Model of Local Small Firm Populations', *Annual Conference of the Network of Industrial Economists*, Royal Holloway and New Bedford College, University of London, 5-6 April 2001

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