

The Centre for Small & Medium Sized  
Enterprises & Enterprise Teaching Group  
Annual Report 2005





# The Centre for Small & Medium Sized Enterprises & Enterprise Teaching Group Annual Report 2005

2005 has been a year of sustained media coverage for both the Centre and the Enterprise Teaching Group. We were responsible for a quarter of all coverage of Warwick Business School.

An example of this was the launch of **Stuart Fraser's** research project 'Finance for Small and Medium-Sized Enterprises', A Report on the 2004 UK Survey of SME Finance. This was officially launched at the Warwick University London Office on the 23rd May. The launch was attended by representatives from all the major UK Banks. The Report received a great deal of press coverage and policy interest. For these reasons we have decided to hold a conference on the topic of 'international comparisons in the financing of SMEs in developing countries', on the 4th and 5th April 2006, here at Warwick. Key speakers include John Wolken of the Federal Reserve in the USA, and Arito Ono of the Mizuho Research Institute in Japan. We are very grateful to Barclays SME Research Team for their support for this venture.



Stuart Fraser and David Storey attending the presentation of the Report 'Finance for Small and Medium-Sized Enterprises'

Stuart's paper with Francis Greene on 'The Effects of Experience on Entrepreneurial Optimism and Uncertainty' has been accepted for publication in *Economica*. Following his Bank of England Report Stuart was invited to Washington as a speaker at the ICSB Conference. He has also presented to the Welsh Assembly and the British Bankers Association Conference.

**Kevin Mole** has been heavily involved in directing our evaluation of Business Link. The project is undertaken in conjunction with Stephen Roper at Aston Business School, and Mark Hart at Kingston. It involves a survey of 2,000 Business Link clients, but it also provides Kevin with the opportunity to further refine his work on business advice. We are very pleased to report that Kevin's work was recognised at the ISBE Conference in November, when his paper, 'Making Policy Choices in Non-Financial Business Support' won an award for the 'best contribution to supporting small business development and research'. This paper was co-authored by George Bramley, Head of Evaluation at the Small Business Service.

In August, **Francis Greene** published a paper on the Prince's Trust, which was well covered in the media. This work suggested the Trust's impact had been rather less than expected and that it had strayed somewhat from its focus on the 'disadvantaged'. Again we are delighted to report that this paper, 'Evaluating Youth Enterprise: The Case of the Prince's Trust', won the SBS award for best 'Synthesis' Paper at ISBE 2005, for the paper that 'best brings together the whole evidence base for a particular subject'.

**Nigel Sykes** continued in 2005 to develop his research on envisioning, enabling and enacting enterprise. During the year he presented this work to Grant Thornton and the Nationwide Building Society. Under the auspices of the British Council, he presented the work in Zimbabwe at both Harare and Bulawayo.



Nigel Sykes in Zimbabwe with Joseph Fushaye of the British Council

Since joining us in September 2005, **Paul Tracey** has continued his research on social enterprise and has published an article in the *Journal of Business Ethics* on the role of community-based organisations in fostering corporate citizenship, with Nelson Phillips and Helen Haugh. He has also had a paper on the distinctive challenges of educating social entrepreneurs accepted for publication. This is forthcoming in the *Academy of Management Learning and Education in 2006*, co-authored with Nelson Phillips. His current research is concerned with social enterprise as a form of institutional entrepreneurship.

Before coming to CSME, **George Saridakis** has published in the *European Journal of Law and Economics*. He is currently working on 'The Impact of Liquidity Constraints on Firms' Growth and Profitability', with Graham Hay and Kevin Mole. His other project is 'Employment Tribunal Cases and the Impact of Enterprise Size on Incidence and the Case Outcome'.

The latter project is funded by the Small Business Service and investigates whether small firms are both more likely to be taken to an employment tribunal and, if so, whether they are more likely to lose the case.

I was very pleased that our first successful Ph.D. student received his doctorate this year. **Liang Han** graduated in July, with his thesis 'Collateralisation, Internal Rates and Signalling in Entrepreneurial Finance'. We hope he will be followed by **Rafael Lorenzo** early next year, whose thesis is entitled 'Microenterprise Group Credits in Mexico: Do they Work?' Liang has now taken up a post as a Lecturer in Finance at the University of Hull, and Rafael is working at the Tecnologico de Monterey, Mexico City.

During my study leave 2005/6 I will be working on an 'Enterprise' text book with Francis Greene, and I am also contributing to the OECD SME Policy Handbook on Evaluation. In late 2005 I undertook work examining competition amongst SMEs for the Office of Fair Trading. This report entitled 'The Competitive Experience of UK SMEs: Fair and Unfair', was launched in October. Other research collaborations include those with Paul Edwards and Sukanya Sen Gupta of WBS on Employment Tribunals.

I continue to work on a paper 'Do More Heavily Regulated Economies have Poorer Performing New Ventures: Evidence from Britain and Spain', with Joan-Lluís Capelleras, Francis Greene and Kevin Mole. This paper has been presented in Ancona, Jönköping, Durham and Lisbon.

Finally, I'd like to highlight the contribution of two of our Associate Fellows. **Julian Hancock** continues to be our valuable link with the ENSR in undertaking pan-European research collaboration, the most notable output of which is the SME Observatory. Julian will continue in this role for Warwick, following our agreement with Kingston University to share UK Membership of ENSR. **Don McPhie** also provides a key link with the Business Link University and we thank him, and all of our Associates for their help throughout the year.

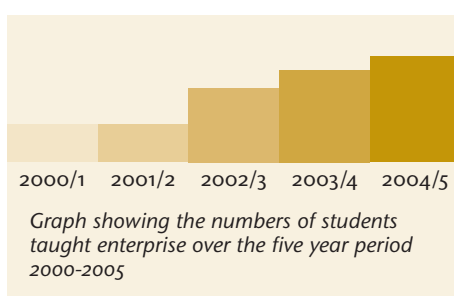


Francis Greene receiving the Best Synthesis Paper Award at ISBE

## TEACHING DEVELOPMENTS

Judging from the number of students enrolling on our courses, interest in enterprise expands continuously. For example, our new course 'Finance in New Ventures', which two years ago only had 20 students now has three times that number.

Our association with the Mercia Institute of Enterprise formally ends in July 2006, but the Institute has played a key role in widening the groups of students learning about enterprise. Illustrative of the change is that when Mercia began in 2000/1, we offered only one course and one module on enterprise/entrepreneurship to Warwick undergraduates, and taught just 206 students. However by 2004/5 the numbers taught by the Enterprise Group at Warwick Business School had risen to 776 students.



This reflects increased numbers on our existing course and module, plus three new modules developed by the Enterprise Group, and contributions to two other WBS courses.

This progress will continue in future years and one particularly gratifying development has been our collaboration with the Department of Engineering. In 2005/6 we began teaching a new course 'Starting and Running a Business' replacing the original 'Starting a Business' module which we taught for many years. The new course is on a substantially larger scale and it is compulsory for all second year Engineering students. It reflects the interest in the topic and the skills of CSME/ET lecturers.

George Saridakis has taken over the role as Econometrics tutor for the MSc. in Economics and Finance, previously taught by Stuart Fraser.

One disappointment, however, is our inability to attract high quality doctoral students with the skills we require. Whilst we receive around fifty enquiries per year, none have the strong economic/econometric background we seek. For these reasons we have not accepted a single full-time student in three years.

## COMINGS AND GOINGS

There have been major changes of personnel in CSME and Enterprise Teaching. During the year we lost two staff but made three new external appointments; two internal appointments to lectureship positions and one member of staff has been promoted.

Early in 2005 Stephen Batstone left the Centre to develop his consultancy business in Eastern Europe. We would like to thank Stephen for his work in developing the undergraduate course 'Entrepreneurship and Small Business'.

At Easter we were very sorry to lose Andrew Burke, who took up a chair at Cranfield University. We retain links with Andrew, who will continue to manage the entrepreneurship module on the Warwick Distance Learning MBA.

The external appointments are those of Professor Paul Westhead, who joins us from Nottingham University, Dr. Paul Tracey who joins us from the Judge Institute at Cambridge and George Saridakis from the University of Essex. Paul Westhead is familiar to us, having been a Senior Research Fellow at the Centre until his departure in 1996. Since then Paul has occupied Chair positions at Stirling and Nottingham and established a genuinely international reputation as a scholar publishing in front rank journals. It will be excellent to have him back. We are delighted to welcome Dr. Paul Tracey who diversifies our research portfolio through his specialism in social entrepreneurship, and George Saridakis who, although new to research in entrepreneurship, has the econometric skills required to make a real contribution to research in this area.

Two members of staff have changed their role during the year. Having been promoted to Senior Research Fellow, Dr. Kevin Mole has now assumed the responsibility of a Lecturer post in Enterprise. Dr. Stuart Fraser has also been appointed to a Lecturer post in Entrepreneurial Finance, where he will be responsible both to the Enterprise Teaching Group and the Finance Teaching Group within WBS.

I am very pleased that Nigel Sykes, after many years of valuable service to CSME, was promoted to Principal Teaching Fellow. During my absence on study leave, Nigel will be acting Head of the Enterprise Teaching Group.

Finally, we are very happy to report the appointment of two new Associates. These are **Richard Roberts**, Director of the Barclays Bank SME Research Team, who has strong research links with the Centre, and **Lucius Cary** who has helped with our MBA teaching for many years.

However, on a much sadder note, I am very sorry to report the death this year of **Mr John Roberts** who was a Business Advisor at CSME between 1987 and 1999. John was a stalwart of the Centre whose advice was given honestly and much appreciated. We will miss him, and take this opportunity to send our kind regards to his widow and family.

Professor David Storey  
Director, CSME



## PUBLICATIONS

- Chell, E. and Tracey, P., 'Relationship Building in Small Firms: the Development of a Model', *Human Relations*, 58, pp 577-616
- Fraser, S. and Greene F.J., 'The Effects Experience on Entrepreneurial Optimism and Uncertainty', *Economica*, (forthcoming 2006)
- Fraser, S., Storey, D.J. and Westhead, P., 'Student Work Placements in Small Firms: Do they pay off or shift tastes?', *Small Business Economics*, (forthcoming 2006)
- Fraser, S., 'Finance for Small and Medium-Sized Enterprises', *A Report on the 2004 UK Survey of SME Finances*
- Greene, F.J., 'Youth Entrepreneurship: Latent Entrepreneurship, Market Failure and Enterprise Support', *CSME Working Paper No. 87*.
- Greene, F.J., 'Evaluating Youth Entrepreneurship: The Case of the Prince's Trust', *CSME Working Paper No. 88*.
- Greene, F.J. and Mole, K., 'Small Business and Enterprise', *Enterprise and Small Business: Principles, Practice and Policy*, Carter, S. and Jones-Evans, D. (eds) (forthcoming 2006)
- Greene, F.J., Mole, K.F. and Storey, D.J. 'Does More Mean Worse? Three Decades of Enterprise Policy in the Tees Valley', *Local Development and Economic Policy: a European Forum*, Baussola, M., Ciciotti, E. and Timpano, F. (eds), Milan
- Mole, K.F., Greene, F.J., Storey, D.J. and Capalleras, J-L., 'Do More Heavily Regulated Economies have Poorer Performing New Ventures? Evidence from Britain and Spain', *CSME Working Paper No. 86*.
- Parker, S.C., Storey, D.J. and van Witteloostuijn, A., 'What Happens to Gazelles? The Importance of Dynamic Management Strategy', *Entrepreneurship Research Series*, Durham Business School.
- Storey, D.J., 'Racial and Gender Discrimination in the Micro Firms Credit Market? Evidence from Trinidad and Tobago', *Small Business Economics*, Vol. 23, No. 5, December, pp 401-422
- Storey, D.J., 'Evaluating SME Policies and Programmes: Technical and Political Dimensions', in Casson, M., Yeung, B., Basu, A. and Wadeson, N. (eds), *The Oxford Handbook on Entrepreneurship*, Oxford University Press (forthcoming 2006)
- Storey, D.J., 'Entrepreneurship, Small and Medium Sized Enterprises and Public Policies', in Van der Horst, R., King-Kanauni, S. and Duffy, S. (eds), *Keystones of Entrepreneurial Knowledge*, Blackwells, Oxford
- Storey, D.J., 'The Competitive Experience of UK SMEs: Fair and Unfair', *Report for Office of Fair Trading*, London
- Tracey, P., Phillips, N. and Haugh, H., 'Beyond Philanthropy: Community Enterprise as a Basis for Corporate Citizenship', *Journal of Business Ethics*, 58, pp 327-344
- Tracey, P. and Phillips, N., 'The Distinctive Challenge of Educating Social Entrepreneurs: A Post-Script and Rejoinder to the Special Issue on Entrepreneurship Education', *Academy of Management Learning and Education*, (forthcoming 2006)
- Wren, C. and Storey, D.J., 'Evaluating the Effect of Soft Business Support upon Small Firm Performance' in Van der Horst, R., King-Kanauni, S. and Duffy, S. (eds), *Keystones of Entrepreneurial Knowledge*, Blackwells, Oxford

## STAFF

Dr. Stuart Fraser, Lecturer  
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Dr. Kevin Mole, Lecturer  
Mrs. Elaine Pollard, Office Manager  
Professor David Storey, Director  
Mr. Nigel Sykes, Principal Teaching Fellow  
Mr. George Saridakis, Research Fellow  
Dr. Paul Tracey, Lecturer  
Mrs. Sharon West, Secretary  
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## Associate Fellows

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Mr. Robert Craven, The Director's Centre  
Mr. Julian Hancock, SME Research Services  
Mr. Don McPhie, Independent Consultant  
Mr. Oliver Nyumbu, Carat Consulting  
Mr. Andrew Wilson, WAA  
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Mr. Lucius Cary, Seed Capital Limited

*The Centre for Small and Medium Sized Enterprises was established within Warwick Business School in 1985 by Mr. Ian Watson. The Enterprise Teaching Group was established in 2003.*

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