

The Centre for Small & Medium Sized Enterprises & Enterprise Teaching Group Annual Report 2006



“2006 was a very successful year for the Centre and for the Enterprise Teaching Group. Staff published in excellent journals and we continued to increase the numbers of students taught enterprise and entrepreneurship”

Professor David Storey, Director, CSME

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The academic highlight of the year was a Conference which Stuart Fraser hosted on 4/5th April, 'International Comparisons in the Financing of SMEs in Developed Countries'. It attracted high profile international speakers including John Wolken, US Federal Reserve (author of US Survey of Small Business Finances), Charles Ou, US Small Business Administration, Arito Ono, Mizuho Research Institute, Japan and Theresa Graham (author of 2004 Graham Review of UK Small Firms Loan Guarantee Scheme). The Conference was attended by over a hundred worldwide delegates.

Staff Highlights

In 2006 **Stuart Fraser** had some first rate publications, including two follow up studies to the 2004 UK Survey of SME Finances; the Financing of Ethnic Minority Businesses and the financing of Social Enterprises. Stuart also made invited presentations to the British Bankers Association, Small Business Service and the ACCA Small Business Committee. The paper 'The Effects of Experience on Entrepreneurial Optimism and Uncertainty' (with Francis Greene), was published in *Economica*, and is currently the Journal's 'most read' article over the last twelve months. A second paper (with Paul Westhead) 'Student Work Placements in Small Firms: Do they pay-off or shift tastes?', was published in *Small Business Economics*, and a third paper (with Francis Greene and Kevin Mole) appeared in the *British Journal of Management*, 'Sources of Bias in the Recall of Self-Generated Data: The Role of Anchoring'.

Key Speakers and CSME staff setting out on a trip to Warwick Castle at the end of the Conference.



Stuart continued to teach at undergraduate and post-graduate level. His module for the Enterprise Group, 'Finance and New Ventures', is designed to provide students with a comprehensive and deep analytical understanding of new venture finance theory and practice. The number of students taking this module increases each year, testimony to his excellent teaching. At post-graduate level, Stuart teaches, for the Finance Group, a module on the MSc in Finance, 'Empirical Finance'.

Francis Greene had a very full year with his research output and undergraduate teaching. As well as his contribution to the *Economica* paper, he published a chapter in the book *Enterprise and Small Business*, (with Kevin Mole), 'Small Business in the Economy'; and (with Kevin and Stuart), 'Systematic Biases in Self-Reported Data: The Role of Anchoring and Impression Management', in the *British Journal of Management*.

For the academic year 2005/6 Francis was responsible for the WBS 3rd Year Undergraduate core course 'Entrepreneurship and Small Business' and he made a major contribution both in teaching and the development/support of web materials for the module for engineering students 'Starting a Business'.

In December Francis left to spend a well-earned sabbatical in Australia. He will be busy writing a text book for Pearsons and lead authoring a Research Monograph based on the Leverhulme-funded work on new firms in Buckinghamshire, Shropshire and Teesside. Francis returns to Warwick in September 2007.



Wishing Francis Greene a temporary farewell before his sabbatical in Australia.

Kevin Mole has developed a highly influential niche area of understanding and evaluating business advice for SMEs and the wider aspects of SME policy. This interest culminated in a high profile piece of research, (with Professors Mark Hart, Kingston University, and Stephen Roper and David Saal, Aston University) to be published early in 2007, 'Evaluating the Impact of Business Link on Small Firms'. The three authors presented a provisional paper at the Institute for Small Business and Entrepreneurship (ISBE) 29th Conference at Cardiff in November, which was awarded the 'Best Policy Paper' prize. Kevin was also track leader of 'supporting small business development world-wide' at ISBE and was co-author of 'Business Birth Rate Strategy, Start-ups and Incubation', (with George Saridakis), which won a track prize.

Another publication (with George Bramley), 'Making Policy Choices in Non-Financial Business Support: An International Comparison', was published in *Environment and Planning C: Government and Policy*.

During the academic year 2005/6 Kevin ran the module 'Understanding Enterprise' and taught the enterprise element of the WBS Course 'Business Studies II'. He was also responsible for the Entrepreneurship Module of the WBS Distance Learning MBA.



Kevin Mole and visiting PhD Student Yumiao Tian from China at the 29th ISBE Conference, Cardiff.

George Saridakis was awarded his PhD in the summer of 2006 from the Institute for Social and Economic Research, University of Essex.

Since coming to CSME George has worked on several projects, two with colleagues from the Industrial Relations Research Unit at Warwick Business School, (Paul Edwards and Sukanya Sen-Gupta). The first reviewed whether small firms are more likely to be brought before an Employment Tribunal and, if so, are they more likely to have a judgement against them compared to a medium or large sized firm. The results suggest small firms are more likely to lose, but this likelihood is substantially reduced if appropriate procedures are used by the small firm. A paper, 'Employment Tribunal Cases: The Impact of Enterprise Size on Incidence and Outcomes', won a Best Track Paper at the ISBE 29th Conference. The same team, (together with Robert Blackburn, Kingston University), have been examining the Workplace Employment Relations Survey (WERS). They clearly show that, all else equal, employment relations are more harmonious in smaller rather than larger establishments. Even more striking though is that workers in smaller firms are happier.

During the year, George presented papers at the European Association of Research in Industrial Economics Workshop, the 29th ISBE Conference and at our own 'International Comparisons' Conference.

Following his promotion last year, **Nigel Sykes** took over as Head of the Enterprise Subject Group and now chairs the meetings of all Heads of Groups in WBS.

Nigel has instituted major changes in the Enterprise Group's teaching portfolio. From this year onwards all first year students in WBS will study enterprise as a compulsory part of their degree. The students will work in groups to develop a business idea, which they then 'pitch' to an external panel of 'experts and business angels'. The material delivered draws heavily upon the extremely successful course which the Group has been delivering to engineering students over the past two years. The new WBS course is being led by Nigel and Paul Tracey and is a direct spin-out from the activities of the Mercia Institute of Enterprise which came to an end in 2006.

During the year Nigel also continued the development of his work on 'envisioning, enabling and enacting enterprise'. He presented his findings at a conference in Capetown, South Africa.

Paul Tracey has proved to be an admirable addition to our team, with both his teaching on the new WBS integrative undergraduate module, and his research. He has brought a new dimension to our research portfolio with his interest in social enterprises. This is a developing field which remains largely atheoretical, and Paul expects to make an important contribution to this work by combining his background in organisational studies with his contacts and knowledge of social entrepreneurship.

In March, Paul gave a presentation about corporate-social enterprise partnerships at the 2006 Community Enterprise Conference, Judge Business School, Cambridge University. He also presented two papers at the 2006 Academy of Management Conference in Atlanta: 'Building the Born Global Firm: Entrepreneurial Capabilities and International New Venture Success' (with N. Karra and N. Phillips), and 'Explaining Sustainable Cluster Performance: The Role of Network Strength, Network Openness and Environmental Uncertainty' (with B. Eisingerich).

Paul was a discussant at the ESRC/DUBS Seminar Series 'Innovation, Entrepreneurship and Public Policy' in December. He also had two major publications in top ranking journals: 'Altruism and Agency in the Family Firm: Exploring the Role of Family, Kinship and Ethnicity' in *Entrepreneurship Theory and Practice*, (with N. Karra and N. Phillips), and 'An Enterprising Failure: Why a Promising Social Franchise Collapsed', (with O. Jarvis), in *Stanford Social Innovation Review*.

In October 2006, **Paul Westhead** took over the management of the WBS third year undergraduate course, 'Critical Issues in Management'. During the year Paul also taught the 'Enterprise' Modules on the Full-Time and Modular MBA. He also found time to continue his research on habitual entrepreneurs and creating network bridges for university technology transfer, and his paper 'Novice, Serial and Portfolio Entrepreneur Behaviour and Contributions' co-written with Denis Ucbasaran, Mike Wright and Martin Binks, was published in *Small Business Economics*. We are, however, disappointed that Paul has decided he wishes to continue his career at Durham University and will be leaving us at Easter 2007. We wish him well for the future.

On a personal level I was on study leave during the academic year 2005/6. This enabled me to commit to writing, in conjunction with Francis Greene, a new textbook on small business.

In addition to this writing, I also undertook a short review for the Office of Fair Trading and continued to work with Barclays Bank and OECD. Early in 2006, I was hosted by the Government of New Zealand, giving me the opportunity to understand the framework for SME policy in New Zealand.

In October 2006 I returned to my role as Associate Dean for research in Warwick Business School.

Centre Highlights

CSME continues to be a member of ENSR, a consortia of Research Institutes undertaking social and economic research in Europe. We are the UK partner, in conjunction with Kingston University, and this activity is handled primarily by our Associate Fellow, Julian Hancock.

A final element of the close involvement with the Mercia Institute of Enterprise has been work undertaken for a DIFUSE Project 'Driving Innovation from Universities into Scientific Enterprise'. This work has been undertaken by the former Director of MIE, and now an Associate Fellow of the Centre, Professor Stephen Hagen. Although Stephen is now at the University of West of England, we are pleased to retain our links with him and to contribute appropriately to this project.

Stephen Hagen was our only new Associate appointment in 2006, but we did say goodbye to Robert Craven, Graham Beaver and David Brown whose appointments ended in the year. We would like to take this opportunity of thanking them for all their help and support over their terms of office.

We are pleased to say that Rafael Lorenzo has been awarded his Ph.D. His thesis was entitled 'Microenterprise Group Credits in Mexico: Do They Work?'.

Looking forward we have several exciting developments in progress.

Francis Greene and George Saridakis are collaborating on a research project funded by the National Graduate Centre for Entrepreneurship tracking the employment outcomes of graduates. Francis Greene, Kevin Mole and myself, continue to work on a Leverhulme-funded project looking at new firms in Buckinghamshire, Shropshire and Teesside.

CSME will be hosting the ESRC/DUBS Seminar Series 'Innovation, Entrepreneurship and Public Policy' here at Warwick in June 2007.

A further exciting initiative in 2007 will be the proposed establishment of an Enterprise Hub at Warwick Business School. We are pleased to announce the appointment of Professor Roger Mumby-Croft who will co-ordinate this activity, as well as the entrepreneurial activities of CSME, WBS and the University more widely.

We will continue teaching enterprise to first and third year WBS undergraduates and will work towards developing a second year enterprise module, with the ultimate goal that all undergraduate students at WBS receive enterprise/entrepreneurship teaching.

Professor David Storey
Director, CSME and Associate Dean (Research)
Warwick Business School

Publications in 2006 and forthcoming in 2007

- Fraser, S. and Greene, F.J., 'The Effects of Experience on Entrepreneurial Optimism and Uncertainty', *Economica*, Vol. 73, Issue 290, pp.169-192
- Fraser, S., Greene, F.J. and Mole, K., 'Systematic Biases in Self-Reported Data: The Role of Anchoring and Impression Management', *British Journal of Management* (forthcoming 2007)
- Fraser, S., Storey, D.J. and Westhead, P., 'Student Work Placements in Small Firms: Do they pay off or shift tastes?', *Small Business Economics*, Vol. 26, No. 2, pp. 125-144
- Greene, F and Storey, D.J.(2007), 'Issues in Evaluation: the case of Shell LiveWire', in Audretsch, D.B., Grilo, I. and Thurik, R. (eds), *Handbook of Entrepreneurship Policy*, Edward Elgar
- Greene, F.J. and Mole, K., 'Small Enterprises in the Economy', in *Enterprise and Small Business*, Carter, S. and Jones-Evans, D. (eds.), Pearson Education
- Jarvis, O. and Tracey, P., 'An Enterprising Failure: Why a Promising Social Franchise Collapsed', *Stanford Social Innovation Review*, Spring
- Karra, N., Phillips, N. and Tracey, P., 'Altruism and Agency in the Family Firm: Exploring the Role of Family, Kinship and Ethnicity', *Entrepreneurship Theory and Practice*, Vol. 30, No 6, pp. 861-877
- Mole, K. and Bramley, G., 'Making Policy Choices in Non-Financial Business Support: An International Comparison', *Environment and Planning C: Government and Policy*, Vol. 24, pp. 885-908
- Mueller, P., van Stel A., and Storey D.J., 'The Effects of New firm formation on Regional Development over time: The case of Great Britain', *Small Business Economics*, 2007
- Storey, D.J., 'Evaluating SME Policies and Programmes: Technical and Political Dimensions', in *The Oxford Handbook of Entrepreneurship*, Casson, M., Yeung, B., Basu, A. and Wadeson, N. (eds), Oxford University Press, pp.248-280
- Tracey, P., Phillips, N. and Haugh, H., 'Beyond Philanthropy: Community Enterprise as a Basis for Corporate Citizenship', *Journal of Business Ethics*, Vol. 58, No 4, pp. 327-344
- Van Stel, A.J., Storey, D.J. and Thurik, R. (2006), 'From Nascent to Actual Entrepreneurship: The Effect of Entry Barriers', *Small Business Economics*, 2007

Presentations in 2006

- Edwards, P. K., Saridakis, G., Sen Gupta, S. and Storey, D.J., Presentation, 'Employment Tribunal Cases: The Impact of Enterprise Size on Incidence and Outcomes', *ISBE 29th National Small Firms Policy and Research Conference*, Cardiff and Seminar, Warwick Business School and CSME Working Paper No.89
- Eisingerich, Bell and Tracey P., 'Explaining Sustainable Cluster Performance: The Role of Network Strength, Network Openness and Environmental Uncertainty', presentation *Academy of Management Conference*, Atlanta
- Frankish, J., Roberts R. and Storey, D.J. *ISBE 29th National Small Firms Policy and Research Conference*, Cardiff
- Fraser, S., 'Survey of Ethnic Minority Business Finances', presentation *ACCA Small Business Committee*, London
- Fraser, S., 'Survey of Ethnic Minority Business Finances', presentation *British Banker's Association*, London
- Karra, N., Phillips, N. and Tracey, P., 'Building the Born Global Firm: Entrepreneurial Capabilities and International New Venture Success', presentation *Academy of Management Conference*, Atlanta
- Mole, K., and McLaughlin, J., 'What Happens in the First Meeting between Adviser and Client?', presentation *ISBE 29th National Small Firms Policy and Research Conference*, Cardiff
- Mole, K., Hart, M., Roper, S. and Saal, D., 'Who Benefits most from Business Link Assistance?', presentation *ISBE 29th National Small Firms Policy and Research Conference*, Cardiff
- Saridakis, G., Mole, K., and Storey, D. J., 'New Small Firm Survival in England', *ISBE 29th National Small Firms Policy and Research Conference*, Cardiff

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The Centre for Small and Medium Sized Enterprises was established within Warwick Business School in 1985 and the Enterprise Teaching Group was established in 2003.

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