

Institution: Aston University		
Unit of Assessment: UoA 17 – Business and Management Studies		
Title of case study: Innovation Vouchers Programme, Phases 1 and 2.		
Period when the underpinning research was undertaken: 2010 - 2018		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Nicholas Theodorakopoulos	Professor Reader Senior Lecturer Lecturer	Aug 2017 – present Jan 2015 – Jul 2017 Jan 2012 – Dec 2014 Jan 2010 – Dec 2012
Pawan Budhwar	Professor Reader	Feb 2006 – present Sep 2003 – Feb 2006
Stathis Tapinos	Senior Lecturer Lecturer	Aug 2013 - Aug 2019 Sep 2005 – Jul 2013
Geoff Parkes	Senior Lecturer	2012 - present
Period when the claimed impact occurred: 2013 - 2019		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact		
<p>Building on the Aston team's research and experience, the Innovation Vouchers (IV) programme significantly improved innovation in the West Midlands' small and medium-sized enterprises (SMEs). Research-led support was provided to 299 SMEs across 133 unique Standard Industry Classification (SIC) codes during two, three-year phases (IV1: 2013-2015 and IV2: 2016-2019). According to independent assessment, the programme achieved the following impacts:</p> <ul style="list-style-type: none"> ▪ Improved productivity and business growth, leading to an existing and projected £19.5 million gross value added and 704.5 gross jobs created. ▪ Development of new products or processes in 65 SMEs. ▪ Improved SME owner/manager's understanding, confidence and skills in innovation. 		
2. Underpinning research		
<p>In the mid-2000s, Aston University was the first UK institution to offer innovation vouchers to SMEs (https://www.innovation-vouchers.com/) [G1, G2, G3]. The vouchers incentivise innovation via a small cash grant. Aston research [R1] has demonstrated the positive impact of the scheme on SME innovation and growth.</p> <p>In parallel, Theodorakopoulos et al. undertook engaged research into intermediation between large corporate buyers and SME suppliers, and between SME technology suppliers and recipients [R2, R3]. Using situated learning theory, this research [R2, R3] revealed how bringing together communities of growth-oriented SME owner/managers can help participants develop the skills needed to innovate and grow their businesses. It also demonstrated the highly positive role that intermediation by a third party, such as an academic or academic unit, can play in this.</p> <p>This situated learning approach had three main components that together informed the design of the Innovation Vouchers (IV) programme:</p> <ul style="list-style-type: none"> • Bringing together knowledge/technology providers and SME owner/managers. 		

- Using appropriate business development tools, such as the vouchers, in a way that connects owner/managers and knowledge providers and steers development of both their businesses and their staff.
- Running competency-enhancement workshops.

Specifically, the IV programme involved the Aston team providing expertise on business modelling and innovation, helping participant SMEs make connections with other knowledge-base providers, and providing small cash grants (the vouchers) as an incentive. The team designed and used an application form (filled out by businesses participating in the grant scheme) to focus minds on creating innovative business models, and ran a series of workshops to grow innovation in the participant SMEs.

The workshops were designed to promote the formation of a community of innovation-minded SME owner/managers in line with Theodorakopoulos et al.'s [R2, R3] research into intermediation.

There were three workshops – 1) Scenario Planning for Innovation; 2) Strategy and Leadership for Innovation; and 3) Marketing and Finance for Innovation. Each workshop ran four times a year during the project and was individually informed by the Aston team's relevant, cutting-edge research:

1) Scenario Planning for Innovation: A step-by-step scenario planning method developed by Tapinos [R4] allows levels of environmental uncertainty to be captured and used to create strategies around them. This informed the content of the first component of the workshop series.

2) Strategy and Leadership for Innovation: This workshop was informed by the work undertaken by Budhwar and colleagues [R5, R6] into the positive and significant links between work processes (including strategy, human resource management, and leadership) and innovation (at individual, team, and organisational levels). It shows that adopting a proactive approach to creativity and innovation enables firms to achieve a competitive advantage.

3) Marketing and Finance for Innovation: The third workshop was informed by Parkes et al.'s work [R7], which developed a psychometric test that can explain, measure, and predict the relationship between behavioural competencies and how entrepreneurs seek finance. This psychometric test was used in the workshop to identify how individuals could develop new skills to submit successful funding applications and drive innovation and business growth.

3. References to the research

R1 Bakhshi H., Edwards J.S., Roper S., **Scully J.**, Shaw D., Morley L., Rathbone N., (2015), Assessing an experimental approach to industrial policy evaluation: Applying RCT+ to the case of Creative Credits, *Research Policy*, 44(8): 1462-1472.

<https://doi.org/10.1016/j.respol.2015.04.004>

R2 **Theodorakopoulos, N.**, Ram M. and Beckinsale, M. (2013) Human resource development for inclusive procurement by intermediation: a situated learning theory application, *International Journal of Human Resource Management*, 24 (12), pp. 2321-2338.

<https://doi.org/10.1080/09585192.2013.781433>

R3 **Theodorakopoulos, N.**, Sanchez, D. and Bennett, D. (2012) Transferring Technology from University to Rural Industry within a Developing Economy Context: The Case for Nurturing Communities of Practice, *Technovation*, 32 (9-10), pp. 550-559.

<https://doi.org/10.1016/j.technovation.2012.05.001>

R4 **Tapinos, E** (2012) Perceived Environmental Uncertainty in scenario planning, *Futures*, 44(2012), pp. 338-345. <https://doi.org/10.1016/j.futures.2011.11.002>

R5 Shipton, H., **Budhwar, P.**, Sparrow, P. and Brown, A. (2017) HRM and Innovation: Looking Across Levels. *Human Resource Management Journal*, 27(2): 246-263.
<https://doi.org/10.1111/1748-8583.12102>

R6 Do, H., **Budhwar, P.** and Patel, C. (2018) Relationship Between Innovation-led HR Policy, Strategy and Firm Performance: A Serial Mediation Investigation. *Human Resource Management*. 55, 1271-1284. <https://doi.org/10.1002/hrm.21903>

R7 Parkes, GS; Hart, M; Rudd, R; Liu, R (2018) The role of behavioural competences in predicting entrepreneurial funding resource orchestration. *Cogent Business & Management Journal* (2018), 5: 1512833.
<https://doi.org/10.1080/23311975.2018.1512833>

Research Funding: **G1** Innovation Vouchers (IV1), ERDF, 2012-2015, £822,882; **G2** Innovation Vouchers (IV2), 2016-2019, ERDF, £384,680.

Indicators of research quality are publishing of research outcomes in recognised, high quality peer-reviewed journals and attracting competitively awarded research funding from established public sources.

4. Details of the impact

299 SME owner/managers (56 in IV1 and 243 in IV2) participated in the IV programme with two support offers for SMEs; workshops and grants. Workshops (facilitated by the Aston team and informed by their research [**R2–R7**]) enhanced participants' ability to innovate and grow their businesses. Owner/managers also applied for Innovation Vouchers (50% matched grants of £1,500/£2,500).

The vouchers supported interactive consultation processes between SMEs, programme staff, and business advisers with expertise relevant to their proposed innovations [**R2, R3**]. This enabled participants to reflect on their business models, operations, and growth aspirations [**S1–S5**].

IV had diverse economic reach, supporting SMEs representing 133 SIC codes over 16 economic sectors. These sectors included; Arts, Entertainment and Recreation; Construction; Professional; Scientific and Technical Activities; and Human Health and Social Work Activities.

Economic Impacts

The headline economic indicators (all figures gross) from the workshops were [**S2**]:

- £4.6 million estimated GVA (£0.3 million at the time of the Summative Assessment (SA) and £4.3 million after three years) and 172.5 jobs created, with 22.5 before the SA.

The headline economic impacts of the Innovation Vouchers themselves [**S2**] were:

- GVA estimated at £14.9 million, with £0.9 million before the SA and a further £14 million expected over subsequent three years, and 532 jobs created (114 at the time of the SA and 418 expected over subsequent three years).

Examples of firm-level impacts include:

Gifts for Little Hands, had not produced revenue but following IV support, “*has grown year on year by 20% and in 2020 doubled. Because of our commercial growth, we have one full-time and one part-time member of staff*” [**S4**].

IV engagement enabled Business Delta to “*[increase] turnover 65% since the project was completed, which I directly attribute to the consequences of being able to use this new*

innovation” [S9, pg 17].

Engineer’s Mate confirmed IV supported their internet sales which *“have contributed to a...50% increase in turnover over the last 18 months” [S10, 1:34].*

Improved and New products and Processes

In IV1, eight SMEs reported they began development of new products and another five had done the same for new services [S1]. According to the IV2 SA [S2], the vouchers largely funded the development of new products or services. 62% of contacted voucher recipients and 54% of contacted workshop attendees reported the development of new products or services.

Jay IW Ltd received support to begin prototyping and commercialising a new product. The Owner/Manager said he had *“seen total sales of circa £500k over the past 2.5 years” and “the engagement has made me more aware of open innovation activities and product development processes” [S5].*

The Managing Director of LX Group stated their IV projects have *“contributed to innovative activity through the development of new LX...offerings. Variants of... [which] have increased from one to five” and “sales turnover has been directly...positively impacted”... “with year on year growth from 2017 to 2019” [S3].*

Zen Communications had support to modify their workflow from a *“traditional...system” to one where their “team can work from anywhere”*. Zen Communications confirmed IV assistance helped them to *“future-proof” for “the next 5 to 10 years” [S10, 0:26].*

Improved Innovation and Business Practices

The IV programme helped SME owner/managers develop key management skills, some 48% enhanced their businesses’ capacity to innovate [S2]. The SA states:

“Exploiting advanced information technologies and developing innovative business models were also important. The Innovation Vouchers also led, in some cases, to changes in company innovation practice. These included increased confidence in external experts, increasing company willingness to innovate and being more aware of the support available to support innovation. There was some evidence that the support from the Innovation Vouchers team served as a “nudge” to encourage business managers to improve their approach to business strategy.” [S2, pg iii, para 2].

One owner/manager reflected that the programme contributed to *“innovative activity through expansion of the Surf Works product portfolio” and “sales turnover increased by 135% (£78k to £183.5k from 2017 to 2019), gross margins are up by 92% and number of employees up from one to three” – Director, Surf Works [S6].*

Another owner/manager advised *“we secured five corporate contracts – we would normally get one a month. Within the 12 months that followed the project, we saw income rise by at least 20% (turnover from £123k in 2017 to £144k in 2019)” and “Commercially we have grown and the move to collaborating with freelancers has been valuable in extending the range of our products and client numbers” – Founder of CircusMASH Limited [S7].*

The Director/Owner of Flick Lighting indicated support from IV had *“enhanced our understanding of innovation” and “extended our understanding of digital technologies and our knowledge will provide a platform for future product development” [S8].*

IV support enabled Advantage Services to identify and adopt new software to reduce staff time spent servicing their contracts. The MD reported *“thanks to the new capacity within the business, this now opens up new opportunities for innovation” [S9, pg 9].*

Gifts for Little Hands stated *“engagement [with IV] has improved the company’s understanding and adoption of innovative processes” [S4].*

Impact case study (REF3)

5. Sources to corroborate the impact

S1 Independent evaluation of Innovation Vouchers 1 (IV1): Innovation Vouchers, Final Evaluation Report on behalf of Aston University, Policy Research Group, St Chad's College, Durham University, June 2015

S2 Independent evaluation of Innovation Vouchers 2 (IV2): Aston University Innovation Vouchers Project (Ref: 50R17P01834) Summative Assessment, A Final Report by Regeneration Action Limited, May 2019

S3 Testimonial Statement: MD and Founder, LX Group

S4 Testimonial Statement: Gifts for Little Hands

S5 Testimonial Statement: Jay IW Ltd

S6 Testimonial Statement: Managing Director, Surf Works

S7 Testimonial Statement: Founder, CircusMASH

S8 Testimonial Statement: Founder/Director, Flick Lighting

S9 Little Book of for Innovation: Case Studies for Innovation Vouchers 2 (IV2)

S10 Innovation Vouchers 2 Video Case Studies - <https://youtu.be/vBpnpwdy-al>;
https://youtu.be/NI_WSiX0Alg