

Impact case study (REF3)

Institution: University of Chester		
Unit of Assessment: 17 Business and Management Studies		
Title of case study: Designing and delivering effective regional support at scale for small and medium sized enterprises		
Period when the underpinning research was undertaken: 2013 – 31 st December 2020		
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:
Connie Hancock	Associate Professor	From 2002 – ongoing
Paul Manning	Professor	From 2014 – ongoing
Neil Moore	Senior Lecturer	From 2002 – ongoing
Peter Stokes	Professor	From 2010 to 2016
Farid Ullah	Lecturer	From 2015 – ongoing
Tony Wall	Professor	From 2010 – ongoing
Period when the claimed impact occurred: 2014 – 2020		
Is this case study continued from a case study submitted in 2014? Y/N		

1. Summary of the impact (indicative maximum 100 words)

The Cheshire, Warrington and Shropshire regions are characterised by diverse economies with a dynamic and growing small and medium sized enterprise (SME) base. Chester Business School's (CBS) research into SME networks, decision making, inclusion and wellbeing, underpinned the refocusing of large-scale SME intervention and support programmes to better engage and cultivate relationships with a diverse range of hard-to-reach entrepreneurs and SME owner-managers. By working closely with key economic stakeholders (Local Enterprise Partnerships - LEPs, Local Authorities, and Chambers of Commerce) CBS deployed the largest portfolio of publicly funded SME support programmes of any UK Business School to drive the economic potential of SMEs. Pathways to the impact were secured through £34.74m in grants that enabled tailored support to 1,632 SMEs over the last 6 years, resulting in 312.3 new and 113.9 safeguarded jobs, 100 innovations, improvements in women and ethnic minority entrepreneurs receiving support, improved sustainability, and a net GVA improvement of £44.54m for the region.

2. Underpinning research (indicative maximum 500 words)

The underpinning research in this case study is drawn from CBS's 'responsible enterprise' and 'work-based learning for decent work' research clusters. Here, Dr **Hancock** (2002-present), Dr **Moore** (2002-present), Prof. **Stokes** (2010-2016), and Prof. **Manning** (2014-present) examined antecedents and on-going sense making processes of owner-managers / entrepreneurs which profoundly shape growth aspirations, as well as the development of trust in industrial communities and networks and its impact in delivering an effective range of interventions across sectors and sub-regions. Extending this work, Prof. **Wall's** (2010-present) research examined how these factors support or hinder owner-manager resilience and wider SME resilience and continuity, and Dr **Ullah** (2015-present) examined the issues of diversity and inclusion and their relationship with business growth and continuity. CBS researchers typically led study design and implementation, supported by international scholars to enrich analysis, for example, Profs **Cooper** (Manchester), **Liu** and **Tarba** (Birmingham University Business School), **Thomson** (Nottingham Trent), and **Hormiga** and **Valls-Pasola** (Barcelona).

Through CBS's close engagement with regional stakeholders, researchers identified economic development priorities. Whilst diverse economically, SMEs in Cheshire and Shropshire, and the networks they occupy, appear to exhibit common and persistent challenges that CBS's engagement identified and research guided interventions sought to address: **(1)** leadership and network challenges that stymie productivity and innovation, **(2)** digital and environmental sustainability, **(3)** spatial variability in social capital and networks that limit an owner-manager's confidence and resources to tackle formidable and complex challenges (e.g. Brexit and COVID-19), **(4)** reconciling key short and long-term objectives that often determine the economic sustainability of the enterprise; and, **(5)** adaptable, skilled and resilient workforces. Three overarching and interconnected research underpinned interventions which led to the impact reported in this case study are:

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(1) Organisational network performance: trust, exchange, and dialogue through industrial communities. Stokes [R1] examined the fragility of trust and its critical role in industrial district exchanges. Through exploring reason (information flows), routines (norms and values), and reflexivity (on-going and longer-term considerations), complex and subtle phenomena were explored that aided understanding and the cultivation of openness and trust within industrial networks. Moore's [R6] work examined the behavioural and regional components of medium sized enterprises viewed through a lens of an identity which was rooted to 'expected' behaviour of trust, fairness, honesty, and community responsibility in producing economically sustainable businesses. This research helped to frame project design and network models for institutional and individual exchanges, reshaping the evaluative and reflective approaches participants used to cultivate productive relationships with peers, mentors, and academics. Critically, this reshaping placed more emphasis on fostering communities of practice and excellence than knowledge transfer per se, typical in previous support programmes.

(2) SME decision making and resource allocation: Sensemaking and valuing of the tangible and intangible. Hancock's research [R2] stressed the limited means that newly formed enterprises possess, and the criticality of ensuring nascent entrepreneurs utilising their intangible human, structural and customer capital to assess the intrinsic performance measures of their enterprise. This research challenged HEIs to support new entrepreneurs in understanding their intellectual capital and value at the very earliest formations of the enterprise. Manning's work [R3] extended perspectives on social capital, capturing the deeply social process of becoming and being an entrepreneur/owner-manager. This work emphasised the highly situational, integrative, and processual nature of skill and knowledge accumulation that results in routinised practices. Specifically, the work highlighted the complex interpretation of dilemmas and challenges across specifiable/rational and non-rational criteria, which had not previously been explored in large scale business support projects. This emphasised project techniques to continually shape and re-shape dialogue as a result of evolving and maturing exchanges between owners/entrepreneurs and their increasing commitment to the programmes. Fostering peer-to-peer dialogue and techniques for group sharing, reflection and learning were brought to the fore in the projects, contrasting markedly to previous interventions that were didactic and content-heavy.

(3) SME inclusion and wellbeing: Engaging BAME entrepreneurs and hard to reach SME owner-managers. Ullah's [R4] work explored the challenges of ethnic minority entrepreneurs in locations of constraints. This enabled engagement and conversations with Black and Minority Ethnic (BAME) entrepreneurs across micro (individual preferences), meso (organisational financing) and macro (e.g. BAME employees and entrepreneurs in the place/region) spheres. This work was particularly insightful given the lower numbers of ethnic minorities within the population generally and entrepreneurial communities across the region. Wall's [R5] work added to the arsenal of SME support by examining the salient components of owner manager resilience, and the effect it has on broader SME resilience. These research insights supported CBS's reach into increasing the relevance of programmes to BAME businesses and those organisations that often do not seek or engage in business support programmes. Framing the interventions around supporting the individual beyond the benefits of the programmes' syllabi and allowing them to personally thrive whilst running and leading an SME was a key determinant in engaging them in the programmes.

3. References to the research (indicative maximum of six references)

- R1:** Mathews, M. & Stokes, P. (2013) The Creation of Trust: The Interplay of Rationality, Institutions and Exchange, *Entrepreneurship & Regional Development*, 25(9-10), pp 845-866.
- R2:** Hormiga, E., Hancock, C., and Valls-Pasola, J. (2013). Intellectual capital and new ventures: the entrepreneur's cognizance of company management. *Knowledge Management Research & Practice*, 11(2), pp 208-218.
- R3:** Manning, P. C. (2015). *The Human Factor in Social Capital Management: The Owner-manager Perspective*. Bingley, Emerald.

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R4: Zillur, R., Ullah, F., & Thompson, P. (2018) Challenges and Issues facing Ethnic Minority Small Business Owners: The Scottish experience, *The International Journal of Entrepreneurship and Innovation*, 19(3), pp 177-193.

R5: Wall, T. & Bellamy, L. (2019). Redressing Small Firm Resilience: Exploring Owner-Manager Resources for Resilience. *International Journal of Organizational Analysis*, 27(2), pp 269-288.

R6: Kraus, P., Stokes, P., Cooper, C.L., Liu, Y., Moore, N., Britzelmaier, B., & Tarba, S. (2020) Cultural Antecedents of Sustainability and Regional Economic Development - A Study of SME 'Mittelstand' Firms in Baden-Württemberg (Germany), *Entrepreneurship & Regional Development*, 32(7-8), pp 629-653.

The quality of the research is evident through 5 of the references being published in **international peer-reviewed journals**, and **[R3]** being peer-reviewed by a leading publisher. The quality of the research is also apparent in the award, and extensions, of enterprise grants from European Social Funds (ESF), European Regional Development Funding (ERDF), and Regional Growth Fund (RGF), totalling **£34.74m [S1]**.

4. Details of the impact (indicative maximum 750 words)

Collectively, the research motivated CBS to reflect upon previous UK and European SME intervention programmes, to reframe and redesign the portfolio to extend its reach and efficacy as **the largest portfolio of publicly funded SME support programmes of any UK Business School**. Major SME intervention projects totalling £34.74m in grants were directly influenced by CBS's research since 2013, **comprising around 150 partnerships** with digital agencies, mentors, entrepreneurs, business coaches, mental health and wellbeing professionals, scientific academics from the University, knowledge exchange professionals and CBS academics. These partnerships have enabled access and ongoing relationships with a significant SME population from across the region, most of which had not previously received publicly funded business support. Clare Hayward MBE DL, Chair of the Cheshire & Warrington LEP confirms that regional businesses have been critically "*reimagining their business model or adapting their business practices*" and that a CBS project, Accelerate, helps "*businesses reskill and develop employees across the region, so that they are future ready, can maintain employee engagement and sharpen the company's resilience and productivity*" **[S2]**.

ERDF SME support projects totalling £5.09m offered a wide range of support for entrepreneurs and SMEs looking to consolidate and grow their businesses [S1, S8]. For example, The Business Growth Programme (Ref: 03R16P00627, £488k) provided an SME gateway to CBS and wider university support services. The High Growth Centre (Ref: 03120PR, £3.4m) supported start-ups and SMEs to improve their performance through analysing their business processes. **ERDF innovation projects** focused on specialist, intensive support for SMEs to develop and implement new products, processes and systems in particular sectors. A £9.86m portfolio comprised Innovation to Commercialisation (Ref: 03R16P00976), the environment and sustainability-focused CREST (Ref: 36R17P01462), and Digital Solutions (Ref: 36R17P01698), which focuses on improving SME development and uptake of digital innovations [S1]. **ESF skills development projects** focused on up/re-skilling the existing and future workforces, closely aligned to local business need and growth plans. The £15.37m portfolio includes Building Skills and Growth Capacity (Ref: 36S18P02835) in the Marches, and Accelerate (Ref: 03S19 PO3307), the flagship skills project for Cheshire & Warrington LEP [S3]. The **Regional Growth Fund** business grant project Catalyst for Growth (Ref: 01.09.07.01/1953C, £4.43m) supported the creation and safeguarding of jobs in the Northwest's chemical sector **[S1, S5]**.

The research enabled the portfolio to significantly improve on previous structural funded initiatives, and as a result of the scale of these interventions, the contours of this impact are significant in terms of breadth and depth, and reflect the scale of ambition.

Raising ambition, forging networks, and investing in innovation for SME growth.

Social and intellectual capital dynamics are critical in fostering and sustaining regional SME interventions especially at early stages of formation **[R2, R3]**, so this was brought to the fore in the design and grant application process. These capital dynamics are also linked to the

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reputational efforts of the business in the first few years of establishment [R1, R2, R6], so the projects also sought to capture a significant number of very early stage enterprises in certain sectors. The projects collectively supported the social and intellectual capital development process, designed to accommodate the unpredictable, evolutionary process that reflects instrumentalism and sub-conscious decision making that is often evident in resource constrained owner led enterprises [R3]. This required programme facilitators and contributors to understand the importance of proving credibility very quickly with, and between, participants [S8]. Equally, there was increased investment between projects to enable trust-based relationships to form at and beyond their boundaries [R1, R6]. Dialogue, exercises and activities between entrepreneurs, owner-managers and programme contributors sought to develop the participants' adaptive capacity to switch between the rational and irrational sense making of situations [R3]. This challenged the heuristics that were used in complex decision making, where there was significant incomplete information, often preventing owner-managers/entrepreneurs to make informed decisions particularly in novel or complex arenas such as environmental and digital transformation. A web-services SME said *"The support has particularly helped to challenge unhelpful assumptions I had made about my business and my customers. It has also helped me form networks with other local business owners, which has already helped me in countless ways"* [S4]. Similarly, the Chamber of Commerce recognised *"The ability of academics and the School to engage SMEs, appreciating their sometimes-trivial challenges, enables trust and relationships to be forged. This places support mechanisms in a good position to tackle more challenging issues when they arise... and is relatively unique in the business support landscape"* CEO, WC&NW Chamber of Commerce [S8]. Deeper exploration of these themes with academics, intermediaries, peer organisations, over protracted periods of the programmes, enabled stakeholders to support more transformational investment decisions [S1, S6].

As a result of the redesign of the projects, 1,632 participants engaged in long-term business development, planning and network cultivation activities over the last 6 years, and 132 SMEs were involved in significant research and knowledge exchange, innovation, and sustainability investment initiatives [S1]. £21.3m of grants and private finance was leveraged on Catalyst for Growth, and feedback confirmed that *"the support received has enabled the company to stay in business despite the outward economic conditions associated with stalled capital investments in the supply chain (many of which were attributed to Brexit uncertainty)"* [S5]. Similarly, a Luxury clothing SME said *"The networking aspect of I2C has been absolutely priceless... This is particularly useful for me as our business is so diverse. I have been able to focus on each area of the business and now have a clear direction on the way forward"* [S6].

Research highlighted that new entrepreneurs often underestimate their human (motivation, employee relationships), structural (e.g. technology, operations, quality capabilities) and customer (e.g. market and customer relationships) capital dimensions in understanding their firm's performance beyond limited financial metrics [R2]. Projects sought to emphasise the intrinsic and wider resources that support new product, process, service, environmental and digital investments. Moreover, the programmes worked hard through intensive coaching and mentoring to raise the bar operationally and surpass current customer expectations enabling new jobs to be created as a result of increased revenues [R3]. As a result of this support, 62 nascent entrepreneurs, 131 pre-start-up businesses were supported [S1]. This led to 100 businesses introducing new products, 312.3 new jobs being created, and a further 133.9 jobs being safeguarded across the region [S1, S5]. A recipient of support, 'The Goat Tree', was awarded Best North West Student Start Up and later achieved a major honour at the national Young Enterprise Awards [S7].

(2) Improving information and innovation flows across sectors and sub-regions for SME growth. Research illustrated that industrial regions are characterised by information flows through cognitive and organisational proximity, which are reinforced by geographical proximity [R1, R6]. Crucially, openness and transparency were identified as not coming naturally to many SME owner-managers, despite these dimensions underpinning trust, and that trust influences the depth and flow rate of critical information even within mature industrial districts [R1]. Therefore, the projects instigated clear ground rules and modes of engagement around carefully curated networks and

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events, and this was manifest in the appointment of highly skilled project managers to help cultivate these networks sensitively [S8]. Notions of identity and respect were cultivated across participants, and it was essential that ‘down-to-earth’, informal and approaches were accessible and sensitive to the investment appetite of SMEs [R2, R3, R4, R5, S8]. The research and projects confirmed that ‘inter-SME’ relationships were significantly affected by the ‘moral’ identity that SMEs projected, which in turn affected the SME’s ability to invest, particularly in less tangible dimensions of quality and environmental sustainability [R6].

As a result of the SME intervention programmes, 384 SMEs were supported to be more environmentally sustainable, with a reduction of 257 tonnes Co2 emitted, and overall, the leveraging of investments and increased outputs **created £44.54m of Gross Value Added across the region** (£49.79mn including projected forecast) [S1, S5]. As an authentic Indian food producer said “[Innovate to Commercialise – I2C] *provided us with the skills, knowledge and confidence to take our products further and grow our customer base in this exciting and competitive market*” [S9]. Similarly, another food SME owner-manager said “*Meeting other business owners and expanding my professional networks has been hugely beneficial. Insight from industry professionals was valuable and staff at NoWFOOD are extremely helpful. I feel that I am a part of a community of small businesses which has given me confidence and the belief that I am able to succeed.*” [S10]

(3) SME sustainability, resilience and inclusivity. Identity guides investment decisions across tangible and intangible investments that promote employee care and well-being [R2], and a sense of regional community drives organisational sustainability decisions (longer-term decision-making orientation rather than solely short-term financial measures) [R6]. Longer-term success of the smaller firm reflects the personal resilience of the owner-manager, and specifically their adaptability, social support and co-operation, confidence, and purposefulness [R5]. These flex against interpretations of the situation, resulting in ‘comfort’ or ‘ambitious’ strategic orientations [R3]. Consequently, interventions that sought to support adaptability and confidence, in particular, were seen as particularly critical in the strategic realisation process. SME owner-managers reported “*I feel that I am a part of a community of small businesses*” which, “*has given me confidence and the belief that I am able to succeed*” [S10] and “*sessions have left me feeling more confident and empowered to grow after participating in support interventions*” [S4].

In terms of inclusivity, research [R4] enabled projects to make a significant step-change in BAME entrepreneurs and owner-managers to participate in funded programmes **from 2-5% previously to around 23%**. Here, CBS research assisted in targeting messages to specifically engage BAME and women business leaders, also it enabled programme targets to be more informed and realistic. Similarly, additional efforts were made to engage women entrepreneurs, increasing participation rates stubbornly fixed at around **30% to circa 51% more recently** [S3].

The net impact of these efforts is recognised by stakeholders, “[the LEP] *recognise the achievements of Chester Business School over the last six years in engaging the sub-region’s small businesses and contributing to making Cheshire and Warrington one of the healthiest, most sustainable, most inclusive, and fast-growing region’s in the UK*” CEO, Cheshire and Warrington LEP [S3].

5. Sources to corroborate the impact (indicative maximum of 10 references)

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- [S1] Letter from the Universities Economic Development Unit.
 - [S2] Statement from the Chair of Cheshire & Warrington LEP, [available here](#).
 - [S3] Letter from the CEO of Cheshire and Warrington LEP.
 - [S4] Beech Web Services Case Study, [available here](#).
 - [S5] Mickledore (2019) Evaluation of Catalyst for Growth Programme.
 - [S6] Tracey Telford Designs Case Study, [available here](#).
 - [S7] Young Enterprise Start Up Awards, [available here](#).
 - [S8] Letter from the CEO of West Cheshire & North Wales Chamber of Commerce.
 - [S9] Green Sisters Case Study, [available here](#).
 - [S10] Gourmegg Case Study, [available here](#).