

Institution: University of Liverpool		
Unit of Assessment: UoA 17 Business and Management Studies		
Title of case study: Stimulating small firm growth in the Liverpool City-Region		
Period when the underpinning research was undertaken: 2006 - 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:
Dr Benito Giordano	Senior Lecturer (Programme Director of Growth Catalyst)	2012 - present
Professor Oswald Jones	Emeritus Professor	2005 - present
Dr Allan Macpherson	Senior Lecturer	2014 - present
Professor Lisa Anderson	Professor	2005 - present
Period when the claimed impact occurred: 2014 – 2020		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact (indicative maximum 100 words)		
<p>Growth Catalyst is an EU funded programme, based on University of Liverpool Management School (ULMS) research on small firms, that supports learning and behavioural change among entrepreneurs in the Liverpool City-Region. Growth Catalyst resulted in improved leadership practices for 176 entrepreneurs and growth amongst 161 firms, demonstrated by increases in average turnover of 49%, firm investment of 38% and 333 additional new full-time jobs between 2014 and 2019. These indicators of impact have been recognised by multiple sources, including the independent European evaluation of the programme. In the context of the Liverpool City-Region, which underperforms economically compared with the UK average, the impact of Growth Catalyst is significant and far-reaching. The success of the programme resulted in a further £1m of European funding being awarded to ULMS to deliver four additional cohorts of firms up to 2021.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>The Growth Catalyst programme has transferred three main research insights into practice, ultimately having an impact on small firm leadership, business growth and subsequently the Liverpool City-Region. The programme is underpinned with the findings of research undertaken by staff at ULMS and based on the concepts of 'strategic space', 'critical reflection' and networking. Jones and Macpherson (3.1 & 3.2), revealed that behavioural change amongst entrepreneurs stimulates small firm growth particularly when it nurtures interpersonal trust, learning and business-related networking. This change process recognises the importance of entrepreneurs developing 'strategic space' (3.1), that allows them to reflect on their learning and affords them, as owner-managers and entrepreneurs, access to resources, motivation and capabilities to review and transform existing practices within their firms.</p> <p>Further research undertaken by Anderson (3.3), on action-learning in small firms, identified the importance of 'critical reflection' amongst entrepreneurs, especially when they are taken out of their everyday work environment. 'Critical reflection' is the process through which owner-managers and entrepreneurs take time to consider their actions and the resulting consequences, to enable them to identify opportunities as well as ways to resolve problems and difficulties in their firms. Finally, Giordano's research (3.4) on the effects of EU funded programmes, found</p>		

that cultivating durable networks is a crucial element in maximising the impact of support programmes on participating firms. This form of networking between local firms has been shown to stimulate growth (3.4). His research also emphasised the importance of local and regional stakeholder partnerships in enhancing leadership development and small firm growth (3.5 & 3.6).

The concepts of 'strategic space' and 'critical reflection' influenced LEAD, a previous European-funded programme for entrepreneurs, delivered by ULMS researchers from 2009 to 2012 and are integral to the Growth Catalyst programme, started in 2014. The research carried out by Giordano embedded a networking dimension in the Growth Catalyst programme, in the form of durable peer-to-peer collaboration between participants and the development of strong partnership working between Growth Catalyst and key City-Region stakeholders.

The research and its key concepts have been applied in the design and delivery of the Growth Catalyst in three ways: a series of master classes and professional business coaching sessions that have encouraged entrepreneurs to recognise the importance of developing 'strategic space' (3.1 & 3.2); action-learning sets (in groups of 4 to 5) are run throughout the programme encouraging 'critical reflection' and peer-to-peer learning on how to tackle common issues in their respective firms (3.3); and actively strengthening networking amongst participants and relationships with key business support stakeholders in the City-Region, to facilitate greater partnership working with entrepreneurs to help stimulate their growth. This relationship with the research ensures the programme's distinctiveness from other City-Region business support programmes and has shaped the impact that Growth Catalyst has had on small firms' leadership and firm growth.

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

3.1. Jones, O., Macpherson, A. and Thorpe, R. (2010) Promoting learning in owner-managed small firms: mediating artefacts and strategic space, *Entrepreneurship & Regional Development*, 22(7/8), 649-673. Available from institution on request.

3.2. Macpherson, A., Herbane, B., Jones, O. (2015) Developing dynamic capabilities through resource accretion: expanding the entrepreneurial solution space, *Entrepreneurship & Regional Development*, 27(5-6), 259-291. Available from institution on request.

3.3. Clarke, J., Thorpe, R., Anderson, L., Gold, J. (2006) It's all action, it's all learning. Action Learning in SMEs, *Journal of European Industrial Training*, 30(6), pp 441-455. Available from institution on request.

3.4. Giordano, B. (2014) *Liverpool city-region case study: Encouraging entrepreneurship to support social inclusion*, *Study on promoting multi-level governance in support of Europe 2020*. European Commission, DG Regional and Urban Policy, https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/mlg_cs8.pdf

3.5. Armstrong, H., Giordano, B., Macleod, C. (2015) The durability of European Regional Development Fund partnership and governance structures: a case study of the Scottish Highlands and Islands, *Environment and Planning C*, 33(6), 1566-1584. Available from institution on request.

3.6. Spilanis, I., Kizos, T., Giordano, B. (2016) The effectiveness of European Regional Development Fund (ERDF) projects in Greece: views from planners, management staff and beneficiaries, *European Urban and Regional Studies*, 23(2), 182-197. Available from institution on request.

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

Between 2014 and 2019, 176 entrepreneurs from 7 cohorts each completed the 8-month Growth Catalyst programme. Significantly, many of those participating had little, or no previous formal business education so the programme has provided an important opportunity to develop the leadership capabilities of entrepreneurs in the City-Region. The impact of the programme is demonstrated through evidence at the individual, firm, and City-region levels. Without the contribution of the underpinning research to the design and delivery of the programme these impacts would not otherwise have occurred. Ongoing impact is further demonstrated by an extension of the programme from 2019 to 2021, supported by £1m of European funding.

An independent European-funding programme evaluation (5.1), a follow-on survey (5.2) and an analysis of firm investment (5.3) shows that firms whose leaders completed Growth Catalyst grew faster, invested more and created more jobs than other small firms in the City-Region that did not participate in the programme (see Table 1). Between 2014 and 2018, 250 additional full-time jobs were created by Growth Catalyst firms from 6 cohorts (5.2, pg 29-30). An additional 83 full-time jobs were created from cohort 7 in 2019 (5.2, pg 37).

Table 1: Comparing the performance of Growth Catalyst firms with non-participating small firms in the Liverpool City-Region 2014-2018 (Source: See 5.1, 5.2 & 5.3)

Indicators of firm performance	Growth Catalyst firms	Other small firms in the City-Region
Turnover growth (5.1, pg 56 & 5.2, pg 24) (% increase, 2014-2018)	+49%	+1%
Investment growth (5.3) (% increase, 2014-2018)	+38%	-10%
Job creation (5.1, pg 61 & 5.2, pg 29) (average increase in staffing levels, per firm, 2014-2018)	2 jobs per firm	No overall increase

This evidence shows the significant impact of Growth Catalyst on small firm growth in the City-Region. Crucially, 7 out of 10 entrepreneurs attributed their firm's growth to the practical developments in individual leadership gained from the programme (5.2, pg 26).

4.1. Impact on individual leadership development

Evidence from entrepreneurs completing Growth Catalyst demonstrates the effects of applying the concepts of 'strategic space' and 'critical reflection' on individual leadership development (5.2, pg 10 & 5.4). For example, the owner of a fast-growing, service sector business explained that the programme helped them to "[d]evelop a strategy rather than a fantasy goal for the future... it has given me the skill set to manage it properly rather than let the growth get out of control" (5.4, pgs 3 & 6). The owner of a marketing firm emphasised the significance of learning about 'strategic space' arguing that, "[the programme] gives you time to think... the [coaching] mentor session, the action learning, it forces you to think about your business, in an abstract and practical way, [about] how am I going to solve... problems" (5.4, pgs 47-48). An independent European-funding programme evaluation reported that participants had a 100% satisfaction rate for the value of the learning acquired (5.1, pg 46). Moreover, 70% of programme participants stated that they became a better leader and manager, with improved strategic decision-making skills and better approaches to delegation (5.2, pg 35).

An industrial cleaning business owner reported that the content of the master classes and coaching had helped him to reflect that, "it changed me as a person and the way I operate as a manager. I realised I was being a manager and not a leader. I was firefighting problems on a daily basis and not having time to do what I needed" (5.4, pgs 40 & 42). The Director of a family manufacturing firm explained, "I gained a lot from the coaching, the action learning was really

good, we actually followed it on in our little group and we have had maybe 3 meetings since [Growth Catalyst ended]... I could pick up the phone now and ask for advice” (5.4, pg 28). Independent Assessors for the Small Business Charter Review stated that ULMS has a “very active and grateful cohort of Growth Catalyst SME business owners” that “benefited hugely from the Programme... and are excellent ambassadors for the management school and [the] wider university” (5.5, pg 30).

4.2. Impact on firm-level practices and networking

As a result of the changes in leadership generated from programme-learning, entrepreneurs implemented improvements in workforce planning and practices within their firms. Two-thirds of programme participants reported making organisational changes, that led to improved employee communication, knowledge sharing and staff training (5.2, pg 14). The programme has made them better managers, particularly in terms of strategic planning, mentoring and coaching employees, workforce planning, managing conflict, building teams and performance management (5.2, pg 10, Figure 1). A family business owner explained that her mindset changed because of Growth Catalyst so she treated her staff differently, asking them if there is there anything she can do to help, or make their job better or easier *“because you want the best out of your employees” (5.4, pg 18).*

The follow-up survey found that Growth Catalyst firms were in a strong financial position (5.2, pg 32, Table 26) and were planning growth in the next five years. Strategies that stood out amongst Growth Catalyst firms included the diversification of markets, geographical expansion, the expansion of premises and acquisition of new equipment and attracting external investment. Almost two-thirds said they were planning to increase their workforce (5.2, pg 31, Table 25).

Two thirds of participants also stated that, since completing Growth Catalyst, they are more convinced of future business success and are better equipped at dealing with crises (5.2, pg 32). A female CEO explained that, after taking over from her parents, the programme had helped her to grow the business, *“I started off [in the business] with massive imposter syndrome. I didn’t have really much experience in running a business as I’d never done it before, I was learning on the job and... the coaching, the action learning and the masterclasses as a combination... helped give me... clarity on how I was supposed to run the business” (5.4, pg 14).*

Participants reported that they had benefitted from revenue creating opportunities made available through the peer network of Growth Catalyst. The owner of a digital marketing agency explained that his firm *“got [three] contracts with other peers in... [the] network” to the value of “at least £40,000” (5.4, pg 56).* The owner of a marketing firm stated that, for a fellow participant, they did *“£10-15,000 of [rebranding] work...[as] we knew each other and [we] were trusted” (5.4, pg 51).*

4.3. Impact on City-Region economic development

Whilst the above demonstrates the changes within firms as a result of entrepreneurs’ participation, Growth Catalyst has also had a material effect on the local economy. The independent European-funding evaluation of Growth Catalyst estimated that it contributed almost £5m in GVA to the City-Region economy: a three-fold return for every £1 of European funding invested (5.1, pg 62). This is significant because existing small firms in Liverpool have been performing below the national average in terms of growth, investment and job creation (City-Region GVA per capita is only 75% of the UK average; 5.1, pg 8).

In 2019, Growth Catalyst was acknowledged in the Scale-up Institute’s Annual Review of UK business support programmes, as providing support for local small firms to stimulate growth (5.6, pg 21). Another independent consultancy report, on City-Region business support provision, recognised the New Markets 2 programme, of which Growth Catalyst is a part, as offering *“a more intensive and tailored service which is focused on growth implementation” (5.7, pg 25 of report).*

Growth Catalyst has stimulated partnership working by participant entrepreneurs with key City-Region stakeholders including the Federation of Small Business, Merseyside Special Investment Fund and Sci-Tech Daresbury (5.8). Local stakeholders also acknowledge the impact that the research-informed programme has had. The CEO of the Women's Organisation, a Liverpool NGO, stated "[Growth Catalyst] *has longevity and a strong track record in providing bespoke leadership development to help small firms to scale-up to help drive economic impact in the [City-Region]*" (5.8, pg 10). A civil servant responsible for European funding in the Liverpool City-Region Combined Authority affirmed that "*Growth Catalyst is a well-managed programme, which has delivered a range of significant outputs which means that it has contributed, more broadly, to the development of the small firm ecosystem in the Liverpool City-Region*" (5.8, pg 7).

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

5.1 Summative Assessment of the Liverpool City-Region's Building Business Capacity European-funded (ERDF) Programme (November, 2019, especially pages 8, 46, 56, 61, 62)

Data taken from the independent Summative Assessment of the Liverpool City-Region's New Markets 2 ERDF programme, of which Growth Catalyst is a part.

5.2 Growth Catalyst follow-on Survey (March, 2019, especially pages 10, 14, 17, 24, 26, 29, 32, 35)

Data taken from the online Follow-on survey of Growth Catalyst participants from 6 cohorts (2014-2018) carried out in March 2019 using SelectSurvey software. Overall, 77 responses were received from 144 participants, which is a response rate of 53%. For jobs created by Growth Catalyst firms after the survey was completed, an ERDF Beneficiary Monitoring form is included for participants of Cohort 7, which ran from May to December 2019.

5.3 Estimating the investment effect of the Growth Catalyst Programme with synthetic control methods using UK firm-level panel data from the FAME database (March, 2020)

Research by Dr Balazs Murakozy, ULMS Economics Group, evaluating the investment effects on firms in the City-Region, comparing those that completed Growth Catalyst to non-participating ones.

5.4 Qualitative testimonies from Growth Catalyst participants

Direct quotations from individual testimonies provided by Growth Catalyst participants exploring the impact that the programme had on their leadership practices and their respective firms.

5.5 Chartered Association of Business Schools (ABS): Small Business Charter Report (January, 2020, page 30)

The Report, drafted by ABS Assessors, following a visit to ULMS in October 2019, cited Growth Catalyst as an example of good practice in encouraging local entrepreneurship.

5.6 The UK's Scale-Up Institute's Annual Review, Report on Highlights 2019 (November, 2019, page 21)

This Report provides a review of programmes across the UK that help small firms to grow. The Scale-Up Institute is a private sector-led, not-for-profit organisation.

5.7 Regeneris Consultancy Report on Future Business Support in the City-Region (January, 2018, page 25)

In January 2018, Regeneris, a consultancy firm, analysed 12 European funded business support programmes in the City-Region, including New Markets 2 of which Growth Catalyst is a part.

5.8 Testimonies from key stakeholders in the Liverpool City-Region

Letters of testimony from Liverpool City-Region Combined Authority, the Federation of Small Business, Merseyside Special Investment Fund, Sci-Tech Daresbury and the Women's Organisation.