



Understanding and Promoting Small Business Growth



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Development



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Guest Editor: Simon Raby

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Editorial: Understanding and Promoting Small Business Growth

Simon Raby



Accepting the invitation

I was honoured when the Association of Management Education and Development ([AMED](#)) invited me to play a guest editorial role for a special edition of their Journal *e-Organisations and People* ([e-O&P](#)) on the theme of *Understanding and Promoting Small Business Growth in this Post Election Era*. It was an easy engagement to agree to, as it provided an opportunity to work with others who I admire and respect, and in an area that I am deeply passionate about. Beyond these factors came the opportunity to demonstrate the value that academic research has beyond academia. I strongly believe that the academic world has a lot to offer those who run their own businesses and deliver services to business. That is, if it can be understood; and delivered in a medium that is accessible and meaningful.

Who am I?

I wouldn't class myself as a traditional academic. I first worked in industry in change management. As a fresh-faced university graduate I had a lot to learn, and many mistakes to make. For all the hard work, and improvement in the company's performance, I will be forever appreciative of the opportunity afforded to practice and experiment with what was essentially a blank canvas. As workplace change took hold, a question kept entering my mind: If one organisation is like this, what are the others like? My quest to find an answer took me out of organisational practice and into research, a choice that has since allowed me to spend many enjoyable hours listening to business owners as I seek to understand how they and their organisations work.

In the course of my research, many business owners and senior leaders have asked me “What’s next? What else can you help me with?” Through the more recent period of my career, I have spent considerable time sharing the findings of the research. The more I have shared, the more others have embraced debate, learning and challenge. This has led me to translate the findings of my research into growth programmes and networks for business founder/owners and senior leaders, and those with whom they work. This endeavour continues to challenge me today, as I learn and find different ways of bringing the worlds of academia and practice together to converse, share and develop new ways of thinking.

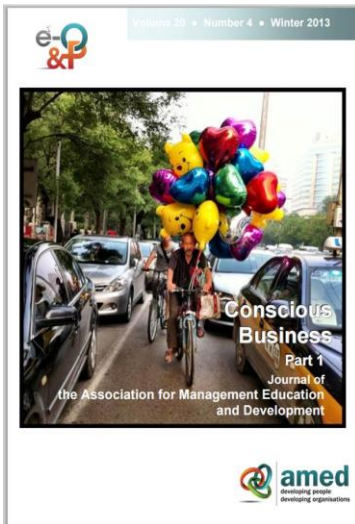
One such example is the translation of rigorous research findings into [a video cartoon](#) that explores the characteristics that lead to higher performance. It tells the story of ‘John,’ a fictional character who represents the average performing SME. Through his journey of discovery, John encounters the ten characteristics of high performance, lenses that challenge and support John and others like him to review and challenge the way they approach leadership and personal and organisational growth.



For me, the power of knowledge is truly demonstrated through its application. I have continued to find myself drawn towards those – including kindred spirits within AMED - who also want to share their understanding for academic and practitioner audiences. In academia, these individuals are relatively few and far between. The typical academic currency is blind peer-reviewed and ranked journal publications, many of which are not suitable for consumption by a practitioner audience. This is where AMED’s journal is different. It provides anyone with an opportunity to share their world view, their experiences, their understanding. You won’t find long and hard to-understand articles here. Instead, you will be able to satiate your curiosity for knowledge of the social world through short, snappy and relevant – yet always rigorous and thoughtful - writings.

How this special edition came about

It was an Autumn day that I arrived at the London Metropolitan University at Moorgate, to take part in a post-publication workshop on ‘*Exploring Conscious Business Practice: sensing as we act, reacting to what we sense*’ ([Burden and Warwick, 2014](#)). Facilitated by AMED in partnership with the Centre for Progressive Leadership (CPL), I was drawn to the idea of ‘consciousness’ in business. As a practicing coach, I had explored the notion of consciousness at an individual level, and had yet to consider it at a group or organisational level; something I thought this workshop would provide the perfect opportunity to explore.



What struck me on entering the room, and connecting with some of the participants, was the diversity of the event. There were academics as well as practitioners and business founders/owners, all of whom were open and approachable. The event was also relatively unstructured. There was a short introduction, and little agenda beyond this. Despite this, there was considerable depth and dimension to our discussions, and an engaging and powerful learning environment surfaced.

I have since discovered that the relationship between writing and speaking does not have to be linear or formal, like the siloed production line that I have often experienced in academia. Write your paper, present it, publish it, and move on. Through the creation of this special edition, I have

experienced a fluid, emergent and very much a back-and-forth process between creator and audience. This promotes the belief that the narrative is never finished, there is no one answer and a deeper understanding emerges through debate and discussion. I was to later learn that this approach had been coined 'critical friendship' (MacKenzie, 2015), and is a key philosophy of AMED and their Journal e-O&P. This approach has provided authors of this edition with an opportunity for constructive, open and supportive feedback that respects difference and celebrates nuance and uniqueness.



It was within one of the small breakout groups at the Conscious Business workshop that I met Bob MacKenzie, whom I would later find out is one of the linchpins for AMED and the commissioning editor of their Journal e-O&P. I enjoyed Bob's contribution into the group, and I later learnt that this was reciprocal. At the time, it unconsciously felt like a meeting of minds and underpinning philosophies; unspoken yet ever present. After the event I found myself contacting Bob. I wanted to learn and share. I wasn't clear on what this was or looked like, and I was keen to continue our conversations.

We spoke in the New Year, and Bob proposed that I play an editorial role for their Journal e-O&P that focused on the growth of Small and Medium-sized Enterprises (SMEs). There was a certain topicality too, with the call for the first part of this edition to be released immediately after the general election. Contributions would therefore be created in a formative period immediately after the election, and it was (and is) our hope that the writings and discussions provide a springboard to explore new ways of entrepreneurial being and doing.

An introduction to this special edition of e-O&P: entering the 'growth' room

By way of introduction to this special edition, I want to briefly share with you some of my own observations of the state of our knowledge in the area of Small and Medium-sized Enterprise (SME) growth through a personal experience. This particular experience was at a conference focused on the growth of SMEs, those organisations defined as having fewer than 250 employees, and less than 50m Euros in sales revenue (European Union). The room was filled with some very clever people, all passionate about their work, about SMEs, and about growth. What could possibly be wrong with that? One of the key themes that emerged for me as a result of attending the conference was how we define, discuss and understand the concept of 'growth'. Here I will highlight three particular approaches, all of which are distinct. They concern 'output measures', 'chance' and 'personal and organisational transitions'.

Output measures

Some academics see growth as an 'output', a measure (sometimes the only measure) of performance, often calculated by an increase in size of firm (e.g. in employment or sales revenue). In this world, considerable time is spent trying to identify those firms that are achieving higher rates of growth than others, in the belief that the high growth firms hold all the answers. This is the world of large datasets and where much of the government policy, and as a consequence funding, has typically been allocated. For example, support available through the current UK Government's [Business Growth Service](#) is open to those businesses that can forecast the likelihood of achieving high growth over a three-year period, with 'growth' calculated using a formulaic and financial measure of 'Gross Value Added'.

Chance

Research also shows that growth is discontinuous. Just because a firm grows in a previous period does not determine that it will grow in the next. We cannot predict growth, as much as the government would like us to! This has led some to postulate that growth is, at best, a 'random walk'; a result of chance (e.g. Storey, 2011). Entrepreneurs in this world are portrayed as 'gamblers', placing bets on their future, from their bank of 'chips' that represent available funds. Those with deeper pockets can make bigger gambles, and get to stay at the table for longer. Some would say this is an overly simplistic way of viewing growth (and decline) of organisations and that we can and should understand more about the complex process of growth.

Personal and organisational transitions

In the process world, and one for which I have a particular affinity, researchers focus on the *transitions* that entrepreneurs and organisations make during the growth process. The world has moved on since early growth models (e.g. Greiner, 1972) and the belief that firms pass through a set of defined and predetermined 'states' or 'stages'. Rather, it is about understanding personal and organisational transitions. What made us, as entrepreneurs; choose one option as opposed to another? What factors influence the way we and our organisations change and develop? The challenge here is the depth to which one has to dive. This type of work can become complex and in its nature is context-specific. Some also question how 'representative' these cases can be of the wider business population. I would argue that respecting and understanding difference is an important part of developing our awareness and conceptualising what was, and could be.

Because of the different approaches that are taken to investigate 'growth', other methodological issues aside, it is evident that research is rarely cumulative. As a consequence, one could question whether we are developing a greater, more nuanced understanding of growth. For me, there are more fundamental issues however, that are blocking our progress. These relate to a need to focus on the needs of entrepreneurs.

Focus on the needs of entrepreneurs

It may come as no great surprise to you that the attendees at the conference I was talking about were exclusively academics. I searched long and hard for a business owner, and could not find one! It may be unlikely that many invitations made it to the small business owner community. Even if they had, business owners may be hard-pressed to attend and may not see the relevance of such gatherings. This, for me, is where much of the problem lies in understanding and promoting SME growth.

Through my work with entrepreneurs I have come to understand that the concept of growth, in the way that the academic community typically define it, is often unhelpfully narrow and restrictive. In running workshops on growth, business owners quickly move to the question of what *success* means to them. If you ask an entrepreneur how they define success, they may well respond by saying it provides them with the opportunity to:

- provide for their own and their families basic needs
- be in control of their own destiny, able to make their own choices
- work with those they enjoy working with
- achieve fulfilment and personal growth
- live their values, and be true to themselves
- deliver a social good, and so on...

As you can see from such responses, rarely is success defined upfront exclusively as growth in profit and/or sales revenue, and success is certainly not defined by business owners as the OECD definition of 'high growth', which equates to the achievement of an annualised employment (or sales) growth exceeding 20% over a three-year period. What we are really talking about is not calculable, but rather human behaviour and social process. Entrepreneurs are passionate about achieving their aspirations, and these aspirations are not discrete or formulaic.

For me, the typically contrasting worlds of the academic and the entrepreneur represent the challenge that lies at the heart of understanding SME growth. Academics and entrepreneurs are working in different rooms, for different purposes and speaking different languages. The only way to break down the wall is to ask the question "What is it that entrepreneurs want and need?" This requires academics to shift their awareness, for part of their time, to the end consumer - the entrepreneur - beyond seeing those individuals and their organisations as simply sources of data for their ranked journal articles. The business case for this change is building, and will become ever more important over the coming years. Ultimately, this is a challenge of engagement and impact - how we as diverse stakeholders engage, listen and learn together.

I hope that this special edition of *e-O&P* will be seen as a contribution and a general commitment to take up this challenge, and that you, as I have, find the stories you read here of value to you, your organisation and your work.

This edition consists of six short and thought-provoking articles presenting a gamut of views on small business growth in this post-election era. To help you identify contributions of particular interest to you, I have provided a brief overview of each one.

A brief overview of the articles in this edition

Professor Stephen Roper and **Professor Mark Hart** present an approach to identifying those SMEs that are contributing, in a disproportionate way, to the growth and internationalisation of the UK economy. Through this article Steven and Mark coin the new labels of 'growth heroes' and reluctant exporters' and propose ways that these types of SMEs can be best supported to achieve greater levels of small business success.

In a highly personal account, **Toby Lindsay** takes us on a journey that challenges us to look beyond success by engaging with, and learning from, episodic failure which he sees as an inevitable – and invaluable - aspect of entrepreneurship. Toby offers a rallying call to entrepreneurs to develop communities of practice through which to share experiences, reflect, learn and develop together.

Professors Monder Ram and **Trevor Jones** provide a voice for largely unacknowledged role of the low-end migrant entrepreneur. Monder and Trevor invite us to look beyond the shiny world of technology-intensive development and the creative and cultural corporate industries to respect the diverse world of minority ethnic entrepreneurship, in order that we may gain greater awareness of the essential and significant economic and social contributions that ethnic minority entrepreneurs make to a modern, successful economy.

Through a case study of the veterinary sector, **Professor Colette Henry** and **Dr Elizabeth Jackson** discuss the gender disparities that exist in business ownership and leadership. Colette and Elizabeth debate and propose ways that female veterinary business and entrepreneurial leaders can best be supported to realise their potential.

Katie King explores the role that technology increasingly plays in the success of SMEs. Technology has opened the global marketplace and created new opportunities for growth. Concomitantly, businesses are experiencing enhanced levels of change and competition. To prosper, SMEs will need to understand how to leverage the interaction between people and technology and harness, develop and embrace new technologies.

Magnus McFarlane issues a rallying call for business owner-managers and their organisations to come together to collaborate. In sharing his practical experience of a successful collaboration in product innovation, he draws attention to the dichotomy between those individuals and organisations that are closed and protective and those that building an open and shared approach to doing business. With the help of a case study derived from personal experience, Magnus illustrates the important role that third parties, including Universities, can play in helping to facilitate access to knowledge that can drive competitive advantage.

Our plans for a post-publication Gathering, and a Part 2 of this edition

As I said at the beginning of this piece, writing, talking and engaging in other related actions concerning entrepreneurial activity and small business development are interrelated and interdependent. So we are actively looking to identify a space as early as possible in 2016 for a post-publication Gathering. This will happen some time between the publication of this Part 1 edition and the appearance of a subsequent Part 2. Inevitably and intentionally, this Part 2 will be inspired amongst other things by the interactions that take place in our Gathering. So please watch this space for more details about both initiatives, and please feel free to get in touch with either myself (S.O.Raby@kent.ac.uk) or Bob MacKenzie (bob@amed.org.uk) with your ideas for either or both this forthcoming gathering or an article or suggestions for themes for Part 2 of this edition. Join us to demonstrate that it is indeed a small (business) world!

Acknowledgements

I would personally like to thank **all the authors** who have contributed to this special edition of *e-O&P*; I have thoroughly enjoyed being a part of the creation process, and your articles are fantastic. I would like to celebrate **Bob MacKenzie's** contribution in the role of commissioning editor. Bob has been highly supportive, always generous with his time, and ever inquisitive and passionate about the area of SME growth. I would also like to thank **David McAra** and the rest of **AMED's editorial team**, who have made the publication of this Journal presentable and enticing. The Institute of Small Businesses and Entrepreneurship ([ISBE](#)) have been fully supportive of this enterprise, and we look forward to collaborating with them over the forthcoming post-publication Gathering. Finally, I would like to acknowledge the important role played by the practice of '**Critical Friendship**' in providing us all with the conditions within which to thrive.

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About the Guest Editor

Dr Simon Raby is passionate about the growth and optimum performance of individuals and organisations. Simon approaches his work as a 'pracademic', seeking to bridge the gap between academia and practice. In a career spanning 13 years, Simon has worked with hundreds of organisations in his attempt to understand "what drives growth and performance?" Simon is a founder/owner of [Business Improvement and Growth \(BIG\) Associates](#), a global business with the vision of becoming the 'go to' place for business founder/owner research and development. Simon is currently fulfilling an International Leverhulme Fellowship in partnership with the Haskayne School of Business' Hunter Centre for Innovation and Entrepreneurship at the University of Calgary, in his role as Researcher and Deputy Director of the Centre for Employment, Competitiveness and Growth (ECG) at the University of Kent's Business School. Simon would love to hear from you; and can be contacted on S.O.Raby@kent.ac.uk.

Maximising the growth potential of the UK's SMEs

Stephen Roper and Mark Hart



International research suggests the importance of UK SMEs in driving job growth, innovation and productivity. Many SMEs are however born small, stay small and many die young. Some – small - groups of SMEs, however, make a disproportionate contribution to growth and productivity. These include a small group of fast job



growing firms, around 3 per cent of SMEs who are 'growth heroes', increasing both employment and productivity significantly. Alongside these businesses, the UK has a group of 'reluctant exporters' who share the characteristics of exporting SMEs, but who are currently not selling abroad. Here, we argue that these three groups of firms represent policy priorities for the future, in addition to general measures to improve the framework conditions for UK SMEs. While it remains valid to provide broadly-based, light-touch support to SMEs generally, we argue that the 'bang/buck' ratio is likely to be greatest from concentrating support on two priority groups in particular: fast-growing firms (including the 'growth heroes') and the reluctant exporters. Normal para text

Key words:

SME, growth, 'growth heroes', productivity, fast growth, exporting, reluctant exporters, persistent exporters

Introduction

The UK economy needs more jobs and productivity. But where are these new jobs and productivity going to come from? The answer seems to be from the UK's Small and Medium-sized Enterprises (SMEs). World Bank evidence suggests that for most countries growth comes from smaller firms as larger firms retrench and restructure (Ayyagari et al. 2011). If this is the case, which groups of firms should policy makers prioritise for support? Start-up firms are one obvious potential priority; high growth potential firms another. In this article we briefly review the growth dynamics of the UK SME sector over the recession and post-recession period, and outline some potential policy priorities.

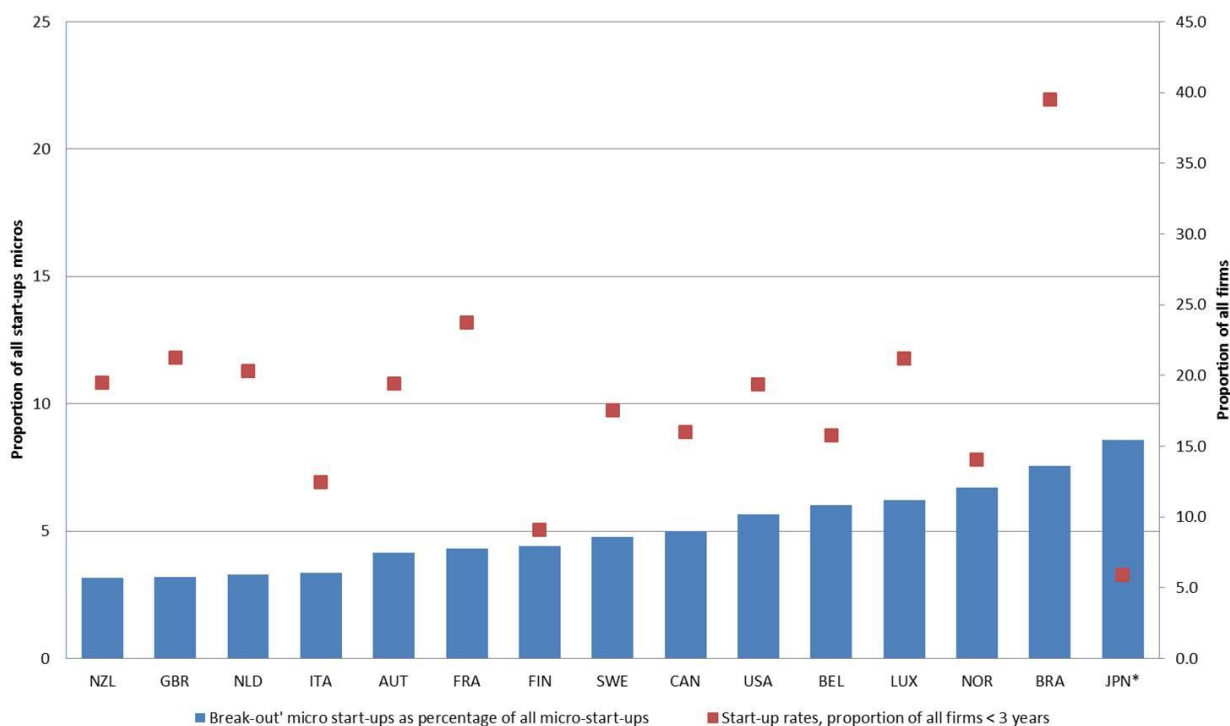
SME growth dynamics in the UK

SMEs with less than 250 employees account for 15.2 million (60%) of all private sector jobs in the UK and £1.6 trillion (47%) of revenue. Self-employment has also increased rapidly in the UK in recent years and at 4.6 million of the quoted 5.2 million SMEs is at a higher level than at any point in the previous 40 years. While self-employment is often a good option for those close to retirement or seeking to re-enter the labour

market, these are often low potential businesses with limited ambition to take on additional employees. The UK has a relatively high proportion of such start-up businesses and as a result an ‘ambition gap’ has opened up between the UK and its international competitors (Levie, 2014), suggesting UK firms are less ambitious than their counterparts elsewhere. This is actually a function of having more ‘one man bands’ in the business population.

Most SMEs which have any employees start small - around 90% have less than 5 employees – and only 20-30% will survive for a decade. The vast majority of those small firms which do survive will also remain small. Of those firms which survive to age 10, around 75% born with less than 5 employees will still have less than five employees. Further, the UK is amongst a group of countries with the lowest proportion of micro-enterprise start-ups (i.e., less than 10 employees) that grow to more than 10 employees in 3 years (OECD, 2014) (Figure 1)

Figure 1: Proportion of micro-start-ups that grow to 10+ employment within three years and start ups as proportion of all firms



A relatively small number of growth SME firms make a substantial contribution to jobs, productivity and export growth. There are about 10,900 High Growth Firms (HGFs) according to the OECD definition, in the UK private sector in the 2011-14 period which represented an incidence rate of 7 per cent back to its pre-2008 levels (Anyadike-Danes and Hart, 2015). It is also of note that HGFs with less than 250 employees (i.e. SMEs) have generated a greater proportion of these jobs than large HGFs (around 57% versus 43%) and these high growth SMEs were more resilient than their larger counterparts during the recession and recovery. Focussing specifically on SMEs, we find that, although high growth SMEs represent less than 1 per cent of established businesses, they generate 20 per cent of all job growth amongst established businesses which grow. Again this proportion has remained virtually unchanged since the late 1990s and was not affected by the Great Recession.

Our research has also highlighted the contribution of different and relatively small groups of SMEs to UK job, productivity and export growth:

Job growth – Of more than 230,000 firms who started up in 1998, only 25,000 have survived the 16 years to 2014. Within this group of ‘survivors’, is a unique group of 1,200 firms which were originally founded as micro-businesses (i.e., 1-4 employees) and together created around a quarter of all net new jobs in this period. Current research – sponsored by the Department for Business Innovation and Skills - is seeking to review the strategy choices of these firms to reverse-engineer their growth strategies. .

Productivity growth – only around 4-5 per cent of ‘growth hero’ businesses make a positive contribution to labour productivity though growth in sales outstripping their growth in employment.

Exporting - just under a quarter of UK SMEs (with employees) are exporting. Research by the UK’s Enterprise Research Centre (ERC) suggests that around 9-12 per cent of non-exporting SMEs are ‘reluctant exporters’ with have the potential to export and around 54-59 per cent of occasional SME exporters have the potential to become persistent exporters (Love and Roper, 2014). Together these two groups include more than 110,000 SMEs.

Focussing policy for growth and productivity

While it remains valid to provide broadly-based, light-touch support to SMEs generally, the ‘bang/buck’ ratio is likely to be greatest from concentrating support on two priority groups: fast-growing firms (including the ‘growth heroes’) and the reluctant exporters.

It is notable that the UK currently has no publicly supported initiative for fast-growing firms other than the [Business Growth Service](#), which provides support for a broader group of SMEs considered to have high growth potential. Supporting fast growing Gazelle firms with their rapidly changing needs and strongly individual requirements requires intensive engagement (Mole et al., 2011). The financial returns are substantial, however, with evidence from schemes in the Netherlands, Denmark and small initiatives in the UK suggesting strong returns ([OECD, 2012](#)). Internationally, the Dutch Growth Accelerator or [Ireland’s Management-4-Growth](#) provide strong learning models (see Roper and Hart, 2013). In the UK, the relatively small scale [Goldman Sachs 10,000 Small Businesses programme](#) is one such business school based exemplar. Another small scale exemplar is the research-led SME growth and development programme for owner-managers is ‘The BIG Journey’ run by Kent Business School which was [highly commended](#) in the recent REF impact exercise [and has](#) helped [SME owner-managers](#) make the necessary changes to the way they work. A financial incentive (perhaps something akin to a ‘student’ loan) might enable these sorts of initiatives to scale whilst remaining cost neutral to the public exchequer in the medium-term.

Supporting reluctant exporters is another route to growth. SMEs that export grow more than twice as fast as those that do not. Internationally active SMEs are three times more likely to introduce products or services that are new to their sector than those which are entirely domestic in orientation. Together, innovation and exporting create the potential for high productivity (Love and Roper, 2015). UK firms already benefit from high quality export and innovation support through [UK Trade and Investment](#) (UKTI) and [Innovate UK](#). However, our research suggests there are three ‘triggers’ for exporting among reluctant exporters. Each suggests cost-effective policy approaches (Love et al, 2015). These are: undertaking innovation, recruiting staff with international experience, and providing support in export planning, as explained in Table 1 below:

Table 1: Three stimuli to export for 'reluctant exporters'

Undertaking innovation - SMEs that innovate are around 7 percentage points more likely to export than a non-innovator. Closely integrating support for innovation and exporting will therefore help to maximise the commercial value of innovations. At the moment support is divided between Innovate UK and UKTI.

Exporting among SMEs depends strongly on experience – SMEs which are able to recruit staff with international experience are better able to export. Supporting such recruitment would accelerate SME's export development.

Export planning is also important. This type of support is provided effectively by UKTI but could be more effectively focussed on those SMEs which are innovating but not currently exporting.

Adjusting policy interventions to local needs

Discussion of the North-South divide has been extensive in recent years. Analysis of local innovation and growth metrics, however, suggests a more complex picture. Growth, jobs and to some extent innovations are being created right across the country, in all sectors. Less well performing local economies abut economies which appear to be thriving and few local economic areas are strong across both the growth and innovation metrics. To illustrate this Table 2 reports the top five and bottom five Local Enterprise Partnership (LEP) areas in England for two key growth metrics: net job creation (i.e., job gains minus job losses) and the percentage of fast growing firms. Other recent research (Figure 2) has identified the UK's innovation heartland - an arc of high innovation areas stretching from Cambridge and Peterborough in the East, through Oxfordshire and the South-East Midlands and along the M4 corridor. The Tees Valley is the innovation hot-spot of the North (Roper et al, 2015).

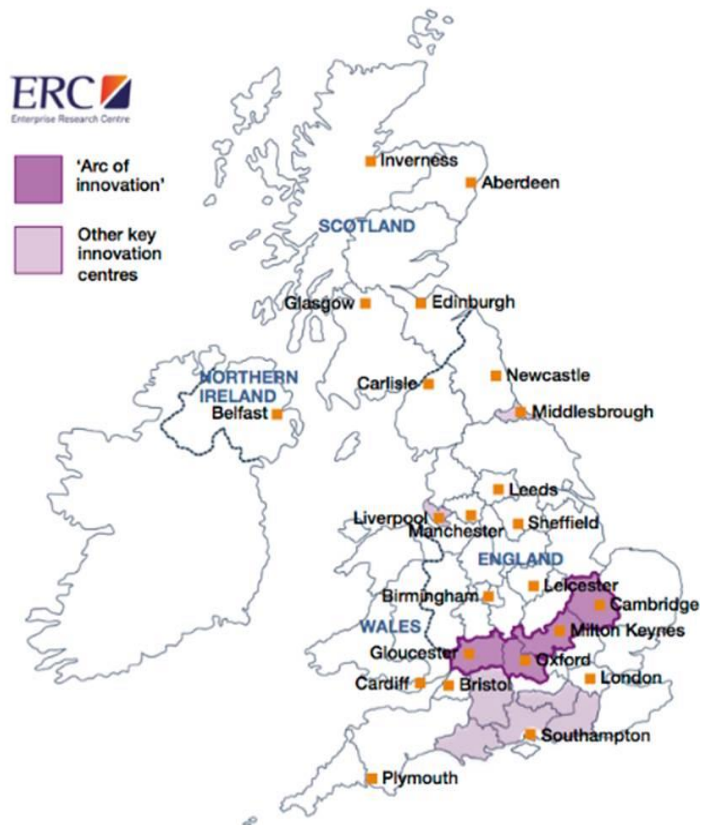


Figure 2: The Arc of Innovation

Table 2: Top and bottom five local areas: net job creation and business growth

| A. Net job creation (i.e., job gains minus job losses) | |
|--------------------------------------------------------|------------------------------|
| Top 5 LEPs | Bottom 5 LEPs |
| Hertfordshire | Worcestershire |
| Buckinghamshire Thames Valley | West of England |
| London | Leicester and Leicestershire |
| Derby, Derbyshire, Nottingham and Nottinghamshire, | Black Country |
| Coventry and Warwickshire | Cheshire and Warrington |

| B. Ranking in terms of the percentage of fast growing Firms | |
|-------------------------------------------------------------|-------------------------|
| Top 5 LEPs | Bottom 5 LEPs |
| London | Worcestershire |
| Oxfordshire | Greater Lincolnshire |
| Leicester and Leicestershire | New Anglia |
| Northamptonshire | Cheshire and Warrington |
| Thames Valley Berkshire | Cumbria |

Source: Hart et al., 2015.

The implication of this variety is that local areas will have different priorities and foci for growth which should be reflected in their Strategic Economic Plans. Rural areas may be just as likely to require programmes to support growth firms as core cities. Some of the principles on which coherent local development plans could be based were outlined in a recent policy report produced by the Federation of Small Businesses.

Conclusions

Debates around the implications of devolution and localism for SME policy seem likely to continue in future years in the UK. The evidence on the diversity of local growth and innovation performance suggests the validity of the general approach of developing local solutions matched to local issues. Arguably too, while we now have relatively good evidence on ‘what works’ in terms of supporting SME growth and productivity, the evidence is less clear about ‘how to’ or ‘who’ should deliver this support. In Scotland and Northern Ireland, for example, support continues to be delivered to targeted groups of firms through a system of ‘account management’ similar to the relationship management system operated by banking organisations. SMEs in England experience a more complex support landscape with innovation, exporting and management development support often being provided by different organisations and through different programmes. This creates the potential for co-ordination failures and confusion on the part of businesses as to potential sources of support. The development of Growth Hubs across England may help both to co-ordinate local support measures and make appropriate support accessible by SMEs.

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About the authors

Stephen Roper is Director of the Enterprise Research Centre (www.enterpriseresearch.ac.uk) and Professor of Enterprise at Warwick Business School. He is an economist with degrees from the University of Durham, Oxford University and LSE. Stephen has over 30 years' experience of researching issues related to small business and innovation and innovation policy in the UK and internationally and has published widely in both areas. Stephen regularly acts as a consultant for OECD on issues related to small business development and innovation policy including projects in Abu Dhabi, Mexico, Israel and a number of the Balkan countries over the last two years. Stephen is an Academician of the Academy of Social Sciences and a Fellow of the RSA.

You can contact Stephen @ E: Stephen.roper@wbs.ac.uk

Mark Hart is Deputy Director of the [Enterprise Research Centre](http://www.enterpriseresearch.ac.uk) and Professor of Small Business and Entrepreneurship at Aston Business School. He leads the [Goldman Sachs 10,000 Small Businesses programme](http://www.goldmansachs.com/10000smallbusiness). Over the last 35 years, Professor Hart has worked and published extensively in the areas of entrepreneurship, enterprise and small business development and policy. He jointly manages the [Global Entrepreneurship Monitor \(GEM\) project](http://www.gem-project.org) in the UK and advises a number of UK Government Departments and the Devolved Administrations on enterprise issues. His work on High-Growth Firms (HGFs) at Aston has been influential in shaping policy discussions and actions in the UK and he is currently working for the OECD on a range of follow-up projects.

You can contact Mark @ E: Mark.hart@aston.ac.uk

Success, failure and progress in healthy communities of entrepreneurial practice

Toby Lindsay



In this article, I look at entrepreneurship and entrepreneurial activity through the lenses of complexity (Stacey 2003), community and learning (Wenger 2011). I suggest that there is currently an exaggerated focus on success when it comes to discussing entrepreneurship. I argue that both success **and** failure are emergent and intrinsic properties of entrepreneurial activity - both are necessary for entrepreneurial development and progress. Furthermore, I ask what is it that we mean by success and failure? And does what we truly seek and need lie beyond these concepts? I conclude by calling for entrepreneurs to form and develop as communities of practice (Wenger, 2002), sharing mutual experience, in trust, taking time and benefiting together from the whole gamut of shared entrepreneurial experience.

Keywords

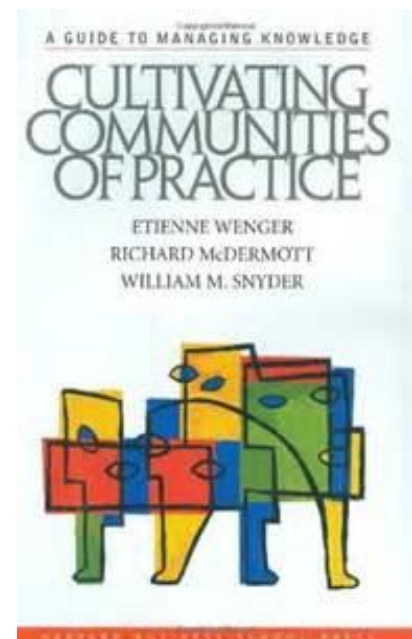
Entrepreneurship, failure, success, progress, complexity, community, learning, communities of practice

Introduction

Recurring questions in the field of entrepreneurship include:

- How can we create more growth?
- What is the secret of success?
- Why do some entrepreneurs succeed and others fail?

Whether these questions are asked by scholars, entrepreneurs or consultants (who often suggest they have the answers), there is a definite focus on success, growth and how, as an entrepreneur, to win better and more often than our competitors. However if we are simply wondering how we can be more successful, are we really asking the right questions? Indeed do we really know what we mean by success?



What is success or failure?

By success, do we mean more money, greater turnover, impact, making a difference, achieving personal goals, or something else? Conversely what is failure? Is it the opposite of success, the closure of a business or the feelings of shame and the need to assign blame that sometimes I, and others, have experienced as a result of entrepreneurial endeavours? Working recently on the [Promoting Sustainable Performance](#) project at Kent Business School, engaging with hundreds of entrepreneurs, I found that answers vary greatly to questions of what is, and what isn't, 'success'?

When we seek to understand how to improve or better ourselves and our businesses as entrepreneurs, do we not, generally, take an essentially individualistic approach? I often hear people asking; how can I improve my/our/this business? I also hear consultants, advisors and policy makers offering help, solutions and a certain number of "steps" to achieving your success. However, I'm wondering what the quest for more growth, better entrepreneurship, more success even, would look like if we shifted our view, and considered *both* success and failure as constituents of entrepreneurial progress, and from the collective perspective of a *community* of entrepreneurs? Indeed, is it really possible for all business to succeed, and collaborate in discovering the secrets of so-called success?

Personally, through experience and study, I think and feel that the answer is 'No!'. Rather, I've been coming to the conclusion that failure and success are socially constructed and emergent properties of entrepreneurship, and indeed of any developmental activity. Do we really get better and make progress in any field without there being failure as well as success? Furthermore, as the whole field of an endeavour progresses, what in the past constituted, or would have achieved, success, will no longer do. The game changes, the bar is raised, what got us here, won't get us there, and so on...

Success depends on previous failures



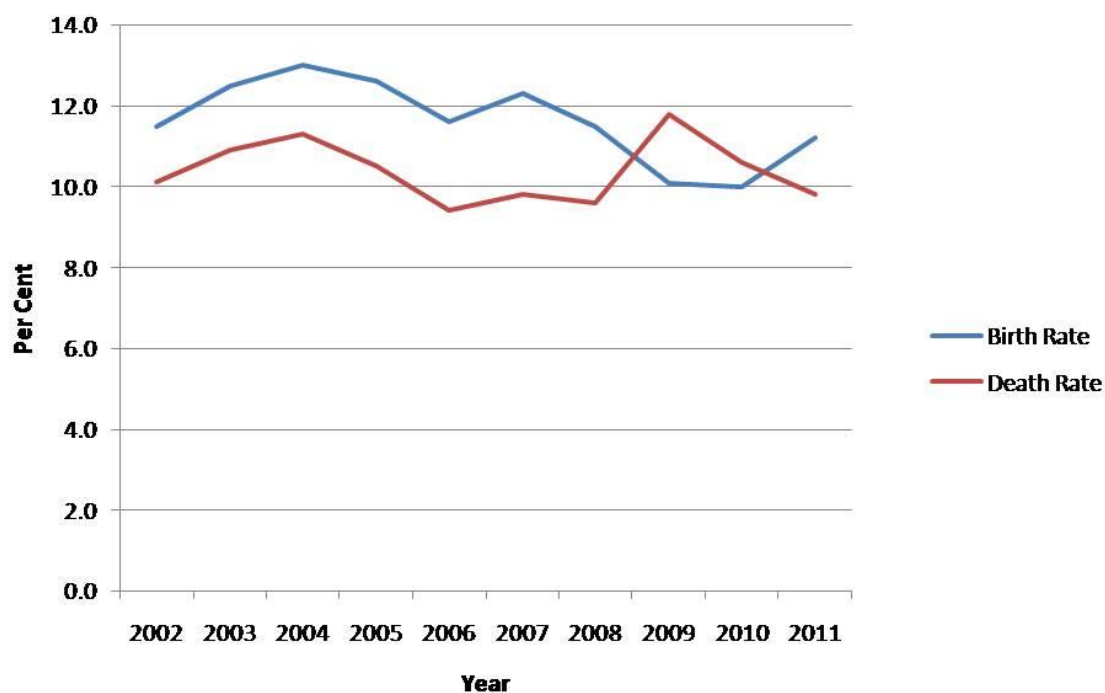
Nicole Forrester, Canadian Olympic high jumper
<http://www.nicoleforrester.com/>

Taking a sporting analogy, it is often argued that teams and competitors of yesteryear would fail to win against their modern compatriots. If the game is getting harder, or the level of quality amongst the players is rising, and the conditions in which the players perform is ever shifting and developing, then maybe the levels of success and failure are likely to remain static or reasonably so.

Of course the rules of the game of entrepreneurship are not defined and bounded in the same way as they are in sport, and experience and history tell us that what we may initially identify as a success, precedes a fail, and when we go through our deepest failing we are moving towards a success. Or maybe these are not endpoints, nor distinct sides of a coin. Rather they are interwoven and fluctuating strands of human experience. What I think can be said is that in sport, life and business, as much of our success is born out of our failure, as it is of our previous successes, if not more so.

Therefore entrepreneurial failure is an important and possibly occasional inevitable phenomenon, and should be valued and explored. If we take a basic view of failure as the entrepreneur's exit from their business, i.e. discontinuity of ownership (Singh, Corner & Pavlovich, 2007; Watson and Everett, 1996) and look at rates of new firm start-ups and firm closures in the UK between 1998 and 2011, we see that they stay within reach of each other, with firm closure notably spiking through the recent recession (see Figure 1 below).

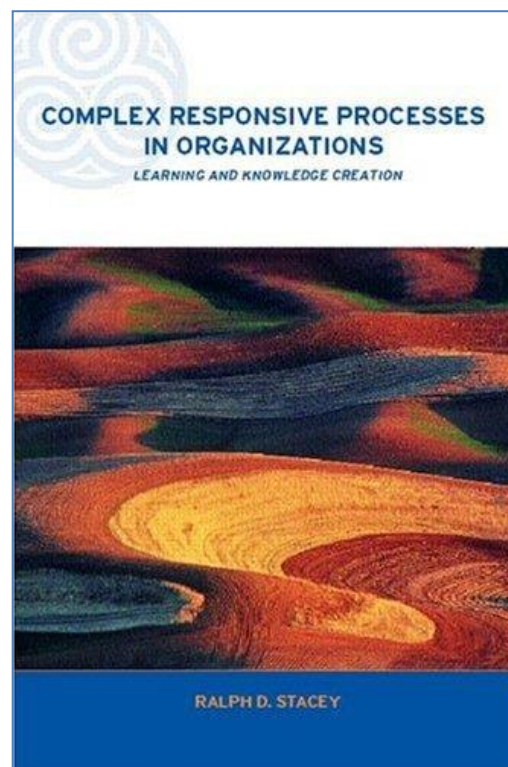
Fig 1: Rates of firm start-ups and closures in the UK 1998-2011 (source: Office of National Statistics).



This suggests that, viewed through this lens of discontinuity of business ownership, 'the death rate of firms' remains roughly proportional to the number of overall firms, rising and falling, yet showing no directional trend one way or the other. Against this backdrop, is the quest for greater incidence of success then always doomed to fail? Is there really a secret of success, or does this pattern show that there is not, but rather that *there is always failure and success* within entrepreneurial activity? If so, what might this mean for entrepreneurial development?

It could be argued that the steady rates of firms' deaths and births, points to there being a set of entrepreneurial practices that lead to ongoing success or 'life', and that there are those that lead to failure and 'death'. Then we find ourselves suggesting the replicability of those practices being what the entrepreneur must strive for. Yet, there are grounds for adopting the view that the quest for the 'secrets of success' is getting a rather disproportionate share of our attention. Foundations for this perspective include Stacey's (2003) arguments, based on a theoretical underpinning of complexity, about non-predictability in organisational life and the impossibility of using a cause-and-effect logic to determine the emerging phenomena of organisation.

If organisations are too complex to be understood fully, to be analysed entirely, then can we ever know what are the real 'causes' of the death or otherwise of firms?



Storey's (2011) view that the greatest determinants of entrepreneurial success are "optimism and chance", and that the individual entrepreneur and government policy combined can only influence success factors by around 15%, also seems to suggest that we cannot definitively identify the 'secrets of success'. It may be that we can influence the outcome of our entrepreneurial endeavours, and I would argue that we may as well do so. But, it seems from Storey's analysis that we overestimate the levels and reach of our influence. And again I am drawn to my many conversations with entrepreneurs and my own experiences, and see that the death of a firm is possibly part of a greater development, the beginning of something new, and a rich source of learning. Let me draw upon a personal experience to illustrate this point.

The case of Regency College



I have experienced forms of both success and failure as an entrepreneur. In 2002 my business partner Seamus Murphy and I founded Regency College, an international college in Brighton. As Principal, I was deeply involved in the development of the business, of additional businesses and, from a seed capital of £1,800, we were turning over

£1.3 million within five years and employing around thirty people. The accolade 'What a success!' was said, and to a degree felt, by others, and certainly by me. Now, with the gift of hindsight, I recognise that I am defining success in a very particular way. Regency College also failed. The company was put into liquidation in 2011. One of the founders declared bankruptcy eighteen months later, the other having ended his life, preceding the closure after a long battle with illness. People lost their jobs, creditors lost money and students, though they were offered alternative courses, lost a college they loved going to and a community they were proud to be part of.

Reflections

Chance, luck, policy, health, global economic tides and good and bad entrepreneurship were all major players in the rise and fall of Regency College and associated businesses. One bitter-sweet pill, that I find helpful, most of the time, is the realisation that my success in business and my failure in business were to some extent, nothing to do with me. Further to that is my growing insight that my sense of success and failure as reported above are not the successes and failures of the experience that I now draw on, as I go forwards in life.

Perhaps in my case success was maintaining a loving family and important friendships, through some hard times and being instrumental in developing a community of learning that many people said was a wonderful thing to be a part of. Possibly failure was to see success as something real, rather than an 'imposter' (Kipling, 1910) and to believe that I was therefore a success, that I could act accordingly and didn't need to look ahead, take advice and employ and engage those whose skills we did not have and needed...

So ... are success and failure perhaps more emergent properties of the whole – collective - field of entrepreneurial activity rather than things to focus on at an individual and/or firm level? If this is the case, then entrepreneurship and the development of entrepreneurship has to encompass all that happens within its bounds and embrace the successes and failures it produces to effect the greatest amount of learning and development. Again, I would argue that much of our attention, support and developmental activity is focused on the generation and/or replication of *success*, however much we say that "learning from failure is important". How much are we actually, really, doing about learning from failure?

As Cope (Cope, 2011) asserts, there is a great deal that can be learnt from failure. However, it is an emotional and difficult thing to do (Shepherd, 2003). In looking at learning from failure, Cope (ibid.) comes to the conclusion that it is only when the emotional pain of failure is passed or overcome that true learning can be achieved. Perhaps it is similar with success, it is only when the emotional exuberance of success is overcome that we can more clearly see and learn from the experience. It is true for me that learning from the experience of the formation, growth and closure of Regency College has been hard and painful, and not something I could have undertaken alone.

Possibilities for collective learning from entrepreneurial 'failure'

Two and a half years on from the closure of Regency College, just after discharge from bankruptcy, I went to a seminar at Warwick Business School on 'entrepreneurial failure' and I spoke, shaking and scared, of my experiences. To my surprise, I was not, as maybe I had feared, consigned as an 'outcast', but rather 'welcomed-in' as someone with valuable and not-that-unusual experiences to share. Hearing another entrepreneur say 'Well, we all fail' at certain times made me feel very different about what I then felt as 'my' failure. Working on and exploring my experiences subsequently with peers, academics and colleagues has been a rich, powerful and useful experience and I've been able to share with fellow entrepreneurs, working in valuable dialogue, to mutual benefit.

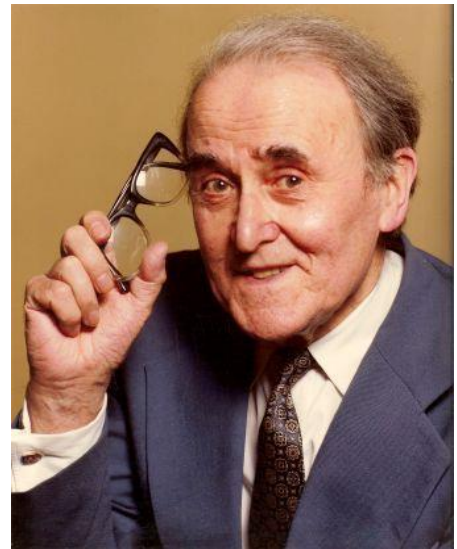
Possibilities for learning from failure for entrepreneurs are rich and varied. Cope (2011) writes that:

"entrepreneurs learn much, not only about themselves and the demise of their ventures, but also about the nature of networks and the 'pressure points' of venture management"

This suggests to me that entrepreneurial learning through failure offers a range of learning that is of incalculable benefit to the entrepreneur, their immediate community and the entrepreneurial community at large. He states that processes of critical reflection and participating in communities within which to practice such reflection are crucial if such learning is to be achieved. Using an Action Learning approach (Revans 1990; Clarke et al, 2006) for example, provides SMEs with rich opportunities to develop and learn.

So the environment of entrepreneurial activity is rich and varied and the connections, networks and communities that entrepreneurship offers provide a fertile base for learning, since entrepreneurs are:

“practitioners who operate within multiple, overlapping social communities of knowledge and practice” (Cope, 2005 pr. 388)



(Reg Revans 'father' of [Action Learning](#))

Potential barriers to learning from failure

In my experience however, addressing and learning from failure can be very difficult. Failure is a technical and emotional experience and the sense of failure, of shame, blame and regret is one that leads us, or at least led me, to withdraw and become mute on the subject of my profound sense of failure. Cope (ibid.) details how entrepreneurs who are experiencing failure withdraw, lose self-esteem and suffer significant emotional, financial, physiological, social and professional costs as a consequence. This puts the communal benefit of learning from failure at risk of being withheld, lost and never achieved.

Overcoming such barriers

This risk is countered where there are significant levels of social capital and psychological safety (Carmeli, 2006) in organisations. In such circumstances, I would argue, communities and learning is achieved at a much higher rate than where social capital and psychological safety is low. My sense of pain and shame through failure was acute to begin with. However, with time, companionship and community, I found a voice, and an audience, for sharing that experience for the benefit of others and myself. I am hugely fortunate that in family, friends and colleagues I have, and had - people who I trusted and who encouraged me to open, share and explore my experience.

This is not necessarily always the case. Entrepreneurs participating in learning programmes such as the [BIG Journey](#) and [Network](#) often speak of the benefit of being with people with whom they can share their experience. Reframing entrepreneurship as a [community of practice](#) (Wenger 2011), seeding communities of practice within entrepreneurial networks and encouraging and exhorting entrepreneurs to offer their diverse and rich experiences in the service of learning and progress enriches our quality of entrepreneurial activity and supports and helps the development of individual entrepreneurs, their organisations and the networks with which they interact.

Conclusion

However, for this learning to be achieved, appreciated and of use to society at large, we must find a way to bring together the entrepreneurial community in *all* its aspects. Competition does not need to rule out collaboration, and collaboration can be a key source of competitive advantage. Success or failure, growth or decline, large or small, the learning that supports the progression and development of entrepreneurial activity will be hugely enriched by dialogue and conversation that does not focus on success alone. Entrepreneurial learning then becomes available to all, through social activity offering rich and meaningful ways to be an entrepreneur and engage in the co-production of entrepreneurial learning.

To misquote Dewey (1882-1953):

“learning is not preparation for entrepreneurship, learning is entrepreneurship itself”

If we are part of the entrepreneurial learning community, perhaps that is as significant and worthwhile an activity as being what is typically regarded an entrepreneurial success or, indeed, failure. We may begin to realise that progress is born from *both* “imposters”, and that over time, they can and will change their faces and become both one and the other. We, too, can change and develop with our understanding of, and identification with, them.

Initiatives such as entrepreneurial networks that are formed on the basis of trust, mutual respect and curiosity about shared learning are hugely beneficial for those involved. Taking this approach and situating it within entrepreneurial communities of practice, dedicated to providing social benefit from learning from all aspects of our entrepreneurship would, in my view, be more impactful, relevant and appropriate than focusing on just one of Kipling's ‘imposters’ - that of success!

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About the author

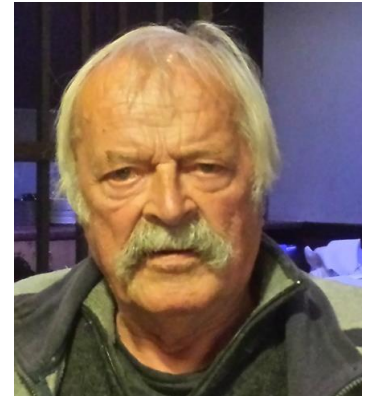
Toby Lindsay works as a developer of people and organisations as a Senior Lecturer at the University of Birmingham, Executive Director of Twelve Winds Consulting, and as an executive coach, speaker and teacher. He draws on his rich and varied background, experiences of business success and failure and rigorous and extensive developmental training, to offer developmental help and support to others. Toby is a father, son, brother, friend and husband and loves living, learning and lunch! You can contact Toby via E: lindsay235@gmail.com, M: 07530-507-030.

The two faces of migrant entrepreneurship in the UK

Monder Ram and Trevor Jones



In this article, we readily acknowledge that the progress of technology-intensive development and the creative and cultural industries is crucially lubricated by the intellectual cross-fertilisation made possible by diverse poly-ethnic populations. However, we also introduce the corrective argument that the seemingly more modest, typical and largely overlooked contributions of low-end migrant entrepreneurs are equally, if not more, significant.



Keywords

Migrants, ethnic minority groups, high-end entrepreneurial activity, low-end entrepreneurial activity, economies of consumption, the diversity dividend

Introduction

The excitement that accompanied debates on immigration before the 2015 UK General Election has, if anything, intensified as the victorious Prime Minister scurries around Europe in his quest for a 'better deal' (i.e. fewer immigrants) for Britain. Stemming the flow of migrants to the UK is presented as an economic necessity by much of the political class, despite evidence pointing emphatically in the opposite direction. Interestingly, there is an almost complete absence of any migrant dimension in other incessantly lauded economic imperatives like 'growth', 'entrepreneurship', and 'innovation'.

Despite research evidence that migrants and minority communities are playing an important role in sustaining these pillars of a modern economy (Nathan, 2015a), their contribution is effectively ignored by the political cognoscenti, much of the research community and public opinion. Major cities in Britain and much of the rest of Europe are witnessing a surge in entrepreneurial activity by migrants and ethnic minority communities. The former arrived over the last decade or so from a wide variety of countries and range from asylum seekers to mobile highly educated and skilled migrants circulating in large multi-nationals. 'Older' ethnic minority communities have long seen entrepreneurship as a means of survival and social mobility; and it has to be borne in mind that immigration is a centuries-old phenomenon.



Whilst it is true that discrimination and exclusion from society's 'mainstream' often means that minority communities turn to self-employment out of brutal economic necessity, it is equally the case that many entrepreneurs powering the recovery are to be found in the ranks of Britain's *super-diverse* population. Compelling evidence is provided in a recent study (Centre for Entrepreneurs, 2014) of immigrant entrepreneurs in the 'heartland SME segment of the economy' (companies with a turnover between £1m and £200m). The foreign-born owners in this study were:

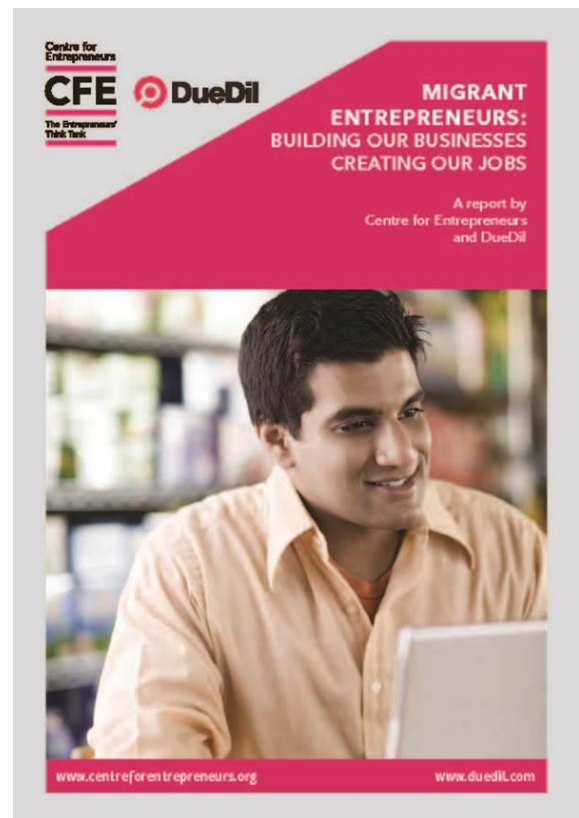
- responsible for one in seven businesses in the UK;
- almost twice as entrepreneurial as UK-born individuals; and,
- on average, eight years younger than the typical UK-born entrepreneur.

The report concludes that 'Britain relies heavily on entrepreneurial migrants to launch businesses, create jobs and grow the economy'.

While all these findings are entirely accurate, they need some qualification. In this essay, we draw on our own research findings from the English Midlands (Jones et al., 2014a) to argue that new migrant entrepreneurship in the UK follows two contrasting trajectories, neither of which should be ignored or downplayed; and each of which creates socio-economic benefits. As suggested above there is a highly dynamic set of business owners making a direct contribution to wealth and job creation, whose presence as part of a diverse collectivity of entrepreneurs also acts as a catalyst for others. In all probability, however, these high fliers are in the minority, outnumbered by acutely under-resourced individuals using self-employment principally as a survival strategy. Yet, even though this latter group's contribution might be expected to be negligible, we show that their resilient talent for creating "something from nothing" enables them to make not only a worthwhile national and local economic contribution but also a striking range of social provisions. Given that "disaffected native workers manipulated by right wing populist politicians come to believe that their woes have been largely caused by immigrants" (Chang 2014, 440), elementary fairness demands that this unjustified prejudice is countered by a belated recognition of immigrants' unsung entrepreneurial role.

The economic benefits of multi-cultural diversity

Since the start of the 21st century, the economic benefits of multi-cultural diversity have increasingly captured the imagination of urban scholars. Intimately bound up with the post-industrial transition of the city towards advanced technology production and the "consumption of pleasure" (Mullins 1991), urban populations in the advanced capitalist world have been subject to great shifts in size and composition. Coupled with this ground-breaking technological and social change, the intensifying globalisation unleashed by improved communications and loosened international borders has propelled large numbers of



international migrants into these cities from a virtually unprecedented range of geographical origins. Significantly it has been noted that this is a sharply polarised process (Sassen 1996), in which many of the newcomers arrive to play a direct role in the dynamism of the post-industrial revolution. However, less happily, very many more come in at the low end to service the top end by performing the “3D jobs” (dirty,



dangerous, demeaning) indispensable to its functioning. Here we note that these low end numbers are further swollen by the rising volume of asylum seekers fleeing from warring hotspots in Africa and South-West Asia. Sounding a note of caution, we suggest that much of the recent literature on diversity-driven urban economics has been overly concerned with high-end migrants while glossing over their much more representative low-end counterparts.

According to Nathan (2015a), the impact of shifts in the size and composition of populations and workforces are transmitted through wider production and consumption networks. Enlarging on this, Nathan reviews a number of USA-based studies suggesting important roles of migrant ‘stars’ and trans-national entrepreneurs, especially in science and high-tech sectors. Indo-and Chinese-American communities make disproportionate contributions to US science and engineering, in terms of Nobel Prize counts, elections to scientific academies and patent citations (Stephan and Levin, 2001), start-ups (Anderson and Platzer, 2007) and patenting (Wadhwa et al., 2007). Highlighting the inter-connection of diversity and innovation, Peri (2007) finds that US States’ share of foreign-born PhDs is positively associated with levels of patenting. Further to this theme, Hunt and Gauthier-Loiselle (2010) show that immigrant population shares raise state-level patenting, with these effects greater than individual level effects, suggesting inter-action between urban-, group- and individual level effects.

In a broadly similar vein, much European analysis identifies a striking propensity for fast-track innovative entrepreneurship among immigrants, with Nathan and Lee (2011) finding that London-based migrant entrepreneurs more likely to innovate than the average company founder. Even when not conspicuously innovative, migrants are still more likely to be self-employed than similar natives (Baycan-Levent and Nijkamp, 2009). In Britain, an exploration of second and third-generation entrepreneurs demonstrates that increased familiarity and psychological security greatly enhances the capability to market to the mainstream population (Smallbone et al., 2010). Ozgen et al. (2011) stress the innovative dimension in the EU, and find positive connections between migration, immigrant diversity and regional patenting. In Germany, Niebuhr (2010) finds a positive link between the diversity of German regions and regional innovation, especially for highly skilled employees.

Influence of diasporic networks

We use the term 'diaspora' to mean a large group of people with a similar heritage or homeland who have since moved out to places all over the world. In addition to the qualities of individual migrants themselves, entrepreneurial advantages are to be found in their diasporic networks, particularly in relation to knowledge flows (Saxenian, 2006). Homing in on the practical specifics of this, Jaffe and Trajtenberg (1999) find that countries with a common language have larger research and development spill-overs and international patent citation rates. Kerr (2008), studying co-ethnic inventors, finds that co-ethnic communities in 'host' countries positively influence industrial performance in 'home' countries. In the first European study of its kind, Nathan (2015b) finds a positive effect of South Asian and Southern European co-ethnic group membership on individual inventor productivity in the UK; however, effects are rather smaller than detected in US studies, and East Asian group membership has a negative effect. This probably reflects socio-economic and historical specificities – a point returned to in the conclusions.

In a further twist on the diasporic theme, it appears that new migrant business owners, intensely conscious as they are of their diasporic membership are more outward looking than British-born migrant-origin entrepreneurs. Demonstrating this for London-based firms, Nathan and Lee (2011) find that migrant-headed businesses are significantly more oriented towards international sales than UK-headed companies, with even ethnic minority-headed businesses selling heavily into the capital's home markets (see below). Both findings provide suggestive evidence of links between migrant/co-ethnic groups and market access.

Consumption-side effects

One of the most stimulating interpretations of high-end entrepreneurial migration is Nathan's (2015) critical development of Richard Florida's ideas on the attraction of urban quality of life for creative producers, with "ethnic/lifestyle diversity" seen as "forms of urban amenity that accelerate cities' growth" (Nathan 2015a, 5). Here Nathan introduces the concept of "economies of consumption", making the point that large metropolises in particular can attain a "critical mass and variety of goods, services and experiences" to attract highly qualified producers. Indeed, most attractive of all for Florida's "creative class" are the most cosmopolitan cities, libertarian, tolerant and laid-back environments suited to the liberal-minded. All this appears satisfyingly coherent, a novel 21st century culture-driven growth process revolving around the key triple nexus of human capital-innovation-entrepreneurship; and possessing an in-built momentum whereby multi-cultural place attracts diverse people so becoming even more multi-cultural ... and so on.

The limitations of high-end multicultural entrepreneurial activity

Many of the foregoing studies are based on premise that socio-demographic diversity fosters the cross-pollination of productive and entrepreneurial ideas. They also assume that this new intellectual flexibility provides a genuine opportunity for high human capital immigrants to cast off the subordinate economic status which has for so long been the lot of racialised minorities in the advanced capitalist world. For our own part, we would certainly not wish to cast doubt on to the technical rationale underpinning this, which comes across as completely robust on its own terms. Indeed Nathan's (2015a) exercise impressively demonstrates this in concrete terms for London-based enterprises, where the most innovatory firms are those with diverse management. Moreover, and international marketing reach is shown to be correlated with diverse management and workforces.

We would however opt to shift the terms themselves. It is our contention that the enviable world of high-end multi-cultural entrepreneurship is open to only relatively few immigrants, entry being rationed by numerous barriers. As expected, the principal entrance ticket is human capital but in itself possession of accredited qualifications is far from the *only* ticket, as demonstrated by the number of graduates in our own research samples using their PhDs to run corner shops. As well as a tendency to over-estimate the potency of human capital (Jones et al 2014b), we might suspect a metropolitan distortion, a failure to acknowledge that the more representative mass of migrants is located outside London and the other great centres. However it appears that any London effect is less than we might assume and it is telling that a recent survey of new migrant business owners in London (Sepulveda et al 2011), finds them entrapped in the very same impoverished marginal activities that have sustained migrant entrepreneurs in Britain seemingly forever (See Kloosterman 2010 on low earning sectors as the “quintessential breeding grounds” for immigrant enterprise). The discourse of diversity, innovation and growth is clearly more exciting than the mundane reality of the majority of migrant entrepreneurs. For excitement, stimulation and indeed “sexiness” there is no comparison between a hi-tech international exporter based in London and a wet fish stall in Wolverhampton market.



The mundane reality: low-end immigrant entrepreneurial activity

Nonetheless most immigrant firms are closer to the fish stall end of the spectrum than its more glamorous hi-tech end. Even so, our exploration of the darker side is undertaken not out of duty but because, somewhat unexpectedly, it presents what is in many ways a more satisfying intellectual challenge than a recital of high-flying technological whizz-kiddery. As well as drawing attention to the sometimes remarkable benefits bestowed by these mostly humble ventures, we cannot fail to be impressed by the almost uncanny way that these are conjured up in the near-absence of resources. Here we note one of our refugee respondents who “arrived at Gatwick with only my passport” but is now happily occupied as a shop-keeper (Jones et al 2014b).

The respondents in our study of new migrant entrepreneurs in the Midlands (Jones et al, 2014b) certainly faced many of the challenges that characterised many previous arriving communities. For example, new migrants often struggled to secure finance from banks and other ‘mainstream’ financial intermediaries. This led to reliance on informal sources and the running of severely undercapitalised businesses. Language was a barrier for some groups, as is a lack of familiarity with rules and regulations surrounding the business activities. Equally, business support intermediaries rarely had an appreciation of the different cultural traditions of new migrant communities. Yet many proprietors expressed interest in receiving support from relevant intermediaries. There was also a tendency for new migrants to trade primarily with their own communities, which meant that their potential customer base was extremely narrow.

But these mundane little operators were also making important yet unacknowledged contributions, which we sketch out below:

Low-end employment creation

One obvious contribution is job creation for often marginalised workers. In the case of a handful of the largest of the firms in our study, some of these jobs are held by native British workers, a sign of the way immigrant entrepreneurship often brings benefits to the mainstream population as well as to its own community members. For the more typical micro-firm, employment is mostly confined to co-nationals but even here its contribution as a buffer against unemployment and exclusion should not be underestimated. For example, our interviewees often mentioned how their workplace shelters them from the discrimination and racist abuse suffered in the open labour market. This shelter function is most indispensable for Kurds and Somalis who do not qualify for work, pending resolution of their asylum status. A more long term application of this “protected space” principle is voiced by those many respondents who use their employment with a co-national as a means of easing the transition into British society, through customer contact and the opportunity to practice the English language.

Low-end enterprise apprenticeships

Due to the straitened circumstances of the typical migrant firm, the co-migrant workplace is not a source of lavish rewards and many of our respondents report that they are working as unpaid helpers. For many of these, one of the psychic compensations for this is the knowledge that they are acquiring the skills and experience necessary to start-up businesses for themselves. Though apprenticeships only in the loosest, most informal sense, the sense of a long-term commitment to business ownership in communities like the Somalis is nevertheless inescapable.

Low-end growth orientation

Once again all stereotypical expectations are belied by these low end migrant entrepreneurs. While few businesses could be classified as “high growth” firms in the manner depicted in grandiose policy statements, many migrant owners are nonetheless keen to expand their businesses and seem to be more open and receptive to external enterprise support than was the case for their South Asian predecessors. Once again, we are confronted with what seems like an absolutely unquenchable entrepreneurial willpower, a resilience that extends right through from start-ups conjured up in the most unpropitious circumstances of resource-starvation to the continuing desire to make an established firm do more.

Addressing the needs of disadvantaged communities

With very few exceptions, the retail and service firms making up the bulk of our research samples are essentially local in orientation, geared to serving their proximate neighbourhood residents. As well as migrants themselves, these mostly inner urban neighbourhoods are home to low income native residents, including low wage workers and students. For all these groups, their access to migrant-owned shops and caterers bestows a range of conspicuous benefits, including low prices, longer/ flexible opening hours and a wide range of imported products. Many of the foodstuffs now available in the migrant-owned shops of Leicester and Birmingham would once have been regarded as “exotic” but more than one of our interviewees notes that they are gleefully lapped up by a younger generation of native British. For ordinary citizens at the grass roots, this is the true meaning of the phrase “diversity dividend”, normally employed in rather loftier contexts.

Integration and inclusion

According to many of our owner-respondents, the very status of entrepreneur is itself proof of commitment to and embeddedness within British society. They feel that their direct participation in the life of the larger society is in itself proof of commitment and a degree of loyalty. Beyond all this, two mutually reinforcing trends are operating. First, many shops and cafés act as social hubs, meeting places for a mix of native and migrant customers both. Second, many owners and workers in retailing and other customer-facing outlets speak appreciatively of their close contacts with the native population. Readily dismissed as no more than a set of routine commercial transactions, it is all too easy to overlook the way that this type of business activity builds social bridges. Making the point that the wheels of commerce cannot turn unless oiled by tolerant sentiment, one of our Zimbabwean respondents assures us, “You really need to get on with people from different cultures, otherwise you won’t have a business at all”. Added urgency is imparted to such comments in the light of warnings about a historically deep-seated British racism, perpetually seeking “a new set of targets for popular xenophobia” (Ballard 2007, 271).

Conclusion

This article has reviewed the emerging field of study of new migrant business owners in the UK. Although the incomplete state of official nationwide self-employment data makes firm conclusions difficult, there are nevertheless sufficient studies to support an encouraging picture of new migrants making a positive contribution to the small business population and to their local communities. Given the churlishly negative tone of much of the current debate on migrants and migration, it is urgently important to highlight that new arrivals are entrepreneurial, keen to work and active in their local communities. Sometimes it seems that

the more desperate the circumstances of their arrival in the UK, the less willing are they to rely on welfare and the more keen they are to set up any kind of business operation that can earn enough to feed their families.

Happily they do for the most part manage to rise above such rock bottom destitution and, as we have shown in this paper their economic and social contributions range along a wide spectrum. Taking account of writers like Nathan (2015a) who focus upon highest reaches of metropolitan urban development, we can fully appreciate that the progress of technology-intensive development and of the creative and cultural industries is crucially lubricated by the intellectual cross-fertilisation made possible by diverse poly-ethnic populations. In this article, however, we have lodged a plea that the more modest – and indeed more typical – echelons of migrant entrepreneurs should not be forgotten.

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About the authors

Monder Ram OBE is Professor of Small Business and Director of CREME at Birmingham Business School. He has extensive experience of working in, researching and acting as a consultant to ethnic minority businesses. He is a leading authority on ethnic minority entrepreneurship research and has published widely on the subject. His current research interests are new migrant business owners, institutional theory and small firms, and the engaged scholarship

Trevor Jones is one of the UK's foremost researchers on ethnic minority entrepreneurship. He is recognised as a pioneer in the field, and was responsible for the first systematic study of ethnic minority businesses in the UK. Trevor continues to publish extensively in a wide range of journals. Trevor is currently working on a wide variety of issues relating to ethnic minority enterprise, including: new migrant entrepreneurs; the employment of migrant workers; and the historical development of ethnic minority business research in Europe.

You can contact Monder and Trevor at the Centre for Research in Ethnic Minority Entrepreneurship, Birmingham Business School, University of Birmingham, E: m.ram@bham.ac.uk, <http://www.birmingham.ac.uk/research/activity/business/creme/index.aspx>.

Women's Entrepreneurship and the Future of the Veterinary Profession

Colette Henry and Elizabeth L. Jackson



The veterinary profession, once traditional and predominately male, is becoming increasingly feminized, with women now making up some 80% of the veterinary student population, and over half the veterinary workforce. Given the fact that there are significantly fewer female than male business owners and entrepreneurs globally, across all sectors, there are growing fears that



women will not come forward to take on the veterinary business and entrepreneurial leadership roles previously filled by men. This raises concerns in relation to the future of the profession as a whole. In this article we discuss some of the reasons behind the current gender disparity in veterinary business and entrepreneurial leadership roles, and suggest some potential solutions. Specifically, we highlight the role of veterinary schools in shaping the female veterinary business and entrepreneurial leaders of the future.

Key words

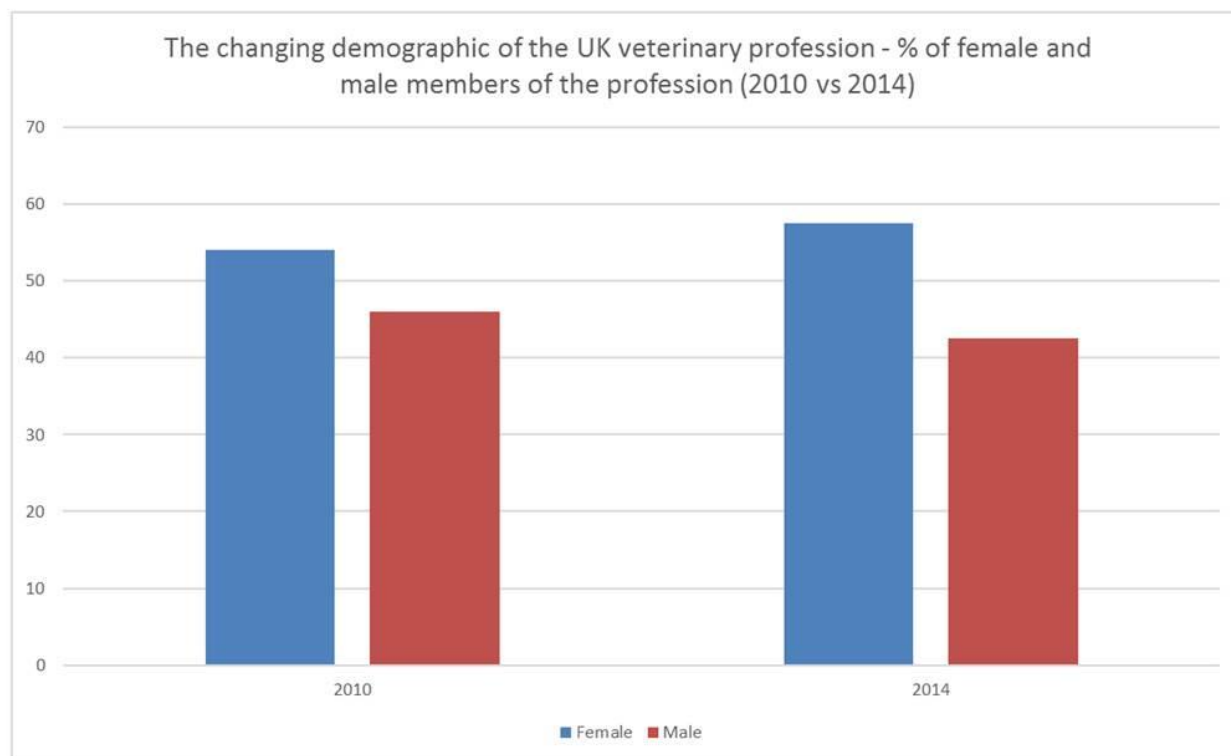
Veterinary profession, women, entrepreneurship, careers, education, curriculum, SMEs.

Introduction

The veterinary sector is witnessing an unprecedented shift toward a predominately female workforce, with women now making up around 80% of the veterinary student population (Woodfield, 2014) and over half of practicing veterinarians. Figure 1 gives us an idea of the extent of the demographic change in the profession in recent years.

Furthermore, recent data (Buzzeo et al, RCVS, 2014) suggest that today's veterinary profession is characterized by young female vets, mainly working full time in small animal practices. Yet there are surprisingly fewer women than men at principal/director/partner level in these 'veterinary Small and Medium-sized Enterprises (SMEs)'. In fact, there are more than twice as many male as female sole principals, and more than four times as many male as female directors or equity partners. Another example is the leadership roles that are filled by men in the profession. While Table 1 below shows the gender imbalance within leadership roles, it also provides further evidence that, despite an increase in the number of women entering the profession, leadership roles – whether business or clinically-oriented - are still being filled by men.

Figure 1. The Changing Veterinary Demographic



Source: Adapted from RCVS (2014, p. 16)

Table 1: Gender imbalance and positions of leadership in the UK veterinary profession

| | RCVS* specialists | | RCVS Fellows | |
|--------|-------------------|------|--------------|------|
| | 1994 | 2014 | 1994 | 2014 |
| Male | 87% | 60% | 92% | 90% |
| Female | 13% | 40% | 8% | 10% |

Source: Vet Futures (2014) (* Royal College of Veterinary Surgeons)

In this short article, we aim to highlight the need to address this gender imbalance. We discuss some of the reasons behind the current disparity in veterinary business and entrepreneurial leadership roles, and suggest some potential solutions. We focus specifically on the role of veterinary schools in shaping future female veterinary business and entrepreneurial leaders.

Women in the workplace

There is a strong body of evidence supporting the view that women in the workplace across a range of sectors continue to be disadvantaged by their gender, and are often seen as unsuitable for business leadership or management positions because of concerns around maternity leave and family responsibilities (Carter & Marlow, 2007; Henry, 2008). Given the veterinary profession’s particular reputation for unsociable working hours and the potential vulnerability of late night emergencies in isolated locations, some of the fears highlighted by researchers over a decade ago (Slater & Slater, 2000) still seem to be valid today. More disturbingly, perhaps, are the more recent concerns around women veterinarians’ mental health and well-being, with the finding from one particular study that women in the profession may be at greater risk of suffering from depression than their male counterparts (Bartram et al., 2009). Evidence of this nature, when

considered in conjunction with mainstream gender debates (Marlow & Patton, 2005), leads to fears by some commentators that the feminization of the veterinary profession could have a detrimental impact (Henry, Baillie & Treanor, 2010). A reduced level of respect for the profession, decreasing revenues and a diminishing level of specialization as a result of women focusing solely on small animal practices are just some of the concerns that have been voiced by commentators.

Employment preferences of male and female Vets

The American Veterinary Medical Association (AVMA, 2015) recently published research about the employment preferences of female vets. They found that, while men want to work more hours per week, women want to work fewer hours per week - particularly those female vets who were five years post-graduation.



Source: © Royal Veterinary College

Intuition suggests that this is because women want to balance work-life with family-life. The consequence of this knowledge is that vet practices of the future will be dominated by women who may be forced to perform better under conditions of reduced work hours. As such, vet practices of the future will have multiple employees fulfilling full time roles. This will require a high level of human resource organization, which is particularly important in a health care sector such as the veterinary profession, where clients often want consistency with the practitioner treating their pet. All of this suggests an urgency to ensure that women approaching the profession are adequately equipped with leadership and entrepreneurial skills, not only for their own survival and job satisfaction, but also for the sustainability of the profession. Since it appears that women will be leading the vet profession in years to come, it is essential that they develop the relevant skills - such as human resource management, effective communication and establishment of emotional

boundaries, among others - to fulfil leadership roles to avoid the profession potentially being led by “men with loud voices.” Entrepreneurial skills would include creativity, innovation, business planning and financial management. Such skills could help ensure the sustainability of the private (SME) sector and generate potential new veterinary products and services.

Career disillusionment

Recent surveys also suggest that female vets are disillusioned with their future career trajectory. Not only do they seem disinterested in both potential business leadership roles within existing veterinary practices, and entrepreneurial roles required to establish new ones, but also some may be planning to leave the profession altogether. The RCVS (2014) presents data to show that women are more dissatisfied than men on the grounds of four key areas of work satisfaction thereby raising serious concerns about the future of the veterinary sector:

1. Satisfaction of salary level,
2. The support given by their employer,
3. The profession offers good opportunities for those wishing to work part-time,
4. The profession is a ‘family-friendly’ profession in which to work.

The gender and career literatures have reported for some time that women tend to have lower career expectations than men, and are more likely to limit their aspirations because they believe they lack the necessary capabilities (Bandura, 1992). With specific regard to the veterinary profession, there had been some (earlier) evidence to suggest that women veterinarians rate their financial, business and management skills lower than their male counterparts (Brown and Silverman, 1999). Interestingly, such skills, in conjunction with self-efficacy development, tend to be lacking in veterinary educational curricula, despite their growing importance in veterinary practice (Kogan et al., 2005).

Cross-sectoral trends in women’s entrepreneurship

If we start to consider the general trends in women’s entrepreneurship across other sectors, these concerns become even more pronounced. Let’s just reflect on what we know already:

1. Women – not only in the UK but in the majority of countries - are half as likely as men to start a new business – any business;
2. Women tend to perceive business leadership and entrepreneurship differently to their male counterparts;
3. Women tend to have less belief in their business and entrepreneurial leadership abilities than men;
4. Business leaders and entrepreneurial role models tend to be predominately male.

In short, regardless of the reasons, and regardless of the business sector, women are simply less prepared than men to come forward to take on the role of entrepreneur or business leader. If these trends are reflected in the veterinary sector – and so far, we have no reason to suggest that they won’t be – then who will lead and/or create the veterinary businesses of the future if women simply don’t want to (or feel they can’t)?

Towards a solution

So, what do we do? Well, one thing is certain: we must not think that we can just do nothing. That strategy didn't work for women's entrepreneurship generally, so there is no reason to think it might work within the veterinary business sector. Reflecting on this evidence, it seems incumbent on the entire veterinary profession to adopt a proactive approach to managing the gender shift. Given that fundamental skills such as self-efficacy are not static and have the potential to change over time (Hollenbeck & Hall, 2004), and that targeted education has been shown to make a difference in other sectors (Wilson et al., 2007), it would seem logical to assume that structured intervention in veterinary curricula could have a significant and positive impact.

If we want to avoid a drastic reduction in the number of private veterinary SMEs, a significant increase in corporatization (currently at 20% of practice ownership but predicted to be at 50% by 2020), and a profession that is run by the 'best of the worst', then we need to stop talking about the 'problem' and start implementing solutions. In this regard, there isn't a single big solution. Rather, it's going to take several small but strategic solutions being implemented across the sector - an incremental rather than a radical approach to solving the problem. If we look at the veterinary profession as being part of a wider animal health system (see Figure 2 below), then we can immediately see how every stakeholder – whether male or female - has an important role to play in developing the future of the sector from a business and entrepreneurship perspective. Indeed, by sharing their experiences of the profession, acknowledging that the masculinized veterinary workplace must now make way for a more feminized profession, male veterinarians could play a critical role in developing future female veterinary leaders. For example, by mentoring young female veterinarians and providing them with real career development and leadership opportunities in their practices, experienced senior male veterinarians could send a very positive signal to the rest of the profession.

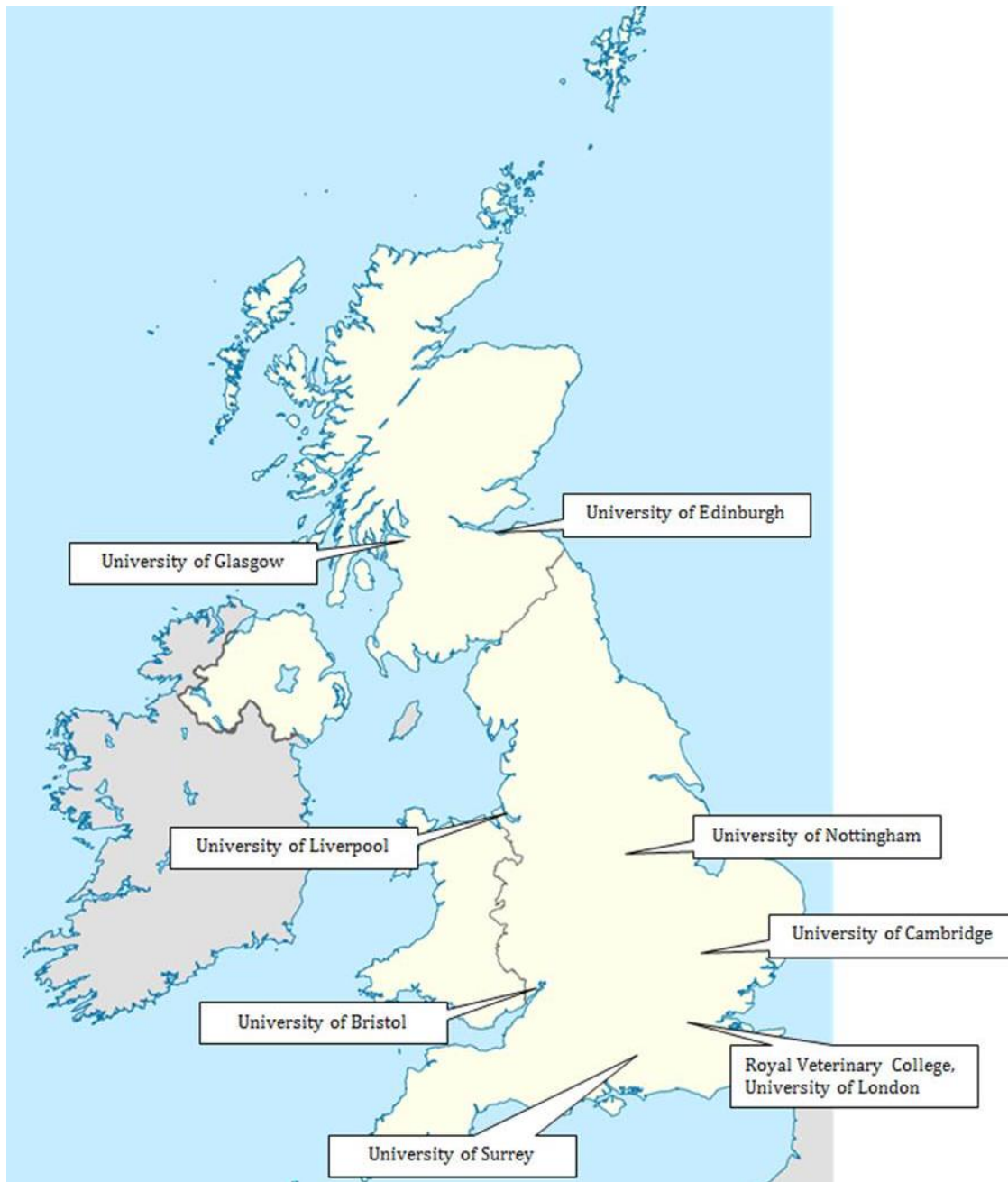
Figure 2: The Wider Animal Health System



Opportunities and challenges for Vet Schools

While every stakeholder in the animal health system is important and can have an influence, clearly, vet schools are at the heart of the system because they have a captive audience of young and enthusiastic veterinary students over a prolonged period. Thus, the eight vet schools that currently exist in England and Scotland (see Figure 3 below) have a huge opportunity to develop young women's entrepreneurial and leadership potential. However, first and foremost, veterinary educators need to be particularly mindful that women have a different perspective on business and entrepreneurship when compared to men, and this needs to be accounted for in module content and pedagogy.

Figure 3. Map of Veterinary Schools in the UK



Source: Adapted from Wiki Commons

Furthermore, veterinary educators need to focus on 'integrating' rather than 'inserting' business and entrepreneurship into the curriculum. Here, they face a dual challenge. This consists of:

1. Encouraging veterinary students to accept that a veterinary practice is essentially a business - an "SME" to be precise – rather than a free service or not-for-profit venture.
2. Encouraging female vet students to see themselves as SME leaders and entrepreneurs to the same extent as their male counterparts.

So, a change of mindset is required - hence the critical role of veterinary educators in preparing future veterinary business leaders and entrepreneurs. The veterinary curriculum of the future may need to include some grounding in gender theory, self-efficacy development, business management and enterprise skills, creativity, confidence-building (Henry & Treanor, 2012), and some discussion around workplace challenges and career management would feature strongly in the module content. Appropriate case study and reading material may also need to be identified, along with potential internal and external experts to assist in curriculum delivery. Furthermore, with regard to supporting graduates already in practice, vet schools could also have a valuable role to play in providing entrepreneurship CPD (Continuing Professional Development) programmes. Other avenues to explore could be creating inter-professional links with women leaders and entrepreneurs in other professions and sectors who face similar workplace challenges, e.g. teachers, accountants and lawyers.

Conclusions

The two-pronged approach to develop both under and post graduate business and entrepreneurial leadership potential, as outlined above, could be highly effective, facilitating opportunities for female veterinary undergraduates to learn from young female graduates who are developing their entrepreneurial skills in the workplace. In terms of making this new way of thinking effective, Taylor and Robinson (2009) suggest that veterinary adult education (both university and CPD) requires a response to the growing number of female students, so that female-centric ways of knowing (e.g. care and responsibility) are better balanced with male-centric ways of knowing (e.g. justice and understanding rights and rules).

However, notwithstanding the above discussion, veterinary schools are only one component of the animal health sector. Private practices, the corporate sector, professional bodies and those involved in the wider animal health system also have an important role to play in working alongside veterinary entrepreneurship educators. Perhaps it's time for some joined-up thinking here, so that we can develop a truly collaborative veterinary entrepreneurship/business education system for the future - one that both accounts for and values the contribution of women.

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About the authors

Professor Colette Henry is Head of Department of Business Studies at Dundalk Institute of Technology, Ireland, and Adjunct Professor of Entrepreneurship at UiT - The Arctic University of Norway. Her previous roles include Norbrook Professor of Business & Enterprise at the Royal Veterinary College, London, and President of the Institute for Small Business & Entrepreneurship (ISBE). An invited Fellow of the Royal Society for the encouragement of Arts, Manufactures & Commerce (RSA), Colette is also Editor of *the International Journal of Gender & Entrepreneurship* (IJGE). She has published widely on topics relating to women's entrepreneurship, entrepreneurship education and training, the creative industries, social enterprise and veterinary business. Her latest book - *Veterinary Business & Enterprise* - has just been published by Elsevier. Colette is also a Visiting Professor at Birmingham City University, and a Visiting Fellow at CIMR, Birkbeck, London. You can contact Colette @ Colette.Henry@dkit.ie

Dr. Elizabeth Jackson is a Lecturer in Business at the Royal Veterinary College, UK. She joined the College in 2014 and is responsible for teaching business and entrepreneurship to veterinary, veterinary nursing and bio-veterinary science students, as well as post-graduate students. Elizabeth's research interests include developing the profile of veterinary business management in the profession, understanding veterinary business structures and working with food supply chains to improve efficiency. Upon completing agribusiness marketing under-graduate studies at Curtin University in Western Australia, Elizabeth spent time working in various aspects of the grain industry: operations, human resource management and biotechnology. During this time, she was studying for an MBA. Elizabeth then went back to full-time PhD study to examine the behavioural determinants of farmers and their attitudes toward using forward contracts for selling wool. This qualification led to a lectureship at Newcastle University (UK) where Elizabeth lectured in agribusiness management, food marketing and supply chain systems. You can contact Elizabeth @ eljackson@rvc.ac.uk .

Up periscope and fast-forward to a brighter entrepreneurial future

Katie King



In today's connected world, SMEs simply cannot afford to ignore what digital technology can do for them – because the competitors who embrace it will be taking their business.



Up Periscope: look to the future

<http://www.archives.gov/research/military/ww2/photos/images/thumbnails/ww2-58-l.jpg>

Throughout the last global recession, the one consistently bright spot in an otherwise gloomy British economy was the consistent growth of Small and Medium-sized Enterprises (SMEs), up by 1.8 million (51 per cent) since 2,000 and now accounting for 99.3 per cent of all private sector businesses and 47.8 per cent of private sector employment.

Keywords:

SME, enterprise, connectivity, smartphones, phablets, mobile technology, 5G, AI, Artificial Intelligence, Internet of Everything, social media, tools, analytics, social marketing, apps,



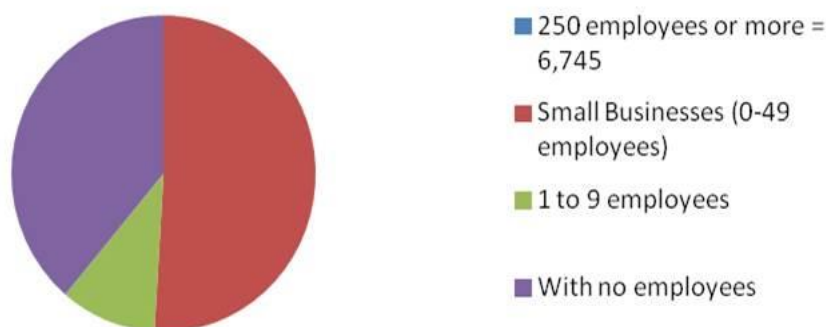
SMEs that fail to keep up with technology could find themselves at a dead end

<https://pixabay.com/en/dead-end-street-sign-road-traffic-777/>

There are now an estimated 5,200,000 SMEs in the UK, almost 4,000,000 of which are sole traders, according to the [Department for Business, Innovation and Skills](#). Where once we were a nation of small shopkeepers, we are now a nation of small - and medium - sized enterprises.

The last Coalition Government recognised the immense contribution of SMEs to the British economy, introducing a number of incentives and measures including increased access to funding, support and mentoring to consolidate and build on the positive trend. The new Conservative government has [committed](#) to providing additional incentives to consolidate and build on this entrepreneurial spirit.

Of 5,243,135 businesses in the UK private sector at the start of 2014



The party's 2015 [Conservative Manifesto](#) promised to make Britain:

“The best place in Europe to innovate, patent new ideas and set up and expand a business” by “cutting red tape, lowering taxes on jobs and enterprise, getting young people into work, boosting apprenticeships and investing in science and technology.”

It added: “We aim to be number one in Europe and in the top five worldwide in the World Bank’s Doing Business rankings by 2020 and to lead Europe in attracting foreign investment.”

<https://www.conservatives.com/manifesto>

However, in a global market, and with the world changing at a dizzying pace, it is up to SMEs to keep up with an ever-transforming business landscape, to develop, embrace and fully incorporate into daily operations emerging technologies that will allow them to compete. Present science is realising the prescient visions of science fiction past. We are connected like never before; geographical boundaries are melting in the ether; self-driving cars and humanoid robots that can think for themselves are becoming a reality. Our next generation of consumers and customers is already digitally wired. Culture and commerce are increasingly reflecting the transformation of our Brave New World into a Smart New World of technology that anticipates and responds to our individual needs.

Hence the question every entrepreneur and SME-manger needs to be asking right now is not whether they can afford to invest time and resources in this fast-moving digital and technological revolution, but rather whether they can afford not to.

The world is getting smaller for SMEs

There is no doubt that today’s encouraging spirit of entrepreneurship has been driven partly by necessity - the erosion of security in PAYE employment has made self-employment a more attractive proposition. But it is the rapid progression of mobile technology and connectivity that has opened a new world of opportunity, particularly the proliferation of mobile phones and smartphones.



Technology makes the world a smaller place..”

<https://pixabay.com/en/globe-earth-planet-hand-keep-907709/>

Working local; selling global

Take, for example, Iain Sutherland, a silversmith from Ardrossan, in Ayrshire. Last year he set up a new business selling finely crafted kilt pins and kilts, [Scotland's Silver](#), with help from the Government's New Enterprise Allowance, a support and mentoring scheme for unemployed people. Where once he would have had to pray each year for a successful tourist season to keep his new business alive, he knew he would sell to romantic Canadians and New Zealanders hankering after an artefact of heritage from their Scottish ancestors' homeland, who are now buying all year round via the internet.



Silversmith Iain Sutherland with a selection of his kilt pins
(Image contributed by Iain Sutherland)

Just a decade ago, Iain might have been sitting in his studio-come-shop, lamenting the leaden sky for keeping custom away and wondering how much longer he could keep the bank off his back. Instead, he can work on his international marketing strategy while a customer sitting on a bus in Toronto buys one of his products via an iPhone6.

Without this instant connectivity with an internet-based world market, Iain says he would never have considered setting up such a niche business in such a small town.

Caution: technology is a double-edged sword

However, as we all know, technology is a double-edged sword: it also opens a world of competition.



Connectivity has opened up competition by putting the world market in every trader's hands
<https://pixabay.com/en/hands-world-map-global-earth-600497/>

The recent obliteration of geographical economic boundaries by communication technology is also introducing serious commercial competition from emerging economies that can offer the same or comparable services and products at a cheaper price. The almost-wholesale migration of call centres from the UK to Asia was just the start of a wave of global labour and market fluidity. Today, consumers can purchase goods and services from around the world at the click of a button, comparing prices via a plethora of apps and websites. We can walk into a high street store, scan an item and instantly find that the same product can be bought for less over the internet from China.

Survival of the fittest will mean harnessing, developing and embracing new technologies. Businesses of all sizes need to be faster, leaner, more adaptable, to compete against emerging economies as well as the more local competition. Retailers are increasingly coming to understand the need for a dynamic online presence and integration with marketing apps, tools and websites. It's a lesson other SMEs need to learn fast.

Today, the most pressing issue in the drive to maintain economic growth through competitive SMEs is connectivity. The [Centre for Economic and Business Research](#) says slow broadband and poor access to fibre-optic technology costs London businesses up to [£37 million a year](#).

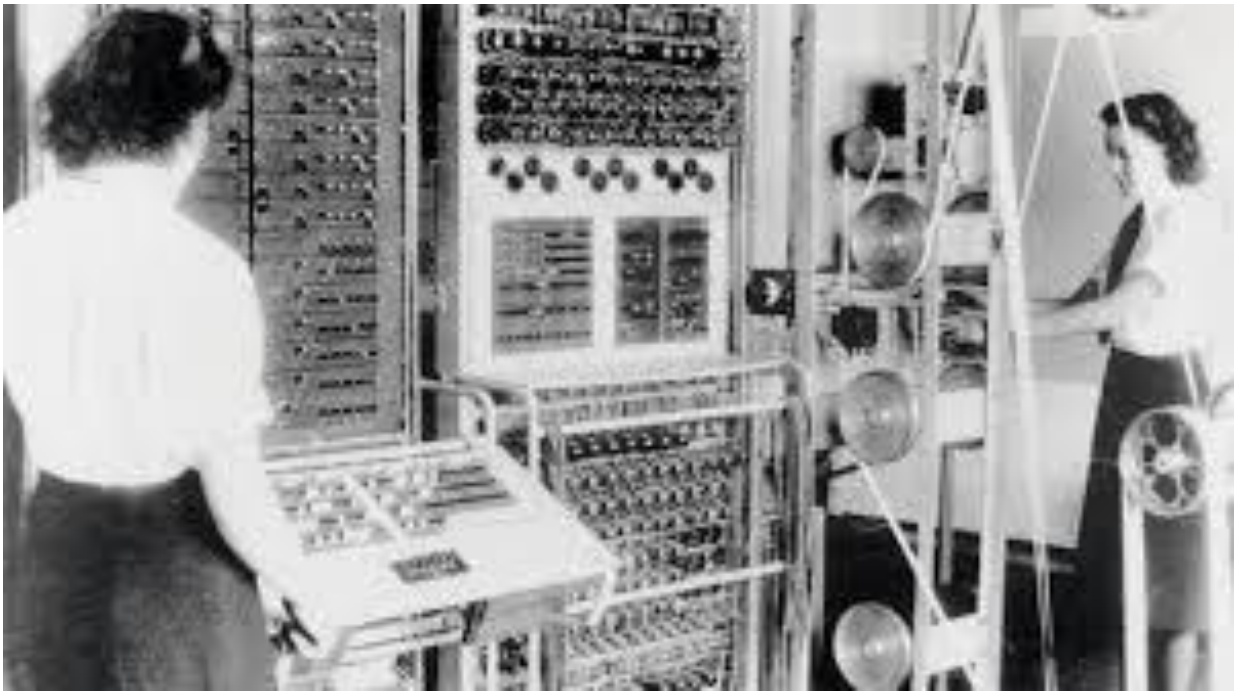
Recognising the importance of connectivity, the Coalition Government launched the £40 million [Broadband Connection Voucher Scheme](#) in January, allowing many SMEs to apply for grants of up to £3,000 towards the costs of improved fixed-line broadband connection. However this is only available in 22 cities up to March 2016.

An SME's business growth plan needs to accommodate adaptability to fast-changing mobile technology

The 21st Century is likely to see technology develop at a rate hundreds of times faster than the previous century, fast enough to make a Victorian's head spin. Just 25 years ago, we were getting to grips with the unknown potential of the emerging World Wide Web and carrying our first brick-like mobile phones. Ten years ago, even the smallest businesses and sole traders were starting to wise up to the fact they would need a website just to bring in business – waiting for a listing in the Yellow Pages to get the phone ringing was akin to commercial suicide. Today, more people own mobiles than washing machines and our computers and mobiles have merged to become smartphones or larger 'phablets', tablet-sized phones. The processing power of these small devices would have been absolutely unimaginable to Bletchley Park's computing pioneers, whose enormous, screenless machines, which filled entire rooms, helped the Allies to victory in World War Two by decoding German messages encrypted by the Enigma machine.



From brick-like, expensive mobiles, we can now connect to the world market via our affordable smartphones
<http://www.techpin.com/history-of-cell-phones/>



Bletchley Park: A Mark 2 Colossus computer, one of the world's first (semi-) programmable electronic computers, from 1943 being operated by [Dorothy Du Boisson](#) (left) and Elsie Booker. .

Crown copyright, National Archives Image Library, Kew. Reproduced from Copeland, B.J. Colossus: The Secrets of Bletchley Park's Codebreaking Computers (Oxford: Oxford University Press, 2010). Photo enhanced by Dustin Barrett and Parker Bright

Even those of us who remember sharing party lines on our precious home telephones now take this vast technology at our fingertips for granted. The UK is now officially a smartphone nation. Two thirds of British adults own one and more people now use them to get online than any other device, according to the [Ofcom Communications Market Report 2015](#). Smartphone manufacturer [Samsung](#) estimates global ownership will grow to six billion by the year 2020. This means three quarters of the likely eight billion world population will be connected by pocket-sized devices [in just five](#)



Two thirds of British adults now own a smartphone
<https://pixabay.com/en/smartphone-mobile-phone-571961/>

[years' time](#). Apps and functions are developing so fast it is hard to keep up. What started as a tool of communication has now become a primary method to shop for and receive services, make financial transactions, record and watch video, even run a business. Chipmaker [ARM](#) has recently unveiled a new generation of processors and insists that we will no longer need PCs or laptops from 2016, when they say our phones will be able to do everything our bigger devices currently do.

Ignoring faster broadband technology is risky

So is faster broadband just a temporary fix? With 5G mobile technology on the way, offering enhanced connectivity, the full potential of which we are yet to see, all business will, literally, be on the move. SMEs need to become more mobile and tablet friendly, optimising websites for mobile and tablet usability and constantly analysing traffic through to business and/or sales.

Understandably, many smaller businesses may feel they do not have the time or resources to keep up with the sheer pace of change and differing forms of technology and communication. But anyone not exploiting the potential of ever-evolving digital marketing and social business tools risks missing out, falling behind and letting the competition get ahead.

Already, firing off the occasional message via Twitter is not enough. It will be lost in the blinding blizzard that is social media and marketing. For a start, you need to be retweeting other content of interest to your sector and engaging with your followers and other influencers who may help expand your reach. Ask questions and invite answers to get people involved with you and your product, service or idea. Learn to use the hashtag # symbol properly – [Hashtagify](#) is a tool that can help you identify the most popular, relevant #conversations that you can jump into to reach the right audience.



Get to know how to use these valuable, free social marketing tools.
<https://www.flickr.com/photos/mkhmarketing/8468788107>

There is a huge and valuable resource of free tools out there to optimise the marketing and selling potential of [Tweets](#), [Instagrams](#), [Facebook](#) posts and the rest.

Platforms such as [Hootsuite](#) will analyse social media behaviour and help you schedule posts to reach the biggest and most relevant market, while [Followerwonk](#) will help you connect with the right audience or influencers. Tools such as [Google Analytics](#) offer insight into who is clicking onto what pages, where they come from, how long they stay and, most importantly, whether their initial interest is translating into business or sales. Marketing and sales campaigns can and should be refined and enhanced by constantly measuring interactivity and consumer behaviour on our own websites and those of our competitors; responding to what works – and what doesn't. Such activity can actually save time and resources by ensuring carefully orchestrated campaigns are not being lost in the ether, but driving sales and performance with maximum impact.

Images and video streaming offer even greater potential to reach and engage potential customers and clients and [Periscope TV](#) is one of the best tools on the market for this function.

Keeping on top of digital technology can and does promote positive innovation and productive disruption of existing processes and is opening up visionary new ways to do business, such as Uber, the world's biggest taxi company which doesn't own a single vehicle (but is facing a [digital app fightback](#) from London cabbies), and Airbnb, the world's biggest holiday accommodation company which doesn't own any of the rooms it helps hire out. Both rely on apps and digital engagement to link customers with service providers.

In today's connected world, SMEs simply cannot afford to ignore what digital technology can do for them – because the competitors who embrace it will be taking their business.



Incorporating AI into business plans and models will become like child's play

<https://www.flickr.com/photos/joebehr/5235596720>

Connecting with Artificial Intelligence:

If getting to grips with expansive connectivity is phase one of the essential modernisation of the SME, the next phase of development and evolution to prepare for is even more exciting - and daunting - with the onset of Artificial Intelligence (AI). Machinery in manufacturing has been segueing into robotics for years. From HG Wells to Spielberg films and even the [Jetsons cartoon](#), we have been anticipating the march of the robots into our daily lives, in visions of utopia, dystopia, and even dull domesticity. In 1950, the father of computing, Alan Turing, who built the electromechanical machine which decoded Enigma, had the foresight to create the Turing Test, which he believed would identify the moment in history at which a computer had developed Artificial Intelligence.

If a human could not distinguish a computer's textual answers from a human's to a series of questions he had formulated, the computer would be seen to be intelligent. In June, 2014, it was [reported](#) that a Russian computer called [Eugene](#) had beaten the test for the first time.

While the futuristic prototypes we have seen paraded at technology conferences of human-looking robots are some long way from finding their way into your home to relieve you of household chores or greeting you at a hotel, the [self-drive car](#) may not be a million miles away and the Internet-of-Things - machine-to-machine (M2M) wi-fi



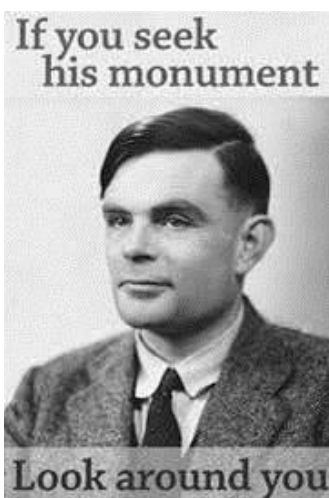
Image: The Jetsons cartoon, a utopian vision of our future interaction with robots

<https://www.youtube.com/watch?v=1oDaHRbIDH8>

communication which draws down information from the secure virtual storage world of the "cloud" to anticipate and cater for our minute-by-minute needs – is already [here](#) and finding its way into almost all areas of business and daily life.

After the Brave New World, we are building a Smart New World, smart phones, smart houses, smart cars, smart cities that can monitor and adapt to changing conditions.

Alan Turing, <https://www.flickr.com/photos/avaragado/7426762686>



We are also constructing road surfaces that sense and adapt to the weather, traffic lights that measure and adapt to the traffic flow; smart digital whiteboards for schools and meetings. Most businesses need to be looking at where they can, or soon will be able to, incorporate this technology into their products and services.

How will the advent of the inter-connectivity of machines and computers affect small businesses and employment?

An Oxford University [study](#) by Carl Benedikt Frey and Michael Osborne studied 702 job categories in America and forecast that half would be at risk of replacement by automation, including nurses, cab drivers and accountants, and that wages in the at-risk posts would deteriorate steadily until they became almost obsolete.

In an interesting article written for the [Guardian](#) Lynda Gratton, Professor of Management Practice at London

Business School, argues that it will be the interaction between people and computers that will define the future of successful business. We need to work with AI intelligently to harness the clear benefits of technology alongside the morality, judgment, and humanity that it is almost impossible to conceive developing in computers. While we might feel happy allowing a machine to drive us to work or manage our bookkeeping, would anyone wish to place their fates in the hands – or mechanical mind – of a judge-bot?



Prototype human-looking robots have been unveiled in Japan - how long until they are in our homes and workplaces?

<https://en.wikipedia.org/wiki/Actroid>



Apple's intelligent function Siri is already doing much of the work a secretary might have traditionally been employed for

<https://www.flickr.com/photos/craightonmiller/6796556900>

Businesses need to evaluate which tasks can be improved through a combination of humans and machines while society, governments and workforces must prepare for a new economic landscape. The time may have come when training and education should be geared towards sectors least susceptible to technological substitution. The business of hairdressing, for example, is largely unchanged by technology. Children, especially those of primary age, will always need human teachers. As computers and machines do more work for us, we will find our leisure time increasing, boosting the service industry, restaurants, the beauty industry, and entertainment.

The entrepreneurial role of government

Looking ahead, one imperative is crystal clear. The next five years will require the support of a business-friendly and stable government which realises and responds to the importance and needs of the smaller business. Such support will help SME owner-managers take advantage of changes in technology to set a sound footing for future business growth. It will also help SME owner-managers to think about how AI impacts their business today and make plans for the future. Will the Conservative government step up to the plate in time?

Many experts concur that our world has forever changed as a result of advances in AI – yet we are failing – or unwilling? - to evolve with it. During a speech at the American Enterprise Institute in March 2014, Microsoft co-founder Bill Gates talked of the changing jobs market, where people are increasingly substituted by software, and warned that the “mindset of the government and people has not adjusted to view the future, even though technology is exploding this decade into a world of the Internet of Things and the propulsion into artificial intelligence.”

A health warning

As we anticipate this Brave New World, important questions need to be asked,

How can and should we adjust to this view of the future?

How do we ensure that the power of technology is harnessed to create a better future for our children and grandchildren?

In an interview with the BBC in December 2014, theoretical physicist Stephen Hawking, said he believed that AI has the “potential to eradicate war, disease and poverty”. The professor, who has the highly debilitating motor neurone disease amyotrophic lateral sclerosis (ALS), was responding to questions about a new system developed by Intel, which has the ability to learn how he thinks and predict what he wants to say next in text. But his optimism came with the chilling caveat that: “The development of full artificial intelligence could spell the end of the human race.”

His warning evokes dystopian visions from science fiction of the catastrophic consequences of allowing technology to march on unchecked by humanity. Think of the terrifying Terminator automaton who travels back from a post-apocalyptic future in the film series of the same name to wreak havoc on the present; or Hal 9000, the softly-spoken sentient computer in the film version of Arthur C Clarke’s 2001: A Space Odyssey, which malfunctions and abuses its ultimate control of the spaceship’s technology to eliminate the astronauts who attempt to override and disable it.



Is technology a threat to humanity? Arnold Schwarzenegger’s killer android Terminator travelled back in time to destroy in the first instalment of the movie franchise – but later returned to save us.

<https://www.flickr.com/photos/26981415@N00/540330647>

Whatever the future holds, we should not act as passive consumers. We entrepreneurs and SME owner-managers need to ensure that our voices are heard. Social media has empowered us to lobby and communicate our concerns relatively easily. Our task is therefore to challenge academics, businesses and governments, to make sure that - while we still have time - computers are programmed with the right values. We have a collective responsibility to be aware of developments, to contribute to and push for a future where technology is a force for positive change, to improve lives, to foster socio-economic progress, community, communication and increased prosperity, good health and security for all.

Demis Hassabis, Shane Legg and Mustafa Suleyman, are co-founders of [DeepMind Technologies](#), the London-based “machine-learning” company which has pioneered “artificial general intelligence” (AGI) which can learn to solve tasks without prior programming. They have warned the controllers of this God-like technology that it comes with increased responsibility. In June this year, Suleyman told a conference on machine learning that the technology will help tackle some of the world’s biggest problems including accessing clean water, financial inequality and stock market risks, reported the [Guardian](#).

US technology entrepreneur and Tesla Motors CEO Elon Musk is one of the world’s biggest investors in AI development, but says he is careful to ensure that his money goes only to safe and ethical projects. He told US news channel CNBC his investments were, "not from the standpoint of actually trying to make any investment return... I like to just keep an eye on what's going on with artificial intelligence. I think there is potentially a dangerous outcome there."

"There have been movies about this, you know, like Terminator," Musk continued. "There are some scary outcomes. And we should try to make sure the outcomes are good, not bad."

Despite these real-life guardians of the galaxy, I’m hoping that the speed of space exploration will accelerate faster than AI, just in case we do need to jump ship and move to earth’s closest cousin, Kepler-452b.

Some useful social media and marketing tools

A guide to becoming ‘tablet-friendly’: <http://www.uxforthemasses.com/making-a-website-tablet-friendly/>

Hootsuite, social media scheduling tool: <https://hootsuite.com/> Google Analytics – to analyse reach, demographics, influence and behaviour of social media followers: <http://www.google.com/analytics/>

Periscope TV for video streaming: <https://www.periscope.tv/>

Connect with the right followers/influencers: <https://followerwonk.com/>

Find the best hashtag to use on your themed social media: <http://hashtagify.me/>

About the author

Katie King is Managing Director of PR and social media agency Zoodikers Consulting Ltd. She has delivered two TEDx talks and is a regular on the international speaking circuit: https://www.youtube.com/watch?v=9O08wZil_wk.

Katie is also the South East and East Anglia chairperson for the Public Relations Consultants Association (PRCA). Katie is regularly featured on BBC radio and TV, providing advice and opinion on digital transformation. You can contact Katie on email at Katie@zoodikers.com. Also on Twitter @katieeking and LinkedIn <https://uk.linkedin.com/in/katiekingzoodikers>

Strength in numbers: the potential of SME collaborations

Magnus McFarlane



Drawing upon personal insider experience of the sector, I argue that SMEs would benefit greatly from more conscious initiatives to collaborate with other stakeholders over knowledge sharing and technological innovation in both formal and informal networks. Such collaborators could include consultancies, universities, and other SMEs

For me to achieve success in my practice, I have offered myself up as a catalyst for change whenever I have seen that collaboration could help achieve harmony and better results. What 'harmony' is, and what 'better results' are, differ from company to company and supply-chain to supply-chain. What I have found to be common in successful collaborations is

the need for openness, honesty, and trust. All of which develop as the relationship develops. I've learnt a lot about mediation in that time, and in successfully developing mutually beneficial long-term relationships. When I provide short-term third party support, the process or personality hurdles can be overcome more quickly, and so the right third-party can really help to deliver gains more quickly.

In this article I adopt the perspective of owner/managers who are open to the idea of greater collaboration with other organisations. I hope to convince you that you're not alone in that view and that you can find an approach that is right for you. I offer some examples of other businesses embracing collaboration with stakeholders, approaches that you might choose to consider, and a positive case-study of what can be achieved.

Key words

collaboration, consultancy, universities, risk, technological innovation, Lean

Numerically, SMEs are by far the largest type of business in the UK

SMEs account for 97% of British businesses, with the responsibility for generating the revenue and profit to pay the salaries of a large percentage of the British population.

An underutilised asset of SMEs is the strength in numbers that this responsibility brings with it. By communicating more often, and more effectively, all organisations, organisms, and systems perform better. It should be no different for the community of SMEs. As a business consultant I often connect organisations together where I see a benefit to all parties. I'm also aware that managers, and employees at all levels, have very well founded fears of the risks associated with disclosure of knowledge, strengths, weaknesses, opportunities and threats. I've seen how the transformations have also been experienced. Some relationships are short-term and others much longer lasting.

When the aim is to improve performance (however interpreted), it is essential to communicate and share ideas, knowledge and experiences. A sole SME, by definition, has a limited in-house capability. This can constrain a business's potential and the company can either wait in splendid isolation, or collaborate. Wait, until circumstances change, or collaborate with organisations willing to support and initiate change. With banks less inclined to risk their capital assets, you may find businesses in other sectors able to offer resources that lessen the need for cash and reduce the risks.

In some businesses, talking with suppliers and customers about the challenges that your company faces can be like coming out from behind a bunker and surrendering arms. Not all attempts to create trust are successful. I learn from the relationships that don't go well, and concentrate on relationships that cement themselves.

Sharing knowledge

In my past, having successfully transformed a low-tech SME to an IT literate one, I empowered an employee with a real passion for computing (who later went on to become the IT manager) to create the company's IT infrastructure. Our customers, having seen how smoothly we had made the transition, would regularly seek advice in similar efforts to reduce the cost of commercial help. As the company also began to embrace the waste elimination philosophy of [Lean](#) and its associated benefits, the impact was such that it had a positive influence throughout the supply-chain. As a company, we were glad to share knowledge and increase the depth of our own understanding of the Lean process, and develop a greater understanding of and with our business partners. As a business, we would benefit from our customers' improvement drive in the form of greater sales and a stronger relationship. Customers became more comfortable in vocalising improvements to our processes, products and services, which led to a doubling in our share of the marketplace. We were also able to become more effective as we spread our influence downstream to suppliers, who became more able and more aware of our own needs. However, my belief that knowledge- and resource-sharing is of benefit to all is not unique in Britain today. The larger organisations like [Rolls Royce](#), who are anticipating a doubling in demand over the next five or 10 years, are actively investing in their supply-chain through their participation in the government-backed [Sharing-In-Growth](#) scheme to help them benefit from Rolls Royce's lessons learnt and innovation focus. <http://sig-uk.org/>.

Innovation can generate wealth. But innovation - realising an idea, and then bringing it to market - comes at a financial cost and an unknown level of risk. It's pleasantly surprising to many managers just how willing other managers in the supply-chain and broader share-holder community are, to share some of the risk and even to shoulder some of the cost.

The likes of Rolls Royce have access to the country's best consultancy talent, who are skilled in breaking down barriers (between people, processes, departments or organisations) to facilitate and spearhead the cultural and procedural changes. A consultant can help gain justified trust from all parties and use their experience to strengthen relationships and be the first to offer their skills to facilitate the knowledge sharing process. But there are other sources of support for SMEs as well.

Off to university

If, as an SME entrepreneur, you don't choose to follow the consultancy route, and if you want to expand your understanding of any subject, a relationship with your local university is a great place to start. Being in a place of learning, in comfortable surroundings, with people with a passion for their topic, is a pleasant way to spend some of your company time. Universities have a broad range of stakeholders and consequently can have very-useful contacts in all areas of business.

I once considered universities to be slightly separated from normal society ('the Ivory Tower' syndrome), and that may well once have been the case. But having studied at one, and maintained connections with the academic staff (as well as the friends I made there), I have had a constant source of expert support throughout my career from a number of universities.

One reason that I think that universities are rarely considered as a source of support to SMEs is the lack of understanding of what universities exist to do. Some people only appreciate the side that educates students. But (in my experience) most academics are at the University to continue their research with access to the best like-minded talent and resources, as well as to absorb the fresh-eyed approach of students struggling to grasp the subject in question.

Universities are funded in all sorts of ways that I haven't ever fully understood. But, one revenue-stream which universities have always been keen to exploit is that of sponsored research. The research grants are focused, in some small part, by the needs of society, and your business needs may be the next 'hot' topic. There are a lot of academics throughout the UK, and they each need to produce around two pieces of 'original' work a year in the form of refereed publications. So, universities often need the input of experts and managers to help in the formulation of degree courses or to gain ideas or identify areas for further research.

When considering the strategy for your company, collaboration with a university can provide your business with a detailed view on the current and future trends in every aspect of your industry and highlight the opportunities for innovation. Used wisely, this collaboration can give your business a huge competitive advantage. How might you go about establishing such a collaborative relationship?

Making first contact

Making contact with a university is not difficult. A look over a university's website – such as that of [Wolverhampton University](http://www.wolverhampton.ac.uk) - will let you know if the university has a department related to the topic that you're interested in. Most universities are proactively looking to establish more relationships with local businesses, and may well have a Professor of SME development or business development to provide a straightforward contact with the university.

If you do struggle, it's worthwhile trying a few times. Once you have found a contact with an open door, that individual will usually have an open door to all of the other departments within the university that can offer great impartial and evidence-based insight into your business concern or opportunity. The university will also have contact with other businesses that may help you broaden your network.

Universities can give businesses the opportunity to test new technologies and examine the best strategies for their adoption for little or no financial cost. They can also help a business to bridge technological or knowledge gaps.

However, it is an imperfect relationship, as are all relationships. Universities, by their nature, are not

generally known for their rapidity. In recognition of the need for wider benefit from their resources, many universities have teamed-up with [consultancy firms](#) to offer further depth and a service more suitable to the needs of commercial companies.

Universities also increasingly understand the world of commerce. Whilst use of university resources is not e used primarily for commercial gain, they can be used to help businesses bridge essential knowledge gaps. If your projects are successful, financial gains may be made, but first and foremost it's all about the learning.

Case-study: Rapid Tooling: an SME collaboration with Wolverhampton University

To illustrate my argument, here is an example of a project that I ran with Wolverhampton University. In so doing, I hope not to lose the interest of any readers who are business managers working in the service sector, there are similar stories across all organisation types. I merely want to present a real-life case study drawn from direct personal experience of what collaboration with a local university can deliver.

In this example, working within an engineering SME of 110 employees, the objective was to reduce the average R&D time from three years to 18 months. But we actually did better than that.

Collaborating over developing innovation through 3D printing

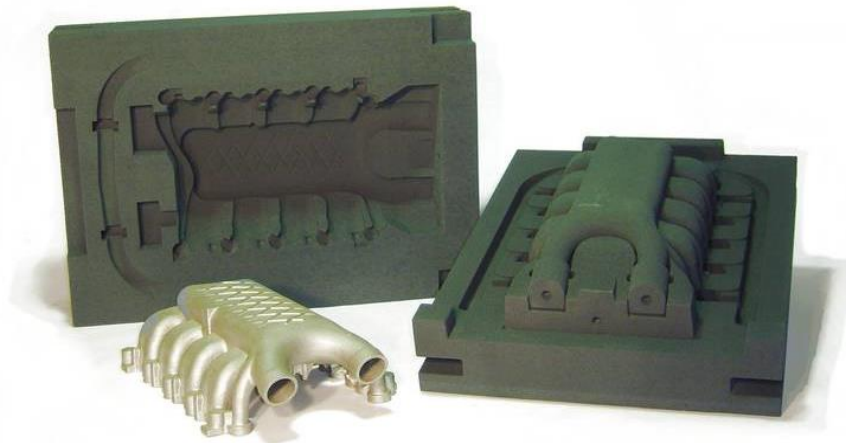
During my time as a Continuous Improvement Manager I was lucky to have gifted designers in my team, but a lengthening list of R&D projects. The existing design and development process was taking over three years, on average, consuming significant funds, producing a final product that would deviate from the initial specification, and ultimately achieving lower sales figures than expected.



A Selective Laser Sintering machine being used at the Centro Renato Archer in Brazil.
Image by R Sabbatini at English Wikipedia

I sought input from the local university that had the kind of equipment in their laboratories that most businesses dream of, including the latest 3D printing equipment. (Click [here](#) for examples produced by [WHWilliams](#)).

This project took place a decade ago, and although a 3D printer is now a must for any business involved in product design, at the time it was cutting-edge technology. Here is an example of current use of the 3D printing process to create complex moulding tools in a single step – from <http://www.whwilliams.com.au/>.



So there were very few 3D printing machines in the UK, and the commercial costs for creating models and producing prototypes were prohibitive to most SMEs wanting to explore use of the technology.

At the university, I was first introduced to a post-graduate doing research into the 3D printing process who had a good working understanding of the technology and the issues that needed resolving with the process. As a PhD student with a need to test the equipment regularly, he was happy to spend time with our designer and create the 3D Computer aided design (CAD) models of our components and demonstrate the software to us. The components were later used for both our benefit and his.

I was later introduced to the Professor within the department who had had a career in manufacturing management prior to entering academia. I think that this fact really helped us, as his understanding of the pressures of commercial businesses as well as his unparalleled knowledge of the 3D printing process meant that the university did everything to meet our targets. Following the design phase, the professor took ownership of delivery of our components and we were able to go through five quick fit and function testing and development cycles before finalising our design.

The 3D printing machines at the university were able to produce plastic and metal three-dimensional forms. Over a coffee, discussing the potential benefits of the new technology to business, the professor and I worked through the processes to production, and we created a project to use the metal 3D printing process to produce the moulds necessary for injection-moulding zinc components. We termed this process Rapid-Tooling.

This project relied on collaboration with the injection moulding company (who went on to establish their own relationship with the university). The time to produce traditional injection moulding tools was eight to 10 weeks. Incorporating Rapid-Tooling, within three weeks of the product being finalised we were in medium-volume production of the finished product. Full exploration of these new methods of working also gave the businesses increased tooling accuracy, improved component quality, increased production rates, and reduced tooling costs

Through early adoption of the technologies that were introduced to us at the university, and other procedural changes, we reduced or average R&D time from three years to eight months. Both businesses were amongst the first in their industry sectors to purchase their own 3D printing machines and 3D CAD software. Both businesses did further research with the university providing input into published papers and, without the financial resources to achieve it, punched above their weight.

Conclusion

The largest media company, Facebook, owns no content. The largest hotel leisure company, Airbnb Inc™ owns no hotels. The largest retailer, Amazon, owns no stores. They have grown by embracing technologies and collaborating.

All big businesses were a small business once, so there should be the greatest focus on supporting this nursery for the nation's future prosperity. SMEs need to help themselves by collaborating. Whether you connect your business through a consultant led network, a university led one, or just open the lines of communication through your existing supply-chain, get connected. In a Darwinian five-year shudder, the recent financial instability has shed those businesses unable to respond to the changing circumstances. To continue the analogy, it follows that if you've survived you're amongst the 'fittest'. A big part of that 'fitness' is likely to be your proven adaptability, honesty about your market position and weaknesses, and your financial acumen. Those businesses around you that are over seven years-old, have similar traits. Younger businesses have confidence, and optimism worth embracing. For SMEs, building an in-house team of experts to help grow the business should be a long-term strategy. But, as a network, SMEs already have all the expertise necessary to make Britain's businesses the envy of the globe. We just need to make sure that we draw upon this hitherto largely untapped potential.

References and web links

Rolls Royce plc. Directors' report and financial statements 2013: Business Model, Strategy and Values, pp: 6-8. (2013). <http://www.rolls-royce.com/~media/Files/R/Rolls-Royce/documents/investors/annual-reports/rr-plc-2013-accounts-tcm92-56618.pdf> [last accessed 6.10.15]

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About the author

Magnus McFarlane (Senior Consultant, Manufacturing Technology Centre) writes: 'I enjoyed a successful 16 year career in senior management, engineering, manufacture and design - solving business issues and conflicts with ingenuity and creativity, and transforming a moderately successful, manufacturing SME with no IT literacy, into a Lean, ERP integrated, internationally sourcing and trading, ISO9001 certified, IT literate, innovative, visual organisation. I now operate as a senior business consultant, helping businesses to adopt new technologies and taking academic research and maturing it to the point where it can be exploited by industry. You can contact me @ Magnus.McFarlane@the-mtc.org.'

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| Date | Event | Click for details www.amed.org.uk/events |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Wednesday 4 November 2015 11.00 - 16.30 | Critical Action Learning - The Role of Facilitator, IFAL Workshop with Prof Kieran Trehan at Birmingham University This ... opportunity to participate in a highly interactive workshop ... will challenge, stimulate and inform ... how social dynamics and power relations influence organisational learning and leadership development. |  <small>international foundation for action learning</small> |
| Wed/Thurs 4-5 November 2015, | Come to the Annual Conference and Exhibition of the CIPD in Central Manchester New ways to be effective at work ... like-minded professionals for outstanding learning and networking, new, practical approaches to common HR problems |  |
| Wednesday 11 November, 2015 | Industry Day at the Institute for Small Business and Entrepreneurship in Glasgow. To create a platform for discussion and open debate amongst industry practitioners, business support practitioners and academics specialising in small business and entrepreneurship. |  |
| Thursday 17 December 2015 | Meeting of the SME Growth Community of Interest . Check the Enterprise Research Centre website for details. |  <small>Enterprise Research Centre</small> |
| Friday 18 December 2015 13.15 to 16.30 | Highlights of our Writing Year / Private Passions, AMED Writers' Group with Bob MacKenzie London SE11 Join us in our annual festive celebrations, with Members of the AMED Writers's Group. |  |

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Bob MacKenzie Tel: 02380-238458 bob@amed.org.uk

David McAra Tel: 07917-689344 David.McAra@petrotechnics.com

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