

Overview of the ERC core research programme: 2016-18

ERC was established in January 2013 with a focus on the drivers of SME growth and productivity. Our new core research programme runs from February 2016 to January 2018 (see Figure 1 below) and has three main elements:

- The first three months of the programme will involve two cross-cutting synthesis projects. The intention is that these will provide a 'state of the art' synthesis and baseline for the future research projects.
- Months 4 - 21 will involve 13 individual 'projects' focussed on specific issues. Each of these projects will be led by a senior academic from a partner institution working with other ERC researchers and our team of Research Fellows;
- The last three months of the programme will be used for two cross-cutting 'cap-stone' projects intended to synthesise the key policy lessons from the individual research projects.

Below we provide an overview of each of the primary research projects which we plan to undertake. Each project will begin and end with a workshop bringing interested people together to shape the research scope and questions at the beginning and to share results and insights at the end. More information on ERC or any of the individual research projects is available from either Stephen Roper (stephen.roper@wbs.ac.uk) or Mark Hart (mark.hart@abs.ac.uk).

Figure 1: ERC Phase 2 core research programme

Feb – May 2016 (3 months)	June – November 2016 (6 months)	December to May 2017 (6 months)	June to October 2017 (6 months)	Nov to Jan 2018 (3 months)
<p>Drivers and Enablers of Growth and productivity in SMEs: What do we know?</p> <p>SMEs: Their contribution to national growth and productivity: What do we know?</p>	<p>Revised Project 1 SME-University links and their innovation and productivity benefits Nola Hewitt-Dundas</p>	<p>Project 6 Productivity and internationalisation in SMEs Jim Love</p>	<p>Project 10 Local business eco-systems, innovation and SME growth Jim Love</p>	<p>Drivers and Enablers of Growth and productivity in SMEs: What have we learnt?</p> <p>SMEs: Their contribution to national growth and productivity: What have we learnt?</p>
	<p>Project 2 Do firms with an aspiration to expand into international markets find finance more difficult to access? Nicos Nicolaou</p>	<p>Project 7 Finance barriers to growth and productivity Stewart Fraser</p>	<p>Project 11 Leadership, Management and Networks – an activity based approach Kevin Mole</p>	
	<p>Project 3 Growth heroes and the wider economy Jun Du</p>	<p>Revised Project 8 Linking SME data to the Science Base – An exploratory study of growth and productivity effects Bettina Becker</p>	<p>Project 12 Accessing and using alternative finance Mike Wright</p>	
	<p>Project 4 Entrepreneurial ambitions: The role of place versus the role of the entrepreneur Sara Carter</p>	<p>Project 9 Firm Heterogeneity and Local Job Growth Michael Anyadike Danes</p>	<p>Project 13 Micro-Businesses, SMEs, Business Support and UK Productivity Michael Anyadike Danes</p>	
	<p>Project 5 Team size and entrepreneurial ambition Jonathan Levie</p>			

Project overview

No	Title	Overview
1	SME-University links and their innovation and productivity benefits	This study will provide a robust assessment of the value of Higher Education Institute (HEI) - SME innovation linkages and their implications for enhanced innovation and productivity. This will inform HEI policy and specifically measures designed to influence the pattern of HEIs working with SMEs.
2	Do firms with an aspiration to expand into international markets find finance more difficult to access?	International expansion is critical for firm survival and growth. However, lack of finance can significantly hinder firms' ability to develop export markets. Do firms with an aspiration to expand into international markets find finance more difficult to access?
3	Growth heroes and the wider economy	Our previous research finds that a small proportion of UK 'growth hero' firms generate revenue growth faster than jobs growth, enhance productive efficiency and demonstrate resilience in crisis. This follow-up project explores in greater detail the characteristics of these growth heroes and examines their wider impact in the local economy.
4	Entrepreneurial ambition: The role of place versus the role of the entrepreneur	This project will focus on the relative impact of local context versus the impact of individual characteristics on entrepreneurial ambitions. A particular focus will be on social and human capital, on diversity and on connectivity. We will explore how diversity enhances ambitions, creating and realising market opportunities.
5	Team size and entrepreneurial ambition in the UK	This project explores the impact of the number of owner-managers in a business and its ambition, measured in a variety of ways, including growth expectations, export propensity and intensity, and innovativeness, and the impact of owner-manager education level and business complexity on this relationship.
6	Productivity and internationalisation in SMEs	It is widely recognized that internationalisation is important to fulfil and sustain growth potential, especially for SMEs. Yet, evidence suggests that for many SMEs, exporting is often a rather opportunistic and episodic activity, rather than a continuous process. Building on previous ERC work on the determinants of intermittent exporting and learning by exporting this project examines how different patterns in export volume, product and destination impact on SME learning-by-exporting and productivity change.
7	Finance barriers to growth and productivity	What is preventing SMEs from investing and accessing external finance? Using SME Finance Monitor data, the research going forward will look at the varying extent to which lack of needs and/or perceptions dissuade different types of firm from seeking external finance. We are particularly interested in innovators and exporters.
8	Linking SME data to the Science Base – An exploratory study of growth and productivity effects	Extensive administrative data exists on the publicly funded science base in the UK in databases such as ResearchFish. This exploratory study will look at the potential to link these datasets to longitudinal small business data to enable us to examine the growth and productivity benefits of SMEs engagement with the science base.

9	Firm Heterogeneity and Local Job Growth	In previous research we showed that, popular opinion notwithstanding, there is no correlation between firm birth rates and net job creation rates across England's LEPs. In this project, we propose to investigate in more detail the association between spatial variation in the proportions of different categories of firms and spatial variation in rate of job growth.
10	Local business eco-systems, innovation and SME growth	<p>Despite the capacity of firms to tap into international knowledge networks, knowledge is still to some extent 'local'. Some areas are simply more 'knowledge rich' than others with potentially important consequences for the potential for firms to innovate.</p> <p>The study will consider: What are the key elements of local business eco-systems for scaling and growth in SMEs? What are the channels by which these effects occur? Are the effects indirect via (for example) innovation and exporting? What implications does this have for delivery of policy instruments at the national or local level?</p>
11.	Leadership and management: an activity-based perspective	<p>Leadership is central to understanding the growth of entrepreneurial ventures since growth opportunities cannot be identified and exploited without individual and collective efforts of business owners and their teams.</p> <p>We aim here to examine the interactive effects of skills and networking in influencing growth by utilizing an activity-based perspective.</p>
12.	Accessing and using Alternative Finance	New financing alternatives, notably crowd-funding, microfinance and peer-to-peer lending, are becoming increasingly influential funding mechanisms for start-ups. This project will examine the following questions: What determines a firm's ability to access and use alternative sources of finance? How aware are entrepreneurs of alternative sources of finance? What is the role and nature of social networks in a successful alternative finance campaign? What is the impact of alternative funding sources on ventures receiving this funding?
13.	Micro-Businesses, SMEs, Business Support and UK Productivity	The UK's productivity performance is currently seen as 'poor' and 'puzzling', and in urgent need of treatment. This project will extend and deepen our recent investigation of the performance of a rather simpler productivity measure -- turnover per job. This measure is both readily computed for data which is typically collected from scheme participants and their performance can then be straightforwardly compared to that of other firms by drawing on the large-scale population data available from our Longitudinal Business Structure Database .