

ISBA  
28 November 2002

### **Re. Joint funding bodies' review of research assessment**

ISBA welcomes the opportunity to contribute to the review of the RAE assessment exercise. The Institute for Small Business Affairs (ISBA) is an independent charity funded by member subscriptions and income from its activities. ISBA brings together members from academic research and practice, including those from public and private sector organisations. Current sponsors are the Small Business Service, Lloyds/TSB and NatWest. The current Board of ISBA is annexed together with ISBA's mission statement and related material.

ISBA is concerned with the promotion and support of research into the field of small business establishment, growth and support. Hence, it has a close concern with how both the process of undertaking the RAE, and its outcomes, influence small business research.

The following statements related primarily to the topics for consultation listed under Group 1: Expert review, and Group 5 Cross-cutting themes.

ISBA noted with concern the statement from the RAE PANEL FEEDBACK on the sub-area of 'Entrepreneurship and small business'. This stated that:

"Research in the UK in the sub-area is primarily in small business, with little in entrepreneurship. This is very much counter to what can be found in the USA, which sets the international standard. There are no premier international journals in the sub-area within the UK. Moreover, less than a handful of UK academics are on the editorial boards of the major international journals. With very few exceptions, there is no critical mass of researchers in any one institution. Of the outputs submitted to the RAE, a low proportion was of international standard, and less than half of national standard.

There is a severe shortage of supply of qualified teachers, that is, doctorates in the sub-area with some practical experience and a wish to continue researching. Neither can they be bought in from the USA, as pay rates in the UK are very low in comparison."

We believe that the panel's statement that 'there are no premier journals in the sub-area within the UK' is factually incorrect. Also the statement that 'less than a handful of UK academics are on the editorial boards of major international journals' is also incorrect. We can provide full documentation of this if you require it.

However, the two main questions that ISBA is concerned to address are as follows:

First, to what extent does ISBA share this assessment of entrepreneurship and small business research, and what can be done about it for the future?

Second, does the RAE statement take adequate cognisance of the distinctive features of the UK context for small business research?

Developing an answer to the first question is to be facilitated by an ISBA seminar/workshop examining the state of UK small business research. ISBA would welcome a HEFCE presence at this seminar and we will be in contact with your colleagues in the planning of this event in the coming months.

On the second issue, in the view of ISBA, the RAE assessment neglects three important strengths of entrepreneurship and small business research in the UK:

- I The need to recognise an appropriate balance between a focus on small business and entrepreneurial activity,
- II The need to recognise the need for an increasingly multi-disciplinary approach, and
- III A strong policy orientation of much small business research.

We develop a brief comment of guidance on each of these below in specific response to the HEFCE consultation:

## I Balancing small business and entrepreneurship research.

The RAE panel's statement implies that insufficient attention is paid to entrepreneurship in the UK, and this is at odds with the 'international standard' research in the US. However, ISBA feels that is incorrect. The misperception of the panel derives from the form of the expert review, as listed in para 7 of your notes to facilitators. Small business research bridges the full scope from firm foundation (the main entrepreneurial role), through to early-stage growth, the establishment of more formal managerial structures, and progress towards larger companies. The panel seem to have ignored the broader aspects of small business research, which fall between most conventional management study (which heavily focuses on larger firms and formal management structures), and which go beyond the founder and entrepreneurial stage. The broader UK/EU concerns also embrace non-entrepreneurial yet important areas such as family firms, social inclusion and social enterprise. Also, much entrepreneurship research is carried out under the 'innovation' heading. The problem arises because the panel has not properly addressed broader criteria. The guidance notes to panels on these points need to be improved.

The misperception of the panel is all the more important since it also seems to carry over to the public policy arena as well, where there is a gap between supports to and understanding of the needs of the micro-business and sole trader or entrepreneur, and that of the growing small firm. In a related vein, we note that the notion of entrepreneurship has strong ideological connotations which have been contested in UK. Even in the US, an important paper (Ogbor, J.O., 2000, 'Mythicizing and Reification in Entrepreneurial Discourse: Ideology-Critique of Entrepreneurial Studies', *Journal of Management Studies*, 37, 5: pp.605-635) has highlighted how the obsession with 'entrepreneurship' serves to exclude other (perhaps more common) forms of small enterprises. The danger is that 'entrepreneurship' becomes entrenched as an ethnocentric construction preoccupied with a narrow range of activities. In contrast, much UK research explores the myriad forms of small business activity. Furthermore, the RAE statement does not make clear what the international standard is, and why it is being set by the US. This suggests the need to reference more widely internationally than merely the US. ISBA would draw attention to the importance of the EU in this field, and to research in SE Asia and other countries (covered in World Bank and related research).

## II A multi-disciplinary approach

A multi-disciplinary approach is a particular feature of UK research in this area. Important contributions in small business and entrepreneurship research are to be found in a wide range of disciplines, including human resource management, business studies, finance, sociology, economics, geography and psychology. This can mean that significant research is published in journals from these other disciplinary fields, rather than in specific management, small business or entrepreneurship journals. Hence, quality contributions may be missed by the narrow conceptual lens afforded by the entrepreneurship paradigm implicit in the RAE statement. The guidance to panels needs to take special account of highly fragmented research fields that fall in no specific panel area. A more aggregate review structure that does not limit concerns to the existing costs centres would seem to be more appropriate.

## III A strong policy orientation

There is strong policy interest in small firms research in the UK. Local, regional and policy makers are important stakeholders in the research community. They both commission and undertake research. Many of these practitioner stakeholders are members of ISBA. Indicative of the policy focus of much small business research, researchers have been keen to draw out the relevance of their research for policy. Indeed, many university based researchers have played a key role in shaping the policy agenda, without compromising the independence and rigour of their position as academics. We note that recommendation 17 in your notes to facilitators argues that the RAE process should recognise the different characteristics of excellence that might be relevant in different disciplines. ISBA is concerned that new RAE guidance could well attenuate, rather than facilitate greater diversity of foci or research. We are also concerned that inadequate attention to policy research seems to result from the previous RAE mechanisms of assessment. A much stronger involvement of the practitioner and use community is needed in RAE panels and evaluation processes.

We hope that your review group can take account of these concerns and recommend an improved RAE procedure. As noted above we also welcome HEFCE participation in the seminar we will be arranging over the coming months.

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Annexes

1. ISBA Board of Directors @ 28/11/02
2. ISBA Mission statement and summary of objectives and activities

**ISBA BOARD OF DIRECTORS @ 28/11/2002**

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## **ISBA MISSION, OBJECTIVES & ACTIVITIES**

ISBA is a registered Charity (Charity Number 1076159). All directors are trustees of the Charity.

The charitable object of ISBA is to promote the advancement of public education by research into matters relating to small business development and by the publication of the useful results of such research.

ISBA's mission is to encourage the conduct of high quality research in the field of small business development, to disseminate the results and findings for discussion and to assist and inform those responsible for the formulation, development, implementation and evaluation of enterprise policy.

The Institute is a UK network for those involved in formulating, delivering and evaluating policy towards small businesses. Members include individuals and organisations involved with research, development and advice in the small business sector such as academic staff and researchers in Universities and Colleges who specialise in small business and run SME courses and/or supervise research students; staff in Learning and Skills Councils, LECs and Local Authorities who are responsible for commissioning research on the local economy - particularly SMEs; staff and advisers in the Small Business Service, Business Links, Government departments, SME associations, and banks.

### **Key Activities**

The ISBA National Small Firms Policy and Research Conference takes place each November, which attracts the leading 250 small business researchers, policy makers and advisers to hear papers on current policy issues. The conference proceedings containing the papers presented at the conference are subsequently published.

The Institute also presents a number of workshops throughout the UK covering topics of special interest, and runs a programme of doctoral workshops throughout the year.

*Small Business Issues*, ISBA's quarterly newsletter, contains reviews on the latest research, contributions from leading academics on key issues of the day, and information concerning past and forthcoming UK and international events on small business and entrepreneurship.