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## Entrepreneurial universities in the region: the force awakens?

Professor Nigel Culkin

### Purpose

The growth in popularity of the Regional innovation System (RIS) approach has, in part, been driven by the need for economies to respond to the after shocks of the global financial crisis. At the same time, we see the term *Anchor institutions* are used increasingly to describe organisations that have an important presence in the local community and make some strategic contribution to the local economy.

The purpose of this paper is to consider the needs of the micro and small business ecosystem through the lens of the entrepreneurial university as a regional anchor institution.

### Design/methodology/approach

Asheim (2011) refers to regional innovation systems with an emphasis on economic and social interaction between agents, spanning the public and private sectors to engender and diffuse innovation within regions embedded in wider national and global systems. According to Doloreux and Parto (2005) three dimensions underpin the use of the RIS concept, namely: the interactions between different actors in the innovation process, the role of institutions, and the use of regional systems analysis to inform policy decisions.

The author has drawn on contemporary literature on the entrepreneurial university, regional systems of innovation and institutions to explore some key qualities and problems around anchor Institutions, networks, and national and local policy.

### Findings

Following the Chancellor's Comprehensive Spending Review in November 2015 and post the changes in the Department of Business Innovation and Skills remit I want to highlight the way universities can take a lead role as an *anchor* institution within their region. I argue that this role should include providing a wider range of formal and informal support, knowledge and resource for micro and small businesses (MSBs), alongside the usual SME suspects (Hart & Anyadike-Danes, 2014; Witty, 2013; Wilson, 2011). Based on my analysis and observing the the work of the eight Entrepreneurial Universities of the Year Award winners, during my time as President of the Institute of Small Business & Entrepreneurship (ISBE), I suggest four different ways in which collaboration might be enhanced to ensure MSBs can make maximum use of the advice and support on offer from universities playing this anchor role.

## **Originality/value**

The results emerging from here suggest a need for regional policy makers to embrace a innovation-supportive culture, which actually enables firms and systems to evolve over time and this would be far more effective than those proposed in the latest Comprehensive Spending Review. The outcomes of which will see some of the most robustly evaluated programmes, designed to support small firm growth, closed down to be replaced with a commitment (by Government) to cut more red tape and extend small business rate relief for an extra year (Mole, 2015).

Keywords: Anchor Institutions, Entrepreneurial orientation, Regional Innovation Systems, Entrepreneurial Universities, Growth, Small firms

## Introduction

In the lead up to George Osborne's combined Autumn Statement and Spending Review, Sajid Javid the Business secretary made a plea for his department to exist beyond November 2015, in front of the Business, Innovation and Skills select committee on 14<sup>th</sup> October<sup>1</sup>. With Javid's department under pressure to find 20-40 per cent of savings in its £18bn budget it was no surprise when the committee's chair (Iain Wright MP) opened proceedings with a withering observation, "where are you adding that distinctive added value in order to make a real difference to developing a more enterprising, competitive economy for Britain...[a lot of it]...could be carried out and successfully completed with a revised, enhanced Treasury and a beefed-up Department for Education and Skills?"

The Business secretary defended his department, saying it would be "a step backwards" if the government decided to abolish it, as his was the only one focusing solely on economic productivity while playing a big role in innovation, research, science spending, self-employment and the delivery of apprenticeships. Despite such an apparently wide-ranging brief, the Department for Business, Innovation and Skills<sup>2</sup> was only formed in 2009, by Peter Mandelson. Then it was tasked with boosting economic growth in the wake of the 2008 financial crisis, but now includes a wide span of regulatory and business support functions. As Javid went on to say, "I have some 45 partner bodies. Do I still need 45 partner bodies? Are there costs, middle-office costs or other costs, that can be shed between those bodies? I have over 80 locations that my Department operates in. Do we need 80 locations? I do not think so."

Following the Spending Review a series of events were set in motion that could leave just science, research and higher education teaching as the only items of revenue spending left in a post 2017 BIS budget. As Julian Gravatt pointed out in a recent blog<sup>3</sup>, responsibility for current higher education teaching costs moved taxpayers from to students; matched by a similar switch with apprenticeships. The apprenticeship levy will help BIS cut most of its £800 million a year spending by transferring responsibility to employers. In addition, Innovate UK will transfer £165 million from grants to loans over the next few years. Finally, with the Treasury currently assessing 38 landmark devolution deals from cities, towns and counties across the UK; it is not unreasonable to expect that, most of the £1.5bn adult skills budget will be moved into the regions along the lines of the Greater Manchester devolution deal struck in 2014<sup>4</sup>.

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<sup>1</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/businessinnovation-and-skills-committee/work-of-the-department-for-business-innovation-and-skills/oral/23106.html>

<sup>2</sup> BIS was formed through a merger of the Department for Innovation, Universities and Skills and the Department for Business, Enterprise and Regulatory Reform.

<sup>3</sup> <http://wonkhe.com/blogs/understanding-the-unthinkable-post-2015-cuts/>

<sup>4</sup> The five devolution deals announced since – Liverpool city Region, North East, Sheffield City Region, Tees Valley and West Midlands Combined Authority – build upon a foundation of city deals, growth deals, combined authorities, enterprise zones and university enterprise zones (UEZs).

In a further erosion of BIS duties, the Higher Education Funding Council for England (Hefce) and the Office for Fair Access (Offa) will most probably merge to become a single regulator of universities called the Office for Students (OfS). This is, after all, one of the major recommendations of the recently released Higher Education Green Papers<sup>5</sup>. But, while the Green Paper commits to a continuation of quality-related (QR) funding for universities, who is to say that post-Hefce, BIS will be responsible for the distribution of the research excellence framework (REF) funds? It may take time for the political ramifications to play out, given the vested interests at stake, but the links between BIS and the UK's universities have further loosened. This will come as little surprise to some commentators as Scott (2014) noted there has always existed a lack of coordination between national policies for higher education and for regional development. This is notwithstanding the fact that universities contribute to UK productivity targets by delivering direct and indirect expenditure on goods and services, providing jobs, developing a more highly skilled workforce and generating new knowledge.

Despite its origins, when higher education largely reflected the values of localism, the reform of English higher education triggered by the Browne Report (2010) encouraged universities to shift their attention towards an international growth trajectory, at the expense of local and regional development support (Goddard *et al*, 2014). But as we know, universities are *somewhere* in the UK and that *somewhere* matters, especially since the demise of the Business Link network in 2011 and the government committed to a widening devolution agenda (Christopherson *et al*, 2014). I want to explore some of the reasons why, and how universities might reinvigorate their relationships with local business, in an effort to retain highly skilled talent, re-exert their influence on local and regional economies and emerge as a long-term anchor institution. This paper concludes with four key observations that could be of value to other universities exploring opportunities for locating themselves at the heart of their regional innovation system.

### **Think Local. Act Local**

Anchor institutions are large, often non-profit, organisations at the heart of a local regional community that have a clear social purpose and are able to offer a range of formal and informal support and guidance to the local business community. In fact, an examination of the eight Entrepreneurial Universities of the Year Award winners<sup>6</sup> and the REF2014<sup>7</sup> Impact Case Studies - those pertaining to small business and entrepreneurship - would appear to support the idea that value exists for a university to take a lead in terms of being a focal point for thought leadership and initiatives to support the MSB sector, in addition to the wider business community (Witty, 2013).

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<sup>5</sup> <https://www.gov.uk/government/news/student-choice-at-the-heart-of-new-higher-education-reforms>

<sup>6</sup> <http://ncee.org.uk/leadership-and-management/the-entrepreneurial-university/>

<sup>7</sup> The REF is the new system for assessing the quality of research in UK higher education institutions. It replaced the Research Assessment Exercise (RAE), last conducted in 2008.

### *The importance of supporting the UK MSB sector and improving start-up survival rates*

Identifying policies, structures, processes and techniques that will be effective in supporting the health of small firms remains as vital as ever, which in part led to the launch of the Enterprise Research Centre (ERC) in 2013<sup>8</sup>. Small firms continue to be in the engine room of the successful recovery of the UK economy, employing 12.1 million or 60% of all UK employees (BIS, 2015). Yet despite there being over 5.4 million small firms in the UK, accounting for 33% of the total private sector turnover, recent research shows that 90% of businesses survive for one year, 74% for two years and 63% for three years or more. One of the most powerful insights into this issue comes from a study conducted by Anyadike-Danes & Hart (2014) at the ERC. Their analysis of all UK firms *born* in 1999 shows that 90% no longer exist. Moreover their analysis showed that of those that survived the first fifteen years the hazard of extinction is running at about 10% per year. In summary research at the ERC tells us only about 5% of all start-ups make it through to a point where they make a significant contribution to the UK economy in the sense of adding a substantial number of jobs.

Further uncomfortable reading comes from the fact that in many ways small firms do not help themselves. For example, the findings of a recent CMI/CABS survey (2015) stated the majority of entrepreneurs were positive about their future, but at the same time alerted us to some staggering figures about the limited business capabilities of many small businesses. For example, 44% of small businesses do not have a website, 71% are not mobile ready and 69% do not use Twitter, or even make use of free or low cost tools such as social media, as part of their marketing mix. With three quarters of UK customers now shopping online this clearly points to many small businesses missing out through a lack of strategic thinking on significant revenue opportunities. Moreover the survey showed that only 7% of smaller businesses are seeking support in an attempt to increase productivity.

A key takeout from these research findings with regard to the role of anchor institutions within regional innovation systems might play seems to underline the critical importance in getting small businesses past the five year survival point, whilst also helping them build a critical mass of five or more employees. If they can get to this threshold then this massively pushes up their chances of survival, including introducing them to the digital age and new ways of doing business.

### *The Concept of the Regional Innovation Systems (RIS)*

I now want to look at one important dimension in supporting the MSB sector: the growing popularity of the regional innovation system concept. This is the notion of there being within a region different economic and social interactions between agents - spanning the

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<sup>8</sup> The ERC was established to answer one central question, 'What drives SME Growth?' Originally funded by the ESRC, Innovate UK, BIS and the BBA the Centre aspires to become the international focal point for research, knowledge and expertise on SME growth and entrepreneurship.

private and public sector - that encourages the rapid diffusion of knowledge, skills and best practice within a geographic area. Larger than a single city, a RIS is an administratively supported innovative network of institutions that interact regularly and strongly to enhance the innovative outputs of firms in the region (Cooke and Schienstock, 2000). Of course, the concept of thinking more regionally about innovation is not new. Lord Heseltine has long argued that central government is often too remote and too organised along national government departmental lines to foster the quality of support needed by small firms working in towns and cities within key regions. Numerous reports, including those from the Lords' Heseltine and Young, have emphasised the importance of setting up regional economic infrastructures that will support small firm communities. The argument is that the focus should be on understanding the nuances of the regional business economy and setting up support that is sensitive to local conditions, rather than relying on central interventions – the *raison d'être* of the defunct Business Link movement. As a concept, there is much debate about exactly which characteristics constitute a RIS, and despite the fact that the research framework is still being developed Doloreux and Parto (2005) have identified three dimensions that help us define the concept.

Firstly, the term is used to imply, and place an emphasis on the notion of innovation as an interactive and dynamic process, as opposed to some linear model path. The point being that learning and innovation will be heightened through people being part of a network of related *actors*. There will be some who argue that innovation and creativity stems from a more lonely individualistic pursuit. But it is more generally accepted that supportive, symbiotic relationships within networks can provide a trigger to innovation, as innovation and technological advancements are two very complex processes with mutual interdependencies (Cooke, 2001; Mastroeni, *et al.* 2013).

The second characteristic of a RIS is the existence within regional networks of key *anchor* organisations - whether these would be private, semi-public or public - that act as a type of life support system, particularly for small and high growth firms (Runiewicz-Wardyn, 2013). Thus typically the presence of a RIS is seen as being in evidence where there is a strong regional institutional presence at the heart of the geographical network.

The third characteristic of a RIS is the fact that, when there is recognition of there being a regional network in play, with a core anchor organisation at its heart, then this becomes a magnet for attracting more focused policy thinking and resourcing, targeted on the area. In a way the very existence of an anchor organisation within a regional network creates a kind of virtuous circle whereby, given the focus on the debate and discussion the anchor institution creates, the region then becomes more likely to attract government funding and ideas to support small firms (Mason & Brown, 2014).

### *The concept of the economic anchor institution*

According to the Work Foundation, anchor institutions do not have a democratic mandate and their primary missions do not involve regeneration or local economic development. Nonetheless their scale, local rootedness and community links are such that they are acknowledged to play a key role in local development and economic growth, representing the 'sticky capital' around which economic growth strategies can be built (2010, P3). Anchor institutions are seen as playing a vital role in ensuring innovation is fostered at a local level in a way that benefits from local eco systems. I would argue that this is a particular benefit to micro and small firms, who are often more reliant on the revenue derived from within the region than their medium sized counterparts. The anchor organisation typically provides a range of formal, but also informal support, advice and guidance to members of the small business community. The creation of Local Economic Partnerships (LEPs) in England and Innovation Agencies in Scotland and Northern Ireland is one example of the need to foster innovation with a deeper understanding of the nuances and complexities of the regional context (Fitjar and Rodríguez-Pose, 2015).

Against this backdrop, over the last few years, universities have been seen as having all of the credentials to play the role of the key anchor institution within regions. The question remains, is that a role the universities see for themselves? It was the Wilson Review (2011) that first introduced the idea of the importance of there being a local economic *anchor* institution, such as a university, within a regional innovation system. Certain universities are now playing a key role in helping to encourage enterprise and entrepreneurship with their region; responding to the need to help develop graduates capable of enterprising and entrepreneurial behaviour. As can be seen among the Entrepreneurial University of the Year Awards winners, this goes beyond simply encouraging a cohort of individuals who may be minded to set up their own business. It also focuses on the wider need to generate individuals able to work across the commercial and public sector because they have the mind-set that can cope with the uncertainty and complexity that is a feature of today's environment. UK universities are learning how to teach enterprise and entrepreneurship, both within the curricular, but also through a wide range of experiential methods and activities. These activities go beyond the business school, extend across the institution (James & Culkin, 2015) and also embrace the wider network.

A Entrepreneurial university campus located at the heart of a region is now seen as a way of supporting and encouraging innovation amongst SMEs in the area (Etzkowitz, 2014). This focus naturally brings universities into greater contact with businesses within its local area and reinforces a point that universities are natural anchor institutions with the regional innovation system concept. The report on creating entrepreneurial campuses (Mason, 2014) addresses the importance of a space that stimulates the entrepreneurial aspiration of students and provides them with the opportunity to develop the skills, knowledge and experience, including helping them to start their own business (Culkin & Mallick, 2011). The

combination of comparatively light touch, minimum intervention support activities, coupled with much more in-depth research and consultancy support, sends out a signal to smaller businesses in the region that the University is a natural first port of call when it comes to helping with innovation and growth. Universities can also operate as a beacon alerting businesses to where funding can be accessed, and creating an entrepreneurial flavour to the campus that encourages businesses to be innovative and apply fresh thinking to their own day-to-day challenges.

### **The collective and cumulative impact of a university being the anchor institution within its regional innovation system**

A simple checklist of activities universities offer does not communicate the way in which the collective impact of these activities creates outcomes for the region that are often greater than the sum of the parts. While infrastructure matters feature in many of the recent devolution deals, the softer aspects of skills and innovation, the potential for a sustainable and more productive growth and inclusion is somewhat diluted. This is where universities can play a significant role according to the mission of individual institutions for example, in regeneration; skills; innovation; and business support. The challenge is of course getting out the message that this support from universities is available. The next challenge is managing expectations, particularly for micro and small businesses about the extent to which the university can help any of them on a one-on-one consultancy basis.

My analysis of the role played by the eight Entrepreneurial University of the Year winners leads me to make four observations that may be of benefit to other anchor institutions and also help inform wider national policy making on how best to support micro and small businesses.

#### *1. Redoubling efforts to boost the extent of university-business collaboration*

There is value in an entrepreneurial university taking a lead - within a region - in terms of being a focal point for thought leadership and initiatives to support the micro and small business sector. Universities provide a natural rallying point for marshalling governmental and other funds that can be accessed by these firms. They provide networking opportunities for small businesses, e.g. as a facilitator for putting micro and small businesses in touch with each other. Being able to access an anchor institution seems to give smaller businesses the confidence and expertise to innovate and grow. For example, Dame Ann Dowling who recently published her Review of Business-University Research Collaborations in the UK (2015), highlighted that analysis of collaborative R&D funding showed that the business impact for commercial projects with two or more academic partners was twice as high for those without any academic partner.

However there is tremendous room for improvement (Hughes & Kitson, 2013). In their recent Report, NCUB (2014) found that *'universities and colleges are brimming with expert*

*knowledge that attracts scholars and businesses from all over the world. However only a small percentage of UK firms cite universities as their principal source of information for innovation (5% of SMEs and 2 % of larger firms)'. From a Business School perspective, Thorpe and Rawlinson (2013) highlight a number of different ways in which business schools can collaborate more effectively with businesses, including: designing best business practice into courses; bringing more practitioner experience into the university faculty; moving away from individually funded projects to a more multi-touch relationship between businesses and business schools; improving the measurement and the impact of research on business; promoting research in larger multi-dimensional teams and having clearer more defined roles for different institutions, which of course links to the idea of understanding the role played by different anchor organisations within any one local economy.*

## *2. Making collaboration between government, universities and businesses more straightforward*

My second observation is there does seem to be a massive potential for universities to play an even greater role within their regional innovation system, post the Business Link network, the winding down of the Business Growth Service and the under resourced local growth hubs – the latest incarnation of the one-stop business support shop. However, for this to be achieved it would seem that all players in a regional system would seem to benefit from greater simplification and clarification of the role played by different support agencies within the region. Dowling (2015) concluded that the complexity of existing support mechanisms cause frustration and confusion, and means that the UK is not reaping the full potential of connecting innovative businesses with the excellence in the research base at UK universities. The report highlighted the importance of simplifying what many seem to believe are excessively complex schemes designed to assist collaboration between industry and universities (Hughes, 2008). The goal is to unlock the full strategic potential of collaborative relationship, but as Mole (2015) argued this is now under threat, *“Growth hubs are certainly interested in the same outcomes as the government but will not deliver more effective programmes than Growth Accelerator.....because the programmes and projects are developed on the basis of the funding, rather than an evidence-based view ..... abrupt policy changes undermine confidence and squander resources. Closing Growth Accelerator was costly – not for the Treasury but for the economy as a whole.”*

So, enterprise researchers have made considerable progress in adding granularity to our understanding of the massively wide-ranging notion of a SME (Wright, *et al.*, 2015; Theodorakopoulos, *et al.*, 2015; Culkin & Smith, 2000). But there is still a need to target and tailor initiatives to specific niches within this overall sector. In addition to Kevin Mole’s article in the Guardian, Smallbone *et al.* (2015) believe that many of the market failures in the small and medium enterprise sector result from government persisting with *a one size fits all* approach towards such a heterogeneous range of businesses. They go on to argue

that little attention has been paid in the literature to the issue of how anchor institutions might support small firms in the local economy.

Today the emphasis needs to identify the key *mind-sets* and personality drivers at work within the small firm sector. We now find there is more recognition of the importance of directing support on different personality types and helping businesses in a targeted way at critical stages in their development. More recently, with a focus on identifying MSBs with the greatest growth potential, there is the Department for Business and Innovation Skills Paper on the Sociology of Enterprise, led by a team at the Enterprise Research Centre (Theodorakopoulos, *et al.*, 2015). This has alerted us to the importance of distinguishing between *growth inclined* businesses, where there is a strong vision for the future. These are differentiated from *growth ambivalent* organisations who are somewhat averse to business growth and less likely to exhibit the positive mind-sets and behaviours of the more growth inclined. And in a further category there are the *growth resistant*, who although apparently attempting to build a business, do not demonstrate a strong vision for growth of their business, with one concrete manifestation of this being their reluctance to employ staff or take on financial commitments that would help them innovate and succeed.

Initiatives that bring a psychological dimension to helping us target resources on improving start-up and small business success rates are to be welcomed. What no growth organisation needs now is a return to the *policy proliferation period*, during which Greene and Patel (2013) noted that 891 different sources of support for small businesses and 18 access to finance schemes co-existed. This is not the most efficient way of organising enterprise initiatives for small firms given there are more effective, focused approaches that could be followed from elsewhere in the world (Mazzucato, 2013; Block & Kellor, 2012).

### *3. Encouraging smaller businesses to develop a strategic entrepreneurial mind-set*

There is the challenging issue of, on the one hand, encouraging and supporting those who wish to start-up a business, whilst at the same time alerting putative start-ups about the dangers of launching into a venture without total clarity around their overall marketing strategy. In an anchor role within the region, universities would need to review what they can do to get the message out to 'would be' start-ups the importance of thinking strategically at the outset about their potential business development idea. The message is that it is extremely difficult to tactically retrieve a flawed strategic position. Energy and enthusiasm are a necessary, but not a sufficient condition of business success, which is one reason failure rates are so high among early-year firms. So the challenge is how to find ways of developing cost effective 'one to many' ways of communicating with putative micro business start-ups about the importance of acting like *strategic entrepreneurs*, rather than enthusiastic *opportunity seekers*.

A difficult challenge is encouraging the entrepreneurial culture, but at the same time helping to educate individuals about exactly what the process of setting up a successful business involves. On the one hand we must acknowledge those seeking out new opportunities and who are willing to take a step into self-employment, but on the other hand, we need to remind individuals of the importance at the outset of having a clear strategic focus. It is this lack of strategic focus that is at the heart of explaining considerable amount of business failure (ERC, 2015). In this new Volatile, Uncertain, Complex, Ambiguous (VUCA) world it is important for businesses themselves to recognise the importance of applying some strategic assessment of the likely success of the venture.

With this in mind it is helpful to distinguish between the concept of *strategic entrepreneurship* and *opportunity seeking*. Strategic entrepreneurship involves simultaneous opportunity-seeking and advantage-seeking behaviors and results in superior firm performance. On a relative basis, entrepreneurial ventures are effective in identifying opportunities but are less successful in developing competitive advantages needed to appropriate value from those opportunities (Ireland *et al.*, 2003). I would argue that any start up needs to be absolutely clear about the difference between these two concepts. In essence strategic entrepreneurs are those who would have clarified in their own mind three key characteristics of success. Firstly, they have made appropriate decisions about their strategic positioning, they know where to play to win, namely areas where they have a differentiating strategic advantage. Secondly, they have identified where to focus their business efforts in order to achieve maximum impact. Thirdly, they are clear about how to follow the minimum route to success, they know how to make maximum use of their limited resources. In contrast opportunity seekers have energy and ideas around a possible innovation, but have not necessarily subjected this idea to rigorous, strategic entrepreneurial thinking.

This differentiation between strategic entrepreneurship and opportunity seeking is likely to be more important as we find more and more people being forced into freelance work or setting up micro businesses, due to job redundancies and cost cutting exercises, rather than opting for this out of choice (Jayawarna, *et al.*, 2014). I have already mentioned that universities are *somewhere* in the UK and that *somewhere* matters, especially when it comes to supporting start-ups to a point where they can make a contribution in the sense of adding a substantial number of jobs.

#### *4. Universities as thought leaders in planning for the arrival of a radically different structure to the UK labour market*

My observations also highlights the potential for universities to play a thought leadership role in shaping the development of skills in their regional economy. Universities, given their closeness to the dynamics of the local labour markets, are well placed to read the more deep-seated trends that are taking place and help prompt fresh thinking about how we

should respond to these. For example, from an overall perspective, the UK economy might be seen to be on a path to recovery. But we cannot assume that this means a return to business as usual with regard to the overall structure of the labour market. A number of commentators, including members of ISBE highlight the continuing polarisation of the labour market with growth in relatively high and low skilled jobs. This means that people will be finding it increasingly difficult to progress from low to high skilled jobs. This has major implications for helping people with a career progression and skills development. The fact that many people may feel that they are *trapped* in the low skilled sector perhaps (partly) explains why many will consider setting up a micro business. This leads to the conclusion that an integrated approach to skills development and boosting productivity at a local level is needed, whereby we recognise the fluidity between being in employment and being a freelance worker/ micro business. During an engaging debate at the ISBE Conference in Manchester, Michael Anyadike-Danes captured the importance of radical thinking around how universities can best support individuals in the labour market succinctly in his presentation (2014). He concluded that just over 1 in 4 of all jobs in the private sector were destroyed or created over an average of 12-month period. This remarkable level of volatility and turbulence in UK labour market, coupled with the issue of the survival rate of small firms, emphasises the importance of *joined up thinking* in the approach to micro businesses and the low skilled sector. Clearly there are no easy answers to this complex issue, but universities are well placed to prompt fresh thinking on how we deal with enhancing skills and boosting productivity, with so many individuals being in the low skilled sector and fluctuating in and out of the micro business sector. It is why as part of its RAKE<sup>9</sup> initiative in 2015, ISBE focused on the role of anchor institutions. I for one, look forward to following the developments from each of the three funded projects, over the coming twelve months.

In thinking about support for micro businesses and the challenge of the skills crisis, it is helpful to return to the notion of there now being a *primary* labour market in which individuals can be expected to receive training and development that will keep them up to speed with technical change and ensure that they are at the leading edge in terms of productivity. But at the other end of the spectrum is the *secondary* labour market in which it becomes difficult for employers to provide training and where people in this sector will gradually fall behind in terms of acquiring new skills. When we look at the labour market through this lens we can see that the support needed to help those who are in micro businesses will be similar to those who find themselves in the increasing long tail of low skilled jobs in the secondary labour market. Finding a way forward to help those in the *secondary* sector is a massive challenge, but one can see how universities in their role as anchor organisations in their region can help people provide networking opportunities that

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<sup>9</sup> The Institute for Small Business and Entrepreneurship (ISBE) Research and Knowledge Exchange (RAKE) fund is an initiative supported by; the Economic and Social Research Council (ESRC); Lloyds Banking Group, the Federation of Small Business (FSB), British Academy of Management (BAM) administered through ISBE.

will help the micro business and those in lower skilled jobs alike. The message is that increasingly people will need to find imaginative ways of taking personal responsibility for their own training and career development. More and more individuals will need to see themselves as a *brand* that needs cultivating, rather than expecting a job and attendant training.

## **Final Thoughts**

In this paper, I have sought to re-examine the role played by anchor institutions within the RIS, in the light of Chancellor's Spending Review. Anchor institutions are large, often non-profit, organisations at the heart of a local regional community that have a clear social purpose and are able to offer a range of formal and informal support and guidance to local SMEs.

My review of both the work of the eight Entrepreneurial Universities of the Year Awards winners and the REF2014 Impact Case Studies has been very revealing. It has indicated that much value can be gained when universities take a lead in terms of providing thought leadership and offering initiatives to support the MSB sector - in addition to the local business community - in order to overcome the systemic issues that have held back UK competitiveness and innovative performance for decades. As I was reminded in a recent Universities UK blog<sup>10</sup>, universities have direct and indirect effects in the economic, cultural and social spheres in the towns and cities in which we live. Long term problems – such as hard-to-fill vacancies and skills shortages - demand systemic solutions and new models to transcend the barriers and rigidities, along with the fragmentation of interests, which characterise our current systems. Universities have a pivotal role to play in this, through their relationships with key players in the skills system, especially at local levels – as well as meeting the management leadership needs of employers within the communities they inhabit. These can be developed and combined as the basis of new local learning and innovation ecosystems, engaging learning providers, employers and other stakeholders in a shared solution.

The fact that the majority of academics live in the same region as their host university; those universities recruit the majority of their students from their localities and regions and the composition of their governing bodies are drawn from the cities and regions in which these universities reside has also contributed to my thinking here. As Dowling said, “We need a change of culture in our universities to support and encourage collaboration with industry. In the UK we can be a bit dismissive about research that actually has an application, but in reality such use-inspired research can be truly excellent.”

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<sup>10</sup> <http://blog.universitiesuk.ac.uk/2015/12/14/englands-devolution-revolution-and-the-role-of-universities/>

I would go further and say collaborations with industry should focus on the local and start with the small and micro businesses that we know reflect the *somewhere* that most of the winners of the eight Entrepreneurial Universities of the Year Awards reside.

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