

**University engagement with small business: understanding the role of
networks and social capital**

Submitted by Ian Gordon

MBA

A thesis submitted to the University of Lancaster for the degree of Doctor of Philosophy (by
Retrospective Published Work) in the Faculty of the Management School

December 2016

Table of Contents

1	List of Publications	3
1.1	What is (the point of) an entrepreneur in residence?	3
1.2	HEI engagement with SMEs: Developing social capital	3
1.3	A study of a university-led entrepreneurship education programme for SME owner/managers.....	3
1.4	SME non-executive director: having one and being one	3
1.5	Universities, SMEs and social capital; can you get too much of a good thing?	3
2	Acknowledgements.....	4
3	Introduction	5
4	From Serial Entrepreneur to Academic	7
5	Conceptual Framework.....	8
6	Connectedness, Contribution and Originality.....	10
7	Overview of the Articles in three themes	11
7.1	The role of an intermediary as a bridge between SMEs and the University.	11
7.2	The role of the University mitigating the loneliness of the SME owner/manager through the creation of a network that is high in trust.....	13
7.3	Extending the understanding of activities and processes surrounding the building of social capital is different from those required to maintain social capital.	15
8	Impact	19
9	Future Work	21
	References	22
	Declarations from fellow authors	25

1 List of Publications

1.1 What is (the point of) an entrepreneur in residence?

George, M., Gordon, I. and Hamilton, E., (2010). What is (the point of) an entrepreneur in residence? A description of the Lancaster University experience, plus some worldwide comparisons. *Industry and Higher Education*. Vol 24 (6) pp 495 – 503.

1.2 HEI engagement with SMEs: Developing social capital

Gordon, I., and Jack, S.L., (2010). HEI engagement with SMEs: Developing social capital. *International Journal of Entrepreneurial Behaviour and Research*. Vol 16 (6) pp 517 – 539.

1.3 A study of a university-led entrepreneurship education programme for SME owner/managers

Gordon, I., Hamilton, E., and Jack, S.L., (2012) A study of a University-led entrepreneurship education programme for small business owner/managers. *Entrepreneurship and Regional Development*. Vol 24 (9) pp 767 – 805.

1.4 SME non-executive director: having one and being one

Gordon, I. (2013) SME non-executive directors: having one and being one. *Industry and Higher Education*. Vol 27 (6) pp 1 – 14.

1.5 Universities, SMEs and social capital; can you get too much of a good thing?

Gordon, I. (2016) Universities, SMEs and social capital; can you get too much of a good thing. An illustrative analysis of one University's knowledge exchange programme. *Industry and Higher Education*. Vol 30(6) pp 382 – 393.

2 Acknowledgements

There are five people I need to thank without whose support, encouragement and help this PhD would have extended into a future that may never have been realised. To my wife Helen who quietly and without objection gave me the time and space to reflect, think and write about my life as an entrepreneur and my journey into academia. It's hard to be the partner of an entrepreneur and she might have expected when I got to 55 and sold my last business that life would have become easier. Her support into my journey to become an academic has been a major factor in me achieving the modest success that I have done so far.

To Ellie Hamilton who gave me my first job in academia in 2009 with the promise that, "it will be fun". As a friend, mentor and boss for all of my time in academia she has been an inspiration, always encouraging me, gently keeping me on a track and supporting all my endeavours. We shared stories of our respective children from primary school to successful young men and women in their own rites.

It is only in the last few years that I have realised what a selfless and truly outstanding person Sarah Jack has been to my academic career. From my very first amateur stumbling's through the world of academic writing for reputable journals to a quiet push from time to time encouraging my sole-author papers, Sarah has been a constant source of support and help.

Magnus George is my friend who had my back from the very first day. We have co-designed all of the programmes discussed in this thesis and he has been a colossus of intellect but never lording over his capability and always allowing me to take far more credit for programmes that I deserve.

Finally to Jason Cope who sadly was taken from us decades before he should have departed this life. A brilliant academic 30 years my junior and yet someone it was very easy to ask for help acknowledging his prowess. His work on entrepreneurial learning through critical incidents was a major support mechanism for how I dealt with business failure.

3 Introduction

This support paper or *wrap* explains the connectedness, coherence and contribution of five articles I have published over a six-year period between 2010 and 2016 while employed by Lancaster University as the founding Entrepreneur in Residence (EiR). These articles form a connected body of work specifically designed to extend knowledge and understanding about small- and medium-sized enterprise (SME) management. Specifically this work is concerned with the role of a university in creating networks of SME owner/managers enrolled on growth-oriented programmes and the dynamics of the development and maintenance of social capital that occurred during programme participation. Two programmes specifically designed for SMEs were studied throughout this period. First the LEAD programme¹ with its emphasis on leadership and second the GOLD programme² that looks to simulate the role of a non-executive director (NED). The underpinning theoretical theme this thesis, and its constituent five articles, presents concerns an exploration of the relationship between university business engagement programmes designed for SMEs and the impacts the programmes have on participating owner/managers. These works use the theoretical lenses of social networks and social capital.

The contribution made by this set of articles builds on an understanding that the university designs and delivers programmes creating networks of SMEs that are high in trust and which thereby build social capital. Padilla-Meléndez et al., (2012, p12) recognise one of the overarching themes that encompass university and SME knowledge exchange is trust and bridge-building. My role as the founding EiR was focussed on building trust within networks of SMEs and bridge-building between these SMEs and the University. In summary, the five articles discovered that the social capital created in these networks of SME owner/managers both extends beyond the time frame of programmes and spreads to the SMEs' wider networks. However, if programmes continued over a protracted period (for example, five years) the University facilitators became bonded as a strong tie within the SME network and therefore found it harder to be a bridge to other networks. The groups became closed to outside influence and there was an observable lack of innovation. Additionally, without a series of new activities supporting the SME network, actions tended to become stale, social capital declined and the network became less effective. Relating my role to social network theory, I became a bridge between the weak ties of the SMEs and the University (Burt, 1992; Granovetter, 1973). I was also a weak tie to both the SMEs and the University not forming part of a bonded network of either SMEs or University colleagues. Through enacting a series of tasks embedded in the programmes designed and delivered to networks of SMEs I found myself able to bond the different groups, creating trust, respect and loyalty and hence enabling the building of social capital (Anderson and Jack, 2002).

¹ LEAD was a leadership development programme for SME owner/managers run over ten months on a part-time basis two to three days per month. Delivery of the programme utilises an "integrated learning model" that is based on experiential and observational learning manifested in action learning, one-to-one coaching, business shadowing and exchanges and inspirational and business master classes.

² The GOLD programme is for owner/managers of SMEs that simulates the strategic role of having, and being, a non-executive director. Using an Integrated Learning Model (ILM) that draws on experiential, situational, observational and peer-to-peer learning, the programme combines a mixture of activities to improve day-to-day strategic action. Members of GOLD are Managing Directors of non-competitive businesses that are formed into small groups of six and, through the establishment of trust, create a supportive environment for tackling the issues faced by SMEs that often are not openly or easily discussed.

Contribution to Practice

The articles form a connected body of work specifically designed to extend knowledge and understanding about the role of a university in creating networks of SME owner/managers on growth oriented programmes and contribute to understanding in the following three areas.

- **The role of an intermediary as a bridge between SMEs and the University.**
- **The role of the University mitigating the loneliness of the SME owner/manager through the creation of a network that is high in trust.**
- **Extending the understanding that activities and processes surrounding the building of social capital is different from those required to maintain social capital.**

3.1 The role of an intermediary as a bridge between SMEs and the University.

My work shows how, properly constituted, the role of an interested but not embedded intermediary between a university and a group of SME owner/managers or just between SMEs can act as a bridge creating higher levels of trust and building social capital. This exploration of the role of an EiR, appointed by the University and described in George et al. (2010), builds on Granovetter's (1973) work on the strength of weak ties between groups and Burt's (1992) work on structural holes and the lack of a connection that can be bridged by a broker. This also builds on Zhang and Hamilton's (2009, 2010) exploration of trust building to create a learning community. Universities and SMEs have different priorities, different cultures, operate at different speeds and different measurements of what success means. The introduction of an EiR who comes from the SME owner/manager world and is sensitised to the cultural ways of working inside a university, can act as a bridge between the two groups. *"Strong ties are represented by sturdy bridges and weak ties by flimsy, more delicate bridges. . . Moreover, just as a bridge needs maintenance and repair, a social capital bridge needs attention. Over time the bond may deteriorate unless it is attended to"*, (Anderson and Jack, 2002, P208). Using Anderson and Jack's analogy of a bridge the EiR can be seen as strengthening the connection between the University and the network of SMEs.

3.2 The role of a university mitigating the loneliness of the SME owner/manager through the creation of a network that is high in trust.

Universities have a role in ameliorating the loneliness of the SME owner/manager through the creation of networks of non-competitive but like-minded SMEs in which there are high levels of trust. The contribution to theory lies in the understanding that a purposefully created university network can generate a high level of trust that accelerates the building of social capital in the context of SME management. This work therefore extends Larty et al. (2016) and their work on the creation of regional networks and Padilla-Meléndez et al. (2016) supporting their study of university spin-outs and their call to explore the impact of other university-focussed intermediaries.

3.3 Extending the understanding of activities and processes surrounding the building of social capital is different from those required to maintain social capital.

Building on Homans' (1951) work, the contribution to social capital lies in distinguishing that different processes can be identified and may be required in creating and building social capital as opposed to maintaining social capital. This work therefore builds on Anderson and Jack's (2002) findings that social capital formation is a process that requires etiquette which if not followed can sour the possibility of a long-term relationship (p203) and work by Anderson et al. (2007), who observed that failure to oblige other members in a network over a longer term represented a failure of credibility (p265).

4 From Serial Entrepreneur to Academic

In August 2008 I marked 25 years as a serial entrepreneur having started, grown and sold businesses in three industries, telecommunications, construction and retail. During that time I obtained an MBA from Lancaster University (1994). Post 1994 I maintained a connection with a number of academics from the Institute of Entrepreneurship and Enterprise Development (IEED) within the Management School of the University. Informal conversations explored how I might be of use to the department and led to an application to the Economic and Social Research Council (ESRC)³ to secure the position as the first EiR under the Business Placement Fellow scheme. This project put forward two research questions.

1) In what ways can the University provide a support mechanism for SME owner/managers?

2) In what ways can the University develop SME owner/managers based on the NED model?

The University wanted an entrepreneur immersed in the day-to-day running of the Management School so that he/she could understand the cultural challenges and advise the School on how to improve its engagement with SMEs. This is the narrative of how I became the founding EiR and the *face* of the University for those SMEs who were engaging. It demonstrates how I supported academic colleagues so that the University *joined business in their world* translating the academic language so that programmes for SMEs could be seen to have more relevance for practice.

This translation of research into programmes was not new for Lancaster University and I was able to draw on previous iterations of highly successful engagement programmes for SMEs. I was very deliberately immersed in the three core activities of the University, teaching, research and business engagement, and tasked to help my academic department bring these worlds together.

At the age of 55 I had no thoughts or desire to study for a PhD. I was attracted to this part-time position as I had really benefitted from the experiences of being a management student because it had opened up new ways for me to look at the world. In addition, after 25 years in business I was puzzled and I wanted to reflect on the intensity of that part of my life and try and make sense of my lived experiences. I had extensively used NEDs and mentors and observed that they had been right at the heart of events during all the big issues. I wanted to spend some of my time as EiR reflecting on the role of NEDs within SMEs and understand more of the network connections. One year part-time as EiR led to a full time extension and I became a novice researcher, happy to limit my

³ Development of the Entrepreneur in Residence post at Lancaster was part-funded by the Economic and Social Research Council Business Placement Fellowship award scheme (award RES-186-27-0003).

experience to small research projects. What I discovered was a *thirst* for carrying out research and, working with academic colleagues, I was able to find a voice and take my research to conferences and subsequently publish. What did not develop until 2013 (by which time I was a Senior Teaching Fellow) was a realisation that there was coherence to my research portfolio. What emerged from a practitioner based enquiry about the role of NEDs in SMEs evolved into a more structured study of social networks and the creation of social capital between SME owner/managers.

My Journey

I became the programme director of LEAD; a ten-month leadership programme for growth-oriented SME owner/managers. This was the signature programme of LUMS and my involvement gave me with the opportunity to start researching the alumni. I targeted delegates who had completed the programme approximately five years earlier (between 2004 and 2006) and investigated two themes. Firstly, in Gordon and Jack (2010), to what extent the social capital created during the programme endured and whether the benefits from the programme were still being used. Secondly, in Gordon et al. (2012), the extent to which the accrued benefits from LEAD extended beyond the participating SMEs to the businesses' wider regional networks.

During my immersion in delivering two cohorts of the LEAD programme and in interviewing alumni of the programme, I became aware of a latent demand for a post-LEAD offering. It was clear that the intensity of the day-to-day pressure required to run a growth oriented SME meant that the longer term strategic thinking about where the company was heading was not being addressed. This presented an opportunity for me to explore the role of NEDs in SMEs and the design of the GOLD programme was generated. One of the main drivers for the GOLD programme was a university based system that compelled the delegates to act strategically writing board reports and hosting board meetings in-house.

5 Conceptual Framework

Based on my 25 year experience as an SME owner/manager I formed this general view. *“NEDs when they are immersed in the strategic objectives and the day-to-day operations of an SME, enable growth faster than might occur without them being present. In addition, NEDs bring more rigour to the working of an SME especially at board level governance”*. This perspective was the driver for what I wanted to study. Influencing me at the early stage was a study by Berry and Perren (2001). This is one of the very few studies in the UK on the role of NEDs within SMEs and it has provided the basis for a number of subsequent industry publications for an accepted view on the role of NEDs in the SME sector (CIMA, 2001; Merson, 2003).

Exploring this work in the context of the ESRC research questions on page 7, academic colleagues and I developed a more focussed field of research in the areas of social networks and social capital. In terms of the literature influencing my conceptual framework, there are a number of articles where the findings from my five papers have made a contribution that advances those authors' works. Hoang and Antoncic's (2003, p 167) article captures the essence of social networks defined as, *“a set of actors and some set of relationships that link them”*. Cope's (2003, p 445) article on learning and reflection and his views of, *“the social dimensions of the learning process associated with discontinuous events”*. Jack's (2010, p 133) influential article on approaches to studying

networks and specifically her challenge, “How are the etiquettes and protocols which guide the formation of social capital and networks identified”? Anderson and Jack’s (2007, p265) description of social capital as a pool of goodwill residing in a social network envisaged as a revolving mutual fund and Granovetter’s (1973, p1361) article on the strength of weak ties in which he characterises ties as being defined by, “a combination of the amount of time, the emotional intensity, the intimacy and the reciprocal services”. Social networks and social capital therefore became the two theoretical underpinnings on which data gathered from my primary research and literature could be hung.

Data collection was carried out using a series of contemporary journal entries interspaced with semi-structured interviews with SME owner/managers. Whilst there were other areas of investigation, e.g., trust, entrepreneurial learning, communities of practice, it was the literature on social networks and social capital that was the thread throughout these five articles. Similarly there was a consistent methodological thread based on an interpretivist viewpoint and using existential phenomenology (Thompson *et al.*, 1989), which sat comfortably with the practitioner based interview technique I used.

Methodological Observations

I spent ten years as an Electronic Engineer working in the Merchant Navy and Oil-industry, followed by 25 years as a serial entrepreneur and SME owner/manager. This gave me a deep-seated objective view of the world. With a fairly positivist outlook my lived world was based on the need to eliminate bias. For example, fault finding on high-voltage equipment supports deductive logic as an approach that is based on empirical observation. Thus I was very uncomfortable initially that my view of the world was shaped and possibly contaminated by the lens of entrepreneurship and being an SME owner/manager. However, the richness of responses to my early primary research from other SME owner/managers shifted my perspectives towards a more interpretivist stance and I became comfortable that my lived experiences were a part of my enquiry into the nature of the world and that my direct observations arrived at some credible understanding. Figure 1 illustrates the trajectory over time and how my epistemological and ontological stance moved from a more positivist position toward an interpretivist view.

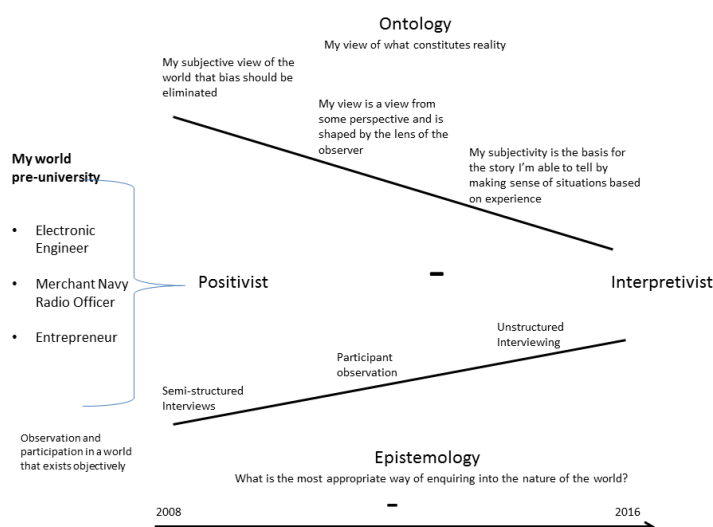


Figure 1, Methodological Framework

6 Connectedness, Contribution and Originality

The connected theme running through all of the articles is an exploration of the relationship between university business engagement programmes designed for SMEs and their impact on the owner/manager. The creation of a new relationship between the university and the SME community is enhanced by the use of the EiR. The EiR sits in both worlds and acts as a bridge between the two groups. My first paper George et al. (2010) describes the establishment of the EiR and how this creates a model of engagement that strengthens the bridge between the University and the SME networks. The remaining papers are an examination of two highly successful programmes (LEAD and GOLD) delivered by Lancaster University between the period 2004 and 2015 for growth-oriented SME owner/managers, looking at the impact on the individual and the business operations. The findings in Gordon and Jack (2010), Gordon et al. (2012) and Gordon (2013) confirmed the added benefit of high levels of trust existing between non-competing owner/managers, the evolution of strong networks that endured beyond the programme and the learning that took place in these networks. An extension to these articles is the inclusion of Gordon (2016) where longitudinal research on the programme described in Gordon (2013) exposes weaknesses to show that the level of social capital appears to have become a constraint and the University facilitators are no longer bridging the delegate groups to other networks or individuals outside of the programme. This final article is in the spirit of a capstone paper inasmuch as it has taken the key theoretical frameworks embedded in all the earlier articles (social networks and social capital) and analysed them in more detail and bringing the literature up to date.

These five articles make an overall contribution to practice by clarifying the role of the University in creating networks of SMEs. They also raise awareness that this social capital and trust building process is time bound. Universities need to moderate programme design so that facilitators avoid becoming strong ties. Additionally, my work establishes the importance of new activities as a means to foster sustainability in the strong tie network of the SME owner/managers, created by the university. Without the introduction of new activities there is the risk that social capital is prone to decline (Homans, 1951) as discussed in Gordon (2016).

The impact arising from the creation of this first EiR has been the establishment of a network of 50 EiRs. New programmes for SMEs have been designed and delivered including the GOLD Programme, The Top Teams programme (a leadership programme for the senior managers of SMEs) and the Business Innovation Board (a pilot programme that brings heads of innovation from large firms the opportunity of working with high tech, high growth SMEs). The role of the founding EiR and author informs the design and delivery of these growth oriented programmes and are all anchored in the creation of social networks that are high in trust which has aided the development of social capital. There has been an impact on the department in terms of income generation, pedagogical development, research output and integration with teaching. Whilst these developments sit comfortably with the zeitgeist surrounding deeper engagement between universities and business, nevertheless the impact of the EiR has changed the cultural framework of LUMS to be more entrepreneurial and innovative.

7 Overview of the Articles in three themes

The five journal articles discussed in this paper explore the creation of the inaugural EiR position and then the role of the University in creating a network of SME owner/managers on growth oriented programmes. Specifically they look at my role as the founding EiR bridging between the University and groups of SMEs, how social networks and social capital can be generated and what benefits accrue to the individual participants. George et al (2010) sets the scene with a transition from serial entrepreneur with a positivist philosophical approach and detailing how I became deliberately embedded in university life. Gordon and Jack (2010) and Gordon et al. (2012) describe my immersion as programme director in the anchor SME programme offered by the University (the LEAD programme). Gordon and Jack (2010) looked specifically at the role of university generated networks five years after the programme had finished and identified those elements of the programme that were still being used by alumni delegates and the extent to which they had become immersed into the day-to-day operations of their businesses. Gordon et al. (2013) extended the network and social capital research of earlier articles by looking at the social network of the University generated activities and how they may have been extended to the wider network of the SME owner/manager. Gordon (2013) builds on the previous articles and tests the rigour of creating a new programme (the GOLD Programme) that has been designed as a follow on programme from LEAD. Using a similar pedagogical approach the new social networks in the GOLD Programme generated social capital that added value to the delegate's confidence and overall company performance. Finally Gordon (2016) takes a longitudinal (five year) view of the GOLD programme and observes two new phenomena that have emerged. Firstly, without a series of new activities being introduced by the University, social capital declines across all of the groups. Secondly, over time, University facilitators becoming so embedded in individual groups that they become part of the delegates strong tie network and as a result find it difficult to bridge to other groups.

I consider each of these three themes introduced in section 3 below and in relation to the chronological order of the published articles and the wider context of the role of a university in creating social networks that are high in trust and build social capital.

7.1 The role of an intermediary as a bridge between SMEs and the University.

George, M., Gordon, I. and Hamilton, E. (2010). What is (the point of) an entrepreneur in residence? A description of the Lancaster University experience, plus some worldwide comparisons.

Authorship: Ian Gordon, 50%; Magnus George, 30% and Ellie Hamilton, 20%

The University was keen to explore the extent to which an interested third party (in this case an EiR) might improve the ability of the University to *"join businesses in their world"* (Gold and Thorpe, 2008). Would the deliberate creation of a bridge between the University and the wider network of SMEs add value? Funded by the ESRC this phase of work addresses the research question, *"In what ways can Lancaster University provide a problem-centred support mechanism for entrepreneurial SME owner/managers?"* The idea behind this question was, could you take a practising entrepreneur steeped in the way of life of the small business world, and immerse him in the cultural world of the University so that from his world view he could understand and interpret the way things

worked within the University? If this could be achieved then he could then be better informed and able to influence the University on new ways to engage with the SME sector.

In this early phase, the role of the EiR as a tool to integrate and improve research between the University and SMEs was developed through academic–business interaction. This took the form of the EiR becoming the *face* of SME engagement programmes and asking both sides what they wanted.

In the introduction to this article, a challenge was presented. “The teaching of entrepreneurship as an academic subject, as opposed to an apprenticeship route, is the subject of ongoing debate and the credibility of University interactions with small business has been called into question (Ronstadt, 1990; Spots, 2004)”. The question that was posed and which had not been hitherto addressed in the literature was, “How might a university engage with the SME community in such a way that is integrative between SMEs and the university?” The primary research did not reveal any entrepreneurs in residence within UK universities outside of the role being used as a title for occasional visiting speakers or establishing a link with *captains of industry*. There was no literature looking at the immersive route having an entrepreneur embedded in all aspects of university life. This article demonstrated the unique nature of the role of an EiR inside Lancaster University and triggered an expansion of the role from one person to a network of 50. EiRs now play a central role within the University and are involved with multiple aspects of teaching, research and business engagement.

Reflecting on this piece of work it is interesting that the structure of the relationship between the University, EiR and SME is a pre-model of Granovetter’s (1973) weak tie argument that would be made in later articles and form the basis for the structure of future engagement programmes between the University and SMEs. The EiR is a weak tie to both the group of SMEs and the University and acts as a bridge between the two, whilst bonding the groups of SMEs and teams within the University (see figure 1). In later articles there are several examples of the benefits of both weak and strong ties but suffice for this introductory article the EiR/SME/University interface suggests weak ties have greater reach and provide a greater variety of information. Perry-Smith and Mannucci (2015) extend the debate between the suggested benefits of strong and weak ties and comment, “weak ties are more likely to connect people belonging to different social circles, while strong ties tend to exist between people who share similarities” (p12).

Overall in studying this theme George et al. (2010) contributes to practice with a deeper understanding of the use of intermediaries (in this case the EiR) bridging between universities and the SME community. The original EiR and, today, a network of 50 EiRs has changed dramatically the role of the university in its engagement with business and students. For example, in the department where the network of EiRs reside (the Department of Entrepreneurship, Strategy and Innovation), every undergraduate module uses the services of one or more EiR to support teaching.

7.2 The role of the University mitigating the loneliness of the SME owner/manager through the creation of a network that is high in trust.

Gordon, I. and Jack, S.L. (2010). HEI engagement with SMEs: Developing social capital

Authorship Ian Gordon, 70%; Sarah Jack, 30%.

Gordon, I., Hamilton, E. and Jack, S.L. (2012). A study of a university-led entrepreneurship education programme for small business owner/managers

Authorship Ian Gordon 70%; Ellie Hamilton, 15% and Sarah Jack, 15%.

These two articles investigate the positive benefits of social networks that are high in trust. Gordon and Jack (2010) investigates alumni of LEAD five years after they had finished the programme. The article investigates the extent to which the etiquettes and protocols which guide the formation of social networks and trust within the LEAD programme are still present and they are using the tools and social networks of LEAD to support running their businesses. The original interview transcripts, recorded during their participation in LEAD five years earlier, indicated high levels of trust between delegates. This is supported by Hardwick et al. (2013) and the observation, “Trust, in its varied dimensions provides an enabling mechanism for collaboration” (p17). Gordon et al. (2012) extends this by looking at how these benefits have been used in their wider networks. Both articles confirm the activities created and enacted by the University appear to accelerate the creation of trust and bonds the delegates into a network of strong ties.

HEI engagement with SMEs: Developing social capital (Gordon and Jack, 2010)

This article builds on George et al. (2010) considering the role of the EiR and describes the role that the EiR would take. The first real look at this role is the position of Programme Director for the LEAD Programme. This was a move from being introduced to SMEs engaging with the University as, “Entrepreneur in Residence” with the emphasis on this person being someone from outside of the University who is now inside looking at a university environment. This move repositioned the EiR as the *face* of the University and was the leader of the programme. Reflecting on the initial role of the EiR and the extent to which he is a bridge between SMEs and the University attracted the attention of academic colleagues and created the opportunity to explore this relationship and consider the Universities role in creating a social network of SMEs and through trust building techniques within the programme, build social capital. Enquiry into this generated two research questions.

RQ1. Can university business engagement programmes play a role in creating social capital within SME networks?

RQ2. What are the benefits and implications for the university that engages in social capital building activities?

Relatively little was known about the role of universities in creating networks and the extent to which this might have an impact on entrepreneurial activity by the SMEs that could lead to growth. Given that networks are largely a social process (Tan et al., 2014; Gedajlovic et al., 2013) there was some doubt that a university could influence a group of SMEs. The transcripts of the LEAD delegates who had been interviewed at the beginning, middle and end of the programme indicated that they felt they had new trusted colleagues and they shared openly, confidential information and that the fellow delegates had provided a series of fresh perspectives. It was clear that they were describing a level of social capital residing within the network that was high in trust. What was less clear was the extent to which the University was responsible for the benefits that were accruing to the SME owner/managers. Five years after these SME owner/managers graduated from LEAD the EiR interviewed the same delegates and observed that the social capital had been retained amongst the delegates but it appeared to be stronger with those delegates who had kept up their link with the University.

The literature revealed that the understanding of what really goes on within a network remains limited. Jack (2010, p133) comments, *"networks are generally viewed as having a positive impact (. . .) but there is a downside which we need to know more about; networks can deprive entrepreneurs of resources"*.

Reflecting on Gordon (2010), this article raises concerns that drawing causal influences from the LEAD course to the development of social capital for these participants may be less reliable with the passage of such a length of time (five years). However, it was a deliberate act to look for participants who had completed the course five years ago so that we could ask them what impact they thought LEAD was having.

One objective of Gordon (2010) was to consider what impact, if any, LEAD had on these delegates five years after they had completed the programme and importantly had it impacted on their pre-existing networks. There could have been a 'halo' effect interviewing delegates whilst part of the very motivational and inspirational course and it is interesting to see if that impact is still there after a period of time. The gap in the literature was based on the extent to which a university could create social capital and this article demonstrated that it had done that during the programme and that it endured five years later. These observations led to the next article as part of a logical stream of enquiry.

A study of a University-led entrepreneurship education programme for small business owner/managers. Gordon et al. (2012).

This article follows on from Gordon and Jack (2010) inasmuch as it considers the same university engagement programme (LEAD). However, what I do with the data here is explore other regional factors associated with engaging with a university, the impact of the networks created and the creation of social capital. This generated two research questions.

RQ1 What factors do participants believe enhance the effectiveness of university and SME engagement?

RQ2 What impact, if any, do participants perceive such engagement has upon them as an individual operating within an SME and their business operations?

University and SME engagement has been the subject of a number of studies which demonstrated the regional impact in terms of increased sales, number of employees and other measures of economic output of (Wren and Jones 2006; Flores-Romero et al., 2008). In Gordon and Jack (2010) the focus is on how the delegates articulate the impact of engaging with the University on themselves as owner managers and the way they operate their business.

The contribution of Gordon et al. (2012) is that it shows that SME owner/manager learning can be facilitated through the design of a programme that provokes reflection which can lead to entrepreneurial learning mechanisms (p 430). It therefore adds to the work of Cope (2003) highlighting the series of non-routine events that represent a key entrepreneurial learning mechanism (p445). Secondly, this article demonstrates that such learning is not only based on the experience of the owner/managers themselves but indirectly through reflecting on the experience of others. It therefore also extends our understanding about transformative learning and the work of Zhang and Hamilton (2009, 2010).

The gap in the literature that this work also addressed was the extent to which experiential learning and reflection accelerate the build-up of trust. The article shows that the creation of a university-generated network of SME owner/managers, funded by regional government, creates social capital within the network. There are indicators that the social capital and the networks created have endured years after the engagement with the University has finished and that these have impacted positively on the individual and business operations.

7.3 Extending the understanding of activities and processes surrounding the building of social capital is different from those required to maintain social capital.

Gordon, I. (2013). SME non-executive directors: having one and being one.

Authorship Ian Gordon, 100%

Gordon, I. (2016). Universities, SMEs and social capital; can you get too much of a good thing? An illustrative analysis of one University's knowledge exchange programme.

Authorship Ian Gordon, 100%

The research so far has been based on the creation of the role of the EiR and one SME growth programme which is already seen as very successful. Two factors influence the next phase. Firstly, the delegates on the LEAD programme and the alumni articulated a desire for a post-LEAD experience. Secondly, the University observed SME alumni of LEAD booking members of their management teams onto LEAD and pedagogically this was not how LEAD was designed. LEAD was

about the owner/managers who were capable of enacting change and were willing to explore their leadership role supported by the social capital residing within the cohort. Alumni who were almost exclusively entrepreneurs and/or the SME owner/managers recognised that the activities and processes within LEAD had generated a level of social capital and this had significantly helped them. The LEAD programme had given them an agenda for change and they wanted support in taking that agenda forward. The University was aware of this and the EiR, supported by academic faculty, designed two post-LEAD offerings which evolved into the Top Team programme and the GOLD programme. These two programmes were specifically designed to address the two factors described above. The Top Team programme was aimed at the senior management teams of SMEs whose owner/manager had already been on LEAD. The objective was to build a social network with these delegates and introduce them to a range of skills on management. At an early stage the University concluded that it did not have a research base on top team management to draw on and as a result this programme was not taken forward beyond three pilot programmes. The GOLD Programme stands for the Graduates of Lead Development programme. The time line of GOLD is described in Gordon (2013, p7). The academic enquiry that the success of LEAD could be something else or unique in some way to LEAD so measuring the same sorts of things in GOLD would be useful. LEAD has a long successful trajectory, is heavily funded by government North West Regional Development Agency (NWRDA) and has been extensively researched already. GOLD is new with no government subsidies and is a *grittier* upgrade on LEAD. The role of the EiR is critical in this with his lived experiences influencing the pedagogy of the programme. This new programme returns to the original ESRC research question, *“In what ways can the University develop SMEs based on the NED model.”*

The findings of Gordon (2013) support the earlier work on the creation of social capital but introduce the first nagging doubt on the longevity of such programmes. Concern is expressed by delegates on the ability of the programme to sustain the levels of social capital and it suggests a number of follow up actions including the removal and/or change of facilitators to explore the extent to which the process might decay or change.

SME non-executive director: having one and being one. Gordon (2013).

My original interest that brought me to the University was a desire to understand the impact that a NED has on a business. At an early stage it became clear that finding data on NEDs in SMEs would be difficult and I decided to use this new programme as a simulation of both having and being an NED and be immersed in the programme observing the behaviour of the SME owner/managers. The GOLD programme asked the delegates to do four key things.

1. Experience having an NED in the business.
2. Experience being an NED in someone else’s business.
3. Adopt a university supported process for the production of personal and business development plans.
4. Gain experience of writing strategic Board reports.

These four key activities were directly linked to five questions the Higgs Review, on The Role and Effectiveness of NEDs (Higgs, 2003) posed to NEDs of all organisations including SMEs.

- Is there a robust strategy for the development of the business?
- Has the company appropriate resources in place to meet its strategy?
- Are operations in line with strategy?
- Does the company appear to be in financial control?
- Is there appropriate governance in the business?

Gordon (2013) follows on from Gordon et al. (2012) with the suggestions for further research taken from Gordon and Jack (2010) and especially Gordon et al. (2012) which said, *“We do feel that longitudinal work designed to consider the themes explored here and/or similar issues would be useful in further enhancing our knowledge and understanding about the pros and cons of such engagement”*. I created this programme with an academic colleague to create a *laboratory* of SME owner/managers who could experience what it would be like to have a NED in their organisation and be a NED in another organisation. Very few SMEs employ the services of a NED but those who do extract a premium when selling the business and those SMEs who have a NED have a higher level of governance. The GOLD programme simulates the experiences of life for an owner/manager in a larger organisation. UK government policy suggests that benefits could accrue if SMEs were to retain an NED and recognizes that the NED has a mentoring role to play in SMEs. The research literature indicates that few SMEs employ NEDs (Berry and Perren, 2000): the GOLD programme is an attempt to use a university generated network of SMEs to simulate the role of a NED, sensitizing the owner–managers to a future state that they will be likely to experience as their businesses grow. The University has created a network of like-minded individuals with high levels of trust in which the delegates are in familiar surroundings (their own businesses) and have to follow a prescribed format with an external facilitator, with an emphasis on peer-to-peer learning.

The four key activities listed above that delegates were asked to perform were new activities for the group. Most of them reported that they were writing board reports for the first time and that the process was inherently reflective and the very act of writing the report had identified solutions to problems they were experiencing. Discussion on the confidential nature of the content of these board reports and the simulated role of being a NED tested the delegates in ways that they reported they had not been tested before. They talked of being the boss and staff not really challenging them on these strategic issues. Most delegates also reported an increase in effectiveness of meetings after one full cycle. Delegates reported having higher levels of trust amongst the groups and were more willing to help each other. This suggests that these activities supported the creation of social capital. This is summed up by one of the delegate’s comments that,

‘The benefits of working with other delegates in the group have been many and as the group has developed and built trust the level of engagement has increased. The main benefits are that you develop a sense of accountability to the group, you use the reporting systems and timeframes as the new benchmarking and tracking of your own business internally, you gain confidential advice and support from your fellow delegates and in what can be a lonely world for the business owner you have camaraderie and support’.

There was a gap in the literature addressing some of the softer issues surrounding the behaviours and activities of having a NED in your business and this article address that gap with the details of

the benefits on the simulation exercise. There is also the updated debate on what else might have caused the social capital to have reduced which is based on Homans (1951) and Granovetter(1973) e.g., simple lack of attention from the University, the absence of government funding to prop up the programme.

Universities, SMEs and social capital; can you get too much of a good thing. Gordon (2016)

Gordon (2016) brings the literature on social networks and social capital up to date and extends the findings of the previous articles. To do so, it draws on longitudinal research that exposes weaknesses in the activities and processes of the programme that emerge over time. It specifically considers why a programme designed to achieve growth in a group of SMEs through the creation of a network high in social capital may have become a constraint on the effectiveness of the programme over a longer period (five years). Delegates talk of running out of steam and feeling they were not learning anything new. One delegate talked of 'going native', meaning he had become too close to the group and could not give an impartial view. This extends the work of Wincent et al (2016) that social capital may become a retardant (p229) and that social capital may have a "*dark side*" (p239). This also builds on Light and Dana (2013) who comment that too much social capital squelches entrepreneurship, protecting mediocrities, reducing objectivity and imposing mental conformity on whole groups (p603).

Maurer and Ebers (2006) discuss inertia turning social capital into a liability. Gedajlovic et al. (2013, p464) state, "*there is minimal attention devoted to understanding how social relationships and social capital change across time*" and they make the call for more research on the value of social capital decaying over time and pose the challenge, "*is it necessary to always reinvest in relationships?*" Jack (2010), in her recommendations about studying networks, suggests more use of qualitative tools particularly ethnography and where emphasis must be placed on the natural setting in which the SME owner/manager is immersed. These gaps are addressed in this article and, in dealing with these gaps, this study contributes to knowledge and understanding in the following ways.

At the beginning of any of these programmes there is a demonstrable benefit in accelerating the creation of trust within these newly formed university networks which in turn leads to increased levels of social capital. Any new programme is likely to have a series of activities that are untested and new to the delegates. These series of new activities are also likely to increase the levels of social capital (Homans, 1951). The findings in Gordon (2016) suggest that the design of SME engagement programmes by the University and the day-to-day management of programmes by facilitators should guard against the facilitators becoming part of the strong tie network of delegates which may have resulted in a reduction in their ability to bridge to other groups and networks. In addition, without a series of periodical new activities introduced there is the danger of the groups becoming stale. This article builds on the work of Granovetter (1973), Burt (1992) and Homans (1951). Given the revelations in this article of a decline in levels of social capital, it would be interesting to extend the literature now on the darker side of social capital and the debate on strong ties and weak ties (Jack, 2010; Perry-Smith and Mannucci, 2015; Wincent et al., 2016; Gedajlovic et al., 2013; Tan et al., 2014).

8 Impact

Throughout the period of research described in this this thesis, there has been dissemination of the work at various conferences. It has been incorporated into teaching modules at undergraduate and post-graduate levels. There has been considerable impact on policy with the UK Government. It has also created new programmes for large firms and SMEs generating over £400,000 of fee income. These are all noted in the following tables.

Conference articles delivered by author

Conference	Title of Article	Location	Date	Linked to article
Institute for Small Business and Entrepreneurship (ISBE)	What is the point of an Entrepreneur in Residence?	Liverpool	November 2009	George et al (2010)
ISBE	The Creation and Development of networks and social capital: do HEIs have a role?	Liverpool	November 2009	Gordon and Jack (2010)
ISBE	SME NEDs: having one and being one	Dublin	November 2012	Gordon (2013)
Engage HEI	Only good things happen if you engage	London	January 2012	Gordon (2013)
Engage HEI	Entrepreneurs in Residence; what does it mean for your University?	Birmingham	January 2009	George et al. (2010)

News Articles Printed

The position of EIR within the University was high profile and the nature of the activities I was involved with meant there was a lot of interaction with industry bodies and regional agencies. Being in the world of academia and entrepreneurship, the press found this interesting and I regularly contributed to local radio programmes and contributed to a wide range of newspaper articles and magazines on the nature of the programmes I was involved with and the impact of my research.

Publication	Title of Article	Date	Linked to Article
Sunday Times	The Polite Art of the Board	4 th April 2013	Gordon (2013)
Daily Telegraph	Start-up Activity on the Rise	1 st April 2015	George et al. (2010)
The Director	Partners for the Future	October 2013	Gordon (2013)
Inside Edge	Writing a Business Plan	March 2011	George et al. (2010)
CMI/BAM ⁴	Non-Executive Directors in SMEs	September 2012	Gordon (2013)

⁴ A peer refereed competition to identify the management article of the year sponsored by Charter Management Initiative, British Academy of Management and Chartered Association of Business Schools

Impact on Policy

In December 2012, I submitted part of the recommendations from Gordon (2013) to the Minister for Employment, Relations and Consumer Affairs (Jo Swinson MP) within the Department for Business Innovation & Skills (BIS). The recommendations contained within this paper related to proposed changes to the Companies Act (2006) which requires SMEs (and other companies) to make an annual return (Form A01). The following representation was made in writing to the Minister:

The UK's Companies Act (2006) requires SMEs (and other companies) to make an annual return which gives a snapshot of the company. The information includes a declaration of the number of directors. A simple change – the addition of a tick box to indicate if a director has an executive or nonexecutive role – would dramatically improve the ability of researchers to study NEDs. This no-cost change would give a clear picture of the number of NEDs in unlisted UK companies – a statistic that is currently unavailable. Berry and Perren's influential work in (2001) appears to be the only serious attempt to indicate the number of SMEs that have a NED. However, the work by Berry and Perren is now 15 years old and their active sample size was only 640 businesses. (Extract from the recommendations in Gordon (2013)).

In response the Minister said, "This issue will be considered by the government. I hope this helps with research into the growth of SMEs and their use of NEDs".⁵

The department became the Department for Business, Energy and Industrial Strategy (BEIS) in July 2016. BEIS are still considering changes to The Companies Act (2006) and declaration A01.

Research Impact

All of the articles were published in ABS ranked journals. Monitoring of citations through the University library index system and on-line with Google Scholar reveals the following citations at 25th November 2016.

George et al. (2010)	ABS Ranking 1* Citations 10	Google Scholar
Gordon and Jack (2010)	ABS Ranking 2* Citations 21	Google Scholar
Gordon et al. (2012)	ABS Ranking 3* Citations 31	Google Scholar
Gordon (2013)	ABS Ranking 1* Citations 1	Google Scholar
Gordon (2016)	Published in October 2016	

Programmes Designed and Revenue Generated

During the period 2008 to 2015 I designed or co-designed and then delivered a number of programmes for SMEs as the vehicle for testing the research questions agreed with the ESRC. Whilst the primary intention was to create a rich environment where phenomena could be observed and data collected, a secondary intention was to generate revenue.

Programme	No. of Delegates	Fee Income	Linked to Article
The GOLD Programme	24	£300,000	Gordon (2013 & 2016)
The Top Team Programme	54	£67,500	Gordon and Jack (2010); Gordon et al. (2013)

⁵ Letter from BIS dated 13 December 2012 ref. 317417

9 Future Work

The portfolio of articles so far have all been concerned with the role of a university in creating a network of SME owner/managers participating in growth oriented business support programmes and investigating the benefits and failings of social networks and social capital. There are three areas of research which could build on this research and take the findings into new contexts and in new directions. Jack (2010) comments in her findings that, “*networks are generally viewed as having a positive impact on entrepreneurship but there is a downside to networks which we need to know more about; networks can deprive entrepreneurs of resources, be damaging, destructive, constraining and actually detrimental to entrepreneurial activity*” (p133).

To better understand this area of uncertainty, my immediate agenda is to extend this work in three areas.

- 1 **How do various forms of relationships influence the amounts and types of social capital?** A majority percentage of the delegates who took part in the GOLD programme have continued to work in their groups using a self-facilitating format. With no overarching governance from the University these groups are reporting different network characteristics. These groups potentially provide rich data for further exploration of how network relationships influence social capital.
- 2 **What types of social capital are derived from strong versus weak ties?** The creation of a network of 50 EiRs provides an opportunity to explore the different relationships that have emerged between individual EiRs and the University. It is evident that some EiRs are deeply engaged with the University whilst others have only a light involvement. Anecdotally academic faculty members report different responses from EiRs and this may be different levels of social capital in what are different tie strengths. This may identify a *dark side* to these networks and the social capital residing within them.
- 3 **Extending the role of NEDs to explore management information which is largely tacit and board information which is largely explicit.** The GOLD programme demonstrated how SME owner/managers improved the management of information between board members. However, what is less clear is the extent to which day-to-day management information is transferred to board reports in a way that translates tacit knowledge into a more explicit format. Prior to participating in GOLD some of the delegates reported their management structure relied almost totally on the tacit knowledge residing in their nominal top team. With the SME owner/manager now relying more on explicit knowledge it will be interesting to explore if this is having a detrimental impact on the availability of information within the organisation.

References

- Anderson, A.R. and Jack, S.L. (2002), The articulation of social capital: a glue or a lubricant. *Entrepreneurship & Regional Development*, Vol 14(3), pp 193 – 210.
- Anderson, A., Park, J. and Jack, S.L., (2007). Entrepreneurial social capital conceptualizing social capital in new high-tech firms. *International Small Business Journal*, Vol 25(3), pp 245 – 272.
- Argyris, C. and Schon, D. (1974) *Theory into Practice*, Jossey-Bass, San Francisco.
- Berry, A. and Perren, L. (2001). The role of non-executive directors in UK SMEs. *Small Business and Enterprise Development*. Vol 8(2) pp 159 – 173.
- Burt, R. (1992). *Structural Holes*. Harvard University Press, Cambridge, MA.
- CIMA (2001), *Non-Executive Directors: Their Value to Management*, CIMA Publishing, London.
- Cope, J. (2003). Entrepreneurial Learning and Critical Reflection. *Management Learning* Vol 34(4) pp 429 – 450.
- Flores-Romero, M., A.W. Robertson, and S. Sanyal. (2008). Evaluation of the impact of Lancaster University's Enterprise Support Programmes on enterprises in the North West of England which received support over the period 2006–2007. Unpublished report. <http://www.lums.lancs.ac.uk/files/14589.pdf> (accessed August 24, 2010).
- Gedajlovic, E., Honig, B., Moore, C.B., Payne, G.T. and Wright, M., (2013). Social Capital and Entrepreneurship: A schema and research agenda. *Entrepreneurship Theory and Practice*. Vol 37 (3) pp 455 – 478.
- George, M., Gordon, I. and Hamilton, E., (2010). What is (the point of) an entrepreneur in residence? A description of the Lancaster University experience, plus some worldwide comparisons. *Industry and Higher Education*. Vol 24 (6) pp 495 – 503.
- Gibb, A.A. (2009). Meeting the development needs of owner managed small enterprise: A discussion of the centrality of action learning. *Action Learning: Research and Practice*. Vol 6 (3) pp 209 – 227.
- Gold, J., and Thorpe, R. (2008), “‘Training, it’s a load of crap!’: the story of the hairdresser and his ‘Suit’”, *Human Resource Development International*, Vol 11, pp 385 – 399.
- Gordon, I., and Jack, S.L., (2010). HEI engagement with SMEs: Developing social capital. *International Journal of Entrepreneurial Behaviour and Research*. Vol 16 (6) pp 517 – 539.
- Gordon, I., Hamilton, E., and Jack, S.L., (2012) A study of a University-led entrepreneurship education programme for small business owner/managers. *Entrepreneurship and Regional Development*. Vol 24 (9) pp 767 – 805.
- Gordon, I. (2013) SME non-executive directors: having one and being one. *Industry and Higher Education*. Vol 27 (6) pp 1 – 14.
- Gordon, I. (2016) Universities, SMEs and social capital; can you get too much of a good thing. An illustrative analysis of one University's knowledge exchange programme. *Industry and Higher Education*. Vol 30(6) pp 382 – 393.

Granovetter, M. (1973). The Strength of Weak Ties. *The American Journal of Sociology* Vol. 78 (6) pp 1360 – 1380.

Hardwick, J., Anderson, A.R. and Cruickshank, D., (2013). Trust formation processes in innovative collaborations: networking as knowledge building practices. *European Journal of Innovation Management*, Vol 16 (1), pp 4 – 21.

Higgs, D. (2003), *Review of the Role and Effectiveness of Non-executive Directors*, Department of Trade and Industry, London.

Hoang, H. and Antoncic, B. (2003). Network-based research in entrepreneurship: a critical review, *Journal of Business Venturing*, Vol 18 (2), pp 165 – 187.

Homans, G. (1951). *The Human Group*. Routledge & Kegan Paul, London.

Jack, L. S., (2010). Approaches to studying networks: Implications and outcomes. *Journal of Business Venturing*. Vol 25 pp 120 – 137.

Larty, J., Jack, S. L., and Lockett, N. (2016). Building Regions: A Resource-Based View of a Policy-Led Knowledge Exchange Network, *Regional Studies*, pp 1 – 4 DOI:10.1080/00343404.2016.1143093

Light, I. and Dana, L. (2013). Boundaries of social entrepreneurship. *Entrepreneurship, Theory and Practice*. Vol 37 (3) pp 603 – 624.

Maurer, I and Ebers, M (2006). Dynamics of social capital and their performance implications: Lessons from biotechnology start-ups. *Administrative Science Quarterly*, Vol 51 (2) pp 262 – 292.

Merson, R. (2003), *Non-Executive Directors: A BDO Stoy Hayward Guide for Growing Businesses*, Profile Books, London.

Padilla-Meléndez, A., Del Aguila-Obra, A.R. and Lockett, N., (2012). Shifting sands: Regional perspectives on the role of social capital in supporting open innovation through knowledge transfer and exchange with small and medium-sized enterprises. *International Small Business Journal*.

Padilla-Meléndez, A., Lockett, N., Fuster-Martin, E. and Jack, S., (2016). Elastic limit: The role of university-focused venture capital firms in extending knowledge and technology transfer. HEI Engage Conference, 2016.

Perry-Smith, J. E., and Mannucci, P. V. (2015). Social Networks, Creativity, and Entrepreneurship. In C.E. Shalley, M.A. Hitt, & Zhou (Eds.). *The Oxford Handbook of Creativity, Innovation and Entrepreneurship*. New York: Oxford University Press.

Ronstadt, R. (1990). 'The educated entrepreneurs: a new era of entrepreneurial education is beginning', *Entrepreneurship Education: Current Developments, Future Directions*, Vol 69.

Spots, E. (2004). 'Education matters – but does entrepreneurship education? An interview with David Birch', *Academy of Management Learning and Education*, Vol 3, pp 289 – 292.

Tan, J., Zhang, H. and Wang, L., (2014) Network closure or structural hole? The conditioning effects of network-led social capital on innovation performance. *Entrepreneurship Theory and Practice*. Vol 37 (3) pp 1 – 24.

Thompson, C., Locander, W and Pollio, H. (1989). Putting Consumer Experience Back into Consumer Research: the Philosophy and Method of Existential Phenomenology. *Journal of Consumer Research*. Vol 16.

Wincent, J., Thorgren, S. and Anokhin, S. (2016). Costly Ties: Social capital as a retardant of network-level entrepreneurial orientation. *Journal of Small Business Management*. Vol 54(1) pp 229 – 243.

Wren, C. and Jones, J., (2006). Ex-post Evaluation of the LEAD Programme. University of Newcastle upon Tyne.

Zhang, J., and E. Hamilton. (2009). Engaging HEIs in business and the community: A learning perspective. *Education and Training* Vol 51 (8/9) pp 607 – 623.

Zhang, J., and E. Hamilton. (2010). Entrepreneurship education for owner-managers: The process of trust building for an effective learning community. *Journal of Small Business and Entrepreneurship* Vol 23 (3) pp 249 – 270.

Declarations from fellow authors

No part of the material has been submitted for a degree or other qualification in this or any other university or other institution.



Entrepreneurship, Strategy and Innovation
Lancaster University Management School
Lancaster
United Kingdom
LA1 4YX

Tel: +44 (0)1524 594727

Email: esi@lancaster.ac.uk

www.lancaster.ac.uk/lums/esi

16 November 2016

To whom it may concern,

I was a co-author of the following publication with Ian Gordon and Ellie Hamilton. I consider the contribution made by Ian Gordon to be 50%.

George, M., Gordon, I. and Hamilton, E., (2010). What is (the point of) an entrepreneur in residence? A description of the Lancaster University experience, plus some worldwide comparisons. *Industry and Higher Education*. Vol 24 (6) pp 495 – 503.

Yours sincerely,

A handwritten signature in black ink that reads "Magnus George".

Magnus George

Director of the BBA in International Business Management and the BA in Management Studies and European Languages & Senior Teaching Fellow in the Department of Entrepreneurship, Strategy and Innovation

Professor Sarah Jack
Lancaster University Management School
Lancaster, LA1 4YX

November 2016


Ref.: Ian Gordon PhD by retrospective publication

I was a co-author with Ian Gordon on the following two publications. I consider the contribution made by Ian Gordon to be 70% for the first paper and 70% for the second paper.

Gordon, I., and Jack, S.L., (2010). HEI engagement with SMEs: Developing social capital. *International Journal of Entrepreneurial Behaviour and Research*. Vol 16 (6) pp 517 – 539.

Gordon, I., Hamilton, E., and Jack, S.L., (2012) A study of a University-led entrepreneurship education programme for small business owner/managers. *Entrepreneurship and Regional Development*. Vol 24 (9) pp 767 – 805.

Yours sincerely,



Sarah Jack

Ref.: Ian Gordon PhD by retrospective publication

I was a co-author with Ian Gordon on the following two publications. I consider the contribution made by Ian Gordon to be 50% for the first paper and 70% for the second paper.

George, M., Gordon, I. and Hamilton, E., (2010). What is (the point of) an entrepreneur in residence? A description of the Lancaster University experience, plus some worldwide comparisons. *Industry and Higher Education*. Vol 24 (6) pp 495 – 503.

Gordon, I., Hamilton, E., and Jack, S.L., (2012) A study of a University-led entrepreneurship education programme for small business owner/managers. *Entrepreneurship and Regional Development*. Vol 24 (9) pp 767 – 805.

Yours sincerely,



Eleanor Hamilton
Professor of Entrepreneurship
Department of Entrepreneurship Strategy and Innovation
Lancaster University Management School

CASE STUDY

What is (the point of) an entrepreneur in residence?

The Lancaster University experience,
with some worldwide comparisons

Magnus George, Ian Gordon and Eleanor Hamilton

Abstract: *The teaching of entrepreneurship as an academic subject, as opposed to the apprenticeship route, is the subject of ongoing debate. The authors suggest that there is a middle road and that, by integrating the business world into teaching in a significant way, the best of both approaches can be achieved. In a similar vein, the credibility of some university interaction with small business has been called into question. The authors discuss how they have used the role of 'entrepreneur in residence' (EIR) to integrate and improve research, teaching and academic–business interaction. The paper describes the experiences of the EIR hosted at Lancaster University Management School's Institute for Entrepreneurship and Enterprise Development (IEED) in the UK and examines the outcomes of his work and his perceptions of university life; how his presence challenged internal thinking; and how his fellowship led to service innovation in the host organization. Other formalized EIR activities within and outside the UK are also reviewed; and the authors conclude by proposing how UK HEIs might best make use of similar opportunities, with a challenge to non-management departments. The paper demonstrates one way in which the perceived gulf between entrepreneurship teaching and the business world can be bridged to good effect.*

Keywords: *entrepreneur in residence; entrepreneurship education; entrepreneurship curriculum*

Magnus George is Head of Strategic Partnerships at the Institute for Entrepreneurship and Enterprise Development (IEED), Lancaster University Management School, Bailrigg, Lancaster LA1 4YX, UK. E-mail: m.george@lancaster.ac.uk, Website: <http://www.lums.lancs.ac.uk/departments/Entrep/>. Ian Gordon is Entrepreneur in Residence at the IEED and Eleanor Hamilton is Associate Dean for Undergraduate Teaching at Lancaster University Management School.

Overview

This case study examines the phenomenon of entrepreneurs in residence (EIRs) and presents a broad classification of ways in which this title has been interpreted. Instances of EIRs working in both venture capital-backed arrangements and in universities are outlined and the case study then deals in detail with an EIR established in the Institute for Entrepreneurship and Enterprise Development (IEED) at Lancaster University Management School (LUMS). The reasons for establishing the post, the ways in which the EIR operated and the outcomes that arose are described. The reasons why this instance of an EIR has had a particular impact are highlighted and a series of provocations is offered to others who should, or at least might, consider supporting their own EIR programmes at UK Higher Education Institutions (HEIs).

Introduction

The teaching of entrepreneurship as an academic subject, as opposed to an apprenticeship route, is the subject of ongoing debate (Ronstadt, 1990; Spots, 2004). We propose that there is a middle road and that by integrating the business world into teaching in a significant way the best of both approaches can be achieved. In a similar vein, the credibility of some university interactions with small business has been called into question. In this paper we discuss how we have used the role of entrepreneur in residence as a tool to integrate and improve research, teaching and academic–business interaction.

The Council for Excellence in Management and Leadership (CEML, 2002) emphasized the need to work with SMEs ‘in their world’. Gold and Thorpe (2008) stated that, in order to interact meaningfully with SMEs, one needs to both enter ‘their world’ and then gain understanding of it. Before establishing its EIR post, the IEED team had developed a good track record of business engagement and of research into relevant areas – such as entrepreneurial learning. The EIR post at LUMS was created in response to an Economic and Social Research Council (ESRC) call for applications to its Business Placement Fellows Fund and the specific plan was designed to re-invigorate and improve the team’s access to and understanding of the small business world.

The concept of ‘world view’ is a central component of German philosophy, being a translation of the word *Weltanschauung*: it encompasses the beliefs, preconceptions and ideas of a person or people. In this paper, we use Peter Checkland’s interpretation of that concept¹ and distinguish here between the world view

Table 1. ‘In residence’ (Google® search, 25 August 2009).

Artist	1,030,000
Scholar	163,000
Entrepreneur	67,200
Poet	59,200
Innovator	41,800
Designer	13,800
Researcher	13,100
Reader	3,770
Consultant	2,070
Film maker	535
Cheese maker	4

of SME owner-managers and that of career university academics and administrators (Checkland, 1981).

Our institution’s customer base is the SME market (predominantly micro-businesses), so the preference was to invite someone from that group to work inside the IEED. The intention was to generate better understanding in two directions: the university’s understanding of the SME world; and the SME view of the HEI world. Specifically, this was to be in contrast to, or to augment and temper, the view (in academia) that ‘we know . . . because we do research’. By bringing in an owner-manager and immersing the individual in the LUMS world, the EIR would be prompted to make observations about their understanding of the academic culture, which would help them to understand better their own, business culture.

In devising the terms under which the EIR post was established, the management of the IEED issued the following challenge. Given that the IEED had a strategic objective that its research agenda should drive all its teaching and outreach activity, how might we engage with the SME community in such a way that is integrative? And, how could the role of EIR help with that? There was from the outset a clear and agreed acceptance that this was, in soft systems terminology, a ‘soft problem’; that is, one featuring a high level of human activity, strong social and political components and no single ‘right’ answer.

Models of the entrepreneur in residence

We have identified two prevalent models of EIR; and this case offers a third. The ‘in-residence’ model has been used in a number of disciplines and subjects (see Table 1 for results of a Web search for various types of person in residence). These include artist in residence (AIR) – for example, landscape artist Andy Goldsworthy, formerly AIR at Yorkshire Sculpture Park (Thurber, 1997); poet in residence – for example, Ian Macmillan was Poet in Residence for Humberside

Police Force from 2002, having been Writer in Residence at Padgate Library, Cheshire, and Bolton Boyd Adult Literacy Centre, Bradford, in 1984 (Armstrong and Young, 1999); and, in this context, entrepreneur in residence. We have identified two principal models for EIRs, one coming from the venture capital domain and the other accommodated in universities: hybrids exist, too. The two principal models are now described, using examples: the data presented come from Web searches and not from any primary research such as interviews, however. Furthermore, we have not conducted a systematic and exhaustive search for EIRs. We have instead sampled from across the phenomenon.

Finance-based, venture capital backed

The US venture capital industry defines an entrepreneur in residence as a position or title typically held by a seasoned entrepreneur who is brought on-staff by a venture capital (VC) firm, university or other organization (Deshpande, 2001). The EIR role is often designed to fill one of three primary functions:

- (1) to launch a new entrepreneurial venture, often with the backing of the parent firm or organization;
- (2) to assist in the evaluation of potential investments where the entrepreneur has a particular expertise; or
- (3) to provide functional expertise to assist with an existing investment.

Within this model, typical in the United States, a VC fund will introduce an expert to a business or a business-generating opportunity location, such as a technology or science park. The VC firm has both financial power and access to a wide network and it brings this to an innovation, using the EIR to help the company. The EIR position provides a two-way link between the entrepreneurial activity and the VC's network. Two examples of this VC-backed EIR are given below.

During 2008–09, the National Renewable Energy Laboratory, part of the US Department of Energy, hosted an EIR placed by VC firm Kleiner Perkins. Writing on Cleantech Blog, the EIR Joel Serface explains that:

‘A year ago, I was asked by Kleiner Perkins to be the first Entrepreneur in Residence (EIR) at NREL. As a person who has been into energy and environmental technologies since grade school and as an early Cleantech investor, it was an opportunity of a lifetime to become the first NREL EIR. It was a fantastic time spent with some of the best Cleantech researchers in the world. I felt like a kid in a candy

store. I tremendously added to my depth and breadth of Cleantech history and knowledge.

The program itself was a grand experiment that I commend the Department of Energy for attempting. DOE's calculus was that if they inserted a serial entrepreneur/investor backed by a brand-named VC firm into a lab that magic would happen and that an innovation would turn immediately into a company . . .

In the 11 months that I had the privilege to work inside NREL, I met with more than 300 researchers, identified around 30 promising technologies that I thought could reach commercial potential over the next several years, and honed in on 3 technologies that showed imminent promise. Unfortunately, the EIR program was timed too short to reach its full potential and to get the first one of these ideas set up as a company.’ (Serface, 2009)

In another form, VC-backed EIRs are aspirant entrepreneurs who gain support as they develop a business start-up. Rosenblatt and Thelen (1997) reported on the occurrence of this model and its effectiveness.

Delta Partners, based in Dublin, is a specific example of this working with ‘people with the drive, ambition and skills to make things happen’:

‘Sometimes they have only a broad concept and need to flesh out their business plans. On other occasions they need to build out their team. Delta Partners can help through our entrepreneur-in-residence programme. We have funded a number of businesses that have started in our offices or where we have worked with the company on the strategy and the team in advance of our investment . . . More and more, we are working with great people to bring their concepts to the stage where they can be funded. Under the programme, we base the prospective entrepreneur in our office (when appropriate) and spend time with them to develop their plans. More importantly, however, we have an extensive network of contacts in the technology sector in Ireland, Europe more broadly and the US. These contacts can yield people for the team, partnership opportunities, insights to the market and, potentially, customer opportunities.’

A client testimonial on the company's Website states that:

‘Having successfully managed a number of businesses, I wanted to start my own. Delta's Entrepreneur in Residence programme proved invaluable in providing resources, feedback and

support as I researched my ideas and built a plan.’ (Partners, 2009)

The world view of the VC industry is that you can either bring aspiring entrepreneurs into your organization and help them cultivate a new enterprise; or you can parachute an entrepreneur into an existing business or network to help with exploitation of their aspirations for growth. These EIRs tend to be successful entrepreneurs who have already benefited from VC investment in some earlier venture.

University-hosted EIR model

This model is typically found in academic institutions and is widespread in the UK and USA. It provides industry links, often using ‘captains of industry’ as EIRs, or hybrid academics with a strong, previous career in industry. In the context of entrepreneurship education, Kuratko (2005) noted the value of EIRs as speakers. Beyond that, this model often provides a service for students, HEI staff and *ad hoc* contacts wanting to book an appointment with the EIR in order to obtain guidance for their nascent entrepreneurial venture. While many of the examples that we found are based around a clinic model, offering mentoring, other models exist. For example, the University of Texas at Austin provides a network of entrepreneurs running clinics for students:

‘The University of Texas has become the latest in a growing list of universities creating entrepreneur-in-residence program, in which experienced start-up executives scour the school’s wealth of research discoveries to find breakthroughs that could become companies. Before the end of the year, UT expects to hire two or three executives for six-month stints in the program. The goal is to accelerate the school’s ability to turn its research into start-ups and generate more licensing revenue. The executives, who will be paid \$5,500 a month, will be charged with identifying opportunities and developing business plans around those with the most promise. If a plan wins preliminary approval from the Texas Emerging Technology Fund, they will be paid a \$25,000 bonus. ‘‘We will be the first university in the country doing it this way’’, said Neil Iscoe, director of UT’s Office of Technology Commercialization, who developed the idea. ‘‘We have invited the entrepreneurs inside our tent, so they can be inside our system and then take things outside.’’

Clint Bybey, managing director for Arch Venture Partners, calls the programme ‘a great thing to do. The idea is to have a business-minded person that is looking

at technology, finding leading researchers and bringing the perspective of the marketplace to bear on research ideas.’ (Bonner, 2009).

Table 2 gives an overview of university-hosted EIR models that have been identified using a simple Web search.

An example of a hybrid between these two models comes from NICTA, Australia’s Information and Communications Technology (ICT) Centre of Excellence – a multi-university networked centre, which uses EIRs to help the organization develop commercial opportunities. Their Website describes a range of possible activities, from seminars and clinics to full involvement in spin outs (NICTA, 2008).

Model 3: world view model

This present case contributes a third model which was developed with the LUMS EIR: we call this the ‘world view’ model. Drawing on the concept of world view, or *Weltanschauung*, developed in the field of soft systems methodology, this model was purposefully designed to bring about a long-term planned juxtaposition of the academic and SME world views in order that the academic host might engage better with its SME client base. LUMS had previously used local entrepreneurs in the guise of teaching fellows, as guest speakers, as student mentors and as transient *ad hoc* advisers. This new instance of an EIR post is of interest because it is a deliberate attempt to provoke academic entrepreneurship in a specific context. Featuring a high degree of immersion of the EIR in the workings of the host department, this model equipped the EIR with a good understanding of the world view prevalent there, as well as the priorities and problems. The following section describes how that post was filled and managed.

Initial planned approach for the Lancaster EIR

Under an ESRC-funded Business Placement Fellowship, the IEED developed the position of EIR, the first such post at the university. Starting in August 2008, an entrepreneur joined the staff in the IEED, immersing himself in its workings for up to three days each week for a twelve month period. His duties included teaching, focusing on business planning; contributing to a review of business engagement activities; hosting some outreach work; and contributing to research papers.

A large part of the IEED’s outreach programme is LEAD, a 10-month, part-time leadership and development programme for SME owner-managers. This is a very successful programme which, at the time of the EIR’s appointment, was about to undergo a large-scale promotion and introduction across the north

west of England. It is contrasted here with another programme that was seen as having a critical weakness, the Lancaster Forum (LF), a post-LEAD series of master classes that had falling attendance numbers and which, it was agreed by IEED staff, was not engaging participants effectively. Immersion of the EIR in both of these was arranged: over the course of one year the EIR acted as cohort leader to two cohorts of LEAD participants and, working with the IEED Head of Strategic Partnerships (M. George, lead author of this present case), acted as the department's 'face' and primary host of the 2009 Lancaster Forum, that year being a period of review of the format of the Forum.

These immersion activities, across the full suite of research, teaching and outreach, were arranged so that the EIR could understand better the operations and priorities of the IEED. This was accompanied by a parallel process of observing, critiquing, questioning and advising on business engagement activity and was followed by a period of involvement in the re-design of, and active involvement in, delivery, which in turn led to further appraisal of effectiveness of delivery and more feedback into programme improvement.

The Lancaster EIR

The EIR appointed is a serial entrepreneur with 25 years experience of running a number of businesses in three main sectors – telecommunications, property development and construction and high street retail. The placement for one year within the IEED gave the EIR the opportunity to become immersed in the cultural world of academia, with the objective of advising the department on ways in which it could engage better with the SME community. To help achieve this cultural immersion, a joint academic–practitioner team was formed for the delivery and administration of teaching to full time students and SME owner-managers. As a result, the EIR was directly involved in the design and delivery of business planning modules for undergraduate and postgraduate students.

Relevant aptitude and prior experience of the appointed EIR

Among his previous business successes, the EIR had developed and grown a large training company involved in delivering telecommunications training to a world-wide client base. This had given him experience of college-accredited CPD provision and of scaling-up delivery of programmes and it provided him with a fundamental understanding of teaching processes and learner needs, both of which were relevant to and accelerated his assimilation into university life. It also gave him an authoritative voice on course design and

delivery. A different background, for example light manufacturing, would have brought different attributes and aptitudes: this corroborates our observation that in most of the EIR examples in other locations, as noted above, sectoral expertise has often been an important factor in selecting the EIR.

Activity

In order to address the question of how IEED could engage better with SMEs and consider the use of mentors and/or non-executive directors (NEDs), the EIR assumed responsibility for a major part of the knowledge exchange programme, becoming the 'face' of some SME engagement programmes, the Lancaster Forum and LEAD. This provided a rich source of research material through direct engagement with over 60 owner-managers of SMEs and culminated in a conference paper being presented at the HEI Engage 2009 conference in Birmingham and the submission of a paper (under review) for a special issue of the International Journal of Entrepreneurial Behaviour and Research (Gordon and Jack, 2009).

The EIR conducted exploratory interviews with a number of small-business clients of the IEED, reviewing their experience of engaging with the university. In addition, engagement with other departments within the university (engineering; the Centre for Employment, Enterprise and Careers; and the Lancaster Environment Centre) and with other universities (Manchester Metropolitan University, University of Kent, Bangor University and University of Cumbria) has enabled a model to be built of the cultural world of HEIs and the challenges of engagement with SMEs. A programme has also been designed, with the Head of Strategic Partnerships within IEED, to deliver a knowledge exchange programme for SME owner-managers that is based on a self-selected mentoring system.

Observations and reflections from different world views

We report here on the outcomes of the EIR's work, his perceptions of university life, how his presence has challenged internal thinking and how his fellowship has led to service innovation within the host organization. We also review other formalized EIR activity in the UK.

Observations from the EIR on his role

In his own words, these are the EIR's thoughts.

'It seemed to me that the big idea that IEED wanted to test was could you take a practising entrepreneur,

Table 2. University-hosted Entrepreneur in Residence models.

Institution	Activity	Quotations
Manchester Metropolitan University	Hosts an EIR, who acts as speaker, mentor to start-ups, and helps them to bridge the gap between academia and industry.	'Manchester Metropolitan University Business School has appointed Marks Sims, Managing Director of Armadillo Sports, as an Entrepreneur in Residence for its Innovo Centre. Formerly Commercial Director of Kellogg UK and Ireland, he aims to help to bridge the gap between academia and industry.' (Finn, 2009)
University College of London	Spin-out clinic.	'Dr Daniel Brown is the Computer Science Department's first Entrepreneur-in-Residence. If you would like any advice on starting a business, or want to discuss a business idea – please see Daniel or e-mail him at D.Brown@cs.ucl.ac.uk. The following are two specific areas that will be looked at: the commercialization of good ideas and providing assistance in building company structures to enable spin-out of UCL and for the companies to become rapid-growth start-ups. Computer software experience and contributions for new companies are being developed.' (Pollakorn, 2008)
Aberdeen University	The Entrepreneur in Residence is available to students from across the university.	'Book to see our Entrepreneur-in-Residence for: ● a one-on-one confidential meeting with an experienced, innovative and highly successful entrepreneur ● ideas and feedback on the student's business concept, strategy or venture ● the chance to learn best practices for starting a business through Business Planning Clinics ● insight into specific industries or markets ● the opportunity to broaden the student's professional network potential opportunity for a relationship to grow out of this meeting' (Robinson, 2008)
Cambridge University	Judge Business School hosts 11 EIRs.	'They are distinguished people who assist the Centre for Entrepreneurial Learning in its work. We are also privileged to be able to work with a core group of Entrepreneurs in Residence who have been appointed in recognition of the valuable contribution made to the development of entrepreneurship at the University of Cambridge.' (Barrell, 2008)
University of Edinburgh	Edinburgh Business School's <i>Edinburgh Entrepreneurship Club</i> hosts EIRs to support MBA alumni.	'The EIRs are confidential sounding boards for business ideas at all stages of a company's development. In addition, the College of Medicine and Veterinary Medicine have an EIR (Carmel Reilly). The programme aims to build life science business proposals that: ● originate from College intellectual assets ● are aligned with market needs ● seek to utilize Scotland-wide and international assets.
University of Queensland	Uses EIRs for spin-out stimulation and support.	Companies are encouraged to locate to Edinburgh BioQuarter, contributing to a vision of a globally competitive life science industry in Scotland.' (Marriage, 2009) 'The entrepreneurs' broad roles may include growing early-stage companies into start-ups, proposing business structures for start-ups, and mentoring research students.' (Dunne, 2009)
The University at Albany	New York State runs a technology entrepreneur in residence (TER) programme.	'Based in a business centre incubator, the TER scheme provides mentoring support and strategic advice to students with business ideas seeking to launch business start-ups.' (Brigham, 2009)

Table 2. Continued.

Institution	Activity	Quotations
Babson College	Clean Technology Entrepreneur-in-Residence.	'His role has been to help design and teach Babson's Clean Technology, sustainability and social entrepreneurship programs in the MBA and Executive Education programs. He was also tasked to develop case studies for these areas.' (Rosen, 2009)
Wharton University of Pennsylvania	Student clinics press release.	'PHILADELPHIA, PA, October 2, 2001 – Wharton's Entrepreneurial Management Programs has announced an unusual new program called Entrepreneur in Residence, which allows University of Pennsylvania students the chance to tap the brainpower and expertise of successful entrepreneurs. Participating students are provided one-on-one 30 minutes sessions with the Entrepreneur in Residence, gaining the opportunity to access their insight, experience and business advice.' (Wharton, 2009)

steeped in the way of life of the small business world, and immerse him in the cultural world of Lancaster University so that from his world view he could understand and interpret the way things worked within the HEI. The idea being that he could then be better informed and could influence IEED on new ways to engage with the SME sector. This appeared to be a unique idea different from other EIRs insomuch as it is suggesting that if you subscribe to the idea that knowledge exchange is a two-way device then it is beholden to the HEI to allow the SME sector to influence the way knowledge exchange is devised.'

'Having spent several years as a guest speaker and mentor at Lancaster the idea of being the EIR was challenging to me. As mentor or guest speaker I came in as an outsider, indeed it was felt important by the university that the students don't see me as part of their academic team. My role was to advise students on their business plan ideas based on my experiences as an entrepreneur. In addition, I told my story of how I got into business and students had to contrast what I was saying with the world of theory that had been presented to them in academic lectures. For me as a practising entrepreneur, this was an exciting and fairly easy role that the students seemed to enjoy and was appreciated by the academic staff.'

'The new role of EIR was to be very different. For a start it was contractual, involving me spending three days per week in the university rather than *ad hoc* visits. I now had a desk, a phone, a business card, in effect a job. Now I was doing more than simply turning up to tell my story, I was involved with the planning of what was to be done. This meant going

to teaching committees, working with the administration team, organizing materials, books, Websites, etc and coordinating with other academic staff. What emerged was a very different world, slower, more unyielding, and steeped in systems and with a tendency to resist change. I became aware that ideas I had for delivering content to an undergraduate programme would result in a change in assessment and could take up to a year to get through all the various committee stages. This was a huge contrast to the 'turn on a sixpence' world that I came from and embraced as one of the sustainable competitive advantages I could have. From an initial period of frustration, however, what I also observed was willingness by the academic team to embrace change and listen to another view point on some detailed issue. I found myself involved in detail that otherwise I would not have known about and only through being involved with the minutiae of how courses get put together was I able to make some input that was of use. This then was very different from what I expected to be doing. This became even more striking when I was asked to be part of the planning team organizing a new first year of a degree programme in Management and Entrepreneurship. Lots of meetings pulling together different ideas about content and style and I was able to bring my entrepreneurial views on the teaching of entrepreneurship and to persuade (fairly easily) the team to use a network of real entrepreneurs to shape, influence and guide the students during their second term. I am convinced that I was able to change the way students would be taught entrepreneurship during their second term at Lancaster as a result of being part of this development team. The academic

members were all very supportive and inclusive and no doubt they would have got to an equally appropriate way of engaging but I feel that the inclusion of an EIR in part of this planning stage allowed for a better programme to be devised. In other words this immersion in the day-to-day tasks within the university allowed me to be an involved part of the planning process.'

Observations from academics on the EIR's impact

Two political factors stand out as being key enablers of the impact that was made. There was high-level acceptance by the management of the host department that decisions would be made partly influenced by the EIR, where hitherto there had been no such voice. There was also a high level of departmental receptivity to discontinuous change, and an accompanying high level of absorptive capacity for a substantial outside (albeit invited-in) contribution.

Further academic perceptions will continue to be collected, as these will come from a number of respondents. Furthermore, much of the EIR's academic-facing work will have a long lag time before taking effect. For example, his contribution to new courses being launched or re-launched in the autumn term of 2009 will only become evident in full once teaching is underway. We do not therefore report in detail here on academic perceptions of the EIR. Nonetheless, from the preceding description of the extent of his engagement in curriculum design and research, as well as business engagement activities, it can at least be inferred that his full involvement has been broadly welcomed and supported throughout the IEED.

Implications and provocations

We finish by proposing how UK HEIs might best make use of similar opportunities, ending with a challenge to non-management departments. Under the venture capital-backed EIR model prevalent in the United States, EIR positions are often given to 'brand name' entrepreneurs – highly visible, public company executives or the very well-connected. In view of the success of the EIR position described in this case, and in light of the ever-increasing need for HEIs to demonstrate the impact of their work with industry and on the wider economy and society, we suggest that a more widespread uptake of this model world view would produce a step-change in the ability of HEIs to deliver that impact. In short, how good would it be if every UK university faculty had an entrepreneur in residence?

Further work

When we devised our plan for hosting an EIR, we were unaware of the abundance of such positions in both the UK and USA. In producing this case and beginning to compare our own experience with freely available information on other EIR experiences, we have realized that the EIR concept has been used widely and in many ways. We suggest that a fuller review would be a useful resource for academics and institutions exploring how to embrace the broad concept of academic enterprise. In the specific context of the UK and in light of the rapidly rising emphasis on impact – a poorly defined term at present – a better understanding of how EIRs have been used across the world should provide inspiration for UK HEIs as they struggle with the issues of achieving impact through business engagement.

Notes

¹In *Systems Thinking, Systems Practice*, Peter Checkland (1981) makes sense of systems thinking by seeing it as an attempt to avoid the reductionism of natural science, highly successful though that is when investigating natural phenomena. He describes early experiences of trying to apply 'systems engineering' outside the technical area for which it was developed, the rethinking of 'systems thinking' which early experience made necessary, and sets out the first developed form of Soft Systems Methodology as a seven-stage process of inquiry.

References

- Armstrong, G., and Young, M. (1999), 'Fanatical football chants: creating and controlling the carnival', *Sport in Society*, Vol 2, pp 173–211.
- Barrell, A. (2008), *Entrepreneurs in Residence*, Centre for Entrepreneurial Learning, University of Cambridge, Judge Business School, http://www.cfel.jbs.cam.ac.uk/about/residence/residence_barrell.html.
- Bonner, D. (2009), *Entrepreneurs in Residence*, University of Texas at Austin, <http://www.engr.utexas.edu/cofel/>.
- Brigham, W. (2009), 'The technology entrepreneur in residence program at the UAlbany SBDC', electronic article, BIA/NYS Special Publications Series No 2009/1, Business Incubator Association of New York State Inc, Albany, NY, <http://bianys.com/node/480>.
- CEML (2002), *Joining Entrepreneurs in Their World*, Council for Excellence in Management and Leadership, London.
- Checkland, P. (1981), *Systems Thinking, Systems Practice*, John Wiley, Chichester.
- Deshpande, D. (2001), 'Entrepreneur in residence: choosing the best customers', *Red Herring*, 06 March, see also: <http://www.redherring.com/Home/5493>.
- Dunne, A. (2009), 'UQ engages with fellow entrepreneurs', The University of Queensland, <http://www.uq.edu.au/news/index.html?article=19293>.
- Finn, W. (2009), 'Driven by an ambition to be their own boss', The Times, London, <http://business.timesonline.co.uk/tol/business/management/mba/article5970035.ece>.
- Gold, J., and Thorpe, R. (2008), "'Training, it's a load of crap!": the story of the hairdresser and his "Suit"', *Human Resource Development International*, Vol 11, pp 385–399.

- Gordon, I., and Jack, S. (2009), 'Only good things can happen if you engage: the role of HEI outreach programmes in creating social capital within SME networks', *Engage HEI Conference 2009*, Birmingham.
- Kuratko, D. (2005), 'The emergence of entrepreneurship education: development, trends, and challenges', *Entrepreneurship Theory and Practice*, Vol 29, pp 577–598.
- Marriage, H. (2009), *Entrepreneur in Residence Programme*, Edinburgh University, <http://www.ed.ac.uk/schools-departments/medicine-vet-medicine/staff-students/staff/entrepreneur>.
- NICTA (2008), *Entrepreneurs in Residence*, National Information and Communications Technology Association, Australia, http://nicta.com.au/news/previous_releases/2005_media_releases/nicta_announces_second_entrepreneur-in-residence.
- Partners, D. (2009), *Entrepreneurs in Residence*, Delta Partners, http://www.delta.ie/home/_entrepreneur.htm.
- Pollakorn, S. (2008), *Entrepreneur in Residence*, University College, London, http://www.cs.ucl.ac.uk/business/business_eir.html.
- Robinson, M. (2008), *Entrepreneur in Residence*, University of Aberdeen, <http://www.abdn.ac.uk/business/cent/inresidence.shtml>.
- Ronstadt, R. (1990), 'The educated entrepreneurs: a new era of entrepreneurial education is beginning', *Entrepreneurship Education: Current Developments, Future Directions*, Vol 69.
- Rosen, W. (2009), 'Cleantech venture capitalist Mark Donohue appointed first 'clean technology' Entrepreneur in Residence', Reuters, <http://www.reuters.com/article/pressRelease/idUS127475+22-Sep-2008+BW20080922>.
- Rosenblatt, D. and Thelen, A. (1997), 'Entrepreneur-in-Residence programmes: a survey and analysis', *The Journal of Private Equity*, Vol 1, pp 37–47.
- Serface, J. (2009), 'My year as NREL's entrepreneur in residence', National Renewable Technology Laboratory, <http://www.cleantechblog.com/2009/05/my-year-as-nrels-entrepreneur-in.html>.
- Spots, E. (2004), 'Education matters – but does entrepreneurship education? an interview with David Birch', *Academy of Management Learning and Education*, Vol 3, pp 289–292.
- Thurber, F. (1997), 'A site to behold: creating curricula about local urban environmental art', *Art Education*, pp 33–39.
- Wharton (2009), *Wharton Entrepreneur in Residence Program*, Wharton School of the University of Pennsylvania, Philadelphia, PA, <http://wep.wharton.upenn.edu/EIR/EIR.aspx>.

Acknowledgements

Development of the Entrepreneur in Residence post at Lancaster was part-funded by the Economic and Social Research Council Business Placement Fellowship award scheme (award RES–186–27–0003). The authors acknowledge the assistance given by small business owner-managers involved with programmes run by the Institute for Entrepreneurship and Enterprise Development.



HEI engagement with SMEs: developing social capital

HEI engagement
with SMEs

Ian Gordon and Sarah Jack

*IEED, Lancaster University Management School, Lancaster University,
Lancaster, UK*

517

Abstract

Purpose – The need to develop a greater understanding about the creation of social capital and how this might impact on entrepreneurship and the development of the small- to medium-sized enterprise (SME) sector requires further research. This paper aims to consider to what extent engagement with higher education institutions (HEIs) by SMEs creates social capital and network benefits.

Design/methodology/approach – This paper follows the experiences of five SME owners who participated in the Lancaster University LEAD programme (a leadership programme for owner/managers who want to develop their leadership capabilities and grow their business) between 2004 and 2006. Qualitative techniques are used to consider networking activities, use and development of social capital and experiences. A framework for data collection and analysis was developed from the literature review.

Findings – Results show that the experience of engaging with the HEI sector was beneficial. Networks provided the opportunity to create social capital and had a positive impact on the development of the SME and the individual. A number of key elements supported this process namely trust in the individuals running the programme, the creation of a supportive environment where individuals were able to share experiences and social events.

Originality/value – This paper has implications for practitioners and the designers of SME engagement programmes at HEIs. For practitioners, this paper demonstrates that by engaging with the HEI sector, entrepreneurial networks can be extended. For designers, this paper demonstrates that the creation of trust and sociability are key aspects for the success of the experience of engaging. However, this must be coupled with content that is rich in reflection.

Keywords Social capital, Social networks, Owner-managers, Higher education, Small to medium-sized enterprises

Paper type Research paper

1. Introduction

Increasingly, it is being argued that economic actions associated with entrepreneurship are conditioned by the social relations and networks in which an entrepreneur is immersed (Aldrich and Zimmer, 1986; Young, 1998; Anderson and Jack, 2002; McAdam and Marlow, 2008). Networks, the social capital that resides within network connections alongside social interactions that take place amongst and between individual's, seem to have a key role in shaping and forming entrepreneurial processes (Anderson *et al.*, 2007). Although previous work with entrepreneurs has shown the ways in which they might respond to attempts to create rather than simply make use of existing social capital (Cooke and Wills, 1999), the need to develop a greater understanding about the creation

This paper arises out of a research project titled knowledge transfer, innovation and competitive advantage: past and present funded by the UK Economic and Social Research Council (Grant Number: RES-180-25-0024). The authors would like to thank the Editors and anonymous reviewers for their constructive and supportive input.



of social capital and how this might impact on entrepreneurship and the development of the smaller business sector requires further research.

While there is increasing recognition of the impact networks might have on entrepreneurial activity, little is known about the role higher education institution's (HEI's) could play in facilitating and supporting this process. Yet, HEI's are being strongly encouraged, especially by policymakers and local government agencies, to not only engage with industry but also nurture the kind of socio-economic environment which might provide the opportunity for entrepreneurs to flourish and build dynamic informal networks with other types of organizations (Maillat, 1995; Collinson, 2000). Nevertheless, this is a complicated process which relies on common understanding and appreciation. Networks involve a social process, are to a large extent socially constituted and rely on social cohesion (Collinson, 2000; Jack and Anderson, 2002; Jack, 2005; Parilli, 2009). This begs the question can networks between entrepreneurs actually be influenced, encouraged and/or configured through HEI's for regional economic development purposes (Collinson, 2000).

For the purpose of this study, we concern ourselves with addressing the questions:

RQ1. Can HEI outreach play a role in creating social capital within SME networks?

RQ2. What are the benefits and implications for the HEI that engages in social capital building activities?

In exploring these questions, we present findings from a study which considers HEI/small- to medium-sized enterprise (SME) engagement through a ten-month part-time leadership programme (LEAD). This programme concentrates on two areas; the business itself and the personal development of the owner/manager, providing a framework to increase profitability, diversify and grow the business. The majority of SME owner/managers who take part in the LEAD programme are, in European Commission terms, involved in micro businesses, i.e. employing between zero and nine employees. Typically such owner/managers have relatively small and non-extensive networks (Curran *et al.*, 1993, p. 23; Taylor *et al.*, 2004) that tend to be formed around suppliers, customers, competitors and funders. Apart from personal social networks the intensity of the day-to-day requirements of running a small SME limits exposure to wider networks. Funded by the Regional Development Agency, the HEI created a new network of SMEs. This network was non-competitive and exposed participants to trust building activities. This in turn accelerated the generation of social capital within these newly created networks. Moreover, five years after the engagement programme ended, the HEI created network is still ongoing for participants.

The study reported here demonstrates that there are enormous benefits to be gained from the development of linkages between SMEs and HEIs (Johnson and Tilley, 1999). While SME owner/managers can draw on the social capital generated through engagement, this study also shows the benefits HEIs can accrue through engaging with the SME community. Primarily, by engaging HEIs can build a stock of social capital that can be used now or drawn on at some point in the future.

This paper is organized in the following way. First, a review of the literature relating to social capital and social networks within the entrepreneurial context is carried out. Following this a discussion about the methodology used to operationalise the research question is provided along with background material about the participants used for this study. Thereafter, the findings from this study are discussed.

Finally, conclusions, recommendations and some direction for future scholarly inquiry are provided.

2. Social networks, social capital and HEI engagement

2.1 Social networks

Since the 1990s, there has been a dramatic increase in the number of studies looking at the link between networks and entrepreneurship (Hansen, 1995; Chell and Baines, 2000; Drakopoulou Dodd *et al.*, 2002; Jack *et al.*, 2008). Defined as “sets of ties linking several actors” (Nelson, 1988, p. 40) and said to consist of “a set of actors and some set of relationships that link them” (Hoang and Antoncic, 2003, p. 167), work carried out has shown that networks are really critical to entrepreneurship (Casson and Della Guista, 2007). Networks have been found to extend the potential resource base of the entrepreneur (Aldrich and Zimmer, 1986; Birley, 1985; Carsrud and Johnson, 1989; Johannisson and Peterson, 1984; Johannisson *et al.*, 1994; Shaw, 2006); represent a “learning habitat from which to gain understanding about opportunities and resources” (Bowey and Eston, 2007); act as a source of information (Steier and Greenwood, 2000); improve the possibilities of success (Brüderl and Preisendörfer, 1998; Foss, 1994; Hansen, 1995; Jack and Anderson, 2002; Johannisson, 1986, 1987; Johannisson and Peterson, 1984; Ostgaard and Birley, 1994); and, of course, venture survival (Arocena, 1984; Brüderl and Preisendörfer, 1998; Huggins, 2000; Szarka, 1990).

Since the relevance of networks seems to be fairly consistent it is probably not that surprising that entrepreneurship is progressively perceived as a process that is socially embedded in network structures (Aldrich *et al.*, 1987; Aldrich and Zimmer, 1986; Jack and Anderson, 2002; Johannisson, 1988). Indeed, recent views even go so far as to describe entrepreneurship as a “social undertaking” that should be “understood within the context of social systems” (Sarason *et al.*, 2006, p. 287). But then, social relations are a fundamental element of everyone’s life (Kim and Aldrich, 2005). Individuals do not operate independently, nor make decisions in a vacuum, but instead are influenced by others in their surrounding social networks (Aldrich and Zimmer, 1986; Granovetter, 1985). Some have even argued that entrepreneurs are a product of their social environment and how they perceive opportunities is influenced by social interaction and social background (Anderson and Miller, 2002).

So, with social networks being found to affect and influence economic performance and economic action thought to be embedded in ongoing networks of personal relationships (Arrow, 2000; Granovetter, 1992; Jack and Anderson, 2002; Jack, 2005; Jones *et al.*, 1997; Piore and Sabel, 1984; Powell, 1990; Ring and Van de Ven, 1992), interest in the link between social factors and economic action and performance has intensified (Granovetter, 1992; Uzzi, 1997; Uzzi and Gillespie, 2002). The social context can certainly influence economic outcomes, for example, a close friend is more likely to influence an entrepreneur when compared to someone unknown or untrusted and a friend may offer an opportunity or resource which influences economic outcomes (Hite, 2005). This implies that networking involves a social process which takes place overtime; it is a process of identifying common interests, gaining knowledge and experience of other individuals and building trust (Jack and Mouzas, 2007).

Accordingly, it would seem that to support their activities entrepreneurs should look to build networks of relationships (Nahapiet and Ghoshal, 1998; Anderson and Jack, 2002; Davidsson and Honig, 2003; Batjargal and Liu, 2004). But, as argued by Jack and

Mouzas (2007), perhaps more importantly, entrepreneurs should not just look to build any “type” of network relationship but instead those from which they can learn and that allow them to generate the right resources and opportunities but at the right time for their venture. So, it is not just the relationship that is important for entrepreneurship. It is also what goes on within that relationship and what that relationship can bring to the entrepreneurial venture; the consequences and outcomes from having that relationship and contact (Jack and Mouzas, 2007). After all, ties that form a network structure can have a significant impact on resources and opportunities (Jack, 2005).

Although entrepreneurs are seen to be intimately tied through their social relationships to a broader network of actors (Hoang and Antoncic, 2003), understanding what really goes on within a network remains limited to relatively broad and descriptive accounts (Jack, 2005). Moreover, despite the pervasion of the network concept and its increasing popularity, many questions remain unanswered about the actual content of interactions and the relationship between networks and entrepreneurship (Jack, 2010). Gaps in the literature and our understanding remain, most notably the content of network interactions (Barnir and Smith, 2002; O'Donnell *et al.*, 2001; Lechner and Dowling, 2003), the processes within network relations (O'Donnell *et al.*, 2001) and the dynamic nature of networks overtime (O'Donnell *et al.*, 2001; Lechner and Dowling, 2003; Shaw, 2006).

2.2 Social capital

Social capital is seen to be an important aspect of relations, and a key feature of networks is social capital which individuals are perceived to possess. While ambiguity surrounds the concept of social capital, Casson and Della Guista (2007) and Anderson and Jack (2002) point out that social capital was originally described as a relational resource of personal ties which individuals use for development (Jacobs, 1961; Loury, 1977; Tsai and Ghoshal, 1998). However, social capital also represents sets of resources embedded in relationships (Burt, 1992a, b). It is seen to include aspects such as social interaction, social ties, trusting relationships and value systems, facilitating action in a particular social context (Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998). It is perceived as a capital that exists in the structure of relations between and among actors (Burt, 1992b; Coleman, 1990, 2000) but which takes time and effort to produce, and therefore has an opportunity cost (Stiglitz, 2000). It is also viewed as an asset that essentially exists in social relations and networks but which is expressed through successful network interactions for securing information and resources (Burt, 1997; Cooke and Wills, 1999; Leana and Van Buren, 1999; Davidsson and Honig, 2003).

Social capital has also been said to represent the outcome of a process and one which involves learning about the other, developing knowledge about the other, gaining experience of the other and learning to trust another (Jack and Mouzas, 2007). So, it is much more than everyday interaction, goes beyond basic commercial transaction and runs deeper than the formalities of business or introductions (Jack and Mouzas, 2007). It is regarded as the value generated through and within social networks (Burt, 1992a, b); the relationships individuals have with others, within and beyond the firm, and collectively the social capital of people represents the social capital of organizations (Burt, 1992a). So, social capital is an important aspect of networks but its production relies on a set of norms, networks and organisations through which people gain access to power and resources that enable decision making and policy formulation (Serageldin and

Grootaert, 2000). It is therefore an aspect of social networks that facilitates co-ordination and co-operation for mutual benefit (Flora, 1998).

Lockett and Jack (2008) argued that there are many advantages to “possessing” social capital. It has been associated with enhanced business, knowledge and innovation performance (Cooke and Wills, 1999; Yli-Renko *et al.*, 2001). It is also seen as an important endowment for early stage organisations and it has been found that bridging and bonding social capital is a predictor of nascent entrepreneurs (Shane and Stuart, 2002; Davidsson and Honig, 2003). However, social capital does require an investment of social resources with expected returns, directly or indirectly, now or at some possible time in the future (Anderson *et al.*, 2007). Hence, knowledge acquisition has a role to play between social capital and knowledge exploitation (Yli-Renko *et al.*, 2001). Moreover, it is a process so takes time to build and develop (Anderson and Jack, 2002). Nevertheless, the benefits of social capital for entrepreneurship are clear and as a consequence it would seem that entrepreneurs should look to build social capital which is applicable to their business and their activities (Anderson *et al.*, 2007). In some instances, social capital can even replace and substitute institutional sources of advice and support (Deakins *et al.*, 2007). However, it is the patterns of association that are important, particularly for entrepreneurs in early stages (Liao and Welsch, 2005). So, “who you know” can be an important asset and have an extensive impact on the entrepreneur and his/her activities (Lockett and Jack, 2008).

2.3 Social capital building and the HEI

In educational terms, what is interesting is that because of the abundance of practical and “how to” type material that has emerged over the years, a trend away from using outsiders for delivering information on content and towards a role that involves a focus on process has emerged (Gartner and Vesper, 1994; Sullivan, 2000). Indeed, Gibb (1993) suggested that many of the values and structures of university education and university business schools are the antithesis of entrepreneurship. This implies that engaging with the SME sector might be difficult, but it also suggests that SMEs might be somewhat sceptical about engaging with HEIs, especially as little is known about the true consequences for this sector of engagement or “successful” engaging practices.

Nevertheless, despite the limited understanding of engaging that might exist, it is something those in HEIs are increasingly aware of. This is primarily due to the benefits engaging might lead to. After all, while forging links between universities and business are viewed an increasingly important means of stimulating knowledge development and knowledge exchange, the role and importance of this relationship is becoming greater (Yousuf, 2008). This is especially, the case for universities and businesses within modern industrial societies where the consequence of the knowledge economy coupled with increasingly difficult funding situations for education has meant that both parties need to get smart to stay competitive (Yousuf, 2008).

However, universities can offer particular advantages when it comes to engaging with industry as they can serve as hubs for networking activities where people can meet and knowledge can be exchanged (Youtie and Shapira, 2008). Although it is recognised that universities have a large role to play in producing human capital (Yousuf, 2008), less has been said about their role or ability to produce social capital within a social space that provides the opportunity to interact. Yet, surely this is an interesting aspect of the relationship between universities and industry but especially the SME sector.

According to Fafchamps and Minten (1999), entrepreneurs invest in social interaction. Moreover, social networks, and the social capital that resides in them, can actually shape organizations (Anderson *et al.*, 2006). So, if social capital is a key feature of relations and is important in influencing the shape and structure of organisations, then developing greater understanding about if, how and why social capital emerges and evolves to support the entrepreneur and his/her activities is an interesting aspect to explore. It would also seem that it is something we need to generate more knowledge and understanding about. Social capital seems to represent the outcome from a social process which relies on aspects related to the social context. As a consequence, social capital can take time to develop and build. It relies on aspects such as trust, social ties, social liking, social interaction and history in terms of knowledge about the other. Because of the extent to which social capital relies on social factors and aspects related to the social context this does beg the question can networks between entrepreneurs actually be encouraged and supported through HEIs. It also prompts the question, of the role that the HEI might have in stimulating this relationship and the benefits that might accrue to the HEI by engaging. It is against this background that this study is set. To address the issues raised we deal with the questions:

RQ1. Can HEI outreach play a role in creating social capital within SME networks?

RQ2. What are the benefits and implications for the HEI that engages in social capital building activities?

3. Method

To deal with these questions a qualitative approach to the research was used to examine the networking activities of five individual SME owners who participated in the Lancaster University LEAD programme between 2004 and 2006. LEAD is a leadership development programme for SME owner/managers run over ten months on a part-time basis two to three days per month. Delivery of the programme utilises an “integrated learning model” that is based on experiential and observational learning manifested in action learning, one-to-one coaching, business shadowing and exchanges and inspirational and business master classes. These are adult learners who learn from experience and need to understand why what they are learning is relevant (Bradley and Oliver, 2002). In dealing with our research question, an objective was to consider what impact, if any, LEAD had on these delegates five years after they had completed the programme and importantly had it impacted on their pre-existing networks. There could have been a “halo” effect interviewing delegates while part of the very motivational and what participants feel is an inspirational course. We felt five years was an appropriate period of time to see if that impact was still there and after a period of time.

3.1 Approach

To consider the experiences of our individual respondents, data relating to their situations, networking activities, creation, use and development of social capital and experiences was gathered. A framework for data collection and analysis was developed from the literature review. This approach provided in-depth detail about the social capital and networking activities of participants.

Cooke and Wills (1999) argued that a greater understanding of social capital might be generated by looking at smaller businesses. Furthermore, qualitative approaches have

been argued to be an appropriate mechanism to use to consider social capital and especially process aspects, which we need to know more about (Anderson and Jack, 2002; Anderson *et al.*, 2007). This approach also allows aspects such as social context, social dimensions, dynamic dimensions, interactional aspects, structural elements and detailed appreciations of how networks actually develop overtime to be addressed (Birley, 1985; Huggins, 2000; Jack and Anderson, 2002; Coviello, 2005; Anderson *et al.*, 2007). Thus, by using this approach, we were able to focus on the key areas of investigation; social capital and the role of the HEI but also build a picture of the ties and networks of the owner/manager, how these were used for entrepreneurial activity and if/how engaging with LEAD enabled social capital to be developed (Anderson *et al.*, 2007).

Interviews for this paper were carried out by the lead author (himself a practising entrepreneur) in March 2009. To generate data and understand the areas under investigation from the perspective of respondents involved, three research approaches were used. These were:

- (1) participant observation in each of the five businesses;
- (2) informal interviewing of owner/managers; and
- (3) a review of materials and transcripts generated from the owner/managers five years previously and while on the LEAD programme.

Notes relating to the participant observation and informal interviews were recorded in a diary as a way of placing respondents in context. In-depth interviews were recorded, amounting to around five hours of tapes yielding 8,000 words of text. Using these methods also provided the opportunity to triangulate aspects of our data.

3.2 Respondents

This study is directly concerned with exploring if HEI outreach has a role to play in creating social capital within SME networks. It considers the social interactions of respondents involved in the LEAD programme and who had participated between 2004 and 2006. This provided the opportunity to understand, through their reflection, how this programme had impacted on them as individuals and the businesses in which they were immersed.

The sampling method we chose was purposeful, whereby respondents were deliberately selected with a specific purpose in mind (Punch, 2005, p. 187). This purposeful sample was selected on the basis that we thought the particular individuals selected would provide interesting examples and that we could learn about their interactions and what the outcomes and impact of those interactions had been. However, in choosing our respondents we wanted to ensure that we received a balance in terms of research participants. Accordingly, we looked to select a balance of owner/managers from the 50 participants on LEAD programmes during this time to interview based on sector, structure of business, turnover and number of employees. This resulted in two manufacturing companies, one service company and two SME support services companies. There is a spread of limited companies, family businesses and sole traders. The turnover of the five chosen companies varies across the range of turnover reported for the whole cohort (£150,000-£2.7 m).

Details about individual respondents are provided in Table I. This table also provides an indication of reasons for joining the LEAD programme. In addition, a brief description of each person is given and the status of their company in 2009.

Table I.
Respondents

Entrepreneur	Business activity	Year business established	Turnover	No. of staff	Lead cohort	Reason for going on LEAD
Rose	Insolvency practitioners	1992	250,000	7	2004/2005	Avoid getting bogged down in routine matters and grow the business
Laura	Estate agents	2000	300,000	12	2004/2005	I felt I was missing "focus" in my personal development
Robert	Sports fertilizer sales	1998	650,000	10	2005/2006	We have a good company; it should be a great company. I need help to make the next big step with my business
Amanda	Outside TV production	1997	2,700,000	29	2005/2006	I often feel alone and I am worried that lack of leadership skills could be a constraint of the business
Duncan	Accountancy	1996	600,000	13	2005/2006	To help my team, my clients and myself to achieve our true potential
Rose	Rose is owner/manager of insolvency practitioners with offices in Preston and Carlisle. Unsure of whether she wanted to drive the business for growth as a sole shareholder she decided to sell her business to one of the other participants on LEAD, a finance company that was looking to expand its portfolio. Remaining with the company she relocated to Carlisle where changes in her personal life have give her a new direction					
Laura	Laura and her husband run an estate agency which has seen significant growth during the period of investigation. Laura moved from a well-paid executive job with a national retailer to work in the family firm when a new placement meant moving to London. From a shaky start Laura became a driving force in the business diversifying the company into a number of other areas. The housing downturn from the end of 2008/2009 has forced the business to sell off some of the less profitable elements but the company continues to trade					
Robert	Robert's company provides a specialist turf management system for sports organisations especially premium golf clubs and football grounds. The company provides fertilizer for grass surfaces and an intense management system to ensure the turf is of the highest standard. Robert has built a strong relationship with one key supplier and recognises that this is a blessing and a curse. He has a range of blue chip customers who always want Robert as their point of contact. This, coupled with Robert's self-accepting inability to recruit satisfactory sales staff, limits Robert's time to be away from the business					
Amanda	Originally recruited by the start up entrepreneur of a outside TV broadcast company that provides large screen TV's for major sporting events, Amanda quickly became much more that the entrepreneurs right-hand woman and became the managing director of the company. Amanda was aware from the start that the entrepreneur cast a long shadow but she fought hard to develop management and growth systems for the company. Post LEAD she became increasingly aware that she was doing too much and a forced period or rest has allowed her to re-focus on more strategic growth for associated companies					
Duncan	Duncan could fit into the stereotypical chartered accountants very easily coming from a big firm practice to set up his own local practice. However, right from the start he decided to be different and this could be seen in his choice of marketing materials that sometimes got him into trouble with his fellow practices and with his Friday morning bacon sandwich sessions for anyone who just wanted to pop into their accountants. From the beginning Duncan recognised the changes that were sweeping through the compliance industry and started to develop his business into new areas for accountants to provide an enhanced service					

3.3 Analysis

Data analysis involved using the constant comparative method (Alvesson and Skoldberg, 2000; Silverman, 2000) and analytic induction (Glaser and Strauss, 1967). This approach provided the opportunity to consider the dynamics of the relationships in which respondents were immersed and the outcomes to be recognised (Jack *et al.*, 2010). It also meant that the essences in the data that related to our areas of interest were revealed (Brüderl and Preisendörfer, 1998). The process of data analysis also followed a similar approach to that used in previous work that has considered social capital within the context of entrepreneurship (Anderson *et al.*, 2007). The constant comparative method allowed us to analyse the data around the emergent categories and themes. These were inductively developed from the data and identified as aspects related to process (for instance, experience and knowledge of the other), constraining factors, outcomes for the individual, benefits to the business, the impact of engaging through the HEI and perceptions of LEAD.

An interview guide was used to ensure critical research areas were covered, but the interviewer encouraged respondents to discuss those aspects which they felt were important to their particular situations. This was achieved through building rapport and a relationship with respondents which encouraged openness and rapport.

3.4 Methodological issues

This study set out to deal with the issues:

- RQ1. Can HEI outreach play a role in creating social capital within SME networks?
- RQ2. What are the benefits and implications for the HEI that engages in social capital building activities?

To achieve this, the first part of this paper provided us with a preliminary theoretical framework about HEIs, social networks and social capital. In the empirical part of the study, we gathered data about what actually took place through this process that related to the generation (or not) of social capital. Because we both work with the HEI concerned we wanted to ensure we were not looking at things through “rose tinted glasses”, and therefore only finding what we wanted to find. To deal with this issue the interviewee purposefully looked for contradictory indicators and cases but found few. This provides us with some confidence that our interpretation of the accounts we were given reflect the actual processes that took place.

As “entrepreneur in residence” (EIR) the role of the interviewer himself is interesting because not only does he have an appreciation of the world of the HEI, he also comes from and still lives the world of entrepreneurship and business. This did seem to impact on the interviews and the level and depth of information generated, respondents seeming open and willing to engage but also frank, honest and extensive in their responses. The EIR has over 25 years of varied experience being an SME owner/manager and brought world views on the life of an owner/manager to the research. In establishing contact with the participants, setting up the interviews and touring the businesses prior to the taped interviews he was able to quickly establish a rapport with the owners in a way that was empathetic to their day-to-day lives. The respondents were able to see him as part of their world and as a result were more open than they might have been. Some respondents felt this was a useful “go-between” positioned between the fast changing world of the SME and the more stable world of

the HEI. He was able to intuitively respond to observed behaviour and was keenly aware of the ethical framework. Thus, respondents were told of the study's purpose, agreement was requested to tape the interviews and respondents were assured of anonymity. The objective was to obtain a first-person description.

4. Findings

This section presents a discussion of the data and findings from the study. This is organised around three areas, processes by which social capital is created through engagement with HEI's, the impact on SME owner/managers and the benefits for HEIs. These show how social capital within a new network was created as a result of becoming involved with LEAD and how this impacted on the individuals and their organisations.

4.1 Processes through which social capital is created within the HEI/SME engagement

Owner/managers at all stages in the business life cycle may have limited access to people they can talk to about the issues that concern them. Suppliers, customers, funding organisations and family who represent the majority of network contacts are understandably uncomfortable having an owner/manager appearing anything other than confident and in control. Prior to LEAD respondents believed they needed to demonstrate confidence and assuredness. There was a belief that the problems they were having were unique to them. A theme which emerged in our data was that LEAD made respondents feel a lot better about what they were doing. It is clear that from the very beginning of LEAD that participants felt a sense of relief; they were among like-minded business owners experiencing the same or similar sorts of problems.

Table II provides extracts from the data. These extracts clearly demonstrate aspects that reflect how individuals came together and triggers which acted as mechanisms for engaging with each other. As can be seen, these quotes illustrate that respondents felt LEAD offered a "safe" environment where they felt comfortable enough to open up and discuss things that concerned them. Putting owner/managers into a new network provided respondents with the opportunity to link to other individuals who were in similar situations. They were therefore able to be more open and discuss issues that otherwise might not be discussed. This helped not only with the creation of a network but, perhaps more importantly, the creation of social capital.

Certainly, our data seems to link with the notion of social capital. The idea of social capital implies that individuals should look to develop associations and build bonds that are applicable to their business and activities (Anderson *et al.*, 2007). Moreover, the argument is made in the literature review that the generation of social capital is a good thing for owner/managers whose world otherwise can be a lonely place (Fafchamps and Minten, 1999; Liao and Welsch, 2005). However, a key aspect of building relationships with others is trust and this aspect of trust comes is evident in our data. This is supported by others who have looked at similar issues (Zhang and Hamilton, 2010). Trust has been described as a "coin of social exchange" (Anderson *et al.*, 2007, p. 244) and it is social trust that is seen to facilitate co-ordination and co-operation between individuals (Putnam, 1995). So trust could be described as an important aspect of social capital. What the data demonstrates here is that the LEAD programme helped to facilitate the creation of trust.

Experience and knowledge of others. A pattern in the data that emerges is how respondents were able to draw on the experiences and knowledge of others to solve

Robert	I'm more relaxed, I don't feel the need to show everyone how I'm doing it and why I'm doing it, I'm just more confident in myself that I have a good business. One of the things I learnt from LEAD which again wasn't on the curricula but I found very interesting, when you're running a business you don't really feel that everybody has the problems that you have with cash flow and creditors chasing you and this sort of thing. Then when you go on a LEAD course you hear other people talk and you suddenly think, oh, actually we're all in the same position. And you go from thinking; I must be doing something wrong to realising that you're doing everything you can
Rosemary	I think to have that trust where you've got people who are going through the same pressures and the same experiences, although from different sectors, is invaluable. There are very few opportunities to do that because most people you come into contact with in business life are either customers or suppliers, neither of whom you ever want to admit you've got problems to [. . .]. I think LEAD was done in an atmosphere of trust where people understood we're all in the same boat and we all want to grow and develop and I don't think without it being a development programme you would get people willing to be as open. Some people were incredibly frank and that would never have happened in any other situation like the Chamber of Commerce for example where you get to know people but with a view of trying to find a way of doing business with them [. . .]. Being involved with LEAD stopped some of the presumption that I think a lot of small business owners have that I'm the only one in this situation
Laura	I actually said that one of the things that I was worried about was people thinking I was a fraud. I run this business but I actually have not got a clue how to properly do that, you know I haven't got a clue about tax forms, whatever [. . .]. If you just went on a course say that Blackburn College ran you couldn't sit there as owner of your business and say, I've been trading for nine years but I've no idea how to manage my time
Amanda	I think there are some people who are not prepared to admit to their own weaknesses and foibles even in such a supportive and positive environment as LEAD. So there are some people that it would never work for

Table II.
Processes through which
social capital is created
within the HEI/SME
engagement

problems, deal with issues that worried them and generally manage their businesses and, in some cases, steer the direction of the business:

Duncan. LEAD has given me a completely different view on how I deal with clients and also staff and the various issues that they bring with them. Previously I would have been sorely tempted to dive in sort the problem out (without having any idea about any external factors) and thinking that the client or member of staff appreciated that being done [. . .]. In quite a few cases I actually take more time to look and listen. I definitely do things in a more LEAD orientated way. I now use my own life experiences (including Tales from LEAD) to try and give people a framework to work on and identify the possible steps that they could take to deal with the problem or decision that they need to deal with [. . .]. So having gone from a purely financial role I now find myself as a new age accountant who actually tries to coach people into finding the best paths for themselves, and their families in a number of cases, who tries to help people make sense of what is happening around them particularly at times like this and also helping them see that change is a benefit not a curse.

Evidence that social capital is being created and that there is a benefit accruing to the participants permeates all of the transcripts from the five interviewees. The LEAD programme creates a new network and there is evidence of social capital being built up within the network. Of particular interest is whether this social capital created by the role of the HEI has impacted on other networks that exist or pre-exist LEAD. As can be seen from the above, Duncan certainly found the impact on other networks striking.

Constraining factors. Another issue that came out strongly was the concerns of the owner/managers where LEAD participants were from the same sector. This limited the willingness of owner/managers to freely discuss commercial areas within their businesses. Almost any suggestion of competition was seen as a limiting factor on the owner/manager feeling free to open up. In some instances, this might even lead to the destruction of social capital, or act as a constraint at the very least. And because LEAD relies on participants being open about their business activities and them being able to discuss things in a supportive environment this could cause issues for the LEAD programme:

Rosemary. On a couple of the cohorts there were people with very similar businesses and sometimes it was a problem. You know fine and well that people will go away and talk to somebody else at some point and say, "I came across somebody recently who had a problem like that". So I think it becomes tricky because it would take away some of the trust because you would be worried about the competitive element and you might be giving them an advantage because you want to be truly open about things; *Duncan.* There was somebody in our cohort who was thinking of changing accountants and asked me to give him a price. So I gave him a price and he said well actually no I've decided to use somebody else because you just seem to be having that many problems in your practice that I didn't think it was worth it. I thought this is not really what it's all about. So I might not be quite as honest the following week and might just sit there and said everything was fantastic [...]. Businesses can come in and talk about things without fear of talking to somebody else in the same sector for instance. Because then you don't get all the ideas coming out and you don't get people going well its crap out there, everybody goes, oh yeah, business is really good. But it's more realistic when you're in the educational environment.

In addition, some of the interviewees not only preferred there to be no other companies from the same sector they found additional benefit in comparing and contrasting their company with others from completely different sectors:

Laura. It needs to have that different mix because I found some of the useful things were things that people had used in a completely different industry or a completely different situation. And I'd sit there thinking well actually I could do that in my bit and it would be an engineering discipline or it would be an artistic thing or something like that. And it's fitting it into here.

In terms of process the LEAD programme does not specifically target organisations that are non-competitive to each other and clearly in some cases there were competitive businesses. This is probably something the drivers of LEAD should be aware of and bear in mind for future programmes. From the data here it is evident that the key issue that emerged centred around the accelerated creation of trust within engaging participants that lead quickly to participant's willingness to discuss matters that otherwise would never be discussed.

4.2 Impact on SME owner/managers engaging with HEI's

From the beginning of the research, it was clear with all participants that this programme had an impact on the owner/manager, especially overtime. Social capital has been said to represent an investment of social resources with expected returns and that those expected returns can apply directly or indirectly now or possibly in the future (Anderson *et al.*, 2007). Robert described how his first master class got him

thinking differently about his business and how to do things better. He described LEAD as definitely something that without a doubt makes a difference.

However, while a number of participants benefited from the process of engagement Duncan observed the differences between the cultural world of SMEs and universities:

Duncan. Universities can make a huge difference to communities, it is just that from my point of view it is like having the best sales web site in the world but the access instructions are in a very small box in the bottom left hand corner of the screen and the directions to the box are at the top right of the screen written in Arabic! To some people it is like being taken into kindergarten for the first time and for others it is like getting on a boat going across the river Styx!

What the owner/manager got out of the process. One of the delegates talked about the feeling of being lonely of being isolated and a lack of confidence when considering experimentation. Through the processes of engaging with other owner/managers in an environment where these feelings of loneliness can be removed or reduced, a new confidence was found and a willingness to openly communicate with staff, increased delegation and recognising that time away from the business is not dead time and improves reflection:

Robert. Probably the biggest difference between then and now is that when I'm not needed in the office I now go home. Whereas before I felt that because it was my business I had to nail myself to the desk and I wasn't leaving here till the last person left and I was the first person to arrive every morning. I was feeling that because it's my business I have to show everybody that I'm going to work harder than they do and all the rest of it. And I don't feel that need now. I'm I think more confident in myself because of that; *Duncan.* The single biggest benefit I think that LEAD offers any of the people who go on it is it doesn't tell you what to think but it makes you think; *Rosemary.* One of the things I got from LEAD was being more open in my communication with people and much less worried about seeming weak; *Ann.* Taking time out of business is invaluable and it should almost be compulsory that every business owner does that I think because it's the time away from the desk that gives you that opportunity to focus on things.

The programme provided respondents with a confidence in themselves and support from others. It also seemed to instil an ability to reflect about what it was they did as well as how they might be perceived.

Benefits to the company. However, what was really interesting was that the owner/managers interviewed all felt that the culture of their organisations has changed significantly. This was probably an outcome from the confidence in their abilities LEAD had provided. The increased confidence and skills of the owner/manager has freed up the working relationships within each company so that employees are happier, more confident about the communication processes and more proactive behaviour is observed:

Rosemary. The long-term impact of LEAD has been significant. To the outside observer my company probably looks exactly the same but anybody who spent a day in it five years ago would not recognise it in terms of atmosphere and attitude now. There is much more delegation and training and a lot more coaching techniques used. It's also become a less formal environment and more relaxed [. . .]. Pre LEAD I saw my role as providing answers, now I see my role as giving people the tools to find their own answers; *Robert.* I changed the business a lot because of LEAD. I think the atmosphere in the company is better, the staff are happier, everybody likes being here more. I sent Jill, who is in charge of administration on LEAD.

She is more confident, she understands more where the business is going and that's without me talking to her and I think that's come from the university.

Respondents felt that these benefits to the business were only achieved through joining LEAD. This programme not only changed the way individuals perceived their role but also in how they actually managed their business. All respondents discussed LEAD as having a positive impact.

The case of Amanda is particularly interesting. For Amanda LEAD proved to be life changing. The intensity of the day-to-day activities in her business meant she really could not see the wood for the trees. She did have awareness that something needed to change but there were so many different facets to her job and her life that she did not take time to reflect on the processes and take a "helicopter" view of her business:

Amanda. I suppose I've been subconsciously searching for an answer but I wasn't quite sure what the question was and through LEAD I realised that what I wanted to do was get out. So LEAD brought me to the point of deciding to sell the business

Between starting on LEAD in 2005 and her last interview in 2009 Amanda has sold her business to another LEAD delegate, her personal life has changed significantly, she has moved to a new location and is very happy with her life changes.

Statements of how LEAD was perceived. A striking feature of the research is the number of times participants reiterate that they are still seeing their fellow LEAD members. Most of them have no direct involvement with the HEI but still use key points from master classes, follow the principles of action learning and specifically keep in contact with other members of their cohort.

Respondents talked about an instinct for something or a gut feeling before starting LEAD and felt that they now have increased confidence to believe in themselves and act on these instincts in a more professional manner. They also appreciate time away from the business not only to improve the work/life balance, but also recognising that time away gave them the opportunity to reflect on what they can observe is happening in their company.

The comments shown in Table III suggest that what the LEAD programme has done is provide a mechanism for the emergence of a network of individuals and through this network social capital has been created which supports individuals. However, what is also interesting is that it was the LEAD programme that provided the mechanism for the creation of network social capital. Moreover, the ability of LEAD to survive outside the university is questioned. This is especially interesting because enterprise agencies amongst other bodies throughout the UK seem to be increasingly looking to encourage networking by SME owner-managers (Chell and Baines, 2000). The findings here show that networking involves a social process overtime but that unlike the more formalised mechanisms frequently offered and encouraged by enterprise agencies, HEIs might have a significant role to play through mechanisms like those reported here. It might be that other bodies involved in the promotion of networks take heed.

5. Analysis

Using the network definition of Hoang and Antoncic (2003, p. 167), "a set of actors and some set of relationships that link them" through the LEAD programme. Lancaster University created a new network with a clearly defined set of actors and very

Amanda	I don't know how you know if a deal is right or wrong, people are right or wrong, if a business is right or wrong. I've always had that gut feel, LEAD just channelled it in a professional way. LEAD gave me confidence that actually yes the things I am trying to do are the right way to go and yes this is how LEAD matured me and LEAD affirmed me and LEAD took me another step higher [...]. I have to say first of all LEAD was absolutely fantastic. You know the whole course was just fantastic and its' now four years later and I still meet up with other members of LEAD probably every eight or 12 weeks
Laura	I think the length of the programme meant that you did build up friendships and good relationships with people along the way. Had I just gone on a short programme for two weeks then I don't think I would have got the same sort of benefit. The key thing that LEAD changed; all things mental and physical. Prior to LEAD I was at the point where really I think I was probably going to have a nervous breakdown. I had to work seven days a week. I was at the point where my job title that everybody gave me was "provider of all good things". I was making sure that everybody else was happy and getting what they needed, but I was totally neglecting myself. And I knew that I was doing that because of the way I was feeling, and the fact I couldn't sleep at night, I thought I was going to have heart attack every time I laid down. I suppose the difference is now I feel as though I've never looked better, I've never felt better, I've got so much more confidence and there's so many new situations coming my way that I'm really quite excited about life. I actually believe if I hadn't gone on LEAD I'd have either had a heart attack and not be here or I'd be very much looking like one of my aunties at the age of 65 [...]. It needs to have that different mix because I found some of the useful things were things that people had used in a completely different industry or a completely different situation. And I'd sit there thinking well actually I could do that in my bit and it would be an engineering discipline or it would be an artistic thing or something like that. And it's fitting it into here
Robert	I don't think LEAD would have worked outside of the university. It provided stimulus's that promoted discussion. So I think the course is important. I don't think you could have just dumped a group of people, and I was also surprised at who I learnt from. You assume it's going to be people in similar industries and it isn't. This was another thing that I found that people that were good at running businesses were good at running businesses and it didn't really matter what they sold or what market they were involved in. They could very quickly understand the management side of your business. And I found that good. I think the course attracted those sorts of people [...]. The benefit of LEAD was meeting other people on the course and talking to them and realising that they had the similar problems. I got that as much from listening to other people on the course as from a lecture. That gave me confidence as I thought I can't be the only one who has cash flow problems occasionally

Table III.
How LEAD was
perceived

specific relationships. Neergaard and Ulhoi (2006) found that government agency may destroy existing cooperative arrangements. The LEAD programme is funded by the local development agency (NWDA). From the study reported here it can be argued that, at least initially, the agency performed an important broker role (Aldrich, 1989) in initiating the LEAD programme. But, it was the HEI which actually provided the mechanism which facilitated this process and in effect meant this network could be considered a success. This suggests that HEI programmes should have elements that speed up the process of the creation of a social network high in trust but also one that demonstrates trust and an ongoing commitment to participants. Closure of the social structure is important for the existence of norms and for the trustworthiness of social structures that allows the growth of obligations and expectations; closure creates

trustworthiness in a social structure (Coleman, 1988). An example of how powerful the closed network is was given by Amanda:

Amanda. I've got my LEAD friend and he tells me things he wouldn't even tell his wife and I tell him things I think most other people might be shocked at.

There are actions that are more rather than less likely to generate this support network. Thus, the findings suggest strong evidence of a confidential host organisation with a limited number of people directly taking part.

Social capital creates benefits to individuals by virtue of participation in groups and on the deliberate construction of sociability for the purpose of creating this resource (Portes, 1998, discussing Bourdieu, 1985). This new network quickly established social capital (resources embedded in relationships (Burt, 1992a, b)) and this is usable in other networks that the owner/manager is part of. In other words, the creation of a uniquely new network that deals specifically with the loneliness issues of owner/managers frees up the owner/manager and brings about an improvement in their social capital in other networks. Value for the business came about by being a member of LEAD and through the acquisition of a support network. This support network consisted of individuals with whom respondents felt comfortable and at ease. The literature reviewed demonstrated that with whom entrepreneurs have ties has implications for the ways in which the business is operated, managed and functions. This is supported from the findings of the study reported here.

This work also helps extend recent work which considers evolutionary perspectives on networks and co-operation in and between organisations (Neergaard and Ulhoi, 2006; Hite, 2005). But, again it demonstrates the positive role that the HEI had on this process. However, in doing so it shows the importance of social context in influencing economic activity (Aldrich and Zimmer, 1986) and that social capital is formed through the development of social trust. Calls for more work which looks at networks and the creation of social capital overtime have been made (O'Donnell *et al.*, 2001; Schutjens and Stam, 2003; Hoang and Antoncic, 2003; Kim and Aldrich, 2005; Parkhe *et al.*, 2006). The work reported here begins to show the influence of time on the creation of networks and social capital. Through the LEAD programme contacts were converted into socio-economic bonds. This conversion process took place as understanding about each other was gained, as knowledge about the other was increased and as participants generated experience of each other but overtime. This enabled respondents to "use" their network ties to others and the social capital that resided within those ties to the benefit of their activities. In many ways, the bonds generated through the LEAD programme helped determine the future shape and form of the business.

In terms of HEI engagement, it is evident that HEIs have increasingly become more involved in regional economic development and that they are being strongly encouraged to do so by government and funding bodies (NESTA, 2008, p. 10). It has been noted in earlier work that collaboration between firms enhances the economic development of a region, especially where institutional support is provided (Department of the Environment, Transport and the Regions (DETR), 2000). Recently, universities seek to connect more to society through third mission activities that have an industrial or commercial association or are associated with the regeneration of local or regional economies (Shattock, 2009). However, according to Brunetto and Farr-Wharton (2007), the success of these new networks depends largely on the quality of the relationship

between firms. Trust plays a big part and the HEI has an important role to play in creating trust between the SMEs. This corresponds with findings from similar studies. For instance, Zhang and Hamilton (2010) point out the importance of the creation of trust but also how it might be developed. In doing so, they argue that that in the context of HEI entrepreneurship education, a certain level of trust could be ensured by membership in a training programme. However, perhaps more importantly the study reported here develops understanding about the trust relationship more extensively. In so doing, it extends the work of Zhang and Hamilton (2010). Zhang and Hamilton (2010) argue that trust created within the network transmits to the HEI. What the findings from the research reported demonstrates is that clearly trust relationships between the participants and the programme organizers are critical for developing an effective learning community. Having created a network that is high in trust and social capital the HEI can call on this network for a variety of uses including soft access to guest speakers for other programmes/courses, objects of research, consultants on new course development and routes into other networks belonging to the SME owner/manager. Thus, there are clearly a range of benefits that can accrue for an HEI through an engagement programme such as the one reported here.

6. Conclusions

The research reported here demonstrates that the intensity of the day-to-day requirements necessary to sustain a small business can mean the longer-term strategic direction of the company receives less attention. In addition, the role of owner/manager can be lonely and he/she often feels uncomfortable talking about certain issues within his/her network. The ability of HEIs to create programmes specifically targeting SMEs and which recognise issues of time and feelings of loneliness is important. Clearly, aspects such as building trust, team building activities, peer-to-peer observation, action learning and being able to deliver inspirational master classes appear critical in supporting the experience of programme participants and hence the success of such programmes.

Returning to our original research questions, the experience of engaging with the HEI sector is overall viewed as a positive experience and beneficial to SME owner/managers. Throughout are responses underpinning the notion of change in the way participants work and engage with their networks. Engaging in the way described provides the opportunity to create social capital for all parties. Key aspects relating to the process of how this occurs are trust in the individuals running the programme, creating a supportive and comfortable environment where experiences can be shared, non-competitive organisations and social events. Key to success also appears to be the support of the HEI and its associated integrity.

In terms of future work, this paper demonstrates that the specific engagement programme reported accelerated the generation of social capital. However, it would be interesting to explore if in turn this allowed individual owner/managers to utilise the benefits accrued through this network to improve other networks they are part of and that exist or pre-exist HEI engagement. Such an investigation would highlight the wider benefits of engagement and the way that knowledge and experience obtained through HEI engagement might be dispersed throughout communities in which individuals are embedded. In doing so, it would add to the debate around the role of the HEI and engagement practices (Yousuf, 2008; Youtie and Shapira, 2008).

This work provides a crucial shift in the bias of debates on knowledge exchange and HEI engagement away from the corporate body and towards the SME sector. As a consequence, this research has important implications for designers of SME engagement programmes, practitioners and policymakers. For programme designers, this study shows that the creation of trust and sociability are key aspects for the long-term success of engaging. However, this must be coupled with content that is rich in reflection, a non-competitive environment with SMEs broadly at similar stages of the business life cycle, a closed network which emphasises confidentiality and a range of activities that encourage engagement and the establishment of trust. For practitioners, this study demonstrates that through engaging with the HEI sector, networks can be extended, creating social capital and aiding business development. For policymakers, this work has quite critical implications. First, it shows how support for engagement between HEIs and SMEs can be effective and instrumental in aiding the business development process. This can have significant implications on local, regional and ultimately national economies. Second, it illustrates that while government agency has been previously criticised for destroying co-operative arrangements, this work demonstrates how government agency can support arrangements and play a broker role but in a different and more successful way than that reported in previous work (Neegard and Ulhoi, 2006; Jack *et al.*, 2010).

References

- Aldrich, H. (1989), "Networking among women entrepreneurs", in Hagan, O., Rivchun, C. and Sexton, D. (Eds), *Women-owned Businesses*, Praeger, New York, NY, pp. 103-32.
- Aldrich, H. and Zimmer, C. (1986), "Entrepreneurship through social networks", in Sexton, D. and Smilor, R. (Eds), *The Art and Science of Entrepreneurship*, Ballinger, New York, NY.
- Aldrich, H., Rosen, B. and Woodward, W. (1987), "The impact of social networks on business foundings and profit: a longitudinal study", in Churchill, N.C., Hornaday, J.A., Kirchoff, B.A., Krasner, O.J. and Vesper, K.H. (Eds), *Frontiers of Entrepreneurship Research*, Babson College, Wellesley, MA.
- Alvesson, M. and Sköldböck, K. (2000), *Reflexive Methodology: New Vistas for Qualitative Research*, Sage, London.
- Anderson, A.R. and Jack, S.L. (2002), "The articulation of social capital: a glue or a lubricant", *Entrepreneurship & Regional Development*, Vol. 14 No. 3, pp. 193-210.
- Anderson, A.R. and Miller, C. (2002), "'Class matters': human and social capital in the entrepreneurial process", *Journal of Socio-Economics*, Vol. 32, pp. 17-36.
- Anderson, A.R., Drakopolou Dodd, S. and Jack, S. (2006), "Entrepreneurship as nexus of change: the syncretistic production of the future", paper presented at the Organization Studies Workshop, Mykonos, June.
- Anderson, A.R., Park, J. and Jack, S. (2007), "Entrepreneurial social capital: conceptualising social capital in new high-tech firms", *International Small Business Journal*, Vol. 25 No. 3, pp. 243-67.
- Arocena, J. (1984), "le Genie et le Carnet D'Adresses", *Autrement*, Vol. 59, pp. 182-7.
- Arrow, K. (2000), "Observations on social capital", in Dasgupta, P. and Seragledin, I. (Eds), *Social Capital: A Multifaceted Perspective*, The World Bank, Washington, DC.
- Barnir, A. and Smith, K.A. (2002), "Interfirm alliances in the small business: the role of social networks", *Journal of Small Business Management*, Vol. 40 No. 3, pp. 219-32.

-
- Batjargal, B. and Liu, M. (2004), "Entrepreneurs' access to private equity in China: the role of social capital", *Organization Science*, Vol. 15 No. 2, pp. 159-72.
- Birley, S. (1985), "The role of networks in the entrepreneurial process", *Journal of Business Venturing*, Vol. 1 No. 1, pp. 107-17.
- Bourdieu, P. (1985), "The forms of capital", in Richardson, J.G. (Ed.), *Handbook of Theory and Research for the Sociology of Education*, Greenwood, New York, NY.
- Bowey, J. and Eston, G. (2007), "Entrepreneurial social capital unplugged: an activity-based analysis", *International Small Business Journal*, Vol. 25 No. 3, pp. 273-306.
- Bradley, C. and Oliver, M. (2002), "The evolution of pedagogic models for work-based learning within a virtual university", *Computers & Education*, Vol. 38 Nos 1-3, pp. 37-52.
- Brunetto, Y. and Farr-Wharton, R. (2007), "The moderating role of trust in SME owner/managers' decision making about collaboration", *Journal of Small Business Management*, Vol. 45 No. 3, pp. 362-87.
- Brüderl, J. and Preisendörfer, P. (1998), "Network support and the success of newly founded businesses", *Small Business Economics*, Vol. 10, pp. 213-25.
- Burt, R. (1992a), *Structural Holes*, Harvard University Press, Cambridge, MA.
- Burt, R. (1992b), "The social structure of competition", in Nohria, N. and Eccles, R. (Eds) *Networks and Organizations: Structure, Form and Action*, Harvard Business School Press, Boston, MA, pp. 57-91.
- Burt, R. (1997), "The contingent value of social capital", *Administrative Science Quarterly*, Vol. 42 No. 2, pp. 339-65.
- Carsrud, A.L. and Johnson, R.W. (1989), "Entrepreneurship: a social psychological perspective", *Entrepreneurship & Regional Development*, Vol. 1, pp. 21-31.
- Casson, M. and Della Guista, M. (2007), "Entrepreneurship and social capital: analysing the impact of social networks on entrepreneurial activity-from a rational action perspective", *International Small Business Journal*, Vol. 25 No. 3, pp. 220-44.
- Chell, E. and Baines, S. (2000), "Networking, entrepreneurship and microbusiness behaviour", *Entrepreneurship & Regional Development*, Vol. 12 No. 3, pp. 195-215.
- Coleman, J. (1988), "Social capital in the creation of human capital", *American Journal of Sociology*, Vol. 94, p. 95.
- Coleman, J. (1990), *Foundations of Social Theory*, Harvard Business Press, Cambridge, MA.
- Coleman, J. (2000), "Social capital in the creation of human capital", in Dasgupta, P. and Serageldin, J. (Eds), *Social Capital: A Multifaceted Perspective*, International Bank for Reconstruction and Development/The World Bank, Washington, DC, pp. 13-39.
- Collinson, S. (2000), "Knowledge networks for innovation in small Scottish software firms", *Entrepreneurship & Regional Development*, Vol. 12, pp. 217-44.
- Cooke, P. and Wills, D. (1999), "Small firms, social capital and the enhancement of business performance through innovation programmes", *Small Business Economics*, Vol. 13, pp. 219-34.
- Coviello, N.E. (2005), "Integrating qualitative and quantitative techniques in network analysis", *Qualitative Market Research*, Vol. 8 No. 1, pp. 39-60.
- Curran, J., Jarvis, R., Blackburn, R.A. and Black, S. (1993), "Networks and small firms: constructs, methodological strategies and some findings", *International Small Business Journal*, Vol. 11 No. 2, pp. 13-25.
- Davidsson, P. and Honig, B. (2003), "The role of human and social capital among nascent entrepreneurs", *Journal of Business Venturing*, Vol. 18 No. 3, pp. 301-31.

- Deakins, D., Ishaq, M., Smallbone, D., Whittam, G. and Wyper, J. (2007), "Ethnic minority businesses in Scotland and the role of social capital", *International Small Business Journal*, Vol. 25 No. 3, pp. 307-26.
- Department of the Environment, Transport and the Regions (DETR) (2000), *Planning for Clusters A Research Report*, Her Majesty's Stationery Office, London.
- Drakopoulou Dodd, S., Jack, S. and Anderson, A.R. (2002), "Scottish entrepreneurial networks in an international context", *International Small Business Journal*, Vol. 20 No. 2, pp. 213-9.
- Fafchamps, M. and Minten, B. (1999), "Relationships and traders in Madagascar", *Journal of Development Studies*, Vol. 35 No. 6, pp. 1-35.
- Flora, J. (1998), "Social capital and communities of place", *Rural Sociology*, Vol. 63 No. 4, pp. 481-506.
- Foss, L. (1994), "Entrepreneurship: the impact of human capital, a social network and business resources on start-up", unpublished PhD thesis, Norwegian School of Economics and Business Administration, Bergen.
- Gartner, W. and Vesper, K. (1994), "Experiments in entrepreneurship education: successes and failures", *Journal of Business Venturing*, Vol. 9 No. 3, pp. 179-87.
- Gibb, A. (1993), "Enterprise culture and education: understanding enterprise education and its links with small business, entrepreneurship and wider educational goals", *International Small Business Journal*, Vol. 11 No. 3, pp. 11-34.
- Glaser, B.G. and Strauss, A.L. (1967), *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Aldine, New York, NY.
- Granovetter, M. (1985), "Economic action and social structure: the problem of embeddedness", *American Journal of Sociology*, Vol. 91 No. 3, pp. 481-510.
- Granovetter, M. (1992), "Problems of explanation in economic sociology", in Nohria, N. and Eccles, R. (Eds), *Networks and Organizations: Structure, Form and Action*, Harvard Business School Press, Harvard, MA, pp. 25-56.
- Hansen, E. (1995), "Entrepreneurial networks and new organization growth", *Entrepreneurship: Theory and Practice*, Vol. 19 No. 4, pp. 7-21.
- Hite, J. (2005), "Evolutionary processes and paths of relationally embedded network ties in emerging entrepreneurial firms", *Entrepreneurship: Theory and Practice*, Vol. 29 No. 1, pp. 113-44.
- Hoang, H. and Antoncic, B. (2003), "Network-based research in entrepreneurship: a critical review", *Journal of Business Venturing*, Vol. 18 No. 2, pp. 165-87.
- Huggins, R. (2000), "The success and failure of policy-implemented inter-firm network initiatives: motivations, processes and structure", *Entrepreneurship & Regional Development*, Vol. 12 No. 2, pp. 11-135.
- Jack, S.L. (2005), "The role, use and activation of strong and weak ties: a qualitative analysis", *Journal of Management Studies*, Vol. 42 No. 6, pp. 1233-59.
- Jack, S.L. (2010), "Approaches to studying networks: implications and outcomes", *Journal of Business Venturing*, Vol. 25 No. 1, pp. 120-37.
- Jack, S.L. and Anderson, A. (2002), "The effects of embeddedness on the entrepreneurial process", *Journal of Business Venturing*, Vol. 17 No. 5, pp. 467-87.
- Jack, S.L. and Mouzas, S. (2007), "Entrepreneurship as renegotiated exchange in networks", paper presented at the 23rd IMP Conference, Manchester, August.

-
- Jack, S.L., Drakopolou Dodd, S. and Anderson, A.R. (2008), "Change and the development of entrepreneurial networks over time: a processual perspective", *Entrepreneurship & Regional Development*, Vol. 20 No. 2, pp. 25-159.
- Jack, S.L., Moul, S., Anderson, A.R. and Drakopolou Dodd, S. (2010), "An entrepreneurial network evolving: patterns of change", *International Small Business Journal*, Vol. 28 No. 4, pp. 315-37.
- Jacobs, J. (1961), *The Death and Life of Great American Cities*, Random House, New York, NY.
- Johannisson, B. (1986), "Network strategies: management technology for entrepreneurship and change", *International Small Business Journal*, Vol. 5 No. 1, pp. 19-30.
- Johannisson, B. (1987), "Beyond process and structure: social exchange networks", *International Studies of Management and Organisation*, Vol. XVII No. 1, pp. 3-23.
- Johannisson, B. (1988), "Business formation: a network approach", *Scandinavian Journal of Management*, Vol. 49 Nos 3/4, pp. 83-99.
- Johannisson, B. and Peterson, R. (1984), "The personal networks of entrepreneurs", paper presented at the ICSB Conference, Ryerson Polytechnical Institute, Toronto.
- Johannisson, B., Alexanderson, O., Nowicki, K. and Senneseth, K. (1994), "Beyond anarchy and organization: entrepreneurs in contextual networks", *Entrepreneurship & Regional Development*, Vol. 6 No. 3, pp. 329-56.
- Johnson, D. and Tilley, F. (1999), "HEI and SME linkages: recommendations for the future", *International Small Business Journal*, Vol. 17, p. 66.
- Jones, C., Hesterly, W. and Borgatti, S. (1997), "A general theory of network governance: exchange conditions and social mechanisms", *Academy of Management Review*, Vol. 22 No. 4, pp. 911-46.
- Kim, P.H. and Aldrich, H.E. (2005), "Social capital and entrepreneurship", *Foundations and Trends in Entrepreneurship*, Vol. 1 No. 2, pp. 1-52.
- Leana, C. and Van Buren, H. (1999), "Organizational social capital and employment practices", *Academy of Management Review*, Vol. 24 No. 3, pp. 538-54.
- Lechner, C. and Dowling, M. (2003), "Firm networks: external relationships as sources for the growth and competitiveness of entrepreneurial firms", *Entrepreneurship & Regional Development*, Vol. 15, pp. 1-26.
- Liao, J. and Welsch, H. (2005), "Roles of social capital in venture creation: key dimensions and research implications", *Journal of Small Business Management*, Vol. 43 No. 4, pp. 354-62.
- Lockett, N. and Jack, S.L. (2008), "Motivations and consequences of engaging in regional clusters in the ICT sector", paper presented at the ISBE, Belfast, November.
- Loury, G. (1977), "A dynamic theory of racial income differences", in Walence, P. and LaMonde, A. (Eds), *Women, Minorities and Employment Discrimination*, Lexington Books, Lexington, MA, pp. 153-86.
- McAdam, M. and Marlow, S. (2008), "A preliminary investigation into networking activities within the university incubator", *International Journal of Entrepreneurial Behaviour & Research*, Vol. 14 No. 4, p. 219.
- Maillat, D. (1995), "Territorial dynamic, innovative milieu and regional policy", *Entrepreneurship and Regional Development*, Vol. 7, pp. 157-65.
- Nahapiet, J. and Ghoshal, S. (1998), "Social capital, intellectual capital and the organizational advantage", *Academy of Management Review*, Vol. 23 No. 2, pp. 242-66.

- Neergaard, H. and Ulhoi, J. (2006), "Government agency and trust in the formation and transformation of interorganizational entrepreneurial networks", *Entrepreneurship: Theory and Practice*, Vol. 30, pp. 519-39.
- Nelson, R. (1988), "Social network analysis as an intervention tool", *Group & Organization Studies*, Vol. 13 No. 1, pp. 39-58.
- NESTA (2008), *Developing Entrepreneurial Graduates: Putting Entrepreneurship at the Centre of Higher Education*, NESTA, National Council for Graduate Entrepreneurship, Birmingham.
- O'Donnell, A., Gilmore, A., Cummins, D. and Carson, D. (2001), "The network construct in entrepreneurship research: a review and critique", *Management Decision*, Vol. 39 No. 9, pp. 749-60.
- Ostgaard, T.A. and Birley, S. (1994), "Personal networks and firm competitive strategy – a strategic or coincidental match?", *Journal of Business Venturing*, Vol. 9, pp. 281-305.
- Parilli, M. (2009), "Collective efficiency, policy inducement and social embeddedness: drivers for the development of industrial districts", *Entrepreneurship & Regional Development*, Vol. 21 No. 1, pp. 1-24.
- Parkhe, A., Wasserman, S. and Ralston, D.A. (2006), "New frontiers in network theory development", *Academy of Management Review*, Vol. 31 No. 3, pp. 560-8.
- Piore, M. and Sabel, C. (1984), *The Second Industrial Divide*, Basic Books, New York, NY.
- Portes, A. (1998), "Social capital: its origins and applications in modern sociology", *Annual Reviews in Sociology*, Vol. 24, pp. 1-24.
- Powell, W. (1990), "Neither market nor hierarchy: network forms of organization", in Staw, B. and Cummings, L. (Eds), *Research in Organizational Behavior*, JAI Press, Greenwich, CT.
- Punch, K. (2005), *Introduction to Social Research: Quantitative and Qualitative Approaches*, Sage, London.
- Putnam, R. (1995), "Bowling alone: America's declining social capital", *Journal of Democracy*, Vol. 6, p. 65.
- Ring, P. and Van de Ven, A. (1992), "Structuring cooperative relationships between organizations", *Strategic Management Journal*, Vol. 13, pp. 483-98.
- Sarason, Y., Dean, T. and Dillard, J. (2006), "Entrepreneurship as the nexus of individual and opportunity: a structuration view", *Journal of Business Venturing*, Vol. 21, pp. 286-305.
- Schutjens, V. and Stam, E. (2003), "The evolution and nature of young firm networks: a longitudinal perspective", *Small Business Economics*, Vol. 21 No. 2, pp. 115-34.
- Serageldin, I. and Grootaert, C. (2000), "Defining social capital: an integrating view", in Dasgupta, P. and Serageldin, I. (Eds), *Social Capital: A Multifaceted Perspective*, International Bank for Reconstruction and Development/The World Bank, Washington, DC, pp. 40-58.
- Shane, S. and Stuart, T. (2002), "Organizational endowments and the performance of university start-ups", *Management Science*, Vol. 48 No. 1, pp. 154-70.
- Shattock, M. (2009), "Entrepreneurialism and organizational change in higher education", in Shattock, M. (Ed.), *Entrepreneurialism in Universities and the Knowledge Economy*, Open University Press, Philadelphia, PA.
- Shaw, E. (2006), "Small firm networking", *International Small Business Journal*, Vol. 24 No. 1, pp. 5-29.
- Silverman, D. (2000), *Doing Qualitative Research*, Sage, London.
- Steier, L. and Greenwood, R. (2000), "Entrepreneurship and the evolution of angel financial networks", *Organization Studies*, Vol. 21 No. 1, pp. 163-93.

-
- Stiglitz, J. (2000), "Creating and harnessing social capital", in Dasgupta, P. and Serageldin, I. (Eds), *Social Capital: A Multifaceted Perspective*, International Bank for Reconstruction and Development/The World Bank, Washington, DC, pp. 59-68.
- Sullivan, R. (2000), "Entrepreneurial learning and mentoring", *International Journal of Entrepreneurial Behaviour & Research*, Vol. 6 No. 3, pp. 160-75.
- Szarka, J. (1990), "Networking and small firms", *International Small Business Journal*, Vol. 8 No. 2, pp. 10-22.
- Taylor, D., Jones, O. and Boles, K. (2004), "Building social capital through action learning; and insight into the entrepreneur", *Education & Training*, Vol. 46 Nos 4/5, pp. 226-37.
- Tsai, W. and Ghoshal, S. (1998), "Social capital and value creation: the role of intrafirm networks", *Academy of Management Journal*, Vol. 4, pp. 464-77.
- Uzzi, B. (1997), "Social structure and competition in interfirm networks: the paradox of embeddedness", *Administrative Science Quarterly*, Vol. 42, pp. 35-67.
- Uzzi, B. and Gillespie, J. (2002), "Knowledge spillover in corporate financing networks: embeddedness and the firm's debt performance", *Strategic Management Journal*, Vol. 23 No. 7, pp. 595-618.
- Yli-Renko, H., Autio, E. and Sapienza, H.J. (2001), "Social capital, knowledge acquisitions and knowledge exploitation in young technology-based firms", *Strategic Management Journal*, Vol. 22 Nos 6/7, pp. 587-613.
- Young, N. (1998), "The structure and substance of African American entrepreneurial networks: some preliminary findings", in Reynolds, P.D., Bygrave, W.D., Carter, N.M., Manigart, S., Mason, C.M., Meyer, G.D. and Shaver, K.G. (Eds), *Frontiers of Entrepreneurship Research*, Babson College, Wellesley, MA, pp. 118-31.
- Yousuf, S. (2008), "Intermediating knowledge exchange between universities and business", *Research Policy*, Vol. 37 No. 8, pp. 116-1174.
- Youtie, J. and Shapira, P. (2008), "Building an innovation hub: a case study of the transformation of university roles in regional technological and economic development", *Research Policy*, Vol. 37 No. 8, pp. 118-1204.
- Zhang, J. and Hamilton, E. (2010), "Entrepreneurship education for owner-managers: the process of trust building for an effective learning community", *Journal of Small Business and Entrepreneurship*, Vol. 23 No. 3.

Further reading

- Mazany, P., Francis, S. and Sumich, P. (1997), "Evaluating the effectiveness of an outdoor workshop for team building in an MBA programme", *Team Performance Management*, Vol. 3, pp. 97-115.
- Revens, R. (1998), *The ABC of Action Learning*, Lemos & Crane, London.

Corresponding author

Ian Gordon can be contacted at: i.gordon@lancaster.ac.uk

This article was downloaded by: [Lancaster University Library]

On: 07 January 2014, At: 06:57

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Entrepreneurship & Regional Development: An International Journal

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/tepn20>

A study of a university-led entrepreneurship education programme for small business owner/managers

Ian Gordon ^a, Eleanor Hamilton ^a & Sarah Jack ^a

^a Institute for Entrepreneurship and Enterprise Development, Lancaster University Management School, Lancaster University, Lancaster, LA1 4YX, UK

Published online: 08 Jul 2011.

To cite this article: Ian Gordon, Eleanor Hamilton & Sarah Jack (2012) A study of a university-led entrepreneurship education programme for small business owner/managers, *Entrepreneurship & Regional Development: An International Journal*, 24:9-10, 767-805, DOI: [10.1080/08985626.2011.566377](https://doi.org/10.1080/08985626.2011.566377)

To link to this article: <http://dx.doi.org/10.1080/08985626.2011.566377>

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden. Terms &

Conditions of access and use can be found at <http://www.tandfonline.com/page/terms-and-conditions>

A study of a university-led entrepreneurship education programme for small business owner/managers

Ian Gordon, Eleanor Hamilton and Sarah Jack*

*Institute for Entrepreneurship and Enterprise Development, Lancaster University
Management School, Lancaster University, Lancaster, LA1 4YX, UK*

The small- and medium-sized enterprise (SME) sector is crucial to regional and national economies [Thorpe, R., J. Cope, M. Ram, and M. Pedler. 2009. Leadership development in small-and medium-sized enterprises: The case for action learning. *Action Learning: Research and Practice* 6, no. 3: 201–8; Jones, O., A. Macpherson, and R. Thorpe. 2010. Learning in owner-managed small firms: Mediating artefacts and strategic space. *Entrepreneurship and Regional Development* 22, no. 7/8: 649–73]. In recognition of this, Higher Education Institutions (HEIs) have been supported through government policy to provide training programmes for SMEs aimed at developing a higher level of skills that will support growth [Lambert Review of Business-University Collaboration. 2003. Final Report, KM Treasury, London. <http://www.hm-treasury.gov.uk>; HM Treasury. 2006. *The Leitch Review of Skills: Prosperity for all in the global economy – World class skills*. London: HM Treasury; DIUS (Department for Business Innovation Universities and Skills). 2007. *Implementing 'The race to the top': Lord Sainsbury's review of government's science and innovation policies*. TSO; DIUS (Department for Business Innovation Universities and Skills). 2008. Higher education at work: High skills, high value. http://www.bis.gov.uk/assets/biscore/corporate/migratedD/ec_group/HLSS4_08 (accessed February 7, 2011); Zhang, J., and E. Hamilton. 2010. Entrepreneurship education for owner-managers: The process of trust building for an effective learning community. *Journal of Small Business and Entrepreneurship* 23, no. 3: 249–70]. This study considers the relationship between entrepreneurship education and SME owner/managers by examining a programme delivered by a HEI for growth-oriented small business owner/managers. It addresses the questions: *What factors do participants believe enhance the effectiveness of HEI and SME engagement? And what impact, if any, do participants perceive such engagement has upon them as an individual operating within an SME and their business operations?* Qualitative techniques are used to explore the situations of five SME owner/managers at three points during a 5-year period. Findings show that entrepreneurship education delivered a range of benefits to SMEs and the region. Through engaging, owner/managers interacted with others. This extension of their network supported business growth and development. This study demonstrates that enterprise education can deliver positive benefits to SME owner/managers and the wider region in which they are located.

Keywords: entrepreneurship education; HEI/SME engagement; network

*Corresponding author. Email: s.l.jack@lancaster.ac.uk

1. Introduction

In this paper, we explore the relationship between entrepreneurship education and its impact on the small- and medium-sized enterprise (SME) owner/manager. More specifically, we examine a programme delivered by a Higher Education Institution (HEI) for growth-oriented small business owners and its impact on the individual and the business operations. This interaction between higher education and small businesses was funded by government, driven by European, national and regional policies (CEC 2006; DIUS 2008; NWDA 2009). This HEI/SME engagement has been the subject of a number of previous studies which demonstrate a positive economic impact on the economy of the North West of England (Ferris 2003; Cox and Taylor 2006; Wren and Jones 2006; Flores-Romero, Robertson, and Sanyal 2008). In these studies, regional impact was measured in terms of increased sales, number of employees and other measures of economic output. In contrast, in this study, the focus is on how the participants of the LEAD programme articulate the impact of engaging with a HEI on themselves as owner managers and the way they operate the business.

In undertaking this research what emerged was the added benefit of high levels of trust existing between non-competing owner/managers, the evolution of strong networks that endured beyond the programme and the learning that took place in these networks. The findings from the research contribute to entrepreneurial learning theory and enterprise education. They also show that engaging impacted on the individual and influenced the way the business was managed and operated. The entrepreneurial learning literature has emphasized that SME owner/managers learn from their experience and the nature and extent of that learning depends critically on the essential role of reflection (Cope 2003; Gordon and Jack 2010; Kempster and Cope 2010). This understanding of the importance of provoking reflection on experience was embedded in a programme of entrepreneurship education for small business owners designed by a HEI. It took the form of an integrated learning model designed to provide a series of experiential learning activities and to trigger reflection that would lead to learning. The integrated learning model was enshrined in the LEAD programme, a 10-month part-time course for SME owner/managers. Participants articulated that different elements of the programme prompted them to reflect and change their world-view and their everyday practices.

We present the findings from a study which considered the experiences of five entrepreneurs at three points during a 5-year period. These small business owners participated in a development programme (LEAD) from 2004. The programme concentrated on two areas; the business itself and the personal development of the owner/manager, providing a framework to increase profitability, diversify and grow the business. Qualitative techniques were used to explore the situations of our participants and record their experiences. For the purpose of this study, we concern ourselves with addressing the overarching questions: *What factors do participants believe enhance the effectiveness of HEI and SME engagement? And what impact, if any, do participants perceive such engagement has upon them as an individual operating within an SME and their business operations?*

We argue that our research is building on our understanding about the impact entrepreneurship education can have on small business owner/managers, business performance, operations and subsequently regional development. We show that the HEI specific processes of LEAD, based on experiential learning and reflection,

accelerate the build up of trust. Further, we show that the creation of a HEI-generated network of entrepreneurial owner/managers, funded by regional government, creates social capital within the network and there are indicators that the social capital and the networks created have endured years after the engagement with the HEI has finished and that these have impacted on the individual and business operations.

This paper is organised in the following way. First, a review of the literature relating to HEI–SME engagement, the relevance this has for economic impact and the role of entrepreneurial learning in informing SME engagement is provided. Following this, a discussion about the methodology used to operationalize the research questions is provided along with background material about the participants involved in this study. Thereafter, the findings from this study are discussed. Finally, conclusions, recommendations and some direction for future scholarly inquiry are provided.

2. The impact of HEI/SME engagement

The SME sector is crucial to regional and national economies of most developed countries (Thorpe et al. 2009; Jones, Macpherson, and Thorpe 2010). Since SMEs are often seen as ‘tiny acorns from which large oak trees can grow’ (Thorpe et al. 2009, 201), the view of government throughout the developed world is that this sector should be supported and encouraged. In order to achieve this, a number of government schemes and policies have been introduced in the UK to encourage interaction and engagement between HEIs and SMEs (Johnston, Hamilton, and Zhang 2008).

2.1. The drivers for HEI/SME engagement

Ideally, HEI/SME engagement is seen as a two-way relationship, the notion being that while HEIs are encouraged to interact and engage with the small business community, SMEs are enticed to play a ‘demand-led role’ and to collaborate in research and teaching opportunities (Johnston, Hamilton, and Zhang 2008). Ultimately, the underlying assumption is that both parties need to collaborate and create a dialogue to stay competitive (Yusuf 2008). This is primarily for three reasons. First, the rise in the importance of the knowledge economy means that by forging links between universities and business, knowledge will be exchanged, and so nations will become more competitive (Yusuf 2008). The ability to learn through acquiring and applying new knowledge is important for enhancing organizational performance especially within the SME sector (Jones, Macpherson, and Thorpe 2010). Second is the realization that the funding situations for education are becoming difficult and so alternative sources have to be found if universities are to survive (Yusuf 2008). Third, through such links the HEI is perceived to be able to play a critical role in revitalising and regenerating regions through facilitating economic growth and stimulating and sustaining SME development (Johnston, Hamilton, and Zhang 2008). This being the case, it is probably not too surprising that there has been an increasing amount of research looking at the role of HEIs in shaping economic enterprise and development (Cox and Taylor 2006; Gunasekara

2006; Coenen 2007; Woollard, Zhang, and Jones 2007; Johnston, Hamilton, and Zhang 2008).

2.2. *The regional impact*

There is a suite of recent studies of the regional economic impact of entrepreneurship education developed and delivered by HEIs (Johnston, Hamilton, and Zhang 2008; Johnston, Robinson, and Lockett 2010). Noteworthy amongst these is a body of work addressing the work of Lancaster University and more specifically its LEAD programme. During the period 2004–2006, LEAD delivered a 10-month development programme to 67 micro-business owner/managers. Zhang and Hamilton (2009) illustrate that the programme included seven elements: (1) 2-day overnight experiential events when participants got to know one another; (2) master classes covering specific skills such as finance and marketing; (3) action learning where six participants met six times over the course for a full day, and the group members adopted a questioning approach in order to help the issue holder get a deeper understanding of his or her issue and reach a conclusion; (4) coaching and mentoring by experienced and trained professionals; (5) consultancy projects applicable to each participant, mainly on marketing, competitor analysis, business planning or growth; (6) shadowing and business exchanges where a pair of participants visited each other's business for 2 or 3 days observing and giving feedback to their pair on his or her leadership (shadowing), and working in their partner's business for a week to run a mini-consulting project (business exchange) and (7) an electronic discussion space (www.theleadforum.co.uk) to support communication and peer-to-peer interaction between everyone involved in LEAD.

Some 8 years into a period of sustained engagement with regional SMEs, Wren and Jones (2006) conducted an evaluation of the impact of Lancaster's LEAD¹ Programme. The *ex-post* evaluation carried out by Wren and Jones (2006) employed a questionnaire, receiving 42 responses from the 67 companies involved in LEAD. They reported that the LEAD programme positively impacted on firms by encouraging owners to develop a more strategic approach and improve the general management of the business. More specifically, they found that median and modal annual sales increases due to LEAD were in the range £100,000–250,000, compared with average annual sales turnover for the firms of around £1 million. Even taking the pessimistic view that LEAD had no effect on non-respondent firms, the mean annual sales increase due to LEAD was £130,000 a year across all 65 firms. Wren and Jones (2006) concluded that LEAD had substantial effects on business operations and outcomes, and that the LEAD programme was successful in achieving its objective of promoting business development and growth.

Going beyond the single-project level, the consulting firm Arthur D. Little undertook an appraisal of the impacts likely from an investment in a new building at Lancaster University Management School (LUMS). Based upon interviews with small business clients of the university, they concluded that investment of £4.5 million in the building would produce a strongly positive economic impact in the North West of England (Ferris 2003). The report recommended that the investor, the North West Regional Development Agency, should produce a good practice report on the business support activities of the LUMS. In response to the endorsement that came in the Arthur D. Little report, Lancaster staff published a case study on the

impact of LUMS on regional economic development (Cox and Taylor 2006). Examining forward linkage effects that would result from a higher degree of engagement with regional SMEs, they demonstrated the substantial positive impacts that the university sector can have on regional economies. They singled out the effects that university work with businesses can have on increasing SME sales turnover, and thus on regional economic competitiveness.

Finally, at the cross-campus level, Flores-Romero, Robertson, and Sanyal (2008) analysed the impact of eight business engagement teams from a range of faculties and departments at Lancaster University. Their survey received 242 responses from 495 target companies which had been supported over the 2-year period January 2006 to December 2007. They found increases in employment which exceeded regional averages for comparable firms from equivalent sectors (an annualized rate of 9% for assisted enterprises versus a North West range of -2.2% to 0.2%). They also recorded increases in sales turnover, profit and gross value added. Moreover, they recorded that respondents attributed positive contributions to their business growth as resulting from the interventions by the university. They concluded that every £1 of public grants spent on supporting businesses generated an increase of between £2.40 and 4.30 of additional sales.

These studies, all dealing with a single institution over a period of 3 years, give a consistent message that appropriate engagement between a university and regional small businesses can yield tangible business benefits resulting in positive impact on the regional economy. This work has also produced a host of real benefits for the university. In addition to funding and the new posts that come with it, these include more abundant opportunities for student placements and projects with local businesses; enhanced access to companies and entrepreneurs for research purposes; ready availability of practitioners who are willing to contribute in classroom and seminar teaching; an increased salience across campus of the need for, and benefits accruing from, meaningful engagement with the business world; and, perhaps most importantly, a changed perception in the business community at large of the readiness of the university to engage with business.

2.3. SME entrepreneurship education to date

Historically, business and management schools, especially university-based schools, have had an increasing impact on business knowledge, how it is transferred and delivered to students and managers (Gibb 2009). Nevertheless, their delivery of entrepreneurship education has met with criticism, particularly within the realms of entrepreneurship and the wider SME sector (Gibb 2009, 200). Criticism probably stems from the fact that such schools were established to serve the requirements of large organizations, but in the 1990s courses directed more towards the needs and requirements of the SME sector appeared in curriculum (Pittaway and Cope 2007b; Gibb 2009). However, there is a belief that entrepreneurship is best taught outside such schools because of the narrow context they offer compared to the wider context of entrepreneurship (Gibb 2009). Yet, establishing relationships with universities can have substantial rewards for SMEs (Gilbert, McDougall, and Audretsch 2008). Nevertheless, it is often the case that small business owner/managers have to be 'bribed to attend formal programmes of learning' (209); the driver to participate is often the development of the business, the solution to a problem, ability to grasp an

opportunity, benchmark the business or simply curiosity and the need to move away from isolation (Gibb 2009).

HEIs have been providing a growing number of education programmes for SMEs (Zhang and Hamilton 2010). This strategy has been supported by government policy and is viewed as a mechanism for developing higher-level skills and supporting small business growth (Lambert Review of Business-University Collaboration 2003; HM Treasury 2006; DIUS 2007, 2008). However, the link between what universities do and how this impacts on organizational performance is coming under increasing scrutiny, especially in recent times when policymakers quite rightly have to justify how much money is spent and how it is allocated (Thorpe et al. 2009). According to Ram and Trehan (2009), there is also an issue over business support interventions that have been criticized for being top-down, product oriented and not designed to meet the needs of the smaller firm (see also Anderson and Gold 2006; Bennett 2008). Possibly as a consequence of the encouragement they have received from policymakers but also as a response to the criticism such interventions have faced, HEIs involved in small business and owner-manager provision have been shifting away from the more traditional means of education delivery and towards facilitating entrepreneurial learning through more innovative methods (Zhang and Hamilton 2010).

The LEAD programme is delivered through LUMS. It was established with funding from the North West Development Agency (NWDA). From the HEI perspective there was an assumption underpinning the development of the programme that the design should be driven by a theoretical understanding of how small business owners learn. At the time the integrated learning model was being developed for the LEAD programme there was a relative lack of understanding about small businesses and how they learn (Deakins 1996; Rae and Carswell 2000; Harrison and Leitch 2005). However, there was an important emergent literature in the area of entrepreneurial learning which commonly focused on the owner/manager as the unit of analysis (Reuber and Fischer 1993; Gibb 1997; Cope and Watts 2000; Rae and Carswell 2000; Minniti and Bygrave 2001; Cope 2003). This literature aimed to develop an understanding of the learning 'experienced by entrepreneurs during the management of a small enterprise' (Cope 2003, 429).

This emergent entrepreneurial learning literature held the view that small business owners learned from their experience. This understanding suggested that experiential learning theories would be an appropriate basis for designing what Cope (2003) described as entrepreneurial 'learning mechanisms' (430). The individual elements of the LEAD integrated learning model were not innovative or particularly new. The combination of the elements and the ethos of embedding triggers for reflection were, however, unique. This understanding was derived from the emerging entrepreneurial learning literature and its focus on experiential learning theories. Researchers appeared in agreement that small business owners learn through experience. Cope (2001, 2003), drawing on organizational and adult learning theorists, emphasized that learning took place in reflecting on that experience. His work concluded that reflective processes and learning 'are inextricably linked' (443).

The elements of the LEAD programme are designed to present triggers for reflection. The theory suggests that entrepreneurial learning takes place when SMEs reflect on their own practice, and studies to date suggest that this reflection is

triggered in everyday action in running the business (Deakins and Freel 1998; Taylor and Thorpe 2000; Cope 2003). It is further suggested that 'critical incidents' can trigger 'transformative learning' for the SME owner-manager and their business (Cope 2003, 445). The challenge in designing the LEAD programme was to understand how to facilitate this 'transformative' learning in an education programme. The effectiveness of embedding reflective processes was evidenced by two changes made in the early days of the programme in response to feedback from the small business owners. Firstly, there was a request to put on 'learning and reflection' days where participants could take stock at various points in the 10 months of the programme. Secondly, the first cohort was offered mentors, but this was deemed by the participants to be unhelpful. It was often the case that the mentor would offer advice and be directive whereas the participants had learned to rely on the reflective process to find solutions for themselves.

Subsequent literature has reinforced the importance of experiential learning for SME learning (Cope 2005a; Corbett 2005; Politis 2005; Anderson and Gold 2006; Pittaway and Cope 2007a). Some authors also note the importance of a social dimension to learning (Taylor and Thorpe 2000; Cope 2005a; Hamilton 2005; Pittaway and Cope 2007a; Hamilton 2011). This is supported by studies of the LEAD programme suggesting that learning from each other, 'peer learning', is taking place (Zhang and Hamilton 2009, 2010).

HEIs can provide a theoretical understanding of how to support enterprise education for different groups. In their work, Pittaway and Cope (2007a) studied an undergraduate entrepreneurship module and found that experiential learning was important. These findings were fed directly into their teaching and the tools and methods they used to work with students. Rae (2005) based a programme for 'mid-career' entrepreneurship on an 'opportunity centred approach' (556). He used his entrepreneurial learning model to provoke the participants to reflect on the programme rather than an underpinning of the process. Nevertheless, his design was theory led. Evidence suggests that enterprise education based on the foundations of on-going research in the field of entrepreneurship appears to deliver positive economic benefits to SMEs and the region.

It is against this background that this research is set. More explicitly, we deal with the questions: *What factors do participants believe enhance the effectiveness of HEI and SME engagement? And what impact, if any, do participants perceive such engagement has upon them as an individual operating within an SME and their business operations?*

3. Method

According to Leitch, Hill, and Harrison (2010), 'social research requires that the questions asked and the designs employed are shaped by the researcher's underlying ontological and epistemological assumptions' (69). Since our research questions were grounded in our respondents own understandings and personal experiences (Leitch, Hill, and Harrison 2010), an interpretivist position was adopted for the study. Leitch, Hill, and Harrison (2010) point out that 'interpretivism is based on a life-world ontology which argues that all observation is theory-and value-laden and that investigation of the social world is not, and cannot be, the pursuit of detached objective truth' (69). Having determined that an interpretivist position was best

suited, it seemed appropriate to draw on qualitative techniques to explore the areas we were concerned with. Qualitative techniques were used to explore the situations of five SME owner/managers who participated in the Lancaster University LEAD programme from 2004. As part of the learning process, participants were encouraged to interact, engage with and support each other throughout this programme. Participants for this study were originally interviewed at the beginning and in the middle of the programme (2004/2005) and follow-up interviews were carried out by the lead author (himself a practising entrepreneur)² in February/March 2009.

Delivery of the programme utilizes an integrated learning model that is based on experiential and observational learning manifested in action learning, one-to-one coaching, business shadowing and exchanges and inspirational and business master classes. In dealing with our research questions, an objective was to consider what impact, if any, LEAD had on these delegates 5 years after they had completed the programme and importantly whether or not it had impacted on their learning experiences and business activity. We felt 5 years was an appropriate period of time to see if participants were still able to articulate on-going impacts of the programme.

3.1. Approach

Qualitative techniques were deemed appropriate for this study because we were dealing with soft and complex issues involving elements of process over time (Oinas 1999; Curran and Blackburn 2001). Such issues are difficult to quantify (Hammersley 1992). Rather than looking to measure the situations of our respondents using statistical techniques, we were looking to develop in-depth understanding (Oinas 1999). Leitch, McMullan, and Harrison (2009) point out, most work that has looked at programmes of this nature within the smaller business context has been quantitative in nature using a pre-developed, behaviourally based leadership assessment tool (Bryman 2004; Hunter, Bedell-Avers, and Mumford 2007). While such an approach offers some benefits, it also comes with a range of limitations such as tracking and tracing processes, changes and implications and may hinder understanding (Denzin and Lincoln 2005; Shah and Corley 2006). Thus, approaching our study using qualitative techniques was felt to not only offer the opportunity to deepen understanding, but also to broaden our knowledge about entrepreneurship education, how this might impact on the small business owner/manager, his/her activities and over time.

To consider the experiences of our individual respondents, data relating to their situations, learning activities and experiences of engaging were gathered. A framework for data collection and analysis was developed from the literature review. This approach provided in-depth and detailed information. The themes used for all stages of the study were learning, leadership, engaging and impact. Initial interviews (67) took place pre-start LEAD from October 2004 and follow-up interviews took place in April 2005.³ The final stages of data collection took place in February/March 2009 involving five respondents, with an informal follow-up in August 2010. The final stage in 2009 to generate data and understand the areas under investigation from the perspective of respondents involved observation in each of the five businesses and semi-structured interviews were carried out with the

owner/manager of these five businesses. These are regarded as the main methods for data collection with a qualitative approach (Hoepfl 1997). Interviews and observation were also supported by a detailed review and analysis of materials and transcripts generated from the owner/managers 5 years previously while they were on the LEAD programme. Notes relating to the observations and semi-structured interviews were recorded in a diary as a way of placing respondents in context. In-depth interviews were recorded and transcribed. This provided the opportunity to understand, through their reflection, how this programme had impacted on them as individuals and the businesses in which they were immersed. During the 2009 data collection period, 3 days were spent considering each business. This involved the observation period, informal conversations with the SME manager/owner and staff, semi-structured interviews which took place at the business of each respondent and reviewing of other material such as previous interview transcripts. This was all designed to try and provide an informed understanding of the situations and experiences of each respondent.

Recording the interviews enabled the researcher to capture all the discussion that took place. It also allowed him to focus on the interview, the direction of the conversation and what respondents were actually saying, so he was more aware of when and how to probe deeper (Easterby-Smith, Thorpe, and Lowe 1991; Hoepfl 1997). This approach helped ensure that the information received reflected the respondents' perceptions. Interviews have been described as one of the most common and powerful ways to understand people (Fontana and Frey 1994). To ensure focus was maintained and research time was used appropriately, an interview guide was used based on the themes learning, leadership, engaging and impact. These themes were then explored in the interviews. Preparing the themes in advance was a way of maintaining the focus of the research and helped to ensure that specific areas were covered with each respondent. However, there were no pre-determined responses and the intention of the interviewer was to probe for further information where required, explore and delve deeper into the specific areas where and when necessary. This approach is consistent with that suggested by Hoepfl (1997). It is also consistent with the approach suggested by Thompson, Locander, and Pollio (1989, 138) and Cope (2005b). Observing respondents provided the opportunity to see them at work, watch their interactions, expressions and the situations they might encounter. It also provided a better understanding of the world respondents lived in and the context in which they operated (Patton 1990; Hoepfl 1997). To ensure situations were not distorted in any way, outside of the interview the researcher's interaction with participants was limited. Instead, he watched and noted what was taking place. Only when clarification or expansion about a particular point seemed necessary did the researcher engage more actively. This approach again follows that suggested by Hoepfl (1997).

The content and form of the emerging data determined the direction and length of the interviews. Questions and areas of investigation were not addressed in any specific order but were instead governed by the actual situation (Gummesson 2000). Throughout, data collection probes were used (Easterby-Smith, Thorpe, and Lowe 1991, 80). This helped ensure that the interviewer was not being led in any way and helped to confirm that the details received from respondents reflected the situations and experiences they had encountered (Jack 2005).

3.2. Respondents

The sampling method was purposeful, whereby respondents were deliberately selected with a specific purpose in mind (Punch 2005, 187). Given our research questions, the nature of the study and the flexibility it offers, purposeful sampling seemed to be an appropriate approach to use for identifying respondents (Hoepfl 1997). This purposeful sample was selected on the basis that we thought the particular individuals selected would provide interesting examples and that we could learn about their experiences and the impact of those experiences on the business. However, one of the criticisms this sampling method has faced is that it can cause distortion through insufficient breadth (Patton 1990). So, in choosing our respondents we looked to ensure that we achieved a balance in terms of research participants and looked for breadth in terms of type of respondent, and his/her engagement experience. To achieve this, we returned to the original interviews gathered in the initial stage of LEAD and the second round of interviews and purposefully looked for indicators of experience (both negative and positive). We also looked to select a balance of owner/managers from the 67 participants on the LEAD programme during this time to interview based on sector, structure of business, turnover and number of employees. The decision regarding the number of respondents to interview was based on our research goals and the depth and breadth of material and information we were able to generate to achieve these and that allowed us to deal with our research questions in depth. The five respondents selected seemed to allow us to achieve this. Moreover, while all respondents were involved in a business and had followed the LEAD programme, they were drawn from a diverse set of backgrounds, businesses and activities. To ensure results were not distorted and unnecessarily favourable towards the University, we purposefully looked for respondents who were not currently engaged in entrepreneurship programmes with that University. Moreover, the individual who carried out this stage of the research is an entrepreneur-in-residence (EIR) and not a direct employee of the University. We felt this was important as it would ensure that respondents felt able to be as open and frank as possible. The result was two manufacturing companies and three service companies. These five respondents also offered a spread of limited companies, family businesses, sole traders and engagement views. The turnover of the five chosen businesses varies across the range of turnover reported for the whole cohort (£150,000–2.7 m).

Details about individual respondents are provided in Table 1. This table also provides an indication of reasons for joining the LEAD programme.

3.3. Analysis

The process of data analysis also followed a similar approach to that used in previous work that has considered entrepreneurial learning (Ram and Trehan 2009). Data analysis used the key research themes but was supplemented by categories that were identified as being appropriate and which emerged during the process. This meant reading and re-reading interview material, revisiting notes and material generated through the data collection process, summarising and categorizing. So, the process was iterative rather than linear (Ram and Trehan 2009). This meant that an inductive approach to data analysis could be used. Eisenhardt (1989) suggests starting data analysis by first sifting through all the data, discarding whatever is

Table 1. Respondents.

Entrepreneur	Business activity	Established year	Turnover at start	No. of staff	Lead cohort	Turnover 2008	Reason articulated for joining LEAD
Rose	Insolvency practitioners	1992	250,000	7	2004/05	500,000	Avoid getting bogged down in routine matters and grow the business
Laura	Estate agents	2000	300,000	12	2004/05	1,125,000	I felt I was missing 'focus' in my personal development
Robert	Sports fertilizer sales	1998	650,000	10	2005/06	1,100,000	We have a good company; it should be a great company. I need help to make the next big step with my business
Amanda	Outside TV production	1997	2,700,000	29	2005/06	4,500,000	I often feel alone and I'm worried that lack of leadership skills could be a constraint of the business
Duncan	Accountancy	1996	600,000	13	2005/06	1,100,000	To help my team, my clients and myself to achieve our true potential

irrelevant and then bringing together the elements that seem most important. In essence, this took the form of looking at the data and asking ourselves, 'what is going on here?' This involved the constant comparative method (Glaser and Strauss 1967; Alvesson and Sköldbörg 2000; Silverman 2000) and an iterative reviewing of the data with emerging categories and concepts. This has become an accepted approach and one reported in previous work (Human and Provan 1996; Hill, McGowan, and Drummond 1999; Jack 2005, 2010; Jack et al. 2010; Leitch, Hill, and Harrison 2010).

Wolcott (1990) argued that the key with qualitative work is not to accumulate all the data you can, but instead to really identify and reveal the essences with enough context that allows the reader to understand those situations individuals are immersed in. The research process used here generated large amounts of data. Once collected, it had to be sorted before it could be analysed. Interviews were taped and transcribed, discussions, field notes and observations were collected, written up, merged, synthesized and then organized around the themes which seemed to fit with our interests. This provided a way of sorting and arranging the rich raw data into useful and explanatory categories.

Data were then examined and explored for detail relating to our research interests. To achieve this patterns of activities were compared and contrasted to determine categories. Thus, incidents and experiences, observations and responses were continually compared with others within emerging categories. Approaching the data in this way enabled us to build confidence in the way the data were being interpreted.

Using this, constant comparative element of a grounded approach has been used in previous work (see e.g. Jack 2005; Anderson, Park, and Jack 2007; Jack, Drakopoulou Dodd, and Anderson 2008; Jack et al. 2010; Discua Cruz 2011). Moreover, it provided a way to 'undertake empirical research which is informed by prior theoretical understanding, but which is not so determined or constrained by this understanding that the potential for making novel insights is foregone' (Finch 2002, 57). Thus, the constant comparative approach used consisted of stages. First, data were explored for any patterns or themes. Second, themes were refined into descriptive categories. These processes were inductive. Third, the descriptive categories were synthesized into analytical categories which helped explain the process and provided insight around our research questions. This approach also follows that offered by Bogdan and Biklen (1982) who describe qualitative analysis as 'working with data, organising it, breaking it into manageable units, synthesising it, searching for patterns, discovering what is important and what is to be learned and deciding what you will tell others' (145). It is also consistent with the process used in other entrepreneurial settings and as described by Jack et al. (2010). Placing the raw data into logical, meaningful categories and then examining these categories in a more 'holistic fashion', also allowed us to deal with some of the challenges faced when analysing qualitative data (Hoepfl 1997, 55).

3.4. *Methodological issues*

This study set out to deal with the questions: *What factors do participants believe enhance the effectiveness of HEI and SME engagement? And what impact, if any, do participants perceive such engagement has upon them as an individual operating within*

an SME and their business operations? To achieve this, the first part of this paper provided us with a preliminary theoretical framework about the role of HEIs, their regional impact through the learning experiences of owner-managers and was used to inform our understanding.

We are all engaged with the HEI concerned in some way, so we wanted to ensure we were not looking at things through 'rose tinted glasses', and therefore only finding what we wanted to find. We were aware that more positive elements relating to the engagement experience were coming through in the data. So, we purposefully revisited each round of the data again and again to seek out more negative aspects. We then returned again informally to our final five respondents in August 2010 and invited them to comment. Therefore, to deal with these issues, we did purposefully look for contradictory indicators and examples but found few. This provides us with some confidence that our findings and interpretation of the situations reflect the actual experience through this programme and the impact that took place.

As 'EIR', the role of the interviewer himself is interesting because not only does he have an appreciation of the world of the HEI and research, he also comes from and still lives the world of entrepreneurship and business (George, Gordon, and Hamilton 2010). Moreover, given his professional and personal experiences he was theoretically sensitized as a researcher with the skills, ability and awareness required for carrying out qualitative research (Glaser and Strauss 1967; Strauss and Corbin 1990). This did seem to impact on the interviews and the level and depth of information generated, respondents seeming open and willing to engage but also frank, honest and extensive in their responses. Being new to research, the EIR spoke to a number of academic colleagues and was influenced by the work of Thompson, Locander, and Pollio (1989) and Cope (2005b) and their work on phenomenological interview methods. Being an SME owner/manager, the EIR has over 25 years of varied experience and brought world views on the life of an owner/manager to the research. In establishing contact with the participants, setting up the interviews, and carrying out the observations and semi-structured interviews he was able to quickly establish a rapport with the owners in a way that was empathetic to their day-to-day lives. The respondents were able to see him as part of their world and as a result were more open than they might otherwise have been. Some respondents felt this was a useful 'go-between' positioned between the fast changing world of the SME and the more stable world of the HEI. He was able to intuitively respond to observed behaviour and was keenly aware of the ethical framework. Thus, the respondents were told of the study's purpose, agreement was requested to tape the interviews and they were assured of anonymity. The objective was to obtain a first-person description. The EIR was also in a position where he could remain neutral and non-judgemental and report things in an unbiased and balanced way (Hoepfl 1997).

The techniques used provided sufficient depth of data to analyse the experiences of respondents. Quotes from the data are used to provide valuable supplements, add voice to the text, help categorize the data and allow the readers to judge and understand the situations themselves (Wolcott 1990; Hoepfl 1997; Leitch, Hill, and Harrison 2010). Practices, backgrounds and situations are also linked to respondents, inductively and demonstrate veracity in the story told (Steyart and Bouwen 1997). What we have looked to do is make sense of the experiences of respondents and attempt to reconstruct their view of their world (Wiseman 1979). The inherent limitations of this approach are recognized. The small number of respondents used

and the methodology employed inhibit generalizability (Larson 1992; Chandler and Hanks 1994). However, the research design provides insight, detail and description (Geertz 1973). Due to the nature of the findings and the conclusions that we have arrived at, we are confident that elements of these could be transferable to other instances of HEI/SME engagement, both within the UK and further afield. Moreover, we also feel that some of our conclusions may be key to supporting entrepreneurship education programmes and thus economic development.

4. Findings

This section presents a discussion of the data and findings from the study. It is organized around the core themes. First, the impact and the outcomes of engaging with entrepreneurship education (LEAD) are presented and what this means in terms of leadership. Then, the experience of engaging, the role of trust and the evolving network are considered. Finally, the influence of reflection and experiential learning are illustrated. Due to the quality and richness of the data and to help illustrate how views and perceptions changed over time, we have presented the data in table format. Where applicable, more illustrative examples have been drawn on and presented in the discussion around these themes.

4.1. *The impact and outcomes of engagement*

In Section 2, a discussion was presented which demonstrated the relevance and impact of HEI/SME engagement and its impact on the regional economy. Here, we illustrate how respondents articulated the impact they felt the programme had on them and their perceptions of the outcomes of engaging. When looking at the data (Table 2) what becomes clear is that respondents seemed to feel that engaging had quite a dramatic impact on them as an individual and that this in turn had influenced the way in which they looked to operate and manage the business. This was evident not only during the time they had participated in LEAD but also in the 5-year period thereafter. Robert, for example, emphasized that one of his greatest changes was how he ran his business. In 2004, he said, 'I do a massive number of hours, you can't expect people who you are paying to do the hours you do'. Five years later he said, 'When I'm not needed in the office now, I go home'. Rose commented that 'To the outside observer my company probably looks the same but anybody who spent a day in it five years ago would not recognise it in terms of atmosphere and attitude now'.

From the data presented in Table 2, it is clear on joining the LEAD programme some respondents (Amanda, Duncan and Laura) saw themselves as managers and were looking to the programme to help them address management aspects related to the business. On the other hand, others (Robert and Rose) were initially talking about leadership and the need to become better leaders. The way respondents perceived their reasons for joining the programme is interesting. Not only do the data demonstrate an individual development aspect, it is also clear that all respondents saw the programme as a mechanism to take a more strategic view of the business.

Specific themes emerging from the data included increased confidence, learning to delegate and changing the way the business ran. Confidence was a key theme during the programme. Amanda commented, 'One of the biggest things that I have

Table 2. The impact of engaging on the owner/manager and the business.

	Pre-start of LEAD (from October 2004)	Middle of LEAD (April 2005)	Five years later (February 2009)
Rose	<p>The business had a very formal leadership style which isn't where I sit happily. I think in the past the leadership has been quite dictatorial. Within my organisation the roles are very clearly defined and generally people don't have the opportunity to work with others. The team doesn't see themselves as a team. I think it is always very difficult when you don't, when you can actually fulfil 90% of your role without interaction with other people and we are not an open plan office so people shut their doors and get on with it</p>	<p>I am more confident in my leadership ability and I communicate better. I have also learnt that I have tended to want to communicate but have worried too much about other people's views on whether I should or not rather than just going with my instincts. So I am learning to trust those instincts a bit more really rather than worry about what the others think</p>	<p>The long term impact of LEAD has been significant. To the outside observer my company probably looks the same but anybody who spent a day in it five years ago would not recognise it in terms of atmosphere and attitude now. There is much more delegation and training and a lot more coaching techniques used. It's also become a less formal environment and more relaxed. Pre LEAD I saw my role as providing answers, now I see my role as giving people the tools to find their own answers</p> <p>Recognising the same problems in other people and then thinking well actually that's the same problem I've got so if they can deal with it like that, stop seeing different experiences but people having, no matter what the business, similar problems. It stopped some of that presumption that I think a lot of small business owners have is that I'm the only one in this situation. It's the same the world over, it's just small business owners</p> <p>The first thing that comes to mind is the fact that there is empowerment in understanding that others are like-minded and share in similar</p>
Amanda	<p>One of the concerns is that I am too involved with management and not leadership and I think that I can see more and more the divisions between</p>	<p>One of the biggest things that I have got from LEAD is a lot more confidence. None of this has been a blinding flashing light, the difference is that my</p>	

(continued)

Table 2. Continued.

Pre-start of LEAD (from October 2004)	Middle of LEAD (April 2005)	Five years later (February 2009)
<p>the two. I think management is where you actually tell people what you want them to do and leadership is where you help them make the right choices; I think leaders need to be intelligent and I think that society classes intelligence as having some form of qualifications, but I don't – I think being a leader is something you are more born with than taught how to be</p>	<p>perception of myself has gone from being in his shadow [the main shareholder] whereas I feel now that I stand completely autonomously and that I believe I am the best person in the business to run the business</p>	<p>experiences/pressures. There is a degree of isolation in being 'the Leader' but when you realise that others share in these feelings it gives you a confidence in who you are and what you have to say, even if it doesn't conform to the norm. Knowing that others on LEAD had doubts allowed me to accept my own. I often still refer to things I learnt at LEAD and there's more of a mental 'its ok to think/feel this because X said the same or X wouldn't put up with that'; My behaviour is definitely different in recent years as a result of LEAD. I often felt like I had to conform to the image I upheld of myself at work. Now I'm me. I say what I think in any situation, professional or personal. I can't be perfect stereo-typically, I can't be everything to everyone, but I do get it right a lot of the time and bring things to the table that others don't see. Staff do take the mickey about things I do or say but I know they always turn to me for help and direction so I have their respect, as well as feeling more comfortable allowing myself to be just that</p>

Duncan	<p>I'm going on LEAD because I want to see whether there is anything that I do from a management point of view and a business development point of view that needs to be changed. I'm going on it in the hope that I will come across completely new ideas to ways I had not dealt with before</p>	<p>The reason I came on LEAD was because I wanted to develop further than I have and I expected that when I came on it there would be new ideas, new approaches, new techniques, that I would then be able to apply to my business and also to apply to clients businesses with any problems. Some of the master classes fit into that category</p>	<p>LEAD has given me a completely different view on how I deal with clients and also staff and the various issues that they bring with them. Previously I would have been sorely tempted to dive in sort the problem out (without having any idea about any external factors) and thinking that the client or member of staff appreciated that being done. Sometimes they did and sometimes they DEFINITELY didn't; In quite a few cases had I actually taken more time to look and listen I would definitely have done things in a more LEAD orientated way. I now use my own life experiences (including Tales from LEAD) to try and give people a framework to work on and identify the possible steps that they could take to deal with the problem or decision that they need to deal with; So having gone from a purely financial role I now find myself as a new age accountant who actually tries to coach people in to finding the best paths for themselves, and their families in a number of cases, who tries to help people make sense of what is happening around them particularly at times like this and also helping them see that change is a benefit not a curse</p>
Robert	<p>I think the characteristics of leadership are massive. I think ability is</p>	<p>I still work longer hours than anybody else. I can't see that changing. One of</p>	<p>Probably the biggest difference between then and now is that when I'm not</p>

(continued)

Table 2. Continued.

	Pre-start of LEAD (from October 2004)	Middle of LEAD (April 2005)	Five years later (February 2009)
	important. I think consistency is a very important thing. I don't think you can act one way one day and another way another day. It is far too easy for me to expect everybody to be able to do what I can do. Bluntly if they could all do what I can do they would do it for themselves and they wouldn't work for me. Also the hours – I think when it's your own business you do whatever hours – I mean I do a massive number of hours. You can't expect people who you are paying to do the hours you do even if they are committed to the target you are setting	my complaints is why nobody else works the hours I do, but I keep being told it is because it is not their business. I still don't see that as a reason. I am joking with you to an extent. I am actually planning next year that I will be even more actively involved. I certainly want to be on the road more. I want to try and use my strengths more and focus on what I do better	needed in the office I now go home. Whereas before I felt that because it was my business I had to nail myself to the desk and I wasn't leaving until the last person left and I was the first person to arrive in the morning. I don't feel that need now. I think I'm more confident in myself because of that; The single biggest benefit I think that LEAD offers any of the people who go on it is it doesn't tell you what to think but it makes you think
Laura	I am hoping this course will give me the skills to help manage my partner because that is one of the hardest things. I found it hard convincing him what skills I have got underneath and I still struggle with that to be fair and I quite often don't get the response that I need from him when I am asking him business questions	The course has made me realise I'm just like everyone else, we all have the same issues	I suppose the difference is now that I feel as though I have never looked better, I've never felt better, I've got so much more confidence and there's so many new situations coming my way that I'm really quite excited about life. I actually believe if I hadn't gone on LEAD I'd have either had a heart attack and not be here or I'd be very much looking like one my auntsies at the age of 65

got from LEAD was a lot more confidence'. Some respondents (Amanda, Laura, Robert and Rose) displayed characteristics underpinning their feeling of loneliness and the need to be seen to be in control and as a result delegation does not feature to any great extent in the initial transcripts. What came out of the data, but which was not specifically thought of in the design of the course, was the extent to which the HEI generated network helped address the issue of loneliness. Amanda commented 5 years after the programme, 'There is a degree of isolation being the leader but when you realise that others [on LEAD] share in these feelings it gives you a confidence in who you are'. Rose made the point that her business has a very formal leadership style and that, 'the leadership has been quite dictatorial'. However, 5 years after completing LEAD she noted that, 'there is much more delegation and training. It's less formal and more relaxed'. Prior to starting LEAD Robert did not believe that his staff could do what he could do so delegation never featured in his thoughts about leadership, 'the characteristics of leadership are massive. I think ability is important'. In his view, he was the only person who could 'do' all the tasks necessary for the business, 'it is far too easy for me to expect everybody to be able to do what I can do'. Five years later, he recognized this style of behaviour as inadequate and commented, 'I felt that I had to nail myself to the desk and I wasn't leaving until the last person left. I don't feel that need now. I'm more confident in myself because of that'.

On joining a group of other SME owner/managers, respondents quickly realized that they all shared common problems. They all, to some extent, discussed the feelings of isolation and loneliness in running their businesses. The LEAD programme helped them to realize that their issues were an inevitable part of their context, not necessarily a symptom of their own failings. This helped them to grow confidence in their own abilities. Illustrating this 5 years later, Amanda said, in relation to working with other like-minded LEAD participants, 'it gives you a confidence in who you are and what you have to say'.

The increased confidence and better delegation demonstrated by all the participants resulted in them doing things differently in their businesses. Duncan said, 'LEAD has given me a completely different view on how I deal with people. I try to help people make sense of what is happening around them and help them to see change as a benefit not a curse'. Rose saw her role as, 'giving people the tools to find their own answers' and has embedded the reflective processes in her management practice. Amanda referred to her behaviour saying, 'my behaviour is definitely different in recent years as a result of LEAD. I had to conform to the image I upheld of myself at work. Now I'm me. I say what I think in any situation, professional or personal'.

The data presented here and in Table 2 clearly show that the engaging experience had impacted not only on respondents, at the individual level, but also on the way they operated within the business and performed their role.

From the beginning of the research, it was clear with all respondents that this programme had an impact on the owner/manager, especially over time. However, in addition, respondents felt that the culture of their organizations changed as a result of engaging. This was articulated as an outcome from the confidence in their abilities LEAD had provided. The increased confidence and skills of the owner/manager freed up the working relationships within each company so that employees were more confident about the communication processes and became more proactive.

Respondents felt that these benefits to the business were only achieved through joining LEAD. Robert, for instance, mentioned how he 'included other management far more in decisions and discussed things with them far more'. Reflecting on this later he said, 'I changed the business a lot because of LEAD'. This programme not only changed the way these individuals perceived their role but also how they actually managed their businesses. The process of engaging with the programme was felt to have had a positive impact. Respondents also appreciated time away from the business not only to improve the work/life balance but also recognized that time away gave them the opportunity to reflect on what was happening in their company. The different elements of the programme triggered reflection which prompted changes at a strategic level.

4.2. Experiences of engaging: Trust and an evolving network

While the responses presented in Section 4.1 demonstrate a positive side to impact and outcomes of engaging, we felt it was important to delve deeper into this experience. Our reasoning was that we wanted to try to generate a better understanding of how and why respondents felt the way they did. We felt this would not only help develop our understanding but also our appreciation of what respondents did actually gain. One thing that became clear was that all respondents felt they had limited access to people they could talk to about the issues that concerned them. Interestingly, there is little evidence among respondents of trust in and with their staff. Rose for example commented, 'if my manager has got her door shut she knows that she will walk out and find people chatting'. Amanda's comment reflects a similar situation, 'if you are incompetent then people think they can get away with things with you'. Yet, data demonstrate that the programme appears to create openness and trust amongst its participants (Table 3).

However, interviews during LEAD and after LEAD show the dramatic nature of the change participants have experienced. The same people who did not really trust their staff are now confidently expressing their involvement of staff as a good thing. Amanda said, 'I see myself far more as a leader than a manager. Part of that is the trust in my LEAD friends that has allowed me to trust my staff better'.

Trust was also evident in other ways. Take Rose, for instance. She made the point that 'the building of trust by realising that other people are dealing with similar issues is very helpful and useful'. In the final transcripts she said, 'to have that trust where you've got people who are going through the same pressures and the same experiences is invaluable'. All of the participants felt that they had to be immersed in the LEAD process and that it took time to build up trust. Trust appeared to play a big part in the way individuals were prepared to engage with the HEI and with each other. Some respondents were initially concerned about being able to participate. For instance, on starting the programme, Laura commented, 'I didn't know if I was going to be able to compete with them'. Laura gave some insight into how the process of trust developed, 'the length of the programme [10 months] meant you built up good relationships, had I just gone on a short programme for two weeks I don't think I would have got the same sort of benefit'. Interestingly, it was the relationships that individuals became immersed in that enabled this trust to develop.

Table 3. The experiences of engaging and the role of trust.

	Pre-start of LEAD (from October 2004)	Middle of LEAD (April 2005)	Five years later (February 2009)
Rose	If my manager has got her door shut she knows that she will walk out and find people chatting and it is fine within reason but you know they actually have to be at a level where they are doing the work because it needs to be done not because the boss is going to walk in any minute	The building of trust by realising that other people are dealing with similar issues is very helpful and useful. I have lots of friends but very few who are in business and it is completely different owning a business as opposed to being employed in one. So for me this is probably the only opportunity I really have to be completely open with people who understand exactly because they are in the same boat	I think to have that trust where you've got people who are going through the same pressures and the same experiences is invaluable. There are very few opportunities to do that because most people you come into contact with in business are with customers or suppliers, neither of whom you ever want to admit you've got a problem to
Amanda	If you are incompetent then people think they can get away with things with you. It is just human nature for people to try out certain things for an easy life. The problem that we have is the team underneath us aren't strong enough yet and we need to get more people in place but we are not making money at the moment so I have to run myself ragged and it is all a bit of a vicious circle at times	One of the things that I am worrying about in the back of my mind is when it all finishes because at the moment I have got people around me on LEAD who have similar problems. I have got people to talk to that I trust and I have got friendly, calm faces around. I'm going to be a bit sad when it ends	It was never that I didn't trust the people I work with but for some silly reason I kept them all in departments depending on what their job was. On LEAD certain people in the first few days appeared to be quite stand-offish and they have actually been some to the people that I became closest to. I do see myself far more as a leader, before I saw myself as a manager. Part of that is the trust in my LEAD friends that has allowed me to trust my staff better
Robert	We have got a good business and we should have a great business. We have a number of difficulties. I am very bad at identifying people who would be good for the business – very bad at it.	My style of leadership is something I have looked at, I don't think I have changed it fundamentally. I think I have tweaked it in a number of areas because of LEAD. One of my staff	I changed the business a lot because of LEAD. I think the atmosphere in the company is better, the staff are happier, everybody like being here more. I sent Jill, who is in charge of

(continued)

Table 3. Continued.

	Pre-start of LEAD (from October 2004)	Middle of LEAD (April 2005)	Five years later (February 2009)
	<p>I have appointed half a dozen salesmen that haven't worked for us and they have cost me £20–25,000 each to find out that they are not going to work. Now partly that might be that I am getting wrong in directing them which is partly why I wanted to find out more about leadership</p>	<p>described it as a benevolent dictatorship which I think is a fair description and I do tend to be very positive on how I like things done. I have included other management far more in decisions and discussed things with them far more. I have actually had a sales meeting that I didn't attend and I got the sales force to run their own sales meeting</p>	<p>administration, on LEAD. She is more confident, she understands more where the business is going and that's without me talking to her and I think that's come from the university</p>
Duncan	<p>I don't think there's many situations that you will come across where you would be able to sit down in an open environment and generally discuss which direction you are going in</p>	<p>The normal sort of relationship I tend to get with people in business is the accountant/client interface that stops the kind of reactions I have got when I have dealt with people in LEAD. LEAD is more peer based. There is not the barrier there anymore. That is why I have been able to learn basically so much from everybody on the course because it has given me an insight into how people view</p>	<p>I'm sure if I met any of the connections in LEAD they'd still be as strong as they were. But I've deliberately not pursued the LEAD connections form a client point of view. There was somebody in our cohort who was thinking of changing accountants and asked me to give him a price. So I gave him a price and he said well actually no I've decided to use somebody else because you just seem to be</p>

- accountants and what they actually need and what they want and what I can do for them
- Because we did all disclose some personal information, we built up real trust. And I know that if I've got a personal issue that I don't want to discuss with my husband, I just ring one of them and say how do I tackle this?
- When I first went I was very very nervous about starting the LEAD programme. I am a graduate myself but that was twenty years ago. My biggest fear had to do essays and do exams. So I felt quite nervous because I wasn't sure what these other business owners were going to be like, and I didn't know if I was going to be able to compete with them
- having that many problems in your practice that I didn't think it was worth it. I thought, this is not really what it's all about
- I think the fact it was the length of the programme meant that you did build up friendships and good relationships with people along the way. Had I just gone on a short programme for two weeks I don't think I would have got the same sort of benefit. I benefitted from the friendships that I formed with people. Most of them were very similar to me in our outlook and what we were experiencing so that was good, created my own support network. I've actually got stronger links now with some of the members from cohorts two, three and four because there is nobody from cohort one that has kept contact with anyone. It just seemed to dissolve. However, I do know that if I picked up the phone to any of them then I could have a nice lengthy chat and you know things would be great
-

In the very initial stages of LEAD, participants are required to attend a 2-day event with an overnight stay doing a variety of experiential team building exercises. For most, this is the first time they have experienced such an event. It is also rare for them to take 2 days out of running their business. This experience sets the scene for the next 10 months and participants refer back to these 2 days throughout the programme. This experiential learning might help in the development of trust because of the type of team-building situations the group is placed in. Although not an academic programme, participants are very much made to feel part of the university; they sit in lecture theatres, the language is biased towards academia and programme content being delivered, although practical in nature, is always anchored in theory. In addition, delegates recognize the structure of the university as being an established reputable place of study (Zhang and Hamilton 2010). While respondents had a view of a university, they perceived its relevance in different ways. Laura thought the university was important, Rose and Robert did not think trust would have been created without the university and Amanda felt the university simply channelled the activities in a professional way to bring out the learning. While the views of respondents are articulated differently, what all respondents do demonstrate is the relevance of the HEI to their experiences of engaging and it being a mechanism for bringing people together.

What did strike us as particularly interesting was the extent to which respondents talked about the evolving networks they became immersed in as a consequence of LEAD and the benefits that accrued through the ties they developed. All participants had some involvement with a network prior to starting LEAD. All of them viewed their networks as an external resource and not part of their organization. Attitudes varied depending on how happy or otherwise individuals were about participating in these. Rose, in talking about her network experiences, expresses herself saying, 'I would literally be standing outside the door with sweaty palms and it would take a lot of will power not to just walk away'. Whereas Robert confidently attended a network prior to joining LEAD and was honest saying these pre-LEAD networks were all about selling, 'I go and sell to people there... I wasn't looking to learn anything from them'. It is clear from the comments presented in Table 4 that time involved with LEAD has built up participants' networking abilities with startlingly different views 4 or 5 years after LEAD. Amanda sums up the change with her frank admission, 'I've got a LEAD friend and he tells me things he wouldn't even tell his wife'.

Comments suggest that what the LEAD programme has done is provide a mechanism for the emergence of a network of individuals and that through this network those who were part of it supported the others. This seems to reflect the importance of networks and that through networks social capital is created which supports the SME owner/manager (Portes 1998; Chell and Baines 2000; Anderson and Jack 2002; Hoang and Antoncic 2003; Anderson, Park, and Jack 2007). As the findings here show, this emerged through a process of developing trust, interaction, associability, sociability and interdependency. This reflects the findings of Anderson, Park, and Jack (2007) who considered social capital within the entrepreneurial context. However, what is striking here is that it was the LEAD programme that provided the mechanism for the creation of a network and the building of social capital.

Table 4. The role of HEI and experiential learning.

	Middle of LEAD (April 2005)	Five years later (February 2009)
Rose	I think for me the one of the problems I have found is that the master classes are wonderful because you get lots of ideas but sometimes the chance to reflect and really consider and maybe implement things – there isn't enough time... I think maybe a realisation that there is more than one way of looking at things	I think it was probably the whole thing, I think each strand brought its own particular piece to the jigsaw, or maybe side to the piece to the jigsaw... [LEAD] sort of triggers things off and even though you think oh this is going to be a nice jolly time it doesn't apply to my business inevitably its starts, things come through and you're into oh yes mmm. But without the coaching and the action learning the opportunity to develop those thoughts wouldn't happen in the same way I think because I think you're right taking time out of the business per se is invaluable and it should almost be compulsory that every business owner does that I think because it's the time away from the desk that gives you that opportunity to focus on things... I'm a great fan of action learning because I've done more action learning since that first lot. And I think from the very basic level of the opportunity to improve your questioning skills and your coaching skills effectively[] And being able to work through a problem gives you a great learning opportunity
Duncan	And [LEAD] is making me reappraise what I do and why I do what I do... And unusual though they are, I've seen quite a few different thought processes from the different members on LEAD	And LEAD was very useful for my point of view because it gave me a number of different tools [] as an alternative way of dealing with things... But [LEAD] is definitely something that without a doubt makes a difference. And it made a difference from my point of view. After LEAD my six year old son was diagnosed with Lymphoblastic Leukaemia. His treatment lasts over three years and in year one I probably spent three months in the office, if that, and years two and three were not much better. Because of LEAD I was able to deal with the impact of the diagnosis on my personal life, the master class on emotional capital made incredible sense to me

(continued)

Table 4. Continued.

	Middle of LEAD (April 2005)	Five years later (February 2009)
Laura	The master class speakers have given me real insights into their minds, experiences to relate back to life. It's also a good insight to meet other business managers and to see what the university is doing, what training opportunities there are – I've driven past it may thousands of times and not really thought about what goes on	and stopped me holding on to things that simply did not matter or fit any more. . . . Our turnover and profitability has remained fairly constant. This is despite me contributing about one thousand hours less in each year at £200 per hour. Without LEAD I am certain that I would have been forced to sell the business. With LEAD I had the business and mental tools to deal with a very challenging situation and get through it that opportunity to meet different people or to have different learning experiences. . . . Well the key thing that LEAD changed, all things mental, physical. . . . The master classes made a massive difference because the content, I always picked something out from the content that was relevant to me at the time and I think I've said before the Chris Moon one particularly where he said whatever life throws at you don't be the victim. And that was a major light bulb moment for me
Amanda	I thought it would be more about the business and I was quite shocked how much it was about me. I can see that to some extent that I am the business and the way I behave. . . . So I sit there and it's like loads of light bulbs coming on. . . . It is all just led it has all been a build up to where I am now and the reflective time without actually realising it is all adding in. . . . I had a problem with a member of staff the other day and I took her off site and just spent a bit of time with her a couple of hours in the evening and normally I would try and solve her problems and motivate her and I wasn't and I realised what I was doing was asking her to find her own answers	What LEAD is unaware of and again just in the spirit of being honest and open, which I don't know whether I put, it's all about the applications that I learnt some fantastic things at LEAD but then you can only, you only learn from it if you apply it to yourself don't you. . . . I don't believe that LEAD failed me in any way, because if I'd had the same model I think that I would be working in the business, not on the business. . . . I mean conversations I've had with the life coaches are fascinating you know that set snowballs going because I started to think about my behaviour

(continued)

Table 4. Continued.

	Middle of LEAD (April 2005)	Five years later (February 2009)
Robert	The university was not my first thought in getting any help or advice for my business. It was a surprise to me that the LEAD programme existed at all. I think partly it's the environment. It doesn't feel like part of the outside world, when you are in LEAD. The action learning sets the agreement that everything is confidential and stays in the room and that it's followed out into the master classes and everything else	I don't think LEAD would have worked outside of the university. It provided stimulus's that promoted discussion. So I think the course is important. I don't think you could have just dumped a group of people together, and I was surprised at who I learnt from

4.3. Reflection and experiential learning

A further aspect that did come through from the data relates to reflection and how the process associated with this supported learning. Rose, for instance, talks about being given the 'chance to reflect'. Robert articulates the 'single biggest benefit that LEAD offers' is that 'it doesn't tell you what to think, but it makes you think'. Interestingly, the metaphor of light bulbs occurs more than once. Amanda talks about 'light bulbs coming on', while Laura refers to a 'major light bulb moment'. In other instances respondents articulated this reflection more clearly. Rose comments that LEAD 'sort of triggers things off' and that 'being able to work through a problem gives you a great learning opportunity'. Amanda says that 'the reflective time without actually realising it, is all adding in'. It appears that engagement in the process of the programme provides reflection and triggers learning.

Learning through reflection was linked to each of the elements of the programme but many commented on it being the combination that was important, for example, Rose said 'I think it was probably the whole thing, I think each strand brought its own particular piece to the jigsaw'. Laura talks about the opportunity 'to have different learning experiences'. Amanda said she thought the programme would be all about the business, but the emphasis on personal reflection made her feel that it was about her, and her practice as an owner/manager in the business 'I was quite shocked how much it was about me'. Five years later, she still said that the programme had meant 'I started to think about my behaviour'. Duncan commented that LEAD 'is making me reappraise what I do, and why I do what I do'. It seems that the integrated learning model impacts on the individuals themselves and the way they operate the business.

The respondents identified that the different interactions and processes in the integrated learning model trigger reflection which in turn they articulate as learning. What we found here supports the work of Cope (2001, 2003, 2005a) and the understanding of how SME owner/managers can reflect on their experience

Table 5. Experiences of engaging producing a network benefit.

	Pre-start of LEAD (from October 2004)	Middle of LEAD (April 2005)	Five years later (February 2009)
Rose	The idea of walking into a room full of strangers and I would literally be standing outside the door with sweaty palms and it would probably take a lot of will power not to just walk away and pretend haven't got there at all	I like the fact that it is a group of people who are like-minded but with very different experiences in business. For me the only time I talk to other business people is when I am talking to my competitors which means you don't ever talk about things honestly. So to have the networking side of LEAD is something I like	Being able to work through a problem gives you a great learning opportunity. I think the level of support for everybody was tremendous and I think one of the great things was there was always somebody you could talk to about something
Robert	I attend a forum put together of creative industries but if I'm being honest I go and sell to people there . . . I wasn't looking to learn anything from them. I am the owner of my business and nobody knows the business better than myself	In my particular industry networking hasn't been a big feature but it has been very helpful to meet other people on LEAD with similar businesses. One of the important things about the whole LEAD programme has been having confidence in the other people in the group. The confidence that you could talk about your problems and know they weren't going to be talked about outside the group or anything	The benefit of LEAD was meeting other people on the course and talking to them and realising that they had the same problems. I got as much from listening to other people on the course as from a lecture. That gave me confidence as I thought I can't be the only one who has cash flow problems and the like. Martin and I did the business exchange, I got a lot from Martin, and I still do. He and I are still in regular contact. We meet up three, four, five times a year on various things. We meet and we talk and we discuss problems and I find that very very useful
Amanda	There are things like the Federation of Small Businesses and so on which I	I do believe you learn from people I think no matter who they are. If you	I've got a LEAD friend and he tells me things he wouldn't even tell his wife

and I tell him things that most people might be shocked at and I'm okay with that

come into contact with them in your network you should try to take something from it

am a member of. But people don't get to know each other. You meet once a month or once a quarter and it's a fleeting visit. So, whilst you do talk to a lot of people and know what they are doing, there are very few people you can just talk openly to about your business

I have used what I have learnt at LEAD in my advice to clients and I have recommended a substantial number of clients to take part in the programme. Life changing? Probably but not how I expected it to be

One of the things we try to do is get a client group together of five or ten clients to comment on what we did, what we should be doing and how we should be doing it, but also they would interact between the different businesses as well

I think networking is important, I know a lot of the others on LEAD have enjoyed keeping their links, It's how long it lasts. I'm quite impressed that a lot of groups have stayed together. But I suppose there's only a certain amount of master classes you can listen to without coming away with the same message. And perhaps because LEAD is quite generalist that maybe after LEAD there should be a series of specific workshops, you know looking at exit strategies or how to handle the recession or where you can borrow money

I really like the group rapport, we are similar people with similar approaches to life and sense of humour. This has made me realise I'm just like everyone else, we all have the same issues

I really like the group rapport, we are similar people with similar approaches to life and sense of humour. This has made me realise I'm just like everyone else, we all have the same issues

Really in my line of work, accountancy, it's mostly about accountant/client relationships and as that is confidential it doesn't go outside of that link

When I started our business I had nobody to ask – that is the problem. I just had nobody to ask, nobody to bounce ideas with – so I end up stewing on it and stressing because of it – I hate stress. So I am hoping that on LEAD you meet other people in similar situations who have been there and I can talk to them about it and I need a clearer path how to manage it

Duncan

Laura

and behaviours and trigger entrepreneurial learning. The impact of the programme appears to be linked to the ability of respondents to reflect on themselves as an owner-manager, their behaviour and the way they operate the business (Table 5).

The data collected 5 years after the completion of LEAD suggests that participants had fundamentally changed the way they ran their businesses, dealt with their staff and customers (see Table 2) and that this was an outcome of the LEAD programme. There are ways in which respondents articulate taking those reflective practices back into the business, for example drawing on action learning principles to deal with staff problems. The owner-managers said that they had moved from assuming that they should solve problems to supporting others. As Amanda says when talking about a member of staff, 'normally I would try and solve her problems and motivate her and I wasn't and I realised what I was doing was asking her to find her own answers'.

5. Interpretation and analysis

5.1. *Enhancing engagement*

Learning is crucially linked to reflection and to the notion of different levels of learning (Cope 2003, 432). Higher levels of learning are associated with intense reflection and can lead to 'transformative' learning (Cope 2003, 444). These higher levels of learning are described as having 'the capacity to create entirely new assumptions and strategies for effective action' (Cope 2003, 432). Duncan's comment about the programme 'making me re-appraise what I do' indicates a fundamental re-assessment of practice in the business that was achieved through the process of reflection. Rose's observation that her company was unrecognizable 5 years on from LEAD suggests this particular engagement programme not only impacts on the individual but has the capacity to change business practices and the way a business operates in the long term.

The findings confirm, empirically, the role of reflection in the entrepreneurial learning process. The widely endorsed view that entrepreneurial learning is based on experience and action oriented (Young and Sexton 1997; Deakins and Freel 1998; Cope and Watts 2000; Minniti and Bygrave 2001) is linked to calls for a deeper understanding of how owner-managers of SMEs learn from experience (Reuber and Fischer 1993; Harrison and Leitch 2005). Subsequently, researchers have drawn on learning theorists to develop helpful explanatory conceptual frameworks. For example, Corbett (2005) drew heavily on Kolb's (1984) experiential learning theory to develop a model of opportunity creation. More broadly, Cope and Watts (2000) and Cope (2001, 2003, 2005a) rely on a whole range of theorists from individual, organizational and adult learning literatures.

The findings presented demonstrate an extension of the way in which entrepreneurial learning might take place. Firstly, they suggest that entrepreneurial learning does not have to depend upon discontinuous, significant 'learning events' occurring in the day-to-day running of the business as argued by many theorists (Young and Sexton 1997; Deakins and Freel 1998; Rae and Carswell 2000; Taylor and Thorpe 2000; Minniti and Bygrave 2001; Cope 2003, 2005a). It appears that entrepreneurial learning can be facilitated through the design of an education programme that provokes reflection which can lead to 'transformative' learning. Secondly, the

learning is not only based on the experience of the owner/managers themselves but indirectly through reflecting on the experience of others. This supports Sullivan (2000) whose study reported facilitating entrepreneurial learning from critical incidents supported by the use of entrepreneurs as mentors.

This is a form of what might be called 'second-order experiential learning' as opposed to experiential learning based on firsthand experience. This is articulated in two ways by respondents. Firstly, in relation to insights from the Master Classes, reflecting on the experience of others could bring what Laura termed a 'major light bulb moment'. Secondly, the peer-to-peer learning that has been identified in relation to the programme (Zhang and Hamilton 2009, 2010) relies essentially on the ability for the participants to learn through reflecting on the experience of others. This insight suggests a path to extending existing experiential entrepreneurial learning theory to include an examination of the process of learning through the experience of others.

There are instances where although overall the benefits of LEAD are positive our knowledge of the programme and the data presented makes us aware of more negative elements. First, if the businesses were competitors, there was evidence to suggest negative trust. Laura, for example, talked of how another participant stole a business idea she was in the process of developing. Duncan talks of an instance where 'There was somebody in our cohort who was thinking of changing accountants and asked me to give him a price. So I gave him a price and he said well actually no I've decided to use somebody else because you just seem to be having that many problems in your practice that I didn't think it was worth it'. Second, the programme has been a work in progress and mistakes were made in early iterations. In response to feedback, initial events became induction days where participants got to know each other well rather than a launch day which was attended by government agents, academics and participants. Third, in some instances it was not the owner/manager who attended but instead a senior manager. However, if that senior manager did not have the power to implement the changes prompted by the programme they became frustrated.

5.2. *The impact of engagement*

The findings also show that through the LEAD programme the HEI instigated the creation of a new network. While the HEI's role might be described as that of broker (Aldrich 1989), it was noticeably important. The HEI was able through its LEAD programme to create a supportive and comfortable environment. This was assisted through the use of social events and the building of trust. However, it is evident that this relies on a social process and can only be developed over time and once knowledge about other members of the group was gained through social interaction and understanding.

The evolving network alleviated the feelings of loneliness and helped build confidence because respondents felt comfortable and at ease with each other and developed trust. However, trust was a key aspect of building relationships with others and this aspect of trust comes through clearly in our data and the data of others who have looked at similar issues (Zhang and Hamilton 2010). Trust has been described as a 'coin of social exchange' (Anderson, Park, and Jack 2007, 244) and it is social trust that is seen to facilitate co-ordination and co-operation between

individuals (Putnam 1995). Perhaps the greatest benefit of the LEAD programme is the way the creation of a new network that is high in trust provides peer-to-peer role models that inspires leadership development within its participants. To a great extent, all the interviewees displayed this. Others have demonstrated that with whom entrepreneurs have ties has implications for the ways in which the business is operated, managed and functions (Greve and Salaff 2003; Jack 2005; Elfring and Hulsink 2007). This is supported by the findings of the study reported here.

The LEAD programme is funded by the local development agency (NWDA). Neergaard and Ulhøi (2006) found that government agency may destroy existing cooperative arrangements. Others (see e.g. Jack et al. 2010; Zhang and Hamilton 2010) have concerns about network intervention and instigation within the small business context. However, what the findings from the study show is that the HEI provided the mechanism which facilitated the network process. By bringing people together in the way it did the LEAD programme established through the HEI might even be described as a catalyst for creating change.

Change came about through the development of social trust. This in turn led to the development of social capital which helped to support the owner/managers and their activities. Social capital has been said to represent an investment of social resources with expected returns and that those expected returns can apply directly or indirectly now or possibly in the future (Anderson, Park, and Jack 2007). Certainly our data seem to resonate with the notion of social capital and the evidence from our findings is that networks of social capital are being created. The benefit for respondents permeates all transcripts. The idea of social capital implies that individuals should look to develop associations and build bonds that are applicable to their businesses and activities (Anderson, Park, and Jack 2007). This is what seems to have been the case here. Moreover, the argument made in the literature is that the generation of social capital is good for owner/managers whose world otherwise can be a lonely place (Fafchamps and Minten 1999; Liao and Welsch 2005). The evolving network respondents became a part of through LEAD, quickly established social capital (Burt 1992) and this social capital was robust enough to exist over time and well beyond the life of the LEAD programme.

Through the LEAD programme contacts were converted into socio-economic bonds through the development of trust. This conversion process took place as understanding about each others was gained, as knowledge about the other was increased and as participants gained experience of each other and learned how to trust the others but only over time. In many ways, the socio-economic bonds generated through the LEAD programme helped determine the future shape and form of the businesses. By demonstrating the positive role that the HEI had on this process through engaging owner/managers in an entrepreneurship education programme, the study reported here therefore also extends recent work which considers evolutionary perspectives on networks and co-operation in and between organizations (Hite 2005; Neergaard and Ulhøi 2006).

6. Implications and conclusions

The purpose of this study was to consider the questions: *What factors do participants believe enhance the effectiveness of HEI and SME engagement? And what impact, if*

any, do participants perceive such engagement has upon them as an individual operating within an SME and their company operations? In addressing our questions, this study presented a number of interesting findings that contribute to knowledge and understanding about entrepreneurship education for SMEs. This study also has implications for researchers and those involved in the design and delivery of SME engagement programmes at/with HEIs.

This study demonstrates some useful lessons for enhancing the effectiveness of HEI/SME engagement. First, reflecting on both the individual's experience and that of others increases the capacity to learn. In turn, this process enhances knowledge and understanding. Thus, this study supports the argument that entrepreneurs learn as and when they need knowledge and that they have a preferred style of experiential learning (Deakins and Freel 1998; Cope 2003). It extends our understanding of the link between entrepreneurial learning and reflection and how these processes might be facilitated by the design of SME engagement. The creation of trust and sociability are key aspects for the long-term success of the experience of engaging. However, this must be coupled with content that is rich in reflection opportunities. It is, therefore, important that HEIs recognize what creates these aspects as they may well be context specific. Second, through Regional Development Agency funding, HEIs are able to instigate networks that are effective in supporting programme participants. Such networks are high in trust and clearly support learning through peer-to-peer activities. These networks can continue beyond the life of a programme. This supports the work of Jack et al. (2010) who found that networks evolve over time into something which suits and supports the needs of its members. Linked to this, and similar to Pittaway et al. (2004), this study shows that building informality and a social element into the design of a HEI/SME programme is important because it provides owner/managers with the opportunity to develop relationships, build trust and social capital in a way that expands their ability to learn. Third, this study shows that for the SME owner/manager engaging can provide the opportunity to bring about change. Such change can have a positive impact on the development of the SME and the individual business owner/manager. Owner/managers immersed in a supportive environment are able to share experiences and seek support and advice. Engaging with the HEI sector and this type of programme can therefore aid the business development process.

This study highlights areas for future research. First, it highlights the need for more work that considers the role and impact of relevant agencies in business engagement. While previous work has questioned whether or not agencies, especially those established and supported by Governments, do actually have a role to play (Neergaard and Ulhøi 2006; Jack et al. 2010; Zhang and Hamilton 2010), the study reported here demonstrates a successful engagement story which would not have happened without the Regional Development Agency. It has been argued that the HEI/SME interface can be difficult and fraught for many reasons (Johnston, Hamilton, and Zhang 2008). Through our study, we have contributed to this debate and demonstrated a positive outcome from this relationship and how this was brought about. Nevertheless, we recognize this as only one example. Therefore, it would be useful if this study was replicated. Second, this study demonstrates the role and impact of network relationships. However, it does overlook the intermediaries involved such as the Regional Development Agency and their role in supporting the engagement process. Within the context of innovation, Howells (2006) notes that

more research which considers intermediaries, the types of functions or roles they offer, how these have evolved over time but especially the nature of network relationships they are immersed in is needed. We would like to see more work on these aspects to strengthen our appreciation of the role they might play in influencing the development of such networks. Third, this study shows that engaging with a HEI can have long-term implications for SMEs and their owner/managers. We do feel that longitudinal work designed to consider the themes explored here and/or similar issues would be useful in further enhancing our knowledge and understanding about the pros and cons of such engagement and its wider regional impact.

Finally in addressing our research questions, we realize there are limitations to our study in that it focused on one programme, delivered by one institution, in a single region with a small number of respondents. However, we wanted to consider the situations of participants in-depth. We feel the research questions posed and the approach used allowed us to achieve this. It also allowed us to seek out negative as well as positive aspects. However, as reported few negative aspects were found. It might be that this is due to the construction of the research questions and that this might have limited the need to articulate the negative aspects. We do feel that this is an area for further research. We appreciate the need to consider performance, measure turnover and GVA. However, others have looked at these aspects (Cox and Taylor 2006; Wren and Jones 2006). Rather than deal with harsh financial indicators and the tools used to explore these, we purposefully chose to address the softer side of HEI/SME engagement. In doing so, we have demonstrated, using an interpretivist position and applying qualitative techniques to explore the situations of participants, the consequences HEI/SME engagement can have on the owner/manager, the workforce and the wider region. Through evolving networks and the relationships participants became embedded in, a shared perspective emerged. This became a mechanism for changing the business and its operations.

Acknowledgements

We thank the editors and reviewers for their help and support throughout the review process. We also acknowledge the contribution of Dr Jason Cope to this study. Jason encouraged us to put forward a paper for this issue, but more broadly his pioneering work in understanding entrepreneurial learning underpinned the design of the LEAD programme and was essential to its development.

Notes

1. LEAD was funded by the NWDA, and the programme is currently being rolled out across the North West of England via a network of 12 delivery partners. This roll out will see the total number of LEAD alumni exceed 1500 by 2013. In addition, LEAD Wales is to be launched by Swansea University, and will see over 600 SME owners from that country benefit from the programme by 2015. Lancaster University is assisting these new providers to develop and deliver their programmes, and the impact of LEAD is now evident on a significant scale.
2. ESRC Business Placement Fellow entitled 'Entrepreneur-in-Residence' RES-186-27-0003.
3. Growth-oriented businesses are selected to join the LEAD programme on a range of qualitative and quantitative criteria. These include number of employees but also growth aspirations of the individual owner/manager who has to be the main decision maker (Peters 2011).

References

- Aldrich, H. 1989. Networking among women entrepreneurs. In *Women-owned businesses*, eds. O. Hagan, C. Rivchun, and D. Sexton, 103–32. New York: Praeger.
- Alvesson, M., and K. Sköldbörg. 2000. *Reflexive methodology: New vistas for qualitative research*. London: Sage.
- Anderson, A., and S. Jack. 2002. The articulation of entrepreneurial social capital: Content and process. *Entrepreneurship and Regional Development* 14, no. 3: 193–210.
- Anderson, A., J. Park, and S. Jack. 2007. Entrepreneurial social capital: Conceptualising social capital in new high-tech firms. *International Small Business Journal* 25, no. 3: 243–67.
- Anderson, J., and J. Gold. 2006. It's all action, it's all learning: Action learning in SMEs. *Journal of European Industrial Training* 30, no. 6: 441–5.
- Bennett, R. 2008. SME policy support in Britain since the 1990s: What have we learnt? *Environment and Planning C: Government and Policy* 26, no. 2: 375–97.
- Bogdan, R.C., and S.K. Biklen. 1982. *Qualitative research for education: An introduction to theory and methods*. Boston: Allyn and Bacon.
- Bryman, A. 2004. Qualitative research on leadership: A critical but appreciative review. *Leadership Quarterly* 15: 729–69.
- Burt, R. 1992. *Structural holes*. Cambridge, MA: Harvard University Press.
- CEC (Commission of the European Communities). 2006. Delivering on the modernisation agenda for universities: Education, research and innovation, COM (06) 208, final.
- Chandler, G.N., and S.H. Hanks. 1994. Market attractiveness, resource-based capabilities, venture strategies and venture performance. *Journal of Business Venturing* 9, no. 4: 331–47.
- Chell, E., and S. Baines. 2000. Networking, entrepreneurship and microbusiness behaviour. *Entrepreneurship and Regional Development* 12, no. 3: 195–215.
- Coenen, L. 2007. The role of universities in the regional innovation systems of the North East of England and Scania, Sweden: Providing missing links? *Environment and Planning C: Government and Policy* 25: 803–21.
- Cope, J. 2001. The entrepreneurial experience: Towards a dynamic learning perspective of entrepreneurship. PhD thesis, Lancaster University, UK.
- Cope, J. 2003. Entrepreneurial learning and critical reflection: Discontinuous events as triggers for “higher-level” learning. *Management Learning* 34, no. 4: 429–50.
- Cope, J. 2005a. Towards a dynamic learning perspective of entrepreneurship. *Entrepreneurship: Theory and Practice* 29, no. 4: 373–97.
- Cope, J. 2005b. Researching entrepreneurship through phenomenological inquiry: Philosophical and methodological issues. *International Small Business Journal* 23: 163–89.
- Cope, J., and G. Watts. 2000. Learning by doing: An exploration of experience, critical incidents and reflection in entrepreneurial learning. *International Journal of Entrepreneurial Behaviour and Research* 6, no. 3: 104–24.
- Corbett, A.C. 2005. Experiential learning within the process of opportunity identification and exploitation. *Entrepreneurship: Theory and Practice* 29, no. 4: 473–91.
- Cox, S.J., and J. Taylor. 2006. The impact of a business school on regional economic development: A case study. *Local Economy* 21, no. 2: 117–35.
- Curran, J., and R.A. Blackburn. 2001. *Researching the small enterprise*. London: Sage.
- Deakins, D. 1996. *Entrepreneurship and small firms*. Maidenhead: McGraw-Hill.
- Deakins, D., and M. Freel. 1998. Entrepreneurial learning and the growth process in SMEs. *The Learning Organisation* 5, no. 3: 144–55.
- Denzin, N., and Y. Lincoln. 2005. *The Sage handbook of qualitative research*. 3rd ed. Newbury Park, CA: Sage.

- Discua Cruz, A. 2011. Collective perspectives in portfolio entrepreneurship: A study of family business groups in Honduras. *EDAMBA Journal* 8, forthcoming.
- DIUS (Department for Business Innovation Universities and Skills). 2007. *Implementing 'The race to the top': Lord Sainsbury's review of government's science and innovation policies*. TSO.
- DIUS (Department for Business Innovation Universities and Skills). 2008. Higher education at work: High skills, high value. http://www.bis.gov.uk/assets/biscore/corporate/migratedD/ec_group/HLSS4_08 (accessed February 7, 2011).
- Easterby-Smith, M., R. Thorpe, and A. Lowe. 1991. *Management research: An introduction*. London: Sage.
- Eisenhardt, K. 1989. Building theories from case study research. *Academy of Management Review* 14, no. 4: 532–50.
- Elfring, T., and W. Hulsink. 2007. Networking by entrepreneurs: Patterns of tie formation in emerging organizations. *Organization Studies* 21, no. 4: 1849–72.
- Fafchamps, M., and B. Minten. 1999. Relationships and traders in Madagascar. *Journal of Development Studies* 35, no. 6: 1–35.
- Ferris, L. 2003. *Expansion of the Lancaster University Management School and the Lancaster Leadership Centre: An appraisal of the impacts*. Unpublished final report to the North West Development Agency by Arthur D. Little Ltd., Cambridge, England.
- Finch, J. 2002. The role of grounded theory in developing economic theory. *Journal of Economic Methodology* 9, no. 2: 213–34.
- Flores-Romero, M., A.W. Robertson, and S. Sanyal. 2008. *Evaluation of the impact of Lancaster University's Enterprise Support Programmes on enterprises in the North West of England which received support over the period 2006–2007*. Unpublished report. <http://www.lums.lancs.ac.uk/files/14589.pdf> (accessed August 24, 2010)
- Fontana, A., and J.H. Frey. 1994. Interviewing - The art of science. In *Handbook of qualitative research*, eds. N.K. Denzin and Y.S. Lincoln, 361–76. Thousand Oaks: Sage.
- Geertz, C.A. 1973. *The interpretation of culture*. New York: Basic Books.
- George, M., I. Gordon, and E. Hamilton. 2010. Case study: What is (the point of) an entrepreneur in residence? A description of the Lancaster University experience, plus some worldwide comparisons. *Industry and Higher Education* 24, no. 6: 495–503.
- Gibb, A.A. 1997. Small firms' training and competitiveness: Building upon the small business as a learning organisation. *International Small Business Journal* 15, no. 3: 13–29.
- Gibb, A.A. 2009. Meeting the development needs of owner managed small enterprise: A discussion of the centrality of action learning. *Action Learning: Research and Practice* 6, no. 3: 209–27.
- Gilbert, B., P. McDougall, and D. Audretsch. 2008. Clusters, knowledge spillovers and new venture performance: An empirical examination. *Journal of Business Venturing* 23: 405–22.
- Glaser, B.G., and A.L. Strauss. 1967. *The discovery of grounded theory: Strategies for qualitative research*. New York: Aldine.
- Gordon, I., and S.L. Jack. 2010. HEI engagement with SMEs: Developing social capital. *International Journal of Entrepreneurial Behaviour and Research* 16, no. 6: 517–39.
- Greve, A., and J.W. Salaff. 2003. Social networks and entrepreneurship. *Entrepreneurship: Theory and Practice* Fall: 1–22.
- Gummesson, E. 2000. *Qualitative methods in management research*. Thousand Oaks: Sage.
- Gunasekara, C. 2006. Reframing the role of universities in the development of regional innovation systems. *Journal of Technology Transfer* 31: 101–13.
- Hamilton, E. 2005. *Situated learning in family business: Narratives from two generations*. PhD thesis, Lancaster University, UK.
- Hamilton, E. 2011. Entrepreneurial learning in family business: A situated learning perspective. *Journal of Small Business and Enterprise Development* 18, no. 1: 8–26.

- Hammersley, M. 1992. *What's wrong with ethnography? Methodological explorations*. London: Longmans.
- Harrison, R.T., and C.M. Leitch. 2005. Entrepreneurially learning: Researching the interface between learning and the entrepreneurial context. *Entrepreneurship: Theory and Practice* 29, no. 4: 351–71.
- Hill, J., P. McGowan, and P. Drummond. 1999. The development and application of a qualitative approach to researching the marketing networks of small firm entrepreneurs. *Qualitative Market Research* 2, no. 2: 71–81.
- Hite, J. 2005. Evolutionary processes and paths of relationally embedded network ties in emerging entrepreneurial firms. *Entrepreneurship: Theory and Practice* 29, no. 1: 113–44.
- HM Treasury. 2006. *The Leitch Review of Skills: Prosperity for all in the global economy – World class skills*. London: HM Treasury.
- Hoang, H., and B. Antoncic. 2003. Network-based research in entrepreneurship: A critical review. *Journal of Business Venturing* 18, no. 2: 165–87.
- Hoepfl, M.C. 1997. Choosing qualitative research: A primer for technology education researchers. *Journal of Technology Education* 9, no. 1: 47–63.
- Howells, J. 2006. Intermediation and the role of intermediaries in innovation. *Research Policy* 35: 715–28.
- Human, S., and K. Provan. 1996. External resource exchange and perceptions of competitiveness within organizational networks: An organizational learning perspective. *Frontiers of Entrepreneurship Research*. www.babson.edu/entrep/fer/papers96/human/ (accessed August 20, 2010).
- Hunter, S.T., K.E. Bedell-Avers, and M.D. Mumford. 2007. The typical leadership study: Assumptions, implications and potential remedies. *Leadership Quarterly* 18, no. 5: 435–46.
- Jack, S. 2005. The role, use and activation of strong and weak ties: A qualitative analysis. *Journal of Management Studies* 42, no. 6: 1233–59.
- Jack, S. 2010. Approaches to studying networks: Implications and outcomes. *Journal of Business Venturing* 25, no. 1: 120–37.
- Jack, S., S. Drakopoulou Dodd, and A. Anderson. 2008. Change and the development of entrepreneurial networks over time: A processual perspective. *Entrepreneurship and Regional Development* 20, no. 2: 125–59.
- Jack, S.L., S. Moulton, A.R. Anderson, and S. Drakopoulou Dodd. 2010. An entrepreneurial network evolving: Patterns of change. *International Small Business Journal* 28, no. 4: 315–37.
- Johnston, L., E. Hamilton, and J. Zhang. 2008. Special issue on learning through engaging with higher education institutions: A small business Perspective. *International Small Business Journal* 26, no. 6: 651–60.
- Johnston, L., S. Robinson, and N. Lockett. 2010. Recognising “open innovation” in HEI-industry interaction for knowledge transfer and exchange. *International Journal of Entrepreneurial Behaviour and Research* 16, no. 6: 540–60.
- Jones, O., A. Macpherson, and R. Thorpe. 2010. Learning in owner-managed small firms: Mediating artefacts and strategic space. *Entrepreneurship and Regional Development* 22, no. 7/8: 649–73.
- Kempster, S., and J. Cope. 2010. Learning to lead in the entrepreneurial context. *International Journal of Entrepreneurial Behaviour and Research* 16, no. 1: 5–34.
- Kolb, D.A. 1984. *Experiential learning: Experience as the source of learning and development*. New Jersey: Prentice-Hall.
- Lambert Review of Business-University Collaboration. 2003. Final Report, KM Treasury, London. <http://www.hm-treasury.gov.uk> (accessed August 24, 2010)
- Larson, A. 1992. Network dyads in entrepreneurial settings: A study of the governance of exchange relationships. *Administrative Science Quarterly* 37, no. 1: 76–105.

- Leitch, C.M., F. Hill, and R. Harrison. 2010. The philosophy and practice of interpretivist research in entrepreneurship: Quality, validation and trust. *Organizational Research Methods* 13, no. 1: 67–84.
- Leitch, C.M., C. McMullan, and R.T. Harrison. 2009. Leadership development in SMEs: An action learning approach. *Action Learning: Research and Practice* 6, no. 3: 243–63.
- Liao, J., and H. Welsch. 2005. Roles of social capital in venture creation: Key dimensions and research implications. *Journal of Small Business Management* 43, no. 4: 354–62.
- Minniti, M., and W. Bygrave. 2001. A dynamic model of entrepreneurial learning'. *Entrepreneurship: Theory and Practice* 26, no. 3: 5–16.
- Neergaard, H., and J. Ulhoi. 2006. Government agency and trust in the formation and transformation of interorganizational entrepreneurial networks. *Entrepreneurship: Theory and Practice* 30: 519–39.
- NWDA (North West Development Agency). 2009. Making big things happen: The economic impact of the NWDA 1999–2009. <http://www.nwda.co.uk/media-library/publications/corporate/making-big-things-happen.aspx> (accessed April 13, 2011).
- Oinas, P. 1999. Voices and silences: The problem of access to embeddedness. *Geoforum* 30: 351–61.
- Patton, M.Q. 1990. *Qualitative evaluation and research methods*. 2nd ed. Newbury Park, CA: Sage.
- Peters, S. 2011. SME leaders' learning in networked learning: An actor-network theory and communities of practice theory informed analysis. Unpublished PhD thesis, Lancaster University, UK.
- Pittaway, L., and J. Cope. 2007a. Simulating entrepreneurial learning: Integrating experiential and collaborative approaches to learning. *Management Learning* 38, no. 2: 211–33.
- Pittaway, L., and J. Cope. 2007b. Entrepreneurship education: A systematic review of the evidence. *International Small Business Journal* 25, no. 5: 479–507.
- Pittaway, L., M. Robertson, K. Munir, D. Denyer, and A. Neely. 2004. Networking and innovation: A systematic review of the evidence. *International Journal of Management Reviews* 5–6: 137–68.
- Politis, D. 2005. The process of entrepreneurial learning: A conceptual framework. *Entrepreneurship: Theory and Practice* 2, no. 4: 399–420.
- Portes, A. 1998. Social capital: Its origins and applications in modern sociology. *Annual Reviews in Sociology* 24: 1–24.
- Punch, K. 2005. *Introduction to social research: Quantitative and qualitative approaches*. London: Sage.
- Putnam, R. 1995. Bowling alone: America's declining social capital. *Journal of Democracy* 6: 65–78.
- Rae, D. 2005. Mid career entrepreneurial learning. *Education and Training* 47, nos. 8–9: 562–74.
- Rae, D., and M. Carswell. 2000. Using a life-story approach in researching entrepreneurial learning: The development of a conceptual model and its implications in the design of learning experiences. *Education and Training* 4, no. 4/5: 220–7.
- Ram, M., and K. Trehan. 2009. Critical by design: Enacting critical action learning in a small business context. *Action Learning: Research and Practice* 6, no. 3: 305–18.
- Reuber, A.R., and E. Fischer. 1993. The learning experiences of entrepreneurs. In *Frontiers of entrepreneurship research*, eds. N.C. Churchill, S. Birley, J. Doutriaux, E.J. Gatewood, F.S. Hoy, and W.E. Wetzels, 234–42. Wellesley, MA: Babson Centre for Entrepreneurial Studies.
- Shah, S., and K. Corley. 2006. Building better theory by bridging the quantitative-qualitative divide. *Journal of Management Studies* 43, no. 8: 1821–35.
- Silverman, D. 2000. *Doing qualitative research*. London: Sage.
- Steyart, C., and R. Bouwen. 1997. Telling stories of entrepreneurship: Towards a contextual epistemology for entrepreneurial studies. In *Entrepreneurship and SME research: On its*

- way to the next millennium, eds. R. Donckels and A. Mietten, 47–59. Aldershot: Ashgate.
- Strauss, A.L., and Corbin, J. 1990. *The basics of quality research*. 2nd ed. London: Sage.
- Sullivan, R. 2000. Entrepreneurial learning and mentoring. *International Journal of Entrepreneurial Behaviour and Research* 6, no. 3: 160–75.
- Taylor, D.W., and R. Thorpe. 2000. The owner-manager, No isolated monad: Learning as a process of co-participation. *Proceedings of the 23rd ISBA National Small Firms Policy and Research Conference*, 1185–99.
- Thompson, C.J., W.B. Locander, and H.R. Pollio. 1989. Putting consumer experience back into consumer research: The philosophy and method of existential-phenomenology. *Journal of Consumer Research* 16: 133–46.
- Thorpe, R., J. Cope, M. Ram, and M. Pedler. 2009. Leadership development in small-and medium-sized enterprises: The case for action learning. *Action Learning: Research and Practice* 6, no. 3: 201–8.
- Wiseman, J.P. 1979. The research web. In *Social research: Principles and procedures*, eds. J. Bynner and K.M. Stribley, 113–21. New York: Longman.
- Wolcott, H.F. 1990. *Writing up qualitative research. Qualitative research methods. Series 20*. USA: Sage.
- Woollard, D., M. Zhang, and O. Jones. 2007. Academic enterprise and regional economic growth: Towards an enterprising university. *Industry and Higher Education* 21: 387–403.
- Wren, C., and J. Jones, 2006. Ex-post evaluation of the LEAD Programme. Unpublished report. <http://www.lums.lancs.ac.uk/leadeval> (accessed August 24, 2010)
- Young, J.E., and D.L. Sexton. 1997. Entrepreneurial learning: A conceptual framework. *Journal of Enterprising Culture* 5, no. 3: 223–48.
- Yusuf, N. 2008. Education and development in a globalized environment: The case of Northern Nigeria. *African Research Review* 2, no. 3: 130–45.
- Zhang, J., and E. Hamilton. 2009. Engaging HEIs in business and the community: A learning perspective. *Education and Training* 51, no. 8/9: 607–23.
- Zhang, J., and E. Hamilton. 2010. Entrepreneurship education for owner-managers: The process of trust building for an effective learning community. *Journal of Small Business and Entrepreneurship* 23, no. 3: 249–70.

SME non-executive directors: having one and being one

Ian Gordon

Abstract: *The objective of the study reported here was to ascertain the impact on SME owner–managers of simulating having and being a non-executive director (NED) within the GOLD programme at Lancaster University, the purpose of which is to help owner–managers of small and medium-sized enterprises (SMEs) to become better strategic leaders of their companies. Three research approaches were used: (a) participant observation in each of the 20 businesses; (b) interviewing owner–managers; and (c) a review of materials and transcripts generated from Board meetings. Participants engaging in an HEI-generated network with high levels of trust had an opportunity to behave in a different way; and owners acquired operational and strategic experience of having and being an NED. The initial results indicate that this experience results in greater strategic focus. The engagement of an HEI with SMEs through innovative processes drawn from larger organizations accelerates the creation of trust and social capital, allowing ways of working that might otherwise be dismissed.*

Keywords: *social capital; networks; SMEs; owner–managers; non-executive directors; GOLD programme*

Ian Gordon is with the Institute for Entrepreneurship and Enterprise Development, Lancaster University, Lancaster LA1 4YX, UK. E-mail: i.gordon@lancaster.ac.uk.

The intensity of the day-to-day pressures of running of an SME means that long term strategic planning tends to be overlooked unless a framework of governance is in place that enables and forces both the daily operational and the long term issues to be addressed (Hughes, 1995; Gordon and Jack, 2010). Running an SME can be a lonely activity, with owner–managers having no one to talk to about the issues that really worry them (Gumpert and Boyd, 2001). However, the act of explaining the intricacies of the business to a non-involved but interested third party can often lead to a better vision of the future (Gordon, 2009). This paper deals with a university business programme of engagement in the UK that allows small and medium-sized enterprise (SME) owner–managers to

simulate being a non-executive director (NED) in other non-competitive companies and having a number of NEDs in their own company.

An NED can be critically important for ensuring adherence to the rigour of corporate governance, in particular in owner–manager organizations where the Board may have limited control in the conventional sense because the owner is often the sole or majority shareholder (Cadbury, 1992; Forbes and Miliken, 1999). Owner–managers have relatively small and non-extensive networks (Curran *et al*, 1993, p 23; Taylor *et al*, 2004); and the networks that they do have tend to be formed around suppliers, customers, competitors and those supplying funding. Purely for reasons of commercial sensitivity this limits the sort of network

SME non-executive directors: having one and being one

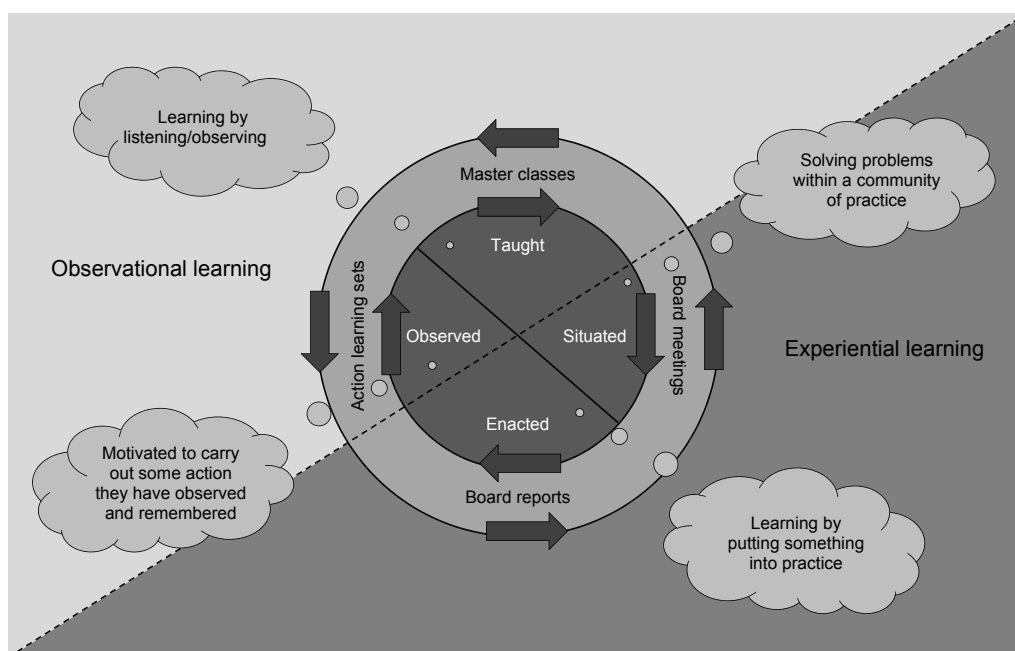


Figure 1. Integrated learning model.

relationships that could occur. As a result, the owner–managers can feel isolated and often feel uncomfortable talking about certain issues within their networks (Gumpert and Boyd, 2001; Merson, 2003). In that context the ability of HEIs to create programmes specifically aimed at SMEs which recognize issues of time and feelings of loneliness is important (Gordon and Jack, 2010; Hite, 2005).

The GOLD programme is a university led programme for owner–managers of SMEs that simulates the strategic role of having, and being, a non-executive director. The programme was developed and run by a project team at a research-led Management School within a UK university and was designed specifically for owner–managers of small businesses. Using an Integrated Learning Model (ILM) that draws on experiential, situational, observational and peer-to-peer learning, the programme combines a mixture of activities to improve day-to-day strategic action. Members of GOLD are non-competitive businesses that are formed into small groups of six and, through the establishment of trust, create a supportive environment for tackling the issues faced by SMEs that often are not openly or easily discussed. There are eight elements to the programme, requiring a commitment of one day per month.

- (1) Master classes on topical areas for growth-oriented SMEs.
- (2) University support from academics and students, consultancy and facilitation with experienced NEDs.

- (3) Experience of having an NED in the business.
- (4) Experience of being an NED in someone else’s business.
- (5) University supported process for the production of personal and business development plans.
- (6) Experience of writing strategic Board reports.
- (7) Workshops on emerging issues relevant to the group.
- (8) Learning and reflection workshops.

GOLD is best suited to individuals who have already completed the LEAD programme and have significant growth aspirations for their businesses.¹ The aim of GOLD is to develop the strategic capabilities of owner–managers of growth oriented SMEs, increasing their competence as executive directors and giving them simulated and teleological experiences of a Board of Directors in a larger organization.

This programme was designed with the idea of a ‘light touch’ by the HEI and as a test of the rigour of the HEI’s ILM, as presented schematically in Figure 1, that was successfully used within the LEAD programme. The majority of the activity takes place outside the HEI environment and brings enterprise education for SME owner-mangers into the workplace setting through use of a simulated Board meeting. The experiential, situational and observational element of entrepreneurial learning is tested through the use of simulation of being an NED and adopting an HEI generated process. This paper thus contributes to the understanding of the role of NEDs within SMEs and in particular how HEIs can contribute to be the driver for new ways of behaving

within a trusted network through use of simulation programmes.

This paper is organized as follows. First, there is a review of the literature relating to non-executive directors. Second, the methodology used to operationalize the research question is then set out and details are given about the study participants. This is followed by a presentation of the findings; and the final section offers conclusions, recommendations and some suggestions for future scholarly inquiry.

Non-Executive Directors (NEDs)

There is evidence to suggest that NEDs are beneficial for the growth of small businesses (Daily and Dalton, 1992; Cowling, 2003; Brunninge *et al*, 2007). In addition, small businesses with an NED are more likely to extract a higher premium for the business in a takeover or sale (Barrow, 2001). Lack of business experience can slow down growth (Summerfield, 1999) and entrepreneurs can demonstrate a reluctance to accommodate external governance (see, for example, Daily and Dalton, 1992). However, NEDs can add value to the aspirations for growth of SME owner-managers and improve their decision-making capability (CIMA, 2001; Gabriellsson and Huse, 2005). The expectation is that SMEs started by entrepreneurs will grow (Stevenson and Gumpert, 1985); and this growth is important for the wider, national economy (Gordon *et al*, 2011; Lambert Review, 2003; HM Treasury, 2006; DIUS, 2007, 2008).

Clutterbuck and Waine (1994) quote Sir Adrian Cadbury's comment that 'It is widely accepted that Boards gain from a combination of internal and external directors'. Research on large firms certainly tends to suggest that NEDs have a positive effect (Clark, 1998; Gabriellsson, 2003; Hampel, 1998). However, only 20% of SMEs in the size up to 50 employees have an NED (Berry and Perren, 2000). The question thus arises as to whether or not this is important. To respond, it is argued here that because SMEs account for more than half of employment (59.1 per cent) and almost half of turnover (48.6 per cent) in the UK private sector (Department for Business, Innovation and Skills, BIS, 2010), the impact of the governance of SMEs is important, not only to the business itself but also to the wider community (Brunninge *et al*, 2007).

What role should HEIs take in encouraging SMEs to test the rigour of the idea that having an NED within their organization would bring about improvements in their contribution to GDP? The impact of government initiatives to improve the role of Boards of Directors (Cadbury, 1992; Greenbury, 1995; Hampel, 1998; Higgs, 2003) focuses on the role of NEDs and the need

for corporate governance. Within SMEs the issues are based more on strategy formulation, specific growth and financial support; however, all of the reports considering the impact of NEDs in listed organizations (Cadbury, 1992; Greenbury, 1995; Hampel, 1998; Higgs, 2003) include claims of the benefit of rigour that can be brought to bear on SMEs. Hampel (1998, paragraph 3.8) says that:

'Non-executive directors are normally appointed to the Board primarily for their contribution to the development of the company's strategy. This is clearly right. We have found general acceptance that non-executive directors should have both a strategic and a monitoring function. In addition, and particularly in smaller companies, non-executive directors may contribute valuable expertise not otherwise available to management; or they may act as mentors to relatively inexperienced executives.'

SME directors, due to the size of their organization, are much more likely to be immersed in the day-to-day operations of the business and the intensity of these requirements can mean that the longer term strategic direction of the business is overlooked (Gordon and Jack, 2010). To some extent this is a human condition observed in all walks of life, where short term immediate tasks are tackled rather than the longer term – and usually more complicated – challenges.

Governance: the background

Corporate governance involves a set of relationships between a company's management, its Board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set and the means for attaining those objectives, and monitoring performance, are determined (OECD, 2004). Understanding corporate governance presents SMEs with a route to better management practices, which leads to opportunities for growth. The use of an NED is a convenient vehicle to support the implementation of corporate governance principles within an SME. Throughout the GOLD programme delegates are asked to simulate being an NED and adopt the five point guidelines identified in the Higgs (2003) review.

- Is there a robust strategy for the development of the business?
- Has the company appropriate resources in place to meet its strategy?
- Are operations in line with strategy?
- Does the company appear to be in financial control?
- Is there appropriate governance in the business?

SME non-executive directors: having one and being one

The issue of corporate governance has existed, it seems, for as long as there has been a separation between the ownership and control of commercial concerns. For example, in 1711 Robert Harley considered the rising level of national debt in Great Britain (Dale, 2004; Galbraith, 1993) that had arisen largely to fund a war between Britain, in alliance with the Dutch, and the Spanish and the French (Hamilton, 1969; Pagden, 1998). With the establishment for the first time of a stock exchange, money could now be raised by means of creating debt through the issue of bills and bonds (HM Treasury, 2012). This was an opportunity for Harley and he formed the South Sea Company in 1711 by an Act of Parliament (Cannon, 2002). He wanted to improve the British Government's finances by paying back £10 million of debt, including military debentures. Merchants were granted sole rights to trade in the South Seas (the East coast of South America) and the name of the South Sea Company was kept continually in the public eye. Despite the fact that the company actually earned little from South American trade, it flourished as a financial institution and shares in the company were in great demand. With nothing to prevent it from doing otherwise the South Sea Company continued to issue shares in response to seemingly insatiable demand. What we would now term 'spin' and 'hype' created increasing demand for shares; but the resulting value of the firm was artificial and ultimately it collapsed (Abolafia and Kilduff, 1988). The term 'South Sea Bubble' became synonymous with, amongst other factors, failure in corporate governance.

Moving forward some 270 years, a Turkish Cypriot – Asil Nadir – purchased a controlling stake in Restro Investments for just over £250,000 (Bates, 2010). Over the next nine years, from 1980 to 1989, Nadir took his company, Polly Peck, from a modest profit making business to a FTSE 100 conglomerate with a market capitalization of some £1.7 billion. However, Nadir was able to strip millions of pounds out of the company, which eventually collapsed (Gloeck, 2004).

Around the same time, Robert Maxwell was taking cash out of the Mirror Group Pension Fund to prop up his debt-burdened businesses, which ultimately collapsed owing some £400 M (Stiles and Taylor, 1993; Clarke, 1993).

As a result of these business failures, successive UK governments have given attention for the last twenty years to guidance and legislation designed to protect investors and to set standards of governance for directors of companies. In 1992 (just after the Polly Peck and Maxwell scandals) Sir Adrian Cadbury published his report (Cadbury, 1992) which, without using the ultimate sanction of legislation, established a 'code of best practice', with recommendations largely

addressing the control and reporting functions of Boards and the role of auditors. The impact of Cadbury's report was increased considerably by the London Stock Exchange's announcement that all companies it listed would have to state that they were in compliance with Cadbury's recommendations, which were adopted not only across the UK but also, to varying degrees, across the European Union and the USA. Subsequent UK reports on corporate governance followed Cadbury's precedent. Of critical importance to the start of this 20-year string of best practice guidance and legislation was the link from listed companies to all other companies, including SMEs. According to Cadbury, '... the Code of Best Practice is directed to the Boards of directors of all listed companies registered in the UK, but we would encourage as many other companies as possible to aim at meeting its requirements' (Cadbury, 1992, paragraph 3.1). In addition, the report made a clear statement on what it expected NEDs to do: 'Non-executive directors should bring an independent judgement to bear on issues of strategy, performance, resources, including key appointments, and standards of conduct' (Cadbury, 1992, code of best practice 2.1).

Three years later, in 1995, Sir Richard Greenbury produced a report on an investigation into directors' remunerations (Greenbury, 1995). As with the Cadbury report, whose findings and recommendations arose as a result of financial scandals, Greenbury was influenced in particular by large wage increases for directors at newly privatized utility companies (Parker, 1999): Greenbury's report singled out these companies as requiring action (Greenbury, 1995, section 3.6). Although this report was directed largely at listed organizations, there was nevertheless a recommendation that '... all other companies "as they see fit" should adopt this code'.

In 1998 Sir Ronnie Hampel published a report detailing requirements for directors to review the effectiveness of all internal controls, not just those dealing with finance. Hampel's report also incorporated the recommendations made by Cadbury and Greenbury. The Hampel Report was published as the first official Combined Code and featured fourteen Principles of Corporate Governance, part of which were subject to external audit review, and was appended to the listing rules at the London Stock Exchange. Like Cadbury and Greenbury, Hampel linked this legislation to SMEs with the comment that '... in smaller companies, non-executive directors may contribute valuable expertise not otherwise available to management; or they may act as mentors to relatively inexperienced executives' (Hampel, 1998). Following a review of company law, the Department of Trade and Industry and HM Treasury commissioned Derek Higgs to review the Combined Code: his report was entitled *The Role and Effectiveness*

of *Non-Executive Directors* (Higgs, 2003). As with all the earlier reports, Higgs linked the role of the NED to other organizations that were not listed:

‘Successful entrepreneurs and strong managers, held properly to account and supported by effective Boards, drive wealth creation. I recognize that a number of my recommendations may also be relevant to other companies and organizations and I hope that the Review will therefore be of wider interest and use.’ (Higgs, 2003)

In this important review, Higgs identified four key areas for NEDs which could be applied to SMEs as well as listed companies.

- (1) Non-executive directors should constructively challenge and contribute to the development of strategy.
- (2) Non-executive directors should scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- (3) Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible.
- (4) Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior management; and in succession planning.

Research methodology

The GOLD programme was designed to help owner-managers of SMEs become better strategic leaders of their companies through simulation of being an NED in another delegate’s company and being the host in their own company to a network of other GOLD NEDs. The owner-managers adopt an HEI-supervised system that simulates the events, reports and processes a larger company would enact if it had a NED. Simulated Board meetings take place in the delegates’ businesses on a rotating basis every month. University facilitators (including the present author) steered the processes, acting as Company Secretary to the Board. These facilitators were chosen for their mixture of academic rigour and business experience and were active participants in the programme.

According to Leitch *et al* (2010), ‘social research requires that the questions asked and the designs employed are shaped by the researcher’s underlying ontological and epistemological assumptions’ (*ibid*,

p 69). Because our research is grounded in our respondents’ own understandings and personal experiences (Leitch *et al*, 2010), an interpretivist position was adopted for the study. Leitch *et al* (2010) point out that ‘interpretivism is based on a life-world ontology which argues that all observation is theory- and value-laden and that investigation of the social world is not, and cannot be, the pursuit of detached objective truth’ (*ibid*, p 69).

Having determined that an interpretivist position was most suitable, it seemed appropriate to draw on qualitative techniques to explore the areas of research with which we were concerned. Qualitative techniques were therefore used to explore the situations of six SME owner-managers who participated in the Lancaster University GOLD programme between 2010 and 2012.

From the beginning of 2009 the co-designer of the programme and the author (himself a practising entrepreneur) kept a journal, recording contemporary notes of the development of the GOLD programme and, in particular, during the simulated Board meetings which form a central part of the programme. There were four groups in the first cohort of GOLD, with 20 owner-managers participating who had completed the LEAD programme at Lancaster University at various times between 2004 and 2009. The author attended and observed 93 simulated Board meetings and facilitated two learning and reflection days for the GOLD participants.

As part of the learning process participants were encouraged to interact, engage with and support each other throughout this programme. Interviews were carried out by the author in his capacity as ‘entrepreneur in residence’: the role of the interviewer is of interest because not only does he have an appreciation of the world of the HEI, he also comes from and still inhabits the world of entrepreneurship and business. The role of Entrepreneur in Residence at Lancaster University has been described elsewhere (George *et al*, 2010).

This did seem to affect the observations and the level and depth of information generated, with respondents seeming open and willing to engage and to be frank, honest and extensive in their responses. It is also consistent with the approach suggested by Thompson *et al* (1989, p 138) and Cope (2005). Observing respondents during interviews provided the opportunity to see them at work, watch their interactions and expressions and the situations they might encounter. It also resulted in a better understanding of the real world the respondents inhabited and the context in which they operated (Patton, 1990; Hoepfl, 1997). To ensure situations were not distorted in any way, the researcher’s direct interactions with participants were limited to the interviews; beyond that, the role was that

SME non-executive directors: having one and being one

Table 1. Sample group.

GOLD delegate	Company business	Turnover (2010)	Turnover (2012)	Staff (2010)	Staff (2012)
Bill	Service company specializing in fire safety	£230,000	£630,000	32	71
Gertrude	Specialist food manufacturing company	£8,900,000	£10,700,000	85	75
Patrick	Industrial grounds maintenance company	£950,000	£310,000	21	11
Robin	Service company specializing in recruitment services	£9,500,000	£22,520,000	22	52
Simon	Service company specializing in supply and maintenance of electricity generators	£3,000,000	£6,000,000	25	39
Jim	Specialist food and retail manufacturer	£545,000	£871,000	29	37

of an observer, noting what was happening. It was only when clarification or expansion about a particular point seemed necessary that the researcher engaged more actively. This approach again follows that suggested by Hoepfl (1997).

The sampling method chosen and used was purposeful, whereby respondents were deliberately selected with a specific purpose in mind (Punch, 2005, p 187). This purposeful sample was selected on the basis that the particular individuals concerned would be immersed in the phenomenon being researched and ‘knowledge rich’ (Patton, 1990) and that it would be possible to learn about their interactions and what the outcomes and impact of those interactions had been. Details of individual respondents are provided in Table 1.

Findings

Most SME owner–managers indicated that the significant factor in determining why they joined a network was to look for business opportunities; their levels of trust moderated how they interacted at network meetings and in turn affected their ability to share relevant knowledge, as identified earlier by Brunetto and Farr-Warton (2007). These authors also noted that the development of a trusting relationship is pivotal for SME owner–managers if the real benefits of networking are to accrue (*ibid*, 2007).

This section presents a discussion of the data and findings from the study. The findings are grouped into three themes: the impact on the owner–manager as an individual and how that impact might change him or her; evidence of strategic growth as a result of following the HEI generated processes in GOLD; and the impact on the combination of individual and strategic business growth that develops the business.

Because of the quality and richness of the data and to help illustrate how views and perceptions changed over time, we have presented the data in table format. Where applicable, examples that are more illustrative have been used and are presented in the discussion of the themes. Table 2 sets out the timeline for the programme studied.

Impact of the programme on individual delegates

Each cohort had attended a two day experiential session to initiate the programme. Using the practices developed in the LEAD programme (Zhang and Hamilton, 2010) it was anticipated that this experience would bond the groups and generate social capital.

To help further the development of understanding between each cohort member it was important that the simulated Board meetings took place in the host’s place of work. At the start of every Board meeting there was a review of the business, with delegates thus having the opportunity to see the hosts immersed in their own work environments and to observe how other members of staff reacted to the ‘boss’. From the very beginning of the programme delegates could be observed drawing on the HEI generated network and displaying trust.

For example, Robin said that,

‘I’m not putting enough into the business. We have hit hard times and I need to fall in love with the business again. We have been in survival mode but now need to switch to growth mode. I feel battle weary and risk averse. I have taken on roles that others used to do. I need a kick up the arse.’

Robin was relieved that he could share this admission. He had felt he could not share it with his staff and that

Table 2. Timeline of GOLD programme.

Time	Activity	Observations
December 2008	Survey views of members of the Lancaster Forum (a post-LEAD business club) on the structure and content of the 2009 series of events.	There was some desire amongst the SME owner-managers for an improved post-LEAD engagement. Having established trust and a network as part of the LEAD programme and extended through the Lancaster Forum, the delegates wanted to carry on with their learning journey.
January 2009	Produce outline business plan for development of the Lancaster Forum (LF). As part of that business plan the first draft of an improved LF is suggested broadening the scope of what the LF does.	The author is funded by the ESRC to research into the role of NEDS within SMEs. The opportunity of matching a stated desire from a group of SME owner/managers to extend their learning fits comfortably with the author's research interest.
June 2009.	The ideas developed in the draft plan are reviewed with existing members of the LF and a further enhanced model is produced under the new heading of LEAD2. The ideas are discussed with academic and outreach members of IEED.	Feedback from potential delegates indicates a desire for a more rigorous programme that tests them. Literature on the role of NEDs within larger organizations suggests a more 'gritty' programme is needed.
July/August 2009.	A series of 'away days' unpicks the ideas and the first GOLD model is produced	The author and Magnus George with input from other members of the academic department specifically Professor Mary Rose.
September 2009.	The new GOLD programme is initially announced to all LEAD graduates through a mail shot [170] and an invitation to a master class.	Promotional activity to the wider network of businesses that engage with the HEI.
October 2009	A pilot programme is run, away from the university, with four volunteers who are all LEAD graduates. Some major revisions are identified and a version 2 of GOLD is produced for launch in Feb 2010.	Beta testing of the designed programme revealed some failings in the operational systems. These were changed before the launch of the full programme.
February 2010	First GOLD Programme launched at High Trenhouse with 20 delegates.	A two day overnight experiential event run by the author and Magnus George and supported by Dr Ellie Hamilton and Professor Mary Rose. Their observations and reports added significantly to the programme.
April 2012	Ongoing reflection sessions are held over the first two years with a series of incremental changes. An upgraded version of GOLD is introduced.	Deliberately built into the pilot were reflection sessions on the delegate learning but specifically involving the delegates on the impact of enterprise education and their observations of entrepreneurial learning.

he had to be seen to be upbeat and positive. Similarly, AM commented,

'As a result of this [GOLD] I'm really enjoying doing this strategy stuff, it gives me a real buzz and my staff get a better deal.'

Maureen had missed a Board meeting and – rather sheepishly – explained her absence and failure to produce a Board report:

'I really felt I needed to be back in a group and I've missed the interaction. I can see that there is quite a tail to each meeting which has a positive impact on how I do business on a day-to-day basis. I'm getting more than just the meeting every two months.'

Norman commented on the trust within the group and how that had helped him think about his business:

'From the last Board meeting you told me to do two things and I didn't but now I can see that you were right and I've only just realized that because I can talk to you guys. I'm really glad I can share this with you guys.'

However, a comment from Jim demonstrated the benefits that had accrued from being part of the cohort. The delegates were concerned that at Bill's Board meeting there was only one kettle to share between them and the rest of staff (for making tea and coffee, etc). During the day the kettle moved backwards and forwards between the administration office and the Board meeting, with Bill commenting that having one kettle was part of his attempts to keep costs down. Jim observed that Bill's company was enjoying significant growth and, as such, that Bill could possibly be rather more generous with his staff. Jim summed this up with the comment, 'Bill, you could just lift your foot off the

SME non-executive directors: having one and being one

Table 3. What impact has GOLD had on you?

Respondent	Comment
Bill	'I gain more confidence in myself that I can deliver the pipe dream that I have! I have 5 GOLD Board members that are prepared to get into the trenches with me and fight all the way if I need them, this make the Board invaluable.'
Gertrude	'Confidence to take the chair at my own Board meetings; previously I employed a NED to do this.'
Patrick	'I previously had no experience of Board meetings but knew that I needed to start implementing them as part of the business growth and my own personal development. I always come away from a GOLD Board meeting with new fresh ideas and simple solutions to issues which previously appeared to be a huge problem. The university and business school are brilliant and make me wish I had done better at school and been able to attend such a place.'
Robin	'Made me look at what I personally want, and ensured I have greater direction during my working time. This, in turn, has allowed me to spend more quality time with my family.'
Simon	'Helped me maintain peer-to-peer support when obtaining this from work has proved difficult. Increasing insight and respect of peers businesses as we drill deeper.'
Jim	'GOLD has had a large impact on me as an individual I would say the biggest change has been one of being prepared to listen more and not to take every comment or criticism as a personal attack although I sometimes need to reflect first in order to see that. This is another thing which has changed about me personally and which impacts on the business and strategy. Reflection is now part of my weekly or monthly routines. This has helped me to stop and listen and then act not to the point of over analysing and discussing and constantly turning things around but more in a stop, reflect, think now <i>act</i> .'

staff's neck so that at least a faint pulse could be detected'.

At different times, the delegates commented on the two roles they had to play. Jim observed that,

'GOLD is slowly teaching me not to take criticism about my choice of running the business personally but understand that it is just a different point of view from someone who wants to see the company succeed'.

This was his final remark in what had been a fairly heated exchange between Jim and Bill, with Bill adding at one point,

'I still maintain that this is going to be a big problem for you. I have tried to address it with you in the past but I still only see them (Jim's senior managers) stifling and suffocating your agenda.'

In the reflective part of the meeting Bill declared,

'I've just realized that the problem you have is just like the one I've got and this answer I'm suggesting would work great for me.'

During the first cycle of meetings each host of a Board meeting commented on how different it felt being the host from acting out the role of an NED. Delegates talked of feeling under pressure from the NEDs, of feeling isolated and needing to justify almost every statement. An overall feeling of defensiveness was reported. The NEDs who had not yet had their turn to be the host of a Board meeting felt they needed to justify their role as an NED through rigorous probing of almost

everything the host supplied or said. After six months, as the second cycle of Board meetings started, there appeared to be a much more balanced approach between being the host and being the NED, with empathy for and trust in the host on what could be a demanding day.

Table 3 provides examples of delegates' responses to the question 'What impact has GOLD had on you?'

Evidence of strategic growth of individual businesses

To a greater extent the literature on corporate governance identifies driving strategy in the organization as a critically important task for an NED. Perhaps the clearest statement comes from the Higgs review:

'... non-executive directors should constructively challenge and contribute to the development of strategy' (Higgs, 2003).

The GOLD programme has a mix of rigorous process and experiential events that were designed to address the phenomenon of the intensity of day-to-day activities inhibiting strategic thinking and action in the organization. Findings that support this idea are summed up by Bill:

'Whilst I try hard to keep the strategy and working on development at the front of my mind and actions, GOLD does not allow it to move to the back burner, this is GOLD's great strength for me.'

When Jim held his first Board meeting he commented on the effort made to produce a Board report:

Table 4. What impact has GOLD had on the strategic growth of your business?

Respondent	Comment
Bill	'Whilst I try hard to keep the strategy and working on development at the front of my mind and actions, GOLD does not allow it to move to the back burner, this is GOLDS great strength for me.'
Gertrude	'The production of the dashboard report and the identification of key issues to report to my Board meetings have led to strategic growth of the business. I can now see that there are a few 'wealth creators' in the company that need to be released to employ their skills to best effect.'
Patrick	'We now have a specific growth strategy in place as a result of my Board meeting. We now carry out regular staff meetings which has really improved the staff morale and my role as a leader. Strangely, I like to be 'told' what is needed by the Board members and given and action plan – as an MD of your own business no one really tells you what to do and perhaps you can become a little insular in your own world – GOLD gives you direction, ultimately it is up to you if you want to take notice of the information given to you – I have respect for all of the Gold members on my Board and the action plans are fantastic.'
Robin	'I believe that I am now more capable as a leader of the business to coach and advise staff, and I also believe that GOLD has aided me and given me the confidence to grow the business substantially over the last 12 months in order to sell out within the next 3 years.'
Simon	'The processes in GOLD make me think strategically about the business on a more regular business which is good.'
Jim	'We have become far more strategic in our thinking, GOLD and the process of being a member has had a big impact on this thinking within our company. As an example the way we have approached the possible geographic expansion of the business has been radically altered and our plans and aspirations have changed to coincide with that. Much more thought has been brought to bear with a real focus on 'strategic fit' and suitability. The Board meeting I hosted in January was particularly powerful and the round table discussion of potential acquisitions and SWOT analysis was extremely useful and very powerful.'

'It's been really interesting producing the strategic report and seeing all the changes. This is the first time I've really done this and it has been hugely revealing. I've found I really like doing this and I love the idea of buying new businesses.'

Bill, at his first meeting, said, 'The biggest challenge is changing me'. By the time of his second meeting his challenge to the group was: 'How can I identify the core competencies of my organization and use that to deepen the relationship with my key customers?' He summed up his reflection on the difficulties of managing growth as follows:

'A light mist has descended over me as the business grows, making the different parts of the business harder to see. This is particularly true in seeing the relationship or synergy between functions – that is, operations and marketing. Without GOLD this mist might become a fog unless I can legislate against it.'

Table 4 provides examples of delegates' responses to the question 'What impact has GOLD had on the strategic growth of your business?'

Impact of the programme on business development

Not all businesses have done well on the GOLD programme. At the beginning of Duncan's Board meeting he announced that he was calling in the

receivers the next day. What followed was an adapted GOLD Board meeting that culminated in Duncan deciding to postpone putting the company into administration. Two of the GOLD delegates gave a day each to work on a specific plan for Duncan which saved the company, although he has subsequently departed from this business and started another. In a similar vein, Robert had a struggling PR agency that was badly hit by the recession. After a year of trying to keep it going, he admitted at a GOLD Board meeting that actually he did not want to work full time in PR, but rather to follow another route. Robert did close down this business and started a more modest enterprise, giving him time to work on other areas of development for himself. In a third example Nigel commented,

'The last two to three years has been a difficult time for my business – it's hard to look at Gold and say look at all the profit you've made me. I would say that it's been a major contributing factor of remaining resilient to ride through a tough period and given me the opportunity to think hard about a way forward.'

Following another group's first meeting, Norman had been challenged to embrace more cold-calling to generate much needed sales:

'This process of GOLD has changed my business. An action point was to make sales calls. I did this

SME non-executive directors: having one and being one

Table 5. What impact has GOLD had on your business development?

Respondent	Comment
Bill	'GOLD holds me to account. Board meetings do not hold back in comments thoughts or criticism. This is a very good thing because I am made the see the problems if I 'pretend' not to be able to see them, or if I'm being daft and just can't see them. Whilst we are currently managing growth of the business (Net profit tripled in the last year to £500k) it would never have been as successful without the GOLD Board meetings to assist in direction.'
Gertrude	'Without the direction and support of GOLD at my November 2010 Board meeting I would have closed our Longridge site and downsized to become a niche player with the loss of 20–25 jobs. By keeping the site and going for a growth strategy we have attracted the MandS dine-in business which sets us on track to do more assembly jobs and fill our capacity. In addition we have doubled our Christmas hamper packing for 2011 as a result of more aggressive costing to fill our capacity. This will create a further 20 jobs at Christmas. Assembly and Christmas hampers ultimately create the opportunity to use our own cheese in the components so increasing demand for milk from local farmers and increasing cheese production, safeguarding the 12 jobs at the dairy.'
Patrick	'Just taking time to reflect and look at the business as a whole has improved my efficiency which has lead to releasing more time to look at many aspects of the business, in particular the financial management of the business which has lead to increased margins and profit. Staff are much happier which has lead to a higher productivity. I now have a clear vision for the company and the future.'
Robin	'Not sure whether it has had a direct impact, but it has certainly contributed to the growth of the business 15 new hires in the last 14 months (100% increase).'
Simon	'Sales up (£3 million to £6 million in two years), profit up, employee numbers up, culture is much improved; leadership/management style is drastically improved. I as MD am operating at a much higher level within the business than I was 2 years ago.'
Jim	'GOLD has already had a major impact as the business has grown from a turnover of £590k in the year I joined to a forecasted turnover of £970k this financial year and £1.2 million next year. I am now looking to build a substantial regional business over the next 3 years and I am also actively considering how we may be able to drive our business nationally. This is all very much part of my change and the impact of Gold in terms of my view of the world and my understanding of just how we might achieve these goals has changed. I would say it has made me more entrepreneurial more focused and more confident in my approach. This is I think best illustrated by the way in which I can confidently reject ideas and options as easily as I can accept them whereas before there was a tendency to "give it a try" when in reality there was no need to do that.'

and now I have five appointments with blue chip companies.'

Jim commented on the introduction of a dashboard report (DBR, a monthly snapshot of the principal performance indicators for each business):

'This dashboard is so good I've replaced my own reports and only use the DBR and send it to my managers.'

Table 5 provides examples of delegates' responses to the question 'What impact has GOLD had on your business development?'

Analysis

Hoang and Antoncic (2003, p 167) describe a network as 'a set of actors and some set of relationships that link them'. The GOLD programme instigated the creation of a new network with a clearly defined set of actors and very specific relationships (NEDs). While the HEI's role might be described as that of a broker (Aldrich, 1989) it was clearly important and supported by several critical

elements, including individual facilitation of Board meetings in the role of Company Secretary. Other primary elements were trust in the individuals running the programme and the ability of the HEI to create a supportive and comfortable environment which was enhanced with the use of social events: trust and an ongoing commitment by the HEI to participants are both required.

The process of the host preparing a Board report for a GOLD meeting is in itself a purposeful activity (Melão and Pidd, 2000; Checkland, 1999) and a number of delegates acknowledged that this had produced insightful clarity on issues they had previously not fully understood. That is to say, the act of being compelled to sit down and write a strategic Board report for GOLD had been an additional, rather than a perceived, benefit:

'It's been really interesting producing the strategic report and seeing all the changes. This is the first time I've really done this and it has been hugely revealing.' (Jim)

'It's amazing – the task of pulling this report together has cleared my thinking.' (Robin)

In attempting to understand the complex issues presented by the host at a GOLD Board meeting, a solution sometimes presented itself to a problem a delegate had in their own organization. It seems that immersion in and in-depth consideration of one business clears the mind of the enquirer and what emerges is a solution to some dormant problem:

‘I’ve just realized that the problem you have is just like the one I’ve got and this answer I’m suggesting would work great for me.’ (Bill)

Iteratively emerging from the meetings is the co-development of a number of new processes that have been absorbed into the delegate’s organizations and, in one case, transferred to another company outside of GOLD. For example:

- The ‘one minute round the room’ review each hour, with everyone taking their turn to explain what they think is the issue, whilst others listen, was suggested by one cohort who were struggling to make progress;
- The creation of the dashboard report (DBR) was the result of delegates feeling frustrated at the amount of photocopied statutory accounts that were being circulated; and
- The format of the MD’s Board report, drawing out key issues, was developed by some hosts struggling to articulate a problem.

None of these was planned by the HEI but, rather, each emerged from the network and have become absorbed in the future processes of GOLD.

During the first 18 months there was a dedicated team from the HEI providing support for the GOLD programme. The initial pilot enjoyed some funding from the Economic and Social Research Council, ESRC, which allowed extra resources to be allocated in terms of the time of the course directors.² As part of the research agenda it was agreed that this HEI input would be reduced and the impact this might have, in terms of intensity of engagement and test of scalability, was observed. It was observed that with less direct input from the HEI there was a tailing-off of timely report production by the delegates, lower levels of attendance and, as a result, poorer quality debate and outcomes of Board meetings. This trend could signify that the programme is reaching the end of its life cycle for this particular group; or perhaps that there is a need to introduce new activities. Interestingly, experiments with increasing activity from the HEI and introducing new facilitators led to an improvement in the quality of reports.

Conclusions

The SME owner–managers have dedicated one day per month for working on, rather than working in, their businesses. During that day the programme forced them to behave differently especially if they were the host for the Board meeting. In many cases they were, for the first time, not in their places of work and were directly challenged on their assumptions underlying the projected growth and management of their businesses. The creation of an HEI-generated network, with high levels of trust, appears to have increased the social capital residing in these networks, with delegates reporting more confidence in themselves (Bill, Patrick) and a willingness to share what really worried them (Robin, Jim). Their thinking, and writing Board reports, had become more strategic rather than managerial and longer rather than short term; and this was underpinned by their becoming more reflective. The implications for practitioners can be tested through adoption of the idea of taking one day per month out of any other routine, to be working on the business. Adoption of a system for change appears to help alter behaviour if it is followed for more than six months. There are opportunities for researchers to test the rigour of this system through the removal of facilitators and to address the extent to which this process would decay or change without the rigour of external HEI facilitation. Evidence of GOLD being a success can be seen through the adoption of a number of the processes more widely across each of the businesses (dashboard reports, meeting formats). This has implications for trainers in designing processes to be used as vehicles for behavioural change.

Entrepreneurs are often ‘action-oriented’ and learn through doing (Cope and Watts, 2011; Cope, 2007). The entrepreneur is not a ‘sole’ actor making decisions in the abstract, but a relational being making decisions and choices after engaging with others (Tell, 2000; Devins and Gold, 2002). The GOLD programme simulates the experiences of life for an owner–manager in a larger organization. There is evidence of learning through doing in the production of Board reports, something that most of the owner–managers had not previously attempted or been required to do. Similarly, there is evidence of improved strategic thinking and action through the process of engaging with others. If the expectation is that an SME will grow in the longer term, a framework of governance must be created to deal with both the day-to-day issues and the long-term strategic debates (Hughes, 1995). An NED must be able to ‘walk the floors and kick the tyres’ and not just act like ‘the electrician’ (Boatman, 2009).

For the last twenty years the UK regulatory framework has sought to influence and control factors

SME non-executive directors: having one and being one

affecting the corporate governance of listed firms (Cadbury, 1992; Greenbury, 1995; Hampel, 1998; Higgs, 2003). One key driver for this has been an on-going series of corporate scandals that has resulted in shareholders being exposed to the adverse activities of the Board (Bates, 2010). Although a different emphasis has been put on each initiative, in the main there has been a drive to increase the impact, credibility and rigour of the NED: first, with regard to the control and reporting functions of the Board; and, second and more specifically, in constructively challenging and developing strategy and scrutinizing the performance of executive directors in meeting goals and objectives (Higgs, 2003). The various authors of reports, reviews and policies all see the benefits of these measures extending beyond listed companies and having an impact on unlisted companies, including SMEs.

Current UK government policy suggests that benefits could accrue if SMEs were to retain an NED. The policy also recognizes that the NED has a mentoring role to play in SMEs. The research literature indicates that few SMEs employ NEDs (Berry and Perren, 2000): the GOLD programme is an attempt to use a university generated network of SMEs to simulate the role of a NED, sensitizing the owner-managers to a future state that they will be likely to experience as their businesses grow.

Recommendations and limitations

Research has indicated that the presence of an NED is beneficial for SMEs; and having an NED in an SME implies a more rigorous adoption of good corporate governance practices. The Higgs Review (2003) recognized that for the smaller business the role of the NED could be more that of mentor than policeman. GOLD delegates are not NEDs: they have no fiduciary responsibilities. It is extremely unlikely that any SME would have one NED, let alone five. The delegates are made aware that they are acting out a simulation of what a company might do if it did have an NED. Using the title 'Non-executive Director' is simply a convenient way of giving meaning to a process that the HEI wants the delegates to follow. What the HEI has created is a network of like-minded individuals (SME owner-managers), with high levels of trust, in which the delegates are in familiar surroundings (their own businesses) and have to follow a prescribed format with an external facilitator, with an emphasis on peer-to-peer learning. The findings indicate that the impact on the owner-manager has been considerable in terms of personal development and strategic thinking. This format, suitably adapted, could be extended to senior management teams of SMEs.

Further, the UK's Companies Act (2006) requires SMEs (and other companies) to make an annual return which gives a snapshot of the company. The information includes a declaration of the number of directors. A simple change – the addition of a tick box to indicate if a director has an executive or non-executive role – would dramatically improve the ability of researchers to study NEDs. This no-cost change would give a clear picture of the number of NEDs in unlisted UK companies – a statistic that is currently unavailable. Berry and Perren's influential work in 2000 appears to be the only serious attempt to indicate the number of SMEs that have a NED and their work has been widely cited by other organizations when quoting likely numbers of NEDs in SMEs (Merson, 2003; CIMA, 2001). However, the work by Berry and Perren is now 12 years old and their active sample size was 640 businesses.

It is noted and accepted that there are limitations with regard to the sample size of this piece of research. To a significant extent all the delegates had worked together at the HEI. The opportunity to test this programme outside an HEI setting would strengthen this research and support the ideas suggested by Lambert (Lambert, 2003, p 2): 'Businesses will have to learn how to exploit the innovative ideas that are being developed in the HEI sector'.

Acknowledgements

My grateful thanks are due to Dr Ellie Hamilton and Professor Sarah Jack for their encouragement and advice; and to Magnus George for his contribution to the design of the GOLD programme.

Notes

¹Jhang and Hamilton (2009) illustrate that the LEAD programme includes seven major elements: (1) two-day overnight experiential events when participants got to know one another; (2) master classes covering specific skills such as finance, marketing; (3) action learning where six participants met six times over the course for a full day, and the set members adopted a questioning approach in order to help the issue holder get a deeper understanding of his or her issue and reach a conclusion; (4) coaching and mentoring by experienced and trained professionals; (5) consultancy projects applicable for each participants, mainly on marketing, competitor analysis, business planning or growth; (6) shadowing and business exchanges where a pair of participants visited each other's business for two or three days observing and giving feedback to their pair on his or her leadership (shadowing), and working in their partner's business for a week to run a mini-consulting project (business exchange); and (7) an electronic discussion space to support communication and peer-to-peer interaction between everyone involved in LEAD.

²RES-189-25-0245 Follow on Fund – 'Non-executive directors in UK SMEs: having one and being one'. Under guidance from the PI (Professor Mary Rose), the project team (Magnus George and Ian Gordon) were Board facilitators working in a semi-ethnographic capacity, and as action researchers. Their close

contact with all programme participants enabled a high level of access to data and their full involvement in all aspects of GOLD delivery enabled them to fine-tune the delivery of the programme on an ongoing basis. An example of this was the decision, early in the project period, to increase the frequency of Board meetings from one every two months to, on average, one per month.

References

- Abolafia, M.Y., and Kilduff, M. (1988), 'Enacting market crisis: the social construction of a speculative bubble', *Administrative Science Quarterly*, pp 177–193.
- Aldrich, H. (1989), 'Networking among women entrepreneurs', in Hagan, O., Rivchun, C., and Sexton, D., eds, *Women-owned Businesses*, Praeger, New York, pp 103–32.
- Barrow, C. (2001), 'The role of non-executive directors in high tech SMEs', *Corporate Governance*, Vol 1, pp 34–36.
- Bates, S. (2010), 'How Polly Peck went from hero to villain in the City', *The Guardian*, [www.frc.org/documents/pagemanager/frc/responses](http://www.guardian.co.uk/business/2010/aug/26/polly-peck/Berry, A., and Perren, L. (2000), 'The role of non-executive directors in United Kingdom SMEs', ACCA Research Report, No 63, Association of Chartered Certified Accountants, Glasgow.</p><p>Boatman, C. (2009), 'Responses to the review of the effectiveness of Combined Code progress report and second consultation', Finance Reporting Council, London, <a href=), last accessed 10 July, 2012.
- Brunetto, Y., and Farr-Warton, R. (2007), 'The moderating role of trust in SME owner-managers' decision making about collaboration', *Journal of Small Business Management*, Vol 45, No 3, pp 362–387.
- Brunninge, O., Nordqvist, M., and Wiklund, J. (2007), 'Corporate governance and strategic change in SMEs: the effects of ownership, Board composition and top management teams', *Small Business Economics*, Vol 29, pp 295–308.
- Cadbury, A. (1992), *The Committee on the Financial Aspects of Corporate Governance*, Gee Publishing, London.
- Cannon, J. (2002), 'Harley, Robert, 1st Earl of Oxford and Earl Mortimer', in *The Oxford Companion to British History*, <<http://www.encyclopedia.com>>, last accessed 13 July 2012.
- Checkland, P. (1999), 'Systems thinking', in Currie, W.L., and Galliers, B., eds, *Rethinking Management Information Systems*, Oxford University Press, Oxford, pp 45–56.
- CIMA (2001), *Non-Executive Directors: Their Value to Management*, CIMA Publishing, London.
- Clarke, T. (1993), 'Case study: Robert Maxwell, master of corporate malfeasance', *Corporate Governance: An International Review*, Vol 1, No 3, pp 141–151.
- Clarke, T. (1998), 'The contribution of non-executive directors to the effectiveness of corporate governance', *Career Development International*, Vol 3, No 3, pp 118–124.
- Clutterbuck, D., and Waine, P. (1994), *The Independent Director*, McGraw Hill, London.
- Cope, J. (2005), 'Researching entrepreneurship through phenomenological inquiry: philosophical and methodological issues', *International Small Business Journal*, Vol 23, pp 163–189.
- Cope, J. (2011), 'Entrepreneurial learning from failure: an interpretative phenomenological analysis', *Journal of Business Venturing*, Vol 26, No 6, pp 604–623.
- Cope, J., and G. Watts, (2000), 'Learning by doing: an exploration of experience, critical incidents and reflection in entrepreneurial learning', *International Journal of Entrepreneurial Behaviour and Research*, Vol 6, No 3, pp 104–124.
- Cowling, D. (2003), 'Productivity and corporate governance in smaller firms', *Small Business Economics*, Vol 20, pp 335–344.
- Curran, J., Jarvis, R., Blackburn, R.A., and Black, S. (1993), 'Networks and small firms: constructs, methodological strategies and some findings', *International Small Business Journal*, Vol 11, pp 13–25.
- Daily, C.M., and Dalton, D.R. (1992), 'The relationship between governance structure and corporate performance in entrepreneurial firms', *Journal of Business Venturing*, Vol 7, No 5, pp 375–386.
- Dale, R. (2004), *The First Crash: Lessons from the South Sea Bubble*, Princeton University Press, Princeton, NJ.
- Department for Business, Innovation and Skills (BIS) (2010), *Small and Medium-sized Enterprise Statistics for the UK and Regions*, last accessed 06 July 2012, see also <http://webarchive.nationalarchives.gov.uk/+http://stats.bis.gov.uk/ed/sme/>.
- Devins, D., and Gold, J. (2002), 'Social constructionism: a theoretical framework to underpin support for the development of managers in SMEs?', *Journal of Small Business and Enterprise Development*, Vol 9, pp 111–119.
- DIUS (Department for Innovation, Universities and Skills) (2007), *Implementing 'The Race to the Top': Lord Sainsbury's Review of Government's Science and Innovation Policies*, The Stationery Office, London.
- DIUS (Department for Innovation, Universities and Skills) (2008), *Higher Education at Work: High Skills, High Value*, http://www.bis.gov.uk/assets/biscore/corporate/migrated/D/ec_group/HLSS4_08, last accessed 07 February 2011.
- Forbes, D., and Milliken, F. (1999), 'Cognition and corporate governance: understanding boards of directors as strategic decision-making groups', *Academy of Management Review*, Vol 24, pp 489–505.
- Gabrielsson, J. (2003), *Boards and Governance in SMEs: An Inquiry into Boards' Contributions to Firm Performance*, Scandinavian Institute for Research in Entrepreneurship (SIRE), Halmstad University, Halmstad.
- Gabrielsson, J., and Huse, M. (2005), *Outside' Directors in SME Boards: A Call for Theoretical Reflections*, Norwegian School of Management, Department of Innovation and Economic Organisation, Oslo.
- Galbraith, J.K. (1990), *A Short History of Financial Euphoria*, Whittle Direct Books, Knoxville, TN.
- George, M., Gordon, I., and Hamilton, E. (2010), 'What is (the point of) an entrepreneur in residence? – the Lancaster University experience, with some worldwide comparisons', *Industry and Higher Education*, Vol 24, No 6, pp 495–503.
- Gloeck, J.D. (2004), 'The accounting and auditing profession – what's happening around the globe', *Accountancy Age*, London.
- Gordon, I. (2009), *Introductory Lecture on the GOLD Programme*, unpublished presentation made to IEED Academic Team, June 2009.
- Gordon, I., and Jack, S. (2010), 'HEI engagement with SMEs: developing social capital', *International Journal of Entrepreneurial Behaviour and Research*, Vol 16, No 6, pp 517–539.
- Gordon, I., Hamilton, E., and Jack, S. (2011), 'A study of a university-led entrepreneurship education programme for small business owner-managers', *Entrepreneurship and Regional Development*, Vol 24, No 9/10, pp 767–805.
- Greenbury, R. (1995), *Directors' Remuneration: Report of a Study Group Chaired by Sir Richard Greenbury*, Gee Publishing, London.
- Gumpert, D., and Boyd, D. (2001), 'The loneliness of the small-business owner', *Harvard Business Review*, November–December, pp 18–24.
- Hamilton, E. (1969), *The Backstairs Dragon: A Life of Robert Harley, Earl of Oxford*, Hamish Hamilton, London.
- Hampel, R. (1998), *Committee on Corporate Finance, Final Report*, Gee Publishing, London.
- Higgs, D. (2003), *Review of the Role and Effectiveness of Non-executive Directors*, Department of Trade and Industry, London.
- Hite, J. (2005), 'Evolutionary processes and paths of relationally

SME non-executive directors: having one and being one

- embedded network ties in emerging entrepreneurial firms', *Entrepreneurship: Theory and Practice*, Vol 29, No 1, pp 113–144.
- Hoang, H., and Antoncic, B. (2003), 'Network-based research in entrepreneurship: a critical review', *Journal of Business Venturing*, Vol 18, No 2, pp 165–187.
- Hoepfl, M.C. (1997), 'Choosing qualitative research: a primer for technology education researchers', *Journal of Technology Education*, Vol 9, No 1, pp 47–63.
- Hughes, P.C. (1995), 'Do small private corporations need boards of directors?', *Journal of Small Business and Entrepreneurship*, Vol 12, No 1, pp 17–25.
- HM Treasury (2006), *The Leitch Review of Skills: Prosperity for All in the Global Economy – World Class Skills*, HM Treasury, London.
- HM Treasury (2012), *History of the Treasury*, www.hm-treasury.gov.uk/about_history.htm, last accessed 10 July 2012.
- Lambert, R. (2003), *Lambert Review of Business–University Collaboration*, HM Treasury, London.
- Leitch, C.M., Hill, F., and Harrison, R. (2010), 'The philosophy and practice of interpretivist research in entrepreneurship: quality, validation and trust', *Organizational Research Methods*, Vol 13, No 1, pp 67–84.
- Melão, N., and Pidd, M. (2000), 'A conceptual framework for understanding business processes and business process modelling', *Information Systems Journal*, Vol 10, No 2, pp 105–129.
- Merson, R. (2003), *Non-Executive Directors: A BDO Stoy Hayward Guide for Growing Businesses*, Profile Books, London.
- OECD (2004), *Principles of Corporate Governance*, OECD, Paris.
- Pagden, A. (1998), *Spanish Imperialism and the Political Imagination: Studies in European and Spanish-American Social and Political Theory 1513–1830*, Yale University Press, New Haven, CT.
- Parker, D. (1999), 'Regulation of privatised public utilities in the UK: performance and governance', *International Journal of Public Sector Management*, Vol 12, No 3, pp 213–236.
- Patton, M.Q. (1990), *Qualitative Evaluation and Research Methods*, 2nd ed, Sage, Thousand Oaks, CA.
- Punch, K. (2005), *Introduction to Social Research: Quantitative and Qualitative Approaches*, Sage, London.
- Stevenson, H.H., and Gumpert, D.E. (1985), 'The heart of entrepreneurship', *Harvard Business Review*, March, pp 85–94.
- Stiles, P., and Taylor, B. (1993), 'Maxwell – the failure of corporate governance', *Corporate Governance: An International Review*, Vol 1, No 1, pp 34–45.
- Summerfield, D. (1999), *The Independent Director*, Ernst and Young, Kogan Page, London.
- Taylor, D.W., Jones, O., and Boles, K. (2004), 'Building social capital through action learning: an insight into the entrepreneur', *Education and Training*, Vol 46, pp 226–235.
- Tell, J. (2000), 'Learning networks – a metaphor for inter-organizational development in SMEs', *Enterprise and Innovation Management Studies*, Vol 1, No 3, pp 303–317.
- Thompson, C., Locander, W., and Pollio, H. (1989), 'Putting consumer experience back into consumer research: the philosophy and method of existential phenomenology', *Journal of Consumer Research*, Vol 16, No 2, pp 133–146.
- Zhang, J., and Hamilton, E. (2010), 'Entrepreneurship education for owner-managers: the process of trust building for an effective learning community', *Journal of Small Business and Entrepreneurship*, Vol 23, No 3, pp 249–270.

Universities, SMEs and social capital: Can you get too much of a good thing? An illustrative analysis of one university's knowledge exchange programme

Industry and Higher Education
2016, Vol. 30(6) 382–393
© The Author(s) 2016
Reprints and permission:
sagepub.co.uk/journalsPermissions.nav
DOI: 10.1177/0950422216670491
ihe.sagepub.com



Ian Gordon

Lancaster University Management School, UK

Abstract

This article explores a university knowledge exchange programme for small and medium-sized enterprise (SME) owner-managers. Specifically, it considers why a programme designed to achieve growth in a group of SMEs through the creation of a network high in social capital may have become a constraint on the programme's effectiveness over a period of 5 years. The article presents findings from ethnographic observation and interviews with eight participants. The main findings suggest that university facilitators should guard against becoming part of a strong tie network of delegates, which in this case may have resulted in a reduction in their ability to bridge to other groups and networks. In addition, without the periodical introduction of new activities, there is the danger that the group will become stale.

Keywords

Gold Programme, knowledge exchange, SMEs, social capital, social networks

Owner-managers of small and medium-sized enterprises (SMEs) can feel lonely or isolated (Gumpert and Boyd, 1984; Reinl and Kelliher, 2015; Zhang and Hamilton, 2010), and persuading them simply to engage with a university can be difficult (Gordon et al., 2012; Smallbone et al., 2015; Stam et al., 2014). Gaining the confidence of SMEs so that they do engage with universities requires the establishment of trust and this takes time (Gordon and Jack, 2010; Hite, 2005; Jack and Mouzas, 2007).

Over the last 20 years, the UK government and the European Union have encouraged university business engagement (CEC, 2006; DIUS, 2008a, 2008b; EC, 2012) and have enacted policies to promote the transfer and exchange of knowledge (BIS, 2013a, 2013b). Two recent initiatives in the United Kingdom have increased the emphasis given to knowledge exchange (KE). The Higher Education Funding Council for England (HEFCE) assesses the 'impact' arising from excellent research. HEFCE commented that 'a weighting of 25% for impact would give due recognition to the economic and social benefits of excellent research' (REF, 2014). The second initiative is the Small Business Charter of the Chartered Association of Business Schools, established following Lord Young's report

Growing Your Business (BIS, 2013a), which aimed to bring business schools and SMEs closer together to drive local economic growth. Such initiatives characterize the principles of the triple helix model of cooperation (Etzkowitz and Leydesdorff, 1999; Etzkowitz et al., 2000), which reflects a shift from a business–government dyad to a triadic relationship between university, business and government. Central to the effectiveness of that relationship is the generation of social capital, enabling universities to be actively engaged in entrepreneurial activities (Mitra, 2012: 189; Rinne and Koivula, 2009: 186).

Over the last 20 years, universities have adopted these ideas and have engaged with SME owner-managers in a range of leadership and management programmes (Gordon and Jack, 2010; Wren and Jones, 2006, 2012; Zhang and Hamilton, 2010). This article considers longitudinal changes in the structure of social capital residing in a

Corresponding author:

Ian Gordon, Lancaster University Management School, Lancaster LA1 4YX, UK.

Email: i.gordon@lancaster.ac.uk

network of SME¹ owner-managers taking part in a university-led KE programme designed to achieve growth. The Gold Programme involves delegates visiting each other's place of work (typically 1 day per month in each company on rotation) and simulating the role that would be performed by a non-executive director. The opportunity to explore changes over time emerged when 20 of the delegates who started on the programme remained on it for 5 years. Throughout this time, the author, who is the programme's director and facilitator, collected data ethnographically as a participant observer and also in a more formalized format from interviews with delegates.

The Gold Programme, which was planned as a response to requests for a post-engagement offering and was expected to last for 2 years, has run continuously for 5 years. Having the same set of SME owner-managers continuously on one programme for 5 years appears to be rare. There is a sense from the delegates and programme facilitators that, paradoxically, more of the same is wanted but that the programme is not as good as it could be in terms of generating inspiration to grow. On the face of it, this appears to contrast with a longitudinal study of facilitated learning networks run at other establishments, where the longevity of the programme has continued to improve the performance of the participating SMEs (Reinl and Kelliher, 2015).

The design of the Gold Programme was informed from the outset by the work of Granovetter (1973). We therefore took the view that the delegates brought together initially had weak ties between themselves and with the university and that the university's role was to bond the group(s) and act as a bridge to other networks. Previous research on this programme indicates that the creation of a network that is high in trust builds social capital, with multiple benefits accruing to the SMEs (Gordon, 2013).

This article, then, explores changes in social capital over time in a specific university-led KE programme through the lens of social networks. The study examines the activities undertaken by the university to build trust and social capital which are reported to have proved effective in terms of collaboration to deliver growth at the beginning of the programme but which seem to have become less effective in subsequent years.

This article is structured as follows. A literature review is provided which considers social capital, drawing on the work of Bourdieu (1986), Portes (1998) and Coleman (1988). The relevance of social networks is considered in the light of Granovetter's (1973) work on strong and weak ties and Homans's (1951) study of social relationships in the workplace. A detailed account of the method is then provided. Thereafter, the findings and analysis from the work are presented. Finally, the conclusions along with implications for practitioners, those engaged with KE activity and researchers, are outlined.

Literature review

Social capital

Broadly defined, social capital is some attribution of value within a social relationship (Gedajlovic et al., 2013; Payne et al., 2011). In the last 25 years, we have seen an expansion of the literature on social capital, by authors ranging from economists to sociologists, which has metaphorically exploded like an epistemological firework into an ontological sky, scattering theory in all directions. Consequently, there have been concerns about the use of the term 'social capital' in that it has become a metaphor for almost any area of sociological ideas (Adam and Roncevic, 2003; Fine, 2010; Foley and Edwards, 1999; Sandefur and Laumann, 1998).

Social capital has also been said to represent the outcome of a process of learning about the other, developing knowledge about the other, gaining experience of the other and learning to trust the other (Anderson and Jack, 2002).

Lockett et al. (2012) argue that there are many advantages to possessing social capital. It has been associated with enhanced business, knowledge and innovation performance (Cooke and Wills, 1999; Yli-Renko et al., 2001). However, social capital does require an investment of social resources, with expected direct or indirect returns in the shorter or longer term (Anderson et al., 2007). Moreover, because it is a process, it takes time to build and develop it (Anderson and Jack, 2002).

Almost all contemporary theories on social capital arise from the work of Bourdieu (1986), Coleman (1988) and Portes (1998). A Google Scholar search (August 2015) revealed over 600,000 citations of their work.

Bourdieu (1986: 247) defines social capital as 'membership in a group which provides each of its members a credential which entitles them to credit'. Bourdieu (1986) argues that all capital derives from economic capital and that social capital is simply the expenditure of labour. Coleman sees social capital as some sort of structure, defined by its function:

It is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors whether persons or corporate actors within the structure. (Coleman, 1988: 105)

Bowey and Easton (2007: 279) build on this definition, distilling it as 'a stock of credibility and goodwill that may be drawn upon by those network actors who directly contribute to its creation'. For Portes (1998), social capital represents the ability of actors to secure benefits by virtue of their membership in social networks. He argues that the most common function attributed to social capital is that of a source of network-mediated benefits beyond the immediate family. This links to the work of Granovetter (1973)

Table 1. Delegates and their company details.

Delegate	Company classification	Turnover at start	Turnover at end	Profit at start	Profit at end	Number of staff at start	Number of staff at end
Andrew	Medium sized	£3,500,000	£4,200,000	£36,000	£68,000	60	65
Charlotte	Small	£3,000,000	£6,000,000	£400,000	£775,000	25	40
Chris	Small	£1,100,000	£1,600,000	-£250,000	£300,000	21	25
Alan	Micro	£1,100,000	£1,630,000	£49,000	£250,000	4	6
Bernard	Micro	£250,000	£350,000	£45,000	£31,500	6	9
Ian	Small	£250,000	£1,100,000	£70,000	£120,000	5	38
Bill	Small	£400,000	£800,000	£20,000	£85,000	16	20
George	Small	£4,600,000	£4,800,000	-£60,000	£50,000	27	28

Note: The names of delegates have been changed for anonymity.

Table 2. Responses indicating the accumulation of trust and the build-up of social capital.

Delegate	Response
Andrew	'I am alone, running my businesses without a professional board of directors. The Gold forum is great support, emotionally and practically'.
Charlotte	'As we became immersed in each other's businesses, we accumulated a real in-depth knowledge of the businesses'.
Chris	'The more you engage and get involved in the programme and the university, the better the benefit to the business'.
Bernard	'I can think of no other arena other than in a boardroom (and we are too small for this) where you can expose warts and all your issues, ideas and plans, have them rigorously examined and dissected, before reassembling them, in almost always a better state than which they were initially presented to the meeting, they are a team that have no agenda other than your success'.
Ian	'The benefits are new opinions, shared problems, challenging questions, shared ideas, shared experience and making new contacts in a very safe environment'.
Bill	'The benefits of working with other delegates in the group have been many and as the group has developed and built trust the level of engagement has increased. The main benefits are that you develop a sense of accountability to the group, you use the reporting systems and timeframes as the new benchmarking and tracking of your own business internally, you gain confidential advice and support from your peers and in what can be a lonely world for the business owner you have camaraderie and support'.
George	'The group provides trusted support for each other without any hidden agenda. More trust builds up over time. We get to know each other's businesses in a very in-depth way'.

who, rather than using the term social capital, refers to the power of outside influences beyond immediate family and close friends (which Granovetter calls the strength of weak ties) and that of Burt (1992) who developed the notion of structural holes, indicating the gap between two networks that possess different information or knowledge.

Social capital, then, is a complex term and, while scholars may be broadly in agreement with a basic definition, there is less agreement on how social capital is actually operationalized (Gedajlovic et al., 2013). It is not the intention of this article to review the whole field, but rather to use the lens of social capital to examine a specific issue – the factors affecting the longevity of a university growth programme for SME owner-managers. In this article, we observe the delegates in the light of Portes's (1998) focus on the ability of actors to secure benefits by virtue of membership of social networks. This element of social capital is particularly relevant to the commentary in the 'Findings' section of this article, especially in relation to the data in Table 2.

Social networks

Social networks involve a set of actors and the linkages between them (Brass et al., 1998; Hoang and Antoncic, 2003; Nelson, 1988). They represent a 'learning habitat from which to gain understanding about opportunities and resources' (Bowey and Easton, 2007: 274). There has never been a time when humans have not operated in a social network and relationships are a fundamental element in everyone's life (Kim and Aldrich, 2005).

Individuals do not operate independently or make decisions in a vacuum but are influenced by others in their social networks (Aldrich and Zimmer, 1986; Granovetter, 1985). A relationship in a network is the means by which one gains access to resources held by another (Burt, 1992). Thus, networking is a social process that occurs over time; it is a process of identifying common interests, gaining knowledge and experience of other individuals and building trust which leads to the creation of social capital (Jack, 2005, 2010). Investing in the cultivation of networks

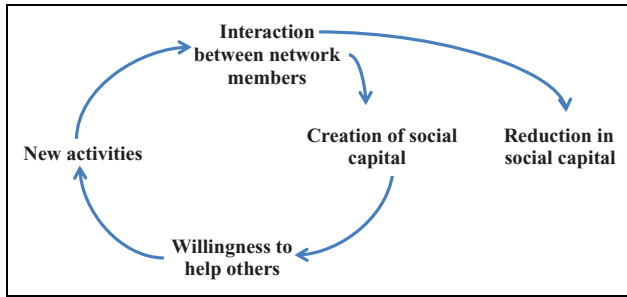


Figure 1. An adaptation of Homans's model.
Source: Adapted from Homans, 1951.

creates social capital and value for SMEs (Stam et al., 2014: 16). Accordingly, SMEs should look to build networks of relationships to support their activities (Anderson and Jack, 2002; Davidsson and Honig, 2003; Nahapiet and Ghoshal, 1998). While Jack (2005) warns against the term 'network' becoming a terminological jungle in which any newcomer may plant a tree, there is nevertheless general acceptance that network activities benefit SMEs (Anderson and Li, 2014; Stam et al., 2014).

Homans (1951) studied groups of workers in a social network and their behaviour over a period of time.² His influential work has inspired a number of contemporary writers on social networks (Coleman, 1988; Granovetter, 1973; Portes, 1998). His proposition was that 'the more often a number of persons interact with one another, the more alike their behaviour tends to become' (Homans, 1951: 137). However, he also cautioned that 'if for any reason interaction in the internal system decreased, then activity would decay and sentiments of friendliness weaken' (p. 103). Figure 1 shows an adaptation of his proposition. Interaction between network members generates sentiments of friendliness or dislike.³ The former in turn generate a willingness to help others, leading to new activities. Homans (1951) postulates that any changes in the interaction between network members or a lack of new activities can lead to sentiments of dislike or a reduction in social capital.

Granovetter (1973: 1361) defines the strength of an interpersonal tie in a social network as 'a combination of the amount of time, the emotional intensity, the intimacy and the reciprocal services which characterise the tie'. Individuals in a social network who participate in this way in extensions of dyadic and triadic relationships exhibit increasingly similar behaviour (Homans, 1951: 137). Granovetter illustrates this tendency by suggesting that if there are strong ties between A and B and between A and C, there is a likelihood that B and C will also form strong ties (Granovetter, 1973). He argues that the opposite will equally be true and that weak ties between A and B and A and C will probably lead to a weak tie between B and C. The claim for the strength of weak ties rests with this observation by Granovetter (1973: 1371): 'those to whom

we are weakly tied are more likely to move in circles different from our own and will thus have access to information different from that which we receive'. However, Jack (2005: 1236) argues that 'entrepreneurs rely extensively on strong ties and that it is these ties that are instrumental for business activity'. Jack (2005) goes on to suggest that 'it is the function of a tie and how that tie can be utilized that is important rather than frequency of contact'. Jack et al. (2004) demonstrated that strong ties were important and commented that it was essential to differentiate the tie between a simple transaction exchange and a strong personal relationship. However, Stam et al. (2014) found that weak ties, structural holes and network diversity were all positively related to performance. Thus, while trust will be a feature of strong ties and network closure is essential for support and cooperation between actors, weak ties make it easier to find out, for example, about new opportunities or sources of knowledge (Gargiulo and Benassi, 2000). The paradoxical element is the extent to which the strong ties in a bonded group limit the ability to create weak ties that link to other networks. The literature indicates the importance of social capital and the complexity and different benefits accruing from strong and weak ties. These areas support the objective of this article to explore changes in social capital over time.

Methodology

The context

Most SMEs, especially the smaller firms, do not have a non-executive director (Berry and Perren, 2001) and thus never benefit from the experience of a disconnected but interested third party giving detailed consideration to the strategic objectives of the company. The Gold Programme for SME owner-managers simulates that strategic role of the non-executive director. Using a learning model that draws on experiential, situational, observational and peer-to-peer learning, the programme combines various activities to improve day-to-day strategic action. Members of Gold are non-competitive businesses formed into groups of six and create a supportive high-trust environment in which to tackle issues faced by SMEs that are often not easily discussed. The core of the programme has two elements. First, each delegate completes a Development Plan Workbook (DPW) that articulates a vision of where the company wants to get to and sets functional objectives and tasks directly related to that vision. Second, the delegates visit each other's organization in rotation and, using the DPW as a framework for investigation, act out the role of being a non-executive director.

The data collection for this study was carried out by the author and it is the author's immersion in the programme as programme director and facilitator that provides interesting perspectives and insights over time. Rather than treating

this as bias and seeking to eliminate it from the study design, it is treated as a valuable component. The author was originally funded by the Economic and Social Research Council as a business placement fellow.⁴ In that capacity, he collected data ethnographically as a participant observer in the Gold Programme.

The role of the author is interesting here because not only does he have an appreciation of the world of the university as a teaching fellow, but he also comes from the world of entrepreneurship and business. This did seem to impact positively on the information gathered from the delegates at interviews and observations. The author has over 25 years of varied experience as an SME owner-manager and has brought that perspective to the research. The delegates were able to see him as part of their world and, as a result, were more open than they might otherwise have been. Some felt that this background put the author in a useful 'go-between' position between the fast-changing world of the SME and the more stable one of the university.

It is fairly easy to characterize these SME owner-manager delegates as living with the day-to-day intensity integral to running a business and embracing a positivist paradigm so that for them, there exists an external and objective reality (Easterby-Smith et al., 1991). The interesting methodological element in this article is the author's previous experiences as an SME owner-manager and of that immersive lived world of the positivist paradigm. However, it is the different ontological beliefs moving along a continuum towards a phenomenological paradigm that guide the author's observations and interviews as a researcher such that it is impossible to observe without making reference to personal knowledge and belief systems (Guba and Lincoln, 1994).

Data collection

Qualitative techniques were used to examine the networking activities of eight SME owner-managers who participated in the Gold Programme between 2010 and 2015. The structure and processes of the programme are intended to encourage delegates to make sense of their personal and social worlds by simulating the role of a non-executive director. Using a phenomenological approach and ethnographic analysis, the author makes sense of the delegate trying to make sense of his or her personal and social world (Cope, 2005; Smith, 2004).

This view of the individual learning as essentially related to the success of group learning has influenced the programme from the beginning. Thus, the objectives of the research were related to understanding, rather than measuring (Oinas, 1999).

A researcher using ethnographic techniques immerses himself or herself in the programme for a period of time to participate directly in the group being studied (Easterby-Smith et al., 1991; Gill and Johnson, 2010). This allows the

researcher to understand the way people behave and how they interact and collaborate, to learn about the culture of others and to see things from the point of view of the group being studied (Curran and Blackburn, 2001; Easterby-Smith et al., 1991; Gill and Johnson, 2010; Gummesson, 2000).

To consider the experiences of the individual delegates on the Gold Programme, data relating to their situations and experience linked to networking activities, and the creation use and development of social capital were gathered. A framework for data collection and analysis was developed from the literature review. Specifically, this drew on the adapted Homans's model (1951), mapping its stages of the creation of sentiments of liking, the willingness to help others, the generation of new activities and the increase in interaction. Granovetter's (1973) characterization of a strong tie network (amount of time, emotional intensity, intimacy and reciprocity) was also used to support the framework for data collection. This approach provided in-depth detail about the social capital and networking activities of participants.

Qualitative approaches have been seen as appropriate for the consideration of social capital, and especially process aspects, which we need to know more about (Anderson and Jack, 2002; Anderson et al., 2007). Jack (2010) calls for greater use of qualitative tools such as participant observation and ethnography. In the current study, observations were carried out by the author throughout the 5-year period. Having observed the delegates for over 600 h and taken part in the processes of Gold as a facilitator, he was able to build up a detailed understanding of the owner-managers and their businesses. Once a strong rapport had been established with all of the delegates, it was possible to use a number of semi-structured interviews throughout the programme to garner views on different business issues. Without the high level of trust that developed between the author and the delegates, it is unlikely that this method of data capture would have been effective (Nahapiet and Ghoshal, 1998).

Respondents

The sampling method chosen was purposeful; that is to say, respondents were deliberately selected with a specific purpose in mind (Punch, 2005: 187). This purposeful sample was selected on the basis that the particular individuals selected would provide interesting examples and that we could learn about their interaction with the programme. In choosing our respondents, we wanted to ensure that we received a balance in terms of research participants. There was a spread of limited companies, family businesses and sole traders. The turnover of the eight chosen companies varied across the range of turnover reported for the whole cohort (£150,000 to £6 million). At least two delegates were chosen from each of the four groups that made up the

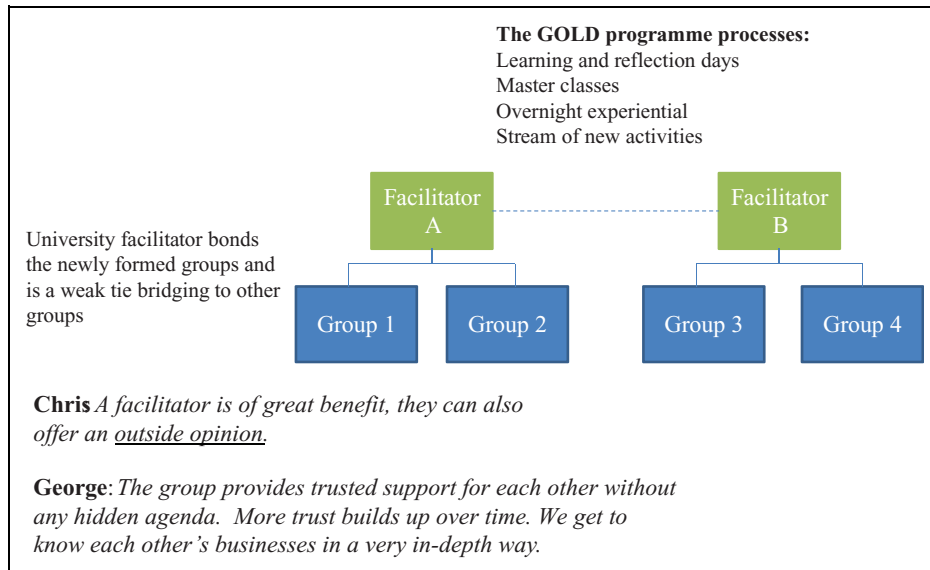


Figure 2. Gold Programme structure in the early years.

cohort so that views were gathered from across the whole programme (see Table 1). Each delegate reported an improvement in performance that was due to the impact of the Gold Programme. However, none was able to quantify the amount. Given the strategy of the delegate selection and the small size of the sample, gross value added claims are not made here.

Data analysis

The data collected, then, were from two sources – observations and interviews. Throughout the programme, the author took part in simulated board meetings by acting in the role of company secretary. Delegates became accustomed to his presence in the room and his making notes. The author would produce minutes and action plans arising from each monthly meeting that captured observed changes in language, style, familiarity, attendance, punctuality and quality of reports but also in other more subtle matters such as the time taken to respond to action points and willingness to accept criticism. The data in these journals were examined for detail relating to the original research interests and for emerging patterns or themes, especially between groups. Second, themes were refined into descriptive categories. Third, the descriptive categories were synthesized into analytical categories which helped to explain the process of change over time. Influenced by the work of Thompson et al. (1989) and Cope (2005) on phenomenological interview methods, a series of semi-structured interviews was conducted with all eight respondents. The purpose was to take a more holistic view of the patterns that had emerged from the data analysis and then to bring together the elements that seemed most important.

Findings

Early years

At the beginning of the Gold Programme, there were four groups with an average membership of five SME owner-managers. There were two university facilitators (the author being one), whose role was to bond the newly formed groups, creating strong ties but with a weak tie bridging to other individuals and groups. The programme was rich in content, with a stream of new activities that increased the interaction between network members, including the process of acting the role of a non-executive director. Figure 2 illustrates the structure of Gold at the outset.

Each facilitator looked after two groups, simulating, as already noted, the duties of a company secretary – setting dates and times for meetings, circulating reports and agendas and keeping minutes and action points. This part of the programme was designed to expose delegates to the more formal structure of a board meeting with external representation, whereas they were more used to informal management meetings in which everyone attending was likely to be part of the executive of the company. Their board meetings, if they were held, were more like management meetings and lacked strategic content. Additionally, the facilitators acted as guides, keeping the nature of the discussions strategic.

In the semi-structured interviews carried out by the facilitator, it was clear from the responses that trust had been established and there were high levels of social capital: ‘We accumulated a real in-depth knowledge of the business’ (Charlotte); ‘You develop a sense of accountability to the group’ (George). This finding aligns with Portes (1998) and his view that delegates secure benefits by virtue

Table 3. Responses indicating the tie strength of the university facilitator.

Delegate	Response
Andrew	'Our facilitator keeps us on track and brings some rigour to the process. Without him meetings would not happen and we would quickly drift off topic'.
Charlotte	'We have had a few different facilitators and indeed have even tried to go unfacilitated. The benefits of the facilitator are to keep the meeting on track and to follow up post-meeting with all the minutes'.
Chris	'A facilitator is of great benefit, they can also offer an outside opinion. They need to understand the real reason for each person's involvement and balance the group. Some to learn new skills, others to really ramp up a business. Some facilitators do not understand what their role actually means for the group'.
Alan	'Having a university facilitator as opposed to an independent facilitator, to me, is the same. Having no facilitator whatsoever would prevent the group from functioning effectively. I believe the link to the university is important, with the attendance of masterclasses and workshops, but the need for the facilitator to be part of the university is, I feel, less important'.
Bernard	'The benefits include the knowledge and experience of the facilitator, to use a facilitator who was not a business expert in the field would be folly, the facilitator needs to be strong and hold credibility in the group, they need to hold the board to account, as a chairman would, on participation, attendance, etc.'
Ian	'Benefits: sense of humour, knowledge, being able to explain the theory, and being an effective referee when things got hot. Drawbacks: possibly fuelled a little too much concentration on scenario building and reports and less on having a go'.
Bill	'The facilitator we had was in my opinion excellent and the benefits of having a facilitator have been enormous: having that voice to point, encourage and admonish when discipline is lacking has been central to the success of the group'.
George	'The facilitator is crucial is our group. He holds the whole group together'.

of membership of a programme. Figure 1, as we have seen, depicts the model adapted from Homans (1951) and illustrates his view of how groups operate and maintain social capital. The strength of the interaction between members is evidenced in Table 2 by Andrew's comment that the Gold Programme is 'great support both emotionally and practically'. Evidence of the creation of social capital is provided by Bernard, who says 'the Gold group are a team that have no agenda other than your success'. George builds on this with his observation that 'the group provides trusted support for each other . . . More trust builds up over time'. Several delegates support this notion of a willingness to help others that leads to new activities in the group and in their own organization.

The university programme created a network structure that initially had weak ties in heterogeneous groups. Part of the facilitator's role was to focus on bonding these groups to form strong ties, following Granovetter's (1973) challenges ('a combination of the amount of time, the emotional intensity, the intimacy and the reciprocal services which characterise the tie'). The university purposefully created a closed group (using such activities as confidential action learning sets and a private online forum) so they did better and achieved more.

Initially, all delegates reported benefits from being part of the programme and their comments suggested that the programme was putting in place Granovetter's (1973) essential elements for the creation of strong ties: emotional intensity, 'the Gold programme is great support emotionally' (Andrew); intimacy, 'we become immersed in each other's businesses' (Charlotte); and reciprocal services, 'you develop a sense of accountability to the group' (Bill).

It is clear from the delegates' comments that the role of the facilitator is important both in managing the process

and in bridging to other groups: 'the facilitator needs to be strong and hold credibility with the group' (Bernard); 'the benefit of having a facilitator has been enormous' (Bill); 'the facilitator is crucial to the group' (George).

Jack (2005) argues strong ties are needed to spin off and utilize weak ties. Weak ties are more likely to link members of different small groups than strong ones (Granovetter, 1973). However, as can be seen in Table 3, the university facilitator becomes a strong tie within the group and the whole group becomes more homogenous.

Later years

Later in the programme, delegates commented that it was not as effective as it used to be: 'I get the feeling that we are slightly running out of steam' (Alan); 'I don't feel I'm learning very much from the meetings now' (Charlotte); 'Delegates do not seem to prioritize the meetings like they used to or apply the same rigour and timescales in putting together board reports' (Chris); 'Complacency appears to be the enemy, with attendance dropping off resulting in poorer meetings' (Bernard). Other comments included: 'Lack of consistency when members do not attend' (John); 'You become so ingrained in the other members and their businesses that you can go "native" and as such this compounds the complacency' (Bill). Without efforts to maintain a network made up of strong ties, there is probably going to be some damage to social capital.

After the first 2 years, additional facilitators were used so that no facilitator had more than one group to look after. This was in part an internal resourcing issue, with the original facilitators under pressure to take part in other work. However, it also reflected a desire to grow the business model and develop other staff to become facilitators. Figure

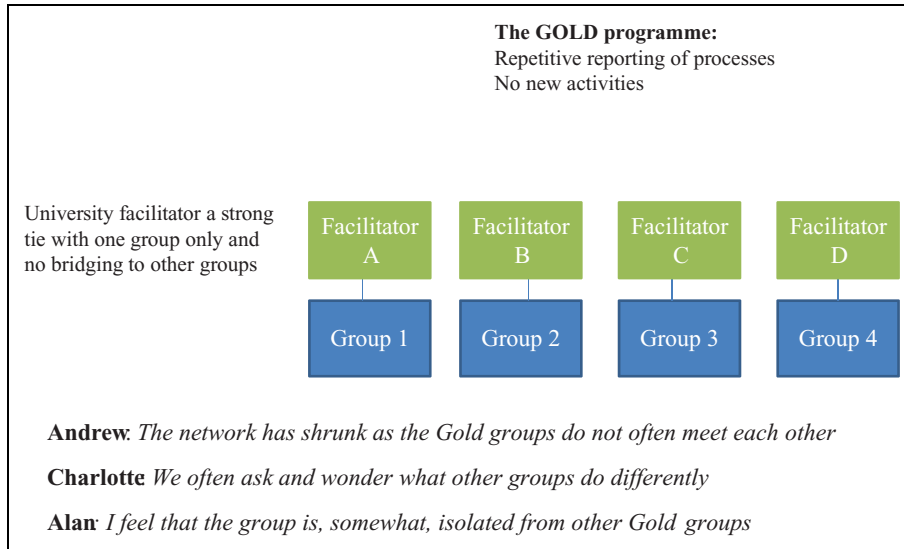


Figure 3. Gold Programme structure in the later years.

3 represents the change in processes that became apparent in the later years. Facilitators were now absorbed with just one group and appear to have become part of the bonded network of strong ties. John observed that the facilitator had become ‘an integral member of the group’ and George said that the facilitator ‘holds the whole group together’.

Each round of simulated board meetings takes 6 months. By the time these had been repeated three or four times, the processes were becoming automatic – this was part of the design of the programme, to bring about behavioural change through the deliberate practice of purposeful activity. However, taking Homans’s (1951) view of the need for new activities and Granovetter’s (1973) argument that bridging needed to be a weak tie, it is perhaps not surprising that delegates were reporting a reduction in perceived effectiveness of the programme (see Table 4).

In the Gold Programme, there were few or no new activities after the first 2 years, and this lack seems to account for the overall reduction in the strength of the ties within the social network and the corresponding reduction in social capital. Several participants commented on this factor: for example, ‘the rigour of the processes within our group has declined and you become a little jaded and stop pushing the boundaries’ (Charlotte). Others (Andrew and Alan) observed that the network had shrunk and that the groups had become isolated.

Discussion

This article has considered changes over time in the social capital residing within a university-generated network of SME owner-managers. The literature review explored both social capital and social networks as two suitable lenses through which to examine those changes. Anchoring the literature is Homans’s (1951) view that repeated interaction

within a network will create social capital, resulting in a willingness to help that in turn leads to new activities. The critical aspect of his work for this study is his emphasis that, without regular interaction between network members and a series of new activities, social capital can be eroded, leading ultimately to the failure of the group.

A critical design element of the Gold Programme was the creation of a network high in trust which in turn would promote the development of social capital. The SME owner-managers were formed into groups of strong ties with the opportunity to connect to other groups and wider networks, supported by the initial creation of these strong ties. Initially, the university facilitator had two roles: to form the group into a network of strong ties and to provide a linking element for the delegates to new networks or to other delegates in different groups. A number of years into the programme, however, delegates reported that the processes were becoming stale, noting that the facilitators had become embedded in their group and that organizational changes in the structure of the programme had resulted in a single facilitator being ‘ring-fenced’ within a single group.

If the benefits accruing to individual delegates on the programme slows or stops, and if the impact of the university declines due to a reduced capability in forming strong ties and linking to other groups, it could be argued that social capital declines. According to Homans (1951: 119), ‘If for any reason interaction in the internal system decreased, then activity would decay and sentiments of friendliness weaken’.⁵ This type of failure was repeatedly raised by all the delegates: for example, Andrew thought ‘the network has shrunk and groups don’t meet each other’, and George said that groups had ‘become over familiar and allow each other to “get away” with not completing actions’. For Granovetter (1973: 1371), ‘those to whom we are weakly tied are more likely to move in circles

Table 4. Responses indicating a decrease in social capital and lack of bridging.

Delegate	Response
Andrew	'The network has shrunk as the Gold groups do not often meet each other'.
Charlotte	'We often ask and wonder what other groups do differently. We never really get together to see what other groups are doing. The rigour of the processes within our group has declined with time. It becomes harder to invigorate the members of the group to implement real change – you can become a little jaded and stop pushing the boundaries'.
Chris	'The network seems to fizzle out over time when not part of a wider programme. Over time, delegates do not prioritize the meetings or the rigour and timescales in putting together board reports, etc.'
Alan	'I feel that the group is, somewhat, isolated from other Gold groups and some way should be created to bring the groups together for interaction'.
Bernard	'I think there is longevity in the process, but it needs strong leadership to ensure people contribute and take part. It also needs reinventing. Complacency seems to be the enemy in general. There can be a refusal to look at problems with a different set of eyes, so always offering the same solutions that don't work for the host become counterproductive. Attendance to such events is critical, and if this drops off then the meeting is a poorer place for that lack of attendance. And by nature some people just don't take much of an active part, and can then be seen to be harvesting for themselves without investing in others in the meeting'.
Ian	'Ongoing communication with others was useful and it's great to have that trust to be able to talk intimately about your business with another entrepreneur. The first two years were the best as this was when the group was thinking like small business entrepreneurs. After this time corporate bashing became a little too common and kind of changed the programme'.
Bill	'I think are that over time members become complacent, you become so ingrained in the other members and their businesses that you can go "native" and as such this compounds the complacency: this of course is not unusual and it is regarded as good practice for true Non-Executive Director (NEDs) to serve fixed terms to stop this from occurring'.
George	'Over time we become a little familiar and allow each other to "get away" with not completing actions'.

different from our own and will thus have access to information different from that which we receive'. He also makes the point that 'weak ties are more likely to link members of different small groups than are strong ones'. In this article, we have considered the extent to which the facilitators developed strong ties within the groups (and therefore were less able to bridge to other groups) and the extent to which the processes that appear to have worked so well in establishing groups of strong ties at the beginning of the programme later had a detrimental impact on sustaining these groups over time.

With the Gold groups, the emphasis was on building strong ties. As the strength of these ties increased, and the network became almost entirely made up of strong ties, the homogeneity of the groups increased and the likelihood of bridging social capital diminished.

Conclusion

The purpose of this study was to consider longitudinal changes in the structure of social capital residing in a network of SME owner-managers working with a university in a KE programme. Ethnographic observation of the delegates by the author as facilitator over the 5-year period of the programme, together with informal interviews with individual delegates, revealed the creation of trust within groups at the beginning of the programme and a corresponding increase in social capital. Strong ties were then developed among groups, with the facilitators being weak ties that helped bridge groups to other networks. During the first 2 years of the programme, this was exactly the impact

desired by the university and of practical use to the delegates. Delegates commented that they no longer felt alone (Andrew), that they acted as a team, helping each other (Bernard) and that they trusted one another (George). Their behaviour at this time fits comfortably with Homans's (1951) adapted model shown in Figure 1. Internal operational changes resulted in new facilitators having only one group to look after, as shown in Figure 2. With the passage of time, these facilitators became strong ties, structurally linked to the group, making the bridging process harder. In addition, repeated cycles of the same processes in the programme arguably reduced its effectiveness, as delegates reported in later years that the sessions had become stale. The lack of new activities reduced interaction between delegates, decreasing social capital and the willingness to help each other. This reduction in the social capital residing in the network aligns with the adapted Homans model and shows that groups can become fractured.

The structure and processes created at the beginning of the Gold Programme appeared to accelerate the creation of trust within the network and between the network and the university. The university was seen as a place of safety, with the delegates perceiving that the university aimed only to help the SMEs and had no other agenda. The new processes at the beginning contributed to the establishment of a social network high in trust and therefore likely to build social capital. The overnight team-building event at the beginning of the programme was purposefully designed to develop team cohesion, identify common traits and share concerns. The university facilitators' aim was to create strong ties between the heterogeneous cohort members.

However, as noted above, without new activities, Homans (1951) suggests that groups can become fractured and social capital can decline, and Granovetter (1973) further argues that, without the four elements of time, emotional intensity, intimacy and reciprocal services, there is an increased risk of strong ties evaporating.

This article contributes to research by extending the debate on the relative attributes and benefits of the creation of social capital through strong or weak ties (Anderson and Jack, 2002; Jack, 2010; Kramer et al., 2014; Tutic and Wiese, 2015). Gedajlovic et al. (2013: 464) consider that minimal attention is devoted to understanding how social capital changes over time and poses the question, ‘Does the value of social capital decay over time, and is it necessary to always reinvest in relationships?’ For KE programme designers, consideration should be given to the longitudinal impact of activities that are initially successful in creating a network high in trust and social capital but that may be damaging over the longer term. The findings of this study suggest that university facilitators should guard against becoming a strong tie within a homogeneous group; by maintaining a weak tie with cohorts, they will more easily be able to provide a bridging service to other groups and networks. In addition, ensuring a series of new activities to maintain interaction between network members appears to be an important factor in sustaining levels of social capital.

There are limitations to this study. While the focus here is intentionally on a single programme that has engaged SME owner-managers for 5 years, there are other similar programmes that could be considered. Future research opportunities include the examination of groups that have unintentionally resulted in closure through too much bonding, resulting in a stifling of innovation. Second, the ‘Methodology’ section above describes the role of the author and his immersion in the programme. While this close involvement with the programme and delegates has revealed useful insights, in terms of qualitative research, there is a need to reflect on the strength of reliability with regard to the chances that similar observations might be made by different researchers and lead to the same conclusions.

Declaration of conflicting interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship and/or publication of this article.

Notes

1. The OECD (2015) classification of micro, small and medium-sized organizations in terms of staff, turnover or balance sheet is as follows: micro = 0–9 staff, turnover up to €2 million or balance sheet up to €2 million; small = 10–49 staff, turnover

up to €10 million, balance sheet up to €10 million; medium-sized = 50–249, turnover up to €50 million, balance sheet up to €43 million.

2. Between 1927 and 1932, Elton Mayo led experiments at the Hawthorne plant of Western Electric, where telephone exchange equipment was manufactured. This research was concerned with sources of employee satisfaction or dissatisfaction at work. The groundbreaking discovery in the research was that job satisfaction increased through employee participation in decisions rather than through short-term incentives. George Homans, who worked with Elton Mayo, used this research not to look at employee satisfaction but to study groups of people in a social network and their behaviour over a period of time.
3. Adapted in the model as social capital as in his book *The Human Group*, Homans’s definitions of sentiments of friendliness broadly fit into the definitions of social capital used by Coleman and Portes.
4. The Economic and Social Research Council Business Placement Fellow entitled ‘Entrepreneur-in-Residence’, RES-186-27-0003.
5. Homans uses the term ‘friendliness’ as an expression of social capital: ‘persons who feel sentiments of liking for one another will express those sentiments in activities over and above the activities of the external system’.

References

- Adam F and Roncevic B (2003) Social capital: recent debates and research trends. *Social Science Information* 42: 155–183.
- Aldrich H and Zimmer C (1986) Entrepreneurship through social networks. In: Sexton D and Smilor R (eds), *The Art and Science of Entrepreneurship*. New York: Ballinger, pp. 2–23.
- Anderson AR and Jack SL (2002) The articulation of social capital: a glue or a lubricant. *Entrepreneurship & Regional Development* 14(3): 193–210.
- Anderson AR and Li J (2014) Entrepreneurship and networked collaboration: synergetic innovation, knowledge and uncertainty. *Journal of General Management* 40(1): 7–21.
- Anderson A, Park J and Jack SL (2007) Entrepreneurial social capital: conceptualising social capital in new high-tech firms. *International Small Business Journal* 25(3): 243–267.
- Berry A and Perren L (2001) The role of non-executive directors in UK SMEs. *Journal of Small Business and Enterprise Development* 8(2): 159–173.
- BIS (2013a) *Growing Your Business: A Report on Growing Micro Businesses*, Lord Young May 2013. London: Department for Business Innovation and Skills.
- BIS (2013b) *Small Business: Great Ambition*. London: Department for Business Innovation and Skills.
- Bourdieu P (1986) The forms of capital. In: Richardson JG (ed), *Handbook of Theory and Research for the Sociology of Education*. New York: Greenwood, pp. 241–258.
- Bowey J and Easton G (2007) Entrepreneurial social capital unplugged: an activity-based analysis. *International Small Business Journal* 25(3): 273–306.

- Brass D, Butterfield K and Skaggs B (1998) Relationships and unethical behaviour: a social network perspective. *Academy of Management* 23(1): 14–31.
- Burt R (1992) *Structural Holes*. Cambridge: Harvard University Press.
- CEC (2006) *Delivering on the Modernisation Agenda for Universities: Education, Research and Innovation. COM (06) 208, final*. Brussels: Commission of the European Communities.
- Coleman JS (1988) Social capital in the creation of human capital. *American Journal of Sociology* 94: 95–120.
- Cooke P and Wills D (1999) Small firms, social capital and the enhancement of business performance through innovation programmes. *Small Business Economics* 13: 219–234.
- Cope JS (2005) Researching entrepreneurship through phenomenological inquiry: philosophical and methodological issues. *International Small Business Journal* 23: 163–189.
- Curran J and Blackburn R (2001) *Researching the Small Enterprise*. London: Sage.
- Davidsson P and Honig B (2003) The role of human and social capital among nascent entrepreneurs. *Journal of Business Venturing* 18(3): 301–331.
- DIUS (2008a) *Implementing 'The Race to the Top': Lord Sainsbury's Review of Government's Science and Innovation Policies*. London: Department for Business Innovation Universities and Skills, TSO.
- DIUS (2008b) *Higher Education at work: High Skills, High Value*. London: Department for Business Innovation, Universities and Skills.
- Easterby-Smith M, Thorpe R and Lowe A (1991) *Management research: An introduction*. London: Sage.
- EC (2012) *Effects and Impact of Entrepreneurship Programmes in Higher Education*. Brussels: Entrepreneurship Unit, Directorate-General for Enterprise and Industry, European Commission.
- Etzkowitz H and Leydesdorff L (1999) The future location of research and technology transfer. *Journal of Technology Transfer* 24(2–3): 111–123.
- Etzkowitz H, Webster A, Gebhardt C, et al. (2000) The future of the university and the university of the future: evolution of ivory tower to entrepreneurial paradigm. *Research Policy* 29(2): 313–330.
- Fine B (2010) *Theories of Social Capital: Researchers Behaving Badly*. London: Pluto Press.
- Foley M and Edwards B (1999) Is it time to disinvest in social capital? *Journal of Public Policy* 19(2): 141–173.
- Gargiulo M and Benassi M (2000) Trapped in your own net? Network cohesion, structural holes, and the adaptation of social capital. *Organization science* 11(2): 183–196.
- Gedajlovic E, Honig B, Moore CB, et al. (2013) Social capital and entrepreneurship: a schema and research agenda. *Entrepreneurship Theory and Practice* 37(3): 455–478.
- Gill J and Johnson P (2010) *Research Methods for Managers*. London: Sage.
- Gordon I (2013) SME non-executive directors: having one and being one. *Industry and Higher Education* 27(6): 1–14.
- Gordon I, Hamilton E and Jack SL (2012) A study of a university-led entrepreneurship education programme for small business owner/managers. *Entrepreneurship & Regional Development* 24: 9–10.
- Gordon I and Jack SL (2010) HEI engagement with SMEs: developing social capital. *International Journal of Entrepreneurial Behaviour and Research* 16(6): 517–539.
- Granovetter M (1973) The strength of weak ties. *American Journal of Sociology* 78(6): 1360–1380.
- Granovetter M (1985) Economic action and social structure: the problem of embeddedness. *American Journal of Sociology* 91(3): 481–510.
- Guba EG and Lincoln YS (1994) Competing paradigms in qualitative research. In: Denzin NK and Lincoln YS (eds), *Handbook of Qualitative Research*. Thousand Oaks: Sage, pp. 105–117.
- Gummesson E (2000) *Qualitative Methods in Management Research*. Thousand Oaks: Sage.
- Gumpert D and Boyd D (1984) The loneliness of the small business owner. *Harvard Business Review* November–December, 18–24.
- Hite J (2005) Evolutionary processes and paths of relationally embedded network ties in emerging entrepreneurial firms. *Entrepreneurship: Theory and Practice* 29(1): 113–144.
- Hoang H and Antoncic B (2003) Network-based research in entrepreneurship: a critical review. *Journal of Business Venturing* 18(2): 165–187.
- Homans G (1951) *The Human Group*. London: Routledge and Kegan Paul.
- Jack SL (2005) The role, use and activation of strong and weak network ties: a qualitative analysis. *Journal of Management Studies* 42(6): 1233–1259.
- Jack SL (2010) Approaches to studying networks: implications and outcomes. *Journal of Business Venturing* 25: 120–137.
- Jack SL, Dodd S and Anderson A (2004) Social structures and entrepreneurial networks: the strength of strong ties. *International Journal of Entrepreneurship and Innovation* 5(2): 107–120.
- Jack SL and Mouzas S (2007) Entrepreneurship as renegotiated exchange in networks. In: *23rd IMP Conference*, Manchester, UK, 30 August–1 September 2007.
- Kim PH and Aldrich HE (2005) Social capital and entrepreneurship. *Foundations and Trends in Entrepreneurship* 1(2): 1–52.
- Kramer C, Rosner L, Eimler S, et al. (2014) Let the weakest link go! Empirical explorations on the relative importance of weak and strong ties on social networking sites. *Societies* 4: 785–809.
- Lockett N, Jack SL and Larty J (2012) Motivations and challenges of network formation: entrepreneur and intermediary perspectives. *International Small Business Journal* 31(8): 866–889.
- Mitra J (2012) *Entrepreneurship, Innovation and Regional Development*. Oxford: Routledge.
- Nahapiet J and Ghoshal S (1998) Social capital, intellectual capital and the organizational advantage. *Academy of Management Review* 23(2): 242–266.

- Nelson R (1988) Social network analysis as an intervention tool. *Group & Organization Studies* 13(1): 39–58.
- OECD (2015) *SME and Entrepreneurship Outlook*. Paris: Organisation for Economic Co-operation and Development.
- Oinas P (1999) Voices and silences: the problem of access to embeddedness. *Geoforum* 30: 351–361.
- Payne GT, Moore CB, Griffis SE, et al. (2011) Multilevel challenges and opportunities in social capital research. *Journal of Management* 37: 491–520.
- Portes A (1998) Social capital: its origins and applications in modern sociology. *Annual Review of Sociology* 24: 1–24.
- Punch K (2005) *Introduction to Social Research: Quantitative and Qualitative Approaches*. London: Sage.
- REF (2014) Research excellence framework guidelines. Available at: <http://www.ref.ac.uk/about/users/> (accessed 19 August 2016).
- Reinl L and Kelliher F (2015) Transforming tourism micro firm practitioner learning: exploring the road to a sustainable learning community. *Journal of Teaching in Travel & Tourism* 15(3): 278–293.
- Rinne R and Koivula J (2009) The dilemmas of the changing university. In: Shattock M (ed), *Entrepreneurialism in Universities and the Knowledge Economy*. Philadelphia: Open University Press, pp. 183–199.
- Sandefur R and Laumann E (1998) A paradigm for social capital. *Nationality and Society* 10(4): 481–501.
- Smallbone D, Kitching J and Blackburn R (2015) *Anchor Institutions and Small Firms in the UK: A Review of the Literature on Anchor Institutions and Their Role in Developing Management and Leadership Skills in Small Firms*. London: UK Commission for Employment and Skills.
- Smith J (2004) Reflecting on the development of interpretative phenomenological analysis and its contribution to qualitative research in psychology. *Qualitative Research in Psychology* 1(1): 39–54.
- Stam W, Arzlanian S and Elfring T (2014) Social capital of entrepreneurs and small firm performance: a meta-analysis of contextual and methodological moderators. *Journal of Business Venturing* 29(1): 152–173.
- Thompson CJ, Locander WB and Pollio HR (1989) Putting consumer experience back into consumer research: the philosophy and method of existential-phenomenology. *Journal of Consumer Research* 16: 133–146.
- Tutic A and Wiese H (2015) Reconstructing Granovetter's network theory. *Social Networks* 43: 136–148.
- Wren C and Jones J (2006) *Ex-Post Evaluation of the LEAD Programme*. Lancaster: Lancaster University Institute for Entrepreneurship and Enterprise Development.
- Wren C and Jones J (2012) *Quantitative Evaluation of the LEAD Programme, 2004-11*. Lancaster: Lancaster University Institute for Entrepreneurship and Enterprise Development.
- Yli-Renko H, Autio E and Sapienza HJ (2001) Social capital, knowledge acquisitions and knowledge exploitation in young technology-based firms. *Strategic Management Journal* 22(6–7): 587–613.
- Zhang J and Hamilton E (2010) Entrepreneurship education for owner-managers: the process of trust building for an effective learning community. *Journal of Small Business and Entrepreneurship* 23(3): 249–270.