

An Appropriate Tool for Entrepreneurial Learning in SMEs? the case of the '20Twenty Leadership Programme'

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An Appropriate Tool for Entrepreneurial Learning in SMEs? the case of the '20Twenty Leadership Programme'

Abstract

The 20Twenty Leadership Programme was developed by Cardiff Metropolitan University as an executive education programme to be delivered within South Wales to small businesses. It is funded by the European Social Fund (ESF) and administered by the Welsh European Funding Office and has the key aim of developing SME's growth potential via a range of leadership and management skills, including a focus on 'soft' skills. The focus of this paper is to place the 20Twenty Leadership Programme within the wider context of entrepreneurship policy and SME training initiatives in particular, and then to examine the rationale and delivery methods of the Programme in relation to these. It also reflects on the Programme's success (or otherwise) to date where possible. Finally, the paper seeks to suggest fruitful areas of further research both in terms of the 20Twenty Leadership Programme itself, but also with regard to evaluation in relation to other parallel programmes, and to SME training initiatives more generally.

Introduction

As globalisation and the shift to a knowledge-based economy proceeds, resulting in once protected markets disappearing (Zhu et al., 2006; OCED, 2010; Jehangir et al., 2011; Cooke et al., 2001), firms seeking to remain or become more competitive do so by specialising in activities requiring levels of technology, innovation and skills above those available elsewhere (Cefis and Marsili, 2006; Robertson et al., 2009). Simultaneously, a new wave of technical change, primarily associated with information and computing technology, has re-enforced the effects of globalisation (Keindl, 2000). This has transformed methods of production in all sectors of the economy and favoured more skilled labour at the expense of unskilled labour (Berman et al., 1994; Acemoglu, 2001). This makes the development, attraction and retention of skilled individuals an increasingly important issue for regional policymakers (Romer, 1990; Florida, 2002; Crifo, 2008; Clifton, 2008; Clifton, 2013; Mellander et al., 2011).

These developments are not, however, restricted to traditional manufacturing industries. Indeed, service industries that use modern technology or emphasise mental and social skills have grown significantly in recent years (Aghion and Howitt, 2002). There is also evidence that the pace of this

change will continue, implying a continuous need to update production methods. These technological developments, along with the flatter hierarchical structures of small and medium sized enterprises (SMEs), have led many commentators to perceive this 'third industrial revolution' as favouring SMEs and their ability to compete (Jenson, 1993; Piore and Sabel, 1984; Audretsch and Thurik, 2001). Moreover, whereas large firms may operate with special departments to manage innovation, marketing and training needs, small firms lack these resources, with staff having instead to be generalists (Simon et al., 2000), which can be a barrier to expansion. Related to this, Cooke et al (2005) show that an over-reliance on local, informal contacts is associated with lower SME (and by extension, regional) performance. Conversely, successful networking activities are likely to be positively related to innovative activities (Huggins and Thompson, 2015a); however, the network partners generating the greatest benefits for SMEs may differ depending on the priorities of the business (Robson and Bennett, 2000). This means that realizing benefits from network usage are likely to be highly correlated to a firm's managerial capabilities in coordinating and maintaining them, both in terms of the quality of contacts that are available (Pickernell et al., 2011) and also in being able to incorporate the resources they access into the business (Beckman et al., 2007).

This in turn suggests that targeted initiatives to improve the skills – both 'soft' and 'hard' – of SME owner-managers and other key staff could have a positive impact at both the level of the individual firm, as well as the wider locality within which they are applied. For example, by developing their leadership and management skills to maximise internal capacity, and through collaborating with other SMEs on certain business functions, or sharing non-confidential knowledge, firms can, together, overcome barriers caused by small size in a relatively costless manner (Almeida and Kogut, 1997; Clifton et al., 2005). Similarly with regard to 'harder' skills (planning, finance), they may need to carefully allocate the use of resources, which is likely to further increase the importance of managerial skills and abilities of firms looking to innovate whilst maintaining their growth. Reflecting this, Mueller et al.'s (2012) study indicates that entrepreneurs' ability to set their own objectives and priorities is both a blessing and a curse as it provides not only freedom, but also a severe challenge. In fact Harris and Ogbonna (2006) suggest that planning itself will only be initiated successfully when a minimum level of time and financial resources are dedicated to it. Moreover, the presence of a formal strategic plan is found to be positively associated with creativity of businesses' staff by O'Regan and Ghobadian (2002), indicating that the importance of having a clear vision filters down to improve the efficiency of both management and staff activities. Thus, there is evidence of the role played by both hard and soft skills, and the extent to which these need to play complementary roles within SMEs seeking to achieve improved performance including growth. The paper thus proceeds as follows; firstly the role

of entrepreneurial training is outlined in relation to the context of SME support policy. It then focuses on South East Wales as a case-study region, and one such policy intervention therein - the 20Twenty Leadership Programme - is discussed in some detail, with its fitness for purpose commented upon. Finally we seek to draw some conclusions, and put forward an agenda for future research, both around this case specifically and the wider topic in general.

SME Support Policy, Training, and the Role of Universities

Clearly, it is not within the scope of this paper to provide a review of four decades of enterprise support policy, but at the risk of over-simplification the fundamental policy dilemma has been around support for start-ups versus development initiatives for existing enterprises. It is the latter area which is the focus of this paper. As Arshed et al (2014) note, since the Bolton report of 1971, successive governments have introduced a wide variety of public interventions ('hard' – infrastructure, finance - and 'soft' – advice, networks, training) at the national and/or regional/local levels, framed around the broad intention of creating an 'entrepreneurial society' (see also Gibb, 2000; Blackburn and Smallbone, 2011). With regard to start-ups, Shane (2009) has argued that unfocused support for start-ups is essentially bad policy as it encourages the founding of marginal businesses that are likely to fail, and consequently have little economic impact. Thus, he suggests that there is little evidence that new firm formation leads to economic growth. Other studies such as Birch (1981) and Acs et al. (2008) have highlighted the role that a small number of existing fast growing SMEs, known as Gazelles, play in job creation, encouraging the identification and support of such enterprises. Again such debates lie outside the remit of this paper, but they serve to illustrate the wider context within which SME support initiatives such as those outlined in this paper take place. Specifically referring to lagging regions, Williams and Huggins (2013) find that certain forms of enterprise support in deprived communities may actually discourage entrepreneurship. Also, where entrepreneurial ventures are supported, they tend to operate in activities relating to generic trades with low entry barriers, with many enterprises having little actual or perceived requirement for external support. In such contexts, increased investment in the supply of enterprise support may not lead to increased levels of actual entrepreneurship, with support that engages with people who have never considered starting a business, or do not have the skills required to launch and grow a venture, unlikely to be a cost-effective intervention. All of this highlights how important it is for any given support programme to be carefully designed, with due consideration to the context in which it will be implemented.

Writing in 1997, Allan Gibb outlined the somewhat mixed evidence regarding training as a policy intervention for SMEs in relation to its actual impact on performance, in doing so advocating a more holistic understanding of the business development process and the context within which this takes place. This involves SMEs becoming what he terms 'active learning organisations', playing a key role in their own development via peer to peer learning and feedback to providers, rather than as passive receivers of just top-down provision (Gibb, 1997). This is an approach to which we are largely sympathetic in this paper. More recently, in their extensive review, Jones et al (2013) conclude that a body of literature now exists that broadly supports the argument that training positively influences business performance through enhanced productivity, quality, labour turnover, and financial results. Provision is still an issue however, and Kitching (2008) highlights that in contrast to larger organisations, the SME sector is characterised by fewer dedicated training departments and budgets, lower numbers of qualified employees (Kitson and Wilkinson, 2003), and lower participation in government training schemes (Matlay, 2004; Jayawarna et al, 2007). Related to this, Keep (2000) noted the shortage of management skills and training provided within the SME sector, with Rigby (2004) and Turok and Raco (2000) drawing the conclusion that adequate training within the SME sector is unlikely to occur without external intervention.

Jayawarna et al (2007) show that micro SMEs typically prefer informal and reactive training provision to deal with immediate operational issues, as opposed to formal strategically planned training initiatives; hence the prominence of workplace-based training as the predominant training method in the SME sector (Kotey and Folker, 2007). Moreover, research suggests that SMES often do not fully appreciate the potential value that training can have in relation to business productivity and profitability (Aragon-Sanchez et al, 2003). Jones et al (2013) also conclude that training provided through government programmes is typically perceived by owner-managers as lacking in value towards increased business performance. Storey (2004) indicates that explanations for the low SME uptake of formal training provision fall into two categories. The first of these is the 'ignorance' explanation, which relates to a lack of knowledge of the benefits. The second perspective is the 'market' explanation where SMEs are aware of the costs and benefits, but weak links from training to performance make investments unattractive. One reason for formal training being perceived as lacking value is the dearth of tailoring to the needs of participating firms (Storey, 2004). Executive coaching has become more popular in recent years, but studies such as Ives (2008) and Gray et al. (2011) find that the emphasis of this coaching tends to be on the development of personal attributes such as 'managing self-cognition' and 'managing self-emotional', with an element of neglect to business orientated competencies that have stronger links to performance. In a randomised natural

experiment setting, which reduces the dangers of self-selection driving any positive effect of training on performance, Georgiadis and Pitelis (2014) find that employee, rather management training, is more strongly associated with improved SME performance. This suggests some issues requiring addressing, in particular a lack of understanding within the SME sector of the potential benefits of appropriate training, and the need for the better facilitation of more formal provision. In parallel, training providers to the SME sector should better understand its needs, and provide appropriate and relevant training in an accessible manner. The improved awareness of successful interventions clearly has a role to play in this.

In relation to the role of universities specifically, their position in local innovation systems has been highlighted by a number of studies (Cooke and Huggins, 2001; Charles, 2003; Boucher et al., 2003; Gunasekara, 2006a; Pickernell et al., 2009; Clifton et al., 2010a). They may play a dual role within a region, both in creating (or co-creating) knowledge, but also in terms of providing a conduit through which knowledge can be absorbed (Fritsch and Schwirten, 1999; Rutten and Boekema, 2004). However, evidence suggests that whilst there have been calls for more direct knowledge transfer from universities to SMEs (Kitagawa, 2004; Huggins and Kitagawa, 2012), overcoming the cognitive distance between the academic and commercial worlds has limited the number of successful partnerships of this kind in the UK (Frenz and Oughton, 2006; Johnston and Huggins, 2015). Australian evidence indicates any ambiguity surrounding university and/or government regional engagement policies can be a substantial hindrance to successful knowledge transfer. Particular problems occur where regional roles conflict with national or international ones (Gunasekara, 2006b). This suggests that a more contextualised, systemic view is necessary, reflecting both the supply of knowledge and its characteristics, the capabilities of knowledge users (Cooke et al., 1997; Braczyk et al., 1998). This would imply that educational institutions have a role as knowledge providers, but also in creating the skills to absorb the knowledge that is made available. This suggests that universities' role in human capital development and in creating a favourable milieu is likely to be highly important (Goldstein and Renault, 2004). However, studies in both the UK (Morgan, 2002), and USA (Cherwitz and Sullivan, 2002; Reilly, 2003), have suggested that too much emphasis has been placed on activities associated with the 'elite model', rather than the skills and social capital development that would be more important for the role outlined above.

One potential disadvantage of courses run by universities relating to a lack of perceived value in improving performance is that programmes can be regarded as overly academic and lacking a practical focus (Sargent, 1996) and delivered in a manner more appropriate for those working in large organisations (Gibb, 2009; Huggins et al., 2014). Within the Welsh context, Henley and Norbury (2011)

find more acceptance of a situated and action learning approach (Revons, 1980, 1993; Thorpe et al., 2009). The action element is found to be critical for learning to take place by solving problems relating to engagement, relevance and value, as well as providing a basis for reflection with other entrepreneurs (Jones et al., 2014). Facilitators play a key role in ensuring such approaches work effectively, but to do this they must have: relevant subject knowledge; experience of group facilitation and coaching; strong interpersonal skills including communication, but particularly listening and questioning; as well as personal competencies such as adaptability, resilience, integrity and self-confidence (Stewart, 2009). The location of sessions can also be important in that they must be accessible, but remove participants from the pressure of the immediate. For students and small business owners alike the university campus does not necessarily create the correct environment (Kwong et al., 2012; Stewart, 2009).

South East Wales a Case Study Region for Small Business Training for Entrepreneurship

SME growth, whilst largely influenced by internal resources and management capabilities, will also be influenced by the business environment within which firms operate (Foreman-Peck et al., 2006). Given that a lack of take up of formal training may be associated with SME owners not perceiving that training will be tailored to their needs (Storey, 2004), it is important that at the very least such formal training schemes are tailored to the needs of local SMEs in general. Dada et al. (2014), however, outline how a single programme format can be rolled out to geographically diverse areas through the use of a franchise approach. The following section thus considers the characteristics of the locality within which the Twenty20 Programme operates, i.e. the unitary authority areas of Cardiff, Monmouthshire, Newport, and the Vale of Glamorgan. These four local authority areas are all located in South East Wales within the United Kingdom, with the majority of the population living in these areas being located along the M4 motorway corridor. Although Wales as a whole is usually characterised as being peripheral and economically lagging (MacKay, 2002; Henley, 2005), it is disingenuous to characterise all areas of Wales in this blanket fashion, as the Welsh economy displays considerable diversity in its structure and degree of economic success. South East Wales is more densely populated than the rest of Wales, with two of Wales' three mid-sized cities found in the area (Newport and Cardiff). It also possesses good transport links to England, with the M4 allowing Bristol to be reached in less than an hour from Cardiff (44 miles) and London by train in 2 and a quarter hours from Cardiff on a half hourly basis. Henley and Norbury (2011) found evidence from Wales that participation is uneven due problems accessing training locations, but the denser population and better transport links in South East Wales make this less likely to be an issue compared with other

parts of Wales. This reduces the need for alternative delivery methods such as distance learning and e-learning approaches (Sambrook, 2003), although they may still provide a complementary role.

Table 1 shows that there is little difference in the average gross weekly wage for the area (£501) and that of Britain as a whole (£502), although economic activity rates for the four local authority areas do lag those of Britain (73.8 percent and 76.2 percent respectively), and unemployment rates are also higher (9.4 percent compared to a British average of 7.8 percent). Concentrating on the resources held within the four unitary authority areas, the workforce is highly educated with 35.8 percentage of the population holding NVQ level 4 qualifications or above (higher education first degrees or equivalent), which is higher than the average for Britain (31.3 percent). The presence of a more highly educated workforce has potential importance in terms of the extent to which existing leadership courses are appropriate for those with lower levels of formal education (Henley and Norbury, 2011). However, there are suggestions that some of those towards the bottom end of the educational scale are not served as well (Parkinson and Karecha, 2006), with the data bearing this out to the extent that there is little difference in the percentage of the working age population that have no formal qualifications in the area (11.1 percent) compared to that for Britain as a whole (11.3 percent). There is also variation within the four local authority areas, with Newport lagging the others. With three universities based in the area (Cardiff University, Cardiff Metropolitan University, the University of South Wales), the potential for collaboration on innovation and training is considerable, but evidence suggests that collaboration between business and the higher education sector could be increased (Brooksbank et al, 2001; AECOM, 2010).

<Table 1 - Labour Market Characteristics of South East Wales>

<Table 2 – Distribution of Employment by Occupation>

The industrial structure of South East Wales, although traditionally based around the coal and steel industries (Hooper, 2006; Bristow and Morgan, 2006), has developed into a much more modern service orientated economy. Table 2 shows that although the area lags slightly in terms of the proportion of the population employed as managers and senior officials (9.7 percent compared to a British average of 10.1 percent), a larger proportion of the workforce are employed as professionals (22 percent v 18.8 percent) and as associate professionals (15.9 percent v 13.7 percent) than across

Britain as a whole. In fact, those employed in 'Skilled Trades', 'Machine Operative' and 'Elementary' occupations are under-represented in the area- meaning that that manufacturing actually accounts for a smaller proportion of employment regardless of type (Table 3). Prior research into the characteristics of SMES in the region (Clifton et al 2010b) also suggests that the service sector is overtaking manufacturing in terms of growth, with 75% of all firms reporting a negative impact on growth as a result of the recession, with smaller firms being the hardest hit. A lack of finance, decreasing markets and strong competition were cited as related factors inhibiting growth.

<Table 3 – Percentage of employment within key sectors>

Although it is impossible to tailor programmes for all SMEs given the diversity present (Stewart, 2009), it is necessary where possible to adjust programmes to incorporate those management practices of greatest value to those participating (Packham et al., 2005). It should also be recognised that firms with growth potential are found in all sectors, and patterns of concentration vary over time (Acs et al., 2008). This means that it is important for policymakers and providers of management training to cater for those businesses present in a region, rather than chasing the development of firms seen as having most growth potential. Cardiff is the dominant urban centre and whilst developing a business and financial services sector (Cardiff Council, 2010) it has struggled to create higher value added jobs within these sectors (AECOM, 2010). Biotechnology sectors with links to the university sector, Cardiff University in particular (Cardiff & Co, 2010), and a creative industries sector based around BBC Wales and S4C (the Welsh language television channel) (Cooke and Clifton, 2007), are seen as providing considerable growth potential for the area (SEWEF, 2010). Although Cardiff performs well, the wider area as a whole still lags the British average in terms of employment associated with knowledge services and the creative industries (Table 3).

<Table 4 – Distribution of businesses by age and size>

In terms of the business population, there is little difference in the distribution of businesses by size, with exactly the same proportion of businesses in the survey area being categorised as SMEs as the British average (Table 4). The ages of firms are also close to those to the British average, although South East Wales does have a slightly higher proportion of older firms, with only 26.7 percent of firms less than 3 years old in the sample area, compared to 29.1 percent in the UK as a whole. A potential

concern here is that older entrepreneurs have been found to display a more short-term orientation than their younger counterparts (Foreman-Peck et al., 2006), and although older firms need not be led by older owner-managers, this is more likely to be the case. There is also evidence of a lower level of competition and business churn, which is more starkly apparent when considering entrepreneurial activity as captured by new venture creation (Table 5). Scaled as a percentage of active business stock in the previous period, new businesses only produce a value of 9.5 percent for the sample area compared to 10.1 percent for Britain as a whole. However, the true scale of the difference in entrepreneurial activity is partly hidden by a relatively low existing business stock in Wales. When business starts are scaled as the number per 10,000 population this difference is much larger. Even Monmouthshire, the most entrepreneurial local authority area (34.6 new business per 10,000 population) lags the British average of 38.1. For the area as a whole only 29.8 businesses are created per 10,000 population. However, in terms of growth potential, it would be wrong to fear that a lack of new business limits the potential for high impact firms to be found in South East Wales, since a majority of high impact firms are likely to be of a relatively older vintage (Acs et al., 2008) In addition to the South East Wales SME sector appearing less dynamic, Cooke et al. (2005) also present evidence that the social capital of firms may also be more informal and social rather than business oriented when compared to more competitive regions such as South East England.

<Table 5 – Entrepreneurial Activity (New Venture Creation)>

The economy of South East Wales, whilst being similar to Britain as a whole, does appear to have a weaker entrepreneurial culture, and private sector, particularly when regarding those sectors having the most international potential for growth and retaining competitiveness. Moreover, the UK Competitiveness Index (Huggins and Thompson, 2010) rated Cardiff with a competitiveness score of 100.2, approximately equal to the UK average represented by 100. Monmouthshire (97.5), Newport (91.8), and Vale of Glamorgan (92.5) all lagged the UK average. However, the surrounding South East Wales area contains five of the ten lowest scoring local authorities (Blaenau Gwent; Merthyr Tydfil; Caerphilly; Rhondda, Cynon, Taff; and Torfaen) suggesting a difficult trading environment in the broader sense. Overall, South East Wales can be regarded as having many commonalities with the British economy as a whole, although struggling to achieve its full potential, potentially hindered by internal factors, and the weaker surrounding economy.

An Appropriate Tool for SME Development in South East Wales? The 20Twenty Leadership Programme

The above sections have provided an overview of the demands facing SMEs if they are to remain competitive, and briefly reviewed the role that effective training as a support policy may play. Some of the specific issues of the South East Wales region were then highlighted. We now turn our attention to a university-delivered SME development initiative within South East Wales – the 20Twenty Leadership Programme of Cardiff Metropolitan University- which has been designed with the intention of addressing some of these challenges, both general and specific.

A useful way to summarise what might be required at the level of the individual firm is the model (Figure 1) developed by Stacey (1992). Fundamentally, ‘managing’ performance in conditions of relative certainty and agreement is no longer sufficient for success in the globalised knowledge economy - rather effective ‘leadership’ is required which can enable performance throughout the firm, regardless of size or sector. Effective business leaders, therefore, need to understand how successful strategic planning is based on understanding and directing the complex, often chaotic daily interactions that take place within companies. To achieve this, an appreciation of how the roles of control, conflict, and team dialogue can help leaders discover and build on the innate energy of their organizations is vital. The motivation for the Programme is, therefore, the conclusion that successful firms are more likely to embrace the rapidly changing business environment, to employ modern and responsive management methods, and ultimately be able to develop new markets. In other words, the extent to which SMEs, innovate, utilise networks, and invest in leadership skills.

<Figure 1 - Leadership and Improved Business Performance>

The 20Twenty Leadership Programme was developed by Cardiff School of Management (CSM) at Cardiff Metropolitan University as an executive education programme to be delivered within South East Wales to small businesses in areas not qualifying for Convergence funding from the EU. Thus the following unitary authority areas were eligible: Monmouthshire, Newport, Cardiff, Vale of Glamorgan. SMEs were required to be registered within this area, or demonstrate they undertook significant business therein. A key aspect at the planning stage of the Programme was understanding the development needs and related growth constraints experienced by local businesses. To this end, a survey was undertaken; the details of which are reported elsewhere (Clifton et al 2010b), that found

that although the majority (70%) of SMEs recognise the importance of skills development to their success, 60% had no budget for training, with time and cost unsurprisingly considered the key barriers. Those reporting a dedicated training budget experienced higher growth. Moreover, a significant proportion of the respondents were over-reliant on the owner-manager for strategy and direction (nearly 30% had no formal documents related to strategy, marketing or finance); similarly, most dedicated little time to external networking. Welsh Government policy was also a point of reference for the Programme; and the *Skills that work for Wales* (WAG, 2008) document includes both good management and leadership as part of the skills and employment strategy for Wales, with a plan for enhancing skills in these areas identified therein. *Skills that work for Wales* also notes that "...not all employers embrace a culture of learning. Smaller firms are less likely to provide training opportunities than larger firms". Echoing the prior sections of this paper, these failures not only affect the demand for, and supply of, training but, as a consequence, the pace at which key attributes such as equal opportunities and environmental sustainability are developed in the economy (ibid). The 20Twenty Leadership Programme can thus be seen as a timely intervention in relation to Wales Government policy in relation to SMEs.

The 20Twenty Leadership Programme: scope, aims, content and structure

The 20Twenty Leadership Programme was launched in September 2009 aimed specifically for senior managers, directors and business owners of SMEs following the award of a £1.64m grant from the European Social Fund, administered via the Welsh European Funding Office (WEFO), with delivery commencing in May 2010 and a target of attracting 240 participants over four years. Although the Programme was subsidised, unlike a variety of related courses within the Convergence Area of Wales where courses attract a 100% grant, attendees were required to pay a proportion of fees which amounted to £1,850 for a one year programme. This was also very much a deliberate strategy within the design of the programme, the rationale being that free programmes are less likely to be valued by participants, and face more difficulties in terms of securing engagement, commitment and ultimately completion. SMEs were recruited onto the programme through a range of mechanisms such as using the University's existing networks with key policy and business contacts, associations and representative bodies, via print media and a dedicated website. In order to overcome issues associated with the 'ignorance' explanation of limited SME engagement with formal training (Storey, 2004), potential recruits were invited to free taster workshop sessions to overcome any perceptions of limited influence on performance (Aragon-Sanchez et al, 2003). The taster sessions were offered at a range of convenient locations and times slots (such as business breakfasts, over lunchtime periods and so on). Two further tools exploited were the database used for the initial survey (the 20Twenty

Programme was identified in the survey material with contact details for further information etc.) and the endorsement by a number of high street financial institutions including Lloyds TSB, HSBC and RBS. In a number of cases these institutions co-hosted taster sessions for SMEs invited from their own database of customers.

Specifically, the objectives were to develop a cadre of SME Leaders who *are*:-

- Equipped with the leadership and communication skills needed to help build business capacity towards sustaining the economy and communities of Wales;
- Able to respond to increased local and global competition;
- Prepared, committed and ready to drive future business growth within their organisation through the completion of a Strategic Project;
- Skilled in a range of leadership and communication models with an understanding of how these relate to different personal styles, organisational cultures and business issues;
- Able to effectively communicate ideas, release creativity in themselves and others within their business and associated supply chains;
- Able to develop resource efficiency within their organisation and through supply chains, improving productivity and competitiveness;
- Equipped to respond to environmental pressures and rapid changes in technologies;
- Skilled in the effective financial management and control of their businesses;
- Skilled to provide the mechanisms, frameworks and inspiration to enable complex business challenges to be addressed in new ways.

The emphasis on communication within and between firms is likely to be of considerable importance given the evidence outlined in the preceding section that the Welsh SME sector may lack some of the dynamism and business orientated social and network capital of other regions (Cooke et al., 2005; Huggins and Thompson, 2014; 2015a). At the same time, developing skills associated with strategic planning and preparation for changing environmental conditions and technologies in order to retain competitiveness, a problem that may be more prevalent in South East Wales given the larger number of older businesses (Foreman-Peck et al., 2006).

The programme material was delivered through a blend of action learning sets, lectures, seminars, coaching and psychometrics, online content, guest speakers, and personal tutors. This content was

presented principally via six two-day sessions over a 9 month period (12 months in total with the completion of a strategic project). The structure is summarised in Figure 2.

<Figure 2 – Overview of 20Twenty Programme Content and Structure>

Students were assigned to Action Learning Sets of around eight individuals, which ideally remained consistent throughout the course of the programme. These were designed to provide a discrete working group and sounding board for ideas, case studies, problems and issues to be shared and discussed within the group. This was intended to alleviate some of the issues encountered where participants are less willing to discuss business challenges within the wider group (Henley and Norbury, 2011). In addition to core university staff, guest speakers were invited to provide expert knowledge on a particular subject matter. This facility provided an opportunity for students to ask questions and receive feedback from an expert witness- normally practitioners- to provide insights into the issues arising when attempting to apply managerial theory to practice. There were typically two such contributions per event. This mix of facilitators and guest speakers therefore helped to ensure the required competencies and credibility present to increase to ensure engagement (Stewart, 2009).

The content of the programme was underpinned by a Postgraduate Certificate (PGC) (60 credits at level 7) in Sustainable Leadership. This academic programme was first validated in May 2008 in readiness for the launch of the 20Twenty Programme itself; undertaking the PGC was optional (but encouraged) for attendees, with the take-up of this being around the 50% mark. With the exception of three additional half-day support sessions for those undertaking the PGC, all delegates attended common workshop events. The thinking behind this was to maintain a coherent group while offering the rigour and commitment associated with a more formal qualification to all learners, albeit recognising the constraints they may face. The Leadership and Managing Change module was intended to provide an understanding of the approaches, theories, perspectives and models in this area. The second module outlined key innovation strategies such as 'Lean Thinking' and the impact these can have within an SME, with students gaining the ability to implement these in the workplace. The third module provided an appreciation of the entrepreneurial environment within which SMEs operate.

Prior learning requirements were flexible with prospective students ideally holding an undergraduate degree, although 5 years or more SME management experience was also acceptable. All students were required to complete a Strategic Project based on a real issue identified by themselves in collaboration with their own organisation and CSM tutors. This was intended to evidence their learning and leadership development, while also delivering real benefits to the firm. Drawing upon those studies highlighting the appropriateness of action based learning for the SME context (Leitch et al., 2009; Stewart, 2009; Thorpe et al., 2009), it thus involved conducting appropriate research and making a series of recommendations through a written report and a presentation to both peer groups and academic staff.¹ The action based learning therefore provides the basis for constructive reflection (Jones et al., 2014). Similarly, with regard to the other assignments, students were encouraged to use these as a means to link theory and practice – something explicit in a number of assessment questions (such as “Critically evaluate different approaches to leadership with particular reference to an organisation with which you are familiar”; “Using examples from your own experience, demonstrate how applying systems thinking will help make your organisation become more sustainable and innovative”).

Linking to fears that formal training is not sufficiently tailored to the needs of individual SMEs (Storey, 2004), a key element of the programme was the coaching that took place in parallel to the workshop sessions, with each student was assigned an executive coach to support them on a confidential and personal one-to-one basis throughout the programme. Typically, the coach and student met for three sessions throughout the year, with this facility enabling individual issues to be raised on a ‘critical friend’ basis, and was informed by a prior psychometric assessment (Myers–Briggs) to identify attributes and development needs, thus ultimately supporting the transition of learning back to the workplace. Students were therefore expected to take greater responsibility for their own learning as they progressed through the programme.

Initial feedback on Programme performance

Despite difficult economic conditions for many businesses as outlined in the earlier sections, programme recruitment has remained on target albeit spread over five cohorts rather than the original plan of four, with nearly 200 attendees over the first four cohorts of the Programme. A fifth

¹ For delegates not undertaking the PGCert this was not expected to take the form of a 60 credit academic piece of work. However, when CSM gained CMI accreditation this piece of work was deemed to meet the standards of a CMI level 5 award.

and final cohort under the present funding regime commenced in 2014, which will bring the overall Programme delivery to just above the original target of 240. This restructuring was agreed with WEFO, with a further one-year extension of the Programme currently under discussion following good performance as recognised by WEFO's own internal metrics.

<Table 6 – Breakdown of 20Twenty Programme Attendance>

Table 6 shows Programme attendance by sector.² The activities of Finance and Professional Services feature highly as might be expected for self-selecting growth-oriented firms (over 25% of the firms and around one third of participating individuals). The Social Enterprise / Charity and Construction sectors are also well represented; these were targeted groups emerging from needs identified in the early cohorts. These groups undertook the regular 20Twenty Programme, but also received some tailored content. Positive feedback, as it disseminated throughout the local business community, played an important role in recruitment, with a number of companies sending further key staff members on subsequent cohorts, deepening impact and providing a critical mass of new skills within these firms. Media coverage has also played a role including regular citation in print media and also via social media which is actively managed by the Programme team - @2020_Leadership has over 1,000 Twitter followers, and over 1,500 views on Youtube 20Twenty Leadership. Maintaining high levels of student satisfaction has been an important factor in this, and data was collected at each workshop across a range of factors (see table 7) with each of these rated 1 to 5 (the highest) by the participants – low scores flagging up potential issues for action on all aspects of each event.

<Table 7 – Workshop Satisfaction Levels>

Over the course of the Programme scores tended to average approximately 4- indicating a consistently high level of satisfaction, and suggesting that ongoing programme review is a key quality assurance measure, specifically with regard to acting upon students' perception of the quality of the teaching and learning environment (Kember, 2009). Comments from students have centred around their gaining an appreciation of the work of other SMEs and entrepreneurs that they would not normally

² It should be noted that the categories used here were for the purposes of internal monitoring and do not match exactly those of the standard data as presented in table 3, but they allow for broad comparison nonetheless.

encounter, and the benefit derived from linking more theoretical learning to live issues and projects, and the role the peer-to-peer discussions in aiding a positive effect on their learning. In this context they found work-based assignments, case studies, speakers and network opportunities extremely stimulating. Students typically bring significant applied knowledge in combination with a strong desire to both relate this to the wider field outside their own organisation and to apply their improved knowledge to effect real change. This can be regarded as a successful case of student-centred learning in action – whereby the teacher acts predominantly as a facilitator, as opposed to an instructor (Estes, 2004). The key outcomes were a strengthening of student motivation, the promotion of peer communication, discovery and active learning, and ultimately students' increased responsibility for their own learning. Significantly, CSM became an accredited centre of the Chartered Management Institute (CMI) in June 2010 following the successful mapping of the PGCert course content onto the appropriate CMI units. Consequently, students completing the PGCert receive a level 7 Certificate in Strategic Leadership from CMI. The PGCert itself underwent a successful periodic review in early 2013 (essentially a formal re-validation of the academic programme, triggered five years after initial validation).

Conclusions and Implications for Further Research

From the above we can reach the preliminary conclusion that the 20Twenty Leadership Programme provides a good fit with the developmental needs of SMEs in general, and more specifically with some of the particular requirements of the South East Wales Region, particularly with regard to some of the softer skills around networking, knowledge-sourcing, and leadership. The important role these play in SME development was outlined in the opening sections. The value of targeted up-skilling for innovation is particularly pertinent, and a number of studies have suggested that innovative activities can disrupt on-going business operations (Christensen, 1997; Christensen and Raynor, 2003). In particular, the limited resources available, both in terms of finance and management time, can lead to innovation depriving other business activities of the resources they require (Black, 2004; Bergemann, 2005; Hewitt-Dundas, 2006; Heimonen, 2012). Tools such as 'lean' and/or 'systems thinking' can be invaluable here.

Turning attention to what might be the effective learning modes for entrepreneurial skills, it was noted above that SMEs need to be better understand the potential benefits of appropriate training, with access to more 'formal' provision being better facilitated and the requirements of the sector better understood by providers. Again, there is some evidence that the Programme addresses this in terms of reflective, student-centred learning, especially through the linking of theory and practice. It all also

provides an example of a university engaging with its local SME population in ways not typical of the 'elite' model mentioned earlier. A key tool here is the awareness-raising of successful interventions, and the 20Twenty Programme has also achieved some success in the regard, but at present typically only locally (i.e. word of mouth, repeat attendance within a single SME and so on). Further work, therefore, is required both in terms of the programme itself and the broader research agenda.

With specific reference to South East Wales as the context for SME development policy, this has remained relatively unexplored in the confines of this paper. A number of questions and issues suggest themselves for further research. For example, following Cooke and Clifton's (2005) discussion of (then newly) devolved policymaking, what is the scope for more appropriate solutions to be found in the area of SME development for Wales? Similarly what is the role of cultural factors in defining appropriate entrepreneurship policy for Wales – the prior work of Clifton (2000), Clifton et al (2014), Huggins and Thompson (2015b) suggests that this is a complex problem, with the latter authors concluding that due to the way regional (or community) and business cultures have co-evolved "not only are lagging regions extremely unlikely to imitate the cultural traits of their more prosperous neighbours, but that they should not actually seek to do so." (p150).

As noted the PGCert underpinning the Programme underwent a successful periodic review in 2013, with a commendation awarded for the quality of the student experience. There were, however, areas where challenges remained- for example a number of SMEs highlighted their desire for more workplace support to be provided alongside the off-site workshops. Related to this point, there was some debate as to whether the Programme was actually employing Action Learning in the true sense, for example as per Boshyk (2002), and these need to be explored in future evaluations. In general it would be invaluable to explore the means of devising a more rigorous 'rate of return on investment' approach for the 20Twenty Programme (and indeed related development interventions) in order to build in clarity on inputs, outputs and outcomes rather than seek to ascertain them post hoc.

With regard to the 20Twenty Programme as a policy intervention, this was framed in the lexicon of SME / entrepreneurial development support, as opposed to that aimed at new firm formation. Of course, the skills learnt in the former could equip current employees of SMEs to become owner-managers in their own right – thus impacting the latter. There is an agenda for further research here in terms of tracking the graduates of the Programme via an alumni network (currently in existence but

not fully exploited), and indeed more generally in terms development policy / start-up policy cross-over.

In summary, a number of enabling factors for success can be identified from the 20Twenty Programme:

- Structured and standardised approach
- Cohorts based on themes to create a true community of practice
- Influential professorial figurehead
- Peer pressure enabling devices (class discussions, applied essays, tracking of change and reflective sessions)
- Individual development via coaching
- Financial commitment by the company and compulsory attendance at a neutral venue (away from the 'noise' of work)

There is emerging evidence of the Programme's efficacy in terms of entrepreneurial training, but much more research on this of course required, not least in terms of a full longitudinal analysis of graduates as both individuals and firms, most fundamentally in the area of business growth. There is early evidence of growth and/or improved access to resources with which to achieve it, with almost a third of SME participants self-reporting 30% growth within two years of commencing the Programme. This clearly presents an area for further analysis, both in terms of verifying growth outcomes more rigorously, breaking down by sector, firm type and so on, and then seeking to associate these directly with the learning inputs from the Programme itself. There are a number of both qualitative and quantitative approaches that could be applied here- not least being an analysis of the strategic growth projects each participant was required to complete, both in terms of content and outcomes. Of course, growth itself is not an uncontentious area; many of the factors associated with growth are also linked to innovation within businesses (Freeman and Soete, 1997; Hadjimanolis and Dickson, 2000; Bilbao-Osorio and Rodríguez-Pose, 2004; Blackburn et al., 2008). Coad and Rao (2008) find that only a minority of innovative firms achieve higher levels of growth, while Foreman-Peck et al. (2006) find a positive relationship between an innovative orientation and growth, but actual innovations do not influence growth. In short, how might these processes play out in the 20Twenty Programme alumni? Similarly, we should keep in the mind findings of Pickernell et al. (2013), who show that younger firms typically utilise external networks more extensively to access resources for development purposes. This suggests that a more explicit age-differentiated focus is required for government policies aimed at supporting firm growth. In addition to the further research needed both in terms of Programme itself, and its impact at the micro level (i.e. individual SMEs), there is the broader issue of the Programme as a policy intervention relative to those operated by other universities and organisations.

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Tables

Table 1 - Labour Market Characteristics of South East Wales

	Human Capital (Proportion of Population)		Economic Activity Rate	Unemployment Rate	Gross Average Weekly Wages (£)
	No Formal Qualifications	NVQ Level 4+			
Cardiff	10.7%	39.7%	72.5%	10.4%	499
Monmouthshire	9.3%	36.8%	74.8%	5.7%	525
Newport	14.2%	28.3%	74.3%	9.9%	455
Vale of Glamorgan	9.8%	32.1%	76.4%	8.4%	540
South East Wales	11.1%	35.8%	73.8%	9.4%	501
Great Britain	11.3%	31.3%	76.2%	7.8%	502

Data from the Annual Population Survey (APS)

Table 2 – Distribution of Employment by Occupation

	Managers and Senior Officials	Professionals	Associate Professional and Technical	Administrative and Secretarial	Skilled Trades	Caring, Leisure Services	Sales and Customer Services	Process, Plant and Machine Operatives	Elementary
Cardiff	8.8%	25.4%	17.5%	13.1%	5.5%	8.9%	8.0%	4.5%	7.5%
Monmouthshire	11.3%	22.5%	14.5%	10.8%	12.0%	7.5%	5.5%	5.5%	10.3%
Newport	9.1%	15.7%	13.8%	12.4%	10.5%	7.2%	9.4%	7.6%	14.0%
Vale of Glamorgan	11.6%	19.3%	14.6%	12.7%	8.0%	11.4%	7.3%	4.5%	9.8%
South East Wales	9.7%	22.0%	15.9%	12.6%	7.8%	8.9%	7.8%	5.2%	9.5%
Great Britain	10.1%	18.8%	13.7%	11.3%	10.8%	9.2%	8.2%	6.6%	10.8%

Data from the Annual Population Survey (APS)

Table 3 – Percentage of employment within key sectors

	Labour Intensive Manufacturing	Capital Intensive Manufacturing	Knowledge Intensive Manufacturing	Knowledge Services	Creative Industries
Cardiff	0.9%	1.0%	1.5%	13.8%	7.6%
Monmouthshire	2.0%	2.1%	3.8%	7.8%	8.0%
Newport	3.0%	3.3%	5.5%	12.8%	4.4%
Vale of Glamorgan	1.2%	0.6%	3.0%	5.5%	6.5%
South East Wales	1.5%	1.6%	2.8%	12.1%	6.8%
Great Britain	2.1%	2.3%	3.3%	13.1%	8.0%

Data from the Business Register and Employment Survey (BRES) categories based on KnowCities Project (van Winden and de Carvalho, 2011): Labour Intensive Manufacturing SIC 13, 14, 15, 16, 251, 252, 253, 255, 256, 257, 259, 31, 321, 322, 323, 324, 329, 383; Capital Intensive Manufacturing SIC 10, 11, 17, 22, 23; Knowledge Intensive Manufacturing SIC 19, 20, 21, 24, 254, 26, 27, 28, 29, 30, 325; Knowledge Services SIC 411, 53, 61, 62, 631, 64, 65, 66, 68, 69, 701, 72, 771, 772, 773; Creative Industries 18, 58, 59, 60, 639, 702, 71, 73, 74, 774, 90, 91, 92, 93

Table 4 – Distribution of businesses by age and size

	Firms by Size of Business (Employees)				Age of Firms			
	Micro (0-9)	Small (10-49)	Medium (50-249)	SME (0-249)	Less than 2 Years	2 - 3 Years	4 - 9 Years	10 or more Years
Cardiff	85.6%	11.6%	2.3%	99.4%	13.6%	14.2%	30.5%	41.7%
Monmouthshire	91.8%	6.9%	1.0%	99.7%	10.7%	13.0%	25.6%	50.6%
Newport	86.6%	11.2%	1.6%	99.4%	15.1%	13.1%	29.6%	42.2%
Vale of Glamorgan	90.2%	8.5%	1.2%	99.9%	12.7%	13.5%	30.7%	43.0%
South East Wales	87.8%	10.0%	1.7%	99.6%	13.1%	13.6%	29.4%	43.9%
Great Britain	88.7%	9.3%	1.6%	99.6%	14.5%	14.6%	27.9%	42.9%

Firm size data from the Office for National Statistics (ONS) *UK Business: Activity, Size and Location* publication; Firm age data from the Office for National Statistics (ONS) *Business Demography* publication.

Table 5 – Entrepreneurial Activity (New Venture Creation)

	Scaled by Stock of Firms	By 10,000 Population
Cardiff	9.9%	29.9
Monmouthshire	7.9%	34.6
Newport	10.1%	27.2
Vale of Glamorgan	9.2%	28.8
South East Wales	9.5%	29.8
Great Britain	10.1%	38.1

Business birth and stock data from Office for National Statistics (ONS) *Business Demography* publication; Population data obtained from the NOMIS mid-year population estimates.

<Table 6 – Breakdown of 20Twenty Programme Attendance>

Sector	People	Percent	Companies	Percent
Professional Services	35	18.1	19	15.0
Financial and Insurance	26	13.5	13	10.2
Computing and Telecoms	19	9.8	6	4.7
Charities	19	9.8	18	14.2
Social Housing	18	9.3	11	8.7
Construction and Building Services	18	9.3	13	10.2
Marketing, PR, Events Management	11	5.7	9	7.1
Defence	10	5.2	4	3.1
Retail	9	4.7	7	5.5
Engineering	6	3.1	6	4.7
Other Sectors	22	11.4	21	16.5
All Sectors	193	100	127	100

Source: internal monitoring data.

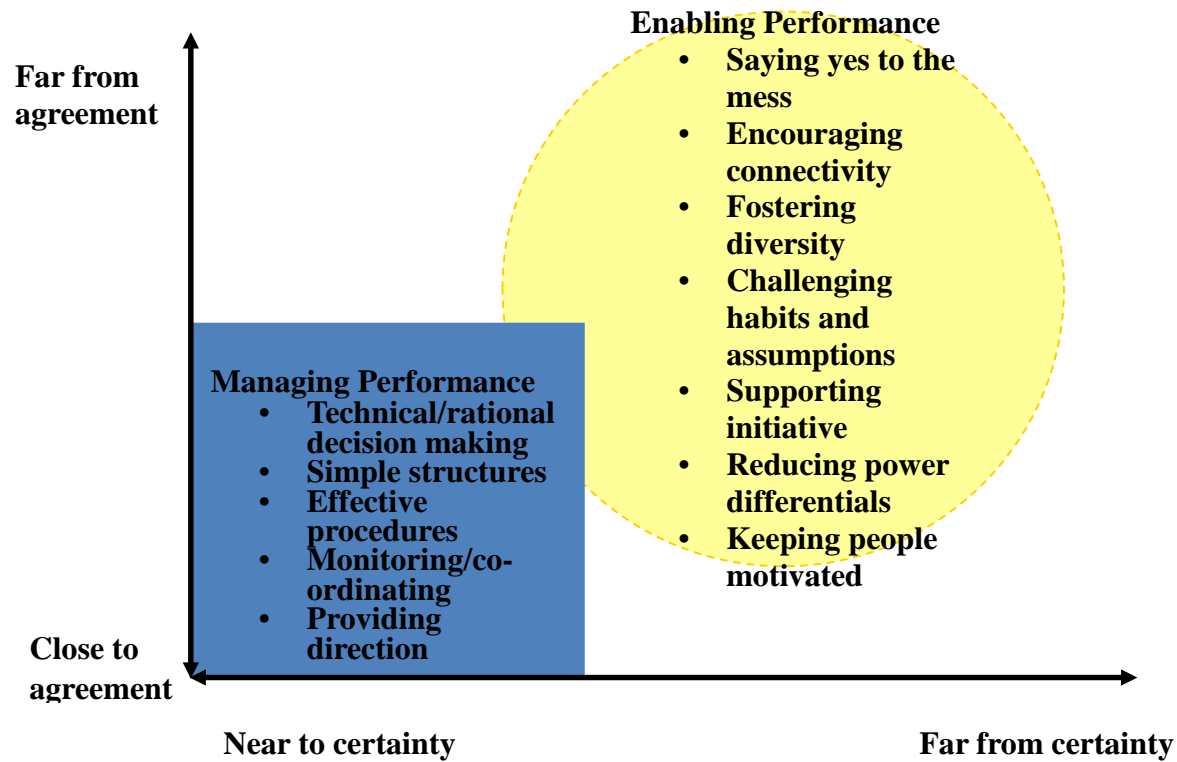
Table 7 – Workshop Satisfaction Levels

Factor	Rating
Workshop as a whole	4.2
Presentations of individual speakers	4.3
Gaining Practical ideas	4.3
Ability to contribute to group discussions	4.2
Good forum for exchange of ideas	4.2
Course content	4.0
Teaching effectiveness	4.2
Location	4.1
Organisation of the event	4.3

Source: internal monitoring data.

Figures

Figure 1 - Leadership and Improved Business Performance



Source: adapted from Stacey (1992)

Figure 2 – Overview of 20Twenty Programme Content and Structure

