

Enterprise and innovation in the context of place

An exploratory comparative statistical analysis

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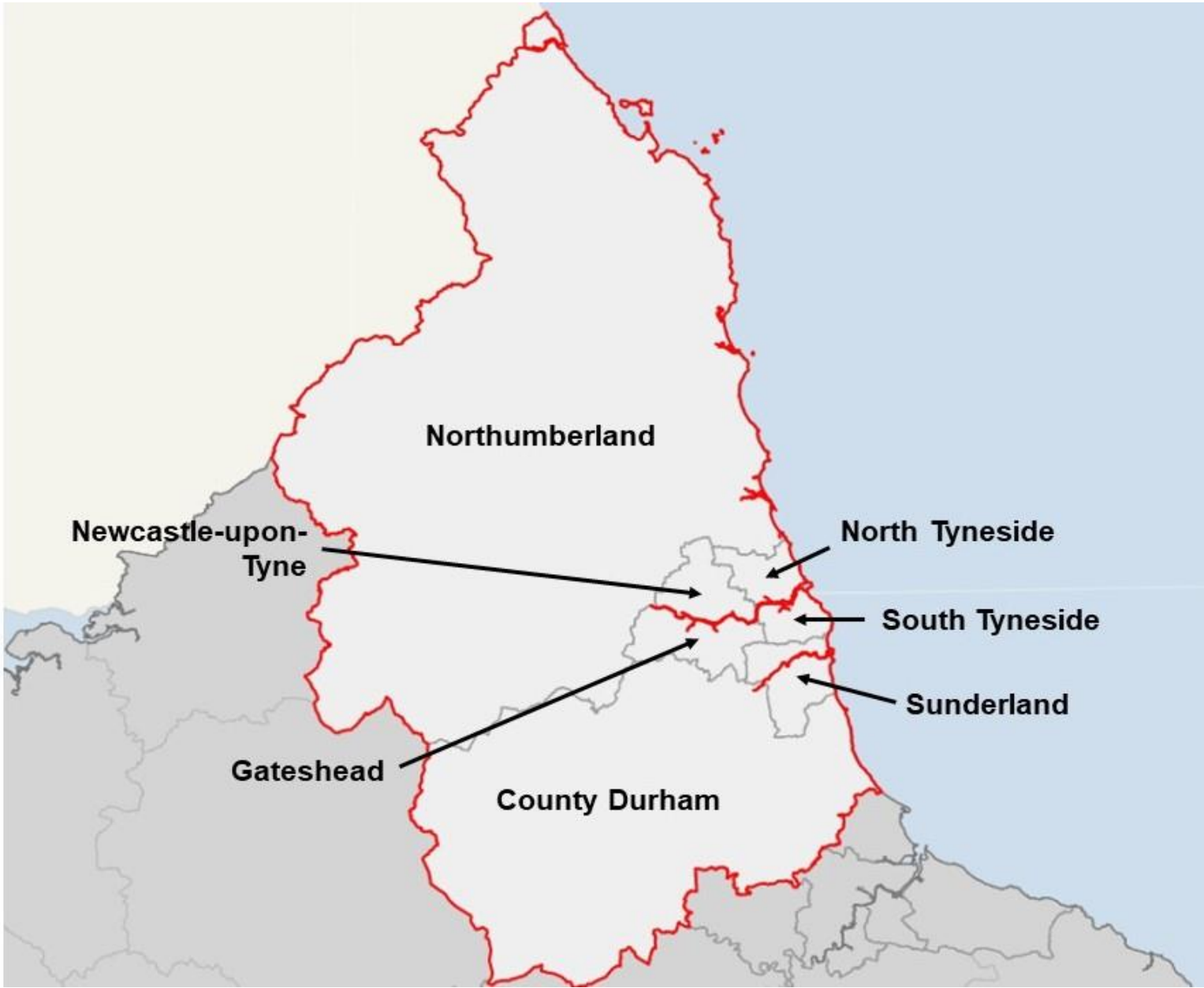


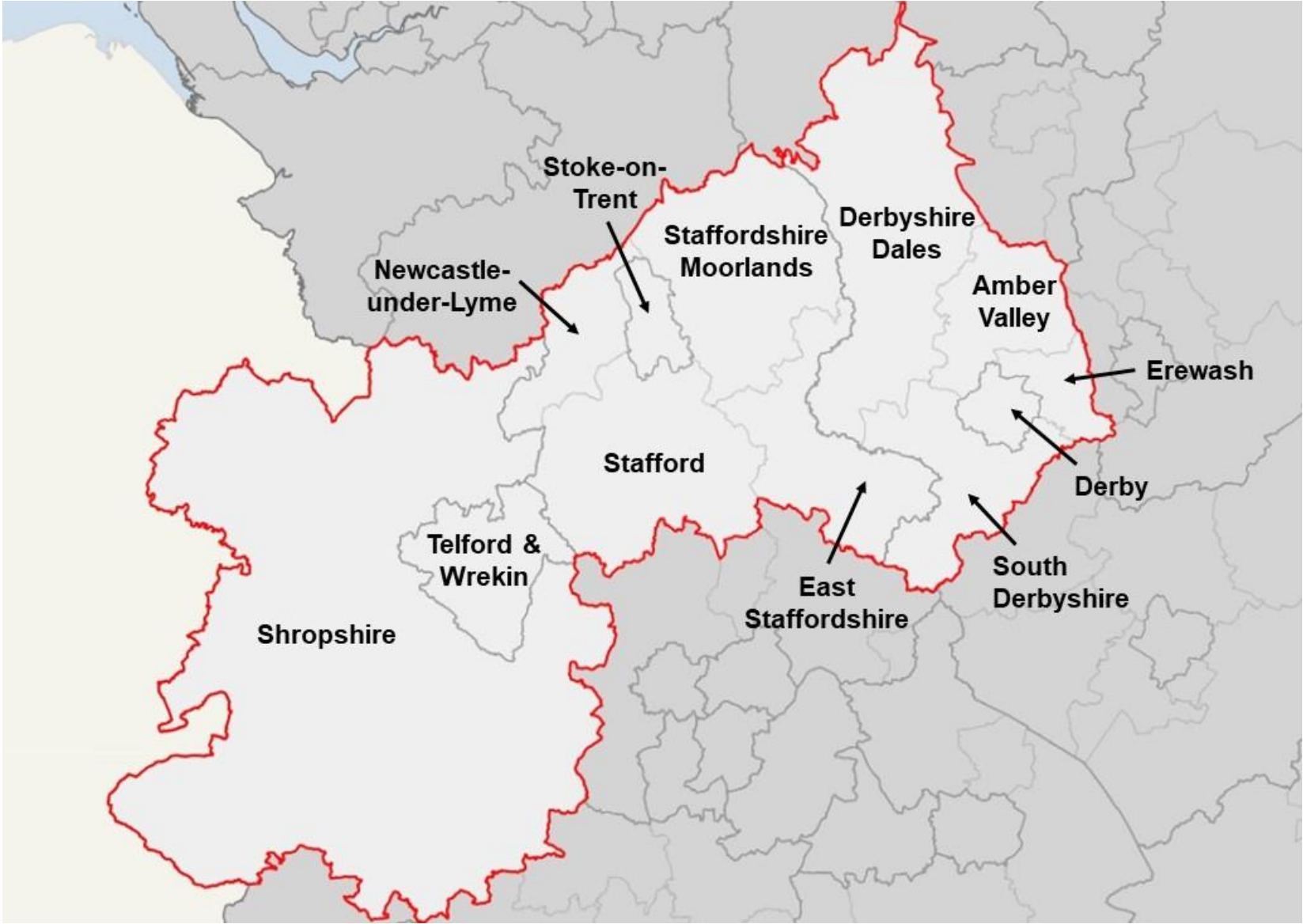
A study of the relationship between local assets and entrepreneurial vitality in five areas of England

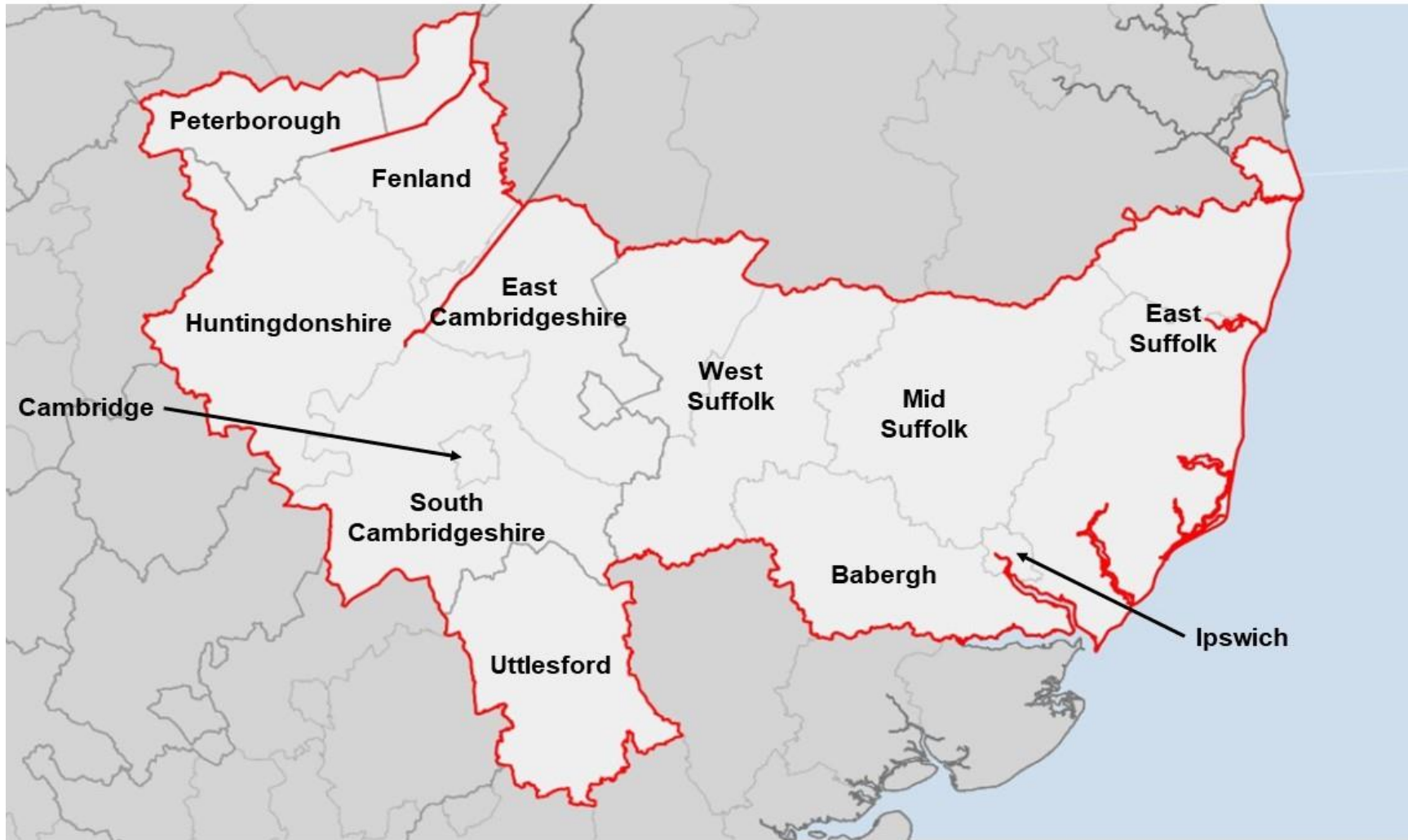
- The basic premise is that some places will be ‘relatively’ advantaged over others depending upon their stocks of local assets.
- Used ONS, BEIS, Orbis and Nomis data to build profiles of the five areas.
- Key emphasis on the English Indices of Deprivation, but ‘*upside down*’ as an ‘asset register’.
- Also did a deeper analysis in the North East looking at 8 areas.
- The aim was to find out ‘how different’ the North East is from other areas – and by definition ‘how similar’.

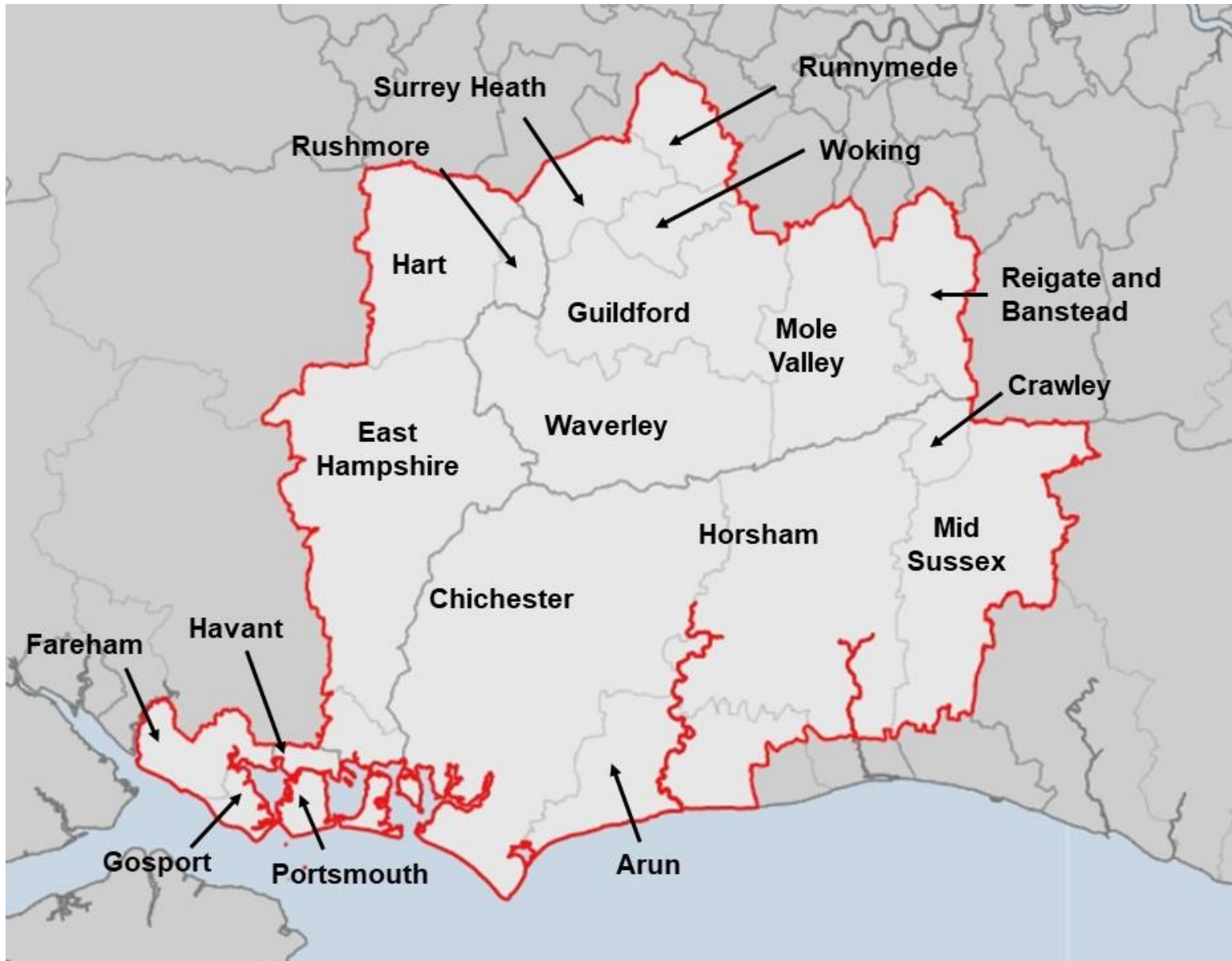
Chose five areas for study

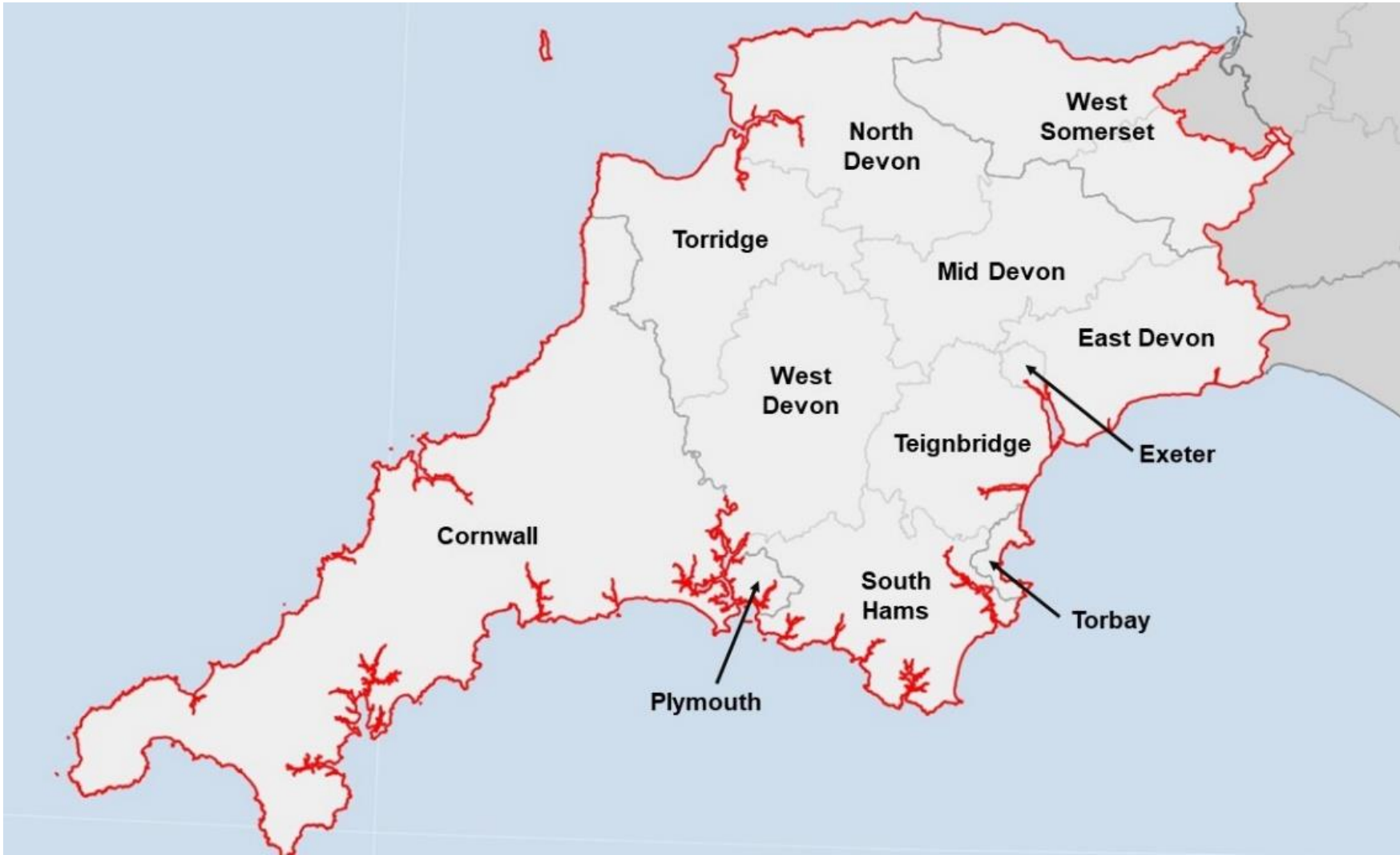
- Purposefully avoided 'usual' regional demarcations to see things differently – population is similar in each of the five areas
- Each area has sizeable rural areas and at least two major urban areas.
- Two areas in close proximity to London, three areas which are more spatially isolated from London.
- All areas have universities and some core industries that are distinctive (now or historically).
- The asset mix within the five areas varies substantially.
- Only NE has a single LEP, other areas have (parts of) several LEPs











Used business start-ups as the indicator of entrepreneurial vitality

- To get a bigger data set for comparative purposes, used start ups in the last three years.
- Most metrics on innovation are only available at regional level – and even then, cell sizes are small and hard to compare.
- Start ups might not be the ‘best’ indicator of innovation, but it helps to show levels of local entrepreneurial vitality,
- The plan was to move on to a second stage of research to do qualitative analysis of business journeys explore what constitutes ‘innovation’ in the context of place.

Adopted a basic premise that innovation is multifaced

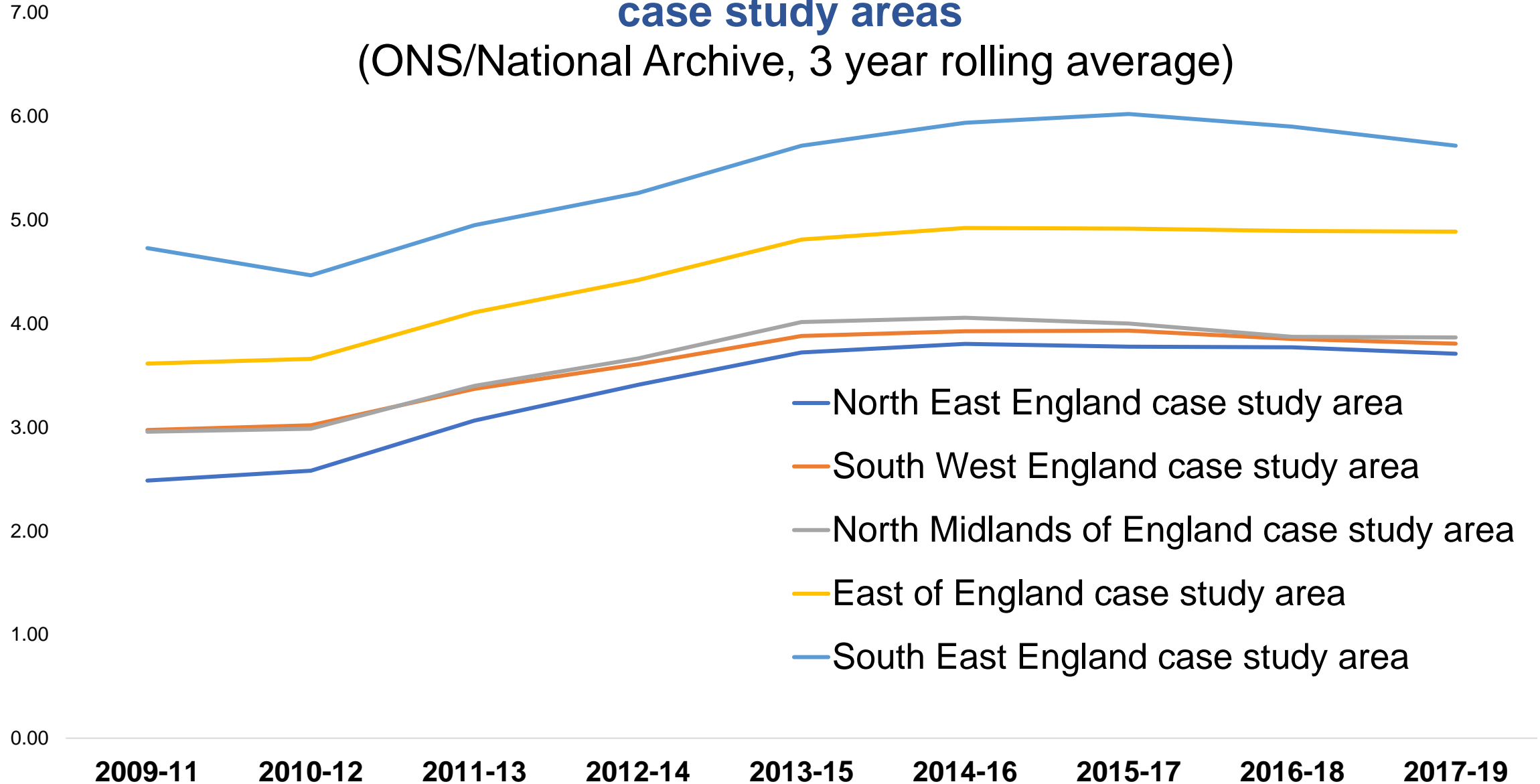
- **Market innovation:** to 'produce consumers' by devising products or services which currently do not exist but have potential to capture the imagination of buyers.
- **Product innovation:** to entice customers to buy or replace existing products by making them, for example, more energy efficient, faster, sleeker or more beautiful.
- **Process innovation:** to make products in a more efficient way by, for example, devising methods of reducing production costs or increasing productivity.
- **Organisational innovation:** to sustain or enhance quality and productivity by, for example, increasing employee efficiency, commitment and motivation by working in different ways or contexts.

Types of innovation, continued...

- **Collaborative innovation:** to maximise benefits from complementary working with supply chains, knowledge-sharing or marketing and selling cooperatively.
- **Service innovation:** by adding value to products or services, for example, associative product kudos, improving the customer experience and rectifying problems.
- **Place innovation:** by enhancing the broader customer environment (digitally or physically) to improve allure, reputation, footfall and customer retention.
- **Social innovation:** by going the extra mile to contribute to environment and society by starting or supporting local social initiatives politically, financially and with in-kind support.

Business start-ups per 1,000 population in five comparative case study areas

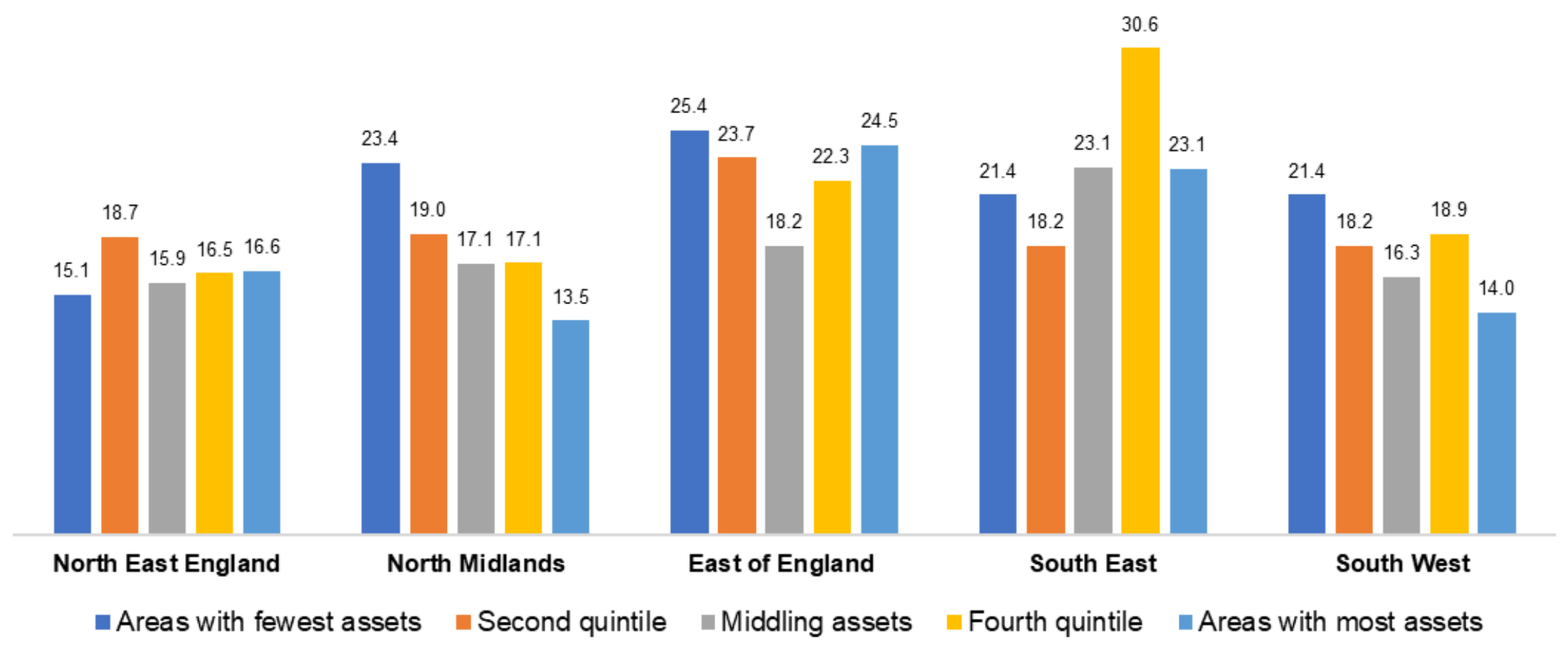
(ONS/National Archive, 3 year rolling average)



Business population and start-ups 2018-2020 in 5 case-study areas

	Number of enterprises	Start-ups last three years	Start-ups as % of total business stock	Total population	Working age population	Enterprises per 1,000 working population	Start-ups per 1,000 working population
North East England case-study area	67,735	18,306	27.0	1,993,997	1,209,212	56.0	15.1
English North Midlands Case-study area	86,585	20,038	23.1	1,998,011	1,178,304	73.5	17.0
East of England case-study area	85,215	20,247	23.8	1,597,773	932,747	91.4	21.7
South East England case-study area	126,865	31,824	25.1	2,390,228	1,402,266	90.5	22.7
South West England case-study area	94,050	17,654	18.8	1,925,432	1,094,866	85.9	16.1

Figure 2 **Number of start ups per 1,000 working population by area assets** (Source: business data Orbis 2021, social data ONS 2019)



Predicted number of start-ups in North East England 2018-2020 if at the same rate as in other case-study areas

	Areas with fewest assets	Second quintile	Middling assets	Fourth quintile	Areas with most assets	All areas
Actual number of start-ups in North East England	7,158	6,593	3,790	3,802	3,777	25,120
Predicted number of start-ups if at the same start-up rate as South East England case-study area	10,145 (+29%)	6,397 (-3%)	5,518 (+31%)	7,071 (+46%)	5,234 (+28%)	36,606 (+31%)
Predicted number of start-ups if at the same start-up rate as East of England case-study area	12,059 (+41%)	8,344 (21%)	4,335 (+13%)	5,140 (+26%)	5,562 (+32%)	36,589 (+31%)
Predicted number of start-ups if at the same start-up rate as South West England case-study area	10,154 (+30%)	6,399 (-3%)	3,882 (+2%)	4,371 (+13%)	3,179 (-19%)	27,030 (+7%)
Predicted number of start-ups if at the same start-up rate as North Midlands case-study	11,086 (+35%)	6,671 (+1%)	4,082 (+7%)	3,953 (+4%)	3,064 (-23%)	27,395 (+8%)

We were unwilling to adopt a deficit perspective: not about what the NE *lacks*, but what it *has*

- Not prepared to accept value-loaded assertions or accusations that NE is responsible for its 'failure' to secure the same level of success as other areas.
- Accept that the social, economic and political dominance of London affects relationships amongst other regions – forces competition and projecting negativity.
- Those regions which command strong assets are not likely to yield their advantages, and also suck in assets from other areas – 'brain drains'.
- Poorer regions become more dependent upon other 'more successful' regions or via direct foreign investment to provide employment for the resident population.
- Greater dependence can fall on government to provide public-sector jobs to compensate at least in part for a relatively under-developed local private sector.

So what happens to the entrepreneurial vitality of the North East?

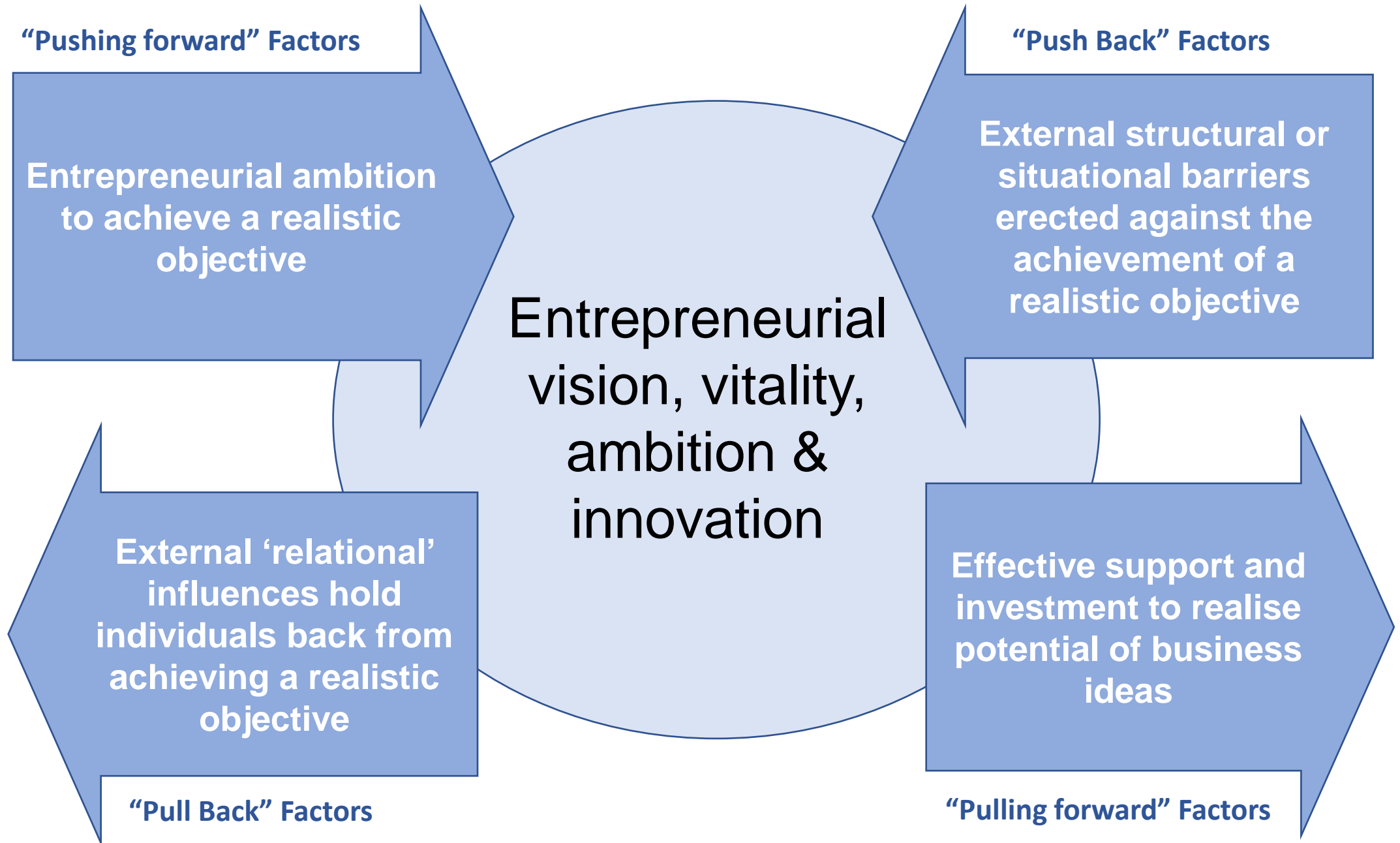
- **Absorbed:** where creative and imaginative energy is used in other contexts – working as employees in business and the public sector or by setting up or working for third sector organisations.
- **Dispersed:** where knowledgeable and skilled people leave the region to set up businesses or engage in innovative work for employers elsewhere because they have been dissuaded from remaining in North East England.
- **Unrecognised:** where business acumen and innovative ideas are being used but is below the radar of business support organisations. Examples might include small-scale local makers or traders on Etsy, eBay or Amazon.

So what happens to the entrepreneurial vitality in the North East? /continued....

- ***Dormant:*** where individuals' interests and potential are unknown until factors (such as redundancy, inheritance, the life course or serendipitous circumstances) collide in such a way to awaken or force interest.
- ***Deflected:*** where people, used to working as employees in undemanding jobs realise their skills and potential in other domains such as creative hobbies or community involvement.
- ***Shared:*** where people are in a position to make a conscious decision to work more efficiently in order to capitalise on other resources in the region, that is, to enjoy other aspects of their lives.

We need to know more about routes to entrepreneurship and how innovation frames vitality

- Need to stop assuming that there is an inherent problem by looking in the mirror of London and the SE.
- Need to know more about what we are working with, and look at strengths in all parts of the economy not just the high value clusters that all areas are eager to attract.
- Recognise that quality of life elements may be a major driver in the region – do we *want* to be or *need* to be like the hot spots of SE or East of England.
- Need to understand the push and pull factors that undermine entrepreneurship and innovation



“Pushing forward” Factors

Entrepreneurial ambition to achieve a realistic objective

“Push Back” Factors

External structural or situational barriers erected against the achievement of a realistic objective

Entrepreneurial vision, vitality, ambition & innovation

External ‘relational’ influences hold individuals back from achieving a realistic objective

“Pull Back” Factors

Effective support and investment to realise potential of business ideas

“Pulling forward” Factors

A

Fundamentally insecure places which appear to have been 'going backwards' socially & economically due to historical and contemporary factors

B

Places with 'latent' potential to change but held back by internal cultural inertia which limits potential and negative external perceptions

C

Places in a 'liminal' zone which could move forward or backwards depending on circumstances

D

Places which have shown 'achievement' but subject to external threats largely beyond their own control and low local-level tolerances of risk

E

Socially and economically secure places which have established strengths, strong ambition, social capital & externally recognised

Lower levels of self-belief & external trust and confidence

Higher levels of self-belief & external trust and confidence

Must encourage policy makers to stop making negative 'assumptions' about places *across* or *within* the regions

- Places are often more 'similar' than they are 'different'.
- There are no places that are beyond reproach or beyond hope
- Have to stop portraying places as 'left behind' – such perspectives *are* rarely *valid* and *embed* rather than *challenge* prejudices
- Must draw distinctions between places that 'consume' wealth and places that 'produce' wealth – a very confused picture.
- The value of 'regeneration' money is pitifully small in poor places in comparison with the inherent wealth of rich places.
- So don't ask for 'transformation' on a shoe string in poor places and then 'wash your hands with them' when it doesn't make a difference.

The full report is available here:

[\(2\) \(PDF\) Enterprise and innovation in the context of place: An exploratory comparative statistical analysis \(researchgate.net\)](#)

**If you want to make contact with us to comment or discuss further
please use this email address:**

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