



# ENHANCING THE ADDED VALUE OF BUSINESS AND MANAGEMENT RESEARCH IN THE UK

A Joint Position Paper from the Chartered Association of Business Schools and the British Academy of Management

#### 1. OVERVIEW AND RATIONALE

The Chartered ABS and BAM have a shared agenda to promote the value of business and management research in the UK:

- Business and management scholarship and research are highly relevant to a number of the 'grand challenges' currently facing our economies and societies.
- Business and management research is central to the research-led teaching of business and management schools which play a central role in developing UK management and leadership skills.
- There is significant potential to leverage existing research and develop further research that is more closely engaged with these challenges.
- This is likely to require specific, additional funding and 'translation' mechanisms, in a context where business and management research is under-funded, relative to other areas of the social sciences and STEM subjects, despite its scale, scope and potential.

This briefing paper outlines the key areas where our research currently has relevance and delivers impact; providing evidence, tools, techniques and solutions that improve economic and social well-being across the UK. It also presents a case for further support for business and management research. As the largest group of social scientists in the country, we can contribute more to the current challenges facing the nation.

#### 2. THE UK CONTEXT

Recent political and economic uncertainties make it both more important and more challenging for us to address as a matter of urgency a number of longer-term weaknesses which undermine national prosperity. These weaknesses limit not just business efficiency and economic growth but also our ability to promote a more egalitarian spatial and socio-economic distribution of wealth that would improve well-being. The current government has rightly sought to address these through a number of initiatives, including an industrial strategy and a focus on improved productivity and innovation, with a regional component.

These 'grand challenges' need to be understood both in terms of recent trends and short-term opportunities and threats and more fundamental, long-term phenomena. There are persistent, embedded structures that constrain our competitive strengths. Addressing these concerns effectively cannot be achieved via a response that is entirely 'market-driven' or reactive to current policy trends; an effective response requires deeper and more robust evidence and analysis.

Business and management research can support this agenda. Our business schools host the largest number of social scientists, from a variety of disciplines, combining engaged, collaborative research with fundamental or blue-sky enquiry; a blend of rigour and relevance. They have focused primarily on firms, which are the engines of innovation, employment and growth. But the portfolio of research projects in UK business schools includes studies focused on social impact, responsible business, ethics, workplace well-being, and non-profit and public-sector organisations. In combination, this portfolio of work provides our best understanding of how managers, businesses and other organisations behave under certain circumstances (such as Brexit), or respond to particular policy interventions (such as the apprenticeship levy).

A critical and ongoing national concern is the UK's productivity crisis. This is an issue where business school research has a central role to play. The strategic priorities and decision-making processes of firms are the microfoundations of productivity, innovation, economic growth and prosperity. They explain what underlies the patterns observed in macro-economic data. Major contemporary themes in business and management research impact directly on our understanding of and response to the UK's productivity deficit. These themes include:

- Intra and inter organisational processes and systems to support innovation
- Understanding and managing risk
- Operating in uncertain, complex and turbulent environments
- Development of effective corporate governance arrangements
- Pro-innovative incentive and reward structures
- Effective measurement and monitoring of performance
- Analysis of labour and capital market shortcomings
- Identifying relevant education, training and skills needs
- Refinement of intellectual property protection
- Understanding the effects of industrial, science, regulatory and fiscal policies
- Modelling the potential impact of major political events and systemic shocks, such as Brexit, on productivity, growth, trade, employment

#### 3. BUSINESS AND MANAGEMENT RESEARCH IN THE UK TODAY

UK business schools teach the most popular subject areas across our universities. Nearly 130,000 students gained business qualifications in 2016/17 (almost 60,000 postgraduate). This is 17% of all students, 14% of undergraduate students, 24% of all postgraduate students and 37% of all non-EU international students.

Our business schools also earn an estimated £5 billion per year<sup>2</sup> and have an economic impact of over £13 billion<sup>3</sup>. They play a key role in helping our universities to act as 'anchor institutions', benefitting their regional economies and supporting local start-ups and SMEs.<sup>4</sup> Universities have also benefitted directly from the growth of business schools, not least as an important source of surplus revenue. But this underlies an increasingly unsustainable cross-subsidy from international students to research in UK universities. By one estimate this amounts to 13% of research funding (Olive, 2017)<sup>5</sup>, and a substantial proportion of this cross-subsidy is generated by business schools as around one-third of non-EU international students study on a business course, the highest proportion of any subject<sup>6</sup>.

In terms of the research contribution, business schools host the largest and most interdisciplinary group of social scientists in the UK, with psychologists, economists, sociologists and geographers alongside marketing, HRM, strategy, finance, accounting and operations management specialists. More generally, business and management researchers engage extensively and effectively with researchers in wider disciplinary areas and with research users in the practice and policy worlds. Examples include:

- The contribution made to the UK skills base, producing graduates with the tools to improve productivity and wellbeing, diversity and inclusivity in the workplace, through research-led teaching.
- Cross-disciplinary co-development of research agendas in science, engineering, medicine and health sciences.
- Evidence-based support for small-firms and entrepreneurs, including work undertaken via the Small Business Charter<sup>8</sup>
- Progressing the responsible business agenda, developing stakeholder initiatives across the social, environmental, ethical and community citizenship.
- Promoting innovation by linking technological opportunities with user applications through an understanding of commercialisation, diffusion and adoption patterns, market demand, pricing, consumer behaviour, workplace processes and the institutional and organisational contexts which shape innovation.
- 1 Based on the HESA student qualifiers data for 2016/17.
- 2 Based on the average annual revenue of business schools responding to the 2017 Chartered ABS annual members' survey multiplied by the total business schools in the UK.
- 3 Calculated using the figure of £95bn for total gross output of UK universities in 2014/15 according to Oxford Economics' report on the Economic Impact of Universities in 2014/15 (2017). As students on Business & Administrative studies courses account for 14% of all students in the UK, the share of business schools in the gross output of UK universities is estimated to be £13bn.
- 4 https://charteredabs.org/publications/business-schools-delivering-value-local-regional-economies
- 5 Olive, V. (2017) How much is too much? Cross-subsidies from teaching to research in British universities, HEPI Report 100, Higher Education Policy Institute. http://www.hepi.ac.uk/wp-content/uploads/2017/11/HEPI-How-much-is-too-much-Report-100-FINAL.pdf
- 6 HESA Student Record, 2016/17.
- 7 HESA data shows that about 14,800 academics are in the 'management and business studies' category. An estimate derived from Bastow, Dunleavy and Tinkler (2014) puts the number of research-active staff at 6,500 from a total of 30,654 across the social sciences (over 20%). 3,602 academics were submitted to Unit of Assessment 19 (Business and Management) in the 2014 Research Excellence Framework (REF).
- 8 https://charteredabs.org/small-business-charter

Business schools have also developed a wide range of strong and effective engagement mechanisms with beneficiaries of their research:

- Corporate partnerships and sponsored research centres and projects.
- Faculty and student-led internships and projects supported by private and public sector organisations linking research and work-place training.
- Knowledge Transfer Partnerships (KTPs) and secondments to and from industry.
- Engagement driven by and involving business school Advisory Boards.
- Joint teaching programmes and executive education with external partners.

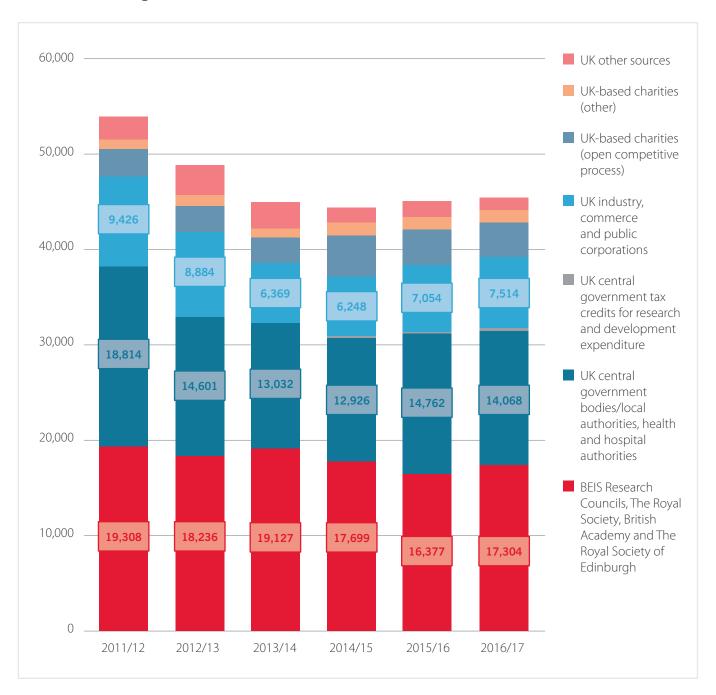
#### The Underfunding of Business and Management Research in the UK

Despite the scale and scope of business and management academics the field continues to receive a small and declining proportion of UK research funding, relative to its scale, relative to other academic disciplines and relative to its potential to contribute to the above challenges. In the six-year period 2011/12 to 2016/17 total research income to all HEIs grew by 30%, from £4.5 billion to £5.9 billion, including large increases for STEM subjects. But in the same period business and management research income dropped by 12% in real terms and its share of research income for the HEI sector fell from 1.5% to 1.2%, a proportional decrease of 24%. Even more significantly, business and management funding from the UK Research Councils and other grant awarding bodies fell by over 10% and funding from other UK government sources fell by over 25% (Figure 1).9 The only category of business and management research funding that has seen substantial growth in this period is from the EU and this is set to fall dramatically.

During a prolonged period of austerity and economic stringency, where a dominant emphasis is on controlling public spending, politicians and policymakers must have the courage and will to pursue the imperative of sustained and increased investment in areas of research which support the understanding of and effective response to our national concerns. Business and management research is centrally important in this respect, both in terms of how its core research themes speak directly to contemporary economic concerns and in the contribution it makes to interdisciplinary approaches to society's grand challenges.

<sup>9</sup> Data gathered by the Chartered ABS and published in the "Research Income for Business and Management" reports for 2017 and 2018 show how business and management research has been steadily underfunded. https://charteredabs.org/publications

Figure 1:
Business and Management Studies Research Income from UK Sources, 2011/12 – 2016/17 (£000's. FY 1st Aug. – 31st Jul)



### Source: Chartered Association of Business Schools (2018) 'Research Income for Business and Management' 2018 Report

As wave 2 of the Industrial Strategy Challenge Fund progresses and wave 3 themes begin to emerge we would hope to see the significant increase in UK funding for STEM subjects spread to areas of the social sciences, including business and management research. As outlined above, leveraging science and technology assets and capabilities (i.e. innovating rather than inventing) requires an understanding of businesses, markets, consumers and technology users. The latent complementarities need to be exploited to gain the full benefits of these new sources of funding.

## 4. THE BUSINESS AND MANAGEMENT RESEARCH COMMUNITY HAS THE POTENTIAL TO CONTRIBUTE MORE

UK business schools have the scale, scope and capability to add much more value in the current policy context, with the appropriate level of engagement, support and funding. Some examples of the areas where relevant business and management research and engagement activities could be expanded, with the potential to enhance the intellectual contribution of business and management research to the current national challenges, are included below. Before listing some of these it is important to note that our distinctive advantage, relative to other providers of business and management research, consultancy and education, stems partly from our relative independence from the immediate demands of private markets and public sector policymakers.

#### Understanding the fundamentals: phenomenon-led research

The aims and objectives of academic specialists in business schools are driven by institutional incentives which differ from those which apply to most consultants, executive trainers or policy think-tanks. Academic research expertise is distinctive because it is theoretically informed, empirically-led, neutral and objective. It is also focused more on developing an understanding of long-term, fundamental dynamics that underpin short-term events, shifts and shocks. As such its relevance may often be less immediately evident than is the case with short-term problem-led analysis. But it is important to maintain a level of focus on understanding the deeper, underlying phenomena that inform robust explanations for the nature of and response to contemporary challenges.

Given the capacity, range and depth of the business and management research community we would suggest that there is a significant latent capacity for research and research-led teaching that focuses on the grand challenges facing both business and society. The Chartered ABS and BAM are committed to contributing to the development of this capacity through co-production with relevant stakeholders across the public, private and third sectors.

The Industrial Strategy White Paper identifies a number of areas for development that are vital to Britain's future. The quality of UK management and leadership is crucial to this agenda and business and management schools play a central role in the research-led teaching of the managers and leaders of the future. Chartered ABS and BAM share a commitment to align business and management research with this endeavour. Business schools are ideally placed to help drive partnerships between science and business throughout the UK. They are already closely involved in various STEM-related initiatives, as showcased in the table in the Appendix. Promoting the development, diffusion and adoption of technology and the process of innovation is heavily dependent on an understanding of businesses, markets and consumers. They also play a key role in working with SMEs and more generally in terms of developing regional growth strategies.

#### **Mapping and Measuring the Impacts**

Examples of where relevant business and management research and engagement activities could be expanded, with the potential for enhancing the intellectual contribution of business and management research to current national challenges, are presented in the Table below. Mapping the pathways and measuring the contribution of intangible knowledge inputs, intellectual and human capital is complex. These pathways can also be direct or indirect, short-term or long-term, but many of the examples outlined below use proxy measures of impact to demonstrate the contribution. These include measures of intermediate effects, such as: qualifications, to represent improvements in skills and capabilities through research-led teaching, executive programmes, training and consulting, or numbers of small firms, start-ups or scale-ups supported in entrepreneurship programmes. These feed through to impacts which match the aspirations of the government's industrial strategy, such as improved productivity or export-competitiveness at the firm level, higher survival rates (profitability and employment) for small firms, employee well-being, or more efficient public sector services.

In many cases business school research helps bridge the infamous 'valley-of-death' between the UK's excellent science and technology infrastructure and the users and beneficiaries of innovation in the private and public sectors. High multiplier effects can result from positive and multiple diffusion effects of key technologies, product, process and service innovations, such as: new technologies and clinical processes for the early diagnosis for cancer treatment (measured as quality adjusted life years valued in monetary terms); robotics for manufacturing (measured in terms of total factor productivity improvements at plant level); the digitalisation of railways (improvements in carrying capacity, lower costs, improved safety and productivity, better labour mobility). Business and management research complements STEM breakthroughs when it comes to the implementation, adoption and diffusion of these technologies. This creates the scale effects and the significant multipliers which STEM alone does not produce.

Relating these back to the 5 factors of productivity outlined in the industrial strategy White Paper, we clearly illustrate below how ideas (an innovative economy), people (good jobs and greater earning power), infrastructure, business environment (starting and growing businesses) and places (prosperous communities across the UK) are all individually or in combination, the focus of research conducted in business schools.

#### 5. IMPACT CASE STUDIES

The following illustrations are simplified summaries from a variety of sources, including organisations other than business schools showcasing the real-world impact of business and management research. These include the ESRC, InnovateUK and UKRI, the Campaign for the Social Sciences, the Academy of Social Sciences and the National Centre for Universities and Business (NCUB).

#### **Improving NHS Procurement Practices**

Operations and procurement management specialists at the Centre for Research in Strategic Purchasing and Supply helped the NHS save £250 million on the purchase price of hearing aids. The changes incorporated plurality of provision and collaborative approaches to deliver better value-formoney decisions and improve the quality of life for patients. By implementing fundamental changes in its procurement policy, led by the research team, the NHS saved 2.7 per cent on £18 billion of expenditure. Using this framework, Audiology Services were able to provide digital hearing aids to patients free of charge, at the same time saving £252 million on the purchasing price of the aids and cutting service costs by £45.5m annually. Elements of this approach were then applied across other NHS expenditure categories and achieved savings of around £500m on goods and services worth £18 billion a year. The research has also shaped the Department of Health's Commercial Strategy encouraging a more strategic use of network resources for the benefit of patients and taxpayers.

http://www.bath.ac.uk/management/research/impact/impact-strengthen.html

#### **Supporting SMEs and Entrepreneurship**

A wide range of applied research underpins management education and leadership programmes targeting small-and-medium-sized enterprises (SMEs) across the UK. The Northern Leadership Academy, a collaboration between three business schools (Leeds, Lancaster and Liverpool) with funding from three regional development agencies, both researched 'what works' in terms of management training and support for SMEs and delivered programmes to enhance their survival rates. This created the original impetus for the Goldman Sachs 10,000 small business development programme. Following a pilot run by Leeds and a successful launch, the programme was rolled out nationally, delivered by Aston, Manchester Metropolitan and UCL with a coordinating role undertaken by Oxford. Other research centres focus on the finance gap for small firms, on entrepreneurship and innovation, and on SMEs run by ethnic minorities. The Chartered ABS' Small Business Charter (SBC) award, developed with the support of Lord Young and BEIS, gives recognition to business schools that play an effective role in supporting small businesses, local economies and student entrepreneurship.

https://charteredabs.org/small-business-charter/;https://campaignforsocialscience.org.uk/wp-content/uploads/2012/12/Making-the-Case-Management.pdf;

http://www.aston.ac.uk/aston-business-school/business/centre-for-growth/10ksb;

https://www.enterpriseresearch.ac.uk/; http://www.esrc.ac.uk/news-events-and-publications/impact-case-studies/network-boosts-ethnic-minority-business

#### **Benchmarking Carbon Emissions for Business**

Business school-based research on carbon accounting for supermarket and mobile telecoms firms has led to the development of international benchmarks for corporate performance and follow-up investments by companies including Tesco, Waitrose, M&S, Vodafone, Haymarket and Brand Republic. A university spin-out company, Environmental Data Services (EnDS) Carbon has also been created and benchmarked over 1,000 companies for 20 corporate clients. The research programme has influenced the development and adoption of carbon indexes and benchmarks and driven improvements in corporate carbon management, prompting a new initiative from the UN Principles for Responsible Investment.

http://www.esrc.ac.uk/news-events-and-publications/impact-case-studies/benchmarking-carbonemissions-for-business

#### 6. RECOMMENDATIONS

The following recommendations, which represent natural extensions of current activities in UK business schools, provide a clear and comprehensive programme for action.

- a) Establish a UK centre and network of business schools focused on 'what works' in business management and leadership. This should include international benchmarking and international business, including export competitiveness and trade facilitation as strong themes. It should also include well-being at work, diversity and ethical leadership as key priorities for engaged research with businesses.
- b) Support for cross-campus and inter-organizational partnerships which connect STEM and business and management researchers for Industrial Strategy Grand Challenges (ISGC) target funding. This should involve technology readiness measures, the use of innovation road-maps, pathways to impact and logic chains, to connect technology developers to market opportunities and users. Involving business schools in developing commercialization pathways and promoting innovation within science programs would increase the effectiveness of UKRI STEM investments.
- c) Focus some of these efforts on the unique strengths and weaknesses of UK regions by incentivising universities to help bridge Science and Innovation Audits and the Strategic Economic Plans (SEPs) of Local Enterprise Partnerships (LEPs) and Combined Authorities. Business schools can help their universities connect their STEM assets and capabilities with regional growth opportunities.
- d) Use the Chartered ABS Small Business Charter network to boost regional support for entrepreneurship, start-ups and scale-ups and as a channel to disseminate effective management practices. These efforts should be linked to regional SEP priorities.
- e) Bridge funding, KTPs and apprenticeships should be further-developed to improve innovation and commercialisation capabilities. Build capacity by targeting additional funding at Doctoral Training Programmes (DTPs) and Early Career Researcher (ECR) training linked to business or commerce and increase the number of practice-focused CASE awards.
- f) Increase funding to build on the ESRC Productivity Network Plus research investment. This should include promotion of and direct funding for the compilation and dissemination of effective management practices in relation to innovation and productivity. Reliable estimates state that up to 55% of the UK productivity lag could be due to management practices and specifically that new-to-the-firm, rather than entirely new innovations, account for most productivity growth.
- g) Support efforts to distil lessons from research on the management of third-sector and non-profit firms and proactively disseminate. Link this to the public-sector reform agenda, using business schools and private sector partnerships to help improve public services. Include a focus on what the private sector might learn from excellent examples of UK public sector management, such as in health care, where the UK is acknowledged as an international leader.
- h) Target existing funding to more effectively encourage cross-disciplinary research between business and management, psychology, sociology and behavioural economics as a strong priority to improve understanding about the micro-foundations of productivity and innovation. Arts and humanities should also be included as key drivers of creativity and innovative design.

## APPENDIX: SELECTED EXAMPLES OF RELEVANT AND ENGAGED RESEARCH ACROSS UK BUSINESS SCHOOLS

UK Policy Priorities	Research Examples and Impact References across UK Business Schools	Potential to Extend and Enhance
UK Industrial Strategy     National competitive advantage & economic growth     Productivity, innovation, commercialisation     Inclusive regional growth     Trade, FDI and Brexit	<ul> <li>Imperial, competitive advantage¹</li> <li>Birmingham, City-REDI²</li> <li>Edinburgh Napier growth accelerator³</li> <li>Cranfield logistics &amp; SCM⁴</li> <li>Leeds LEP partnership⁵, Lancaster Wave 2 Growth Hub⁵</li> <li>LSE, What Works LEG centre²</li> </ul>	<ul> <li>Cross-campus partnerships to connect STEM and business for ISGC target funding (AI, clean growth, mobility, ageing society)<sup>8</sup>, UKRI innovation programme<sup>9</sup></li> <li>Increase funding to build on the ESRC Productivity Network Plus research investment</li> <li>Bridge, KTPs and apprenticeships to improve innovation and commercialisation capabilities</li> <li>Regional focus to support links between SIAs and SEPs</li> </ul>
<ul> <li>Workplace change</li> <li>Employment and skills</li> <li>Gig economy, low-value work</li> <li>New technologies, automation</li> <li>Leadership diversity</li> </ul>	<ul> <li>Lancaster, LEAD 2 Innovate and Nottingham, Growth 100 Programme<sup>10</sup></li> <li>Manchester, Fairness at work<sup>11</sup></li> <li>Cranfield, Gender diversity in the boardroom<sup>12</sup></li> </ul>	<ul> <li>Extend ESRC 'What Works Well-being' network<sup>13</sup> to incorporate leadership and management practices; fund a what works management and leadership network</li> <li>Connect psychology, sociology and behavioural economics research with business and management research</li> </ul>
Entrepreneurship and SMEs     Start-ups and scale-ups     Ethnic minority SMEs	<ul> <li>35 UK business schools hold the Chartered ABS Small Business Charter<sup>14,15</sup></li> <li>Strathclyde Hunter Centre for Entrepreneurship<sup>16</sup></li> <li>Warwick, ERC<sup>17</sup>, Birmingham, Crème<sup>18</sup>, CASS, Entrepreneurship Fund<sup>19</sup>, Aston Centre for Growth<sup>20</sup></li> </ul>	<ul> <li>Use the Chartered ABS Small Business Charter network to fund regional support for start-ups and scale-ups and disseminate effective practices</li> <li>Connect existing SME research centres with a focus on regional productivity, innovation and scale-ups with regional SEP priorities</li> </ul>
Public value, CSR, ethics, Public sector reform  • Social enterprise  • Improving health care services  • Responsible leadership  • Sustainability, low-carbon futures	<ul> <li>Cardiff, public value research<sup>21</sup></li> <li>Salford, Centre for Social Business<sup>22</sup></li> <li>Hertfordshire, SEU and SELF<sup>23</sup></li> <li>Manchester, HSRC<sup>24</sup></li> <li>Warwick, Lean processes in healthcare<sup>25</sup></li> <li>Sheffield, LSCM.<sup>26</sup> Kent, CSR and social partnerships.<sup>27</sup></li> <li>Cardiff, Sustainable car manufacturing<sup>28</sup></li> </ul>	Facilitate/seed-fund business school – private sector partnerships to support the public-sector reform agenda     Distil lessons from research on the management of 3rd-sector and non-profit firms and proactively disseminate     Promote development of impact pathways and measures of economic impact of improved public services, regional and national

- 1 https://www.imperial.ac.uk/business-school/research/innovation-and-entrepreneurship/ie-research/research-initiatives-and-themes/imitation-strategies-and-competitive-advantage/
- 2 https://www.birmingham.ac.uk/schools/business/research/city-redi/index.aspx
- 3 www.edinburghnapier.ac.uk
- 4 www.cranfield.ac.uk/SOM/Research-Centres/Centre-for-Logistics-and-Supply-Chain-Management
- 5 www.business.leeds.ac.uk/for-business
- 6 www.lancaster.ac.uk/lums/business/business-growth/programmes/wave2
- 7 http://www.whatworksgrowth.org/
- 8 https://www.gov.uk/government/policies/industrial-strategy
- 9 https://www.ukri.org/
- 10 UK Commission for Employment and Skills, BIS. https://ukces.blog.gov.uk/2015/03/19/ukces-explains-what-is-an-anchor-institution/
- 11 http://www.mbsresearch.mbs.ac.uk/fairwrc/Our-research
- 12 https://charteredabs.org/publications/cranfield-university-school-of-management-increasing-gender-diversity-in-the-boardroom/
- 13 http://whatworkswellbeing.org/
- 14 https://smallbusinesscharter.org/
- 15 Chartered ABS (2016) Delivering Value Report; https://charteredabs.org/publications/business-schools-delivering-value-local-regional-economies/
- 16 www.strath.ac.uk/business
- 17 https://www.enterpriseresearch.ac.uk/
- 18 https://www.birmingham.ac.uk/schools/business/research/creme/index.aspx
- 19 www.cass.city.ac.uk/business-services/entrepreneurs/pcce
- 20 www.aston.ac.uk/10ksb
- 21 www.business.cardiff.ac.uk/research/groups
- 22 www.salford.ac.uk/research/sbs/research-groups/centre-for-social-business
- 23 Website: www.teampdfa.com
- 24 Website: www.research.mbs.ac.uk/hsrc/
- 25 http://www.wbs.ac.uk/research/specialisms/research-centres/organising-healthcare-research-network/
- 26 www.sheffield.ac.uk/lscm
- 27 www.kent.ac.uk/kbs/research/sustainability.html
- 28 https://charteredabs.org/publications/cardiff-university-business-school-impact-case-study/