



House of Commons Science and Technology Committee Inquiry on the balance and effectiveness of research and innovation spending

Response from the British Academy of Management and the
Chartered Association of Business Schools

10th October 2018

The British Academy of Management (BAM) and the Chartered Association of Business Schools (Chartered ABS) welcome the House of Commons Science & Technology Committee's inquiry into the balance and effectiveness of research and innovation spending.

BAM is the leading authority on the academic field of business and management (B&M) in the UK, supporting the community of scholars in this inter-disciplinary field and engaging our international peers. We have over 2000 members, almost a quarter of whom are based outside of Britain. The Chartered ABS represents business schools across the UK.

The Government's commitment to raise its investment in research and development (R&D) is crucial to the future health of the UK's science and research base, and to our economy as a whole. Yet, the current balance of research funding has led to significant underinvestment in some disciplines, such as business and management, that will be vital to the efficient and successful delivery of the Industrial Strategy.

In particular, we note that:

1. **Business & Management research is critical for addressing the Grand Challenges** – and has a powerful research base with proven impact, despite considerable underinvestment in recent years.
2. **Our community can play a significantly larger role** – enabling better solutions to societal challenges and better delivery of the Industrial Strategy – with both increased investment and early inclusion into conversations about how to tackle big issues (like productivity, work quality, economic growth, and better aging).

THE EFFECTIVENESS OF PUBLIC SPENDING ON RESEARCH & DEVELOPMENT

BAM welcomes the UK government's [commitment](#) to increase investment in research and development (R&D) to 2.4% of GDP by 2027, raising it to the level of the current [OECD average](#). We also welcome the [government's intent](#) to reach the EU's stated target of reaching an R&D spend of 3% of GDP in the future, which would catapult the UK science base towards the top of the ranks globally, and underpin the type of significant innovation needed to solve the type of Grand Challenges identified in the Industrial Strategy.

In order to achieve these targets, further work will need to be done to ensure that R&D spending from the public sector is balanced and effective, while private sector spending is encouraged and magnified. The National Academies' forthcoming evidence synthesis 'on measuring the benefits of research and innovation and the conditions needed to translate research and drive innovation' will provide an important beginning for this evidence base.¹

However, more than a quarter ([26%](#)) of our current [1.67% of GDP](#) spend on R&D comes from foreign investment (including EU funding, which may not be as accessible in the future), and UK government spending may also be impacted by post-Brexit constraints on the public purse. New thinking will therefore be needed about how to stimulate private-sector investment into R&D to help the UK reach its goals in the future. The Business and Management community is well placed to assist with this, and representation from the learned societies that represent this research base, such as the British Academy of Management (BAM) and the Chartered Association of Business Schools (Chartered ABS), should be brought into any future government steering groups or discussions on this issue. We can also act as a conduit to targeted expertise and research in this area.

THE RATIONALE NEEDED FOR DECIDING ON THE BALANCE OF PUBLIC R&D FUNDING BETWEEN INDIVIDUAL RESEARCH DISCIPLINES, RESEARCH COUNCILS AND CROSS-DISCIPLINARY SCHEMES

Projected expenditures on research and development looks to be heavily balanced towards STEM disciplines, without full consideration for the role that social science disciplines – like business and management studies

– can play in delivering the stated goals of the Industrial Strategy. The structure of the Industrial Strategy Challenge and Global Challenges Research Funds, which account for much of future additional government R&D spend, create little if any dedicated space for social science. This occurs at the same time that social science funding has been on a downward trajectory, and is likely to be hard hit if the UK is unable to reach an association agreement with the future European Research Framework Programmes, like Horizon Europe.² UKRI's own [strategic development plan](#) shows that in 2018/19 the Economic and Social Research Council (ESRC) received the second lowest amount of government funding among its peers.

Yet, social science knowledge is needed if we are to properly address the large-scale challenges the UK faces today. Whether the issue is better aging, more even economic growth, work quality, or increasing productivity, the UK government will need to provide resources and voice to the social policy, economists, urban planners, and business and management experts that have long been working on these and other issues vital to securing our future prosperity.³

The Business & Management (B&M) community provides a case in point. It has a crucial role to play in delivering and implementing the Industrial Strategy successfully and efficiently. It also has a powerful research base with proven impact, despite considerable underinvestment in recent years. While overall research income has grown for universities by 30% from 2011-2017, UK government funding to B&M research declined by 25% during that same period. The full facts and outline of the major opportunities that would result from incorporating B&M researchers more firmly into national economic growth policies and funding can be found [here](#), and in our [joint position paper](#). We also have a collection of impact case studies which demonstrate our added value.⁴

Our community can play a significantly larger role, enabling both better solutions to societal challenges and better delivery of the industrial strategy, with greater investment and inclusion into the structure of R&D spending. As BAM Chair Professor Nic Beech has pointed out:

*'There is both a need and an opportunity at the moment to understand the design process, problems, and solutions to the Grand Challenges through a more inclusive disciplinary lens. A huge amount of thought and investment has gone into solving very particular problems defined largely by STEM disciplines, but what has received less integrated attention is the behavioural, cultural, and attitudinal change that lay at the heart of many of the wider issues British society faces today, such as how to ensure a healthy aging population, improve productivity, foster our creative industries, leverage our service sector, or enhance innovation in the small business sector.'*⁵

Bringing the business and management community into these conversations (structurally and in funding terms) about how to tackle the big issues at the very beginning, will reap great benefits. One simple way to do this, would be to create a new Steering Group that would include seats for BAM and the Chartered ABS (as institutions that can represent both the research and the delivery base), STEM (with representation from learned societies and foundations such as the Royal Society and Wellcome), relevant Government policymakers (from BEIS, UKRI, and beyond) and Industry (who can provide insight and help identify co-funders for future R&D projects).

According to the Bank of England's Chief Economist, Andrew Haldane, one of the challenges faced by the 'long and lengthening tail of lower-productivity firms' is that their management skills are weaker than those found in higher productivity countries.⁶ Haldane points to mentoring programmes like *Be the Business*, as well as the many 'mini-MBA' programmes offered across the UK, that can help the management of small to medium-sized enterprises (SMEs) develop their skills. Similarly, pilot programmes like the Goldman Sachs 10,000 Small Business Programme and Lancaster University's Leadership and Development (LEAD) programme have proven their impact on improving SME management capability, and could be scaled-up and rolled out nationally with proper investment.⁷ Indeed, as BAM Fellow Professor Richard Thorpe has argued: 'Just as universities act as regional anchor institutions, business schools can act as hubs supporting the development of local SME management capability.'⁸

Business and management schools, and university departments, are thus uniquely placed to help drive local and regional growth if the right funding streams are made available to enable them to work with local businesses to improve productivity and develop key leadership skills.

NOTES

¹ Royal Society (16 May 2018). *Investing in UK Research and Development*. <https://royalsociety.org/topics-policy/projects/investing-in-uk-research-development/>

² Linda Hantrais and Ashley Lenihan. (July 2016) *The Implications of the EU Referendum for UK Social Science: Post-referendum Options for UK Social Scientists*. Working Paper CIS/2016/03, Centre for International Studies, London School of Economics. <http://www.lse.ac.uk/international-relations/assets/documents/cis/working-papers/cis-working-paper-2016-03-hantrais-lenihan.pdf>

³ See: Academy of Social Sciences (AcSS) and the Campaign for Social Science (CfSS), (17 April 2017). *AcSS/CfSS response to the Industrial Strategy Green Paper Consultation*. <https://www.acss.org.uk/wp-content/uploads/2017/04/Response-to-the-Industrial-Strategy-Green-Paper-Consultation.pdf>

⁴ British Academy of Management (BAM) and the Chartered Association of Business Schools (Chartered ABS) (2018). *Adding Value to the UK Economy: Business & Management Research*, Infographic. <https://charteredabs.org/wp-content/uploads/2018/07/Research-Adding-Value-Chartered-ABS-BAM.pdf>

⁵ Nic Beech, Chair of the British Academy of Management (BAM), September 2018.

⁶ See: Andrew Haldane (28 June 2018). 'The UK's Productivity Problem: Hub No Spokes'. Speech given by Andrew G Haldane, Chief Economist, Bank of England for the Academy of Social Sciences Annual Lecture, London, pp. 2, 11-22. <https://www.bankofengland.co.uk/-/media/boe/files/speech/2018/the-uks-productivity-problem-hub-no-spokes-speech-by-andy-haldane.pdf?la=en&hash=EBFB24E61501EC24D0F0D2545A49821623491D4B>

⁷ Richard Thorpe, BAM Fellow (22 May 2018). *Written evidence from Professor Richard Thorpe (SBP0032)*, submitted to the House of Commons Business, Energy and Industrial Strategy Committee's Inquiry into Small Business and Productivity. <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/business-energy-and-industrial-strategy-committee/small-businesses-and-productivity/written/80746.html>

⁸ Richard Thorpe, BAM Fellow (22 May 2018). *Written evidence from Professor Richard Thorpe (SBP0032)*, submitted to the House of Commons Business, Energy and Industrial Strategy Committee's Inquiry into Small Business and Productivity. <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/business-energy-and-industrial-strategy-committee/small-businesses-and-productivity/written/80746.html>