Book review: three decades of the enterprise culture: entrepreneurship, economic regeneration and public policy

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Francis J. Greene and his colleagues have provided a very timely contribution to the debate on what is sometimes termed the enterprise culture “project”. After more than 30 years of institutional restructuring and cultural change, entrepreneurship as a social phenomenon has achieved considerable prominence in public policy arenas (e.g. health, education, communities) and in popular discourse (e.g. “reality” television programming). However, there are continuing doubts over the effectiveness of various policy measures in achieving stated goals around the promotion of entrepreneurial activity. Questions of this kind are further complicated by the different interpretations found in academic research. Entrepreneurship continues to be, as Edith Penrose memorably expressed it, a “slippery concept” (Penrose, 1995, p. 33), and we often seem farther than ever from consensus over the scope of the field, the definition of key terms, and the methodologies regarded as legitimate. In their introductory chapter, the authors of this text make a refreshingly clear, though inevitably contentious, bid to frame a working definition of entrepreneurship, grounded in economics:

[W]e have a clear focus on particular economic activities. Its principal focus is on new or de novo businesses. This means we do not care much about in what order people create a business. Similarly, the book is unconcerned with the “might” or “could be” (nascent) entrepreneurs. It also excludes corporate entrepreneurship or social entrepreneurship. Finally, what entrepreneurs want to get out of their business (e.g. community harmony, make money, or be their own boss) is something not covered in this book. Our focus is therefore on the characteristics of new businesses, the factors that influence its performance and their impact on wider society (p. 6).

The empirical core of the book is a large dataset, drawn from interviews with more than 900 “entrepreneurs” – as previously defined. The study is comparative, in that it contrasts three UK regions and three time periods. The regions have been selected as examples of different levels of “enterprise performance”, using the proxy measure of per capita VAT registrations. In a striking early figure, the authors indicate how relative position of the three regions: Buckinghamshire (“high”), Shropshire (“middling”), and Teesside (“low”) have remained remarkably consistent over the period
1980-2005. Teesside provides perhaps the most important and interesting theme in the book – the extent to which enterprise culture policies have influenced outcomes over an extended period. As the authors indicate, Teesside was effectively an “experimental region” in this regard, and was subjected to successive initiatives designed to boost its economic prospects.

The book is divided into two parts. Part I comprises three chapters that introduce the study, present comparative data on the three regions, and review UK enterprise policy from the 1930s to the present day. The third chapter has a very different tone to the rest of the book, and would work well as a stand-alone introduction to this important and complex subject area. Readers with a strong interest in the policy dimension may also want to refer to two other recent works: a chapter in the Oxford Handbook of Entrepreneurship by Della-Guista and King (2006), which offers a particularly robust critique of recent practice (in this case, of the UK government’s efforts to “manufacture” an enterprise culture), while Audretsch et al. (2007) would provide readers with more wide-ranging, international perspective on the current state of entrepreneurship policy. Part II contains the empirical evidence. The first three chapters consider separately the factors that are assumed to influence enterprise performance (i.e. individual determinants, strategic orientation, business support and finance). These are followed by two chapters looking at the impact of the new businesses on their local economies, the first focusing on Teesside over three decades and the second comparing all three regions in one decade (the 1990s). The concluding chapter brings the geographic and temporal strands together with “an audit of three decades and three regions”. The arguments and supporting data presented in these empirical chapters demonstrate both the strengths and the weaknesses of the research methodology underpinning the research, which relies on an exhaustive statistical analysis of the interview-derived datasets. On the positive side, variance-based approaches can introduce a form of methodological rigour that is sometimes lacking in entrepreneurship research. In addition, analysis of such voluminous data can throw up some unexpectedly fruitful questions. Critics of such approaches would challenge the weight that is attached to a particular data source (i.e. the responses of business owners to structured interview questions), while the less charitably inclined might add that it can make for a rather dull and frustrating read in places. However, those willing to put up with the less stimulating sections are rewarded with some tantalising puzzles. For example, in the Teesside data the researchers find that businesses started by individuals who have been business owners previously are more likely to have slower sales growth than those of individuals starting a business for the first time. The authors interpret this finding as suggesting that “most new entrepreneurs do not learn significantly from their previous business experiences and, even if they do, they are unable or unwilling to apply it to their current business venture” (p. 199). This is a bold claim, and one that begs for the inclusion of some in-depth qualitative evidence in order to probe the relevant causal mechanisms. Those interested in pursuing this puzzle a little further might also find it useful to explore the distinction between successful serial entrepreneurs – who surely do gain from their past experiences – and the owners of successive low-growth ventures that seem to dominate the Teesside evidence. Later we are told that the interview responses shed little light on the critical area of entrepreneurial finance in Teesside, and again the authors produce a fairly striking statistic – exactly the kind of evidence that is needed to get people thinking:

The other major issue addressed in this chapter has been the use of public financial support in the low enterprise area of Teesside. The central statistic here is that 27.3 per cent of new businesses
made use of public support in Teesside, compared to 2.3 per cent in Buckinghamshire. [...] Unfortunately, we are unable to reach clear conclusions about the impact of such funding (p. 166).

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Clearly, there are many possible explanations for the differences in this raw statistical evidence. Again, critics would argue that these issues could be probed more effectively using more detailed, in-depth comparative case analysis, incorporating a much broader range of sources. However, the authors have done other researchers a great service by providing a starting-point for such work.

In conclusion, I would say that the strongest features of this book are its presentation of comparative data, the more detailed Teesside evidence and the critical review of enterprise policy presented in Chapter 3. One of the most telling graphs compares population growth in the three regions between 1981 and 2003. While growth rates have increased consistently in Shropshire and Buckinghamshire, the Tees Valley has seen a steady decline of around 2 per cent per annum over the study period. As the reader is left wondering what might have been, the authors draw our attention back to the limits of entrepreneurship policy in the face of complex and deep-seated structural constraints. Three Decades of the Enterprise Culture achieves its stated objectives and exemplifies a particular approach to these important themes. It is a useful resource for many small firms, entrepreneurship and economic development researchers, and also for policy-makers and post-graduate students interested in these areas, and provides an interesting counterpoint to the approaches presented by Della-Guista and King (2006) and by Audretsch et al. (2007).

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References

