

**The challenges of entrepreneurship in peripheral post-industrial places**

**By**

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**Abstract**

 The UK has a long history of spatial disparity in economic prosperity across its regions which, despite periodic shifts in its geographies of economic development governance, have persisted. As such, a key question that continues to preoccupy economic geographers is why some local and regional economies are more capable of renewal and transformation than others which remain locked in decline or underperformance. Research has hitherto highlighted the importance of ‘place’ and institutional context in shaping the outcomes of economic development. At the same time, the role of entrepreneurship as an engine of economic development is widely acknowledged, yet there is significant heterogeneity in the nature and level of entrepreneurial activity across places, with previous research highlighting the key role of institutions in shaping its outcomes. The thesis addresses these debates through a focus on entrepreneurship in peripheral post-industrial places (PPIPs), with the aim of examining the institutional challenges to fostering more entrepreneurial and resilient PPIPs.

 The study draws on in-depth interviews with key regional and local stakeholders and micro-business owner-managers from Doncaster, a post-industrial town located at the periphery of the Sheffield City Region (SCR), and part of the SCR Local Enterprise Partnership (LEP). The analysis of the findings revealed that: 1) PPIPs continue to be constrained by their histories, as legacies of the past continue to shape entrepreneurship locally, and with it local economic resilience; 2) the city-regional strategic approach to stimulate enterprise-led growth is incongruent with the local entrepreneurial and institutional context; and 3) localities lack the power, resources and capacity to shape enterprise policy and to foster ‘place-based’ development. By demonstrating how rigid informal institutions culminate in institutional hysteresis at the local level and constrain entrepreneurial ambition, the study advances the understanding of why some places are more resilient than others. Moreover, in highlighting the failure of the city-regional enterprise policy to account for business- and place-specific challenges, the study advances the knowledge on micro-businesses, emphasising the critical dimension of the local context in which these operate. Finally, the study demonstrates that the current configuration of subnational economic development governance is inadequately geared to enable PPIPs like Doncaster to foster more entrepreneurial and resilient local economies. Yielding important policy implications, the study concludes that, unless enterprise policy develops peripheral vision and localities are empowered to address place-specific challenges, the institutional challenges faced by PPIPs are likely to persist, and with them UK’s spatial disparities, which are increasingly manifesting at the intraregional level.

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# List of abbreviations

|  |  |
| --- | --- |
| BIS | Department for Business, Innovation and Skills |
| CDI | Creative and Digital Industries |
| CLES | Centre for Local Economic Strategies |
| DMBC | Doncaster Metropolitan Borough Council |
| DTI | Department of Trade and Industry |
| EAS | Enterprise Allowance Scheme |
| ERA | Elected Regional Assemblies |
| EZ | Enterprise Zone |
| GOR | Government Offices for the Regions |
| GDP | Gross Domestic Product |
| GVA | Gross Value Added |
| HMG | Her Majesty’s Government |
| HMT | Her Majesty’s Treasury |
| HR | Human Resources |
| ICA | Industrial Communities Alliance |
| IMD | Index of Multiple Deprivation |
| IT | Information Technology |
| KIBS | Knowledge Intensive Business Services |
| LEGI | Local Enterprise Growth Initiative |
| LEP | Local Enterprise Partnership |
| LSP | Local Strategic Partnership |
| NAO | National Audit Office |
| NEA | New Enterprise Allowance |
| NEG | New Economic Geography |
| NRP | New Regional Policy |
| ODPM | Office of the Deputy Prime Minister |
| OECD | Organization for Economic Co-operation and Development |
| OME | Owner-manager entrepreneur |
| ONS | Office for National Statistics |
| PPIP | Peripheral post-industrial place |
| RA | Regional Assembly |
| RDA | Regional Development Agency |
| RGF | Regional Growth Fund |
| QUANGOS | Quasi-autonomous non-government organisations |
| SCR | Sheffield City Region |
| SEP | Strategic Economic Plan |
| SME | Small and medium enterprise |
| SNR | Sub-National Review |
| UK | United Kingdom |

# Introduction

The role of entrepreneurship as an engine of economic development and catalyst for economic growth is widely acknowledged (Audretsch, 2004; Acs et al., 2008; Ross et al., 2015; Acs et al., 2016). As a result, promoting entrepreneurship has become an integral part of the economic strategies of governments around the world and the focus of many policies aimed at stimulating job creation and economic growth at national, regional and local levels (Audretsch and Keilbach, 2007; Blackburn and Smallbone, 2011; Arshed et al., 2014; Williams and Vorley, 2014; Smallbone, 2016). However, there is growing evidence of the ineffectiveness of entrepreneurship policy over the past few decades as this has not yielded the results expected by policy makers (Michael and Pearce, 2009; Welter, 2011a; Arshed et al., 2016).

 In this sense, a key criticism is the ‘one-size-fits-all’ approach adopted by policy makers who often give little consideration to the context in which entrepreneurship occurs when designing and formulating entrepreneurship policy (Arshed et al., 2014; Smallbone, 2016). Increasingly, scholars are highlighting that the nature of entrepreneurship and its outcomes are contingent on context, thus emphasising the limited transferability of policy across places (Williamson, 2009; Mason and Harvey, 2013; Rodríguez- Pose, 2013; Wright and Stigliani, 2012; Mason et al., 2015; Wyrwich et al., 2016). For example, Audretsch and Keilbach (2007) show that entrepreneurship capital, namely the capacity of a place to generate entrepreneurial activity, is locally embedded, thus making entrepreneurship a local phenomenon, and its outcomes locally contingent. Therefore, there is no guarantee that policies that work well in one particular place will achieve the same results elsewhere (Sternberg, 2009), and testament to their limited transferability across places are the spatial disparities in the level of entrepreneurial activity across regions (Johnson, 2004; Minniti, 2005; Mueller et al., 2008; Fotopoulos, 2014; Huggins and Thompson, 2014; Mason et al., 2015; Ross et al., 2015; Fotopoulos and Storey, 2017). As such, echoing this growing evidence of the ineffectiveness of entrepreneurship policy, Wright and Stigliani (2012, p.16) conclude that there is a “need to adapt growth policies to local environmental contexts”.

 Indeed, there is a growing number of studies in the entrepreneurship arena highlighting the importance of context in shaping entrepreneurship and calling for the contextualisation of entrepreneurship research (see, for example, Steyaert and Katz, 2004; Atterton, 2007; Pittaway and Cope, 2007; Dodd and Hynes, 2012; McKeever et al., 2015; Smallbone, 2016). The debate emphasises the heterogeneous nature of entrepreneurship and the multifaceted nature of context, implying that the generalisation of findings across all contexts renders itself futile (Welter, 2011b; Wright and Stigliani, 2012). Zahra (2007, p.445) goes as far as arguing that the failure to link theory to context “can result in false leads and inconclusive findings”. Therefore, with entrepreneurship being a continuously evolving social phenomenon (Baumol, 1990), there is a need for entrepreneurship research to acknowledge the role of context (Weick, 1995; Welter and Lasch, 2008). Welter (2011b, p.165) explains that accounting for context, as understood through the historical, temporal, institutional, spatial, and social dimensions, is critical for understanding “when, how and why entrepreneurship happens”. Consequently, there is an argument to be made that entrepreneurship can only be fully understood in relation to the context within which it occurs (Mason and Harvey, 2013).

##  The ‘place-based’ agenda

This debate is part of a wider but central debate in the economic development policy arena that concerns the importance of ‘place’ for economic development, specifically the role of ‘place’ in shaping the policy approach (Barca et al., 2012; OECD, 2012; Pugalis and Bentley, 2014b). The two dominant schools of thought are the ‘space-neutral’ and the ‘place-based’ approaches which adopt antithetical stances with regard to the importance and role they attribute to ‘place’ in economic development. The proponents of ‘space-neutral’ policy suggest that there is no need for economic development policy to be sensitive to geographical context (World Bank, 2009, p.24), essentially promoting a ‘one-size-fits-all’ approach (Bentley and Pugalis, 2014). Underpinned by New Economic Geography (NEG) thinking, the ‘space-neutral’ approach promotes agglomeration as a key driver of economic development and market-led economic redistribution (Barca, 2009; Cheshire, 2011; Hildreth and Bailey, 2014).

 However, critical of the spatial disparities that ensue from economic agglomeration, the advocates of the ‘place-based’ approach argue that there is growth potential inherent in each place and that this can be unlocked through strategies tailored to context (Pugalis and Bentley, 2014b). In other words, ‘place matters’ if policy is to succeed in tackling the “persistent underutilisation of potential and reducing persistent social exclusion” (Barca, 2009, p.VII). Critically, the understanding of ‘place’ transcends the spatial dimension of the geographical context, with ‘place’ being defined by “the economic, social cultural and institutional dimensions of a locality” (McCann and Rodríguez-Pose, 2011, p.207), all of which exert their influence in shaping the outcomes of economic development at the local level (Barca, 2009; Barca et al., 2012; Hildreth and Bailey, 2014). The proliferation of reports that highlight the rationale for ‘place-based’ economic development reflects broader shifts in economic development thinking (Barca et al., 2012; Pugalis and Bentley, 2014b). Indeed, Barca (2011) argues that the ‘place-based’ approach has become the ‘new paradigm’ of economic development policy. Therefore, ‘place’ features high on the policy agenda, with reports such as ‘Regions Matter’ (OECD, 2009), ‘Promoting Growth in All Regions’ (OECD, 2012) and ‘Productive Regions for Inclusive Societies’ (OECD, 2016) highlighting that ‘place-based’ economic development policies are essential if they are to address the root of spatial disparities and promote inclusive growth.

 Commensurate with the importance of these debates, significant research effort has hitherto been devoted to investigating the roots and effects of spatial disparities in economic prosperity across places. As such, one of the key questions in economic geography is why some local and regional economies are more capable of renewal and transformation than others which remain locked in decline or underperformance (Hudson, 2005; Christopherson et al., 2010; Hassink, 2010; Martin and Sunley, 2014). Previous studies have highlighted, for example, the variegated economic impact of different recessionary shocks and economic crises across countries (Capello et al., 2015), regions (Simmie and Martin, 2010; Martin, 2012) and city-regions (Champion and Townsend, 2011; 2013). However, while the socio-economic events that can give rise to spatial economic imbalances vary in their nature, a major socio-economic shock that received much academic and policy attention over the past few decades is the deindustrialisation of the late 20th century, whose prolonged effects continue to have important implications for economic development at regional and local levels (Birch et al., 2010; Pendall et al., 2010; Pike et al., 2010; Williams and Vorley, 2014). During the 1970s and 1980s industrial regions in the UK and elsewhere saw large sections of their industry and manufacturing destroyed (Martin, 2012).

 Nevertheless, there is significant variation in subsequent regional responses to the effects of deindustrialisation, and while some regions have recovered positively, others continue to be constrained by its persisting negative effects (Cowell, 2013). Deindustrialisation has cast a long shadow which continues to stymie many regional and local economies decades after the decline of traditional manufacturing industries (Hudson, 2005; Beatty et al., 2007; Williams and Vorley, 2014; Stuetzer et al., 2016). As such, the key challenge for many formerly industrialised places over the past three decades has been to overcome the legacies of their industrial past and to foster economic and social renewal (Martin, Pike et al., 2016).

##  Enterprise policy and UK economic development governance

In the UK, the response of successive governments to the industrial decline of the late 20th century and ensuing structural changes has been to stimulate economic regeneration in former industrial regions (Burch et al., 2009), of which enterprise policy has sought to promote and foster entrepreneurship as an engine of economic renewal and growth (Curran, 2000; Smallbone et al., 2002; Williams and Vorley, 2014). However, enterprise policy in the UK has been conceived nationally with little sensitivity to local contexts (Huggins and Williams, 2011). Indeed, the UK has a long history of centralism which has endured over the decades (Sandford, 2002; Martin, Pike et al., 2016), resulting in one of the most centralised systems of sub-national government which hinders effective interventions to address the issue of spatial disparities and promote growth in UK’s lagging Northern regions and peripheral places (OECD, 2013b; Fenwick, 2015; MacKinnon et al., 2015). Moreover, as highlighted by Beresford (2015, p.336), even after three generations of enterprise policies “there remains identifiable and stubborn failings in attempts to create sustainable small business economies throughout the United Kingdom”.

 Enterprise policy in the UK has been shaped by the changing geographies of economic development governance which, over the past three decades, have oscillated between localism and regionalism (Pike and Tomaney, 2009; Deas, 2014; Pike, Coombes et al., 2016), each phase shaping the focus of enterprise policy and the extent and type of support made available to businesses. In the late 1990s, under the Labour government, economic development governance shifted from the remit of local authorities to that of the newly established Regional Development Agencies (RDAs) (Deas and Ward, 2000; Bennett, 2008). Enterprise policy under RDAs focused on closing the ‘enterprise gap’ between more and less prosperous areas (Derbyshire and Haywood, 2010). As such, a key objective was to increase the number of start-ups, a strategy criticised for its short-termism and inadequacy for supporting the development of an enterprise culture in less prosperous places (Huggins and Williams, 2011; Hildreth and Bailey, 2014). Moreover, the complex pattern of territorial governance created by RDAs (Pike and Tomaney, 2009), the continued strong grip of central government (Finch, 2007; Harrison, 2007), a failed attempt of the Sub-National Review to ‘fix’ regionalism (Pike and Tomaney, 2009; Townsend, 2009), the complexity and high cost of business support provision (DTI, 2005; Greene et al., 2008; Derbyshire and Haywood, 2010), and a growing rhetoric centred on city-regions (Morgan, 2007; Harrison, 2008b), led to the demise of RDAs and prompted a rethinking of UK subnational economic development governance.

 As such, the election of the Coalition government in 2010 was the catalyst for yet another change in UK’s geography of economic development governance as RDAs were abolished and replaced with Local Enterprise Partnerships (LEPs) (Pugalis and Fisher, 2011; Pike et al., 2015), which were intended to represent more functional economic areas (Hildreth and Bailey, 2013b). The Coalition Government’s devolution agenda has thus swung the pendulum towards a ‘new localism’ (Pike, Coombes et al., 2016). Underpinned by a rhetoric of economic and spatial rebalancing through public sector cuts and private sector-led growth (Pike, Coombes et al., 2016), and with a geography largely resembling that of city-regions (Rees and Lord, 2013), LEPs set out to stimulate enterprise-led recovery through a focus on businesses with high-growth potential (HMG, 2010; Mason, 2016).

 At the same time, this transition to a ‘new localism’ heralded a shift towards ‘place-based’ economic development with the rhetoric emphasising a focus on local growth and the empowerment of localities to shape their economic strategies locally (HMG, 2010; Hildreth and Bailey, 2013b; Harrison, 2014; Pike et al., 2015). However, serious concerns have been raised regarding the capacity of the LEPs to perform locally inflected roles, as they can access far fewer resources than those made available to RDAs while facing fiscal conditioning and issues of democratic accountability (Bentley et al., 2010; Pugalis and Shutt, 2012; Jones, 2013; Hildreth and Bailey, 2014; Tomaney, 2016; Bailey and Wood, 2017). This, in turn, has led many to argue that the current configuration of economic development governance is “unable to sufficiently coordinate effective responses to address a legacy of de-industrialisation, deep-rooted … sociospatial inequalities” (Etherington and Jones, 2016, p.371).

 Indeed, enterprise policy has hitherto achieved little in reducing spatial and socio-economic disparities (Pike et al., 2012; Gardiner et al. 2013; Martin, 2015), as the UK remains one of the most spatially imbalanced developed economies (MacKinnon et al. 2015; Martin, Pike et al., 2016). There has, in fact, been a widening of the divide between core and peripheral economic places (Mason et al. 2015), not only at the interregional but also intraregional level, between core cities and regionally peripheral areas. This highlights the necessarily heterogeneous local responses in adapting to shocks and raises important challenges for UK’s post-industrial peripheries. As highlighted by Martin, Pike et al. (2016, p.351), “local areas start with an inherited pattern of land use and a resource base and institutions that were tailored to another era”, and such legacies of the past can stymie their development and adaptation. Therefore, policy makers are faced with the critical challenge of reigniting growth in UK’s formerly industrialised places if they are to tackle the longstanding and pervasive issue of spatial disparities and support a rebalancing of the national economy beyond the public-private dimension. Nevertheless, as highlighted by Cox and Longlands (2016, p.40), “policymaking across diverse geographies is necessarily complex and messy”, and while research has tended to focus on the positive economic effects of devolution, its effects on spatial disparities has received much less attention (Torrisi et al., 2015).

##  Empirical focus

The thesis contributes to the debates with a focus on PPIPs. The term refers to places outside of major urban centres whose continued underperformance is the result of persisting effects of deindustrialisation (Gherhes et al., 2017), and as such have been unable to make what Hall (2008) describes as the ‘critical transition’ beyond the manufacturing economy. Lying at the intersection of peripherality and post-industrialism, and as they seek to embark on economic renewal, PPIPs face the dual challenge of peripherality and (negative) path dependency which maintains their status as peripheral. Benneworth (2004, p.455) highlights that “[e]ntrepreneurship in peripheral places is complex, contingent and uncertain”. As such, the study aims to unpack this complexity and to provide a better understanding of entrepreneurship in PPIPs.

 While there is much interest in stimulating the further growth of large urban areas, especially UK’s core cities, which is underpinned by a core city-centric rhetoric and the heralded benefits of agglomeration economies (Morgan, 2007; Hildreth and Bailey, 2013b; Champion and Townsend, 2013; Fothergill and Houston, 2016), there has been less emphasis on and examination of the implications and challenges for smaller and economically weaker places (Pike et al., 2016), of which PPIPs are representative. Much of the previous research has been conducted at the regional scale and has emphasised the lower level of entrepreneurship in such places as well as, critically, the absence of a culture of entrepreneurship (see, for example, Greene et al., 2004; Mueller et al., 2008; Williams and Vorley, 2014; Stuetzer et al., 2016). Transformed from primary production zones (Anderson, 2000) to “marginalised and near-bust peripher[ies] by the end of the 20th century” (Hudson, 2005, p.581), many peripheral places from formerly industrialised regions have been confronted with “prolonged challenges involving long-term and uneven processes of de-industrialization and transition towards service-dominated economies” (Pike et al., 2010, p.2).

 At the same time, many of UK’s PPIPs continue to experience relative decline (Pike et al., 2016), highlighting the uneven nature of growth and the acute impact of spatial disparities. Therefore, PPIPs face a persistent challenge in a fast-moving economic development governance landscape (Pike et al., 2015). However, there is potential for policy intervention to help reignite growth in such places and to foster greater inclusivity through ‘place-based’ policy that is sensitive to the local institutional context. Indeed, there is growing interest in the hitherto largely neglected economic potential of PPIPs. A series of recent reports that includes ‘Growth beyond the big cities’ (ICA, 2015), ‘The role of small and medium-sized towns and cities in growing the Northern Powerhouse’ (Cox and Longlands, 2016), and ‘Uneven growth: tackling city decline’ (Pike et al., 2016) question the prevailing narrative of big cities as engines of UK regional economic growth (Fothergill and Houston, 2016). At the same time, the reports highlight the critical role of UK’s post-industrial hinterlands in building a stronger Northern economy and contributing to UK’s prosperity.

 The empirical focus of the study is Doncaster, a post-industrial town located at the periphery of the SCR, and one of many of UK’s post-industrial small and medium-sized towns and cities that form the ‘in-between Britain’ (Cox and Longlands, 2016). Doncaster is a constituent part of the SCR Local Enterprise Partnership (LEP) formed around the economic footprint of Sheffield as the core city. The LEP has set out to create a more entrepreneurial and sustainable city-regional economy, and therefore its economic strategy includes a series of ambitious targets that reflect the focus on entrepreneurship and enterprise-led growth with the aim of achieving a public-private sector rebalancing. However, Doncaster as a PPIP continues to face significant and acutely localised challenges as the local economy continues to be constrained by legacies of the past. The SCR itself is a post-industrial region and is widely known for its history as a major centre for coal, steel and manufacturing in the 20th century. However, the deindustrialisation of the 1970s has seen these key industries enter rapid decline, causing widespread unemployment (Huggins and Johnston, 2009), and leading to a prolonged period of economic decline and stagnation in the region (Williams and Vorley, 2014).

 Thus, the challenges faced by Doncaster are typical to post-industrial peripheries. High unemployment is one of the legacies of the past that continues to characterise the local economy, along with a low skills equilibrium (Cox and Longlands, 2016). Moreover, Doncaster is one of the UK cities with the lowest growth rate recorded in the 10-year cycle between 1981 and 2011 (Martin et al., 2014), which, along with it ranking 32nd out of the 74 UK cities that experience relative decline, is indicative of its (negative) path dependent evolution post-deindustrialisation. A concerted institutional response to the prolonged effects of deindustrialisation has been to foster entrepreneurship. At the same time, key local assets on which the locality plans to premise its economic development include logistics, manufacturing and retail (Cox and Longlands, 2016), while the development of the High Speed Rail College and HS2 heralds a resurgence of the rail sector. However, despite experiencing a recent upsurge in start-up rates (Centre for Cities, 2016; 2017), the locality continues to be confronted with significant institutional challenges that can stymie its efforts to become more entrepreneurial and resilient. In examining Doncaster as a PPIP, the study focuses on the less researched local scale (Dawley et al., 2010), which provides “a fruitful lens … to explore how institutions adapt and cope with change, disruption and uncertainty” (Pike et al., 2015).

##  Research questions and theoretical lens

Tapping into a fertile area of academic and political debate, the overarching research question is ‘How do institutions shape entrepreneurship and economic resilience in peripheral post-industrial places?’. To address this, the study seeks to answer three further sub-questions: 1) Why do peripheral post-industrial places exhibit low levels of entrepreneurial activity?; 2) How do entrepreneurs seek to navigate institutional challenges at the local level in peripheral post-industrial places?; and 3) What are the approaches of policy makers to promoting higher levels of entrepreneurship and resilience in peripheral post-industrial places? The main aim of the study is therefore to examine the institutional challenges to fostering more entrepreneurial and resilient peripheral post-industrial places. A further aim of the study is to produce results that contribute to theoretical development in the entrepreneurship arena and which are useful and relevant to policy makers in developing empirically-informed, evidence-based policies aimed at supporting entrepreneurship and local economic development.

 While it is widely acknowledged that institutions shape the outcomes of economic development at the regional level (Rodríguez-Pose, 2013; Williams and Vorley, 2014), the configuration of institutions and their impact on economic development in different geographical settings, particularly at the local level, remains poorly understood (Gertler, 2010; Pike et al., 2015). At the same time, economic action is embedded in the local institutional context (Martin, 2000; Mason and Harvey, 2013; Rodríguez-Pose, 2013). However, while research has highlighted that entrepreneurship is sensitive to institutional contexts (Braunerhjelm and Henrekson, 2013; Estrin et al., 2016), with formal and informal institutions critical in shaping the level of entrepreneurial activity (Acs et al., 2008; Williams and Vorley, 2015), this aspect remains ‘somewhat neglected’ (Welter, 2011b). Therefore, the study adopts an institutional lens, as this facilitates an in-depth enquiry into local adaptation and responses to deindustrialisation and the roots of spatial disparities. As highlighted by Hildreth and Bailey (2013b, p.241),“the capacity of territories to root their economic activity into the local institutional fabric will be at the heart of their economic success”.

 Moreover, the locally contingent and locally emergent nature of institutions (Martin, 2000) means that institutions develop in relation to place (Bathelt and Glückler, 2014). As such, with the institutional dimension essential to understanding ‘place’ contextually, an institutional approach is sensitive to the current debate on the importance of ‘place’ in economic development. The study distinguishes between the institutional environment, comprised of formal and informal institutions, and institutional arrangements, which refer to the organisational forms and include economic-political organisations such as city councils and local authorities (Martin, 2000). As Martin (2012, p.28) highlights, a full explanation of why some local economies are more resilient than others “would need to analyse the reactions and adjustments of both firms and workers at the local level, as well as the reactions of local institutions and policy actors”. Thus, by accounting for the influence of both national and local level institutions and the arrangements that shape their outcomes at the local level, this distinction enables an in-depth analysis into the institutional challenges of entrepreneurship in PPIPs.

##  Data underpinning the study

The study draws on 50 in-depth interviews with key regional and local stakeholders and micro-business owner-managers from Doncaster. In total, 14 in-depth interviews were conducted with key stakeholders from institutions with the primary jurisdiction for entrepreneurship and economic growth in the SCR and Doncaster, namely the SCR LEP, Doncaster Metropolitan Borough Council (DMBC), and Doncaster Chamber of Commerce. As such, they were able to provide accurate accounts of Doncaster as a PPIP and of the current and planned initiatives aimed at sporting enterprise-led growth in the SCR. Moreover, 36 in-depth interviews were carried out with Doncaster micro-business owner-managers. The study’s focus on micro-businesses is based on the widely acknowledged role of SMEs as engines of economic growth (Bennett, 2008; Williams and Vorley, 2014; Smallbone, 2016). However, while micro-businesses account for around 95.6% of all UK businesses (ONS, 2017), they are included under the SME umbrella, and much less is known about the growth challenges facing this significant sub-set of businesses with fewer than 10 employees. The sample of interviewees includes individuals born in Doncaster who subsequently started their business in the locality as well as individuals who, at some point in their lives, moved to Doncaster and started their business there. As such, the interviewees were able to recollect important aspects of Doncaster’s history and how these have shaped the local economy as well as to discuss the specific challenges they face in operating in a post-industrial periphery. Collectively, the interviews offer an empirically rich understanding of the institutional challenges facing Doncaster as a PPIP in becoming more entrepreneurial and resilient. The interview data was complemented by the analysis of secondary and documentary data employed to enrich the understanding of the study’s context as well as for triangulation purposes, thus ensuring that the findings are not the artefact of a single source (Wigren, 2007). The sources consulted included official Government documents, general LEP reports, SCR LEP reports, and Office for National Statistics (ONS) statistical data.

##  Thesis structure

The remainder of the thesis is structured in four main chapters. Chapter two is divided into four subchapters which review the literature on institutions, the changing geographies of UK economic development governance, entrepreneurship and enterprise policy, and the growth constraints facing micro-businesses as an important subset of SMEs, highlighting the key issues and gaps addressed by the study. More specifically, the first subchapter unpacks the nature of institutions, distinguishing between the institutional environment and institutional arrangements, and discusses their impact on entrepreneurship and local economic development, drawing in particular on the concepts of path dependence and economic resilience. The second subchapter focuses on devolution in the UK, highlighting the changing geographies of economic development governance over the past two decades, specifically the transition from RDAs to LEPs. Subchapter three discusses enterprise policy in the UK from the 1980s up until, and including, the current approach under LEPs. The final subchapter distinguishes micro-businesses from SMEs by way of a systematic review of growth constraints. Chapter three introduces the methodology employed in carrying out the research. It discusses the philosophical foundation that underpins the study and the theoretical lens used to analyse the findings, describes the empirical focus in more detail, presents the research design, and explains the qualitative methodological approach and the data analysis techniques employed to analyse the qualitative data and to identify the key themes. Chapter four presents the analysis of the findings. This is divided into three main subchapters developed around the key themes identified through the thematic analysis of interview data, and is structured around the ‘what’, ‘how’ and ‘why’ of the SCR LEP’s strategic approach to building a more entrepreneurial and resilient city-region, with each chapter highlighting the challenges for Doncaster as a PPIP. Finally, drawing on the findings analysis, chapter five provides an integrated discussion of the main findings of the study, highlighting the key contributions of the study and conceptualising the findings, and concludes with relevant policy implications and future research directions.

# Literature review

While politicians in the UK have, rhetorically, long been preoccupied with redressing spatial disparities, these have persisted despite nearly nine decades of regional policy interventions (Martin, Pike et al., 2016), resulting not only in a North-South divide that reflects a core-periphery pattern with London and the South East as the core (Burch et al., 2009; Huggins and Thompson, 2017). Critical in explaining the persistence of spatial disparities is the policy paradigm (Hildreth and Bailey, 2013b), which is linked to one of the critical debates in the economic development arena, namely whether economic development policy should be ‘space-neutral’ (i.e. spatially blind) or ‘place-based’ (Barca et al., 2012; Bentley and Pugalis, 2014; Pugalis and Bentley, 2014a; Rodríguez-Pose and Wilkie, 2017). More specifically, the debate revolves around whether economic efficiency should be pursued through concentration of economic growth at the core, as the result of promoting spatial agglomeration, or whether it can be achieved by realising the potential inherent in each place. Two reports which have been highly influential in shaping this debate are the World Development Report 2009 produced by World Bank (2009), which advocates for a ‘spatially blind’ approach to economic development, and the Barca Report produced by Barca (2009). The two approaches are underpinned by contrasting logics and differ with respect to the significance they attribute to context.

Under the heading ‘Unbalanced growth, inclusive development’, the World Development Report argues that economic efficiency and growth can be achieved by enabling the forces of spatial agglomeration to concentrate economic efficiency at the core (World Bank, 2009). As such, under the space-neutral approach, economic development is premised on agglomeration economies and the heralded positive effects of economic concentration (Bentley and Pugalis, 2014). Therefore, it is also known as the ‘people-based’ approach as it promotes mobility, aiming to enable people to move to the more productive urban cores (Hildreth and Bailey, 2013a). As noted by Hildreth and Bailey (2013b), the ‘space-neutral’ approach draws on Krugman’s NEG model (see, for example, Krugman, 1991), which proposes that the interplay between centripetal and centrifugal, or agglomeration and dispersal, forces of economic activity determines the spatial agglomeration of economic activity, which results in a core-periphery pattern (Gardiner et al., 2013). Critically, spatial imbalances are seen as a ‘natural’ outcome of market forces, the view being that there is a ‘trade-off’ between pursuing national economic growth and reducing spatial economic inequalities.

In other words, the ‘trade-off’ theory makes the counterintuitive proposition that aiming to reduce spatial disparities is, in fact, inefficient and counterproductive to national economic growth (Martin, 2008; Gardiner et al., 2013; Beel et al., 2016). Moreover, the approach assumes a ‘state knows best’ stance to governance (McCann and Rodríguez-Pose, 2011), while prescribing ‘spatially blind’ institutions and policies on the grounds that “governments generally cannot simultaneously foster economic production and spread it out smoothly” (World Bank, 2009, p.2). More importantly, in advocating for a ‘spatially blind’ approach to policy, the World Bank report does not attribute any role to context in the economic development equation, proposing that uneven economic development is in fact economically efficient, and hence that economic growth will actually be facilitated by promoting a core-periphery pattern. As such, the ‘space-neutral’ approach regards the pursuit of geographically balanced development as counterproductive, and therefore proposes that economic development policy should be “designed without explicit consideration to space” (World Bank, 2009, p.24).

On the other hand, the Barca Report proposes an opposite approach to economic development, namely that of ‘place-based’ development. There are two key aspects in which the ‘place-based’ approach distinguished itself from the ‘space-neutral’ approach, namely it contends that the geographical context is central (Rodríguez-Pose and Wilkie, 2017), meaning that ‘place matters’ (Pugalis and Bentley, 2014a), and that knowledge needs to be accessed through multi-actor collaboration across scales. In the words of Rodríguez-Pose and Wilkie (2017, p.153) ‘place-based’ development is about the “identification, mobilization, and exploitation of local potential”. As such, in contrast with the ‘spatially blind’ approach, Barca (2009) proposes that policy should to be tailored according to context, which “is understood in terms of its social, cultural, and institutional characteristics” (Barca et al., 2012, p.139).

Moreover, Barca et al. (2012, p.147) emphasise that no single actor, including the state, possesses the knowledge necessary to realise the growth potential of a place and therefore, by engaging all relevant actors in the production of knowledge through collaboration, the ‘place-based’ approach is “designed specifically to identify and build on the embedded local knowledge”. In other words, effective ‘place-based’ policy interventions result from the multi-scalar coproduction of knowledge by galvanising local and regional actors and providing a constructive framework for localised policy making (Barca et al., 2012; Catney and Henneberry, 2016). In this context, local stakeholders possess critical knowledge and understanding of their local economies (Jackson et al., 2013). As such, Barca defines ‘place-based’ policy as “a long-term strategy aimed at tackling persistent underutilisation of potential and reducing persistent social exclusion in specific places through external interventions and multilevel governance” (Barca, 2009, p.VII). Consequently, the ‘place-based’ approach also has important implications for the design of multi-scalar governance arrangements.

Another report that was influential in shaping the ‘place-based’ development approach, namely the ‘Regions Matter’ report produced by OECD (2009), also casts doubt on the NEG assumption that economic equity is detrimental to economic growth. More specifically, it emphasises that ‘place-based’ policy targeting lagging places goes beyond ensuring social equity and actually benefits national economic growth, concluding that “equity and efficiency are not mutually exclusive objectives” (OECD, 2009, p.14). From the same core-periphery perspective, Farole et al. (2011) explain that the unused potential of peripheries can be unlocked through targeted policy interventions and hence benefit growth at both local and national levels. Thus, a particularly relevant conclusion of the OECD (2009) report is that a ‘one-size-fits-all’ approach to economic development policy is inadequate for realising the growth opportunities and potential inherent in each place. In addition, Pugalis and Bentley (2014a, p.571) criticise the ‘space-neutral’ approach, highlighting that:

people are active agents in the shaping of place: place is social, just as people are also spatial beings. Thus, an explicit recognition that place matters is also an implicit recognition that people matter, which helps to remind us that place-based mechanisms are also by default people-centred approaches.

Therefore, the contrast between the two approaches to economic development has been subject to both academic and political debate. However, more recently, support for the ‘place-based’ has been growing, which is reflected, for example, in the influence of the Barca Report in shaping the European Cohesion Policy for 2014-2020 (Hildreth and Bailey, 2013b).

With regard to understanding economic development in the UK, Hildreth and Bailey’s (2013b) comparison of the government’s approach to policy with making a pizza is useful in examining the economic frameworks and theories underpinning policy making. They argue that, similar to the layers of a pizza (i.e. scattering of cheese, topping and base), there are three identifiable elements which underpin policy making in the UK, namely the rhetoric, the policies into which the rhetoric translates, and the underlying economic framework, highlighting that, while focusing on the top two strata is relevant for identifying inconsistencies (i.e. rhetoric vs actual policies), transcending them is a prerequisite for understanding the basic logics from which they are derived. With the economic and conceptual framework as the ‘base’, Hildreth and Bailey (2013b) emphasise that Whitehall’s approach to economic development policy has, in fact, been underpinned by two main economic logics: neo-Keynesian (1945-mid1970s) and neo-classical (mid1970s-2010 and onwards). What is immediately noticeable is that, since economic thinking turned to neo-classical economics, the nature of policy interventions varied only in relation to the paradigms which shaped the approach to policy making, while the ‘base’, remained largely the same. As such, the ‘new regionalism’, for example, generated a different policy paradigm in the late 1990s through its emphasis on ‘endogenous growth’, which shifted the focus towards knowledge, skills and enterprise as growth drivers (Webb and Collis, 2000). However, currently, the two dominating theories shaping economic development policy are the NEG theory underpinned by Krugman’s core-periphery model and Barca’s ‘place-based’ approach, with the current policymaking paradigm essentially caught between the contrasting space-neutral and ‘place-based’ approaches.

In the context of these debates, the following subchapters review the literature on the impact of institutions on entrepreneurship and economic development, the changing geographies of UK economic development governance, the approach to enterprise policy in the UK from the 1980s onwards and the current approach, and the growth constraints facing micro-businesses as an important subset of SMEs. Collectively, they highlight the critical issue of persisting spatial disparities in UK’s economic geography and the need for ‘place-based’ policy that is sensitive to the institutional contexts at not only national and regional, but also local level. Specifically, the next subchapter examines the importance of the institutional context in shaping entrepreneurship and mediating its impact on economic development. Welter (2011b) notes that, besides the spatial context, the institutional context has been ‘somewhat neglected’. However, in defining the so-called ‘rules of the game’, it is institutions that govern the behaviour of individuals (Gertler, 2010), and therefore entrepreneurship (Bathelt and Glückler, 2014). The importance of the institutional context in shaping entrepreneurship and the outcomes of enterprise policy at different scales is also consistent with the ‘place-based’ approach. Hildreth and Bailey (2013b, p.240) emphasise that, in contrast to the NEG model, which treats the city-region homogeneously, “the ‘place-based’ approach presents it as heterogeneous, shaped by the distinctive geographical, historical, cultural, social and institutional settings of different places”. Indeed, Barca et al. (2012) note that the ‘place-based’ approach distinguishes alternative pathways to development, which highlights the importance of examining the institutional context in attempting to understand why spatial disparities exist.

##  Entrepreneurship, (uneven) economic development and institutions

The debate on the importance of institutions for economic development is directly related to the ‘space-neutral’ vs ‘place-based’ debate, which has shaped economic development policy so far. The ‘place-based’ approach, in opposition with the NEG model, departs from neoclassical thinking (Tomaney, 2014). With reports such as ‘Promoting growth in all regions’ by OECD (2012, p.16) highlighting that “[i]nvesting in less-developed economic regions makes good economic sense”, the economic and conceptual framework, namely the ‘base’ required to support such an approach to economic development, is different from the one promoting a ‘space-neutral’ approach. It is here where institutions play a key role in the development of a new ‘base’ for economic development, one that is coherent not only with the rhetoric, but also the principles of ‘place-based’ development. Indeed, Pike et al. (2017, p.54) emphasise that “[i]nstitutions are critical to the embedding of development in places and ensuring the social and spatial distribution of its outcomes and impacts”.

Nevertheless, there are multiple strands of economic geography, each underpinned by somewhat different logics in explaining economic development and thus spatial disparities (MacKinnon et al., 2009). While NEG is premised on ‘space-neutral’ economic development and forces of spatial agglomeration, institutional economic geography accounts for the influence of socio-cultural processes in shaping the evolution of the economic landscape (Martin, 2000), while geographical political economy highlights the role of power and political processes in shaping economic development spatially (Tomaney, 2014). Critically, despite the growing recognition of the importance of institutions in shaping economic development, their role in influencing the evolutionary trajectories of local economies remains poorly understood as well as under-appreciated (Farole et al., 2010; Gertler, 2010; Pike et al., 2015). The following subsections provide an analysis of the role of institutions in shaping the socio-economic outcomes of entrepreneurship with a particular emphasis on the interplay between formal and informal institutions, examine the institutional context of PPIPs, where deindustrialisation and institutional path-dependency have influenced the evolution of the local economy, and highlight the need for a more inclusive economic geography which is sensitive to both institutions and the political processes shaping spatial economic development at different scales.

### Entrepreneurship and institutions: the institutional economic geography view

Research has highlighted that returns to different forms of entrepreneurship are sensitive to institutional contexts (Estrin et al. 2016), and the role of formal and informal institutions is crucial in fostering entrepreneurial activity (Acs et al., 2008). Economic geography turned to institutions in the early to mid-1990s which became known as the ‘institutional turn’ (Cumbers et al., 2003; MacKinnon et al., 2009; Pike et al., 2017). For example, Amin and Thrift (1995) introduced the term ‘institutional thickness’ to describe the “ensemble of local conditions favourable to economic growth” (Coulson and Ferrario, 2007, p.593), thus using density to explain variations in spatial economic development. However, it is the work of Baumol and North that has been especially influential in highlighting that ‘institutions matter’ in shaping entrepreneurial behaviour. For example, Baumol (1990) argues that, while the supply of entrepreneurship is constant, entrepreneurship can materialise as productive, unproductive or destructive, with the outcomes being shaped by institutional arrangements and the pay-off structure (i.e. the incentives structure generated by institutions and institutional arrangements in the pursuit of entrepreneurship).

Pejovich (1999, p.165) defines institutions as “the legal, administrative, and customary arrangements for repeated human interaction”. These are the so-called ‘rules of the game’ (North, 1990), namely formal and informal institutions which shape social action, and thus entrepreneurship behaviour (Bathelt and Glückler, 2014). Formal institutions are the written down or formally accepted rules and regulations that shape the economic and legal framework of a society while informal institutions are the unwritten rules and include customs, norms, values and conventions (North, 1990; Acs et al., 2008). As accepted patterns of behaviour, institutions can both enable and constrain social action, hence shaping the outcomes of entrepreneurial behaviour (Bathelt and Glückler, 2014; Welter and Smallbone, 2011). For example, by influencing individuals’ attitudes, through the incentives and payoffs of engaging in entrepreneurial activity, institutions influence the tendency to start a new business (Estrin and Mickiewicz, 2011) and allocate efforts between productive and unproductive entrepreneurship (Baumol, 1990; Minniti, 2008). As such, a comprehensive understanding of entrepreneurship can only be achieved by analysing entrepreneurship through the lens of the institutional context in which it is embedded (Braunerhjelm and Henrekson, 2013).

Recognising the importance of institutions for economic development, institutionalist economic geography developed as an alternative to the prevailing NEG based on neoclassical economics. Focusing on the quality and performance of institutions, which is more relevant than their density (Rodríguez-Pose, 2013) in explaining spatial variations, institutionalist economic geography has seen notions such as path-dependence and ‘lock-in’ permeating academic debate (MacKinnon et al., 2009; Tomaney, 2014). As highlighted by Martin (2000, p.79) the central question addressed by institutionalist economic geography is:

to what extent and in what ways are the processes of geographically uneven capitalist economic development shaped and mediated by the institutional structures in and through which those processes take place?

 Therefore, institutionalist economic geography sees institutions as having explanatory power in understanding the development of spatial disparities, but more importantly in highlighting why policies are not universally successful across similar scales of intervention (Rodríguez-Pose, 2013). In the words of Rodríguez-Pose and Gill (2005, p.406, original emphasis), “[i]t is, after all, *through* institutions that economics delivers its ends, so that the latter must remain contingent upon the former”. As North (1990, p.107) explains, institutions are “the underlying determinant of the long-run performance of economies”. Indeed, Rodrik et al. (2004) emphasise that the importance of the quality of institutions exceeds that of geography in determining economic development.

Moreover, institutionalist economic geography distinguishes between the institutional environment and institutional arrangements (Rodríguez-Pose, 2013). As such, whilst the institutional environment refers to formal and informal institutions, and their effect on socio-economic behaviour, institutional arrangements refer to the organisational forms, namely economic-political organisations such as city councils and local authorities, emanating from the institutional environment but which also shape the institutional environment in their operation (Martin, 2000). This distinction is important as it is the interaction between them which shapes economic development at various spatial scales.

Furthermore, institutionalist economic geography focuses on the evolutions of the economic landscape. As institutions are ‘carriers of history’ (Pejovich, 1999), and thus self-reproducing by nature (Sztompka, 1996), spatial economic development is subject to path-dependent evolutions (Hayter, 2004). In other words, the historical context matters in analysing how institutions shape the evolution of economic development spatially. This aspect is important as it offers another dimension which enables a more in-depth understanding of the interplay between formal and informal institutions and the impact of institutional change. Additionally, as acknowledged by Rodríguez-Pose (2013, p.1037), and consistent with the ‘place-based’ approach, “institutions not only shape, but are also shaped by the environment”, thus becoming place-specific. This argument is at the core of the debate on the inefficiency of ‘policy universalism’.

Nevertheless, it is the interplay between formal and informal institutions which shapes social action, and with it entrepreneurial activity. As such, the success of formal institutions in enforcing the ‘rules of the game’ depends on how these map onto informal institutions (Williamson, 2009). However, formal and informal institutions are not perfectly aligned, with asymmetries, more specifically the extent of asymmetries and their nature, shaping the outcomes of entrepreneurship on the society. Dennis (2011, p.92) argues that it is important to distinguish between formal and informal institutions because they are “two different levers that can be purposefully pulled to effect change”. Therefore, the following subsections discuss the effects of formal and informal institutions on entrepreneurship, highlighting the outcome of their interplay beyond the formal-informal interaction, namely at the interscalar level of national, regional and local institutions, and emphasise the need for an economy geography which includes both institutions and political processes to enhance the understanding of spatial disparities.

####  Formal institutions: economic framework and enterprise policy

Formal institutions, as formally accepted rules and regulations which constitute the legal an economic framework of a society (Tonoyan et al., 2010) and which shape economic incentives and thus guide socio-economic behaviour, can be influenced to incentivise entrepreneurial behaviour in various ways. Examples include property rights and contracts (Pejovich, 1999). Being directly shaped by the state (Welter and Smallbone, 2011), they can be shaped to create ‘opportunity fields’ for entrepreneurship (Welter and Smallbone, 2011). Estrin et al. (2013) distinguish between multiple-order formal institutions, namely constitutional level formal institutions, the influence of which is fundamental in shaping entrepreneurship, and lower level, or regulatory, formal institutions in the form of government policies.

The role of formal institutions, and the different ways in which they shape entrepreneurship outcomes, has been highlighted in different contexts. For example, using data from 42 countries, Estrin et al. (2013) find that property rights, as part of constitutional formal institutions, are fundamental in enabling entrepreneurship. In Central and East European Countries, the state acted as an agent of change in encouraging productive entrepreneurship, while in countries such as Ukraine and Russia, which lack a strong formal institutional framework, productive entrepreneurship is constrained (Smallbone and Welter, 2012). Moreover, despite formal institutions emanating from the state, as Estrin et al. (2013) highlight, the relationship between institutions and entrepreneurial growth aspirations is a complex one. For example, in China it is formal institutions which have followed and adapted to entrepreneurship behaviour rather than the state directly supporting and influencing it through the legal and economic framework (Ahlstrom and Ding, 2014).

Furthermore, testing Baumol’s theory, Sobel (2008) shows that states with higher quality formal institutions foster higher levels of net entrepreneurial activity as well as more productive entrepreneurship, and argues for institutional reform and minimal government intervention. Nevertheless, at the lower level of formal institutions, governments often intervene to address market failures through different policies (Acs et al., 2016). Therefore, enterprise policies are tools whereby the government, through policy-making, can actively influence the institutional environment and hence the outcome of entrepreneurship (Minniti, 2008; Huggins and Williams, 2009). As such, the enterprise policy interventions discussed in subchapter 2.2. are examples of government interventions directed at addressing market failures and at stimulating entrepreneurship. Outside the UK, examples of government policy are provided by Rocha and Sternberg (2005) who show that enterprise policy promoting clusters has a positive impact on regional entrepreneurship in Germany. Minniti (2008) also highlights national-level interventions such as reducing financial constraints, attracting venture capital, and manipulating taxes at various jurisdictional levels, and local-level interventions such as start-up support, business incubators and R&D subsidies. The following subsection analyses the role of informal institutions in shaping entrepreneurship.

####  Informal institutions: the role of culture

Analyses of economic development often omit cultural aspects, yet the different cultural traits of communities across places shape the prevailing entrepreneurial culture (Huggins and Thompson, 2012; 2015a). Informal institutions are strong determinants of economic development (Williamson, 2009). Pejovich (1999, p. 166) refers to informal institutions as “the old ethos, the hand of the past, or the carriers of history”, thus forming what is known as culture, which is often regarded as a ‘mental software’ (Davidsson and Wiklund, 1997). This highlights informal institutions as “enduring systems of socially ingrained rules” (Hodgson, 2007, p.331) and “anchors of stability” (North, 1989, p.241). George and Zahra (2002, p.5), for example, define culture as “the enduring set of values of a nation [or] a region”. As unwritten rules including traditions, customs, norms, values and conventions, informal institutions are socially engrained and thus more difficult to change (Baumol, 1990; Pejovich, 1999; Smallbone and Welter, 2012; Bathelt and Glückler, 2014; Williams et al., 2017). Moreover, they “are context and geography specific” (Rodríguez-Pose, 2013, p.1040), meaning that there are spatial variations in the effects of informal institutions, and implicitly culture, on entrepreneurship. Indeed, Fotopoulos and Storey (2017, p.672) highlight that “values and attitudes towards entrepreneurship are locally embedded”, thereby exerting a strong influence on local and regional entrepreneurial activity. As such, culture can be understood as the enduring set of values characterising any particular geographical scale, including the local scale.

Research has indeed highlighted the importance of informal institutions, especially that of culture, in influencing entrepreneurial behaviour (Welter and Smallbone, 2011; Huggins and Thompson, 2012; 2014; Obschonka et al., 2015). For example, Simmons et al. (2014) highlight how informal institutions influence attitudes to entrepreneurship through stigma of business failure across different countries, namely in institutional contexts where stigma of failure is high, attitudes to entrepreneurship are negatively affected and entrepreneurs are less likely to pursue entry or re-entry. With regard to culture, cultural characteristics have been shown to vary at the national level. For example, Freytag and Thurik (2007) show that country specific cultural characteristics influence the preference for entrepreneurship. Similarly, Dodd et al. (2013) highlight how informal institutions shape entrepreneurship attitudes across different European countries through individuals’ different perceptions of entrepreneurship. For example, they show that, while in Ireland, the Netherlands and the UK people perceive entrepreneurship positively, associating it with metaphors such as ‘catalyst’ and “lubricating oil of the economy” (Dodd et al., 2013, p.77), in Poland and Greece entrepreneurs tend to be seen more negatively, namely as ‘leeches’, ‘thieves’ or even ‘fraudsters’. Therefore, as social perceptions of entrepreneurship vary across different spatial scales, so do attitudes towards entrepreneurship, and hence the outcomes of entrepreneurship on the society.

Moreover, cultural specificity transcends the national level, with regional cultural variation explaining regional economic development across different contexts (Obschonka et al., 2015). For example, Fotopoulos (2014) has shown that regional new firm formation rates in the UK, and their determinants, are ‘spatially sticky’, meaning that new firm formation rates are path dependent and time persistent, while Fotopoulos and Storey (2017) have shown that this path dependence in interregional self-employment differences has persisted for ninety years in England. Informal institutions play a key explanatory role with regard to this persistence. Mueller (2006), for example, highlight that the persistence of regional entrepreneurship over time is explained by the presence of a strong tradition of entrepreneurial activity, while Davidsson and Wiklund (1997) show that the prevailing values and beliefs are related to regional new firm formation rates and thus explain the regional economic development variation in Swedish regions. Indeed, Fritsch and Mueller (2007) find that the entrepreneurial climate (i.e. the culture) is a key factor which explains the regional variation in the level and development of regional new business formation activity, thus highlighting the socially engrained nature of culture and the inefficiency of ‘policy universalism’.

Moreover, Fritsch et al. (2014) highlight the existence of a long-lasting entrepreneurship culture in East Germany where levels of self-employment persisted despite the region experiencing (formal) institutional change in its transition from socialism to a market economy, and despite self-employment and entrepreneurship being suppressed for decades. Similarly, using data from German regions, Fritsch and Wyrwich (2014) show that entrepreneurship culture, reflected in regional levels of self-employment and new business formation, can persist for as long as eighty years, as in spite of the supportive infrastructure being destroyed, entrepreneurship as a ‘mental software’ persisted in East Germany. Furthermore, at the European level, Beugelsdijk (2007) shows that entrepreneurship culture is regionally specific and influences regional innovation intensity, and with it regional economic development, while Ross et al. (2015) show that entrepreneurship culture, reflected in the number of small businesses, is not only nationally but also regionally specific, playing a key role in explaining the regional variation in the rates of continuing entrepreneurial activity of Scottish regions.

 The corollary is that the spatial variation in national, regional or local culture, as encapsulated by informal institutions, does play a key role in explaining the spatial variation of entrepreneurship, highlighting why policies need to be tailored to local circumstances (Fritsch and Storey, 2014). As such, entrepreneurship is also “a product of the social and community cultural values present across places” (Huggins and Thompson, 2014, p.742), meaning that informal institutions, especially the culture reified by the shared customs, norms and beliefs at specific geographical scales, play a key role in shaping entrepreneurial behaviour, and thus entrepreneurial activity in different geographical and institutional settings. Nevertheless, focusing solely on either formal or informal institutions provides an incomplete picture. As acknowledged by Beugelsdijk (2007, p.206) “[i]t is the interplay of the formal and informal rules of the game that determines the degree of entrepreneurial activity in an economy”. Therefore, the following subsection focuses on the interplay between formal and informal institutions and its outcomes in different contexts.

####  The interplay between formal and informal institutions: alignment, asymmetry and interscalar interactions

With formal institutions emanating from the state level, and regional or local government, and informal institutions from processes of socialisation, it is their interplay which shapes entrepreneurial behaviour. In the words of Smallbone and Welter (2012, p.217), “informal institutions evolve as a culture-specific, collective and individual interpretation of formal rules” and, while formal institutions are imposed through coercive mechanisms, informal institutions are enforced through normative mechanisms. Estrin and Mickiewicz (2011) note that, due to their socially engrained nature, changes in informal institutions may unfold over generations, thus often being in conflict with the imposed formal institutions. Therefore, as Pejovich (1999, p.170) notes, formal institutions “can suppress but cannot change informal institutions”, which means that policies can either be responsive to ‘the game’, and thus adapt to the existing ‘rules of the game’, or attempt to change the game altogether by introducing new rules. Hence, formal and informal institutions are not perfectly aligned, but rather in a flux whereby they reinforce, complement or substitute each other. Dennis (2011) explains that, when formal and informal institutions are mutually reinforcing they create a virtuous circle, thereby fostering productive entrepreneurship; conversely, where they are asymmetrical this can create tensions which stymie entrepreneurship. In other words, entrepreneurship is self-reinforcing (Minniti, 2005; Mueller, 2006).

For example, institutional asymmetry, or misalignment, is conspicuous in countries transitioning from central planning to market economies (Williams and Vorley, 2015). Pejovich (1999) highlights that a common problem in transition countries is the misalignment between the newly imposed rules and the prevailing informal norms, as the formal institutions require to ‘play the capitalist game’ are often in contrast with the enduring informal rules developed during decades of socialism. In such countries, despite the state playing a fundamental role in facilitating entrepreneurship, informal institutions often emerge to ‘fill the gap’ and overcome institutional deficiencies (Smallbone and Welter, 2012). Puffer et al. (2010) show that, in countries such as Russia and China, informal institutions develop to ‘fill’ formal institutional voids and suggest that, rather than imposing the ‘rules of the game’ through coercive policies, transition economies may be better off reconfiguring their institutional contexts by achieving unique formal-informal balances. Nevertheless, the asymmetry of formal and informal institutions in such contexts means that informal institutions often substitute formal rules and thus entrepreneurship is often constrained by corruption. Tonoyan et al. (2010) show that weak legal and financial institutions, as well as weak enforcement mechanisms, provide the ‘breeding ground’ for corruption. This is the case, for example, of Romania and Bulgaria where, despite the institutional reforms which accompanied the transition, informal institutions have substituted many formal rules which means that entrepreneurs operate within a ‘devil’s circle’ of corruption which constrains entrepreneurship and stymies ambition (Williams and Vorley, 2015; Vorley and Williams, 2016).

However, the importance of institutional asymmetry extends beyond transition economies as well as beyond the national context. The discussion hitherto already highlighted that informal institutions vary not only with the national context, but also at the regional level, with regional entrepreneurship cultures shaping economic development in different ways across different regions and countries (see, for example, Davidsson and Wiklund, 1997; Mueller et al., 2008; Fritsch et al., 2014). For example, a misalignment between formal and informal institutions is also visible in old industrial areas which are characterised by a weak entrepreneurship culture and lower levels of entrepreneurship, and where specific informal institutions developed as a result of the former presence of large scale industries (Stuetzer et al., 2016; Wyrwich et al., 2016). Thus, it is the extent to which formal and informal institutions are aligned that will determine the outcome of entrepreneurship at different geographical scales with specific institutional contexts (Williams and Vorley, 2015). The corollary is that enterprise policies devised without taking account of informal institutions may generate unintended outcomes across different institutional contexts (Acs et al., 2008; Huggins and Williams, 2009; Mason and Brown, 2013; Arshed et al., 2014).

Furthermore, with the formal-informal interplay extending at subnational levels, interscalar institutional interactions shape entrepreneurship through the translation of national level policy at the regional and local level. While the nature of institutions is socio-economic rather than spatial, institutions nevertheless develop in relation to place (Martin, 2010; Bathelt and Glückler, 2014). Being socially engrained, informal institutions vary from place to place, hence why different contexts determine institutional variety as opposed to homogeneity (Hayter, 2004; Bathelt and Glückler, 2014). This can result in local variations of informal institutions (Huggins and Thompson, 2017), thus transcending regional entrepreneurship cultures, as each locality is likely to develop place-specific informal institutions. Indeed, as Boschma and Frenken (2006, p.277) assert, “institutions are embedded in geographically localized practices, which imply that localities … are the relevant unit of analysis”.

With entrepreneurship culture being place-specific, national policies emanating from state level will not generate universal effects as they will be interpreted by different local institutional contexts. For example, in the UK, policy attempts to support entrepreneurship in deprived communities have had little impact on local economies (Williams and Huggins, 2013), with efforts to close the ‘enterprise gap’ between wealthier and less prosperous areas resulting in “running merely in order to stand still” (Derbyshire and Haywood, 2010, p.506). The conditions required to foster productive entrepreneurship are likely to be different in rural areas compared to high-technology clusters and metropolitan areas (Minniti, 2008). Indeed, urban areas, which are characterised by higher levels of economic growth and greater diversity of economic activity, enjoy higher levels of opportunity-motivated entrepreneurial activity compared to peripheral, or ‘in-between’, areas where the institutional context does not foster similar outcomes (Bosma and Sternberg, 2014). For instance, the characteristics of former industrial places and low enterprise areas (see, for example, Greene et al., 2004; van Stel and Storey, 2004; Mueller et al., 2008) are not favourable to regional policies promoting entrepreneurship and enterprise uniformly, as such places are characterised, for example, by a low social approval of entrepreneurship (Wyrwich et al., 2016). Therefore, failing to take account of the local institutional context ignores any asymmetries between the policies promoted and local informal institutions, thus leading to uneven economic development and persisting spatial disparities at the intraregional level.

Consequently, as the translation of national level (formal) institutions at subnational levels is shaped by the local (informal) institutional context, institutional asymmetries extend beyond the regional level, with place-specific local cultures interpreting the ‘rules of the game’ imposed by national or regional policies through the lens of local informal institutions. Therefore, highlighting the importance of local level institutions, the discussion returns to the need for a ‘place-based’ approach to enterprise policy. Moreover, considering the multi-scalar variation of institutional contexts, the institutional architecture comprises nested institutions, with the national, regional, subregional and local institutional contexts interacting with each other in shaping economic development. This interscalar interaction between nested institutions reinforces the need for spatially and institutionally ‘sensitive’ enterprise policy. With the locality being the relevant unit of analysis (Boschma and Frenken, 2006), Pike et al. (2015, p.1) acknowledge:

The local scale provides a fruitful lens to elaborate how institutions seek to structure and shape the agency and relationships of economic actors, to examine the role of extra-local relations and processes in establishing and conditioning how institutions operate, and to explore how institutions adapt and cope with change, disruption and uncertainty.

Thus, there is an argument to be made that investigations into the role of local institutional contexts in mediating the translation of national or subnational policies are a prerequisite for evidence-based policy making. However, institutional asymmetry is merely the visible outcome of the misalignment between formal and informal institutions. As such, it is important to examine the historical context which led to the development of specific informal institutions, and hence cultures, at the local level, as well as the institutional process whereby informal institutions often persist in being misaligned with formal institutions after the ‘rules of the game’ change or are changed. It is these aspects to which the next subsection turns, analysing the impact of deindustrialisation as a major socio-economic shock on PPIPs through the lens of the local institutional context.

### Path dependence, deindustrialisation and institutional hysteresis

Informal institutions are “the old ethos, the hand of the past, or the carriers of history” (Pejovich, 1999, p. 166), which means that past events can leave an institutional imprint causing institutions to change slowly over time. Indeed, cultural processes shape the formation of social structures by facilitating the transmission of knowledge, attitudes and values across generations (Martin, 2000; Mueller, 2006; Wyrwich, 2015; Audretsch et al., 2017). This creates a path dependency where ‘history matters’, as if places are unable to “shake free of their history” (Martin and Sunley, 2006, p.399), with the implication that present and future socio-economic behaviour is shaped by past outcomes (Hayter, 2004). Thus, with history shaping social choices, institutions tend to be self-reproducing (Glaeser et al., 2004). North (1990, p.118) highlights that “[i]nstitutions … connect the past with the present and the future, so that history is a largely incremental story of institutional evolution”, hence accentuating the path dependent nature of institutions, particularly culture.

However, as highlighted by Martin and Sunley (2006), path dependence can have different causes, such as technological lock-in, dynamic increasing returns where positive feedback reinforces existing development paths, and the tendency of informal institutions to be self-reproducing over time which culminates in institutional hysteresis. Therefore, hysteresis is itself a form of path dependence and can manifest as a product of historical time (Setterfield, 1993; 2009; Tubadji et al., 2016), occurring when institutions are self-reproducing and changing slowly over time (Martin and Sunley, 2006), and creating a path dependence that is “grounded in the reproduction of instituted forms of behaviour” (Hudson, 2005, p.583). The concept originates in the natural sciences and relates to the magnetic properties of metals, but was eventually adopted in the social sciences, beginning with economics (Martin, 2012). In the institutional arena, institutional hysteresis manifests as the persistence of institutions “even if the original conditions that caused their creation might have long disappeared” (Bathelt and Glückler 2014, p.348). The corollary is that individuals’ behaviour is often constrained by pre-existing institutional structures (Martin, 2000), informal institutions being particularly relevant.

However, in the case of institutional hysteresis not all history matters, as this is often the outcome of “one-time disturbances [that] permanently affect the path of the economy” (Romer, 2001, p.471). As such, extreme experiences (e.g. major socio-economic shocks) often inflict structural changes and can influence the behaviour of economic agents, hence the display of ‘selective memories’ characterising places affected by institutional hysteresis (Setterfield, 2009), with the ‘memory’ of the shock persisting through a process known as ‘remanence’ (Grinfeld et al., 2009). In relation to institutions, Sztompka (1996, p.126) explains that the self-reproducing nature of informal institutions is determined by the ‘generational effect’, as “the bridge between the influences of the past and the future is provided by generations … who–in their formative years–have happened … to have lived through similar, significant social events”. For example, as Byrne (2002) highlights, industrialisation became so engrained in the social fabric of industrialised places that these developed an industrial ‘way of life’. This is what Huggins and Thompson (2015a, p.135) refer to as community culture, namely “the overarching or dominant mindsets that underlie the way in which places function in a broader societal sense”, which can become embedded and stymie efforts of promoting entrepreneurial-led growth (Huggins and Thompson, 2014). With informal institutions developed around mass employment in large-scale industries as opposed to self-employment, and in the absence of an entrepreneurship culture, formerly industrialised places have been facing difficulties in adapting to a post-industrial setting where entrepreneurship is promoted as an engine of economic development (Stuetzer et al., 2016).

While previous research has examined regional level responses to socio-economic shocks, less is known about local level institutions and how these have shaped local adaptation to shocks. Nevertheless, as Martin (2000) notes, cultural processes are multi-scalar and place-specific. Thus, the socially engrained nature of informal institutions and their heterogeneity across different contexts (Hayter, 2004; Bathelt and Glückler, 2014), determines the local variation of informal institutions. Martin (2000) explains that institutions are ‘carriers’ of local economic histories, and thus it is especially at the local level where the impact of institutional path dependence is significant. Therefore, as Bristow (2010) asserts, ‘place matters’, meaning that the nature of path dependence is locally contingent and requires a geographical explanation (Martin and Sunley, 2006). As such, due to the particularities of local institutional structures (Martin, 2000), institutional hysteresis needs to be understood as a place-dependent process. The local variation of informal institutions means that the interplay between formal and informal institutions can be a potential cause of institutional hysteresis, with institutions incongruent at the national and local level.

With regard to deindustrialisation in Britain, the decline of traditional industries changed ‘the nature of the game’ for regional and local economic development (Byrne, 2002), with national enterprise policies changing the ‘rules of the game’ with respect to enterprise and wealth creation (Lever, 1991). Thus, as argued by Tomaney (2014) “[h]istory matters because of the importance of ‘critical junctures’”, namely major events which disrupt existing socio-economic systems and as a result influence their evolutionary path. From the end of the 1960s and throughout the 1980s and the 1990s, deindustrialisation inflicted major changes in the industrial structure of Northern regional economies. As emphasised by Gardiner et al. (2013, p.7) “deindustrialization over the 1980s and 1990s had destroyed large sections of industry and manufacturing in the ‘North’”, and with it large numbers of jobs in manufacturing and production (Martin, 2012). The decline in traditional industries thus affected Northern regions disproportionately hard (Burch et al., 2009). With mass unemployment characterising labour intensive traditional industries, such as mining, steelmaking and manufacturing, deindustrialisation led to widespread unemployment. The impact of job losses was so devastating that, to disguise its magnitude, a high number of economically inactive men were recorded as permanently sick, essentially ‘hidden unemployment’ (Beatty et al., 2007). Moreover, continued economic underperformance and the lack of regeneration in formerly industrialised placed have led to the development of negative place perceptions. As Cox and Longlands (2016, p.35) highlight, “many northern towns and smaller cities are portrayed … within the public imagination as undesirable places to live, with empty and decaying town centres and poor job opportunities”.

Therefore, as a major socio-economic shock, deindustrialisation has cast a long shadow which continues to stymie entrepreneurship decades after the decline of traditional manufacturing industries. The explanation relates to the normative mechanisms whereby informal institutions continued to be enforced, which resulted in time persistent place-specific cultures, thus leading to institutional hysteresis. While deindustrialisation affected whole regions, whose expansion was fuelled by the development of traditional industries, there is also significant intraregional variation in responses to deindustrialisation (see, for example, Martin, Sunley et al., 2016). At the subregional level, city-regions, and localities within city-regions, have witnessed spatial disparities and uneven development with core cities forming “islands of economic growth, separated by wide seas of economic stagnation or decline” (Hall, 2008, p.74). In other words, the decline in traditional industries has seen a core-periphery pattern developing at the city-regional level. Despite decades of national level enterprise policy aimed at stimulating entrepreneurial-led growth (Greene et al., 2004), former industrial towns located at the city-regional periphery have been unable to make what Hall (2008) describes as the ‘critical transition’ beyond the manufacturing economy, and, faced with high unemployment and deprivation, continue to lag behind core cities.

Being at the intersection of peripherality and post-industrialism, PPIPs display a unique institutional context which has been shaped by history and geographical location. Martin (2000, p.85) explains that economic action is ‘embedded’ within “cultural systems of ideological and normative beliefs” which are place-specific. For example, being associated with mass employment of low skilled workers in labour intensive manufacturing industries, industrialisation led to the development of a wage labour culture in such places (Hudson, 2005). At the same time, with economic production sustained by large-scale industries, there was little concern with promoting entrepreneurship and enterprise prior to the decline in traditional industries. However, as deindustrialisation led to massive unemployment, the enterprise policies promoted by the Thatcher administration in the 1980s were directed precisely at cushioning local economies from the negative effects generated by the accelerated decline in traditional industries. In the attempt to reduce the spatial disparities resulting from industrial decline, entrepreneurship continued to be a key focus of the socio-economic renewal strategy (Martin, Pike et al., 2016).

However, as Stuetzer et al. (2016, p.18) show, being associated with low-skill jobs, a reduced need for educational attainment and entrepreneurial skills, and fewer start-up opportunities, large-scale industries left “a long-term imprint” in former industrial places, which is nowadays reflected in “a vicious cycle of low entrepreneurship and weak entrepreneurship culture”. The explanation lies in the informal institutions which developed and governed the way of life in Britain for almost two centuries (Byrne, 2002). As Martin (2000) notes, the culture developed around large-scale industries characterised by mass employment will be significantly different from that materialising within small-firm dominated local economies. Byrne (2002) explains that the importance of industrial systems extended beyond that of sustaining economic production, as they became systems of social production and reproduction. As such, the ‘industrial’ became part of the collective identity, hence why industrialised places developed what Byrne calls an ‘industrial structure of feeling’, namely the specific set of values, norms and behaviours which governed the way of life.

Indeed, Paasi (2009) underlines that places are institutionalised as their identity is shaped by the institutional setting which develops within their territorial boundaries, meaning that places are themselves socially reified and (re)produced through their institutional environments. In this sense, Hudson (2001) distinguishes between ‘space’ and ‘place’, explaining that while ‘space’ relates to the economic evaluation of a location in terms of its profit capacity, ‘place’ on the other hand is related to the social evaluation of a location in terms of the meaning attached to it. As Huggins and Thompson (2015a) highlight, ‘place’ is ‘the location of culture’. Consequently, the understanding of place needs to extend beyond geography, and therefore analyses of spatial disparities need to examine the institutional processes whereby places are socially reproduced, as through the institutionalisation of places, territorial boundaries inevitably become institutional boundaries (Paasi, 2011).

Therefore, the local institutional context is critical to understanding spatial disparities, the roots of uneven economic development and the impact of enterprise policy at subnational levels. Indeed, while regulation emanates from the national level, the impact of national mechanisms of socioeconomic regulation varies locally (Martin, 2000), meaning that policies devised at higher scales may not translate uniformly across places. Therefore, as emphasised by Rodríguez-Pose (2013, p.1036) “understanding local institutions is critical for the design and implementation of efficient development strategies”, and thus accounting for local institutional variation is a prerequisite for devising evidence-based policies aimed at redressing spatial disparities. The next subsection focuses on a particular aspect related to institutional hysteresis, namely that of resilience. Rodríguez-Pose (2013) highlights that, due to their self-reproducing nature, informal institutions can display increased resistance to long-term transformation, with institutional rigidity hindering socio-economic adaptation. With research on economic resilience linked to the post-shock adaptation of local economies, the next subsection aims to highlight the significance of the relationship between institutions and (local economic) resilience.

### Entrepreneurship and local economic resilience: the importance of resilient institutions

As Dawley et al. (2010, p.650) note, “local and regional development ha[s] recently broadened from a preoccupation with growth to one which captures the notion of resilience”. Moreover, Martin and Sunley (2014, p.37) emphasise that “resilience is part of the process of geographically uneven economic evolution and development, and should be theorized and analysed as such”. Martin (2012) explains that combining the notion of resilience with the concept of hysteresis provides a more comprehensive understanding of the responses of different places to socio-economic shocks, and hence their post-shock economic development evolution. However, resilience has relatively recently emerged in the vocabulary of the social sciences and remains a somewhat fuzzy concept. Martin (2012) summarises the main interpretations of resilience as the ability of a system to ‘bounce back’ to a pre-existing state following a shock; the ability of a system to absorb a shock while maintaining its structure, identity and function; and the ability of a system to anticipate and react to shocks by undergoing structural and operational adaptation.

 The first two interpretations represent equilibrist approaches, as they imply that responses to shocks involve either returning to an initial equilibrium or moving to a new equilibrium. While these involve stability and persistency of structures, adaptive resilience emphasises the interplay between continuity and change through which adaptation occurs, hence being referred to as evolutionary resilience (Martin and Sunley, 2014). Equilibrist approaches have been criticised on the basis that firms, organisations and institutions are in a continuous state of change and adaptation to their economic environments (Simmie and Martin, 2010). Where major shocks result in structural change (Setterfield, 2009; Bristow and Healy, 2014), the return to a pre-existing state becomes virtually impossible. Instead, adaptive resilience takes account of the heterogeneity characterising local economies and can better explain how local institutions and economic structures react to shocks, and thus why some economies are more resilient than others (Hassink, 2010).

With the literature on resilience still in its infancy, much is left to be understood about the relationship between institutions and economic resilience. The notion of adaptive resilience is in line with Gertler’s (2010) call for a reconstituted institutional economic geography which acknowledges the evolutionary nature of institutions, thus avoiding the deterministic ‘lock-in’ outcomes of post-shock path dependence. Martin and Sunley (2014, p.13) define (regional) economic resilience as:

the capacity of a regional or local economy to withstand or recover from market, competitive and environmental shocks to its developmental growth path, if necessary by undergoing adaptive changes to its economic structures and its social and institutional arrangements, so as to maintain or restore its previous developmental path, or transit to a new sustainable path characterized by a fuller and more productive use of its physical, human and environmental resources.

 Therefore, as acknowledged by Martin (2012, p.28), an economy “may be resilient in certain respects but not others”. Moreover, with research on resilience limited to the regional and metropolitan level (see, for example, Fingleton et al., 2012), much less is known about the relationship between institutions and resilience at the local scale (Dawley et al., 2010; Pike et al., 2010). As economic resilience is premised on adaptive social and institutional arrangements, local economic resilience is inherently linked to institutional resilience at the local level. More specifically, with the post-shock response and recovery of an economy dependent on the response of local institutions and culture (Martin, 2012), institutional hysteresis can constrain the adaptive capacity of a local economy and with it its economic resilience. Indeed, when shocks inflict structural changes, they transform into “slow-burn processes of change” (Pike et al., 2010, p.5). As such, facing transformation, deteriorating conditions and pressures for institutional change, places affected by ‘slow burns’ face greater challenges in becoming more resilient (Pendall et al., 2010).

 A typical example is deindustrialisation where the initial shock affecting local economic structures and jobs drifted into a slow burn process of adaptation to the effects of deindustrialisation (Pike et al., 2010). A major shock such as deindustrialisation creates pressures on institutions and the institutional response at national, regional and local levels (Dawley et al., 2010). As Greene et al. (2004) highlight, the formal institutional response to the negative impact of deindustrialisation has been the promotion of entrepreneurship, however, this has only achieved a limited impact in formerly industrialised places. Indeed, there is significant intraregional variation in responses to deindustrialisation, with core cities forming “islands of economic growth, separated by wide seas of economic stagnation or decline” (Hall, 2008, p. 74). As such, many localities continue to underperform economically and to lack economic resilience.

 This means that adaptation is geographically uneven (Martin and Sunley, 2014), particularly within the “wide rings of ex-industrial towns” surrounding core cities (Hall, 2008, p. 73), which can perpetuate pockets of deprivation (Salet and Savini, 2015). Similarly, legacies of the past can constrain entrepreneurship, as the post-shock response and recovery of an economy is dependent on the response of local institutions and culture (Martin, 2012). A lack of prior exposure to entrepreneurship and low entrepreneurial skills can contribute to hysteresis (Fayolle and Gailly, 2015), which will impact on those living in PPIPs. Furthermore, such areas also see limited scale and ambition regarding entrepreneurship (Amoros et al., 2013), an underdeveloped entrepreneurship culture (Stuetzer et al., 2016), and a lack of entrepreneurial role models (Johnston and Lionais, 2004; Williams and Williams, 2012). As the self-reproducing nature of institutions can create‘unchanging cultures’ (Simmie and Martin, 2010), institutional hysteresis can serve to limit entrepreneurial activity in PPIPs, thereby constraining the adaptive capacity of a local economy and with it its economic resilience. Indeed, as cultural perceptions and attitudes change much more slowly than economic conditions, there is a persistence of culture related phenomena (Tubadji et al., 2016).

Thus, a key question relates to how local institutions can become more adaptive, and hence resilient, to socio-economic shocks (Pike et al., 2010). Williams and Vorley (2014) argue that entrepreneurship plays a key role in the restructuring of local economies and is therefore critical to fostering more resilient local economies where it can act as a ‘catalyst’ for economic resilience. The LEP Network (2012) also acknowledges that higher levels of entrepreneurship and enterprise foster higher economic resilience. However, fostering productive entrepreneurship at the local level requires, in turn, favourable local institutions. As highlighted in the previous subsection, the local institutional context of PPIPs has been shaped by the industrial way of life, with the current entrepreneurial climate reflecting pre-existing conditions (Carlsson, 2007), and as a result, it is more challenging to promote higher levels of enterprise and entrepreneurship. Former industrial areas “have faced prolonged challenges involving long-term and uneven processes of de-industrialization and transition towards service-dominated economies” (Pike et al., 2010, p.2). Hence, as Martin (2000) emphasises, local economies which have been historically dependent on large-scale traditional industries will face grater difficulties in adapting to new economic circumstances. Moreover, rigid institutions can create “vicious circles of suboptimal development trajectories” (Rodríguez-Pose, 2013, p.1041). Consequently, analyses into the institutional evolution of places cannot ignore the local institutional dimension. Highlighting the need to theorise local processes of institutional transformation, Martin (2000, p.86) states that:

The task for economic geographers is to conceptualize the spatial dimensions of this hysteretic process, not simply in order to determine whether and in what ways institutional change may have different effects on different regional and local economies, but also to determine *how far and for what reasons* the process of institutional change itself is likely to vary geographically (emphasis added).

 Therefore, the future economic renewal and growth of PPIPs needs to be premised on local processes of institutional transformation, of which entrepreneurship has the potential to move the local economies away from previous (negative) path dependence. However, to understand how entrepreneurship can be fostered to act as a process of institutional change, and as a ‘catalyst’ for local economic resilience, there is a need to understand how local institutional processes, such as institutional hysteresis, develop and constrain local economies, thereby contributing to the persistence of spatial disparities at the subregional level.

Focusing solely on the institutional environment, however, ignores the influence of institutional arrangements (Rodríguez-Pose, 2013), and thus the political processes involved in shaping economic development at the subregional and local level. These are especially relevant as they relate to the mechanisms whereby institutions evolve and change (Martin, 2010). Therefore, there is a need to understand the institutional nexus which includes nested institutions both at the institutional environment and institutional arrangement levels. The following subsection completes the discussion on the evolution of economic geography theory required to gain a more comprehensive understanding of spatial disparities and uneven development at subnational scales, highlighting the importance of political processes and power dynamics at the subregional scale of governance.

### Towards a multi-scalar institutionally sensitive geographical political-economy

Martin (2000, p.81) explains that local economies are subject to social regulation and governance, with a “historically-specific institutional regime coordinating, stabilizing, and reproducing socioeconomic relations”. Moreover, Paasi (2009) highlights that, with the identity of a region being reflected in both the cultural-historical and political-economic contexts, places are both social and political spaces. As such, while social regulation emanates from the institutional environment, governance relates to the institutional arrangements (i.e. organisations and governance models) shaping and reshaping the institutional environment at multiple spatial scales. Hence, besides being ‘culturally embedded’, economic action is also subject the influence of political structures (Martin, 2000), meaning that institutions are not reified in a political vacuum, and therefore a comprehensive understanding of the impact of institutions on economic development cannot ignore the political-economic component in the economic development equation.

Agnew (2013, p.12) asserts that regions are reified “only in the context of their wider political and institutional setting”. Thus, it is critical to understand the embeddedness of places within wider political-economic-territorial frameworks (MacKinnon et al., 2009). Moreover, Dellepiane-Avellaneda (2009, p.211) argues that a comprehensive understanding of how institutions shape economic development can only be achieved by examining the political forces shaping the evolution of institutions, as it is also politics that mediate the impact of institutions on economic development. A similar view is shared by Farole et al. (2011), who distinguish between community and society institutional levels, emphasising that it is the complex interactions between local scale and higher spatial scale institutional environments and institutional arrangements that shape economic development locally, hence why the effects of very similar institutional settings are subject to spatial variation. Consequently, with place-specific socio-political structures influencing economic development outcomes, institutions are also the outcome of “territorially based political struggles” (Tomaney, 2014, p.134). At the same time, institutionalist economic geography tends to see path-dependency as deterministic and mechanisms of change as binary, namely ‘path break’ through adaptation or continued ‘lock-in’ (MacKinnon et al., 2009). However, such a view overlooks processes of institutional evolution and change and the role of (political) agents in influencing economic development. As Gertler (2010, p.6) highlights, institutional economic geography needs to be more ‘agency-centred’ and “to have more ‘geography’ in it”.

Moreover, Peck and Theodore (2007) underline that the fixation with ‘monoscalarity’ displayed by the ‘varieties of capitalism’ approach, which overemphasises national scale institutional ensembles as coherent political-economic systems, has led to a geographical ‘fetishism’ of the national scale and ignores the genuine multi-scalar nature of economic relations, and thus the importance of interscalar institutional interactions resulting from state rescaling. Therefore, Gertler (2010, p.5) calls for an institutional economic geography that is “more sensitive to the documentation and understanding of institutional variegation at a number of different spatial scales”. As a corollary, just as formal and informal institutions are nested within the institutional environment, with the dynamics between national and regional or local level institutions determining the spatial variation of economic development outcomes, so do institutional arrangements comprise nested (political) institutional hierarchies, with multi-level governance shaping economic development outcomes at different scales (Tomaney, 2014). As economic geography has hitherto underemphasised the ‘multiscalarity’ of institutional architectures and how this shape economic development at different scales, Gertler (2010, p.11) proposes that a reconstituted economic geography should:

provide sufficient analytical room for the agency of individuals and organizations; … incorporate processes of institutional evolution and change over time; … account for the interaction between institutional architectures at different scales.

Barca et al. (2012) and Bentley et al. (2017) highlight that multi-scalar governance arrangements are vertical, namely they extend across local, regional and national government, and horizontal, integrating the constellation of subnational actors. As such, the success of subnational governance depends on the “institutional coordination of multiple actors vertically across and horizontally between multiple spatial levels” (Dawley et al., 2010, p.660). What is critical, therefore, is whether the multi-scalar arrangements foster cooperation and coordination to galvanise actors vertically and horizontally (Arshed et al., 2016; Catney and Henneberry, 2016; Rodríguez-Pose and Wilkie, 2017). However, MacKinnon et al. (2009, p.139) assert that “places need to be viewed as historically constructed assemblages of actors whose interests will sometimes diverge and come into conflict”. Indeed, the actors in a multi-scalar governance model are driven by various, often competing interests and responsibilities and operate under different temporal horizons (Pugalis and Bentley, 2013; Catney and Henneberry, 2016), which can transform governance into “a new site for conflicts” (Etherington and Jones, 2016, p.383). With institutions reified by socio-economic actors through continuous interaction, conflict and negotiation, a particularly important aspect is the interscalar and intrascalar power dynamics and the power relations whereby institutional arrangements shape economic development at the local level (Martin, 2000). Gertler (2010, p.11) asserts that:

locally distinctive and evolving institutional architectures, interacting with national and provincial institutions, local political dynamics, and the agency of individuals and organizations, help create particular evolutionary trajectories over time, leading to differentiated social and economic outcomes in urban regions.

 A key debate underpinning decentralisation has been that of ‘good governance’ with enhanced economic development at the local level (Rodríguez-Pose and Sandall, 2008; Tomaney, 2014). Indeed, OECD (2012, p.16) notes that subnational governance plays a key role in fostering supportive and collaborative institutional arrangements which are sensitive to local needs, and thus promote more spatially equitable economic development, highlighting that:

Formal and informal institutions that support negotiation and dialogue among key actors in order to mobilise and integrate them into the development process are vital, as are those that enhance policy continuity.

 However, the debate around ‘good governance’ overlooks the influence of political forces in mediating the interscalar interactions between institutions and economic development (Dellepiane-Avellaneda, 2009). Faguet (2013, p.10) highlights that multi-level governance “is itself an endogenous outcome of struggles among the powerful for advantage”. Moreover, a strong national grip can lead to political compromise and suboptimal regional economic strategies that are not ‘spatially sensitive’ and fail to address the needs of constituting localities (Hanssen et al., 2011). Therefore, the academic debate has emphasised the need for an evolution in economic geography which is sensitive to ‘multiscalarity’, institutions and geographical political-economy (Cumbers et al., 2003; Dellepiane-Avellaneda, 2009; MacKinnon et al., 2009; Tomaney, 2014; Martin, 2015; Pike, MacKinnon et al., 2016).

These aspects are particularly relevant in the context of UK devolution, where state rescaling at the local level has reshaped the subnational economic governance landscape. Fenwick (2015, p.12) characterises the English multi-scalar governance model as “both complex and deeply problematic”, observing the absence of an institutional architecture of governance at the national level, the lack of a formal dimension of governance at the regional scale, and a fragmented local governance. As such, the way in which the new multi-scalar governance model will shape local economic development governance is contingent on the power dynamics across and within scales. However, many have already highlighted the increasingly complex, asymmetrical and uneven nature of subnational governance arrangements in the UK (Martin, Pike et al., 2016; Ayres et al., 2017). Moreover, Rees and Lord (2013) highlight that the process whereby LEPs were formed was inherently political, meaning that this was often an exercise of ‘getting governance right’.

 Therefore, despite LEPs being intended, in rhetoric, as voluntary public-private arrangements (Bentley and Pugalis, 2013), their formation uncovered political tensions at the local level (Pugalis et al., 2012), and many were simply established through as a ‘rebranding’ of partnerships formed under multi area agreements or existing City Regions (Pugalis and Bentley, 2013). Therefore, being essentially superimposed over pre-existing institutional arrangements, and despite space being reimagined around connectivity and flows, they were “unable to escape the existing territorial mosaic of political-administrative units” (Harrison, 2010, p.71), with political processes, just like institutions, being ‘territorially rooted’ (Farole et al., 2011). Nevertheless, historical partnership legacies cannot be ignored (Ayres and Stafford, 2014), as Brenner (2009, p.134) observes that:

The rescaling of state space never entails the creation of a ‘blank slate’ on which totally new scalar arrangements could be established, but occurs through a conflictual ‘layering’ process in which emergent rescaling strategies collide with, and only partially rework inherited landscapes of state scalar organization.

 In this context, a key aspect that becomes essential in better understanding the challenges of multi-scalar governance and localism is that of regional identity. Paasi (2011) distinguishes between two types of regional identity, namely that conferred by institutional structures and regional consciousness, which relates to how people identify with a region. This is akin to the distinction made by Jones and Woods (2013) between material and imagined coherence. They explain that material coherence refers to “the social, economic and political structures and practices that are uniquely configured around a place” while imagined coherence refers to the “sense of identity with the place and with each other, such that they constitute a perceived community” and it is what “makes a locality meaningful as a space of collective action” (Jones and Woods, 2013, p.36). Therefore, there is an argument to be made that the lack of synergy between material and imagined coherence can create additional governance challenges for new institutional structures such as LEPs. Indeed, achieving such synergy is likely to be a challenge for many LEPs as “few localities share Greater Manchester’s economic coherence and cultural identity or its historic strengths in collaborative working across constituent boroughs” (Lowndes and Gardner, 2016, p.365).

Moreover, with centre-local tensions amplified by central government’s lack of clarity “in its normative expectations of what LEPs *should* be in order to assume enhanced responsibilities and resources” (Pike et al., 2015, p.194, original emphasis), and in light of a continued focus on the development of core cities (Champion and Townsend, 2013), the new governance arrangements are prone to fostering intraregional (i.e. intrascalar) conflict and core-periphery tensions. Indeed, in a governance context constrained by austerity (Pike, Coombes et al., 2016), Pearce and Ayres (2012, p.18) note that “dilemmas around allocating limited resources to competing initiatives across administrative boundaries will not easily be resolved”. The danger is that, with space continuing to contain the key mechanisms of power and control, the difference between core and peripheral places will become “a difference of power” (Lagendijk and Lorentzen, 2007, p.462). This has important implications for PPIPs. In analysing the role of power dynamics in shaping spatial core-periphery dynamics Herrschel (2009, p.241) notes that:

There is little concern … about the connectivity of those ‘in-between spaces’, and thus, their likely economic opportunities. Instead, they are presumed to benefit from secondary ‘trickle-down’ effects … The whole process seems essentially pro-cyclical, creating stronger cores and weaker spaces in between them. The result can be compared to an ‘inverse Swiss cheese’: a perforation of territory by nodes, acting as centres of policymaking and decision-making, which are connected by thin, even invisible relationships, leaving the unconnected spaces ‘in between’ with no obvious access to policymaking and communication networks. This manifests and perpetuates the status quo of who is ‘in’ and who is ‘out’ of the competition for achieving better economic opportunity and development.

Therefore, with institutions and institutional arrangements being place, and thus scale-specific, institutionalist economic geography requires a multi-scalar lens. Indeed, Gertler (2010, p.6) asserts that:

one needs to understand far better than is done currently exactly how institutional forms and the incentives they create at any one particular scale influence, are influenced by, and interact with, the institutional architectures that are erected at other geographical scales.

To conclude this subchapter, there is a need to examine how institutions influence the relationship between entrepreneurship and economic development. More specifically, there is a need to examine how the interplay between formal and informal institutions as well as the interscalar and intrascalar institutional interactions within multi-scalar governance arrangements shape entrepreneurship at different scales. The next subchapter discusses the literature on devolution and highlights the changing geographies of UK economic development governance throughout the past two decades.

##  The changing geographies of UK economic development governance

Over the past two decades, in the UK, economic development governance, namely “the frameworks and mechanisms that are put in place to promote and support economic development through such factors as infrastructure and site provision; inward investment; innovation and entrepreneurship; and training and workforce development” (Goodwin et al., 2006, p.980), has been shaped by decentralisation, the process whereby the states devolve power and responsibility to sub-national levels (MacKinnon, 2015; Convery and Lundberg, 2017). Starting in the 1970s, decentralisation transformed rapidly into a global trend (Rodríguez-Pose and Gill, 2003; Rodríguez-Pose and Ezcurra, 2010; Polverari, 2015). However, with a long history of centralism (Sandford, 2002; Morgan, 2007; Colomb and Tomaney, 2016; Martin, Pike et al., 2016), the UK only caught up with the devolutionary trend in the late 1990s when the pressure to decentralise reached its peak (Rodríguez-Pose and Sandall, 2008), and when the then Labour Government initiated what in hindsight was the first phase of devolution in the UK (MacKinnon, 2015).

 Heralding a shift towards enhanced and more democratised economic development, devolution has markedly reshaped the institutional landscape of UK public policy, being considered “the biggest shake-up to the British and UK state apparatus in recent times” (M. Jones et al., 2005, p.397). The rationales underpinning the devolution of power from the state to the sub-national (i.e. regional or local) level are greater democratic accountability and better economic governance, as this brings policy making ‘closer to the people’ while local and regional governance is more competent to address territorial inequalities by tailoring policies to specific economic and social realities, thereby increasing accountability, facilitating better economic development and enhancing the economic efficiency and effectiveness of public policy (McGregor and Swales, 2005; Pike and Tomaney, 2009; Rodríguez-Pose and Ezcurra, 2010; Polverari, 2015; Fothergill and Houston, 2016; Tomaney, 2016). Indeed, as emphasised by Rodríguez-Pose and Wilkie (2017, p.152):

The empowerment of subnational governments represents an opportunity for localities to assume greater control over their development … [as] it affords them latitude to tailor expenditures, policies, and strategies to both the opportunities that arise from, and the challenges imposed by, local socioeconomic and institutional conditions and realities.

However, whether localities are empowered and enjoy greater autonomy in fostering localised economic development depends on the configuration of the multi-scalar governance model that results from the devolution of power (Arshed et al., 2016; Catney and Henneberry, 2016).

In terms of state restructuring, decentralisation can be understood as a process of denationalisation whereby state functions are transferred to sub-national levels to facilitate better economic development (Goodwin et al., 2005). Jessop’s work on state theory places denationalisation within the three interlinked processes which erode the dominance of the nation state, along with destatisation and internationalisation (Shaw and MacKinnon, 2011). However, while Jessop (2002, p.195) refers to denationalisation as the “‘hollowing out’ of the national state apparatus” as power is being delegated away from the national level (Goodwin et al., 2006), Goodwin et al. (2005) and R. Jones et al. (2005) argue that the metaphor fails to explain how the process of state restructuring unfolds at different territorial scales. Instead, they propose the notion of ‘filling in’ to overcome the spatial myopia of ‘hollowing out’ and thus account for the “complex and contingent impacts of devolution on the various UK territories” (Goodwin et al., 2005, p.424). Being concerned with how the transfer of power occurs, the notion of ‘filling in’ enables an analysis of devolution in terms of the “sedimentation of new, or the reconfiguration of old, organisations of governance” (R. Jones et al., 2005, p.339) at the new scales of governance. Therefore, ‘filling in’ is not fixated on the national scale, thus enabling the analysis of processes of decentralisation at sub-national scales (Pike and Tomaney, 2009). As such, it provides a useful conceptual framework which enables the analysis of devolution at multiple scales and levels and brings into focus the dynamics of social relations and the exercise of powers within and by the new organisations ensuing from devolution.

However, rather than a one-off event, devolution in the UK unfolded as a process (Goodwin et al., 2006; Shaw and MacKinnon, 2011), reflecting a continuous search for finding the most appropriate scale for ‘filling in’ the devolved power. Beginning in the late 1990s with the delegation of decision-making authority to Scotland, Wales, Northern Ireland, English regions and London (M. Jones et al., 2005) the process became known as the ‘new regionalism’ (Harrison, 2007). The political-economic rationale was that replicating the competitive circumstances of successful regions “in the context of the sluggish economies of the English peripheral regions” would reduce interregional disparities (Deas and Giordano, 2003, p.232). However, with the new institutions being granted considerably different powers (Shaw and MacKinnon, 2011), the asymmetric nature of the first phase of devolution, and the fixation with national economic growth, achieved little in redressing spatial disparities and created new territorial and political tensions. In England particularly, economic tensions were intensified by the highly centralised way of governance (Pike and Tomaney, 2009; Martin, Pike et al., 2016).

Indeed, England remained an ‘enigma’ (Goodwin et al., 2005), as its experience of devolution and economic development has been characterised by “complexity, experimentation, fragmentation and incoherence with largely negative implications for territorial equity and justice” (Pike and Tomaney, 2009, p.14). This prompted another rescaling and a second phase of devolution, which occurred in 2010 with the election of the Coalition government and became known as the ‘new localism’ (Bentley et al., 2010), essentially a ‘new city-regionalism’ (Harrison, 2007), with Local Economic Partnerships (LEPs) as the new subregional governance vehicles for driving economic development locally (Harrison, 2014). Nevertheless, recent evidence and academic debates are questioning yet again whether devolution has reached the appropriate scale, but more importantly whether the new governance model has the capacity, power and resources required to foster localised economic development and thus redress spatial disparities (Pike et al., 2012; Gardiner et al., 2013; Ayres and Stafford, 2014; Fenwick, 2015; Pike et al., 2015; Etherington and Jones, 2016) or whether the new arrangements are merely the result of reshuffling the pack of cards (Pugalis, 2011b).

The following sub-sections examine the two phases of the UK devolution, discussing the ‘new regionalism’, the elusive economic and democratic dividends of devolution, and the recent transition to a ‘new localism’, and highlighting the issue of persisting spatial disparities and a persistent core-periphery pattern of uneven development that is becoming increasingly accentuated at the new scale of intervention.

### The ‘new regionalism’: the (centrally orchestrated) English experience

Driven by expectations of greater economic efficiency (Rodríguez-Pose and Bwire, 2004) and greater democratic accountability of governance (Ayres and Stafford, 2014; Willett and Giovannini, 2014), the UK embarked on devolution in anticipation of an economic dividend (Morgan, 2002; Pearce and Ayres, 2009) as well as a democratic dividend meant to address the democratic deficit at the regional level (Harrison, 2006a; Morgan 2006). Devolution in the UK followed a long history of centralism and regional economic policy aimed at addressing spatial economic inequalities manifested at the regional level. Emerging in the 1930s, spatial disparities in the UK continued to increase throughout the second half of the 20th century, prompting the government to experiment with spatial policies aimed at redressing uneven development and interregional inequalities (Pike et al., 2012; Martin, Pike et al., 2016). Stemming from the decline of regionally focused traditional industries, regional inequalities increased throughout the 1970s and 1980s as deindustrialisation accelerated (Pike and Tomaney, 2009; Kitson and Michie, 2014; Beel et al., 2016). There were multiple attempts of finding the most appropriate scale for policy intervention to address the increasing spatial disparities (Webb and Collis, 2000; Martin, Pike et al., 2016). In the 1980s, the solution to the growing disparities was the ‘new localism’ which focused on regenerating cities and alleviating deprivation (Deas and Ward, 2000; Ayres et al., 2017). However, after decades of ineffective centralism and persisting spatial disparities, and fuelled by the belief that regions were competitive economic territories *par excellence* (Harrison, 2008b; Bristow, 2013), the 1990s have seen a resurgence of regionalism as a solution for achieving greater policy integration and regional accountability (Pike, 2002; Tomaney, 2002; Pike and Tomaney, 2009).

Therefore, the first phase of devolution, which started in 1999, was enacted by the post-1997 UK Labour Government and involved the delegation of decision-making and policy delivery to Scotland, Wales, Northern Ireland, English regions and London (McGregor and Swales, 2005; Goodwin et al., 2006; Huggins and Thompson, 2013). This ‘rescaling’ of the state at the regional level, centred on realising the economic potential of regions, became known as the ‘new regionalism’ (Harrison, 2007; Hildreth and Bailey, 2013b), and was driven by the rationale that subnational governance is better able to address spatial economic inequalities through tailored policies (M. Jones et al., 2005; MacKinnon, 2015). However, England’s experience of devolution is enigmatic and contrasts that of the so-called ‘Celtic fringe’ comprising Scotland, Wales and Northern Ireland (MacKinnon, 2015).

In England, Labour’s New Regional Policy (NRP) adopted a bottom-up approach and centred on the objective of levelling up by improving economic development in the weakest regions (Pike and Tomaney, 2009). RDAs were set up as the regional structures of economic development governance (Harding et al., 1999; Pearce and Ayres, 2009), and became “the centrepiece of Labour’s policies for the English regions” (Tomaney, 2002, p.723). As quasi-autonomous non-government organisations, or QUANGOS (Harding et al., 1999), the eight newly established RDAs outside London were to become strategic drivers of regional economic growth and ‘economic powerhouses’ aimed at redressing the persistent economic deficit and spatial inequalities experienced by England’s regions (Harrison, 2008a; MacKinnon, 2015). As summed up by Pugalis (2010), their statutory functions were: to further economic development and regeneration; to promote business efficiency, investment and competitiveness; to promote employment, to enhance the development and application of skills relevant to employment; to contribute to sustainable development. RDAs were added to the already existing Government Offices, which were ‘rebranded’ as Government Offices for the Regions (GORs) and maintained a coordinating and monitoring role, and to the newly established Regional Assemblies (RAs), unelected bodies comprising local government, business and community representatives which were to hold RDAs accountable in representing regional interests and thus address the democratic deficit (Morgan, 2002; Musson et al., 2005; Pearce and Ayres, 2007; Pugalis, 2011a). Under this new institutional ‘triad’, RDAs fully retained the responsibility for regional economic development, thus being granted a key role in reducing spatial inequalities (Pearce and Ayres, 2009). The scale at which RDAs operated enabled them to draw on local and regional knowledge for enhanced intervention and thus assume the role of economic catalysts (Harrison, 2006a; Hildreth and Bailey, 2013b).

Nevertheless, despite expectations of a democratic dividend, the ‘new regionalism’ soon revealed its centrally orchestrated nature (Harrison, 2007). The asymmetrical nature of the first phase of UK devolution meant that the new institutions were granted considerably different powers (Shaw and MacKinnon, 2011), which allowed uneven capacities to develop within them (Goodwin et al., 2005). As coordinators of central policy at the regional level, GORs became the ‘eyes and ears’ of central government (Pike and Tomaney, 2009) and the most powerful of the three institutions (Musson et al., 2005), while RAs proved unable to balance fragmented interests and provide a voice for their regions (Pearce and Ayres, 2007). Moreover, “an apathetic nature towards regionalism” (Harrison, 2007, p.313) further contributed to hindering the fulfilment of the regionalisation agenda (Pike and Tomaney, 2009). In an attempt to merge top-down economic regionalisation and bottom-up democratic regionalism, the Labour government proposed the establishment of Elected Regional Assemblies (ERAs) (Ayres and Stafford, 2014). However, these were met by a lack of popular support in the 2004 North East referendum (Morgan, 2006; Ayres et al., 2017). The modest powers and resources proposed for ERAs uncovered the centrally orchestrated nature of the ‘new regionalism’ and revealed the state’s attempt to perpetuate power asymmetries by devolving excessive responsibilities without the necessary powers and resources (Harrison, 2006a; Ayres and Stafford, 2014).

In the absence of a fully democratic tier of regional governance, economic development governance in England remained caught between UK-wide policies and the activities of the new regional organisations (Goodwin et al., 2005). Moreover, interposed between Whitehall’s national economic growth agenda and regional interests, RDAs lacked the necessary powers to control the funding flow, which was confined to achieving national economic growth targets set by Whitehall (Goodwin et al., 2005; Harrison, 2008a; Peck et al., 2013). Indeed, Morgan (2006, p.196) argues that RDAs were undermined by “miniscule budgets, modest powers, and a staggering array of responsibilities”. As such, with their accountability flowing more upwards to Whitehall rather than downwards to regions (Harrison, 2006a; Hildreth and Bailey, 2013a), RDAs ended up as ‘arms of central government’ (Pugalis, 2010), with top-down regionalisation prevailing over bottom-up regionalism (Willett and Giovannini, 2014). At the same time, lacking power, resources and local engagement, under RDAs local authorities were little more than ‘de facto agents of Whitehall’ (Morgan, 2007).

Not only did the ‘new regionalism’ fail to reverse the trend of centralism in England, but it gave rise to what Harrison (2008a) coined as ‘regionally orchestrated centralism’, with political-economic tensions extending beyond the centre-region axis, on the region-subregion axis. While tasked with the production and delivery of regional economic strategies reflecting local interests, RDAs soon became financially constrained (Musson et al., 2005). Emphasising these power-responsibility-resource asymmetries, Harrison (2008a) highlights how, inheriting the legacies of overcentralisation and insufficient resources, regionally orchestrated centralism permeated the RDAs, perpetuating spatial disparities by disempowering subregions. With RDAs failing the accountability test (Pearce and Ayres, 2009), as the centre cemented its influence over economic development in England’s regions (MacKinnon, 2015), and with concerns of spatial disparities remaining marginal and secondary to the national economic growth agenda (Peck et al., 2013), the economic dividend of devolution came under scrutiny.

Expectations of an economic dividend were fuelled by an anticipated combined positive effect of empowering local knowledge, enabling tailored regional policies, and facilitating greater accountability and efficiency at the local level (Morgan, 2001). However, there were already signs from around the world that devolution was not yielding any significant economic dividend (Rodríguez and Bwire, 2004) and that devolution can, in fact, result in greater spatial inequalities (Rodríguez-Pose and Gill, 2004). Moreover, Rodríguez-Pose and Gill (2005) warned that centrally orchestrated devolution may even compromise the chances of seeing an economic dividend. However, the English devolution failed to even adhere to the definition of the process. Defined by Schneider (2003, p.38) as a process whereby “the central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy”, genuine devolution enables local units to enjoy the greatest degree of autonomy. Nevertheless, unfolding as ‘state-sponsored’ decentralisation (Harrison, 2007), the devolution that gave rise to the ‘new regionalism’ did not fulfil the criteria of transparency, equity and accountability, prerequisite for an economic dividend to arise (Morgan, 2001; Harrison, 2008a).

In fact, Shaw and Greenhalgh (2010) argue that decentralisation in England materialised more as deconcentration rather than as devolution, which Schneider (2003) explains is the form granting the least amount of autonomy, as it involves the devolution of responsibility unaccompanied by the necessary authority. Fothergill (2005) went as far as arguing that the primacy of the national economic growth agenda implied that the continued persistence of spatial disparities would not even be considered problematic provided that the ‘new regionalism’ slowed down their widening. With RDAs “imposed in a top-down and arbitrary way” (Hildreth and Bailey, 2013b, p.245), and failing to deliver the promised democratic dividend, the economic dividend was discerned as merely political rhetoric, hence the rejection of the ERA proposals in 2004 (Morgan, 2006; Willett and Giovannini, 2014). In addition, the government prioritised the devolution of powers over positive discrimination in favour of weaker regions, essentially empowering each region equally through the establishment of RDAs in every region. However, as Morgan (2002, p.804) asserts, “treating unequals equally is hardly a recipe for promoting equality”. It is also partly due to this aspect that the expected economic dividend failed to materialise, as Fothergill (2005) argues that regional policy was not genuine unless it included some form of positive discrimination based on clear criteria. Critically, in the absence of positive discrimination, spatial disparities would persist even in the case of a uniform economic dividend emerging in each region (Morgan, 2006).

As a consequence, despite the rhetoric surrounding devolution emphasising the need to reduce interregional inequalities by reviving the peripheries (Ayres et al., 2017), little has been achieved in achieving a more spatially balanced economy (Martin, Pike et al., 2016). Indeed, spatial disparities have persisted under the policies of the Labour Government, resulting in England’s regional economies displaying a core-periphery pattern, with “honey pots of development” (Danson and Lloyd, 2012, p.84) and a high concentration of economic activity in what was to become the London super-region (Burch et al., 2009). This core-periphery pattern, whereby resources are concentrated at the core at the expense of peripheral areas (Willet and Giovannini, 2014), reflects the influence of Krugman’s NEG model on economic development policy (Danson and Lloyd, 2012; Hildreth and Bailey, 2013b), as well as a continued fixation with national economic growth, which has contributed to accentuating the pattern (Fothergill, 2005; Pike and Tomaney, 2009). Evidence in this regard is provided by Pike et al. (2012, p.22) who find that “the evolution of spatial disparities is *strongly* related to national economic performance rather than the result of any economic dividend of devolution”, highlighting a positive association between spatial policy and spatial disparities. As such, they provide evidence of the negative impact of centralism and of the negative effects of imposing the national economic growth agenda on the chances of an economic dividend materialising.

Therefore, albeit an important step towards better and more democratised economic development, the ‘new regionalism’ did not succeed in turning the tide of centralism in England (Harrison, 2006a). As anticipated by Webb and Collis (2000), power remained highly centralised and therefore, driven by the national policies and the economic growth agenda, regionalisation did little to empower regions to make their own choices and tailor economic development policy to their specific circumstances. As such, the failure of the ‘regional troika’ to deliver ‘local solutions to local problems’ (Jeffery, 2002) and to reduce spatial disparities generated a wave of scepticism towards the ‘new regionalism’ (Pugalis, 2011a). As anticipated by Giordano and Roller (2004) based on the Spanish devolution experience, the failure to offer ‘tea for everyone’ created tensions and dissatisfaction with the new institutional arrangements, which ultimately fuelled the demand for further institutional reform and the rise of the ‘new localism’. Consequently, England’s experience in this first phase of devolution highlighted that the process “is not a simple hollowing out of the UK state but a more complex and evolving shifting and ‘filling-in’ of emergent state spatialities in a particular national context at a number of geographical scales” (Pike and Tomaney, 2009, p.24). Thus, the ‘hollowing out’ during this first phase can be interpreted as only “the beginnings of a process in motion” (Goodwin et al., 2005, p.424), with the new forms of ‘filling in’ continuing to generate further tensions on the centre-local axis. The next subsection discusses the transition towards to a ‘new localism’ in the continued search for the appropriate scale for intervention as fuelled by a growing dissatisfaction with the ‘new regionalism’ after the rejection on ERAs and the persistence of spatial disparities.

### From the ‘new regionalism’ to a ‘new localism’

The city-region had already replaced the region in the political discourse by 2006 (Harrison, 2007), long before the transition to a ‘new localism’, resurging after three decades and being heralded as a “profound re-territorialization of the state” on a global scale (Jonas and Ward, 2007, p.179). Indeed, just as the region was becoming a ‘hot topic’ in England, Europe was already witnessing a resurgence of the city, marking the beginning of a ‘new city-regionalism’ internationally (Harrison, 2008b). Maintaining a persistent distinctive role in politics throughout history, cities and city-regions resurged in European policy in the early 2000s as engines of economic growth in the emerging global competition context and as focal points for ensuring competitiveness and innovation (Ache, 2000). England’s eight major regional cities – Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield – also ensured they retained a voice in the emerging regional agenda of the late 1990s. In 1995, they formed the Core Cities Group to promote the distinctive economic role played by cities (Harrison, 2007; Morgan, 2007), which eventually played a pivotal role in advancing city-regionalism (Lowndes and Gardner, 2016). The rationale behind the new global trend of city-regionalism was driven by arguments of spatial agglomeration, with city-regions representing functional economic spaces enabling “creativity, innovation, development and competition within a globalizing economy” (Jonas and Ward, 2007, p.170).

In England, the resurgence of the city-region as a spatial scale for policy, and of city-regionalism as an alternative model to the fading English ‘new regionalism’, was triggered by the rejection of ERAs which was interpreted as a defeat for the English devolution model (Morgan, 2007). The objective promoted in the government’s Regional White Paper ‘Your region, Your choice’, which underpinned the proposal of ERAs, was understood by the North East electorate for its true nature, namely ‘your region, their choice’ (Harrison, 2006a). Consequently, the rejection of ERA proposals in 2004 marked an eroded public faith in the capacity of the ‘new regionalism’ to deliver a dividend of either economic or democratic nature, and the beginning of the debate contesting the region as the appropriate scale for policy in England (Hildreth and Bailey, 2013b). Considered a “failed and exhausted model” by the advocates of the city-region (Morgan, 2007, p.1243), the ‘new regionalism’ was criticised for its reliance on a narrow evidence base (Fothergill, 2005). At the same time, the region remained an ‘object of mystery’ for economic geographers who were unable to articulate a definition of the region (Harrison, 2006b). Moreover, after only five years, the ‘new regionalism’ had created a “pattern of territorial governance of bewildering complexity” (Pike and Tomaney, 2009, p.24), creating multi-scalar confusion and scalar competition (Pugalis and Townsend, 2013a), and as the economic and democratic dividends of devolution remained elusive ambitions, the view was increasingly that the ‘new regionalism’ had reached its limits.

In the aftermath of the 2004 ERA referendum, the Labour Government launched a new initiative, The Northern Way, this time adopting a pan-regional approach aimed at resolving the issue of treating all regions equally (Harrison, 2006a). Constituted as a partnership between northern England’s three RDAs, it became central government’s flagship programme to regenerate the North and hence redress the North-South divide (Morgan, 2007). Centring on city-regions, the Northern Way became the first territorial expression of the growing city-regionalist rhetoric, albeit in a pan-regional setting (Pike and Tomaney, 2009). However, failing to redress uneven development and the persistence of spatial disparities, the initiative was ultimately uncovered as merely a different form of centrally orchestrated regionalism and state meta-governance (Harrison, 2007). Moreover, resulting in further political and hierarchical entanglement, the Northern Way fuelled scepticism of the region as the appropriate scale for policy, tipping the scales towards the city-region and galvanising city-regionalism (Harding, 2007). At the same time, a report published in November 2004 by the Office of the Deputy Prime Minister, entitled suggestively ‘Our Cities are Back: Competitive Cities Make Prosperous Regions And Sustainable Communities’, and co-authored by the Core Cities Group, envisioned cities as ‘powerhouses’ of the knowledge economy, drivers of regional and national economic growth, and key spaces of policy in reducing the persistent gap in growth rates between England’s regions (ODPM, 2004). The report thus revived the potential for an ‘economic dividend’ through a new rescaling of intervention (Morgan, 2007).

This growing city-regional rhetoric prompted the government to perform an evaluation of governance at the subnational level. In July 2007, the government published the ‘Review of sub-national economic development and regeneration’ (SNR) (HMT, 2007). This was an attempt to ‘fix’ the ‘new regionalism’ by addressing the weaknesses hitherto inherent in the design of RDAs (Pike and Tomaney, 2009). Aimed at disentangling the complexity of governance created at the regional level (Finch, 2007), and at addressing the economic and democratic deficits (Morgan, 2006), the SNR initiative involved regional organisational ‘repackaging’. The report proposed the following changes: the abolition of regional assemblies; a new role for RDAs in drafting single regional strategies (SRSs) in collaboration with local authorities, which also received an economic assessment function; a focus on multi area agreements (MAAs); and the appointment of Regional Ministers to ensure a better accountability of RDAs to central government (HMT, 2007). By facilitating voluntary agreements at the subregional level, including city-regions, through multi area agreements (Pearce and Mawson, 2009), the SNR paved the way for city-regions to emerge as “the territorial focal point for subnational economic governance” (Harrison, 2007, p.320).

However, it was not long until the weaknesses inherent in the SNR proposals surfaced, attracting a new wave of criticism at Labour’s attempt to ‘fix’ regionalism. Despite empowering local authorities in the development of regional policy, the absence of any form of positive discrimination to address the persisting spatial disparities and the continued focus on the national economic growth agenda revealed the SNR proposals as continued central orchestration of policy (Finch, 2007; Pearce and Ayres, 2009; Pike and Tomaney, 2009; Townsend, 2009). Moreover, there were concerns regarding the ability of RDAs to manage the new responsibilities (Pearce and Mawson, 2009), and while attempting to recognise the emerging role of city-regions as drivers of economic development, the report “lacked any explicit spatial priorities” (Burch et al., 2009, p.595).

The SNR was followed by the ‘Prosperous Places: Taking forward the Review of Sub-national Economic Development and Regeneration’ report in March 2008, which aimed to clarify the SNR proposals and shifted the rhetoric from the excessive economic focus of the SNR towards ‘place-based’ development (Ayres and Stafford, 2009). Nevertheless, the report remained the final attempt to ‘fix’ regionalism before the transition to a ‘new localism’. In the “endless search for the appropriate spatial scales for policy” (Pike and Tomaney, 2009, p.28) the ‘new regionalism’ saw its demise in 2010 with the investiture of the new Coalition government.

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####  From regional ‘hollowing out’ to local ‘filling in’: LEPs as new subnational governance vehicles

As anticipated by Giordano and Roller (2004), the asymmetrical nature of the first phase of UK devolution, coupled with persisting spatial disparities, intensifying territorial tensions generated by a more pronounced North-South divide, and what seemed as perennial centralism, fuelled another round of devolution in England. With a growing rhetoric of localism in academic debate, demands for local independence and leadership were expressed years before the fall of the ‘new regionalism’. At a time when the Labour Government was still working on fixing regionalisation, Finch (2007) was calling for a new partnership on the centre-local axis from which a stronger and more independent local government could emerge to provide leadership and deliver economic development collaboratively. The ‘Lyons Inquiry into Local Government’ report, which argued that local authorities have a fundamental role as ‘place-shapers’ (Lyons, 2007), advanced the growing localist rhetoric, and on the back the Labour Government’s failed attempts to ‘fix’ the ‘new regionalism’, the city-region was propelled into the next step of subnational reform (Morgan, 2007). As such, the 2010 elections won by the new Coalition government, whose rhetoric premised national economic growth on economic rebalancing driven by a local growth agenda (Pike et al., 2015), represented a critical juncture, shifting the rhetoric from promoting national economic growth in spite of persisting spatial disparities to driving national economic growth through ‘place-based’ development. The intention of the new government can be summarised as an ambition to:

create a fairer and more balanced economy – one that is … driven by private sector growth and has new business opportunities that are more evenly balanced across the country and between industries. The Government is therefore determined that all parts of the country benefit from sustainable economic growth (HMG, 2010, p.5).

Therefore, the installation of the new Coalition government in May 2010 marked the departure from Labour’s regionalism, the disbanding of regions (Pugalis and Fisher, 2011), and the transition towards what became known as the ‘new localism’. This second devolution phase thus manifested as a ‘hollowing out’ at the regional level, thereby continuing the devolutionary process with a new ‘filling in’, this time at the subregional level, thereby giving rise to a subregional localism (Pugalis, 2011a). Therefore, a decade after Deas and Ward (2002) debated the transition from the then ‘new localism’ to the ‘new regionalism’ of the late 1990s, English spatial policy completed a full swing, returning to a ‘new localism’ in 2010, albeit this time in a different form (Jones and Woods, 2013), and reflecting the power of central government to make and remake the institutional landscape (Catney and Henneberry, 2016).

Advancing an anti-regionalist discourse (Pugalis and Fisher, 2011; Rees and Lord, 2013), the new Coalition government made clear its intention to abolish RDAs by 2012 and replace them with Local Enterprise Partnerships, which were intended to better reflect and represent local realities and thus set more relevant economic priorities (Bentley et al., 2010). GOs were also to disappear by 2011 (Fenwick, 2015). Being imposed by central government, RDAs were criticised for failing to represent functional economic geographies, and hence for having the ‘wrong geography’ (Deas and Giordano, 2003; Hildreth and Bailey, 2013b). As such, the intention for LEPs was to be constructed around functional economic areas and thus to reflect ‘natural economic geographies’ (Pugalis, 2011a; Pugalis and Townsend, 2013b; Jones, 2013; Ayres and Stafford, 2014; Lowndes and Gardner, 2016). With regions deemed ‘too large’ and local authority administrative boundaries ‘too small’ to foster economic efficiency and effective governance (Pugalis and Townsend, 2012), LEPs were considered to have the ‘right geography’ for ‘filling in’ at the local level. As the new policy fix, they thus became the governance vehicles for subnational economic policy (Pugalis, 2010; Pugalis and Fisher, 2011).

Moreover, there are two key features distinguishing LEPs from RDAs. The first relates to the lack of boundary prescription. Aiming to avoid the weaknesses inherent in the ‘new regionalism’, Whitehall did not prescribe the scale at which LEPs should be formed (Pugalis and Bentley, 2013). This new approach appeared to match the relational conceptualisation of space as expressed by Amin (2004) in terms of the lack of ‘prescribed or proscribed boundaries’. The second key feature lies in the nature of LEPs. Their formation process was to be ‘bottom-up-driven’ (Pugalis, 2011a; Hildreth and Bailey, 2013b) which required that they are “voluntary arrangements between business, civic, educational and community leaders” (Pugalis and Shutt, 2012, p.23). Operating as ‘multi-scalar constellations of societal actors’ acting together to drive local growth (Pugalis and Bentley, 2013) is expected to grant them increased flexibility in terms of setting priorities (Beel et al., 2016) and the autonomy to “determine, define and deliver support the meets local needs” (Williams and Vorley, 2014, p.275). Therefore, while RDAs were deemed to be ‘creatures of central government’, the narrative surrounding the formation of LEPs emphasised ‘freeing’ places from centralist control (Bentley et al., 2017) by shifting power to local communities and businesses, thus putting an end to the ‘Whitehall knows best’ culture (Pugalis and Townsend, 2013a).

Out of the 62 LEP propositions received by the government in 2010, a total of 39 LEPs were approved by the end of 2011 (Pugalis and Bentley, 2013; Johnston and Blenkinsopp, 2017). Therefore, the nine English regions previously governed by RDAs were ‘hollowed out’ to be ‘filled in’ with 39 subregions governed by the new LEPs (Pugalis and Townsend, 2013a). While not prescribing the city-region as the desired scale, a number of LEPs formed around city-regional boundaries. The preference for the city-region as a subregional scale was based on the fact that the functional economies of cities transcend administrative boundaries, and thus the city-region better reflected their ‘real economic geography’ (Shaw and Greenhalgh, 2010; Johnston and Blenkinsopp, 2017). Moreover, some ‘in-between’ areas, such as Barnsley, were allowed to join two LEPs, which highlights the attempt to adhere to the principle of economic functionalism (Pugalis and Shutt, 2012). Hence, by enabling localities to unite around natural economic flows, the approach of the new Government appeared as more democratic and flexible, and as a genuine attempt to harmonise the political-economic climate.

Furthermore, LEPs were entrusted to “provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area” (HMG, 2010, p.13). Therefore, regarding the responsibilities that LEPs were to assume in their role as the mediating ‘institutional interface’ on national-local axis (Pugalis and Fisher, 2011; Pugalis and Townsend, 2013a), they were expected to transcend traditional boundaries and unite multi-level, cross-sectoral interests to facilitate local regeneration and growth (Pugalis and Shutt, 2012). In the different forms that they were to take, LEPs were to be chaired by a ‘prominent business leader’ (Pugalis, 2011a), and boards were to ensure equal representation at the local level, with membership including public and private sector representations (i.e. business and elected members) as well as higher education representatives (Pugalis and Fisher, 2011; Bentley et al., 2017). An assessment of their functions highlights the prominence of the private sector in the new governance model, which reflects the government’s ambition to rebalance England’s economy through private sector-led growth (Pugalis and Townsend, 2013a; Bailey and Wood, 2017; Johnston and Blenkinsopp, 2017).

 As such, LEPs assumed a strategic role to create the right environment for business and growth at the local level (Bentley et al., 2010). More specifically, revolving around seven main policy areas which covered the economic development agenda, namely planning, infrastructure, business and enterprise, innovation, sectors, inward investment, and employment and skills (Pugalis and Townsend, 2013a), the main functions of LEPs centre on enterprise and business support, investment in local economic infrastructure, employment and worklessness, skills, planning, housing and transport (Bentley et al., 2010; Bailey and Wood, 2017). The focus on private sector-led growth in driving economic rebalancing is emphasised by the breadth of functions pertaining to business and enterprise policy, which range from promoting an entrepreneurial culture and encouraging and supporting business start-ups to helping existing businesses to survive and grow and encouraging networks and mentoring (Pugalis and Townsend, 2012). Therefore, LEPs are expected to go beyond merely facilitating enterprise and business support and expand their focus to include ‘soft’ aspects such as entrepreneurial culture. Moreover, a particular emphasis is placed on supporting high-growth businesses (HMG, 2010). However, just as the government considered prescribing LEP geographical boundaries unnecessary, so did it consider the detailed prescription of their functions and priorities (Pugalis et al., 2012), thus granting LEPs further flexibility in setting a mix of priorities tailored to each locality, albeit within a national framework.

With regard to resources, the funding strategy envisioned for LEPs was fundamentally shaped by austerity and the government’s strategy involving public expenditure cuts (Pearce and Ayres, 2012; Beresford, 2015; Pike, Coombes et al., 2016). As such, LEPs were expected to be fully self-financing, and the government did not allocate any resources towards covering their running costs, except for small funds designed to cover start-up costs (Pugalis and Townsend, 2012; Pike et al., 2015). Moreover, to fulfil their role, accomplish their functions and meet their priorities, LEPs have to bid for government funding from the newly established Regional Growth Fund (RGF) on a ‘per project’ basis (Bentley et al., 2010). The amount made available by the government through the RGF for the first three years was £1.4 billion, which is dwarfed by the £2.3 billion managed by RDAs in 2007-2008 (Pearce and Ayres, 2009; Pugalis, 2010). However, to set in motion the wheels of the ‘new localism’, the government made more resources available, allocating £5 million in August 2011 to cover start-up costs, and a further £5 million intended to increase LEPs’ capacity in performing their functions (Pike et al., 2015).

Making 89 detailed recommendations, the Heseltine Report was instrumental in ensuring a better-resourced future for LEPs. Heseltine (2012) argued that if LEPs are to become engines of local growth, they need more authority and resources. In light of his recommendations, a number of changes followed the report. The RGF was gradually expanded to reach £3.2 billion by 2017 (Ward, 2016c), and the Growing Places Fund, set up in 2011, complemented funding support with £730 million (DCLG, 2015). Moreover, a new fund, the Local Growth Fund, was created in 2013, and a new funding mechanism was introduced, namely Growth Deals, which enabled LEPs to negotiate for more funds based on multi-year Strategic Economic Plans (Ward, 2016b). As of the end of 2016, more than £7 billion was allocated to LEPs through Growth Deals to support economic development until 2021, with the 2016 budget announcing further allocations amounting to £3.8 billion (HMT, 2016).

However, while LEPs “have been fired with an all-singing and all-dancing can-do bravado of the enterprise revolution and business knows best” (Jones, 2013, p.86), they face significant challenges with regard to their power, resources and accountability, similar to those faced by RDAs, which question the nature of the ‘new localism’ and the capacity of LEPs to galvanise local actors and deliver local growth. The next subsection considers these challenges.

####  Questioning LEPs and city-regionalism

With the dismantling of RDAs characterised as “chaotic, expensive, messy and uncertain” (Pike, Coombes et al., 2016, p.24), devolution and the remaking of the institutional landscape is regarded as “impulsive sub-national economic development experimentation” (Pugalis and Bentley, 2013, p.892). With the transition to the ‘new localism’ characterised as a “pragmatic, deal-making and discretionary approach to devolution” (Colomb and Tomaney, 2016, p.11), serious concerns have been expressed with regard to LEPs, in particular their governance, accountbility and the resources they can access, as well as with regard to the nature of the ‘new localism’ and the new scale of intervention.

Criticism of the ‘new localism’ developed on the early expressed scepticism of city-regions as spatial imaginaries reified as ‘natural’ functional economic spaces. At a time when Labour was attempting to fix regionalism and when city-regionalism was increasingly establishing a new rhetoric, concerns were expressed regarding the rescaling of intervention to the already thriving urban cores, emphasising the dangers of city-centric growth and of city-centric governance unfit to redress spatial disparities (Gonzalez et al., 2006; Morgan, 2007). The new rhetoric also prompted Healey’s (2009, p.833) to question “who is doing the ‘summoning up’ of the idea of a city region, for what purposes, and in what institutional arenas, with what legitimacy and accountability?”. Echoing such concerns, Harrison (2010) noted the underemphasis on how city-regions are constructed politically, particularly the processes whereby they are rendered visible spaces. Notwithstanding the lack of boundary prescription from central government, LEPs, predominantly in the North, – Central Lancashire, Hull and Humber Ports, Leeds, Liverpool, Manchester, Sheffield, Tees Valley and Tyne and Wear –, known as the ‘big hitters’ (Pugalis, 2011b), were formed by unifying local authorities around the ‘economic footprint’ of major cities, hence materialising within a city-region geography (Jones and Etherington, 2009; Rees and Lord, 2013).

 As such, Harrison (2010) regards the ‘new localism’ as ‘compromised city-regionalism’ since, although based on a conceptualisation as spaces of flows (Jones, 2013), the new city-regions continue to be contained within the political-administrative boundaries of their constituting local authorities. Rees and Lord (2013) refer to this process of reifying the city-region as ‘making space’, explaining this as a process of inserting the institutional architecture of the ‘new localism’ within the multi-scalar hierarchy of governance on the one hand, and as the territorial legitimisation of (city-regional) space itself on the other hand. They advance the ‘political convenience’ argument, concluding that the city-region LEPs were, to a great extent, politically reified based on central government’s preference for scale, agglomeration of critical assets, and continuation of pre-existing partnerships. Indeed, many areas seeking alternative arrangements were unsuccessful in securing devolution deals (Ayres et al., 2017). Moreover, with devolution deals taking place behind closed doors (Hambleton, 2017), with little consultation and public engagement taking place (Prosser et al., 2017; Sandford, 2017), many have criticised the “opaque and largely secret deal negotiations” (Ayres et al., 2017, p.3). As such, the institutionalisation of LEPs is indicative of ‘political fiat’ as opposed to ‘bottom-up’ localism (Jones, 2013), with LEPs established as rather ‘fleet-of-foot’ partnerships (Pugalis and Townsend, 2013b).

Furthermore, as soon as the Coalition government announced its intention to replace RDAs with LEPs, Pugalis (2010, p.397) cautioned that the new government “may be in danger of reinventing the wheel”. Indeed, a closer examination of the institutional fabric of LEPs reveals some of the same issues for which RDAs have been criticised and disbanded. First, LEPs were established as private sector-led unelected bodies (Ayres and Pearce, 2013; Jones, 2013; Bailey and Wood, 2017). Raising the issue of local representation and democratic accountability (Jones, 2013; Martin, Pike et al., 2016; Bailey and Wood, 2017), and thus questioning the democratic dividend of the ‘new localism’, this feature resembles that of business-led RDAs (Pugalis and Shutt, 2012). Second, with austerity having become the ‘leitmotif’ in the aftermath of the 2008 global financial crisis (Pike, Coombes et al., 2016), and with public expenditure under severe restraint (Gardiner et al., 2013; Lowndes and Gardner, 2016), fears were expressed early on that LEPs will have limited capacity to go beyond ‘steering and cheering’ (Pugalis, 2011a), thus risking to become “mini-RDAs with less financial muscle and powers” (Pugalis, 2010, p.403), and to remain ‘toothless tigers’ (Pugalis and Townsend, 2012).

Indeed, the extent of resources made available to LEPs is deemed insufficient to enable LEPs to generate any real impact in their areas (Pugalis and Fisher, 2011; Ayres and Stafford, 2014). In this regard, Lowndes and Gardner (2016) highlight a devolution/austerity paradox whereby localities are expected to foster economic development with a fraction of the money previously invested in support through RDAs. In the words of Pugalis and Shutt (2012, p.24), “LEPs are ‘free’ to intervene in the economy as they see fit – so long as they can resource it”. Third, similar to RDAs which did not have full control of the flow of funding (Goodwin et al., 2005), the new funding mechanisms require LEPs to compete in bidding for resources (Gardiner et al., 2013; Pike et al., 2015), meaning that the ‘value for money’ judgement continues to reside with central government (Walburn, 2011; Martin, Pike et al., 2016; Ward, 2016b). This form of ‘fiscal conditioning’ is highlighted by Bailey and Wood (2017) as ‘centralisation by stealth’ reflecting the meta-governance of English devolution, as the funding mechanisms set in place reveal a continued and unyielding, albeit more subtle, central control (Bailey, 2017; Bentley et al., 2017; Sandford, 2017).

Another mechanism used by the centre to disguise its continued control is that of discursive framing of political goals (Bailey and Wood, 2017). Both Lyall et al. (2015) and Bailey and Wood (2017) highlight that the devolution narrative is dominated by arguments of improved economic performance and effectiveness of public service delivery which, despite the localist rhetoric, are closely aligned with central objectives. With LEPs operating under “a centrally prescribed and orchestrated framework” (Pike et al., 2015, p.201), this state-led orchestration led Harrison (2014) to conclude that “LEPs lack legitimacy, resource, and are not the result of any significant autonomous local action”. As highlighted by Pugalis and Townsend (2013b, p.17), “the rules of the LEP game were set by central government, which thus rules out the simplified understanding that LEPs are the product of a ‘bottom up’ exercise”. Bentley et al. (2010, p.536) went as far as arguing that “‘localism’ is an illusion since the LEPs will not have the necessary power or resources to carry out the tasks set for them”. With LEPs’ experience resembling that of ‘central government diktat’ (Jones, 2013), the new arrangements question the ability of LEPs to defend local interests in centre-local negotiations, hence reigniting arguments that LEPs, similar to RDAs, are recentralisation in disguise (Bentley et al., 2010; Pugalis and Fisher, 2011; Harrison, 2014; Sandford, 2017). Therefore, there still are unresolved tensions on the central-local axis (Pike et al., 2015, p.201), and with the local growth agenda driven by public expenditure cuts, Pearce and Ayres (2012, p.1) argue that “the likelihood of any significant recalibration in central–local relations also appears improbable”.

Moreover, with the localist rhetoric emphasising the importance of reviving and ‘powering up’ northern cities (Martin, 2015), the NEG ‘trade-off’ logic that underpinned policy under the ‘new regionalism’ appears to persist under the ‘new localism’ (Beel et al., 2016). Indeed, the government’s white paper entitled ‘Unlocking growth in cities’ argues that cities “are engines of growth and they will be critical to our economic recovery” (HMG, 2011, p.1), which reflects the NEG-influenced agglomeration rhetoric, arguing that “local leaders in the core cities will need to … build infrastructure and urban environments that businesses and workers will flock to” (HMG, 2011, p.2). This rhetoric was enacted through the introduction of City Deals between the Government and the LEPs, formed around England’s eight core cities (Ayres and Pearce, 2013; Ward, 2017), and focused on unlocking the growth potential of core cities without any indication of peripheral vision, thereby rendering the economic development of subregional peripheries of secondary importance (Gonzalez et al., 2006; Bailey, 2017). Beel et al. (2016, p.514) highlight that city-regions seek to:

harness surrounding areas in order to serve the economic growth of the centre. The political project of city-regionalism is, therefore, to rescale the central city into a much larger territory and to bring surrounding territories under its purview.

 As such, the concentration of resources within economic cores revives concerns that spatial agglomeration will result in a “political and economic ‘core’ [that] neglects, overlooks and exploits peripheral regions, causing them to fall behind” (Willet and Giovannini, 2011, p.345). Indeed, Overman and Rice (2008, p.13) have cautioned that, while the focus on cities may drive economic growth, the spillover effect will be limited and “[t]he benefits of this growth will, however, be unevenly distributed across both people and places”. Therefore, the concentration of resources in England’s core cities “is only going to accelerate the geographical inequality” (Bailey, 2017, p.18). In this context, it is worth revisiting Pugalis’ (2010, p.404) cautionary note that “[c]herry-picking the more profitable regeneration schemes and backing anticipated ‘winners’, is only likely to succeed in exacerbating the gap between the have lots and the have nots”.

The transition to the ‘new localism’ was intended to symbolise a transition from a ‘national economic growth at all costs’ approach to national economic growth based on economic rebalancing through local growth (Pike et al., 2015). Nevertheless, in the perennial pursuit of redressing the widening North-South divide through a focus on interregional disparities, scant attention has been paid to intraregional disparities. Therefore, in light of the continued drive for spatial agglomeration and the relentless focus on cities as growth engines, a key and pertinent question is “what about the spaces ‘in between’?” (Martin, 2015, p.264). With core city-centric policy overlooking the peripheral areas outside of economic cores, the small and medium sized towns and cities which form the ‘in-between Britain’ and whose potential could be harnessed to promote a more spatially balanced economic development (Cox and Longlands, 2016), the ‘new localism’ “could reshape and accentuate patterns of uneven economic development” (Colomb and Tomaney, 2016, p.11). This would lead to a rescaling the regional core-periphery pattern at the subregional level. In the meantime, the ‘North-South divide’ continues to widen (Mason, 2016).

Indeed, Champion and Townsend (2013) have shown that second-order cities (i.e. England’s major regional cities outside London) have actually performed worse than the country as a whole in the aftermath of the 2008-2009 recession. More importantly, they show that not only there is little evidence of cities being drivers of wider growth, but that the outer areas of city-regions (i.e. the city-regional peripheries) outperform core cities with respect to employment growth prospects. Therefore, while facing challenges stemming from their industrial heritage and their peripherality in relation to core cities, the ‘in-between’ small and medium-sized towns and cities are “too big and too productive to be ignored” (Cox and Longlands, 2016, p.4).

To conclude this subchapter, the piecemeal, albeit democratically-driven, approach to devolution in the UK (McGregor and Swales, 2005; Jeffery, 2007), and the continued experimentation with different governance models in “a landscape of almost permanent administrative reconfiguration and rescaling” (Ayres et al., 2017, p.2), highlight persisting centre-local tensions. While localities have enjoyed greater autonomy through the formation of supralocal partnerships, with LEPs interposed between central government and localities (Pike et al., 2015), a transfer of additional power has not occurred (Ayres et al., 2017). With devolution unfolding as a “state-led orchestrated politicised process” (Pugalis, 2011a, p.12), and with politics ‘trumping’ economics (Jones, 2013), there are questions as to whether the ‘new localism’ is set to enable enhanced and more democratised local economic development, and thus whether localities are truly empowered to develop and implement localised strategies (Bentley et al., 2010). Moreover, despite the rescaling of intervention at the local level, there is a continued influence of NEG on economic development policy, reflected in a focus on cities as regional growth engines (Bailey and Wood, 2017; HMG, 2017b) and initiatives such as City Deals (Champion and Townsend, 2013; Ward, 2017).

Therefore, whether LEPs will prove more effective at redressing spatial disparities than their institutional predecessors remains open to debate (Gardiner et al., 2013). In addition, the simplified assumptions inherent in the NEG model fail to account for the role of ‘soft’ structures and processes, such as local institutions (Martin, 2008). As such, Goodwin et al. (2002, p.211) have called for “an approach that is sensitive to these geographical, historical and institutional contingencies”. With many aspects of the transition to the ‘new localism’ still under-researched, Rees and Lord (2013, p.692) argue that “explaining the actual city regions that have emerged in the North of England … can only be accomplished by reference to qualitative variables including culture, power and politics”.

The next subchapter reviews the approach and outcomes of enterprise policy in the UK over the past few decades and analyses the current approach. With the private sector featuring prominently in the new strategy (Pugalis, 2011a; Pugalis and Townsend, 2013a; Bailey and Wood, 2017), the ‘new localism’ has identified entrepreneurship and enterprise as key drivers of local growth (Gardiner et al., 2013). As private sector-led bodies, LEPs serve as an indication of the Government’s intention to rebalance the economy by rebalancing the public-private scales. With the belief that the reliance on the public sector is constraining many lagging localities, and with the anticipated magnitude of public sector redundancies, the planned expansion of the private sector is intended to act as a cushion and reduce the impact of job losses (Gardiner et al., 2013; Beresford, 2015). Therefore, the rationale behind the ‘new localism’ is that private sector entrepreneurship “will emerge to plug the gap” (Pugalis, 2010, p.404). Consequently, enabling and promoting enterprise and entrepreneurship is essential to the realisation of LEPs’ economic strategies. However, with such an important emphasis placed on enterprise-led recovery (Beresford, 2015), the question is whether the current approach to enterprise policy is geared towards fostering entrepreneurship in a way that is sensitive to context, and thus ‘place-based’ in nature. The next subchapter examines the history of enterprise policy in the UK and its outcomes, and analyses the current approach, namely the strategy and priorities of LEPs with regard to entrepreneurship and enterprise policy at the local level.

##  Entrepreneurship and enterprise policy

Entrepreneurial activity is positively associated with per capita gross domestic product (GDP) and the GDP growth rate and is thus an important mechanism for economic development (Acs et al., 2008; Acs et al., 2016). As such, the relationship between entrepreneurship and economic development, as well as the outcome of different approaches to enterprise policy, has received significant research attention. For example, Carree et al. (2002) uncovered a long-term equilibrium relationship between economic development and business ownership levels and found that deviations, either positive or negative, from the equilibrium result in a growth penalty. In other words, having too many or too few firms has been shown to have a negative effect on economic development. On the other hand, Mueller et al. (2008) showed that enterprise policy can indeed promote the ‘wrong type of entrepreneurship’. Therefore, achieving the optimum policy mix is virtually a game of policy experimentation.

 Policy intervention to support the private sector is premised on the existence of market failures (Huggins and Williams, 2009; Arshed et al., 2016; Smallbone, 2016), which in the case of small businesses arise in situations of insufficient competition, information asymmetries, and unpriced positive externalities (Green and Patel, 2013). For example, small businesses may lack the resources required to access private business support (Adams et al., 2003; Mole et al., 2016), and therefore public policy can intervene to address the information asymmetry, which may otherwise limit their growth ambition, by providing publicly funded support (Williams and Williams, 2012). In the UK, enterprise policy has emerged in the government’s policy agenda in the 1980s, when deindustrialisation and the magnitude of the job losses associated with it marked the shift in central government’s approach to economic development, with entrepreneurship and enterprise being heralded as the new drivers of economic growth (Dodd and Anderson, 2001). The following subsections examine the approach to enterprise policy of successive governments from the 1980s onwards, with the final subsection questioning LEPs’ strategy and priorities with respect to entrepreneurship and enterprise policy, specifically whether these are ‘sensitive’ enough to local context and thus geared towards enabling the creation of more entrepreneurial localities and the redressing of intraregional spatial disparities.

### Enterprise policy in the UK: past outcomes and current approach

While regional policy dates back to the 1930s (Pugalis and Townsend, 2013a; Martin, Pike et al., 2016), enterprise only became a policy vehicle for economic development in the 1980s. Greene et al. (2008) summarise the government’s approach to enterprise, more specifically small business, policy in the UK in their book titled ‘Three decades of enterprise policy’. Examining successive governments’ approach to supporting entrepreneurship and enterprise-led growth, they highlight that, while there has been essentially no small enterprise policy in the four to five decades following the emergence of spatial disparities, the 1980s, the 1990s and the period covered by the ‘new regionalism’ have seen different policy approaches, each underpinned by different rationales for intervention which therefore generated different outcomes in terms of the types of entrepreneurship promoted and the economic growth achieved (see Table 1).

Table . UK enterprise policy throughout the past decades

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Years** | **No. of measures/ initiatives** | **Focus** | **Public expenditure** | **No. of small businesses\*\*** | **Impact** |
| 1946-60 | 2 | Mergers and acquisition | £747m\* |  | Stagnant growth |
| 1961-70 | 3 |
| 1971-81 | 33 | Transition to small businesses | 2.4m |
| 1982-89 | 103 | Quantity | £2.3bn | 3.6m | Self-employment growth |
| 1990-97 | > 200 | Quality | £1.1bn\*\*\* | 3.7m | Modest economic growth |
| 1997-2010 | > 500 | Balanced portfolio | > £40bn\*\*\*\* | 4.5m | Significant economic and productivity growth |
| 2010-present | >800 | High-growth potential businesses | £11bn\*\*\*\*\* | 5.7m | Expectations of rebalanced growth through local and enterprise-led growth and public sector cuts |

\* Industry subsidies, including £25m support for the British Leyland merger (£290m in 2005 prices); modest support for small enterprise in the 1970s.

\*\* Number of small businesses at the end of the period; according to the most recent ONS statistics.

\*\*\* Overall figure missing; £465.8m was the set-up and operating cost of Business Links and £632 was the cost of government initiatives in 1995-1996.

\*\*\*\* Based on: £8bn spent in 2001/2002; £10.3bn spent in 2003/2004; average spend on small business support of £2.5bn per year published by DTI (2005); includes direct and indirect support spending.

\*\*\*\*\* Allocated funding for LEPs hitherto; other indirect forms of SME support include investment tax reliefs, SME lending through various loan schemes, and public procurement. For example, the government spend through public procurement with SMEs reached £4.9bn in 2014/2015; the target procurement with SMEs for 2020 is 33 percent of the total procurement spend.

*Sources:* Greene (2002), Greene et al. (2004), Greene et al. (2008), Corry et al. (2011), BIS (2011a) and BIS (2011b), Greene and Patel (2013), Page (2015), NAO (2016)

In the period comprising the 1930s up to the transition to the ‘new localism’, which can be divided into a ‘policy off’ and a ‘policy on’ period, Greene et al. (2008) distinguish between four main types of enterprise policy, namely no enterprise policy, or ‘policy-off’ (1930s-1970s), small business policy focusing on increasing the ‘quantity’ of enterprises (1980s), enterprise policy focusing on ‘business quality’ (1990s), and the NRP adopting a ‘balanced portfolio’ approach by combining a focus on quantity with a focus on competitiveness. Table 1 summarises the four periods of enterprise policy in the UK, emphasising their focus and economic impact. In the five decades starting from 1930, the so-called ‘managed enterprise policy’ era, small businesses remained peripheral to the government’s national policy agenda which adopted a ‘picking winners’ approach, encouraging mergers and acquisitions to drive productivity growth in larger firms (Greene and Patel, 2013). However, fears of monopoly creation across multiple industries put an end to this approach, and the Bolton Report published in 1971 ultimately changed the government’s stance towards small businesses by highlighting their competitive role in building a dynamic economy (Beresford, 2015; Arshed et al., 2016).

####  The 1980s: quantity over quality

The 1980s marked the rise of enterprise policy in the UK, after decades of attempts to manage the economy. The transition towards a small business enterprise policy was influenced by the publication of new research, such as Birch’s (1979) work, which highlighted small firms as engines of job creation, and by the election of Margaret Thatcher’s Conservative Party in 1979 (Green and Patel, 2013). Advocating for ‘free enterprise’, the political manifestos of those times reveal the emerging salience of small business support (Beresford, 2015). The Thatcher administration changed the policy paradigm through a shift of focus from ‘dependency’ on the public sector to an enterprise rhetoric (MacDonald, 1996; Huggins and Williams, 2009), which aimed to instil a new ideology based on the “freedom of independent economic action” (Dodd and Anderson, 2001, p.21).

However, the new focus on entrepreneurship and enterprise was inherently driven by the magnitude of job losses caused by deindustrialisation (Boraston et al., 1996; Curran, 2000). Starting in the 1960s, the decline in traditional industries accelerated in the 1970s and 1980s. By 1968, the small manufacturing business sector saw a 60 percent decline (Greene et al., 2004), while employment in manufacturing declined from 8.5 million in 1965 to 5.5 million in 1984 (Lever, 1991). Moreover, unemployment grew from 1.5 million in 1980 to 3 million by early 1983 (Greene, 2002), with unemployment payments having reached 1.6 percent of GDP by mid-1980s (Greene et al., 2008). Therefore, the 1980s saw the government confronted with issues of unprecedented scale. Driven by the need to support job creation in the aftermath of deindustrialisation, small business policy became part of the political rhetoric which included a focus on promoting the development of an enterprise culture (Mason, 1989; Curran, 2000).

As Table 1 shows, Thatcher’s small business policy materialised into more than 100 measures between 1981 and 1989. Unsurprisingly, the focus of the enterprise policy was on increasing the number of business start-ups (Mueller et al., 2008). Small business support included pre- and post-start-up support, with the number of initiatives targeting small businesses increasing almost tenfold over the decade (Greene et al., 2008). The four major support schemes were the Enterprise Allowance Scheme (EAS), Enterprise Zones, the Small Firm Loan Guarantee Scheme and the Business Expansion Scheme. The EAS, introduced in 1983 to incentivise people to start their own business through payments of £40 per week in unemployment benefits, was the most important scheme and was used by almost 600,000 individuals between 1983 and 1991 (Greene et al., 2004). The result of the enterprise policy of the 1980s was significant growth in self-employment. As shown in Table 1, the number of small firms increased by 50 percent, from 2.4m in 1981 to 3.6m in 1989. Moreover, self-employment grew by 1.5m over the decade (Curran and Blackburn, 1990), matching the increase in the number of unemployed from 1980 to 1983.

Nevertheless, research later uncovered that the drive to increase start-up numbers was far from being economically efficient. Curran (2000) was immediate to highlight that small business support was expensive, the take-up of support was modest at best, and economic growth was not markedly different during the 1980s, despite the sharp increase in start-up numbers. Mueller et al. (2008) later confirmed a displacement effect generated by the ‘80s policy, as the EAS subsidy lowered start-up barriers and resulted in new start-ups flooding the market and displacing other small businesses. A high business churn was therefore created, as newly displaced business owners became eligible for the EAS subsidy and had the opportunity to start again, and hence displace initial EAS beneficiaries (Adams et al., 2003). Therefore, the pursuit of ‘quantity’ generated little impact in terms of growth and productivity. More importantly, in spite of the government’s rhetoric, signs of a developed enterprise culture remained absent (Curran, 2000).

####  The 1990s: quality over quantity

The Conservative Party’s 1990s manifesto featured small businesses as ‘the seed corn of Britain’s prosperity’ (Beresford, 2015), thus indicating the continued importance of small business growth. However, in light of the limited impact generated by the focus on stimulating new business start-up activity, the focus of enterprise policy shifted from ‘quantity’ to ‘quality’ in the 1990s, representing a shift from a ‘wholesale’ approach to entrepreneurship to one based on growth potential (Greene, 2002). As such, ‘softer’ methods such as consultancy, information and training were used to support SMEs with growth potential (Arshed et al., 2016), with support delivered through the Business Link network, the main enterprise policy innovation of this period (Green and Patel, 2013). The shift was underpinned by the assumption that businesses with growth potential would account for a higher share of job creation and economic growth if supported to grow (Greene et al., 2004).

Thus, with Thatcher’s replacement by John Major came a new strategy to promote more productive entrepreneurship. The first new initiative was the creation of Training and Enterprise Councils (TECs) in England and Wales which were designed to facilitate tailored local support (Greene et al., 2008). The focus on responding to local needs reflects the ‘localist’ thinking that prevailed before the power was regained by the Labour Government in the 1997 elections. Business Links, the second main initiative, were established in 1992 as business support ‘one stop shops’ to promote small business growth (Derbyshire and Haywood, 2010; Page, 2015). However, the remit of Business Links was to focus exclusively on businesses with growth potential employing 10-200 people (Greene and Patel, 2013), thus excluding micro-businesses from the focus of enterprise policy (i.e. businesses with 0-9 employees). Moreover, there was a noticeable shift from pre-start-up to post-start-up support (Greene et al., 2008). These aspects are indicative of the shift in objectives from absolute business numbers to business growth rates. Nevertheless, TECs, for example, attracted criticism based on insufficient funding, democratic accountability, and business reach (Harding et al., 1999; Huggins and Williams, 2009). Additionally, despite aiming to rationalise business support and promote ‘quality’ over ‘quantity’, the number of support initiatives more than doubled in the 1990s compared to the previous decade, while GDP growth remained modest (Greene and Patel, 2013). Therefore, preceding the transition towards the ‘new regionalism’, the 1990s remain as a period of policy experimentation.

####  The policy mix of 1997-2010: aiming for ‘a bit of both’

The election of the Labour Party in 1997, which marked the transition to the ‘new regionalism’, also marked the shift to a more balanced approach to enterprise policy which was shaped by the NRP (Green and Patel, 2013). The issue of productivity returned in the political rhetoric and thus improving productivity became the core policy focus (Greene et al., 2008; Huggins and Williams, 2009). As such, Labour’s rhetoric based on economic ‘levelling up’ was underpinned by the endogenous growth theory which shifted the focus toward entrepreneurship, competitiveness and innovation-led growth (Webb and Collis, 2000). Labour’s fixation with competitiveness and productivity is visible in the initial key drivers, namely knowledge, skills and enterprise, which were recast into skills, investment, innovation, enterprise and competition (DTI, 2003; Fothergill, 2005).

Visible in Tony Blair’s statement that “‘we need more successful entrepreneurs not fewer of them’” (Beresford, 2015, p.348), Labour’s political manifesto emphasises the pursuit of a policy mix combining ‘quantity’ and ‘quality’ objectives, with the aim being to make the UK “the best place in the world to start and grow a business” (DTI, 2004, p.4). For example, launched in 1999/2000, one of the new high-growth start-up programme targeted ten thousand high-growth start-ups per year by 2001 (Smallbone et al., 2002). The NRP thus comprised a mix of policies aiming to achieve ‘a bit of both’, as while improving productivity was essential, one of Labour’s key aims was to close the ‘enterprise gap’ between more and less prosperous areas (Derbyshire and Haywood, 2010). As such, policy initiatives included Enterprise Grants promoting innovation and enterprise, Knowledge Transfer Network Partnerships centred on knowledge and technology spillovers, and a number of funds such as the UK High Technology Fund, the Regional Venture Capital Funds, and the Early Growth Fund. A new initiative was also the Small Business Service which was designed to support enterprises of all sizes in building an enterprise society (Green and Patel, 2013). To use Hildreth and Bailey’s (2013b) language, Labour’s ‘scattering of cheese’ was underpinned by a supply-side ‘topping’ (Webb and Collis, 2000). Moreover, RDAs were designed to be catalysts of economic development and regional competitiveness and promoted a cluster policy approach driven by the advantages of agglomeration (Webb and Collis, 2000; Huggins and Williams, 2009; Danson and Lloyd, 2012).

Furthermore, the NRP showed increased concerns with equity which revolved around the issue of persisting spatial disparities (DTI, 2003; CLES, 2011; Danson and Lloyd, 2012; Arshed et al., 2016). In 2005, driven by the desire to increase productivity in England’s lagging areas, the government introduced a consultation document on a new initiative called the Local Enterprise Growth Initiative (LEGI), which was aimed at promoting enterprise in deprived areas (HMT, 2005; Williams and Williams, 2012). The report, in which the foreword regards enterprise as “the lifeblood of our economy”, explains that there is a need to “widen and deepen the enterprise culture” (HMT, 2005, no pagination). LEGI became operational in 2006 and focused on removing barriers to entrepreneurship such as high start-up costs, the lack access to finance, low skill levels, and weak entrepreneurship culture (OECD, 2014). A total of £418m was allocated to LEGI over its lifespan (i.e. 2006-2011), with funding for supporting existing businesses to grow and supporting new start-ups shared almost equally (i.e. 31 and 29 percent), the rest being distributed towards resident support and area improvements (DCLG, 2010). When it came to an end in 2011, the bottom line of LEGI was: 240,000 individuals assisted 13,700 new businesses and 22,700 new jobs created (DCLG, 2010).

However, the enterprise policy mix was criticised for its excessive diversity and difficulty to distinguish cost-effective interventions, and a lack of coordination between the new initiatives (Huggins and Williams, 2009), in contrast to the ‘joining up’ of policy interventions rationale which underpinned the formation of RDAs (Pike and Tomaney, 2009). More importantly, Huggins and Williams (2011) criticised the policy ‘universalism’ that permeated Labour’s regional approach, highlighting the tension between enterprise policy and the promotion of regional competitiveness as a mismatch between government’s preference for short-term results and the need for a long-term approach required to achieve cultural change, as well as the lack of a tailored approach. Therefore, while packaged as ‘place-based’ development, the NRP was in essence ‘spatially blind’ (Pike et al., 2012), highlighting a fracture between Labour’s rhetoric and its actual policy interventions. Moreover, by the end of the ‘new regionalism’ enterprise support had not only become expensive but also significantly complex and even contradictory in its aims (Greene et al., 2008; Derbyshire and Haywood, 2010), with words such as ‘confusion’, ‘patchy’, ‘labyrinth of initiatives’ and ‘overcrowded’ characterising small business support over the period (DTI 2005; 2007; Arshed et al., 2016). For example, less than 20% of the total spend accounted for more than half of the economic benefits generated by RDAs (OECD, 2016). The next subsection discusses the approach to enterprise policy in the ‘new localism’, examining LEPs’ strategies and priorities in promoting entrepreneurship and enterprise-led growth.

####  The current approach: enterprise policy under LEPs

Beresford (2015, p.336) highlights that “despite three generations of enterprise policies there remains identifiable and stubborn failings in attempts to create sustainable small business economies throughout the United Kingdom”. However, with the replacement of RDAs with LEPs, and with austerity limiting the availability public resources, and hence the capacity of support provision, the transition to the ‘new localism’ prompted a shift in the approach to enterprise policy. Three aspects are immediately noticeable in the four phases of enterprise policy up to 2010. As illustrated in Table 1, in progressing from virtually no small business policy to the NRP, UK enterprise policy has seen a proliferation of initiatives and schemes designed to support enterprises, a significant and associated increase in public expenditure on (small) business support, and a substantial increase in the number of small businesses, which more than doubled by the end of 2016 compared to when enterprise policy was born in early 1980s. The ‘new localism’ has continued these trends with the exception of one, namely the further increase in public spending on business support.

 By the end of the ‘new regionalism’ it became clear that small business support became excessively expensive. The DTI (2005) spending review report highlighted that the government spend on small business support averaged £2.5bn per year. Moreover, in light of the complexity and confusion created by business support, many studies began to question the efficiency of support programmes as well as the conflation of small business with entrepreneurship. For example, Curran (2000) and Dodd and Anderson (2001) argued that it was industrial restructuring which underpinned much of the growth in small business numbers rather than the outcome of enterprise policy or the emergence of an enterprise culture. With public spending cuts underpinning the government’s local growth agenda, Thatcher’s ideology was revived and therefore the need to overcome the argued (over-)dependency of many areas on the public sector, especially lagging Northern places (Gardiner et al., 2013), through a shift towards private sector-led growth became the rationale for the new Government’s policy intervention (HMG, 2010).

Among the initiatives introduced by the Coalition government are the New Enterprise Allowance (NEA) and Enterprise Zones (EZs). A comparison with the ‘new localism’ of the 1980s highlights the revival by the new Coalition government of the EAS, rebranded as the NEA, and of EZs. The NEA is operationally similar to the EAS, providing unemployed individuals with a weekly allowance, access to mentorship and the access to loans of up to £2,500 to support them in starting a business (Brown, 2017). Furthermore, announced in March 2011, the revival of the EZs initiative was intended to support economic development in “the parts of Britain that had missed out in the last ten years” (Ward, 2016a, p.3), which, in light of the economic rebalancing rhetoric, refer to Northern England’s lagging areas.

However, a key aspect in the establishment of EZs is that LEPs are targeting the promotion of high-growth businesses, or businesses with growth potential (Brown and Mawson, 2016a), namely what Hermans et al. (2015) refer to as ‘ambitious entrepreneurship’, rather than the increase in start-up numbers or the provision of large scale business support. As such, the ‘new localism’ represents a departure from the specific policy focus on small businesses, with EZs focused on supporting high-growth businesses through preferential treatment, such as business rates and tax exemptions and access to multiple funding streams (Ward, 2016a).

Illustrative of the growth-centric narrative is also the new government’s proposal that business support is delivered through Growth Hubs, namely public-private partnerships acting as growth catalysts by bringing together high-growth potential businesses and the support network necessary to enable their growth (HMG, 2010). Intending to depart from the complex and expensive business support architecture created by RDAs, through the Growth Hubs initiative LEPs target the simplification of business support through enhanced growth targeting, thereby reducing the spend on the “so-called “lifestyle” businesses that have no aspiration to grow” (HMG, 2010, p.41), and focusing on the more ambitious businesses. As such, the shift towards the support of high-growth businesses has seen a proliferation of business incubators and growth accelerator programmes designed to accelerate the growth of businesses with high growth potential (Arshed et al., 2016; Brown and Mawson, 2016a).

The shift in focus towards high-growth businesses was influenced by a series of reports emphasising their importance for the UK’s economy. An influential report was that produced by NESTA (2009, p.3) which highlighted the importance of ‘the vital 6 percent’ of high-growth businesses which “generated half of the new jobs created by existing businesses between 2002 and 2008”, and which argued for the need to shift the focus of enterprise policy from broad support programmes targeting start-ups and SMEs to ‘the vital 6 percent’. The ‘Rebalancing act’ and ‘Vital growth’ reports by NESTA (2010, 2011) further emphasised the role of high-growth businesses in rebalancing the UK’s economy and advocated for increased access to finance, investment in creating a skilled workforce, and a focus on high-tech and innovation to become the focus of enterprise policy.

In the academic arena, the debate on ‘quality’ over ‘quantity’ has also received significant attention. Shane (2009), for example, has been influential in arguing for tipping the balance from more start-ups towards high-growth firms, as these are engines of growth, innovation and jobs, while Hutton and Lee (2012) refer to high-growth businesses as ‘vital’ to UK’s economic recovery. Moreover, referring to them as ‘gazelles’, Henrekson and Johansson (2010, p.240) show that high-growth firms account for “a disproportionately large share of all new net jobs compared with non-high-growth firms”.

The influence of such studies and reports is visible in the government’s rhetoric on the need to create the conditions for (high) growth, which permeates the Local Growth report: “[t]he Government recognises that it cannot create private sector growth, but it can create the conditions that enable UK businesses to be successful” (HMG, 2010, p.5). The rhetoric mirrors the arguments found in NESTA’s reports regarding the need to foster “an environment in which innovative firms can flourish” (NESTA, 2010, p.4). The outcome in terms of ‘new localist’ enterprise policy is that, as of the end of 2016, there are 44 Enterprise Zones across England (Ward, 2016a).

### Questioning the current approach

There are a number of issues with the approach undertaken by LEPs in promoting entrepreneurship and enterprise-led growth. First, with enterprise policy underpinned by a growth-centric narrative, the ‘new localism’ has essentially translated the NEG thinking into enterprise policy. For example, NESTA (2009) claims that a 5 percent increase in employment growth generated by high-growth businesses will lead to a 1 percent increase in employment growth in the entire city-region area, thereby proposing a spillover effect of promoting concentrated growth (BIS, 2010). In other words, the new rhetoric argues that promoting high-growth businesses is good for all businesses, despite policy overlooking support for other business categories or for those deemed ‘less ambitious’. Indeed, agglomeration is at the core of the new strategy, with EZs being “mainly focused on stimulating growth in just a few, very localized areas” (Gardiner et al., 2013, p.29). Therefore, the assumption that that the growth of businesses with high growth potential generates a spillover effect, which benefits SMEs more broadly, mirrors NEG and ‘space-neutral’ thinking, promoting an approach to enterprise policy that is essentially ‘business-neutral’. The current approach thus highlights that the policy ‘base’ remains grounded in the neo-classical economic framework (Hildreth and Bailey, 2013b).

 Second, the issues with ‘picking winners’ are already well documented. Coad, Cowling and Siepel (2017, p.538) emphasise that “it is notoriously difficult to pick out, *ex ante*, which firms will ultimately become HGFs”. Indeed, growth, especially in small firms, is complex and variable, making attempts to identify businesses with growth potential rather arbitrary at best (Freel, 1998). Issues include the lack of readily observable characteristics (Shane, 2009), but also, critically, the lack of persistence in their growth performance (Hölzl, 2014; Satterthwaite and Hamilton, 2017), with high-growth firms (HGFs) being rather ‘one-hit wonders’ (Daunfeldt and Halvarsson, 2015). More than two decades ago, Gibb (1993, p.21) noted that businesses can grow rapidly at any stage in their development and argued that there are “no common triggers other than of course the ambition of the entrepreneur(s)”. Indeed, growth events occur rather randomly, with the growth of firms resembling a random walk (Coad et al., 2013), meaning that growth in one period does not guarantee continued growth in the next period. All these issues highlight the problems with ‘picking winners’. As such, Hindle et al. (2011, p.6) argue that “the government is there to build lighthouses, not to bet on which boat will cross the sea fastest or with the richest cargo”.

Moreover, while Shane (2009, p.146) is right in emphasising that “all entrepreneurs are not created equal”, the implication should not be that the (less ambitious) majority should be ignored and that support should be concentrated on businesses with high-growth potential, but rather that other types of firms are also important and may merit public support (Satterthwaite and Hamilton, 2017). Morris et al. (2015) distinguish between four categories of ventures, namely survival, lifestyle, managed growth (i.e. steady expansion) and aggressive/high-growth, and suggest that, while HGFs can generate a disproportionate impact, each category plays a fundamentally different role and generates specific benefits for the local economies in which they operate. However, the different types of businesses have different needs and are likely to face different challenges, which means that tailored support can help harness their potential. As such, Morris et al. (2015) suggest a portfolio approach to business support provision.

However, understanding how public policy can intervene to support different types of businesses requires a better understanding of the challenges faced by different business categories. It is in this regard that the next section of this chapter distinguishes the growth constraints faced by micro-businesses as an important subset of SMEs by way of a systematic literature review. The rationale is that many of the firms in the categories identified by Morris et al. (2015) are likely to be micro-businesses, namely businesses employing less than 10 people, which may not display the ambition sought by policy makers in the current growth-centric narrative, thereby becoming peripheral to enterprise policy. In fact, the definition of high-growth firms itself excludes micro-businesses (NESTA, 2009; 2011). Therefore, to promote evidence-based policy making (Arsed et al., 2014), there is a need to understand the specific characteristics and challenges of different SME categories.

##  Distinguishing micro-businesses from SME: a systematic review of growth constraints

The role of SMEs as engines of economic growth is widely acknowledged, having been a focus of academic research and policy making for decades (Curran, 2000; Yu, 2001; Fuller-Love, 2006; Blackburn and Kovalainen, 2009). Yet the literature on SME growth remains fragmented, with little consensus around the phenomenon (Wiklund et al., 2009). Moreover, despite micro-businesses accounting for around 95.6% of all UK businesses (ONS, 2017), and for 70-95% of all firms in OECD economies (OECD, 2013a), much less is known about the growth challenges facing this significant sub-set of businesses with fewer than 10 employees. Micro-businesses are regarded as engines of growth, but as Perren (1999) asserts there is very little research on the drivers and barriers to micro-business growth or ‘scaling-up’ beyond those associated with SMEs. However, the term SME is too homogenous and fails to sufficiently identify the specific growth challenges that micro-businesses face.

This systematic literature review examines the growth constraints affecting micro-businesses (i.e. businesses with less than 10 employees) and how they are distinct from larger SMEs (i.e. businesses with 10-249 employees). The aim is to distil how the experiences of micro-businesses differ from those of larger SMEs, and to advance their understanding in relation to growth challenges. An important clarification must be made: the review does not assert that all micro-businesses should grow, or that it is desirable for all micro-businesses to grow, or that it is the natural tendency of all businesses to grow. Rather the review aims to provide an understanding of the factors that enable and constrain micro-business growth. It goes beyond providing a simple synthesis of the literature by developing critical insights to identify new directions for research and implications for policy.

Furthermore, a distinction must be made between different types of growth. Gibb (2000) notes the difficulty of defining the notion of business growth and identifies nine types of growth, including historical growth, businesses with potential, businesses wishing or having the ambition to grow, and businesses actively seeking assistance. To these can be added turnover, employment, and profitability types of growth which are investigated in the papers reviewed. The review is organised as follows: section two presents the methodology, section three discusses the findings of the review, and section four outlines the conclusions with a view to furthering research and considerations for policy.

### Method

The review was limited to published academic journal articles (peer reviewed). ABI ProQuest, Emerald, Science Direct and Scopus were selected as appropriate databases. The search was conducted in 2015 and was limited to studies published after 1980, as the 1980s mark the time when academic interest in entrepreneurship and SME research started to grow substantially (Gibb, 2000). The systematic literature review adopts the principles summarised by Thorpe et al. (2005) and, as outlined by Tranfield et al. (2003), comprises three stages (see Figure 1): planning the review, conducting the review, and reporting and dissemination.

**Thematic reporting of journal articles**

**Descriptive reporting of citations**

**Reporting the review**

**Key Results**

Duplicates (313)

Anon authors (14)

Other publications (3)

**Citations used (371)**

**Activity**

Exclusion analysis conducted in Mendeley and duplicates identified

**Stage Two**

**Key Results**

Keywords (93)

Search strings (39)

**Citations used (239)**

**Activity**

Keywords and search strings used to exclude further articles

**Stage Three**

**Key Results**

Less relevant (54)

Partially relevant (71)

Directly relevant (114)

**Citations used (114)**

**Activity**

Quality and relevance analysis

**Stage Four**

**Key Results**

Databases (4)

Key words used (12)

Number of searches (35)

Citations found (1757)

**Citations used (701)**

**Activity**

Citation searches in citation databases

**Stage One**

**Developing the protocol**

**Preparing the proposal**

**Defining the objectives**

**Conducting the review**

Figure . Summary of the systematic review process and results

The four databases were enquired using the keywords and search strings (Appendix A) comprised in the review protocol. If a search generated more than 500 citations, the search strings were amended and the search was restricted to within articles’ title only, which was necessary in the majority of the cases. If the search still retrieved more than 500 citations, the search was limited to higher quality journals (e.g. Journal of Business Venturing, International Business Review, Journal of Banking and Finance). When the search generated less than 160 citations, individual articles were briefly reviewed and relevant studies were selected. This iterative process and its results are summarised in Figure 1.

The studies were selected based on inclusion and exclusion criteria (Appendix B). However, due to the difficulties with assessing the quality of studies within management research (Tranfield et al., 2003) another factor taken into consideration was the quality of the journal. The ABS Academic Journal Quality Guide (2015) was used to ascertain the quality of the journals, maintaining a certain degree of flexibility. For example, even though a study may have been published in a journal that ranked lower on the ABS list, the study was still included as relevant if its findings were directly relevant to the aim of the review.

Of the 114 articles identified as relevant, 50 addressed the review’s objectives directly and were selected as a final sample. Nine additional studies, identified through an additional search of databases of top journals in entrepreneurship and business management (e.g. Journal of Business Venturing, Small Business Economics, Journal of Small Business and Enterprise Development, Entrepreneurship and Regional Development, International Small Business Journal), were included, being considered seminal papers not identified through database search. The total of 59 studies were then analysed descriptively and thematically. The main themes were identified by coding the titles and issues investigated, adopting an inductive approach. The coding was conducted independently by the authors, with overarching thematic categories identified to develop a coding scheme based on key themes so that intra-coder reliability could be consistent. The results of it were then compared to ensure inter-coder reliability by identifying any discrepancies between the coders so that they could be revisited and agreed.

Four themes emerged from the thematic analysis process: 1) Growth and business capabilities and practices; 2) Growth and OME’s characteristics; 3) Growth and OME’s ambition; and 4) Growth and the business environment. Considering that 21 articles cover at least two themes, reflecting the fragmented nature of the literature, 21 studies examine business capabilities and practices, 25 investigate the influence of OMEs’ characteristics on growth, 17 examine growth ambition, and 22 studies cover various aspects of the business environment.

However, there is a number of limitations that need to be acknowledged. One limitation of the systematic review is the use of keywords and search strings, this having a direct influence on both the type and the number of articles retrieved by the database (Pittaway and Cope, 2007). The search strings also need to be adapted to each database, depending on the type of available search functions and number of citations retrieved. Moreover, some of the databases used may exclude publications from specific journals, especially grey literature, making it difficult to capture all the relevant papers (Pittaway and Cope, 2007). For these reasons, the keywords used in this review were inclusive, limiting the exclusion of relevant articles from the start, and four databases were selected for enquiry. While this approach resulted in a high number of duplicates, it ensured that the systematic review captured the main themes of SME growth. One final challenge arises from selecting studies based on searches within the title of the articles which, while focusing the search, may have restricted the number of articles found. However, such an approach is considered efficient when the body of knowledge is vast (Thorpe et al., 2005), which is the case of the SME growth literature.

### Clarifying terms: SME and Owner-manager entrepreneur

The studies reviewed used various definitions of micro-businesses, which varied with the country in which the research was conducted and with the existing legal framework. This review uses the OECD (2005) definitions: businesses with 0-9 employees are micro-businesses, those with 10-49 employees are small businesses, and those employing between 50 and 249 people are medium-sized businesses. Therefore, the review distinguishes micro-businesses in the evidence reported in the studies according to the above definitions. Similarly, multiple terms are used to refer to an individual who starts and runs a business, including owner, owner-manager, entrepreneur, nascent or aspirant entrepreneur, and founder. To ensure consistency and clarity, this review uses one term as a proxy for the broad range of definitions namely owner-manager entrepreneur (OME).

### Studies of SME growth: Distinguishing micro-businesses

The literature on SME growth is fragmented. The studies reviewed examine disparate aspects of business growth, most focusing on larger SMEs as opposed to micro-businesses. A significant number centre on OMEs (i.e. on their characteristics and growth ambition), while another significant proportion focus on key business capabilities and practices. However, in micro-businesses’ case, where the OME is often responsible for all the tasks involved in running and managing the business (O’Dwyer and Ryan, 2000), the level of business capabilities and practices will depend on and will reflect OME’s capabilities. This distinguishes micro-businesses as an important subset of SMEs and highlights the importance of understanding their particular characteristics in order to support their growth. The literature also accounts for the business environment, the influence of which is outside OMEs’ control.

 The table in Appendix C provides a summary of the main findings of the systematic review analysis based on the 59 studies reviewed through a theme-based comparison between micro-businesses and larger SMEs. The Journal of Small Business and Enterprise Development is among the most popular journals in the SME growth literature, being in the top three journals based on the number of studies included in review, along with Small Business Economics and Journal of Business Venturing (Appendix D).

####  Growth and business capabilities and practices

The reviewed studies examine networking, marketing, business planning, human resources, and the use of information technology (IT). Micro-businesses distinguish themselves from larger SMEs through a deficiency of such capabilities and practices, identified as growth drivers in growth-oriented and growing micro-businesses and in larger SMEs. For example, micro-business OMEs do not actively engage in networking (Greenbank, 2000a). Networking with weak ties is associated with increased business performance and positive growth attitudes in active micro-business networkers, yet only a minority engage in extensive or moderate networking (Baines and Wheelock, 1998; Chell and Baines, 2000). In larger SMEs, networking is positively associated with both employment and turnover growth, especially where networks extend outside a firm’s region, nationally and internationally (Donckels and Lambrecht, 1995; Robson and Bennett, 2000; Huggins and Johnston, 2009), and facilitates innovation (Roper, 1997; Huggins and Johnston, 2009), high-growth SMEs showing a higher propensity to be more innovative and introduce new products and technology (Smallbone et al., 1995; Foreman-Peck et al., 2006). Networking also improves organisational learning and increases competence, enhancing flexibility, proactiveness, responsiveness to market changes (Chaston, 2000). Therefore networking - particularly with weak ties which can provide new information, advice, and fresh perspectives - has the potential to stimulate growth in micro-businesses. It is unclear whether networking in micro-businesses is constrained by a perceived lack of value or whether it is simply unviable, as OMEs generally lack time for such activities (Chell and Baines, 2000)**.**

Moreover, micro-business OMEs do not generally engage in formal marketing practices (Greenbank, 2000a) which may not be suitable to micro-businesses at all times and stages of development (Hogarth-Scott et al., 1996; Greenbank, 2000a). If limited in scope and complexity in micro-businesses, marketing practices facilitate growth in larger SMEs (Brush et al., 2009) interacting positively with other activities such as networking (Chaston, 2000). Marketing plans and a greater competitive advantage awareness support strategic thinking and customer orientation, enhancing opportunity recognition and response in high-growth SMEs (Smallbone et al., 1995; Foreman-Peck et al., 2006).

However, micro-businesses do not engage in marketing practices to the same extent or in the same type of practices as larger SMEs. For example, OMEs consider formal types of advertising ineffective, relying on word of mouth communications, lacking time and resources to engage in formal marketing practices in the fast-paced day-to-day management of the firm (Hogarth-Schott et al., 1996). Even if less advanced and more informal, marketing practices can drive growth in micro-businesses by building business capabilities. A greater market awareness, the gathering of trade intelligence, and market research prior to start-up lead to better performance in micro-businesses, the capabilities derived from these practices facilitating strategic thinking and opportunity recognition, and therefore an understanding of key marketing principles and techniques can support micro-business growth from an early stage (Hogarth-Scott et al., 1996; Smith, 1999).

Another underdeveloped capability and almost absent practice in micro-businesses is business planning (Greenbank, 2000a), despite it being a useful strategic tool supporting strategy development, objective setting and performance measurement. While some see business planning as helpful in setting objectives and providing strategic direction, others refer to it as a “cosmetic document used to obtain finance” (O’Dwyer and Ryan, 2000, p.350). Nevertheless, as shown in growing micro-businesses (Greenbank, 2000a; LeBrasseur et al., 2003), and supported by evidence from larger SMEs (Morrison et al., 2003; Richbell et al., 2006), business planning is an important tool for planning and achieving growth.

A recurrent issue in micro-businesses concerns human resources (HR), a key business capability and major focus of growth entrepreneurs (Mueller et al., 2012). HR plays an important role in rapid-growth SMEs, employee training programmes and employee development being critical to maintaining growth (Barringer et al., 2005). Thus, the absence of HR capabilities in micro-businesses, which are often unprepared or unwilling to recruit extra employees and expand due to time, skills, and resource constraints, limits their growth potential (Hogarth-Scott et al., 1996; Fielden et al., 2000). Although recruitment and skill shortages also constrain high-growth SMEs (Lee, 2014), these are likely to affect micro-businesses to a greater extent, a significant proportion of them preferring to stay small due to recruitment challenges (Fielden et al., 2000).

Finally, the use of IT resources is associated with micro-business growth. For example, the use of computerised accounts is strongly associated with high growth (Foreman-Peck et al., 2006). The use of Web 2.0 by micro-businesses improves internal operational efficiency, increases operational capabilities, and results in better external communications (Barnes et al., 2012). It is therefore unsurprising that the use of IT in young micro-businesses is strongly and positively associated with firm performance (Smith, 1999).

Thus, micro-businesses are often constrained by underdeveloped capabilities in various business areas. Considering they are owner-manager centric, this is highly likely to be reflected in underdeveloped OME capabilities, as in most micro-businesses “the owner-manager is the company” (Lean, 1998, p.233). Moreover, considering the fast-paced, time-constrained nature of OMEs’ role, it is unsurprising that growth constraints will arise in certain business areas. Consequently, OMEs must avoid becoming “immersed in day-to-day operating issues” and shift their efforts towards managing the business (LeBrasseur et al., 2003, p.325). The benefits are reflected in larger SMEs with more developed organisational structures where OMEs can delegate the day-to-day running of the business and focus on managing of the firm, capitalising on the benefits of networking, marketing, HR, and business planning as growth drivers.

####  Growth and OME characteristics

The characteristics examined include experience, human capital, expertise in managing growth, business skills, age, and the level of financial wealth. The multitude of factors that shape decision-making and subsequent business performance and the disproportionate reliance on the OME highlights why it is challenging for the majority of micro-businesses to achieve growth. The accumulation of experience, human capital, skills and expertise by one person (i.e. the OME), requires time, training and support, and may lead to initial business failure before experiencing success (Deakins and Freel, 1998).

For example, entrepreneurial and managerial experience gained through multiple ownerships and directorships is a distinct characteristic of new high-growth firms and high-growth OMEs (Rosa and Scott, 1999a; 1999b). In larger SMEs, prior related industry experience, prior work experience, and previous job experience in a related field are associated with growth, being top characteristics of OMEs of high-growth firms (Cooper et al., 1989; Barringer et al., 2005; Richbell et al., 2006), managerial experience being positively associated with starting larger businesses and with the aim to increase future sales and firm size (Cooper et al., 1989; Cassar, 2006). Continually accumulated through knowledge, experience, communication, and judgement (Carson and Gilmore, 2000), experiential learning and knowledge are essential in identifying growth opportunities (Hulbert et al., 2013), high growth-oriented OMEs adopting a ‘learning-by-doing’ philosophy (Moran, 1998). Therefore, it is essential for OMEs to develop the ability to learn from experience, “one of the key abilities in entrepreneurship” (Deakins and Freel, 1998, p.151).

OMEs’ human capital is another characteristic that influences the level of growth achieved. Although a couple of studies question the influence of education (Cassar, 2006; Coad et al., 2013), better educated OMEs start larger businesses (Cooper et al., 1989), and OME’s human capital and a minimum of apprenticeship experience have a positive effect on micro-business survival and growth (Watson et al., 1998; Johnson et al., 1999). The positive impact of OME’s human capital emerges in larger SMEs. For example, OMEs with University/college education prefer high-barrier (i.e. high-risk) industries with larger expected financial gains (Lofstrom, 2014), and higher professional and educational qualifications are positively associated with growth (Bryson et al., 1997; Richbell et al., 2006), education being a top characteristic of OMEs of rapid-growth firms (Barringer et al., 2005). However, a distinction must be made between business and technical knowledge. In micro-businesses’ case, technical knowledge might be sufficient to start a business, but it is business knowledge and skills that propel the business further on a growth path, which leads the discussion to the next characteristic, namely expertise in managing growth.

To avoid becoming “immersed in day-to-day operating issues” and focus on business management (LeBrasseur et al., 2003, p.325), OMEs must accumulate expertise in managing growth. Indeed, growth-driven micro-business OMEs acknowledge the importance of managerial skills, seeking training and advice on leadership, motivation, staff training and recruitment (Watson et al., 1998). In Perren’s (1999; 2000) framework, expertise in managing growth is one of the four main growth drivers, as without it the growth process can lose focus and direction. Evidence from larger SMEs confirms that expertise in managing growth is built by accumulating business skills such as managerial, marketing, sales, financial, HR, and leadership (Moran, 1998; Brush et al., 2009). For example, marketing and financial capabilities facilitate high growth by enabling market expansion and innovation (Barbero et al., 2011), the lack of managerial, marketing and sales skills being reported as top growth constraints (Bryson et al., 1997). Therefore, as growth represents a transition from the involvement in day-to-day business operations to managing growth and the organisation (Mueller et al., 2012), it is essential that growth-oriented micro-business OMEs acquire a range of business skills from an early stage. A proactive behaviour comes in support of OMEs, being essential in diminishing potential adverse effects of the crises preceding growth stages (Scott and Bruce, 1987).

Furthermore, OME’s age is negatively related to growth intentions (Gray, 2002; Foreman-Peck et al., 2006), suggesting that younger OMEs are likely to be more growth-oriented, yet mature OMEs are more likely to run businesses with greater longevity (Cressy, 1996). On the other hand, pre-start-up income and wealth are positively associated with growth intentions and start-up growth rate (Cressy, 1996; Cassar, 2006), the pre-start-up worth of an individual influencing their ability to enter high-barrier industries (Lofstrom, 2014). Thus, higher levels of wealth can mitigate the risks associated with the need to take on debt.

Therefore, substantial research effort has been devoted to understanding the influence of experience on growth as well as the importance of OME’s human capital and expertise on managing growth, with particular emphasis on managerial and business skills. While the evidence related to micro-businesses is limited, the studies focusing on larger SMEs highlight key potential growth constraints which generate implications for micro-businesses and provide future research avenues as well as policy implications.

####  Growth and OME’s ambition

The most conspicuous theme that emerged from the review is OME’s growth ambition, examined from different perspectives: motivation, intentions, desire to succeed, expected outcomes, ability, need, opportunity, and reasons for starting a business. Perren (1999, p.369) finds that the desire to succeed, where success equates firm growth and is financially oriented, influenced growth motivation to a great extent, concluding that in micro-businesses OME’s growth motivation is “vital in such small firms, being an essential growth driver”. However, Davidsson (1989), Baines and Wheelock (1998), Fielden et al. (2000), Greenbank (2001), Gray (2002), Poutziouris (2003), Wiklund et al. (2003), Walker and Brown (2004), and Reijonen and Komppula (2007) identified the lack of growth ambition as a constraint, as the majority of OMEs place more value on non-economic aspects of business ownership rather than being driven by financial gain and a willingness to succeed.

This is particularly the case of micro-businesses - 22%-25% identified as growth-oriented, just a small fraction intending to actually increase in size (Baines and Wheelock, 1998; Chell and Baines, 2000; Poutziouris, 2003) - where the lack of growth ambition acts as a greater constraint due to OMEs’ dominant role (Perren, 1999). Non-economic objectives of micro-business OMEs include being one’s boss, increased independence and flexibility, job satisfaction, product or service quality, and customer and work satisfaction (Perren, 1999; Fielden et al., 2000; Reijonen and Komppula, 2007). Growth intentions are limited to a desired income level which is often restricted to earning a satisfactory income or making a living rather than actively pursuing growth, and therefore “there is no drive to improve the business in terms of growth, sales and profitability” (Greenbank, 2001, p.108; Reijonen and Komppula, 2007). The studies highlight that the majority of micro-businesses tend to be lifestyle businesses, very few OMEs having the ambition to grow the business beyond a personal target income level.

Nevertheless, financial incentives can act as growth drivers for growth-oriented OMEs. For example, for high risk-return and growth-oriented OMEs, financial success is a top reason for venture creation and is positively associated with all measures of growth intention and preference (Cassar, 2007; Douglas, 2013). Risk aversion is identified in a number of studies as limiting the growth ambition of micro-business OMEs, growth being indeed associated with higher risk-propensity (Poutziouris, 2003).

Growth motivation is also influenced by expected outcomes, namely positive expectations about growth outcomes result in positive attitudes towards growth and vice-versa (Wiklund et al., 2003). OMEs of micro and small businesses are more concerned about the loss of independence, managerial control, employee well-being, crises survival, potential loss of control, and bankruptcy risk, which generate negative attitudes towards growth (Davidsson, 1989; Greenbank, 2001; Wiklund et al., 2003), confirming a tendency of micro-business OMEs to be growth-averse. An interesting finding of Davidsson’s (1989) study is that growth motivation diminishes as the business grows, deterring many micro-businesses to become small businesses. This may be explained either by a culture for very small business, a lack of growth ambition and/or expertise in managing growth, or may be a product of unfavourable institutional arrangements. While some do not aspire to grow their business at all or adopt an incremental approach (Hogarth-Scott et al., 1996; Walker and Brown, 2004), Gray (2002) unveils that micro-businesses generally tend to be growth averse or prefer the status quo, high change adopters being more likely to have growth intentions and increase sales performance. As growth is characterised by radical changes (Wiklund et al., 2009), dynamic micro-businesses are more likely to be growth-oriented and therefore, changes such as introducing formal management structures can support ambition by shifting the focus towards managing the business.

Larger SMEs exhibit a mix of economic and non-economic objectives. However, although increased profitability is an objective for most small businesses, similar to micro-businesses, just a small fraction actually intends to grow in size (Poutziouris, 2003). Independence remains the main motivational factor and non-economic objectives such as maintaining independence, increased leisure time, better standard of living, personal and job satisfaction, employee well-being, pride, family objectives, and a flexible lifestyle remain prevalent (Gray, 2002; Poutziouris, 2003; Walker and Brown, 2004; Douglas, 2013). Distinguishing between objective and subjective factors, Davidsson (1991) explains that subjective factors, (i.e. perceptions of ability, need and opportunity) mediate the influence of objective factors on growth motivation, and that small firms stop growing due to what the author calls ‘satiation’ (i.e. no need to grow). Moreover, Morrison et al. (2003) shows that growth-oriented businesses attain a balance between OMEs’ intention, business abilities and the opportunity environment, arguing that the three factors are inherently interdependent. Therefore, the lack of growth ambition can also be explained by aspects that emerged in other themes, such as OMEs’ characteristics and the business environment, or the institutional environment.

Thus, the lack of growth ambition, fuelled by fear of failure, risk aversion, negative growth expectations, and a focus on non-economic objectives, represents an important constraint for the OME-centric micro-businesses but also a challenge for policy makers. Ambition is not something that can be influenced directly as it is the result of the influence of both an individual’s characteristics and the business environment. It can rather be stimulated by creating the conditions that enable growth-oriented OMEs to pursue their ambitions and by supporting micro-business to build capabilities at both individual and firm level.

####  Growth and the business environment

The business environment encloses the activity of businesses, influencing the extent to which OMEs can pursue their ambitions, and can therefore create an additional layer of constraints through elements external to the business. Business growth requires both a supportive business environment and OMEs to perceive the business environment positively (Morrison et al., 2003). However, factors such as the state of the economy, dynamism, hostility, competition, and demand, which are outside OMEs’ control, can constrain growth regardless of the level of ambition and capabilities and can even suppress growth ambition (Perren, 1999; 2000; Wiklund et al., 2009; Lee, 2014), often influencing whether micro-businesses remain very small or grow significantly (Johnson et al., 1999). As a business grows, the business environment becomes increasingly important, as shown by Scott and Bruce’s (1987) small business growth model where each stage is preceded by a crisis, most likely of external nature (e.g. competition, information needs, complexity of moving into new markets, external focus need).

Furthermore, the institutional environment can constrain business growth if it fails to create the conditions for growth-oriented OMEs to pursue their ambitions. Some of the most problematic issues are access to resources - particularly finance - and business support (Perren, 1999; Fielden et al., 2000; Greenbank, 2000a; Lee, 2014). Resources can increase survival chances and subsequent growth (Coad et al., 2013) and therefore access to adequate resources is vital for micro-businesses. While high-growth oriented SMEs are more likely to use multiple sources of finance (Vos et al., 2007), the number of accessible finance sources used by micro-businesses does not predict their performance (Smith, 1999). The issue for micro-businesses is rather the adequacy of available finance options. For example, micro-businesses face inaccessible, inadequate or inflexible grants, criticising the reluctance of financial institutions to provide adequate capital (Fielden et al., 2000), other barriers including the lack of capital, fears of increased financial risk (Robertson et al., 2003), fear of being unable to obtain finance, and perceptions of finance being inaccessible (Williams and Williams, 2012). Due to limited access to adequate external finance some businesses resort to pursuing organic growth, but this limits their growth potential (Brush et al., 2009).

Nevertheless, resource availability does not directly imply growth, the relationship being mediated by other factors such as entrepreneurial orientation which unveils that, regardless of the type or level of resources available, growth is contingent on OME’s entrepreneurial behaviour, namely their ability and intention to use them for growth (Wiklund et al., 2009). This reinforces the importance of issues highlighted in previous themes, such as skills and ambition, highlighting the OMEs’ central role. Access to finance is also problematic for larger SMEs and, although these are less likely to perceive potential government barriers as barriers to growth (Lee, 2014), this does not imply that institutional arrangements do not affect micro-businesses to a greater extent, as micro-businesses do not benefit from the same capacity as larger, high-growth SMEs to comply efficiently with legal requirements.

Moreover, the creation of a supportive business environment is facilitated by the provision of adequate business support. However, a recurrent issue reported by the literature is the inadequacy of business support available for micro-businesses. Micro-businesses do not seek external advice and, even when received, it is perceived as either unhelpful or as “useful, but too general in nature” (Fielden et al., 2000, p.302; Greenbank, 2000a), and small business advisers tend to offer advice for survival rather than suggesting riskier growth strategies, incongruent with government’s growth policies (Mole, 2000). Fielden et al. (2000) argue that rather than a lack of growth motivation, it is the lack of adequate support that impedes micro-business growth. This argument is supported by a series of studies which identify government-backed support provisions as inefficient (Robson and Bennett, 2000). Confirmed by Matlay’s (2004) size-related effect, a major issue is the lack of fit between available training and development programmes and the needs of micro-business OMEs, support providers assuming that micro-businesses are similar to larger SMEs (Lean, 1998; Greenbank, 2000b; O’Dwyer and Ryan, 2000). Start-up and pre-start-up governmental support provision fails to address some key development needs, especially for growth-oriented micro-businesses (Lean, 1998), available training and development programmes being considered more appropriate for larger businesses (O’Dwyer and Ryan, 2000). Perren (1999), Greenbank (2000b), O’Dwyer and Ryan (2000), Matlay (2004), and Devins et al. (2005) acknowledge the uniqueness of micro-businesses and argue for the need of programmes that are flexible, timely and tailored to the needs of micro-businesses.

Therefore, it is not the factors that are different but the way in which those factors affect micro-businesses differently. Given the importance of business support for OMEs’ development, the gap reported by these studies is not only an important micro-business growth constraint but also a challenge for growth-oriented government policy which has so far not been translated into suitable business support. Therefore, although not the focus of the review, the business environment itself can be growth-constraining and create additional challenges for micro-businesses.

### Summary and implications: ‘one-size-does-not-fit-all’

This systematic literature review identifies the specific characteristics of micro-businesses, as distinct from other SMEs, and emphasises the importance of focusing policy development for micro-businesses on the basis of these specific characteristics. The analysis reveals that research on SME growth focuses on four main areas: business capabilities and practices, OME’s characteristics, OME’s growth ambition, and the business environment. However, micro-businesses distinguish themselves from larger SMEs in all four areas. More specifically, micro-businesses are OME-centric, and thus growth often depends entirely on the OME’s efforts, ambition, human capital and skills.

 The review highlights a lack of growth ambition and OMEs’ tendency to be growth-averse, placing greater value on non-economic objectives. They are also constrained by underdeveloped capabilities in key business areas such as networking, marketing, business planning, and HR, which limits their ability to build more advanced capabilities which could stimulate and support growth. Time constraints impede OMEs to engage more actively in these key business areas, hence why growth requires the transition from day-to-day business operations towards business management. Nevertheless, these issues also echo absent or underdeveloped OME capabilities. Managerial and business skills, along with better education, facilitate the engagement in more advanced growth-driving business practices, emphasising management’s role in driving growth. Moreover, besides the influence of various external factors, the institutional environment can constrain growth by failing to create conditions supportive of growth-oriented businesses, a major issue being the adequacy of business support provision. The review, therefore, emphasises that ‘one size does not fit all’, and hence that enterprise policy needs to be sensitive to the challenges and needs of different business categories.

 However, while the systematic review synthesises and maps out the challenges facing micro-businesses as a subset of SMEs, business growth is a complex process, and its understanding remains limited. As “[b]usinesses do not evolve in a vacuum” (Mason, 2016, p.39) but are embedded in a specific context which shapes their development, an area where further understanding is required is the importance of context in shaping ambition and business growth, and entrepreneurship more broadly (Huggins et al., 2017). Despite a growing evidence base, there is still an underemphasis on how different contexts influence the outcomes of entrepreneurship at different scales, which is also one of the problems associated with the current approach to enterprise policy which reflects an undifferentiated, ‘context-insensitive’ approach. For example, very few of the current growth accelerator programmes are tailored to the needs of their local entrepreneurial context (Brown and Mawson 2016a). Moreover, in focusing on businesses with high growth potential, policy makers are making the assumption that these are distributed relatively evenly and display similar characteristics across places, as well as that growth ambition manifests in a relatively similar manner across localities. Critically, however, BIS (2010, p.27) cautions that “there are considerable differences between places and the extent to which they can generate growth and private sector jobs will vary” and thus “[p]olicy making needs to reflect these complexities”.

 Therefore, such spatial differences are indicative of the variation in the type and potential of businesses across places. Indeed, Brown and Mawson (2016b) show that a large proportion of the employment growth of HGFs operating in peripheral places is generated outside the peripheral area, thus limiting their expected local impact. Moreover, Mason et al. (2015) highlight that firms operating in peripheral places are significantly different from firms located in core areas, namely they are smaller, create fewer jobs and generate a smaller direct local economic impact, emphasising that a focus on HGFs is not appropriate across all UK regions. Similarly, Lee and Cowling (2015) show that firms tend to get smaller the further they are from urban economic centres. At the same time, Acs and Mueller (2008) show that high-growth businesses tend to concentrate within economic cores, with 40 percent of all the Gazelles (i.e. high-growth businesses) concentrated in just 20 cities, while Baldwin and Okubo (2006) identify a tendency of highly productive firms to concentrate at the core, with lowest productive firms to disperse at the periphery. Acs and Mueller (2008) also highlight that the impact of Gazelles is contingent on regional characteristics, showing that the average employment effect of Gazelles established in ‘non-Gazelle regions’ does not differ from that generated by small firms. In fact, Baptista and Preto (2011) show that knowledge-based start-ups (i.e. innovative firms with high growth potential) have a negative effect on productivity in less agglomerated areas, and hence generate a negative economic effect.

 Therefore, it is critical that enterprise policy is sensitive to the nature of different types of businesses and their unique challenges and needs, as well as to the context in which these operate. An overly skewed focus on high growth overlooks not only the needs of different types of businesses and the benefits in supporting them through a more balanced and tailored approach, but also the variation of business characteristics and potential across places. Moreover, with the more high-growth oriented and productive businesses concentrating within economic cores, such a strategy is set to perpetuate spatial imbalances in a national economic context already affected by spatial disparities, and therefore increases the chances of accentuating a core-periphery pattern at the subregional level. These aspects are critical in the current economic development governance context where each LEP is “required to address the needs of their local entrepreneurs and SMEs rather than delivering enterprise policy initiatives chosen randomly from White Papers” (Arshed et al., 2016, p.1602). As emphasised by Boraston (1996), while most small businesses are not innovative and do not display idealised high-growth characteristics, this does make them less ‘worthy’ of public support as their contribution to the localities in which they operate is critical.

## Summary

This chapter has situated the study within the relevant literature strands, reviewing the literature on institutions, economic development governance, enterprise policy, and SME growth constraints, with each section highlighting the issues and the gaps that the study is addressing. The first section highlighted that institutions, formal and informal, shape the outcomes of entrepreneurship and economic development policy and are thus key to understanding spatial disparities in economic prosperity across places, particularly at the less researched local scale. Specifically, the section emphasised how path dependence, and institutional hysteresis as a form of path dependence, can stymie entrepreneurship and with it economic resilience, and therefore how understanding the heterogeneity of local institutional contexts can advance the understanding of why some places are more resilient than others. The section concluded by highlighting the need for a multi-scalar institutionally sensitive geographical political-economic approach to understanding the challenges of entrepreneurship in PPIPs, underlining the influence of multi-scalar institutional arrangements on local economic development and the importance of examining not only interscalar but also intrascalar interactions within the current subnational economic development governance arrangements in the UK.

 Focusing on the changing geographies of UK economic development governance, the second section highlighted the longstanding issue of centralism in UK’s subnational economic development governance. In analysing the transition from regionalism to localism, the section questioned the ‘new localism’ and the capacity of LEPs to enable enhanced and more democratised local economic development. It also emphasised a continued dominance of NEG on economic development policy, reflected in a (core) city-centric rhetoric, and the lack of peripheral vision, and thus the importance of understanding the impact of the new subnational governance arrangements on economic development in subregional peripheries as ‘in between’ spaces wrapped around economic cores.

 The third section reviewed UK’s enterprise policy over the past few decades and the current approach undertaken by LEPs in supporting enterprise-led growth in the UK. In analysing the transition of UK enterprise policy from quantity in the 1980s to quality in the 1990s, to balanced portfolio in the 2000’s and to a focus on businesses with high growth potential post-2010, the section questioned the current approach, emphasising the issues with picking winners and arguing for a more balanced approach that goes beyond supporting high-growth businesses.

 The final section systematically reviewed the literature on SME growth constraints, distinguishing micro-businesses as an important, yet under-researched, subset of SMEs. Highlighting the OME-centric nature of micro-businesses, the systematic review emphasised the importance of understanding the specific challenges facing different SME categories rather than adopting a ‘one-size-fits-all’ approach. Moreover, the section identified a gap in the SME literature, namely the importance of understanding the context in which micro-businesses operate, as places vary in their characteristics and potential to support private sector-led growth. This is critical in the context of enabling ‘place-based’ economic development in PPIPs.

 Overall, the chapter emphasised the importance of context throughout its four main sections, identifying the geographical, institutional, and political-economic context as playing a key role in shaping entrepreneurship and economic development across places. At the same time, each subchapter discussed the implications for PPIPs, highlighting specifically how core-periphery dynamics can become more pronounced and stymie their development in the current institutional landscape. The next chapter introduces the methodology, discussing the philosophical foundation and theoretical lens, presenting the empirical focus in more detail, and discussing the methodological approach employed by the study.

# Methodology

Taking stock of entrepreneurship research three decades ago, Low and MacMillan (1988, p.141) argued that entrepreneurship must be defined as the “creation of new enterprise”, and therefore suggested that role of entrepreneurship research is to “*explain and facilitate the role of new enterprise in furthering economic progress*” (italics in original). However, as highlighted by Leitch et al. (2010, p.68), entrepreneurship “is a multifaceted, complex social construct”, and, from a conceptual perspective, it is “fiendishly difficult … to pin down” (Acs et al., 2014, p.476). Indeed, Dodd and Andersson (2001, p.15) assert that ‘enterprise’ can be understood as “a business, a daring endeavour, or the propensity to engage in a daring endeavour”. With no common definition of entrepreneurship (Kobia and Sikalieh, 2010), various definitions are found in entrepreneurship research which relate to new firm formation and self-employment (see, for example, Andersson and Koster, 2011; Fritsch and Wyrwich, 2014; Fotopoulos and Storey, 2017), innovation (see, for example, Schumpeter, 1934; Johnson, 2001; Audretsch, 2004; Wong et al., 2005), behavioural traits such as entrepreneurial orientation, attitude and ‘readiness’ (see, for example, Lindsay, 2005; Wiklund et al., 2009; Bosma and Schutjens, 2011; Schillo et al., 2016), cognitive processes such as opportunity discovery and exploitation (see, for example, Shane and Venkataraman, 2000; Sarason et al., 2006; Grégoire et al., 2010), but also, importantly, aspects of culture (see, for example, Fritsch and Mueller, 2007; Stuetzer et al., 2016; Wyrwich, 2015).

 Moreover, enterprise policy has tended to focus specifically on small businesses, which have long served as a proxy for entrepreneurship, hence the decades of small business policy in the UK (Curran, 2000; Greene et al., 2004). However, going beyond small firms and the conflation of enterprise with small business ownership (Curran, 2000; Gibb, 2000; Dodd and Anderson, 2001; Grant and Perren, 2002), the focus of enterprise policy has gradually expanded to include all SME categories, as well as, more recently, a specific focus on businesses with high-growth potential and the need to develop an entrepreneurship culture (see, for example, Smallbone et al., 2002; HMG, 2010; Krasniqi and Desai, 2016). Therefore, this study adopts a broad definition of entrepreneurship which ranges from new business start-up and growth-oriented businesses to promoting cultural change, thus reflecting the range of interventions aimed at supporting entrepreneurial-led growth across places.

 The broad understanding of enterprise and entrepreneurship has determined methodological diversity, and therefore researchers have hitherto adopted various approaches to studying entrepreneurship, which combine qualitative and quantitative approaches and include ethnography, case studies, large scale surveys, including longitudinal and cross-sectional analyses, and secondary analyses (Blackburn and Smallbone, 2008; Blackburn and Kovalainen, 2009). However, with quantitative research dominating the entrepreneurship arena (Hill and McGowan, 1999; Hindle, 2004; Suddaby et al., 2015), the evidence base informing enterprise policy has been strongly influenced by quantitative data, with ‘numbers’ and ‘facts’ as the preferred evidence (Denzin, 2009), and thus much less emphasis has been placed on qualitative research. Nevertheless, as Ritchie (2003, p.26) highlight, “this very limited view of 'evidence' will leave many questions essential to social policy misconceived or inadequately understood”. Consequently, qualitative research can facilitate a more in-depth and comprehensive understanding of the social processes underpinning and shaping entrepreneurship.

 With the overarching research question seeking to examine how institutions shape entrepreneurship and economic resilience in peripheral post-industrial places, the study aims to: 1) understand why peripheral post-industrial places have low levels of entrepreneurial activity; 2) explore how entrepreneurs seek to navigate institutional challenges at the local level in peripheral post-industrial places; and 3) examine the approaches of policy makers to fostering higher levels of entrepreneurship and resilience in peripheral post-industrial places. A further aim of the study is to produce results that contribute to theoretical development in the entrepreneurship arena and which are useful and relevant to policy makers in developing empirically-informed, evidence-based policies aimed at supporting entrepreneurship and local economic development. The following subsections present the empirical focus, discuss the philosophical foundation underpinning the study and the theoretical lens, and examine the research design and methodological approach.

##  Empirical focus: Doncaster as a PPIP

The empirical focus of this study is Doncaster, a post-industrial town located within the periphery of the SCR, in the North of England. Together with eight other local authority areas Doncaster forms the SCR LEP. Figure 2, which illustrates the geographical dispersion of the 39 LEPs formed in England by the end of 2011, shows the SCR LEP located in the Northern part of the country.

 The SCR LEP aims to transform the local economy over the next decade through major regeneration and growth projects (SCR 2014; 2015). The LEP’s ambitious targets, set out in its 2015-2025 strategic economic plan, and which include 6,000 new start-ups needed to reduce the enterprise deficit (SCR, 2014), reflect the importance of local collaboration, and with it, Doncaster’s role as a PPIP. At the same time, they highlight the need to promote the

Figure . LEPs map

*Source:* Department for Business, Innovation and Skills, 2013 (available at https://www.gov.uk/government/publications/local-enterprise-partnerships-map) © Crown Copyright, Open Government Licence v3.0



Figure . SCR LEP map

Source: Sheffield City Region (<https://sheffieldcityregion.org.uk/about/overview/>), original available at <https://commons.wikimedia.org/w/index.php?curid=6417846>, CC BY-SA 3.0

development of a local entrepreneurship culture across the localities, in order to foster entrepreneurial and enterprise-led growth in Doncaster as a PPIP. However, Doncaster faces significant socio-economic challenges as, decades after the accelerated decline of traditional industries, it continues to be disproportionately constrained by legacies of the past. Doncaster’s standing as a PPIP is determined by its city-regional peripherality, as the formation of the SCR LEP in 2010 has seen the inclusion of Doncaster at the city-regional periphery (see Figure 3), and by its industrial past.

 The SCR as a whole is a former industrial region, having been a major centre for coal, steel and manufacturing in the 1970s. However, despite once being “one of the heartlands of the manufacturing industry in the UK”, the unemployment that accompanied the decline in traditional industries “has left a legacy of relative deprivation which is still being tackled” (Huggins and Johnston, 2009 p.234). Capturing the impact of deindustrialisation in the North, Hudson (2005, p.2) asserts that the economy of the North East of England “has been transformed from a booming core in the 19th century to a marginalised and near-bust periphery by the end of the 20th century”. Hudson’s comment highlights the magnitude of the effects of deindustrialisation, which has undermined the economies of UK’s former industrial regions, including the SCR. However, deindustrialisation is not unique to the UK, as the decline in manufacturing has also affected most developed economies (Kitson and Michie, 2014).

 Therefore, Doncaster, like many other former industrial towns in developed economies, has experienced a decline in traditional manufacturing industries from the mid-1970s, which has led to a prolonged period of economic decline and stagnation (Williams and Vorley, 2014). This is reflected in continued the economic underperformance of the local economy. With an average annual growth rate of 1.5 percent, Doncaster is among the cities with the lowest economic growth rate recorded between 1981 and 2011 in the UK, as well as one of the cities with the lowest annual productivity growth rates (Martin et al., 2014). Moreover, deindustrialisation was followed by significant job losses, releasing “a pool of low-skilled, low-wage labour onto the local labour market” (Simmie and Martin, 2010, p.36), and generating long-lasting effects (Beatty et al., 2007; Martin, 2012).

 The impact of deindustrialisation as a major socio-economic shock has determined a path dependent evolution for Doncaster. Left without economic purpose following deindustrialisation, places like Doncaster underperform economically, needing both social and economic regeneration (Thompson, 2010). Indeed, Doncaster ranks 32nd in the index of relative decline developed by Pike et al. (2016), which means that, while the town may still be experiencing increases in population or employment, these are relatively low level or slow rate when compared to those in other cities or to the national average. In addition, as shown in Table 2, Doncaster is one of the most deprived local authorities in the SCR LEP area, second only to Barnsley, and among the 15 percent most deprived local authority districts in the UK.

Table . Index of Multiple Deprivation (IMD) ranking for SCR LEP local authority districts 2015

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Local Authority District** | **IMD-Rank of average rank** | **IMD-Rank of average score** | **IMD-Rank of proportion of LSOAs in most deprived 10% nationally** | **IMD - Rank of extent** | **IMD - Rank of local concentration** |
| Barnsley | 37 | 39 | 32 | 39 | 48 |
| Doncaster | 48 | 42 | 37 | 42 | 51 |
| Bolsover | 61 | 87 | 142 | 104 | 143 |
| Rotherham | 62 | 52 | 43 | 52 | 23 |
| Chesterfield | 85 | 81 | 96 | 74 | 94 |
| Sheffield | 94 | 60 | 26 | 47 | 29 |
| Bassetlaw | 115 | 114 | 97 | 107 | 78 |
| North East Derbyshire | 190 | 184 | 180 | 172 | 172 |
| Derbyshire Dales | 258 | 257 | 165 | 242 | 284 |

*Source:* Department for Communities and Local Government: English indices of deprivation 2015

 In response to Doncaster’s path dependent evolution, a concerted institutional response has been to foster entrepreneurship. However, the impact of successive policies aimed at promoting entrepreneurship remains limited. While seeking to embark on economic renewal, Doncaster continues to be constrained by legacies of the past and a weak economic resilience. As shown in Table 3, the growth in employment recorded by the SCR during the 1998-2008 growth cycle was largely premised on public sector employment growth, as opposed to private sector growth. In fact, SCR was the only city-region recording a net decrease in private sector employment during the growth cycle (SCR, 2014). Doncaster is no exception, with its net employment growth recorded during the ten-year cycle having been entirely generated by the public sector, with private sector employment actually contracting over the period.

Table . Employment growth in the SCR 1998-2008

|  |  |  |  |
| --- | --- | --- | --- |
| **Local authority** | **Private** | **Public** | **Net change** |
| Rotherham | 8,319 | 10,016 | 18,335 |
| Bolsover | 6,505 | 2,579 | 9,084 |
| Derbyshire Dales | 571 | 1,614 | 2,185 |
| North East Derbyshire | -1,814 | 1,880 | 66 |
| Doncaster | -2,070 | 12,336 | 10,266 |
| Bassetlaw | -2,473 | 575 | -1,898 |
| Chesterfield | -3,621 | 1,999 | -1,622 |
| Sheffield | -5,517 | 29,505 | 23,988 |
| Barnsley | -6,563 | 4,237 | -2,326 |
| Total | -6,663 | 64,741 | 58,078 |

Source: Sheffield City Region Independent Economic Review (SCR, 2013)

 However, micro-businesses are central to Doncaster’s economy. Table 4 highlights that the growth in business stock and start-up numbers experienced by Doncaster between 2015 and 2016 can be attributed almost entirely to micro-businesses, with the growth being generated particularly by an increase in the number of micro-businesses with 0-4 employees. Nevertheless, a key challenge confronting Doncaster as a PPIP is the underproductive nature of entrepreneurship stemming from an underdeveloped entrepreneurship culture. The entire SCR LEP faces an enterprise deficit, hence the LEP’s focus on creating an enterprise culture (SCR, 2014).

 Moreover, while recording an increase in start-up rates in recent years (Table 5), with more than three quarters of its businesses employing less than five people (Table 4), Doncaster continues to rank among the least competitive localities in the UK (Huggins and Thompson, 2016), which emphasises the underproductive nature of entrepreneurial activity in the locality. The SCR LEP as a whole ranks among the five least competitive LEPs in the UK (Huggins and Thompson, 2016), and is one the least economically resilient LEPs (The LEP Network, 2014). In addition, and critically, Doncaster records the lowest business survival rate in the SCR (Table 6). With only 37.5% of newly born enterprises surviving after 5 years, this is significantly below the survival rates in the other SCR localities. Thus, despite decades of national level enterprise policy promoting entrepreneurship and enterprise-led growth in PPIPs, and despite the SCR LEP’s focus on enterprise-led growth, the impact in Doncaster as a PPIP remains limited.

Table . Doncaster Business Stock by Employment Size 2015 and 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Employment Size Band** | **2015** | **% total 2015** | **2016** | **% total 2016** |
| Micro (0 to 9) | 7,180 | 88.8 | 8,260 | 89.8 |
| 0 to 4 | 6,115 | 75.6 | 7,235 | 78.7 |
| 5 to 9 | 1,060 | 13.1 | 1025 | 11.1 |
| Small (10 to 49) | 740 | 9.1 | 765 | 8.3 |
| Medium-sized (50 to 249) | 135 | 1.7 | 135 | 1.5 |
| Large (250+) | 40 | 0.5 | 35 | 0.4 |
| Total | 8,090 | 100.0 | 9,195 | 100 |

*Source: UK Business: Activity, Size and Location, 2015; 2016, ONS*

Table . Business start-ups in the SCR 2009-2016

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Local authority** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| Doncaster | 805 | 765 | 800 | 890 | 1,185 | 1,505 | 2135 | 1955 |
| Barnsley | 600 | 565 | 605 | 640 | 775 | 870 | 870 | 1000 |
| Rotherham | 715 | 630 | 705 | 735 | 975 | 985 | 1100 | 1225 |
| Sheffield | 1,460 | 1,440 | 1,595 | 1,605 | 2,145 | 2,225 | 2285 | 2525 |

Source: Business Demography 2016: Enterprise Births, Deaths and Survivals, ONS

Table . Survival of newly born enterprise in the SCR 2011-2016

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Local authority** | **Births (2011)** | **1-year survival\*** | **2-year survival** | **3-year survival** | **4-year survival** | **5-year survival** |
| Doncaster | 805 | 92.5% | 71.9% | 54.4% | 43.8% | 37.5% |
| Barnsley | 600 | 95.9% | 76.9% | 62.8% | 52.1% | 45.5% |
| Rotherham | 715 | 95.7% | 79.4% | 63.1% | 51.1% | 44% |
| Sheffield | 1,460 | 92.8% | 73% | 58.6% | 49.5% | 42.3% |

Source: Business Demography 2016: Enterprise Births, Deaths and Survivals, ONS

 A key issue that compounds the impact of negative path dependency in Doncaster is that of poor skills profile and low skill levels, with the highest proportion of jobs in ‘elementary’ professions in the SCR (DMBC, 2013). This is also reflected in the locality’s lower educational attainment levels. As Table 7 shows, Doncaster underperforms in terms of educational attainment in comparison with national and regional averages. In fact, Doncaster is among the 10 UK cities with the lowest percentage of high qualifications (Centre for Cities, 2017). This reflects the acute impact of deindustrialisation within the city-regional periphery. However, one of the aspects that further compounds the issue of lower skill levels is that of ‘brain drain’, which sees local talent migrate to other cities, mainly to UK’s core cities. As such, Doncaster is among the minority of UK cities with a negative net inflow of graduate (Swinney and Williams, 2016). Table 8 illustrates the ‘brain drain’ in comparison with Sheffield as a core city, highlighting the higher reliance on the public sector for graduate-level jobs in Doncaster and the lower percentage of graduates working in knowledge-intensive business services.

**Table 7.** Skills challenges in Doncaster

|  |  |  |  |
| --- | --- | --- | --- |
| **Educational Attainment** | **Doncaster** | **National** | **Regional (Yorkshire & Humberside** |
| Achievement of a Level 2 qualification by the age of 19 | 79.9% | 85.9% | 84.8% |
| Achievement of a Level 2 qualification by the age of 19 | 46.8% | 58.7% | 54.9% |
| Achievement of 5 or more A\*-C grades at GCSE or equivalent including English and Maths | 50% | 53.8% | 55.1% |
| Residents in highly skilled occupations\* | 36% | 44.9% | 40.1% |

\* Data from 2015/2016

*Source:* The Independent Commission on Education and Skills in Doncaster (2016)

Table . Core-periphery dynamics and brain drain in the SCR 2014

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **City** | **Graduate gain** | **% studied elsewhere but grew up in the city** | **% working in KIBS** | **% in publicly funded services sector** |
| Sheffield | 1,455 | 16.35 | 10.68 | 54.98 |
| Doncaster | -255 | 52.1 | 6.51 | 64.31 |

*Source:* Centre for Cities, 2017

 Therefore, an important aspect in this context is that, even in a weakly monocentric city-region such as the SCR (SCR, 2013), there are issues of peripherality which, intersecting with the challenges raised by the industrial past, continue to constrain the economies of PPIPs like Doncaster. With the Coalition Government’s aim to rebalance UK’s economy through local growth, stimulating economic renewal and fostering enterprise-led growth in PPIPs like Doncaster is critical. The over-reliance on the public sector means that the predicted job losses will impact such places disproportionately (Gardiner et al., 2013). Moreover, with negative employment growth forecasted for Doncaster in the next decade (SCR, 2014), it is critical that Doncaster stimulates the creation of an entrepreneurship culture, and with it private sector-led growth to absorb job losses, reduce unemployment and create a more resilient local economy. At the same time, the critical role that Doncaster, like other similar places, can play in creating an economically stronger North and a more prosperous UK economy cannot be overlooked (ICA, 2015; Cox and Longlands, 2016), and enterprise-led growth is key to realising its economic potential. As such, the study examines the roots and implications of uneven intraregional development and local responses.

##  Philosophical foundation and methodological considerations

While entrepreneurship research is open to both quantitative and qualitative approaches, quantitative techniques have dominated the methodological arena (Hathaway, 1995; Hindle, 2004; Berglund, 2007; Molina-Azorin et al., 2012). Grant and Perren’s (2002) analysis of dominant paradigms in small business and entrepreneurship research reveals that functionalist methodologies prevail, with functionalism being associated with an objective view of the world, and thus with a realist ontology and a positivist epistemology. However, the philosophical assumptions underlying quantitative and qualitative research belong to antithetical paradigms, with quantitative research being underpinned by positivism and qualitative research by interpretivism (Gelo, 2012). Interpretivism implies a subjective view of the world, being concerned with explaining individuals’ perceptions (Grant and Perren, 2002; Packard, 2017).

 This ‘great divide’ (Onwuegbuzie and Leech, 2005) reflects the difference between the aims of social science research, namely *erklären* and *verstehen*. While the former is concerned with the causal and objective explanation of human behaviour through deduction, using “empirically observable, measurable and manipulable causal variables”, the latter aims to understand human behaviour through induction, by exploring “how they experience, sustain, articulate and share with others these socially constituted everyday realities” (Johnson et al., 2006, p.132). As such, the focus of interpretivism is “to develop ‘bottom-up’ interpretive theories that are inextricably ‘grounded’ in the lived-world” (Cope, 2005, p.171), rather than to prove or disprove existing theories. The interpretivist philosophy entails that “the world and the objects we perceive exist to us through the meanings we give to them, through an act of interpretation” (Berglund, 2007, p.77), and therefore posits that “knowledge is constituted through lived experiences of reality” (Sandberg, 2005, p.44). Thus, interpretivism implies a socially constructed world (Sandberg, 2005; Gelo, 2012), which contrasts with positivist claims of “rationality, universality, objectivity, and value-free knowledge” in the pursuit of “law-like generalizations” (Leitch et al., 2010, p.69).

 The ontological and epistemological distinctions between positivism and interpretivism are reflected in the dichotomy between quantitative and qualitative methodological approaches. While quantitative research centres on deductivism, whereby theory-based cause-effect hypotheses are tested to produce generalisable knowledge (Gelo, 2012), through qualitative research “explanations are generated inductively from the data” (Johnson and Onwuegbuzie, 2004, p.14) to capture “the actual meanings and interpretations that actors subjectively ascribe to phenomena” (Johnson et al., 2006, p.132). Moreover, while quantitative research is concerned with quantification and the collection and analysis of numerical data, thus answering questions of ‘how much’ and ‘how many’, qualitative research aims to answer questions of ‘what’, ‘why’ and ‘how’ (Sarason et al., 2006; Bryman and Bell, 2011). Therefore, consistent with the interpretive philosophy, qualitative research facilitates theory initiation and development (Onwuegbuzie and Leech, 2005).

 Highlighting for the need to advance theory-building in entrepreneurship research, Blackburn and Kovalainen (2009, p.130) argue that “instead of blindly adopting positivist … approaches as the norm … more attention should be given to explanatory mechanisms underlying social and economic phenomena”, a view also echoed by Carlsson et al. (2013, p.927) who assert that “inductive, qualitative, and open-ended research is essential”. Indeed, interpretivism has been somewhat neglected in the entrepreneurship research arena (Packard, 2017). Criticising the dominance of epistemologically positivist entrepreneurship research, Leitch et al. (2010, p.68) call for “inclusivity, diversity and pluralism in research perspectives and approaches”. Interpretivism’s focus on the detailed description of a specific phenomenon (Hathaway, 1995) facilitates the in-depth exploration of how institutions and geographical political-economy shape entrepreneurship in PPIPs. Indeed, the interpretivist approach “is capable of producing rich data through which respondents’ experiences, perceptions, and beliefs may be accessed” (Leitch et al., 2010, p.80). Moreover, interpretivism posits that knowledge can only be generated in relation to context, with reality being constructed through social interaction which is embedded within specific local contexts (Hathaway, 1995), and therefore facilitates a contextual understanding of the challenges of entrepreneurship in PPIPs.

 Furthermore, the interpretive philosophy is consistent with qualitative research as it focuses on the complex and dynamic quality of the social world, enabling the researcher “to view a social research problem holistically, get close to participants, enter their realities, and interpret their perceptions as appropriate” (Leitch et al., 2010, p.70). Hence, many entrepreneurship scholars have called call for a more qualitative approach in entrepreneurship research (see, for example, Hill and McGowan, 1999; Gartner and Birley, 2002; Hindle, 2004; Neergaard and Ulhøi, 2007; Suddaby et al., 2015). With interpretivism stipulating an ‘experienced world’ (Sandberg, 2005), entrepreneurship is a ‘lived experience’ (Berglund, 2007), and qualitative research enables the examination of participants’ experiences and perceptions and the exploration of ‘uncharted depths’, thereby assisting in the development of concepts that provide a richer understanding of entrepreneurship (Neergaard and Ulhøi, 2007). Facilitating “holistic insights into processes that exist within specific settings” (Molina-Azorin et al, 2012, p.430), qualitative research emphasises the importance of social, historical and cultural contexts in shaping the way individuals understand their world (Snape and Spencer, 2003). In this sense, qualitative research relates to phenomenological enquiry which acknowledges that a social phenomenon “does not exist primarily in and of itself, but rather in the meaning that individuals attach to it” (Berglund, 2007, p.76).

##  Theoretical lens

The theoretical lens adopted by this study is institutionalism, which is increasingly used in entrepreneurship research due to its potential to provide a richer understanding of entrepreneurship and the social processes underpinning and shaping it (Bruton et al., 2010), and is coherent with the interpretivist philosophy. Interpretivism implies a context-specific and socially constructed world (Sale et al., 2002; Snape and Spencer, 2003), with the meaning attributed to a phenomenon being “a result of the historical and holistic ways in which a person has come to make sense of a certain aspect of the world” (Berglund, 2007, p.79). Therefore, interpretivism acknowledges the process of socialisation whereby individuals ‘make sense’ of the social world, hence alluding to the importance of the social structures governing human behaviour.

 Highlighting their collective construction, Hodgson (2006, p.2) defines institutions as “systems of established and prevalent social rules that structure social interactions”. Similarly, Bathelt and Glückler (2014, p.340) define institutions as “stabilizations of mutual expectations and correlated interaction”, with social action being “guided by, enabled through, and constrained by ‘institutions’ in the sense of accepted, existing patterns of interaction”. Therefore, as “humanly devised constraints that shape human interaction” (North, 1990, p.3), institutions are social constructions emanating from socialisation and governing individual behaviour.

 A particularly interesting aspect is that, although they enable “ordered thought, expectation, and action by imposing form and consistency on human activities”, institutions depend on individuals’ behaviour without being reducible to it (Hodgson, 2006, p.2). They are nondeterministic structures in the sense that, while they shape social interaction, they do not prescribe individuals’ behaviour (Bathelt and Glückler, 2014). However, the unclear distinction between institutions and individual behaviour has generated much debate regarding the relationships between structure and agency and the paradox of embedded action (Bathelt and Glückler, 2014). The paradox stipulates that agents’ “intentions, actions, and rationality are conditioned by the institutions that they wish to change” (Leca and Naccache, 2006, p.628), thus questioning the possibility of institutional change due to the conflation of structure and agency.

 However, it is the duality of structure and agency which avoids conflation and explains their interdependency, with individual agency constituting social interaction and structure having a virtual existence (Bathelt and Glückler, 2014). The structure-agency duality is coherent with the interpretivist philosophy. Sandberg (2005, p.48) explains that the ‘life-world’ is objective, as its qualities “are not solely tied to the subjects’ lived experience of it”, and thus transcends the subject (i.e. the individual), while at the same time being inseparable from individuals through their lived experience of it. Institutions both enable and constrain social action (Hodgson, 2007). While they facilitate the development of habits and preferences which are acquired in a social context, which is illustrative of their socially constructed and socially reproductive nature, they are not reproduced independently of human action, but are self-reinforcing and self-perpetuating by both shaping and being shaped by social action (Hodgson, 2006), thus emphasising the role of human agency.

 In other words, human agency reifies institutions as social structures, while these in turn serve to shape social action. Hodgson (2006, p.8) explains this duality asserting that “institutions are simultaneously both objective structures ‘out there’ and subjective springs of human agency ‘in the human head’”. With institutions residing within agents’ minds, they are both the medium whereby social action manifests but also the outcome of social action. Thus, structure and agency are mutually constitutive as “individuals are socialized through pre-existing rules and norms”, yet neither of them have ontological priority (MacKinnon et al., 2009, p.135). In this sense, “interaction is structured and structure is continuously reproduced” (Bathelt and Glückler, 2014, p.350). Consequently, similar to the interpretivist view that an objective knowable reality does not exist outside the human mind (Sandberg, 2005), “the objectivity of the institutional world is a humanly produced, constructed objectivity” (Battilana, 2006, p.654).

 The self-reproductive nature of institutions, which can determine, as highlighted in the literature review, institutional rigidity manifested through hysteresis, implies that institutional change is not easily achieved (Garud et al., 2007; Bathelt and Glückler, 2014). However, the duality of structure and agency allows for institutional evolution. As highlighted by Garud et al. (2007, p.961), “institutional structures do not necessarily constrain agency but, instead, may also serve as the fabric to be used for the unfolding of entrepreneurial activities”. An indication of the possibility for institutional change is found in the interpretive philosophy. As interpretivism rejects the view that the social world is governed by ‘law-like regularities’, human agency plays a central role in shaping it (Snape and Spencer, 2003). Through ongoing social reproduction, whereby they ‘make sense’ of the social world, agents actively contribute to institutional evolution. MacKinnon et al. (2009, p.135) explain that the self-reinforcing nature of institutions through habits and routines, which determines institutional reproduction, implies that “evolutionary change is intrinsic”. Veciana and Urbano (2008, p.367) highlight that institutions evolve incrementally, history itself being “largely a story of institutional evolution”.

 This argument is closely linked with the concept of resilience. According to Martin and Sunley (2014), (economic) resilience is achieved in the long-term through a mix of continuity and change of structures whereby changes are either induced by social agents or facilitated through policy intervention. However, there is an argument to be made that the same process applies to institutions as social structures, with institutional change being a long-term process which can occur either as an agent-led, bottom-up process or can be fostered through top-down policy intervention. This view distinguishes between the institutional environment, which is subject to social regulation, and institutional arrangements as structures whereby changes in the institutional environment can be intentionally generated, while accounting for the active role of agency in both.

 Being a ‘lived experience’, the existence and outcomes of entrepreneurship are inherently dependent on the structure-agency interplay, as entrepreneurship does not exist independent of human action, while at the same time being conditioned by socially constructed institutions. Examining entrepreneurship through an institutional lens is therefore critical to understanding how it is shaped by institutional arrangements and the prevailing institutional environment at different scales. However, institutional change is “a highly complex and uncertain process” (Battilana et al., 2009, p.96), and more attention needs to be focused on understanding how entrepreneurship is shaped by the structure-agency interplay. Finally, as ‘lived experiences’ are inherently contextual, interpretive enquiries conducted through an institutional lens must acknowledge (local) context (Weick, 2011).

##  Research design: case study approach

With the study focusing on Doncaster as a PPIP within the SCR, the research has been designed as a case study from the perspective of the geographical and governance unit of focus. As such, a qualitative research approach has been employed. Consistent with the qualitative approach and interpretivist philosophy, case studies enable a detailed, intensive, in-depth and context-sensitive enquiry into social phenomena (Lewis, 2003; Gerring, 2004; Hays, 2004; Flyvbjerg; 2006; Henry and Foss, 2015). Case study research centres on the particular, as opposed to the general (Hyde, 2000; Andrade, 2009), while its focus on questions of ‘how’ and ‘why’ facilitates a rich and holistic understanding and generates valuable analytical insights (Kohlbacher, 2006; Thomas, 2011; Yin, 2014). Gerring (2004, p.342) defines the case study as “an intensive study of a single unit” conducted with the aim to understand a larger set of similar units, with the unit representing a spatially bounded phenomenon observed at a specific point in time. Thus, the aim of case study research is analytical generalisation as opposed to empirical generalisation (Curtis et al., 2000; Hyde, 2000; Onwuegbuzie and Leech, 2007). With case studies being especially suitable for examining context-embedded phenomena, Henry and Foss (2015) call for an increased use of the case study approach in entrepreneurship research.

 Despite employing a single case approach, this is justified by the pursuit of depth over breadth. Therefore, given the overarching research question of the study, which seeks to explore a context-embedded phenomenon through a focus on ‘how’, to explain presumed complex causal links through a focus on ‘why’, and to evaluate the effectiveness of enterprise policy, the purpose of the study combines explanatory, exploratory and evaluative (or instrumental) aims (Ritchie, 2003; Baxter and Jack, 2008; Yin, 2014). Figure 4 below illustrates the research design, with data collection stages linked to the three research sub-questions. The specific methodological approach is detailed in the next subsection.

|  |  |  |
| --- | --- | --- |
| **Methodology Stages** | **Details** | **Research question addressed** |
| **Data collection Stage 1** | In-depth semi-structured interviews with key stakeholders (14) | **1, 2, 3** |
| Doncaster Metropolitan Borough Council Officials (4) | Business Doncaster Representatives (4) | Doncaster Chamber of Commerce Officials (3) | SCR LEP Officials (3) |
| **Data collection Stage 2** | In-depth semi-structured interviews with Doncaster OMEs (36) | **1, 2, 3** |
| **Secondary and documentary data** | Use of secondary and documentary data for ‘triangulation’ purposesSources: official Government documents, general LEP reports, SCR LEP reports, and ONS statistical data. | **1, 3** |

Figure . Research design

 A key aspect of qualitative research in general, and of case study research in particular, is triangulation which, besides the use of multiple research methods, involves the use of multiple data sources, thus adding rigour and facilitating the validation of evidence through corroboration and a richer understanding (Hays, 2004; Sarason et al., 2006; Leech and Onwuegbuzie, 2007; Mäkelä and Turcan, 2007). In this sense, the study employed a nested case study approach whereby the focus is on ‘subunit fitting’ within a larger unit (Baxter and Jack, 2008; Thomas, 2011; Yin, 2014). Moreover, Lewis (2003) explains that multiple perspectives can be explored using a single method and can be derived from individuals with different perspectives on the research issue. In the context of this study, the nested design facilitated the understanding of the ‘new localism’, and of how entrepreneurship and economic development are shaped at the local level, through multiple perspectives, namely those of LEP officials, Local Authority representatives, local Chamber of Commerce officials, and OMEs, thus enabling the analysis of interactions between actors.

 The approach is therefore consistent with Bathelt and Glückler’s (2014, p.351) argument that, with economic action being reified through social relations and within institutional contexts, “interactions between actors are the unit of analysis best suited to understanding the foundations of institutions”. Such an approach enables an in-depth, holistic and contextualised understanding, and is appropriate where no single perspective can provide a complete account of the issue examined (Lewis, 2003), which is the case for this study. Moreover, secondary and documentary data was collected to corroborate the qualitative data, thus ensuring that the findings are not the artefact of a single source (Wigren, 2007). Such data enriched the understanding of the study’s context (Wakkee et al., 2007), and was useful for triangulation purposes in checking and validating the views and facts expressed by the participants. As such, the research design aimed for within-case analysis, which implies accounting for multiple perspectives and collecting data from multiple sources to enable process tracing, a method which facilitates the in-depth exploration and analysis of causality in complex social phenomena (Tansey, 2007).

 Furthermore, the research design is coherent with the institutional focus and theoretical lens employed, as case studies facilitate a focus on individual agency and can generate unexpected insights about how agents act within institutional arrangements to shape the institutional environment (Gertler, 2010). Boschma and Frenken (2006, p.286) highlight that institutional analysis focuses on local specificity and its effects on economic development, and hence on the ‘place-specificity’ of institutions, with in-depth case study research being the typical approach employed by institutional economic geographers “to appreciate the complex and multi-faceted nature” of spatial economic development. A case study approach has also been followed by many scholars in examining the spatial variation of entrepreneurship and various aspects related to devolution in the UK. For example, Harrison (2008a) used the North West Development Agency to examine the emergence of regionally orchestrated centralism as an outcome of centrally orchestrated devolution in England. Similarly, Harrison (2010) focused on the Northern Way to illustrate the political construction of city-regions, while Williams and Vorley (2014) have used the SCR context to examine the relationship between entrepreneurship and local economic resilience. Therefore, case studies facilitate the advancement of theory (Andrade, 2009), providing in-depth perspectives on particular phenomena. The next subchapter details the methodological approach employed in collecting qualitative data.

##  Methodological approach

The methodological approach involved in-depth semi-structured interviews, consistent with the interpretivist philosophy, theoretical lens, research design and qualitative approach adopted by the study. Kvale (1983, p. 174) highlights the interview as a method used “to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena”, thus adhering to the interpretivist philosophy. As one of the main qualitative data collection methods and one the most important sources of evidence in case study research (Hays, 2004; Yin, 2014), in-depth interviews focus on the individual, emphasising depth and nuance (Legard et al., 2003) and enabling a detailed understanding of individuals’ perspectives, and hence generating in-depth personal accounts (Lewis, 2003). Moreover, by allowing interviewees to “speak in their own voice and express their own thoughts and feelings” (Berg, 2007, p. 96), they enable the researcher to elicit valuable and rich narrative data based on ‘lived experiences’ (Alshenqeeti, 2014; Castillo-Montoya, 2016).

 Therefore, in-depth interviews facilitated the exploration of the subjects’ world (Kvale, 2006) and the understanding of “deeply rooted or delicate phenomena or responses to complex … processes or experiences” (Ritchie, 2003, p.36), which made them suitable for investigating complex social phenomena such as entrepreneurship (Steyaert, 1997; Johnson and Onwuegbuzie, 2004). The use of in-depth interviews is also consistent with the theory-building focus of qualitative research, being helpful in generating hypothesis or theories for further research (Nunkoosing, 2005). They are also particularly applicable to policy-oriented research, as they assist in exploring contextual, diagnostic, evaluative and strategic dimensions, providing rich data (Silverman, 2000).

 Furthermore, the interviews followed a semi-structured format and unfolded as guided conversation as opposed to structured queries (Yin, 2014), hence ensuring a degree of flexibility and enabling the probing of issues that surfaced during the interview and that were not covered by previously prepared questions (Adams and Cox, 2008; Rowley, 2012). As such, while ensuring that the interviews covered key aspects relevant to answering the overarching research question of the study, the format allowed the in-depth probing beneath ‘surface level’ responses (Legard et al., 2003; Alshenqeeti, 2014).

 Finally, as highlighted in this subchapter, institutions are socially constructed, and therefore interviewing individuals is the appropriate means of gaining an understanding of how the institutional environment is socially produced, regulated and governed, but also how institutional arrangements shape the institutional environment through the active role of agents. Such a methodological approach was also widely adopted by scholars conducting research on the topics of economic development governance, devolution and entrepreneurship. For example, Harrison (2008a) and Harrison (2010) conducted interviews with national and regional stakeholders to examine the political production of subnational spaces. On the other hand, McKeever et al. (2015) conducted in-depth interviews with entrepreneurs from two depleted communities to explore the role of entrepreneurship as a process of local transformation. The next subsection examines the sampling strategy and sampling frame.

### Sampling strategy

Considering the case study approach, the sampling strategy was, as suggested by Lewis (2003), structured around context. With the aim being to gain an in-depth understanding of entrepreneurship as a contextually embedded phenomenon occurring in a multi-scalar and multi-actor setting (Pike et al., 2015), the focus was on ensuring the multiplicity of perspectives while aiming for sample homogeneity, in line with the interpretivist philosophy (Robinson, 2014). The sample universe comprised officials from the SCR and Doncaster whose remits relate to shaping economic development and enterprise policy at the city-regional and local level on the one hand, thus representing institutional arrangements, and micro-business OMEs from Doncaster on the other hand, thus representing the population affected by enterprise policy. The rationale for focusing on micro-businesses was detailed in the literature review chapter.

 Consequently, considering the qualitative methodological approach and the focus on analytical generalisation, the sampling strategy adopted was purposive, thereby ensuring that specific categories of individuals possessing knowledge relevant to answering the research questions were interviewed (Curtis et al., 2000; Sale et al., 2002; Rowley, 2012). The specific sampling strategy employed largely followed theoretical sampling, whereby sampling takes place during the data collection and analysis process following the provisional analysis of the data collected initially (Robinson, 2014). As such, data collection and analysis and sampling are intertwined and iterative, with the former guiding the latter as new insights are gained from the initially collected data (Coyne, 1997; Ritchie, Lewis and Elam, 2003). In this sense, the samples were not entirely pre-specified, with the process being sequential and driven by the theoretical framework (Curtis et al., 2000). The aim was also to select participants based on their potential contribution to generating theoretical insights, and to enable within-case comparative analysis (Ritchie, Lewis and Elam, 2003). Thus, the sampling design also followed multilevel sampling which enables “credible comparisons of two or more subgroups that are extracted from different levels of study” (Onwuegbuzie and Leech, 2007, p.248). This facilitated the comparison between the hierarchical subgroup samples of SCR officials, local officials from Doncaster, and Doncaster OMEs.

### Data collection

The principle guiding data collection was saturation, which refers to the point at which the data collection process does not yield any new or relevant information (Mason, 2010). Guest et al. (2006) show that, in the case of homogeneous samples, saturation typically occurs after conducting 12 interviews. The total number of participants interviewed as part of the study is 50. Given the twofold focus of the study, namely on institutional arrangements and on the institutional environment, there were two main data collection stages, each focusing on one of the two. The following subsections detail the interview process and the profile of the participants in each stage.

####  Stage 1: In-depth semi-structured interviews with key stakeholders

The main objective of this stage was to understand why Doncaster as a PPIP has low levels of entrepreneurial activity and to examine the approaches of policy makers to fostering higher levels of entrepreneurship and resilience in the locality and across the SCR, specifically the policies employed by the LEP to promote entrepreneurship in the SCR. A further objective was to understand how the ‘new localism’ has reshaped the institutional landscape and economic development at the subregional level. In-depth semi-structured interviews were conducted with stakeholders with a key role in shaping entrepreneurship and economic development in Doncaster and the SCR LEP, following the interview guide outlined in Appendix E. A similar approach was undertaken by Pearce and Ayres (2009) in examining RDAs in the context of the ‘new regionalism’, and by Williams and Vorley (2014) in investigating entrepreneurship and economic resilience in the SCR. As stakeholders’ roles raised issues of power, interviewing stakeholders individually was suitable and did not inhibit their expression of personal views (Lewis, 2003). In total, 14 in-depth semi-structured interviews were conducted face-to-face with key stakeholders from three institutions (Table 9), all of whom have a remit for supporting economic renewal through the creation of a more enterprising and resilient local and city-regional economy.

Table . Profile of stakeholders

|  |  |  |
| --- | --- | --- |
| **Respondent** | **Organisation** | **Position/Remit** |
| S1 | Business Doncaster \* | Business Support |
| S2 | Doncaster Chamber of Commerce | Doncaster Chamber Officer |
| S3 | Doncaster Chamber of Commerce | Doncaster Chamber Officer |
| S4 | Business Doncaster | Business Support |
| S5 | Doncaster Metropolitan Borough Council | Economic Development Policy |
| S6 | SCR LEP | Business Growth |
| S7 | Doncaster Metropolitan Borough Council | Planning Policy |
| S8 | Doncaster Metropolitan Borough Council | Economic Development Policy |
| S9 | SCR LEP | Economic Policy |
| S10 | Business Doncaster | Business Support |
| S11 | Business Doncaster | Business Support |
| S12 | Doncaster Metropolitan Borough Council | Economic Development Policy |
| S13 | Doncaster Chamber of Commerce | Business Support |
| S14 | SCR LEP | Economic Policy |

\* Business Doncaster is the business support department of Doncaster MBC (DMBC) but is referred to separately in the study to enable a more detailed analysis of institutional arrangements.

 Each interview lasted for around 1 hour. The interviews were conducted in stakeholders’ ‘natural setting’, namely within their institution, and were audio recorded with the respondents’ consent to enable their full transcription and analysis. The interview schedule that guided the conversation was developed based on the literature review and study aims, and covered a range of key topics, but the approach remained flexible, with new insights being gained as interviews progressed. The interview guide included mainly open-ended questions, which are suitable for elite interviewing and exploratory research, as they capture respondents’ own interpretations of events, thus helping to elicit subtle and rich responses and increasing the validity of responses (Aberbach and Rockman, 2002). Moreover, notes were taking during the interviews to highlight key aspects but also new insights that could be probed in subsequent interviews to uncover new themes.

 Due to their roles and involvement in city-regional and local governance the respondents can be considered elites (Harvey, 2011). Elites are key participants in the political process, and therefore elite interviewing is especially useful in reconstructing complex political events, such as devolution, thus enabling an enquiry beyond what is visible at the surface level (Tansey, 2007). However, interviewing elites also poses some challenges, such as gaining access and establishing rapport and trust (Ostrander, 1993; Goldstein, 2002: Smith, 2006). In this case, access was facilitated by the policy focus of the study and its implications for city-regional and local governance. Moreover, prior research on the organisations and the stakeholders’ positions and roles was carried out, and the sampling process was sensitive to the organisational structures of the institutions and thus started with key individuals who acted as gatekeepers (Berry, 2002; Lewis, 2003). These individuals possessed knowledge about the remits of other stakeholders within the same institution, or a different relevant institution, and were therefore able to recommend other stakeholders qualifying for participation in the study. As such, the sampling strategy at this stage followed a combination of positional, reputational and snowball sampling to ensure that key individuals are interviewed (Aberbach and Rockman, 2002; Tansey, 2007), while building trust and increasing the credibility of the researcher.

 With stakeholders representing institutions with the primary jurisdiction for entrepreneurship and economic development, they were able to provide accurate accounts of Doncaster as a PPIP. The semi-structured nature of the interviews enabled the exploration of multiple issues and the probing of responses. Collectively, the stakeholder interviews provided valuable insights into how the ‘new localism’ has reshaped the institutional landscape and with it economic development at the subregional level. They also provided a comprehensive overview of Doncaster’s history and deep insights into the impact of deindustrialisation and the challenges faced by local micro-businesses.

####  Stage 2: In-depth semi-structured interviews with OMEs

The key objective of this stage was to explore how entrepreneurs seek to navigate institutional challenges at the local level in Doncaster as a PPIP, with a view to understanding the local entrepreneurial context and to examining the constraints faced by micro-businesses operating in PPIPs. Entrepreneurs are “generally keen to share their experiences” and enjoy telling stories about them (McKenzie, 2007, p.310). Therefore, the individual interviews gave voice to the OMEs and allowed them to tell their stories (Kvale, 2006). The in-depth semi-structured nature of the interviews enabled a personal focus and facilitated the exploration of OMEs’ ‘lived experiences’, and thus of the ‘everydayness’ of entrepreneurship (Lewis, 2003; Berglund, 2007; Wigren, 2007). The methodological approach facilitated close interaction with the OMEs to understand each individual’s idiosyncratic experience (Kvale, 2006). Hence the interviews captured the inherent nature of entrepreneurship (Ritchie, 2003), enabling the researcher to “reconstruct the world as seen by others” (Hill and McGowan, 1999, p.9). A similar approach was employed by, for example, Williams and Vorley (2015) in examining the impact of the interplay between formal and informal institutions on entrepreneurship at the national level.

 A total of 36 in-depth semi-structured interviews were conducted face-to-face with OMEs running micro-businesses in Doncaster following the interview guide outlined in Appendix F. The interview guide was initially developed based on the literature review, the aims of the study, as well as the insights gained from the stakeholder interviews, but was adapted as new themes emerged throughout the process. Similar to the one used in stakeholder interviews, the guide included mainly open-ended questions, thus facilitating the exploration of OMEs’ ‘lived experiences’ and generating rich data (Castillo-Montoya, 2016). Moreover, notes were taking during the interviews to highlight key aspects but also new insights that could be probed in subsequent interviews to uncover new themes. Each interview lasted for around 1 hour. The interviews were audio recorded with the respondent’s consent to enable their full transcription and analysis.

 With a sample size of 3-16 participants suggested for interpretivist research (Robinson, 2014), and with saturation normally occurring after 12 interviews (Guest et al., 2006), the sample of 36 participants ensured that sufficient and rich data is collected for exploring and understanding the challenges of entrepreneurship in PPIPs. Table 10 provides a profile of the OMEs in terms of the sector their business operates in, the size of the business and its age. The sample of interviewees includes individuals born in Doncaster who subsequently started their business in the locality as well as individuals who, at some point in their lives, moved to Doncaster and started their business there. With the focus on multiplicity of perspectives, as opposed to representativeness, the sampling did not target particular business sectors or types of businesses, nor did it differentiate between OME characteristics. An initial sample of 5 was formed based on recommendations made by some of the stakeholders involved in business support delivery. Thereafter, similar to the approach undertaken in the first stage, and driven by theoretical sampling, OMEs were selected using snowball sampling. As the micro-business OMEs qualify as a very busy study group (Lewis, 2003), the interviews were conducted in locations that were accessible and convenient to the OMEs.

Table . Profile of OMEs

|  |  |  |  |
| --- | --- | --- | --- |
| **Respondent** | **Industry/Sector** | **Size of business** **(number of employees)** | **Age of business** |
| OME1 | Professional services | 5–9 | 6–10 years |
| OME2 | Healthcare | 0 | 2–5 years |
| OME3 | Education | 1–4 | 2–5 years |
| OME4 | Commercial cleaning | 4 | <1 year |
| OME5 | Marketing/media | 0 | 2–5 years |
| OME6 | Advanced manufacturing | 0 | 2–5 years |
| OME7 | Financial services | 5–9 | 2–5 years |
| OME8 | Financial services | 5–9 | 2–5 years |
| OME9 | Marketing/media | 0 | 6–10 years |
| OME10 | Hospitality | 0 | <1 year |
| OME11 | Marketing/media | 0 | 2–5 years |
| OME12 | Telecommunications | 1–4 | 2–5 years |
| OME13 | Manufacturing | 0 | 2–5 years |
| OME14 | Retail | 0 | 2–5 years |
| OME15 | Energy | 5–9 | 1–2 years |
| OME16 | Marketing/media | 0 | 2–5 years |
| OME17 | Education | 1–4 | 1–2 years |
| OME18 | Catering | 5–9 | 2–5 years |
| OME19 | Marketing/media | 1–4 | 2–5 years |
| OME20 | Professional services | 0 | 6–10 years |
| OME21 | Professional services | 0 | 2–5 years |
| OME22 | Professional services | 0 | <1 year |
| OME23 | Marketing/media | 0 | 6–10 years |
| OME24 | Marketing/media | 1–4 | 6–10 years |
| OME25 | Property management | 5–9 | 6–10 years |
| OME26 | Professional services | 0 | >10 years |
| OME27 | Professional services | 0 | >10years |
| OME28 | Marketing/media | 0 | 6–10 years |
| OME29 | Marketing/media | 0 | 1–2 years |
| OME30 | Marketing/media | 1–4 | >10years |
| OME31 | Marketing/media | 1–4 | 6–10 years |
| OME32 | Marketing/media | 5–9 | 6–10 years |
| OME33 | Professional services | 0 | 6–10 years |
| OME34 | Professional services | 5–9 | 2–5 years |
| OME35 | Professional services | 5–9 | 6–10 years |
| OME36 | Marketing/media | 0 | 6–10 years |

 Providing a suitable means for accessing OMEs’ experienced world and how they ‘make sense’ of it (Sandberg, 2005), the interviews facilitated the in-depth understanding of the ‘place-specific’ entrepreneurship culture and the constraints faced by the micro-businesses operating in PPIPs, while providing valuable insights into the interplay between formal and informal institutions and its effects on the local institutional environment, entrepreneurship and economic resilience. Moreover, they ensured the multiplicity of perspectives objective. Tansey (2007, p.767) underlines that politicians are concerned with their image and political capital, and as such “may attempt to slant their accounts”.

 Therefore, interviewing OMEs ensured that the views of those affected by enterprise policy are accounted for, thus providing a richer and more comprehensive understanding of the how institutions shape entrepreneurship in PPIPs. As the participants were either born and raised in Doncaster or had lived in Doncaster for a considerable period of time, they were able to provide important accounts of Doncaster’s history and its path dependent evolution following deindustrialisation, as well as the challenges confronting entrepreneurs locally. The next subsection discusses the approach used to analyse the qualitative data.

### Data analysis

Cope (2005, p.169) asserts that “a significant issue when conducting phenomenological inquiry is the ability to translate the interpretive accounts that individuals give of their experiences”. Therefore, to capture “the actual meanings and interpretations that actors subjectively ascribe to phenomena” (Johnson et al., 2006, p.132), the data was analysed through induction. This approach enabled the raw textual data to be condensed into brief summaries which were subsequently linked to the research questions to uncover the key themes conveying the essence of the data (Thomas, 2006). It was essentially a process of thematic analysis (Onwuegbuzie and Leech, 2005). With comparing and contrasting data being a key part of qualitative research (Gale et al., 2013), the specific data analysis method used to inductively ‘make sense’ of the interview data was the constant comparative method. As a highly flexible analytical technique (Onwuegbuzie et al., 2012), the method involves coding the data while continually comparing newly analysed data with previous codes with the aim of identifying recurring themes (Thomas, 2011). The data analysis process was also, to some extent, theory-guided, as besides continually comparing the codes against the data, the emerging themes were also constantly compared with the existing literature, thereby increasing the internal validity of the emergent theory (Kohlbacher, 2006).

 Data analysis largely followed the process described by Thomas (2006). Thus, upon full transcription of the interviews, the first critical step was, as suggested by Ritchie, Spencer and O’Connor (2003), familiarising with the data through a thorough review, which served as the foundation for coding the data. The interview notes were also reviewed, bringing further clarity and providing valuable contextual information (Goodwin and O’Connor, 2006). Subsequently, the interview data was coded following an open-coding strategy, to ensure that potentially relevant insights are not overlooked (Gale et al., 2013). As suggested by Leech and Onwuegbuzie (2007), each meaningful data segment was ascribed a code. Some examples of codes emerging from the stakeholder interviews include ‘high growth’, ‘ambition’, ‘connectivity’, ‘civic pride’, ‘parochial’, ‘weak entrepreneurship culture’, ‘scarcity of resources’, ‘incongruence’, and ‘core-periphery tensions’. Examples from the OME interviews include ‘close-knit business environment’, ‘inward facing’, ‘negative place perceptions’, ‘low skills’, ‘business support gap’, ‘owner-manager centric’, and ‘brain drain’.

 The iterative coding process (Andrade, 2009), facilitated the development of an analytical framework that guided the analysis of transcripts (Gale et al., 2013), while maintaining an open approach to ensure new and relevant concepts are captured. The initial codes were grouped based on similarity (Elo and Kyngäs, 2008), which involved pattern recognition (Fereday and Muir-Cochrane, 2006), while being revised and refined through constant comparison with the data and the key literature, thereby leading to the development of second-order concepts (Thomas, 2011). These were subsequently revised and labelled as the final themes. This approach ensured that the knowledge generated from content analysis “is based on participants’ unique perspectives and grounded in the actual data” (Hsieh and Shannon, 2005, p.1280), thus enabling the findings to be conveyed as a coherent story (Thomas, 2006). The secondary statistical and documentary data was also analysed inductively and compared to the interview data and the key themes uncovered through the analysis of the interview data, hence facilitating the triangulation of the findings (Ritchie, 2003).

### Research ethics considerations

With in-depth interviews “making the private public” (Kvale, 2006, p.496), appropriate measures were taken to ensure that the study adheres to ethical research standards. First, when initially contacted, the respondents were given sufficient and clear information about the study through an information sheet which was emailed to each participant (see Appendix G and Appendix H), thereby ensuring transparency (Harvey, 2011). As such, the participants were provided information about the purpose of the study, the funder, the voluntary nature of their participation, the interview process, how the data will be used, anonymity, and what participation will require of them (Lewis, 2003). Given the political sensitivity of the research and the position of many interviewees in public office, as well as the private and sensitive nature of the information conveyed by the OMEs, individuals participating in the research remained anonymous.Second, the interviews were recorded with the respondents’ consent. Informed consent was sought from the participants who, after reading the information sheet and prior to the interview, were asked to sign the consent form outlined in Appendix I. Evidence of their consent was also audio recorded. Furthermore, the audio files were initially stored on a digital recording device, which was kept securely, and then transferred to password protected laptop. Only the doctoral researcher and the supervisors had access to the data.

# Findings and analysis

The findings in this chapter are presented in relation to the overarching themes that emerged from the analysis of the interviews. These are structured around the ‘what’, ‘how’ and ‘why’ of the SCR LEP’s economic strategy, namely ‘what is the LEP aiming to achieve?’, ‘how does the LEP plan to achieve this?’, and ‘why is the LEP taking this approach?’, with each subchapter presenting and analysing the findings on the various institutional challenges to building more entrepreneurial and resilient PPIPs. As such, the chapter is divided into three main subchapters: 1) Understanding ‘place’: the challenge to building more entrepreneurial and resilient PPIPs; 2) Policy versus practice: strategy, firm and local context; and 3) Devolution, multi-scalar governance and core-periphery dynamics. The findings highlight the critical role of the local institutional context in shaping entrepreneurship and local economic resilience, and hence in mediating the outcomes of enterprise policy in PPIPs, the importance of integrating local institutions and local business realities into policy and strategy in order to foster ‘place-based’ development, and the issues with the current multi-scalar governance model, with LEPs interposed between central government and localities. Collectively, the three findings subchapters provide an in-depth understanding of the challenges of entrepreneurship in PPIPs through an institutional lens.

##  Understanding ‘place’: the challenge to building more entrepreneurial and resilient PPIPs

*“Institutions provide the basic structure by which human beings throughout history have created order … They connect the past with the present and the future, so that history is a largely incremental story of institutional evolution in which the historical performance of economies can only be understood as a part of a sequential story. And they are the key to understanding [the sources of] economic growth (or stagnation and decline).” (North, 1990, p.118)*

As laid out in its cornerstone document, the SCR Strategic Economic Plan (SEP) (SCR, 2014), the SCR LEP aims to create a more entrepreneurial and resilient city-regional economy, with entrepreneurship and enterprise being at the core of the economic strategy. As such, an important focus is placed on entrepreneurship culture as a key underlying determinant of entrepreneurial activity. As one of the LEP officials highlighted, ‘It’s about how we foster an entrepreneurial culture … within the City Region’ (S9), with one of the challenges being, as another official stated, ‘making entrepreneurship and starting up a business a real viable option’ (S6). Thus, at the LEP level entrepreneurial culture is ‘the big ticket’ in building more entrepreneurial and resilient local economies.

However, as highlighted in the literature review, PPIPs face greater challenges in fostering entrepreneurial-led renewal and growth, as reflected by lower levels of entrepreneurial activity and an underdeveloped entrepreneurship culture. Successive governments have made attempts to address the challenges faced by PPIPs, but nationally-conceived policies have hitherto only achieved a limited local impact, with somewhat greater levels of entrepreneurial activity but little impact on local economic development and growth. As such, this findings subchapter focuses on understanding ‘place’ as defined by the local institutional context, highlighting how PPIPs’ industrial past, compounded by their ‘peripherality’, a characteristic that transcends the spatial geographical dimension, creates significant challenges in building more entrepreneurial and resilient PPIPs.

### Industrialism, deindustrialisation and entrepreneurship: a clash of ideologies

*“[T]he demise of particular economic activities may produce the shock events of rationalization and job loss due to factory, mine or office closures but such moments need to be contextualized as embedded within deep-seated processes of de-industrialization and attendant economic, social, political … and cultural changes.” (Pike et al., 2010, p.5)*

As in many local economies where traditional industries developed as the catalyst for socio-economic development, industrialism brought economic growth and prosperity to Doncaster. As a typical industrial town, Doncaster experienced rapid growth throughout the 20th century, fuelled by the development of mining and associated traditional industries which captured the bulk of local economic activity and provided employment on a large scale. One stakeholder emphasised:

‘[The local mining communities] all saw phenomenally rapid growth. If you plot the development of these villages of the first 10 years of [the pit] opening, they just absolutely exploded. What then happened in the 1960’s, there was some government policy around directing jobs into these mining areas, so what you then tended to find was that you’d have a small village of 10,000 people where all the men worked down the pit and then all the women worked in the new textile factories.’ (S1)

The clustering and concentration of coal mining and rail industries in Doncaster, and the associated specialised labour markets and infrastructure, is what gave the town (and the wider region) its competitive advantage (Porter, 2000; Martin and Sunley, 2003). At the same time, however, similar to other industrialised localities, Doncaster increasingly experienced what van Stel and Storey (2004) refer to as the ‘Upas Tree effect’ whereby the dominance of few key industries stymied the development and growth of other industries. Indeed, Doncaster’s economy, like other PPIPs, became over-reliant on a small concentration of industries, and with it became vulnerable to what Bristow (2010, p.156) highlights as a “debilitating stasis caused by over-dependence on key industrial sectors in structural decline”. This was compounded by the inability of Doncaster to innovate or develop capabilities in related or new industries, as was the case in the City of Sheffield at the core of the region. As such, the post-war policy strategy of reviving northern regions by deliberately redirecting jobs into manufacturing proved ineffective towards the end of the century (Gardiner et al., 2013). As the stakeholders emphasised, there was little spare capacity to enable the local economy to adapt in the event of structural change:

‘Up until the late 70’s, early 80’s Doncaster had essentially full employment with big manufacturing firms, a lot of them in the coal industry, and when those industries started to close down and downsize the one thing they didn’t do was actually leave any accommodation.’ (S1)

‘We had all our eggs in one basket and we had a very narrow sector base … so we were really struggling in the ‘80s because we did tend to be over-reliant … We tended to be involved in these bigger heavy industries, and it really has hit us hard.’ (S5)

As such, the mid-1970s, which marked the start of deindustrialisation in many developed economies, saw peripheral places like Doncaster confronted with major structural changes as the industries which hitherto fuelled their growth started to decline. Indeed, the interviewees highlighted the seismic impact of deindustrialisation which resulted in socio-economic decline in Doncaster through large-scale job losses and the collapse of communities. Deindustrialisation disrupted local and regional economies, leaving many without a job, and therefore an immediate negative impact of the shock was widespread unemployment. The impact of job losses was such that, to disguise its magnitude, a high number of economically inactive men were recorded as permanently sick, essentially ‘hidden unemployment’ (Beatty et al., 2007). Highlighting the magnitude of job losses, the interviewees explained:

‘Unfortunately, what happened was that when we lost the coal industry in the late 80’s, globalisation... we also then lost within a matter of 1 or 2 years all the textile firms so we also had this “double whammy” in those remote areas.’ (S1)

‘[Deindustrialisation] had a seismic impact … The catastrophic loss of mining jobs and the impact on communities that hitherto have been self-sufficient, self-sustaining, was absolutely massive.’ (S8)

‘[Doncaster] used to be a mining town. When you go to the suburbs it is just old terraced houses where all the miners used to work … Once it all got shut down, the unemployment was ridiculous because people worked in mining.’ (OME18)

However, the impact of deindustrialisation was not limited to widespread unemployment and economic decline but was compounded by the loss of identity of the local communities, accompanied by a collapse in confidence. As Johnstone and Lionais (2004) assert, deindustrialisation left many communities ‘depleted’ of their economic purpose. In Doncaster’s case this depletion of economic rationale is mirrored by the loss of identity that had originally defined them as a community:

‘In terms of the job impact of that collapse, obviously [it was] absolutely massive. Almost the more significant thing has been the collapse in confidence in people and communities.’ (S3)

‘For communities it was devastating in the sense that lots of places, and their raison d'être within Doncaster - because we’ve got the urban centre and then we’ve got a number of satellite villages - a lot of the raison d'être of those communities was built around traditional industries, and that raison d'être is obviously gone.’ (S12)

Moreover, the shock was amplified by skills mismatches, as people faced limited options for finding employment elsewhere. The men and women working in the coalmines and factories had limited transferable skills, and therefore finding employment in other sectors which required their specific set of skills was challenging which, coupled with the structural collapse, saw local unemployment levels largely persist. As one stakeholder explained:

‘You then saw a huge number of what was highly skilled individuals employed in a particular industry now struggling to find work which pays the same and utilises the skills they’ve got. When having been a quite highly skilled individual down the mines, to be told “Actually, you can drive a forklift truck now”, it’s not quite the same.’ (S2)

As a result, with the demand for labour reduced as a consequence of what Bailey et al. (2010) refer to as a ‘manufacturing hollowing-out’, and as traditional industries continued their decline, deindustrialisation changed the ‘nature of the game’ for industrialised localities like Doncaster (Lever, 1991; Byrne, 2002). Indeed, in the 1980s the government changed the policy paradigm in response to deindustrialisation in an attempt to tackle unemployment, promoting a rhetoric based on enterprise (MacDonald, 1996; Gardiner et al., 2013) and “freedom of independent economic action” (Dodd and Anderson 2001, p.21). This new approach was meant to help absorb the impact of job losses by encouraging people to start their own business (Greene et al., 2004).

However, the change in policy approach resulted in a clash of ideologies, with the values associated with enterprise and entrepreneurship incongruent with wage labour and the unionised culture that underpinned industrialised localities. The ‘way of life’ in Doncaster, as in other PIPPs, was characterised by employment as opposed to any entrepreneurial activity, with no discernible enterprise culture. Moreover, the mass employment of workers in labour intensive manufacturing industries has seen the development of a wage labour culture (Hudson 2005), which meant that, as noted by Stuetzer et al. (2016), entrepreneurship in the industrialised locality was a ‘rare event’. Indeed, as two of the interviewees highlighted, there was a lower propensity to engage in entrepreneurial activity:

‘Historically, [because of] the type of [large-scale] businesses that were here, for example huge mining communities … people weren’t entrepreneurs. They all worked and it was highly unionised.’ (OME3)

‘There was a dependence on large employers which meant there was less incentive or less aspiration [to start a business].’ (S7)

Thus, despite the shift in government policy and formal institutions more broadly, Doncaster was locked-in to what Byrne (2002) refers to as an ‘industrial structure of feeling’, namely the specific set of values, norms and behaviours which governed the way of industrial life. As Doncaster developed as a ‘place of production’ (Bailey et al., 2010), the ‘industrial’ became engrained in the local social fabric and interwoven with the prevailing ‘way of life’. Consequently, PPIPs like Doncaster were slow to adapt due to the institutional imprint left by industrialism, if they were able to respond at all. With the wage labour mentality at odds with the ideology of entrepreneurship and enterprise, and with limited skill sets to draw on in starting a business, where there were examples of entrepreneurial activity they did little more than replacing the loss of a job to provide a personal income, verging on what Viswanathan (2014) refers to as ‘subsistence entrepreneurship’:

‘You’ve also got people with fairly limited skill sets so what you tended to find was that people were looking at becoming drivers, trainers, you had motoring schools and window cleaning businesses … It was quite limited. A lot of it was “me too” businesses, working from home and essentially driving down the cost with each other in competition.’ (S1)

Therefore, the founder’s skill set and familiarity with the business activity defined the type of businesses started in the 1980s, reflecting that many were ‘pushed’ into entrepreneurship by redundancy or job insecurity (Mason, 1989; MacDonald, 1996). Additionally, the limited manifestation of entrepreneurial ambition also reflected people’s loss of confidence, which further hindered communities’ adaptation and the development of a local entrepreneurship culture. As a stakeholder highlighted, ‘With the demise of all [industries] at the same time really it had quite a big impact on people’s confidence to start up in business’ (S11).

Moreover, the prevalent type of local entrepreneurial activity reflects what Minguzzi and Passaro (2001) refer to as cultural entrepreneurial homogeneity, which is the result of people’s exposure to similar social, educational, and entrepreneurial experiences – in Doncaster’s case the lack thereof. This is consistent with Dodd and Hynes (2012) who highlight that less developed areas are characterised by a lack of cultural support for ‘archetypal’ high-growth entrepreneurship. Indeed, as emphasised by Stuetzer et al. (2016), employment in large-scale industries required a low level of skills and educational attainment, which thus became reflected in the nature and limited scope of entrepreneurial activity in the aftermath of the shock. As such, the local economy saw a proliferation of “similar businesses run by similar people with similar motivations in similar ways” (MacDonald, 1996, p.444).

 Consequently, while deindustrialisation prompted the transformation of policy at the national level, and the promotion of enterprise policies in particular (Greene et al., 2004), the ‘structure of feeling’ that developed around traditional industries and underpinned the growth of industrialised localities endured the impact of industrial decline in these peripheral places and remained at odds with entrepreneurial ambition. Moreover, the more acute impact of deindustrialisation in PPIPs, through the loss of economic rationale and community identity, meant that any manifestation of entrepreneurial ambition was limited in nature and scope. The next section explores and analyses how legacies of the past have persisted and culminate in institutional hysteresis in PPIPs, continuing to hinder the development of a more entrepreneurial and resilient local economy.

### Hysteresis, entrepreneurship and local economic resilience

*“[There is] the need to better understand how and why the decisions and adaptive behaviours of different types of agents might vary spatially according to their particular economic, social and institutional contexts.” (Bristow and Healy, 2015, p.243)*

The previous section has highlighted the socio-economic impact of deindustrialisation and the institutional imprint left by industrialism in Doncaster which constrained the adaptation of the local communities to the new ideology of entrepreneurship and enterprise. However, informal institutions in PPIPs remained grounded in legacies of the past. As one stakeholder emphasised, “the collapse of mining … still looms large in everyone’s psyche” (S3). Thus, the local economic decline also culminated in the socio-cultural decline of communities in and around Doncaster. In this way, deindustrialisation represented not only a loss of jobs, but a loss of confidence of communities compounded by the loss of their raison d’être. In the absence of employment opportunities PPIPs became characterised by what Cumbers et al. (2009) refers to in terms low levels of ambition and aspirations. In Doncaster, this was compounded by a lack of enterprise culture, with no history or tradition of self-employment.

 Moreover, as the ‘industrial structure of feeling’ survived beyond industrialism, legacies of the past continued to shape people’s perceptions of what was achievable and, through social reproduction over time, became instituted legacies of the past (Hudson, 2005). As such, in Doncaster, the ongoing process of ‘adaptability’ (Dawley et al., 2010) has been undermined by the persistence of legacies of the past which culminates in institutional hysteresis at the local level. For example, the wage labour culture still prevails there and is little entrepreneurial ambition, illustrating how the ‘old ethos’ (Pejovich, 1999) remained imprinted on local informal institutions. As a stakeholder highlighted:

‘Somebody grows up in the family, the family has traditionally been dependent on somebody providing a job. It’s not about training to start your own business; it’s being dependent on other people to provide businesses and jobs, often large employers. They’re no longer there but the family values have not been about developing expectations that you can start a business.’ (S7)

 Therefore, even though traditional industries have declined, and with them the opportunities for large-scale employment, the sense of dependence on large employers persists as a legacy of a once thriving wage labour culture (Hudson, 2005). Moreover, with informal institutions as intergenerational carriers of entrepreneurial values (Wyrwich, 2015; Audretsch et al., 2017), there is a continued ‘cultural gravity’ (Tubadji et al., 2016) towards employment as opposed to self-employment. Thus, it is through institutional hysteresis that legacies of the past have crossed the bridge between generations.

 This is an illustration of how informal institutions act as ‘carriers of history’ (Pejovich, 1999) and continue to shape the local informal incentive structures (Dennis, 2011), even though the original conditions that led to their creation have disappeared. Hence, incongruent with the industrial ‘way of life’ that over the decades has developed into a collective ‘mental software’ (Fritsch and Wyrwich, 2014), entrepreneurship continues to be disregarded as a viable option. As two of the OMEs emphasised:

‘That history [of unionised culture] filters down into families … People’s history and perceptions like that that are passed on the generation do take a long time to change. If somebody’s grandfather or father worked in a coal mine and in this highly unionised culture, they’ve always grown up with that mindset, and it doesn’t quite go with entrepreneurship.’ (OME3)

‘The different communities were based around wherever local mines were … [so] when people left school it was often an automatic transfer. They went working in the local mine. Now there’s not that option there anymore and the local mining communities seem to take a very parochial attitude.’ (OME27)

As a corollary, the historical lack of a tradition of entrepreneurship in Doncaster has resulted in a lack of entrepreneurs as role models. Role models can serve as an important self-reinforcing mechanism to positively influence the development of an entrepreneurship culture (Mueller, 2006; Bosma et al., 2012; Huggins et al., 2015). However, Doncaster, as other depleted communities and peripheral areas facing issues of deprivation, lacks appropriate role roles (Johnston and Lionais, 2004; Williams and Williams, 2012). Indeed, as one of the OMEs highlighted, there is a lack of prominent local examples of successful entrepreneurs who could serve as “prime agents of development” (Johnstone and Lionais, 2004, p.219) and inspire others to start-up:

‘If there’s any entrepreneurs who have come from Doncaster or who have made it big time, if we had someone like Branson… there’s no history of anything like that … There’s definitely a lack of role models.’ (OME23)

 Not only has the local community culture been slow to adapt and develop values congruent with the ideology of entrepreneurship, but the local social approval of entrepreneurship remained low, with entrepreneurs far from being regarded as role models. Wyrwich et al. (2016) explain that it is the shared mental model that affects communities’ perception and interpretation of entrepreneurship. As in Doncaster’s case the shared mental model has been shaped by the ‘industrial’ and displays a preference for employment over self-employment, entrepreneurial ambition is regarded with suspicion and even negativity. Two of the OMEs highlighted:

‘There’s a bit of a “tall poppy syndrome”, or as a society we still like to know people’s place and we still like to know that they work for a company.’ (OME22)

‘There’s quite a lot of suspicion in Doncaster. Everyone’s suspicious when you’re doing well, and everyone’s of a mentality that when you’re not doing well they kind of find it quite amusing. It’s probably still a place … I would say that sometimes is kind of stuck in the past.’ (OME12)

 However, while the local norms, values and habits continue to gravitate around employment, this does not translate into lower levels of unemployment. On the contrary, a negative effect of the wage labour culture and a legacy of dependence on large employers is what the stakeholders highlighted as generational unemployment:

‘In many cases you’re looking at second, third generation unemployed. There still is, in certain communities, that mentality of “Well, my granddad was unemployed, my dad was unemployed, you know that’s what I’m looking to do myself”.’’ (S2)

‘That “can do” attitude out there is maybe not strong in Doncaster … it’s something around culture, particularly at home, in families where in a lot of cases you might be dealing with generational unemployment issues where people think “Well my mum’s never worked, my dad’s never worked, my grandparents never worked”.’ (S5)

 Thus, as highlighted by the quotes, generational unemployment is a manifestation of hysteresis and reflects the persistence of the low level of aspirations in the local communities. This is illustrative of what Grinfeld et al. (2009) refer to as ‘remanence’, as low aspirations remain imprinted on local informal institutions as a memory of the absence of employment opportunities in the aftermath of the shock. As an OME emphasised:

‘I do think within Doncaster there’s a lack of aspiration and inspiration amongst people. People often don’t seem to want to do better for themselves. It’s like they are resigned to what their lot is.’ (OME35)

 Furthermore, and building on the concept of communities as institutions (Farole et al., 2010), these legacies of the past which remain imprinted on informal institutions and underpin the local community culture also have an impact on the local entrepreneurship culture. As highlighted by Huggins and Thompson (2015a), the nature of local entrepreneurial activity is in fact a reflection of the underlying community culture. More specifically, as explained by Audretsch et al. (2017), it is the interplay between history, entrepreneurial tradition and culture that leaves an imprint that determines the nature of entrepreneurial activity at the local level.

 Indeed, in Doncaster the nature of the entrepreneurial activity is both highly localised and underproductive, with entrepreneurial ambition limited to providing a personal income, and therefore has limited impact on economic growth. This differs from localised, unproductive entrepreneurship as defined by Sautet (2013) in that rather than being limited by the scope of opportunities, entrepreneurship in PPIPs is largely limited by the scope of aspirations and ambitions. As such, manifestations of entrepreneurial ambition are a reflection of the underlying community culture shaped by hysteresis. As the stakeholders highlighted:

‘I think quite clearly the adjustments to a more of an enterprising culture, a more of a private sector, smaller business type of culture has been incredibly difficult, and I think there is a legacy of lower aspirations, lower enterprise culture.’ (S8)

‘We get a lot of enquiries from people who start a business and they tend to be people who end up a micro-business or self-employed … There’s a lot of demand for that and we call them lifestyle [businesses] … Because we traditionally are a lower skilled area I think we don’t get the entrepreneurs coming forward with the real knowledge base businesses and product development. Tends to be lifestyle or trade.’ (S4)

‘There’s not the aspiration to grow those businesses into fifteen, twenty, twenty-five employee businesses. There’s a kind of an acceptance that you run a business and that provides you with a living and people are content with that.’ (S7)

As a consequence, by shaping the nature of entrepreneurial activity and limiting its scope and ambition, institutional hysteresis has led to the creation of businesses with limited growth potential in low value-added sectors (Beresford, 2015), thereby increasing the vulnerability of PPIPs such as Doncaster as opposed to making them more resilient. Many of the local businesses are inward-facing and therefore their growth or survival is dependent on the performance of the local economy. As the local stakeholders emphasised, this creates vulnerabilities in the local economic fabric, making the local economy less resilient to shocks, hence the difficulty of the locality to weather economic recessions and the continued economic underperformance experienced post-deindustrialisation. For example, some of the stakeholders highlighted:

‘Far too [few] companies look beyond their own noses in terms of where the opportunities are, whether in this country or overseas.’ (S3)

‘Because of the type of businesses [that] we’ve got, a lot … are dependent on people spending money in the local economy. (S8)

‘[The small local businesses] tend to be businesses which can fall much quicker … It’s fine having loads of window cleaners or loads of nail artists or things like that, but they’re the first ones to go … they are susceptible.’ (S5)

Similarly, having serviced the local economy for many years, one of the OMEs operating in the professional services industry emphasised:

‘A lot of businesses are inward-facing … I think if you were to say “Is there a unique factor in Doncaster?”, that’s what I would actually say … a tendency to service inwards. Therefore, any growth is dependent on the growth of the Doncaster economy’ (OME20).

Therefore, the institutional hysteresis experienced by Doncaster as a PPIP is an example of how, by stymieing entrepreneurship, rigid informal institutions can undermine local economic resilience and thus end up “creating vicious circles of suboptimal development trajectories” (Rodríguez-Pose’s, 2013, p.1041).

This section highlighted that the industrial legacy left an imprint on local informal institutions in PPIPs as reflected in a continued preference for employment, generational unemployment, and low aspirations, culminating in institutional hysteresis at the local level. As such, the existing local entrepreneurial climate is a reflection of pre-existing conditions (Carlsson, 2007), highlighting local institutional path dependence. Indeed, hysteresis continues to hinder entrepreneurship, as local level informal institutions do not provide the fertile institutional ground required for entrepreneurial ambition to flourish. As a corollary, the limited scope and ambition of entrepreneurship makes the local economy less economically resilient.

Moreover, while Stuetzer et al. (2016, p.18) found the presence of large-scale industries to result in “a vicious cycle of low entrepreneurship and weak entrepreneurship culture” in former coalfield economies, the findings show that it is institutional hysteresis that acts as a catalyst for this ‘vicious cycle’. It is therefore through institutional hysteresis that the ‘hand of the past’ (Pejovich, 1999) reaches into the future and hinders adaptation and entrepreneurial-led renewal in PPIPs. This form of hysteresis is akin to the ‘cultural lag’ highlighted by Sztompka (1996) and the cultural hysteresis described by Tubadji et al. (2016), although acutely localised in its impact and maintained by and reflective of the ‘slow burn’ character of deindustrialisation (Pike et al., 2010). As the next section highlights, hysteresis is more acute at the periphery as it is compounded by negative perceptions of place and opportunity as a result of the loss of ‘place’ identity.

### Beyond geography: space versus ‘place’ and peripherality as culturally specific

As a stakeholder explained, PPIPs ‘used to be once thriving mining towns and, as the decades have gone on, nothing has replaced the loss of those jobs in that community’ (S6). However, the thriving industrial ‘place’ fostered a sense of community and a shared place identity (Byrne, 2002; Power, 2008). As an OME explained “We were a pit town, having pit values”, which highlights that the shared sense of collective identity was strongly attached to ‘place’. Therefore, as communities became attached to ‘place’, this became a ‘shaper of identity’ (Johnstone and Lionais, 2004). Nevertheless, as the post-industrial periphery has been transformed from a thriving primary production zone (Anderson, 2000) into marginalised periphery by the end of the 20th century (Hudson, 2005), the loss of that collective identity derived from ‘place’ has developed into negative perceptions of place and opportunity. As two of the interviewees highlighted:

‘There’s not only a hole and a gap left by loss of that industry but also it leaves people and the community feeling as though there’s nothing there, [that] there isn’t a lot of opportunity.’ (S6)

‘Obviously Doncaster is an industrial town, it used to be with the trains and coal mining and not too far away from Edlington, that’s where the Yorkshire main pit was. I think people’s general view, how they feel about it [is] they’ve been left behind.’ (OME28)

Moreover, these perceptions of depletion and of lack of opportunity compound the effect of hysteresis as they contribute to maintaining low aspiration levels. As a stakeholder explained:

‘There is an issue around aspiration, right from young people through to the adult population … I think that [perceptions of place] feeds into it, that Doncaster just hasn’t got that offer … The whole aspiration culture in Doncaster, right back from schools through to the adult population, is massive in terms of changing perceptions around what Doncaster has to offer.’ (S8)

However, as many of the interviewees highlighted, these negative perceptions of place and opportunity lack any real ground in reality as there are opportunities available in Doncaster, yet these do not filter into people’s perceptions. For example, two of the stakeholders emphasised:

‘We have a problem with the general population [saying] that there isn’t anything here, there aren’t jobs, there aren’t opportunities, and there are.’ (S12)

‘That’s an issue in terms of … what teachers and pupils and parents are saying around how they view Doncaster, which can often be quite a jaded cynical [view] … a lot of which is not based on fact.’ (S8)

Indeed, although Doncaster has lost its economic rationale as a space following the decline of traditional industries, the local economic strategy became increasingly geared at capitalising on the strengths endowed by Doncaster’s central geographical location within the UK, which as a stakeholder explained offers significant economic opportunities that can be capitalised on through entrepreneurship:

‘We’re pretty much at the heart of the country … so road and networks are second to none, rail networks are second to none. When we are at investor conferences we kind of half-jokingly pitch ourselves as North London … We’ve also got international links with the newest international airport in the UK … and then just up the road we’ve got a good working relationship with the Humber ports which are 40 minutes away.’ (S5)

Thus, in a spatial context that is anything but devoid of opportunity, an important question arises as to why the place is perceived negatively by the local communities. It is here where the conceptual distinction between ‘space’ and ‘place’ made by Hudson (2001) helps to better understand this issue and to capture the broader impact of deindustrialisation in PPIPs. As the local community culture has been shaped by institutional hysteresis, ‘place’ not only became subject to the effects of hysteresis but was itself instituted through socialisation and the social attribution of meaning, thus becoming ‘the location of culture’ (Huggins and Thompson, 2015a).

The issue in Doncaster is that ‘place’ remains, in the words of OME28, ‘a carrier of what Doncaster actually used to be’, as opposed to reflecting the current opportunities available to Doncaster as a ‘space’. As an OME highlighted, this fosters negative perceptions of opportunity:

‘I think the problem is the industrial past. People are still looking at the way things were rather than at how things are now … People in Doncaster talk about “Well, we have the coal industry”. I’m not trying to be churlish about it, but the thing is [the coal industry] is not there anymore!’ (OME27)

Moreover, with entrepreneurship anchored in ‘place’ (McKeever et al., 2015), this incongruence between ‘space’ and ‘place’ is also reflected in the limited manifestations of entrepreneurial ambition. While Doncaster offers significant opportunities as an economic space on which entrepreneurial-led growth can be premised, people’s perceptions of place remain largely negative and continue to hinder such change. The stakeholders highlighted this paradox:

‘If you’re looking at natural infrastructure, our connectivity is second to none … so pretty much rail, sea, and road. We’ve got fantastic connections so a big argument for companies [is] to do business around our connectivity.’ (S5)

‘The reality is Doncaster’s private sector doesn’t travel well. It’s perverse because we’re so well located in terms of the infrastructure.’ (S3)

Not only does entrepreneurship continue to be disregarded by the local communities as an effect of hysteresis, but a prevailing ‘sense of hopelessness’ (OME27) translates into business start-up becoming ‘a choice of last resort’ (Davidsson and Wiklund, 1997). The loss of identity and loss of economic prospects serves to reinforce negative perceptions of place devoid of economic opportunity, or at best necessity-driven entrepreneurial activity (Williams and Williams, 2012). As two stakeholders explained:

‘People feel less inclined to start-up their own business or do something that’s more outward facing. They feel that actually Doncaster’s a forgotten town. Sometimes, when you speak to many business owners, setting up a business for themselves is a last-ditch attempt to try and do something worthwhile for their family.’ (S6)

‘We keep a log of all our enquiry levels … and the traditional time to actually lay off your workforce is, unfortunately, November-December, and the peak time for people ringing us up and saying “I wanted to start my own business, what are the courses?” is January … Unfortunately, historically in Doncaster the demand for start-up has been not out of choice but out of necessity.’ (S1)

The perceived lack of opportunity relates to more than the geographical peripherality of Doncaster, but rather, as Johnstone and Lionais (2004) assert, to how opportunities are socialised and understood. Therefore, the understanding of place and peripherality extends beyond geography, namely beyond the physical, spatial dimension, as Doncaster’s geographical location is not in itself peripheral, with it being located at the heart of the UK. In Doncaster’s case, peripherality becomes self-imposed through (negative) collective social evaluation and is therefore ‘subjectively experienced’ (Anderson et al., 2001).

Indeed, as emphasised by Anderson (2000, p.93) “[i]t is the social use of space that gives meaning to the notion of periphery” which therefore means that ‘peripherality’ is also “culturally specific, a social construct, best explained within the interplay of culture and economics”. This therefore mirrors the nature of institutional hysteresis found in PPIPs, and highlights the institutionalisation of place (Paasi, 2011) through social reproduction. An interviewee summed this up, stating:

‘That kind of parochiality that’s informed by the collapse of traditional industries, informed by a lack of confidence in communities and the place, it’s almost pushed and pushed and pushed Doncaster into this kind of little bubble in the middle.’ (S3)

Furthermore, the interviews have highlighted a critical aspect, namely that the OMEs’ relationship with Doncaster is significant in how these negative perceptions of place and opportunity manifest. More specifically, these appear to exist only within the local community culture. Indeed, the interviews showed that it is OMEs who were born and raised in Doncaster and who subsequently remained in the locality that developed negative perceptions of place and opportunity. Those who either moved to Doncaster or went away for a period of time do not hold such perceptions but are aware of them. For example, OMEs from the first category commented:

‘I live in Doncaster but don’t think it’s a high-end area. I’m not sure what else there can be. I think if you really want to do something great, go to a city.’ (OME7)

 ‘It’s an old miners’ town Doncaster, so once that all [that industry] went, it is what it is. It’s hard to describe but it’s not as good as what it used to be.’ (OME18)

‘I think Doncaster, since the closure of the pits have struggled economically and … I just think that we’ve seem to have been a little northern spot that’s been forgot about.’ (OME30)

‘It is quite stale … It’s not particularly an exciting place to be. I don’t think there’s that many things to draw people into the area.’ (OME31)

Therefore, Doncaster, like many other northern towns and smaller cities, is portrayed negatively within the public imagination (Cox and Longlands, 2016), as opposed to core cities which are perceived as more dynamic and attractive. However, in Doncaster’s case it is also the residents’ negative perceptions of place and opportunity that add to and perpetuate a skewed public perception. Indeed, contrasting with views of the first group, comments by OMEs from the second category highlight how hysteresis has eroded how place is perceived collectively by the local communities:

‘I think that people got stuck in a rut with Doncaster in that it went through a period of time that was quite hard work, especially after the pit closes in the ‘80s. There was high unemployment and I think that, generationally, there’s been a misconception that Doncaster has a lack of opportunity.’ (OME21)

‘Obviously the demise of the mining industry obviously had a huge impact … but that was no different to what happened in Lancashire with the cotton mills, no different to what happened to Sheffield with the steel.’ (OME8)

‘Doncaster is no different from some of the Greater Manchester areas where I worked, in Blackburn, in Oldham and things like that … It has its difficulties, but I don’t see Doncaster uniquely different … I don’t see it as particularly worse off than anywhere else.’ (OME20)

Moreover, as highlighted by OME9, “in Doncaster that [parochial] attitude has been very difficult to break through”. As a consequence, this has led to local talent depletion, with the tendency of ‘the most talented’ to migrate from the periphery to the other core urban centres (Anderson et al., 2001; Kaufmann and Malul, 2015) being more acute in Doncaster as a result of negative perceptions of place and opportunity. This weakening of the institutional environment has resulted in what the interviewees highlight as a brain drain (Cox and Longlands, 2016; Pike et al., 2016; Swinney and Williams, 2016), with graduates and potential entrepreneurs moving away from Doncaster:

‘There’s certainly an issue that the bright young people go away to University and as we all know very few of them return back home again, so there’s certainly a drain on those resources.’ (S1)

‘They don’t see that there’s the opportunity there for them in Doncaster, so they end up looking for jobs in Sheffield or Leeds, Manchester, so the skills which we have developed locally we lose as well.’ (S2)

‘Those [young] people, when they’re coming out of [education], immediately they’re going to Sheffield, Leeds, Manchester, London. That’s it. There’s nothing to keep them in Doncaster. That’s my biggest issue … It’s not location, the location is fine, it’s the perception of what Doncaster is.’ (OME28)

For example, one of the OMEs who grew up in the borough explained how these negative perceptions of place and opportunity have influenced their decision to leave the locality to pursue their ambitions elsewhere:

‘When I was younger all I wanted to do was get out of Doncaster. I hated the place! I just thought it was living in its own bubble. I just really didn’t like it and that’s why I went [away] to university and then [abroad] for a year. I just wanted to get away from it because I didn’t really see any value in staying … when I graduated there wasn’t really much going on here.’ (OME29)

Here the implication is that Doncaster is becoming further marginalised with the out-migration of the more skilled and mobile groups of the population to the other core urban centres. As such, the brain drain is about more than the loss of human capital, as it also detracts from potential entrepreneurial activity in Doncaster by diminishing the local pool of potential entrepreneurs. The ensuing lack of role models further perpetuates and exacerbates the reproduction of local informal institutions.

This section has highlighted why the effects of hysteresis are more acute at the periphery as the findings show that peripherality can be self-imposed and culturally specific, with negative perceptions of place and opportunity contributing to low aspiration levels and further limiting manifestations of entrepreneurial ambition. The next section analyses the limited outcome of previous policy strategies aimed at alleviating the negative impact of deindustrialisation through entrepreneurial-led renewal and growth and highlights the need for localised policy.

### Previous policy responses and the persistence of hysteresis: the case for localised policy

The negative socio-economic impact of deindustrialisation prompted strategic changes in national level institutions. As emphasised in the first section, the rapid decline of traditional industries saw the shift towards entrepreneurship and enterprise-led renewal and the introduction of enterprise policies in the UK, which henceforth continued and were implemented through different strategies, as discussed in the literature review. However, despite changing the orientation of formal institutions, most notably in the form of national level policy to support enterprise-led growth and economic regeneration (see Huggins and Williams, 2009), these have not been universally successful across the UK’s regions.

 Indeed, the formal institutional reforms have not seen employment levels ‘bounce back’ to pre-shock levels, let alone ‘bounce forward’ and see unemployment levels reduced. Several stakeholders emphasised that despite making significant investments, the nationally-led policies achieved a limited impact in PPIPs as they failed to account for the heterogeneity of local institutional contexts. For example, programmes such as LEGI focused specifically on addressing the issues constraining England’s most deprived local economies by stimulating entrepreneurship and investment (Derbyshire and Haywood, 2010; OECD, 2014), but achieved a limited local impact:

‘All the South Yorkshire authorities have had some sort of investment in business start-ups. A lot of that has been around skills development through the LEGI programme in the past – the priority was quite a lot of start-up programmes aimed at people in and around deprived communities and trying to stimulate entrepreneurial activity. Doncaster has traditionally had a policy to help people start businesses and to support businesses.’ (S9)

‘Significant amounts of funding have been spent specifically with LEGI where tens of millions of pounds were invested in support programmes, and as a result of that there still isn’t a legacy in place to support long-term growth and new start-up businesses.’ (S6)

Thus, not only did institutional hysteresis prevail as the result of rigid informal institutions, an asymmetry between national formal and local informal institutions has reinforced the underlying cause of hysteresis in PPIPs, leading to the support of the ‘wrong type of entrepreneurship’ (Mueller et al., 2008). As a result, the approach to breaking the ‘vicious cycle’ was incomplete as despite somewhat increased levels of entrepreneurship, the scope of local entrepreneurial activity in Doncaster has remained limited, and with it the economic resilience of the local economy. Several of the interviewees referred to the limited growth potential and lifestyle nature of the local businesses, with little possibility of them driving economic growth in Doncaster. For example, two of them highlighted:

‘We got a lot of cupcake makers and hairdressers and all the usual … a lot of lifestyle businesses, not much coming through that way in terms of high-growth potential.’ (S1)

‘I’d say the kind of legacy of programmes like LEGI, to start up a lot of businesses… by their very nature, a lot [of the businesses] can be lifestyle businesses which when people have got to make decisions about whether they’re spending their cash can be the first thing that people stop doing.’ (S5)

This can in part be explained by Dennis’ (2011, p.96) observation regarding the “conflicting incentive structures”, with national level (formal) institutions promoting entrepreneurship and local level (informal) institutions “pulling in the opposite direction”. The interviewees did highlight that that there is a growing awareness and acceptance of entrepreneurship, although the nature of entrepreneurial activity remains highly localised and underproductive. While increasing the number of new start-ups is important as an indication of entrepreneurial activity (Ross et al., 2015), PPIPs need to ultimately foster more productive entrepreneurship. This point was mentioned by several interviewees, with one stakeholder stating ‘We need entrepreneurship, we need people to want to start businesses and grow businesses but we also want those existing businesses to grow and expand’ (S12).

To break the ‘vicious cycle’ and promote entrepreneurship as a catalyst for economic renewal and growth Williams and Vorley (2014) have argued for a more localised approach. This is imperative if PPIPs are to overcome the challenge of institutional hysteresis and is about more than localised policy. It is about understanding how policies and programmes relate to the prevailing informal institutions. Indeed, focusing on new start-ups can lead to stimulating the ‘wrong type’ of entrepreneurship in low enterprise areas (Mueller et al., 2008; van Stel and Suddle, 2008; Shane, 2009), as pursuing entrepreneurship as a way out of unemployment may inadvertently create businesses with a low probability of long-term survival and growth (Baptista et al., 2014).

Therefore, while entrepreneurship policy has hitherto been devised at the national level, an important implication is that one size does not fit all (Mason et al., 2015; Ross et al., 2015). Indeed, as Tubadji et al. (2016, p.104) highlight, “rather complex and path-dependent cultural preference mechanisms are at stake, when pro-entrepreneurial economic policy choices are to be made”, and as institutions develop in relation to place, entrepreneurship and enterprise policy must be sensitive to local institutions. Therefore, a localised, ‘territorial’ and place-sensitive approach is key to fostering evidence-based policy making (Arshed et al., 2014; Arshed et al., 2016) and to enabling more productive entrepreneurship at the periphery (Baumgartner et al., 2013). As a stakeholder highlighted:

‘I think quite often we can get government initiatives that although on paper they mean well, when you actually look at the deployment across the country they sometimes don’t hit the spot, so a lot of the initiatives that might work in, say, London, are not going to work here … because they’ve not thought through what happens in different geographies.’ (S5)

Replacing RDAs in 2012, LEPs became responsible for driving entrepreneurial-led growth and economic regeneration through a focus on local economies (Williams and Vorley, 2014). The LEP officials emphasised the continued commitment to policy built around entrepreneurship, with a range of business support programmes being offered. Nevertheless, institutional hysteresis in PPIPs needs to be addressed by LEPs if they are to foster the development of more entrepreneurial and resilient local economies. Moreover, while institutional hysteresis remains a challenge for local institutional adaptation to the new rules, this is also influenced by the strategic choices of local actors (Christopherson et al., 2010). Thus, with LEPs expected to foster “more democratic locally based strategies” (Brooks et al. 2016, p.12), local authorities have a critical role to play in ensuring a more localised policy approach as they possess critical knowledge and understanding of the local economy (Jackson et al., 2013). As a local stakeholder emphasised, ‘I think our policies need to be sharper to understand Doncaster the place, understand our business community and understand where we need to take it’ (S5).

### Summary

This findings subchapter has highlighted institutional hysteresis as a key challenge in building more entrepreneurial and resilient PPIPs, demonstrating how, through rigid local level informal institutions, legacies of the past persist and culminate in institutional hysteresis at the local level, constraining entrepreneurship and undermining local economic resilience. Moreover, the negative influence of legacies of the past is compounded by negative perceptions of place and opportunity, and an asymmetry between national formal and local informal institutions reinforces the underlying cause of hysteresis. Thus, the manifestation of institutional hysteresis in PPIPs sees legacies of the past and perceptions of place and opportunity shape local level informal institutions which, together with formal institutions, shape the nature and level of entrepreneurial activity in the locality. The outcome influences the economic resilience and performance of the local economy and results in a cycle that perpetuates the process of institutional hysteresis, which becomes a catalyst for the vicious cycle of low entrepreneurship and weak entrepreneurship culture (Stuetzer et al., 2016). A key aspect in the case of PPIPs like Doncaster is the disconnect between formal and informal institutions, which reinforces institutional hysteresis at the local level.

This subchapter sheds further light on the key question of why some local economies are more resilient than others (Christopherson et al., 2010; Hassink, 2010; Martin and Sunley, 2014), and thus contributes to a better understanding of the roots of uneven development and the persistence of spatial disparities (Pike and Tomaney, 2009; Gardiner et al., 2013; Martin, 2015). The findings also draw a critical distinction between ‘space’ and ‘place’, emphasising how negative perceptions of place and opportunity can stymie entrepreneurship even in a well-connected locality with significant opportunities for entrepreneurial activity. In doing so, they underline the importance of understanding ‘place’ through its multiple dimensions, of which the institutional dimension is critical.

At same time, the findings highlight that, as emphasised by Farole et al. (2011), communities themselves can operate as institutions as they exert influence on individuals by structuring their preferences and constituting a basis for collective action. In Doncaster’s case, the local communities became instituted by legacies of the past through socialisation, thus leading to the development of a closed culture shared only by those who share similar life experiences that have shaped their collective identity and understanding of possibilities (Byrne, 2002). By establishing an overarching or dominant mindset that underpins the functioning of the locality (Huggins and Thompson, 2015a; 2017), the local community culture has hindered entrepreneurship, and continues to do so despite repeated policy initiatives aimed at tackling the symptoms.

Moreover, the self-imposed and culturally specific nature of peripherality, and the resulting institutionalisation of ‘place’ through persisting legacies of the past, is an illustration of the interplay between structure and agency as ‘place’ is a ‘shaper of identity’ but is also shaped collectively through socialisation. This highlights that, as acknowledged by Pugalis and Bentley (2014a, p.571), ‘place’ is social as a result of people being “active agents in the shaping of place”, thereby showing how the interplay between structure and agency can give rise to new institutions.

 Rodríguez-Pose’s (2013) comparison of regional economic development with a bicycle is useful in understanding the institutional challenges in PPIPs. If the front wheel represents formal institutions and the back wheel represents local informal institutions, in the case of PPIPs not only are the two disproportionate but they are spinning at different speeds, with a smaller back wheel spinning slower than the front wheel, thus requiring greater effort and making local economic development significantly more challenging. As emphasised by Barca et al. (2012), fostering ‘place-based’ development requires both a greater sensitivity to the local institutional context as well as multi-actor collaboration to enable the embedded local knowledge to filter into policies and thereby foster a more tailored approach. As such, if LEPs are to enable PPIPs to foster more productive entrepreneurship, it is essential that they foster collaboration across scales and among the constellation of local actors involved in local economic development (Pike et al., 2015). The next findings subchapter turns to understanding local businesses and the challenges they face by operating in Doncaster as a PPIP, and critically analyses the strategic approach undertaken by the LEP in stimulating entrepreneurship within the City Region.

##  Policy versus practice: strategy, firm and local context

*“When developing policy it is … important to be aware that area disparities can arise both because of different characteristics of firms and people within an area and because of different outcomes for the same types of firms and people in different places … the focus should be on developing a specific understanding of what prevents firms and people within a place from realising their full potential.” (BIS, 2010, p.24)*

The focus of this findings subchapter is on analysing the strategic approach towards stimulating entrepreneurship in the SCR, as defined by the LEP’s economic strategy and its fit with the local business context and the challenges facing businesses operating in PPIPs. The sections in this chapter are structured around understanding the city-regional support programmes made available to businesses across the SCR as well as the realities of the local business context as reflected by the nature and capabilities of local businesses operating at the periphery, with the view of analysing what prevents businesses in PPIPs from realising their full potential and highlighting the nature of support that they require. The findings highlight a misalignment between the city-regional strategic approach that aims to stimulate entrepreneurship and growth and the local business realities, with the support programmes overly skewed towards ‘ambitious’ entrepreneurship and failing to account for the heterogeneity of local businesses and that of local context.

### The strategic approach: ‘hunting’ ambitious entrepreneurs or ‘cherry-picking ones and twos’?

*“[S]ome have argued that northern regions have in fact become over-dependent on the public sector, and that this dependence crowds out local private sector growth … so that the shrinkage of the public sector in these parts of the country would release labour that could be utilized in the rebuilding of a local private-sector economic base. The Government certainly takes the view that the expansion of private sector employment will absorb much of the workers expelled from the public sector.” (Gardiner et al., 2013)*

Replacing the former RDA Yorkshire Forward at the subregional level, the SCR LEP has been tasked with the critical mission of ‘managing’ the transition from a public sector focused local economy to private sector-led growth by stimulating entrepreneurial-led recovery and growth. Indeed, reflecting an issue confronting many of the UK’s northern regions, the SCR as a whole has become over-reliant on the public sector in the decades following the decline in traditional industries. This is evident in the 1998-2008 growth cycle during which the 9 percent growth in employment recorded by the SCR was largely premised on public sector employment growth, as opposed to private sector growth (SCR, 2013). There is indeed recognition among local policy-makers that Doncaster’s economy has been overly reliant on the public sector for employment and therefore that stimulating private sector-led growth is essential in rebalancing the local economy:

‘If you look at the local authority in terms of us doing business, a big issue with Doncaster’s economy, like a lot of South Yorkshire, is [that] it’s public sector focused. We are the biggest employer in the borough … so we have got to make that transition from more public sector to more companies and clearly [entrepreneurship] does play an important part of that being fleet of foot.’ (S5)

 With public sector redundancies expected to have a disproportionally negative impact in northern regions (Gardiner et al., 2013), the LEP’s mission to stimulate entrepreneurship and enterprise-led growth to counterbalance the negative effects is critical. The magnitude of the challenge is illustrated by the number of jobs that the SCR needs to create over the planned ten-year period. As emphasised in the SCR’s SEP “70,000 jobs are required to reach the pre-recession peak employment level in the City Region” (SCR, 2014, p.22), which nevertheless does not include the forecasted public sector redundancies. As such, the LEP has set out to create a more enterprising and sustainable city-regional economy that can foster higher levels of entrepreneurship, with the economic strategy built around entrepreneurship as an engine of economic growth and job creation. This is reflected in the enterprise and economic targets that the SCR, and implicitly Doncaster, needs to achieve:

‘Over the next five to six years what we are tasked with achieving is creating 30,000 new jobs across the Sheffield City Region, £2.1bn worth of GVA [gross value added] across the SCR economy, 2,000 new exporters exporting overseas, and 6,000 new start-up businesses, so there’s a fair amount to do. There are some significant targets there which we need to achieve.’ (S6)

 With local authorities losing their funding to provide business support programmes, the LEP is stepping up to ‘plug the gap’ and formulate new enterprise development initiatives and ensure support provision across the nine localities. However, rather than replicating previous large scale support programmes such as Business Link (Thompson et al., 2012; Bennett, 2014), the LEP is moving away from the complex and expensive business support architecture created by RDAs (Pearce and Ayres, 2009; HMG, 2010), thereby following centrally prescribed priorities. Indeed, while not being specific about how LEPs should go about enterprise development in their areas (Shutt et al., 2012), central government has made it clear that “greater prioritisation of Government support is required” (HMG, 2010, p.41).

 With enterprise development policies expected to deliver more than ““lifestyle” businesses that have no aspiration to grow” (HMG, 2010, p.41), the LEP’s approach ‘will be very much more about hunting the entrepreneur’ (S4). In doing so, the LEP is taking a radically different strategic approach to stimulating entrepreneurship and private sector growth than that of its institutional predecessors, moving away from the ‘any business will do’ approach (Huggins et al., 2015) and instead focusing on stimulating what Hermans et al. (2015) refer to as ‘ambitious entrepreneurship’. As the LEP officials emphasised, enterprise policy is developed around ‘hunting’ the ambitious entrepreneur:

‘Ambition is a fine line between somebody that wants to grow a business and be successful or somebody that want to be successful and have enough money to have a nice lifestyle, and what we need to do is identify those that are looking to be successful and grow a successful business and not the lifestyle businesses.’ (S6)

‘It’s important that people are encouraged to start their businesses and then grow, and existing businesses are encouraged to grow as well … What’s important is the company’s ability and ambition to grow.’ (S9)

Consequently, the policies promoted by the LEP represent a departure from decades of SME and small business policy (Greene et al., 2004) towards supporting high-growth businesses “irrespective of their size” (SCR, 2014, p.6), with entrepreneurial ambition placed at the core of business support provision. This strategic shift has direct implications for the focus and extent of business support that will be made available through the LEP, with support being directly proportional to the businesses’ level of ambition. As a LEP official explained:

‘If they haven’t got much ambition to grow then they’re not going to get an all-singing, all-dancing tailored support package [but] a more generic offer … Part of the policy that we’re developing is that every entrepreneur gets the support they need to start their business but the more ambition they have the more support they get … It’s fine if they want to start a business … but if they’ve got no ambition to grow beyond that then there’s not much more we can do for them.’ (S9)

Moreover, the LEP’s approach goes beyond direct business support provision, integrating elements that reflect a longer term policy orientation as well as a somewhat greater focus on ‘place-based’ development, as related to the spatial dimension. A key priority for the LEP is the focus on creating the ‘right environment’ for growth so that ambitious entrepreneurship is not only supported though targeted initiatives but also stimulated by an environment that is more conducive to growth. Thus, part of the strategy focuses on infrastructure investment with the aim of creating an infrastructure that builds on the strengths of each locality. In Doncaster’s case, the LEP, together with the local authority, aim to build on the town’s rail heritage and the strengths conferred by its geographical location, namely its natural infrastructure and connectivity. The attempts to rejuvenate the rail sector and to develop its connectivity are akin to what Martin (2010) refers to as path renewal and path creation. As a LEP official explained:

‘[Doncaster is] very conveniently located at the heart of the UK … [and] as a result, it has a very strong rail sector. It has a very strong logistics sector as well. There are some really key strengths to Doncaster in terms of the infrastructure that already exists, and as a result of that infrastructure some of the things that are happening now, the Rail College which is going to be located in Doncaster as well, is building on the strengths that it has already.’ (S6)

Therefore, the LEP’s approach is a combination between traditional and growth-oriented enterprise policies (see Mason and Brown, 2014), mixing a focus on start-up and high-growth businesses with a more systemic approach focused on infrastructure building. It this sense, it reflects what Dawley et al. (2010, p.661) highlight as a “twin track approach of short- and long-term policy”, with a shorter term policy stimulating job creation and economic growth and the long-term policy creating the conditions for growth. A LEP official explained the rationale:

‘Generally, the ambition of the business is intrinsic with the individual and their level of drive and I don’t think that’s something that we can deliver a support programme on … What we can do is create the environment and offer opportunities and support for those individuals to come forward.’ (S6)

However, the interviews with local stakeholders and OMEs highlighted that the LEP’s uniform approach to stimulating entrepreneurship across the SCR contrasts with the local business realities. A particularly important aspect highlighted by many interviewees is the overemphasis of the enterprise development policy on filtering and supporting businesses with high growth potential, thereby creating winners and losers. The issue is that the winners in this case are the larger businesses with the largest economic potential and the losers, the micro-businesses which, as emphasised by many local stakeholders, are Doncaster’s ‘real economy’. The rhetoric at the LEP level, however, is not explicit in terms of targeting larger businesses. On the contrary, the initiatives designed by the LEP are made available to all businesses regardless of their size with the rhetoric, as enshrined in the SEP, promoting the idea that ‘every business matters’ (SCR, 2014). Indeed, the interviewees emphasised:

‘Our approach going forward is meeting the needs of businesses. It shouldn’t matter what size they are for state aid purposes, we should be meeting the business needs.’ (S9)

‘[Support] isn’t limited necessarily to existing businesses that might be classed as small or medium-sized businesses. It could be micros. It could be new start-up businesses.’ (S6)

The issue, nevertheless, stems from the policy focus on ambition as a key overriding criterion for providing business support, which as operationalised through the initiatives equates with potential for job creation and economic impact. As larger businesses possess a larger potential in this regard, and as job creation and economic growth are key strategic priorities, the new initiatives inadvertently, if not wittingly, apply an indirect filter on micro-businesses. Indeed, one of the officials explained that ‘for us, for the City Regions, our policy is aimed at small, 10 employees and bigger businesses’ (S9). The implication is that, for support purposes, some businesses do matter more than others. Not only does the new approach attempt to ‘cherry-pick ones and twos’, as an interviewee highlighted, but the programmes are geared towards promoting growth in particular sectors, thereby also ‘cherry-picking’ the type of growth that is closer aligned with the LEP’s economic strategy. This is the particularly the case of initiatives targeting high growth:

‘We’re talking about developing a Sheffield City Region wide Accelerator programme as well which will be I suppose predominantly aimed at technology, CDI [creative and digital industries] businesses, but not predicated to supporting those … The aim of that is really to provide an opportunity for those businesses to receive support and guidance … with the idea to identify specific, very high-growth businesses.’ (S6)

Therefore, despite the issues with ‘picking winners’ (Freel, 1998; Mason et al., 2015; Coad, Cowling and Siepel, 2017), this highly prioritised and skewed approach reflects a continued focus on ‘cherry picking’ sectors and the benefits of more productive businesses (Morris et al., 2015). Moreover, while support is overly skewed towards what Mason and Brown (2014) call ‘blockbuster entrepreneurs’ with the largest economic potential, there is little sensitivity to local entrepreneurial contexts (Brown and Mawson, 2016a). This is problematic for Doncaster where high-growth businesses are scarcer, reflecting a challenge characteristic to peripheral places (Mason, 2016). As highlighted by an interviewee, ‘they’re few and far between’ (S2). Indeed, as explained by the local Council in the 2013-18 economic growth plan, the local economy is ‘weighted towards micro-enterprise’ (DMBC, 2013), with a local stakeholder emphasising that micro-businesses are ‘the backbone of it’ (S2). This means that support provision needs to be shaped accordingly rather than being skewed towards the larger businesses. For example, another stakeholder explained:

‘I think sometimes, not to criticise the LEP, but they’re obviously focusing around growth and growth businesses, and probably larger [businesses] and SMEs, which is great, but again, you’re talking very small numbers there and actually the micro firms make up the bigger landscape, so I think maybe there needs to be a bit more of a priority shift.’ (S4)

Moreover, as highlighted by many local stakeholders, the new initiatives imply a ‘relentless’ pursuit of growth or the assumption that micro-businesses regard growth in the same way that is defined by the LEP, namely employment growth which adheres to its targets. Indeed, an official commented:

‘It’s essential that we focus on the micro-businesses that are up, that are running, that are sustainable. In the short-term how can we make sure that we support those businesses to grow, to create more jobs and to be sustainable in the long-term?’ (S6)

However, this approach does not align with the capabilities, aspiration and ambition of many of the local businesses, especially micro-businesses whose growth and ambition is inherently constrained by their nature, as highlighted in the systematic review (Gherhes et al., 2016). Nevertheless, this is not to say that local micro-businesses are unambitious or have no intention to grow. Rather it is the different understandings of ambition and growth, and how these translate into practice within the local business context, that create this misalignment between the strategic approach and the local business realities. As such, the local micro-businesses do have growth potential and show ambition, just not necessarily in line with the LEP’s strategic priorities. A local stakeholder emphasised:

‘It sometimes feels that we get a bit sniffy about what type of growth we want. So we want the sexy sectors around CDI, around advanced engineering, advanced manufacturing, around rail, aviation. Of course we do! They’re a massively important part of the jigsaw. They’re high-end companies that have high value-adding jobs, but I remember it was a LEP event [and] we got the typical comments around hairdressers: “We’re going to support proper businesses not support hairdressers”, and funny enough, the last time I went to the hairdressers I talked to the team there about them putting an apprenticeship scheme in place … They’re employing people, they were charging decent rates, they were paying business rates, they were adding value to our economy.’ (S3)

 There is, however, another aspect that constrains micro-business growth in the post-industrial periphery, namely the legacies of the past and the very aspect of ‘peripherality’. As the local stakeholders underlined, Doncaster’s industrial past continues to shape its capacity to support entrepreneurial-led economic renewal and growth, as one of the most prominent challenges facing the locality relates to its low skills equilibrium, with a lower proportion of the local workforce in higher skilled occupations. The limited availability of skilled labour stymies the capacity of the private sector to sustain growth in line with LEP targets. A local stakeholder emphasised:

‘You then got, coming up very, very fast, a real inability of local businesses to access skilled labour. That’s been a perennial in Doncaster … but is now re-emerging to the point that I think there’s a comparative risk that Doncaster might experience a skills-led recession in the not too distant future.’ (S3)

 As such, the outcome of growth-oriented policies at the periphery is highly dependent on the local context in which resources are embedded (Mason, 2016). As highlighted by an OME:

‘Let’s be honest, if a company comes and it’s a call centre, it comes to Doncaster. It will generate initially 20-30 jobs, but they won’t be permanent jobs. They will be temporary jobs but everyone will say “Oh there’s growth!”, whereas if you were to support 20 digital creative micro-businesses, kept them from going under, you protected 20 jobs and some of them might take new staff on and they will be permanent jobs or maybe part-time jobs.’ (OME20)

Therefore, by filtering out the smaller businesses based on a narrow definition of growth ambition, ‘hunting’ the ambitious entrepreneur rather translates into ‘cherry-picking ones and twos’, with the new approach geared for creating more losers than winners at the periphery due to the lack of understanding of the local business context. The next section focuses on understanding micro-businesses, more specifically their nature but more importantly how the peripheral post-industrial context in which they are operating is shaping their ambition and aspirations as well as their capacity to grow.

### Understanding micro-businesses in context: the additional costs of being peripheral

Understanding the nature of micro-businesses and the constraints they face is critical to explaining the misalignment between the strategic approach and the realities faced by micro-businesses operating in the post-industrial periphery. The LEP’s interpretation of high-growth potential provides a useful structure for such an analysis. One of the officials explained the approach to identifying high-growth potential businesses:

‘There are three main areas which we use to identify a high-growth business. So there’s capacity, the capacity for a business to be able to grow, the opportunities that are available to that particular business, whether they are local opportunities or international opportunities, but also ambition. It’s like the fire triangle. If you take one of those away how much potential does that business have to grow? Ambition is fundamental to business growth.’ (S6)

 This ‘growth triangle’ used by the LEP to structure its approach to support provision is akin to the three areas identified by Morrison et al. (2003) as critical for small business growth, namely intention, ability and opportunity. Thus, similar to the LEP’s view they explain that the three are intrinsically interdependent as:

with no opportunity, the intention cannot be applied; lacking the intent … opportunities will not be translated into business growth, and without the ability, entrepreneurial intention and opportunities are unlikely to be realized (Morrison et al., 2003 p.423).

However, as highlighted in the systematic review (Gherhes et al., 2016), in a micro-business, ambition and capacity are a reflection of the OME, as micro-businesses are OME-centric, and thus the growth potential of a micro-business is intrinsically dependent on the OME. The following subsections analyse micro-businesses based on the ‘fire triangle’ strategic approach to highlight the specific nature of micro-businesses and the constraints they face.

####  A different kind of growth ambition

The OME interviews highlighted that micro-businesses are far from unambitious, rather their ambition does not manifest in a drive to increase the size of their business beyond employing ‘one or two others’, which thus does not align with the LEP’s strategic priorities. When asked about their growth intentions, a small number of the OMEs interviewed did highlight that they had no intention to grow their businesses beyond a personal income target level, in line with the systematic review findings (e.g. Greenbank, 2001; Reijonen and Komppula, 2007). For example, one of the OMEs explained that ‘I’ve got my own income targets that I want to maintain … it’s not essential that I grow but it is essential that I maintain what we’ve already got’ (OME26). However, the great majority of the OMEs expressed their growth intentions but referred to growth in relation to turnover and profitability, as opposed to employment growth. This contrasts some of the previous studies such as Greenbank (2001, p.108) who found “no drive to improve the business in terms of growth, sales and profitability”. For example, three of the OMEs explained:

‘I’m looking at growing the turnover of the business, but that doesn’t necessarily mean I’ll be looking to employ just because I’ll be looking at taking on the right set of clients, so taking on larger projects which are larger, with larger fees.’ (OME23)

‘Growth for me is growing profitability. I’ve not grown in any other way.’ (OME13)

‘I’d like to grow the business, definitely! Not to any grand scale where we’ve got lots of employees, but just probably in terms of growing the client base.’ (OME31)

 Moreover, as highlighted by the studies discussed in the literature review (e.g. Baines and Wheelock 1998; Walker and Brown, 2004), non-economic objectives are central to micro-business OMEs and shape their growth ambition. Many OMEs mentioned aspects such as independence, flexibility, product or service quality and customer satisfaction as important determinants of their growth intentions. For example, two of them emphasised:

‘[If employing someone] allows me to grow and have the freedom to do the things that I love to do then great, but it’s not the drive to have 10 staff working … It’s more about growing the product … and knowing those [clients] become a success because of it.’ (OME11)

‘Maybe an extra person would be useful ... but I don’t have any plans to reach 5 members of staff or a certain turnover. I think for me it’s more about servicing the clients correctly, so if we get too busy and I can’t service my clients then I’d want to take on another person to make sure that the clients that we have are getting serviced properly.’ (OME24)

Not only are many micro-business OMEs seeking a different type of growth, but those who intend to employ people are planning to grow organically rather than going through accelerated growth, and this is not necessarily dependent on the opportunity context. One OME explained:

‘At the minute, it’s going to be organic growth ... The limit of me employing someone right now is that I haven’t got enough orders. So [it’s] when the orders go into the next band that generates enough spare cash in the business to employ someone.’ (OME6)

As such, there is a misalignment between the strategic focus and the growth ambitions of micro-business OMEs. As highlighted by a local stakeholder, ‘all policy is around recruiting more staff … but when you speak to business … [their goal is] to become more profitable’ (S2). Another local official emphasised that the result of such growth-oriented policy is that micro-businesses end up being ‘pushed down the route of hiring staff instead of investing in new technology, new plant and equipment to really improve productivity’ (S8). However, micro-businesses are not after ‘growth for growth’s sake’ (Brown and Mawson, 2016a), especially not employment growth, and the issue is that, in the words of a stakeholder, ‘you can’t impose the policies for one on the other’ (S1). The next subsection highlights how the OME-centric nature of micro-businesses shapes their growth capabilities.

####  Growth capacity: a reflection of OME’s capabilities

While the growth of micro-businesses is primarily dependent on OME’s growth ambition, this is also shaped by their capabilities, a key determinant of support provision at the LEP level. As a LEP official emphasised, ‘We don’t want to invest in a business if a business owner hasn’t really got the ability to do it effectively’ (S9). However, as the interviews highlighted, micro-business OMEs generally lack the capabilities that are essential in growing a business. Many OMEs emphasised that they started their business out of a frustration with employment, and that while the skills or technical knowledge they accumulated provided the foundation for starting up, they lack the skills required to manage and grow a business. As highlighted by a local stakeholder, ‘they’re not necessarily business people … They’ve got a skill in whatever it is that their business has come out of but they’re not a leader. They’re not a manager’ (S4). Indeed, one of the OMEs explained that ‘I can talk all day about [the product]. I know it inside out, but the day-to-day running of a business was a steep learning curve’ (OME14). As such, the lack of managerial skills can stymie growth ambition or significantly delay growth in a micro-business. As an OME highlighted:

‘[We would need] some support around running a business really, and maybe the financial side, and perhaps the planning and management side. What I always find a little bit difficult to understand is, if we were to look at getting a member of staff, how would that impact on the business? How does that impact on basically paying that person?’ (OME31)

Hence more than the OME’s education (see, for example, Johnson et al., 1999), it is their capabilities, or what the systematic review highlighted as expertise in managing growth, that shape micro-businesses’ growth potential. The OME interviews confirm that managerial capabilities are essential to supporting growth because, as emphasised by Perren (1999), without them the business can lose focus and direction. For example, one of the OMEs highlighted the key role that managerial capabilities can play in speeding up business development:

‘Operationally we’re very good, but we’re not very good at sales and marketing, and it’s taken us a long time to get to even where we are now. I do generally feel that, with what I know now, if I’d have known that 3 years ago we would have got to where we are now quicker.’ (OME21)

Moreover, the OME-centric nature of a micro-business means that OMEs undertake multiple responsibilities and have to learn to do everything by themselves (Smallbone, 2016). As OME12 highlighted, in a micro-business ‘you tend to have multiple hats’, while another emphasised that ‘because it is such a small business, you have to be everybody, from an MD [Managing Director] to a tea boy’ (OME15). Nevertheless, one of the main barriers to gaining those capabilities is time constraints, with OMEs struggling to divide their efforts between the day-to-day running of the business and the managerial side of it. As a local stakeholder explained:

‘One of the biggest barriers working with micro firms is that they’re so busy doing the job that they can’t take time out or don’t traditionally take time out to look and focus on their business and grow, and look at strategies ... They’re just embroiled on that hamster wheel of “Oh God, I’ve got to deliver on the next contract and I can’t turn that down” … They don’t have a HR department. They don’t have a finance department. They are everything so it’s reliant on those skills.’ (S4)

Indeed, the interviewees highlighted that they often become immersed in the day-to-day operations (LeBrasseur et al., 2003), which detracts from managing the growth of the business, thereby stymieing or delaying growth. As the OMEs explained, running a micro-business is very much a ‘juggling act’:

‘I want to spend more time on managing and developing the company, but because of the issues within the business – we have deadlines, we have workloads – I have to make sure that that works.’ (OME1)

‘I do spend too much time within the business and not enough time on it. Finding the time to juggle with various different roles is quite challenging.’ (OME12)

‘I do everything. I do all the cash flow, I do HR. All the customers know me … I literally get up at 7 in the morning and I do not stop with my business until about 9-10 o’clock at night.’ (OME18)

 Therefore, the lack of time and managerial skills are key growth constraints in micro-businesses. Working between running the business, which generates the monthly income, and growing the business, which requires managerial capabilities, is challenging, and many micro-businesses therefore become constrained by their own nature. As two of the OMEs emphasised:

‘As a business owner you almost have to become a master of everything, but what actually happens is you become a master of none and you almost take a shotgun approach to everything … so what happens is you end up spending a lot of time trying to figure everything rather than spending concentrated time on specific targets.’ (OME21)

‘Everyone within the business is maxed out … all the time and that then prevents us from having thinking time and time to look at the growth of the business and to explore that properly.’ (OME35)

 Another corollary of time constraints is that OMEs are unable to engage in many of the growth driving business practices highlighted by the systematic review, such as marketing, business planning and networking. Indeed, ‘time is money’ in a micro-business, hence why many remain focused on operations. As two OMEs highlighted:

‘I don’t really do a lot of [networking] … The probability of me getting a decent contact that will turn into work is not high enough to justify my time if that makes sense.’ (OME6)

‘You’re too busy trying to get the money in than trying to make things work to bother with [planning].’ (OME19)

However, business growth entails a transition from the day-to-day running of the business to managing the business (Mueller et al., 2012), which centres on identifying growth opportunities, hence the importance of delegating to focus on strategic development (Moran, 1998). Indeed, an OME explained that ‘in order for me to stop working 70-80 hours a week, then perhaps I do need to start looking at growth.’ (OME36). To do so, micro-businesses not only need develop a range of key managerial capabilities but also to employ others to take over the day-to-day responsibilities, thus freeing up time for business development. As the OMEs explained:

‘If you’re going to go from just being an entrepreneur to be an actual business then you do need to go through that step change of bringing people on board to do the things that you don’t need to be doing so that you can concentrate on actually going out and getting more clients or growing the business.’ (OME 26)

‘The sooner I can get other people to do what I do, which would allow me to concentrate more on the sales side, the better.’ (OME21)

 The systematic review highlighted recruitment as a key challenge that arises due to the lack of time, capabilities and resources (see, for example, Fielden et al., 2000). Indeed, these aspects, especially resources, play an important role in shaping recruitment decisions. For example, two of the OMEs highlighted:

‘With the amount of money that I’d have to outlay, it’s just a massive decision. It’d take quite a chunk of the money that I’m making to bring somebody in … so it’s a big decision.’ (OME16)

‘It’s what we call “chicken and egg”; it’s about if you wait until you’ve got the business and then employ more people or do you employ more people and take the risk of whether or not the business will come along?’ (OME35)

However, it is here where the growth potential ‘fire triangle’ of ambition, capabilities and opportunities misses an important element, namely context. The interviews highlighted that the operating context can constrain the growth of micro-businesses regardless of the level of ambition, capabilities and opportunities available. Thus, the following section focuses on exploring context as defined by Doncaster’s peripheral post-industrial character, the business environment and outward perceptions of place.

####  The ‘additional’ costs to being peripheral

As Mason (2016, p.39) asserts, “[b]usinesses do not evolve in a vacuum” but are embedded in the geographical context in which they operate, which shapes their development through the resources it provides for their growth. As such, context can add an additional layer of constraints. As emphasised by Anderson et al. (2001), there are ‘additional costs’ to peripheral businesses where access to skilled labour is more limited. Indeed, the challenge of recruiting in the post-industrial periphery does not stem from local skill shortages but rather from the lower skills profile of the local workforce. In other words, there are fewer high-skilled people to employ. As two of the OMEs emphasised:

‘I think in Doncaster it depends what you want to do as a business. If you want to set up a haulage company or a manual labour company, it’s fantastic because the skill set in Doncaster is not particularly high and you get a lot of unskilled people, and it’s not expensive, but if you want high-skilled people you’re not going to attract them in Doncaster.’ (OME7)

‘For me to attract the staff that I need, with all due respect to Doncaster, I’m not going to find that in Doncaster. I’d have to attract them from outside.’ (OME28)

Therefore, the growth of many micro-businesses operating in PPIPs is stymied not only by resource constraints or a lack of capabilities but also by the challenge of finding the ‘right people’ which is compounded by the peripheral post-industrial context. As Coad, Nielsen and Timmermans (2017, p.38) highlight, “the first hire may well be the most daunting and difficult growth event that a firm will ever undertake”. For micro-businesses operating in PPIPs, this is compounded by the issue of skills. As such, the difficulty to recruit becomes one of the main barriers to growth for micro-businesses. As some of the OMEs highlighted:

‘The main barrier is being able to recruit the right staff to enable that growth … I think there must be a skills shortage because a lot of the CVs that I’m getting across my desk are not necessarily from Doncaster.’ (OME1)

‘We’ve had had the wrong people working for us at times, but again that’s a reflection on Doncaster unfortunately … It’s just a lack of the right calibre of person within Doncaster.’ (OME19)

‘[The main barrier is] finding the right person with the right skills in the local area … I think generally it’s not been too bad in the past to find people. It’s finding the right people, people that are committed and trustworthy.’ (OME24)

 Moreover, the reasons that underpin the shortage of higher-skilled people are connected to the institutional hysteresis highlighted in first findings subchapter. The ‘brain drain’ resulted from hysteresis and negative perceptions of place and opportunity not only diminishes the local stock of potential entrepreneurs but extends into a more general ‘skill drain’, with graduates leaving to find work in the core cities where there are more opportunities. As the interviewees highlighted:

‘The problem is the brightest will always be attracted to perhaps Leeds or London, and so to get a bright candidate… they’re probably not going to want to work in Doncaster for a particularly skilled professional position.’ (OME25)

‘[Doncaster College] has got some good courses and some good people coming out of them, but those people, when they’re coming out of there, immediately they’re going to Sheffield, Leeds, Manchester, London.’ (OME28)

 Indeed, Swinney and Williams’ (2016) report on ‘The great British brain drain’ shows that Doncaster is among the minority of cities with a negative net inflow of graduates. However, the challenge is compounded by low aspirations reflected in a persistence of lower levels of educational attainment in the locality. As a stakeholder explained, ‘one of the problems is that learning is not always seen as providing sufficient benefits for people or certainly not linked to longer term aspirations’ (S7). As such, as another stakeholder highlighted, ‘there is quite a gulf between what businesses need and the perception of a lot of young people as to what’s possible and how they need to shape their education accordingly’ (S8).

 Indeed, attainment levels are significantly lower compared to other city-regional and regional localities. Part of the issue is, as an OME highlighted, that ‘there’s no university here, so the highest level of education that one can achieve is A-Levels … The majority of the population is A-Level or GCSE qualified’ (OME19). Moreover, as noted by Farole et al. (2011), with labour mobility more limited for the less skilled, economically weaker places, such as PPIPs, experience a combination of brain drain and unemployment. As a corollary, the skills available locally are inadequate to support the growth of local businesses and of the local economy, especially in the sectors that require higher skills:

‘The people that do remain are the ones that obviously haven’t gone to university or haven’t done as well at school – this is a big generalisation – because there’s not been anything to keep those more aspirational or those people with those skills in Doncaster.’ (S12)

Consequently, many micro-businesses prefer to remain small and orientate their ambition away from employment growth, finding different ways to cope with the difficulty to recruit people. As an OME stated:

‘It’s easier for me to pay more money to a subcontractor, because I know that they’re very good at what they do and that’s what I’m paying for, whereas with the students or someone similar, there’s a barrier to break through, and that barrier is: is the work that they’re going to produce good enough?’ (OME9)

 Therefore, institutional hysteresis has a double negative effect on the local economy. On the one hand, it hinders the creation of a more entrepreneurial and resilient economy as the local communities remain anchored in the past, and on the other hand it stymies the growth of local businesses as aspirations and educational attainment levels remain low, and negative perceptions of place drive the higher-skilled towards economic cores. A local stakeholder summed this up, stating:

‘Access to skilled staff is an issue that’s decades in the making because of the collapse in traditional industries, because of the collapse in confidence, because of the brain drain. The brightest and the best go to Universities elsewhere, not coming back. It’s very, very tangible.’ (S3)

As a result, Doncaster as a city-regional periphery is being ‘emptied’ of the talent that could otherwise support growth in the locality. The perceived lack of opportunities has transformed Doncaster into what some of the OMEs highlighted as a ‘dormitory town’ for Sheffield and other nearby core cities, while imposing an ‘additional cost’ for the businesses operating at the periphery.

 Furthermore, another aspect of context that makes growth more difficult in the post-industrial periphery is the business environment itself which, as emphasised by many OMEs, is a reflection of the local economy still being in its infancy and recovering after the collapse of traditional industries. While Doncaster provides many opportunities for business around its connectivity and natural infrastructure, it is still a difficult place to do business:

‘The business environment in Doncaster as I see it is patchy in that there are some not even sectors but some individual businesses that are performing very, very well, but in the main it’s tough.’ (OME1)

‘I know you’ve got to work for everything but as an individual business owner [in Doncaster] you’ve got to really work in order to make it.’ (OME18)

‘You do have to go out and door-knock and you actually have to go out there and put yourself out there. It’s not a place where you can say “Right, we’re in business. Where are all the customers?” It doesn’t happen like that in Doncaster.’ (OME21)

A particular aspect highlighted by many OMEs is that the local business community is rather ‘closed’ and difficult to penetrate, a reflection of the ‘closed’ community culture as highlighted in the previous subchapter. As such, competition ‘seems to be between a select few’ (OME8), with many local businesses being not only inward-facing but reluctant to engage and do business with other new businesses. It is almost as if there is a lack of trust that mirrors the parochial attitude of the local communities, as many ‘tend to keep themselves for themselves’ (OME27) with business being hindered by what OME31 highlights as a ‘small town mindset’. This reflects the strong localised character of informal networks in peripheral places (Atterton, 2007), highlighting the challenges for new businesses to penetrate the close-knit environment:

‘I find the Doncaster business area to be quite incestuous. People tend to stick to what they know … A lot of business is done off the back of friendships and personal connections rather than business decisions.’ (OME21)

‘Doncaster suffers massively from a very cliquey business environment … everyone knows each other very well and it’s difficult to break through that, so it’s just easier for me to stay on the periphery and not really actively look for work in Doncaster.’ (OME9)

However, many micro-businesses also face difficulties in attracting clients from outside of Doncaster and this is a result of outward perceptions of Doncaster which are generally negative. As many OMEs highlighted, Doncaster is perceived as a deprived area or a rundown community, with OME29 emphasising that there is a ‘coal mining stigma’ attached to it. More importantly, those negative perceptions affect how businesses from outside of Doncaster perceive the local businesses. As two OMEs explained:

‘There’s a perception externally that Doncaster and links to Barnsley are the worst areas of South Yorkshire … and people don’t think that businesses in Doncaster are any good because of that perception … It doesn’t have a positive image attached to it and it does make it hard work.’ (OME21)

‘Further afield, the perception of dealing with a Doncaster business… I think people would rather deal with something like Sheffield with a more entrepreneurial reputation.’ (OME33)

 As such, while there are efforts on the strategic side to highlight the opportunities in and around Doncaster, the town is still not perceived as a vibrant place from the outside. In stark contrast with the opportunities offered by Doncaster’s geographical location, negative outward perceptions of place have made location itself a constraint for businesses operating at the periphery, stymieing the growth ambition of many micro-businesses. This highlights the negative impact of the skewed public perception of many northern towns on entrepreneurship in the periphery (Cox and Longlands, 2016). As two OMEs emphasised:

‘It’s the mood and how Doncaster’s perceived … I’m being rejected because of where I am. That’s the thing that can hold a business such as mine back, exactly where I am located. If I was located in Leeds … then that’s not even an issue.’ (OME28)

‘Generally, big clients tend to go for big cities to get the big agencies involved so it is a probably tougher market than most, so that’s why you predominantly do attract more Doncaster-based businesses unless for years you’ve built an outstanding reputation.’ (OME11)

Therefore, not only are micro-businesses constrained by the double negative effect of hysteresis, which makes recruitment more challenging due to the limited local availability of higher-skilled labour, but they are also constrained by a ‘vicious circle’ of ‘closed’ local business environment and negative outward perceptions, which stifles their growth ambition by making it more difficult to attract clients from either within or outside the periphery.

As the findings have hitherto highlighted, micro-business growth is inherently dependent on the OME’s aspiration, ambition and capabilities. As such, growing a micro-business requires the OME to acquire a set of managerial capabilities essential in managing growth, but time becomes a significant constraint as they are caught between making a living and long-term strategic planning. Moreover, employing someone to take over the operational side is not easy either, partly due to internal resource constraints but also due to constraints imposed by the operating context. With ‘additional costs’ of being peripheral reflected in limited higher-skilled labour, a ‘closed’ business environment and negative outward perceptions of place, micro-businesses operating in the post-industrial periphery face more acute challenges. While enterprise development policy is limited in what it can do to stimulate growth ambition, there is certainly a role for it in supporting micro-businesses to develop their managerial capabilities. Not only is this requested by micro-business OMEs, but there is a gap in the nature of support available to them, which is the focus on the next and final subsection of this chapter.

### Minding the gap in the nature of support: the case for a differentiated approach

As discussed in the previous section, being bounded by their nature, micro-businesses require specific support, especially around developing managerial skills. Indeed, when asked about the support provision they would need to help overcome the constraints they are facing and pursue their growth ambition, the OMEs emphasised two particular forms of support, namely support around running and growing a business and peer-to-peer support. Many OMEs mentioned the importance of peer-to-peer support, with one OME highlighting that ‘as long as entrepreneurship goes, you learn from each other’ (OME18), while another stating ‘You need to have somewhere you can go to and speak to other small businesses that are probably suffering the same kind of pains that you suffered’ (OME12). More importantly, the OMEs emphasised the lack of support provision on developing managerial capabilities. While there is a general need for support on the administrative side of running a business, namely accounting and documentation such as contracts, payment terms and invoicing, the OMEs explained that more support is needed around the managerial and strategic side of business such as financial planning, marketing strategy, business planning and recruitment. For example, two OMEs emphasised:

‘There’s a documentation side of it [and] there’s a strategy side of it. Which type of businesses am I trying to market myself to? What are they looking for? How do I reach out to them? [How do I] wrap that up in a strategy? How does that tie into becoming a profitable or growing business?’ (OME24)

‘There’s very few courses available … A lot of the time you do have to do it yourself … There seems to be very little help out there … You’re trying to employ local people and it seems to be [that] you do it in spite of everything, not with the assistance of anybody.’ (OME34)

However, as highlighted in the first part of this subchapter, the business support offer is limited and centres on ambitious entrepreneurs. The new city-regional initiatives include the Y Accelerator program, which specifically targets high-growth businesses, and the Launchpad, which is aimed at pre-start and new businesses as well as SMEs trading for less than 2 years, (SCR Growth Hub, 2017), thus not only filtering growth potential but also limiting support to young businesses. There are also Enterprise Zones which, as Gardiner et al. (2013, p.29) assert, “are mainly focused on stimulating growth in just a few, very localized areas”, hence focusing support on high-growth potential businesses.

The effects of this new strategic approach have filtered down into the local business communities, with many micro-businesses noticing the markedly diminishing support available for smaller businesses. More importantly, micro-business OMEs feel left out by the new support programmes. For example, an OME emphasised that ‘as a small business you’re a bit of an afterthought’ (OME26), while another stated ‘you feel isolated, perhaps a bit like the underdog’ (OME3), with some OMEs mentioning that they were often unable to access support due to not employing a certain number of people. In the words of an OME, there is ‘a lack of knowledge of, and focus on, the capabilities of the micro-businesses and what they’ve got to offer to the local economy’ (OME35). As other OMEs emphasised support is concentrated around larger businesses:

‘In general, I feel as though most of the LEP activities seem to be focused around what I’d call larger SMEs and not necessarily the small start-ups.’ (OME1)

‘They definitely tend to focus on the more medium, 50 to 200 [employee businesses]. It’s all about people that have got employees … but I don’t think they realise that there’s quite a growing economy of people that just want to work with themselves or employ 1 or 2 others.’ (OME22)

‘If you’re a bigger company there are certain things, different grants or things that you are able to have. When you’re a small business, there’s very little. Well, there’s not anything.’ (OME34)

 Indeed, many local stakeholders also highlighted that the new approach has created a support gap in that the provision made available by the LEP is insufficient and too narrowly focused on growth for micro-businesses to benefit from it. As a local stakeholder emphasised, ‘the bit at the minute that is giving far too much is start-up and micro-business support’ and thus ‘based on what South Yorkshire has been used to for the last twenty years, we’ve got a real scarcity of business support’ (S3), while another explained that ‘the offer’s limited beyond what intervention we [the local authority] and the Chamber and other partners put in’ (S4). Moreover, the support that is available is rather superficial and does not address the underlying determinants of growth in micro-businesses. As a stakeholder explained:

‘Clearly there’s businesses that are not growing, there’s clearly businesses with owners, managers, leaders who even lack the skills or ambition to grow, but it seems to get a bit dumbed-down in that kind of business support or partnership world [as] “But all we need to do is send the mentor in to tell them to grow” ... Real life’s not like that!’ (S3)

 As argued throughout this subchapter, micro-businesses require a more tailored approach and support that does not differentiate based on growth ambition but is focused on building their capabilities to help drive their growth ambition. However, in taking a more uniform approach, the support currently offered through the LEP does not differentiate enough between the different categories of SMEs. As two of the stakeholders emphasised:

‘There hasn’t been enough of that segregation or looking at the real, real issues and tailoring the programmes … [There are] real differences between SMEs and micro because [SME] is a big category.’ (S4)

‘There needs to be very clear [differentiated] support. The start-up, they want a different support. The micro, after the two years, starting to grow, another different support. Then you move into [the] after two years [stage], moving past ten employees but still an SME, and a high-growth, that’s even different support. So you have three stages of totally different support. Similar topics but in different ways.’ (S10)

Indeed, there is a support gap concerning not only existing micro-businesses but also start-ups which, as emphasised by a stakeholder, ‘can have an area of market failure’ (S4). Many local stakeholders highlighted that the existing start-up provision is set to address strategic priorities and LEP targets and is too narrowly focused on ambition to benefit the local communities. As shown in the previous chapter, institutional hysteresis continues to foster a local culture largely at odds with entrepreneurship. As a stakeholder highlighted, ‘there is that aspirational deficit within Doncaster which does hold setting up a new business back’ (S7). This, however, creates the need for a start-up provision that is not solely focused on growth potential, but encourages individual aspirations of self-employment so that cultural change can gradually occur through the development of entrepreneurial aspirations in the local communities. As two interviewees emphasised, there is a gap in the nature of such support:

‘What we’ve been advocating for all this time is there needs to be a provision to support all potential start-up because at this point nobody knows whether they are growth potential or not … a provision which is cost effective, efficient and quality focused, which allows individuals to come to a service [and] receive some knowledge and skills.’ (S2)

‘They are targeting people who are already along that sort of pathway of thinking “Yeah, I’m going to do this”, people who are already entrepreneurial rather than targeting people who actually need that inspiration and the confidence to be able to do that.’ (OME35)

Thus, beyond a misfit between the available support programmes and the needs of micro-businesses, an issue that also pervaded previous programmes (O’Dwyer and Ryan, 2000; Matlay, 2004), there is a gap in the current support provision and more importantly in the nature of support. As Table 10 in the methodology chapter shows, the majority of the micro-businesses interviewed have been operating for at least two years but the need for support to develop managerial capabilities was emphasised by OMEs across all business age categories, which highlights that many micro-businesses continue to be constrained by their nature after the two-year start-up stage. However, enterprise development policy continues to be driven by what Devins et al. (2005) highlight as a ‘supply-side mentality’ that is disconnected from the ‘micro-business world’. With initiatives narrowly focused on growth potential, the current support provision is geared for creating more losers than winners at the periphery:

‘Although we absolutely understand and know that growth has to be a priority, because of the make-up of our economy we can’t just ignore the small to medium enterprises from a point of view of “If they don’t wish to tick a growth box we just ignore them; let them get on with it”, because all that will happen is there’ll be more dropping out the bottom than we’ll be putting back in the top.’ (S2)

While there are positive aspects to learning from experience (Deakins and Freel, 1998; Moran, 1998; Hulbert et al., 2013), letting micro-businesses learn from their mistakes as opposed to developing their capabilities can be costly and lead to business failure, caused not by a lack of demand for their product or service but due to the lack of essential managerial capabilities. It is here where support for micro-businesses is critical. As an OME explained:

‘There’s not enough literature to be able to do it yourself. You’ve got to learn from mistakes and it’s bad really because you can end up going bankrupt because of those mistakes, but you could have learned from the beginning.’ (OME18)

 Beyond the direct impact on developing growth potential, the provision of such support can help micro-businesses indirectly through cost savings, thereby freeing up resources which can be spent towards their growth. An OME summed up the rationale and benefits for supporting micro-businesses, stating:

‘There are lots of expenses that come with starting a business … bookkeeping, accounting, website, marketing, email marketing, social media marketing … I believe that if we “taught people to fish”, so if we actually show to people how to do their website, how to do their marketing, how to do email marketing, the businesses would grow quicker and more sustainably, rather than relying on other businesses to support their business, which just creates ongoing costs.’ (OME21)

 Making up the bigger landscape, micro-businesses account for an important share of local employment and growth, thus being critical for the sustainability of Doncaster’s economy. As such, the local stakeholders emphasised the importance of understanding their nature and providing support beyond narrowly defined targets:

‘Micro-businesses are important because either they’ll stop being micros and grow with the right support or, to a certain extent, not from an economy point of view but from an individual business point of view, so what if they don’t? They’re still there, still employing a few people, still creating some wealth. I think there’s almost this sort of demonization of this type of businesses when actually it’s our real economy.’ (S3)

Without a shift in strategic priorities, the LEP’s twin-track approach to strategy, where both the short-term and long-term temporal horizons focus on high growth, the gap in support is only likely to widen, leading to local economic growth overly skewed towards ‘backing winners’ and ‘hunting’ growth potential at the expense supporting the development of local economies from within. A local stakeholder emphasised the implications:

‘One of the big challenges is … micro-business support just isn’t vogue at the minute. It’s a real, real danger and therefore I think we’ve got to keep banging the drum with this authority and the LEP and others to get it up the radar a little because otherwise we will end up in this position where we’ve got a twin-track economy where there are big projects happening but no one’s done the “so what” work in terms of connecting it to smaller business.’ (S3)

### Summary

This findings subchapter has focused on the LEP’s strategic approach towards stimulating entrepreneurship in the SCR, highlighting a misalignment between the city-regional strategic approach and the local business realities in Doncaster as a PPIP, with the prevailing support programmes overly skewed towards ‘ambitious’ entrepreneurship and failing to account for the heterogeneity of local businesses and that of local entrepreneurial context. Despite the issues associated with a ‘picking winners’ approach, the interviews identify a continued endeavour of policy makers to ‘cherry pick’ ambitious, high-growth potential businesses, reflecting the primacy of economic growth targets and the pressure to stimulate job creation to counterbalance the impact of a shrinking public sector. Moreover, by adhering to an idealised understanding of growth potential, the current strategy overlooks the OME-centric nature of micro-businesses, which raises specific growth constraints, and the role of the context in which they operate in enabling or constraining their growth.

The findings highlight that micro-business growth is inherently dependent on the OME’s aspirations, ambition and capabilities. Critically, ambition can manifest in different ways, with most OMEs showing a drive to increase turnover or profitability rather than a drive to grow the business by employing others. However, with employment growth highly desirable from a policy perspective, this is not necessarily in line with the LEP’s strategic priorities, which makes micro-businesses less appealing for support provision. In addition, the lack of managerial skills acts as a significant constraint on the growth capacity of micro-businesses, while time constraints raise further challenges as OMEs become caught between making a living and long-term strategic planning.

At the same time, the local institutional and entrepreneurial context is critical in shaping the ambition and growth of micro-businesses. For micro-businesses operating in the post-industrial periphery, being peripheral imposes additional costs reflected in limited access to higher-skilled labour, a ‘closed’ local business environment and negative outward perceptions of place, which stymie their ambition and growth. While there are limits to the scope of policy interventions, the findings highlight that there is a role for enterprise development policy in supporting micro-businesses to develop their managerial capabilities. However, with support designed to filter high-growth potential, there is a gap in the nature of support available to micro-businesses, which calls for a shift in strategic priorities and a more differentiated approach to support provision.

Therefore, the chapter contributes to a better understanding of micro-business growth, one that acknowledges the constraints inherent in the nature of micro-businesses and is sensitive to the local institutional and entrepreneurial context. At the same time, it highlights the importance of managerial skills in facilitating micro-business growth (Gherhes et al., 2016), and thus how public policy can intervene to support such businesses (Morris et al., 2015). Managerial skills enable OMEs to translate their ambition into strategy, hence the scope for tailored interventions to stimulate the growth potential of micro-businesses. However, the interviews show that enterprise policy continues to be characterised by a ‘supply-side mentality’ (Devins et al., 2005), with support concentrated on larger, high-growth potential businesses and a gap in the nature of support overlooking the potential to stimulate micro-business growth.

Moreover, a key implication of the failure to account for the heterogeneity of local businesses and that of local entrepreneurial context is that the current support provision is essentially ‘place-neutral’ (Bentley and Pugalis, 2014), as opposed to ‘place-based’. However, the findings emphasise that place does play an important role in the way firms perceive barriers to growth (Lee and Cowling, 2015), with many micro-businesses operating in PPIPs struggling to access high-skilled labour and considering location itself as unfavourable to doing business. Having analysed the city-regional strategic approach, namely the ‘how’ aspect of the strategic approach, the final findings subchapter focuses on the ‘why’, namely the factors that underpin the LEP’s strategy, and critically analyses why shifting or adapting priorities and fostering ‘place-based’ development, and thus greater sensitivity to local institutional contexts and business realities, is challenging in the current multi-scalar economic development governance landscape.

##  Devolution, multi-scalar governance and core-periphery dynamics

*“There are a number of dimensions to governance failure, which are embedded in local economic and social development. First … is the apparent tension between devolving responsibilities in relation to policy formation and implementation and the tendency towards centralisation in decision making, whereby local actors are charged with implementing nationally determined targets and programmes. The challenge here is the adaptation of national programmes to local conditions.” (Etherington and Jones, 2016, p.383)*

This final findings subchapter focuses on devolution, specifically on the shifts in power, resources and responsibility that accompanied the transition to the ‘new localism’ and their effects at the local level. In an already fragmented landscape of economic development governance (Pike et al., 2015), the devolution unfolding through the local growth agenda has led to further reconfigurations in power, resources and responsibility at the subnational level. The rescaling of RDAs to LEPs has seen decision-making power and responsibility for strategy and policy formulation shifting to city-regional actors, with LEPs tasked to promote private sector-led growth, while austerity measures significantly reduced the public resources available for economic development governance (Beresford, 2015). Moreover, there remain unresolved tensions on the centre-local axis which have permeated the new subnational governance context and are fuelled by what Lowndes and Gardner (2016) identify as a devolution/austerity paradox. The sections in this chapter analyse this paradox in the context of the SCR LEP and highlight the tensions between national and local priorities inherent in the new model of subnational governance and how these constrain the locale, as well as the core-periphery dynamics developing under the new arrangements.

### The devolution/austerity paradox: ‘you can’t do more with less’

*“[LEPs] are business-led and locally based (in rhetoric), involve drawing new boundaries across the local state, have been fired with an all-singing and all-dancing can-do bravado of the enterprise revolution and business knows best, but then experience (strangely enough) a reality of political fiat and central government diktat (experienced on the ground as limited government funding), create a national co-ordinating body to talk to central government and keep things out of the press, have limited powers to raise income from the private sector, blurred accountability and issues of stakeholder involvement.” (Jones, 2013, p. 86)*

Tasked with ‘realising everyplace’s potential’ (HMG, 2010), the LEP has the critical mission of bridging the national agenda with local realities and thus to foster localised growth by translating strategic priorities into more ‘locally attuned’ interventions (Harrison, 2014). As such, there is the expectation at the local authority level, as well as from the private sector and its representative bodies, that LEPs become enabling institutions sensitive to local contexts (Huggins and Thompson, 2013). Indeed, as the local officials commented, after decades of failure of centralised governance to deliver ‘local solutions to local problems’ (Jeffery, 2002), devolution offers enhanced prospects for ‘place-based’ development, with one of them stating ‘there are opportunities that could come through the devolution deal that Sheffield City Region’s got where we have got a more tailored approach’ (S5). Devolution is therefore seen as a potential ‘critical juncture’ (Tomaney, 2014) which opens up the opportunity for peripheral places such as Doncaster to influence policy levers and benefit from ‘place-based’ economic development.

However, while localities have been granted greater autonomy to shape their own economic narratives by forming LEPs, the significant reduction in public sector expenditure has fundamentally shaped LEPs’ capacity for intervention and consequently their strategic approach. Indeed, while the strategic approach adopted by the SCR LEP, as analysed in the previous chapter, is meant to reduce complexity and enhance the outcomes of government-funded support, it is actually a reflection of austerity measures and the philosophy of ‘doing more with less’ instilled by central government (Pike, Coombes et al., 2016). Therefore, austerity has radically reshaped the approach to strategy and policy, with the need to achieve greater economic efficiency of public spending becoming a key overriding priority for public sector intervention. As a LEP official highlighted:

‘Funding is significantly reduced now for South Yorkshire and the UK generally so the [support] programmes aren’t quite as big as they used to be. Generally, money is less easy to come by. Going forward, the policies are developing in the City Region based around maximising that public sector investment.’ (S9)

Thus, the LEP’s strategic approach to support businesses with the largest economic and job creation potential, and hence to allocate support based on growth ambition, is too a reflection of the constraints imposed by central government through austerity. Explaining the rationale for the new business support provision the stakeholders highlighted:

‘We won’t be able to support everything, but support the things that are going to give us the biggest impact.’ (S6)

‘At the end of the day we don’t want to invest millions of pounds in companies that haven’t really got an ambition to grow … We shouldn’t be providing public funds to businesses that would otherwise fail … We need to get to a place where people can sustainably run their business without much public intervention.’ (S9)

‘We’ve got less money, less resources to give out [so] we need to support businesses that potentially will make it … and decide who’s going to have the most intensive support.’ (S4)

However, this creates what Lowndes and Gardner (2016) highlight as a devolution/austerity paradox whereby localities are expected to foster more entrepreneurial local economies with a fraction of the money previously invested in support through RDAs (Pearce and Ayres, 2009). This, in turn, raises important challenges for PPIPs like Doncaster where entrepreneurial-led growth is not only stymied by institutional hysteresis, as shown in the first chapter, but increasingly by a gap in the nature of support provided to the local businesses, which means that the locality requires more investment into it. An OME summed up the implications of this paradox, stating:

‘Money for business support is getting less and less … so the question is how are they going to push entrepreneurship and to push people into entrepreneurship if everything is going south? … It seems like they want to put more into it but they’re taking more out … You can’t do more with less.’ (OME5)

 Beyond limiting the extent of public intervention and thus the scope of enterprise development policy, austerity has important implications for the role of the local authority in local economic development. In the past, local authorities played a key role in the delivery of enterprise development programmes, with initiatives such as LEGI delivered directly through local authorities and the local partnerships they developed in their areas (DCLG, 2010). However, with plans for a more rebalanced economy, public expenditure is under severe restraint (Gardiner et al., 2013), and as a result most of the smaller local authorities have seen their capacity to support local enterprise development significantly diminished over recent years (Cox and Longlands, 2016). As a local stakeholder emphasised:

‘As an organisation we’ve got austerity measures, same as everyone else in local authorities, so we just simply haven’t got the cash to run programmes to support the businesses like we would have done in the past … We’ve seen a narrowing of some of the government agencies that were operating like the Business Link. They’re gone. We’ve just now seen the demise of the Growth Accelerator programme which again had some kind of business support aspects in it as well, so it’s a tough time for business support out there in terms of money.’ (S5)

Therefore, with devolution unfolding as a *quid pro quo* transfer of powers from the centre to the subnational level (Pike, Coombes et al., 2016), local authorities are developing strategies to cope with devolution as opposed to being enabled by it. With economic development being non-statutory for local authorities (Pike, Coombes et al., 2016), local enterprise support provision is one of the hardly affected dimensions of local economic development (Mole et al., 2016), as resources are being redirected to other areas and focused on providing key statutory services (Cox and Longlands, 2016). Hence the reform of subnational governance has seen not only decision-making power and responsibility for strategy formulation shifting to city-regional actors but also the actual delivery of enterprise programmes, with support provision gradually concentrating within the LEP’s remit. As a LEP official explained, this too is a result of the pressure to ‘do more with less’:

‘Many of the local authorities, including Doncaster, are losing their funding to provide support programmes, so as a result of that SCR itself and the Growth Hub are putting together a number of programmes to support businesses, including those businesses in Doncaster and Barnsley and Rotherham … Over the next five years the support through Doncaster Council itself will be ramped down gradually to the point where all of the support delivered will be delivered by the Growth Hub and the SCR.’ (S6)

Consequently, with enterprise development programmes unlikely to benefit from more public resources in an era of austerity, the success of LEPs is ultimately dependent on effective collaboration with the local authorities as well as with private sector actors. This is what Bentley et al. (2017) refer to as ‘horizontal’ or collaborative governance, and the ability of the LEP to deliver local solutions to local problems hinges on its effectiveness. More importantly, such collaboration is key to ensuring that both LEPs and local authorities remain democratically accountable to the local business communities, and therefore that businesses, regardless of their size and growth potential, retain a voice in how policy is formulated and delivered. Nevertheless, as highlighted in the literature review, there already are questions as to whether LEPs can ‘live up to the hype’ (Shutt et al., 2012). More than that, as argued by Tomaney (2016), the current model of devolution is rather geared towards promoting a narrow set of interests at the expense of democratic scrutiny. As such, understanding the new institutional arrangements shaping the political-economic context of the SCR is critical to explaining how devolution is reshaping local economic development governance, and more importantly to what extent is ‘place-based’ development in PPIPs possible in the new subnational governance context.

### Multi-scalar governance: misaligned priorities and intrascalar tensions

*“Governance becomes a new site for conflicts and political mobilisation, as the nature and complexity of partnerships means that involvement of more and more “actors” and “stakeholders” involved in the design and delivery of … programmes. Outcomes at one scale may [be] dependent upon performance at another scale of governance, therefore coordination dilemmas can occur. Furthermore, these coordination mechanisms may have different “temporal horizons” and there may be continuous tensions between short term and long term planning goals in policy planning.” (Etherington and Jones, 2016, p.383)*

With the SCR LEP as the intermediary on the centre-local axis, the achievement of the SEP is contingent on both the LEP’s ability to intermediate centre-local relationships as well as on their capacity to coordinate the myriad of local actors involved in local economic development. However, the LEP’s power and autonomy at the local level continues to be constrained by central government through the ‘vertical’ governance system (Bentley et al., 2017). The influence of the national policy framework over the focus and scope of the enterprise development programmes designed at the LEP level is reflected in the SEP which emphasises that “[t]he SCR will prioritise the most intensive support based on economic impact, focusing on the companies with the greatest growth potential” (SCR, 2014, p.35). For example, highlighting the influence of national imperatives on city-regional priorities, one official stated ‘if you are looking at it from a government perspective of achieving jobs and GVA targets solely, then I don’t suppose that will all come from start-ups’ (S6).

 Indeed, one of the criticisms of previous nationally-conceived support initiatives is their short-term orientation driven by electoral cycles (Huggins and Williams, 2011; Hildreth and Bailey, 2014), thus failing to promote more sustainable local economic development. As such, as a LEP official emphasised, a ‘trade-off’ is required between short-term and long-term objectives:

‘We can chuck loads of money at a problem to give us a short-term impact so that we can demonstrate that that funding has been spent and achieved a number of outputs. However, creating real economic growth with longevity and sustainability is more of a challenge, so there needs to be some patience with policy-makers in terms of they may not get it right straightaway … [Previous programmes] simply delivered outputs which were attached to that funding, which for me isn’t the right approach.’ (S6)

At the same time, paradoxically, strategy at the LEP level is driven by a ‘getting things done’ attitude (Deas, 2014), with LEP officials emphasising the imperative to ‘take some action’. For example, one official explained that the short-term support strategy is wrapped around ‘What do we need to do to immediately start economic growth both with start-ups and existing businesses?’ (S6). The strategic approach highlights the top-down pressure to create jobs and economic growth to counterbalance the planned diminishing of the public sector. Therefore, as highlighted by Lyall et al. (2015) and Bailey and Wood (2017), economic growth and efficiency and public service delivery effectiveness are priorities that permeate all dimensions of subnational governance, including enterprise, reflecting the upward accountability towards Whitehall, the continued fixation with national economic growth, and the need to adhere to the national policy framework (Jones, 2013). Thus, while central government is less involved in ‘scripting the narrative’ (Pike et al., 2010), a power now devolved to LEPs, and while there is less direct influence on how growth is to be achieved, the objectives remain narrowly focused on economic targets. Moreover, with money tied to central government’s evaluation of ‘value for money’ (Walburn, 2011; Martin, Pike et al., 2016) there is little scope for support provision to deviate from national imperatives.

Furthermore, as the local officials emphasised, with devolution changing the rules of the local economic development game and with funding funnelled through LEPs, local authorities need to align with the LEP’s strategic priorities in order to access resources. This is evident in one of the local official’s statements which emphasised that ‘we’ve got to work very closely with [the LEP] and demonstrate that if you invest in us we’re able to turn that into jobs and economic growth’ (S5), which highlights the downward pressures on the local authority to support the ‘LEP kind of growth’. However, it is not only local authorities, but also other stakeholders involved in economic development locally who need to align with the LEP. For example, Doncaster Chamber is very prominent locally in delivering enterprise development programmes, but it too relies on funding from central government to fund many of its programmes.

Given the importance assigned to the private sector in driving enterprise and entrepreneurial-led growth (Pugalis and Townsend, 2012), the collaboration between the LEP and the Chambers is critical. Acting as ‘the voice of [local] business’ (S3), the Chamber has its own priorities which are underpinned by the needs of the locality and of the local businesses that it represents. However, as the interviews highlighted, the capacity of the Chamber to influence policy levers is also limited, and there is little evidence of local knowledge transcending policy boundaries. As one of the officials emphasised, strategic priorities are more ‘centrally prescribed’ and less ‘locally inflected’:

‘I think if we’re to say everything’s focused on growth… but that’s because we’re told it’s got to be. That’s because we’re told the future is growth businesses and that’s probably a headline level, but on the ground floor where we are, if we ever come across growth opportunity or aspiration, excellent! We jump all over it and support them as best as we can, but also being very mindful that the last 15 years have taught us that the majority of people which come to see us aren’t going to be growth potential at day one. A lot of it’s going to be support, encourage, sometimes it’s even by accident.’ (S2)

Therefore, consistent with Tomaney (2016, p.5), the local stakeholders highlighted that entrepreneurship is “tolerated only within a highly restricted range of parameters”. The strategic approach is not only insufficiently grounded in local realities, where the specific case of PPIPs highlights the heterogeneity of local context within the city-regional space, but also clashes with local priorities as defined by the constellation of local actors involved in economic development in Doncaster. With economic growth given primacy over more democratically accountable strategies, “governance becomes a new site for conflicts” (Etherington and Jones, 2016, p.383).

Indeed, different stakeholder groups are driven by various, often competing interests and responsibilities and operate under different temporal horizons (Pugalis and Bentley, 2013; Etherington and Jones, 2016), which means that governance is not always a ‘collective endeavour’ (Bentley et al., 2017). To understand where this misalignment of local-supralocal priorities stems from, the analysis turns to examining the local institutional arrangements developed around supporting entrepreneurship and enterprise-led growth in Doncaster.

While the institutional architecture of the LEP sits at the city-regional scale as a primary governance vehicle for subnational economic development policy and the coordination of local stakeholders, Doncaster has also developed its own local institutional arrangements that provide vision, leadership and direction for local economic development. As such, the local strategy and policy in Doncaster is shaped by the ‘Team Doncaster’ Local Strategic Partnership (LSP) formed by key local stakeholders, including DMBC and Doncaster Chamber of Commerce. Its role, as enshrined in its charter, is “to set the strategic direction to effectively meet local needs and priorities for the further improvement of Doncaster” (Team Doncaster, 2015, no pagination), and its objectives concern four areas, including enterprise. The enterprise strategy is prominently led by DMBC, particularly through its business support department Business Doncaster, in partnership with Doncaster Chamber, Doncaster College, Job Centre Plus and Finance for Enterprise. As a local stakeholder emphasised, ‘Doncaster is very supportive in the business support arena’ (S10), with another adding ‘how we organise our business support and our networks and partnerships is a real strength for Doncaster’ (S4). Thus, the local provision is designed as a ‘one stop shop’ for business support, creating what Gertler (2010) refers to as a ‘locally distinctive’ institutional architecture. As a local official highlighted:

‘We have Business Doncaster which will deal with big companies and give support as well to SMEs. Clearly, we work very closely with our strategic partners, so we’re very well dovetailing with Doncaster Chamber. They deliver some of our projects … I’d say we’ve got strong strategic partnerships around helping businesses grow and attracting business.’ (S5)

However, with their aim and priorities shaped by doing what is right for Doncaster, the locally proactive Business Doncaster partnership and Chamber are trying to articulate and establish their presence in a way that is not necessarily aligned with the strategic priorities determined at the LEP level for the whole of the SCR. For example, the local authority’s approach to economic development transcends the economic dimension and thus goes beyond the pursuit of economic growth targets. As highlighted by the local officials, the local authority has the duty to ensure that economic priorities do not come at the expense of ‘good growth’ that is socially inclusive, and as emphasised in the Borough Strategy 2014 report “no-one knows what Doncaster needs better than Doncaster itself” (DMBC, 2014, p.10).

Indeed, as argued by Jackson et al. (2013), the future prosperity of places depends on the ability of local authorities, the only stakeholders with a democratic mandate, to ensure that the locality benefits from ‘the right kind of growth’. This is also evident in Doncaster’s Economic Growth Plan which highlights that supporting growth “means not pursuing GVA growth at all costs but pursuing a more rounded approach to promote an inclusive and resilient economy that grows sustainably” (DMBC, 2013, p.10). As a local official emphasised:

‘The key challenge is ensuring that residents can benefit from all those areas of work and interventions. We will have failed if there’s no discernible increase in residents being able to take up the jobs that we’re hoping to create. That’s the essence of good growth as we see it … That gets back to that fundamental question around “are Doncaster residents able to both support and benefit from Doncaster’s growth?”’ (S8)

 Moreover, the activity of the Chamber complements that of DMBC and Business Doncaster and revolves around three key areas. However, as highlighted by an official, ‘they’re areas that grow business today as opposed to the overarching economy stuff that grows Doncaster, which might be in ten years’ time’ (S3), which highlights the different temporal horizons under which different stakeholders are operating. As explained by the officials, these areas are business relationship and networks, which helps businesses connect with potential customers, business growth, which seeks to develop the capacity of businesses in terms of leadership and managerial skills as well as strategy, and enterprise and education, which supports start-ups but also provides education in schools around employability and careers with the aim of creating aspiration. The focus on education and raising aspirations is particularly important given the challenges created by institutional hysteresis, thus highlighting the critical understanding of the local economy possessed by the local stakeholders. As an official emphasised:

‘Enterprise support … [needs to] hit all the people rather than just pre-filtered, pre-diagnosed, pre-grouped one or two. In order to start and change an area you have to deliver to the area. There’s no point just saying “Well, if we convince two or three that self-employment is right for them, before you know it Doncaster will suddenly change its mentality from a community point of view”. You’re going to have to engage the entire community … and slowly but surely start to change the culture in that community where self-employment is a viable option for anybody who wants it to be.’ (S2)

At the same time, representing the voice of local businesses, the focus of the Chamber’s approach and priorities is directly shaped by the composition of their membership which, as highlighted by the officials, is significantly weighted towards micro-businesses whose direct contribution enables the Chamber to deliver localised support. One of the officials emphasised:

‘They’re the backbone of this institution. We have 750 members and half of them employ less than five people. That’s what sustains us. It’s micro-business that supports this Chamber and that lets us play the role we do … It’s just how that important those companies are. Without their membership fees we couldn’t do the work we do in schools, we couldn’t do the work we do in terms of export, we couldn’t exist.’ (S3)

 Therefore, with the priorities of local stakeholders grounded in local realities and needs as opposed to national imperatives, they have developed tailored strategies on how enterprise and entrepreneurial-led growth should be promoted locally and thus have different normative expectations of what the LEP should do in order to foster ‘place-based’ development in the locality. Both the local authority and the Chamber are aiming to support businesses regardless of their growth ambition, with strategies developed particularly around micro-businesses. For example, one of the objectives of Doncaster’s Economic Growth Plan is that by 2018 “Doncaster will have a revised business profile, with a larger number and percentage of companies employing more than 10 employees” (DMBC, 2013, p.2). As such, while attracting large businesses is important for economic growth and job creation, the local strategy emphasises the importance of continued support provision for smaller businesses to foster enterprise and start-up locally. As two stakeholders highlighted:

‘Because [micro-businesses] make up such a massive proportion of our business base you certainly can’t ignore them … so the Borough Strategy is looking at all business. It’s looking at Doncaster as a whole … We need inward investment, so we’ve got that new mix of things coming in and new opportunities, but we need to grow our micro firms, our existing business base … I don’t think we really segregate [in terms of] “Oh, you’re a micro, so you’re not that really important to us” … I think they’re essential really.’ (S4)

‘Everybody always talks about supporting the key account managements, the big companies where they employ a lot of employees … and yes, I agree with that. There has got to be support for those companies but just as much, if you want to develop entrepreneurship, I think you should be supporting the micros … We have a lot of companies that employ less than 10 people but they’re turning over massive amounts. They’re real little jewels in the town. They just sit under the radar, they tick along nicely, they provide good employment opportunities.’ (S11)

At the same time, the strategic approach is inherently driven by both entrepreneurial and social inclusion objectives, with particular focus being placed on addressing the continued negative effects of deindustrialisation by fostering a local entrepreneurship culture. As a local official explained, ‘I think communities have really struggled and maybe lifestyle businesses or self-employed, 1-2 employees, has been often all that’s been possible to people’ (S8). Moreover, as highlighted in the empirical focus section, Doncaster is one of the most deprived local authority districts in the UK. With start-up negatively affected by deprivation (see, for example, Williams, 2007), and with entrepreneurship offering a route out of deprivation (Frankish et al., 2014), local business support provision can make an important socio-economic difference. As explained by one of the stakeholders, however, there are two parallel but contrasting narratives for Doncaster:

‘One is very optimistic, characterised by opportunity. You’re probably familiar with all the big projects Doncaster delivered in the recent years, like the Airport, Race Course, this facility, link roads to the airport, HS2 Academy coming, etc. … I think you then got a parallel narrative for Doncaster which is: we’ve still got huge pockets of deprivation, we’ve got some second, third generation of unemployment in areas, we have low levels of aspiration both in communities and in quite a lot of businesses too, we have far too few businesses getting beyond that £1m or 10 employee type threshold in the economy.’ (S3)

As a consequence, support itself needs to be inclusive and there needs to be a balance between growth-oriented and socially inclusive objectives. As emphasised by the local stakeholders, micro-businesses, be they growth-oriented or lifestyle, are critical in providing and creating local job opportunities as well as alleviating deprivation, one of the negative social effects of deindustrialisation:

‘There’s a lot of demand for … lifestyle [businesses] and there’s nothing wrong with that because obviously we have had really high claimant rates in the past year because of probably the legacy of tradition industries, so we don’t want people on benefits … I would say about 70 percent of our businesses that have come through us to start we would really put in that lifestyle category, maybe even more than that … and it’s something that we couldn’t ignore or play down because it does have a positive impact on our economy.’ (S4)

‘If you’ve got 6,000 of those employing 10 people that’s a lot of people that aren’t claiming benefits, who’ve got a reason to get up in the morning and who are working.’ (S11)

Furthermore, the local stakeholders emphasised the importance of locally tailored and delivered support as this not only provides the scope for local knowledge to be embedded in the strategic approach and the actual delivery of the programmes, which is critical to fostering ‘place-based’ development (Barca et al., 2012), but a local approach is critical if the LEP is to achieve its ambitious targets. As two local stakeholders explained:

‘Bringing a model of delivery which worked really well in a rural area or in a major city in Yorkshire and Humber doesn’t necessarily lend itself as well to delivery in Doncaster where we’re spread over quite a large area [and] people have different barriers to engage … so yes, I get the concept of regionally managed, because it saves money and that’s what we all need to do, but not necessarily then just press a button and everything falls down the same no matter where you are. Having that local knowledge is the bit that makes the difference.’ (S2)

‘From a policy point of view there’s always latent growth potential out there. You’ve seen the LEP’s figures around 70,000 jobs, new start-up kind of thing. So we got the assumption that it’s out there but we equally know we haven’t, off our own back, found them in the past, and yet all the provision just seems to be, from a policy point of view, still to “come and find us”. So we’ve got an emerging Growth Hub which seems to be a sort of call centre model and a website rather than knocking on the doors, walking on the streets kind of approach. I think that’s the bit that’s missing in that policy.’ (S3)

However, with money for support significantly reduced and funnelled through LEPs, which are gradually taking over support provision in the SCR, there is a gap in the nature of such support. As a stakeholder stated, ‘we’re struggling on next to nothing trying to be creative, trying to support the entrepreneurs and the micro firms and the resources don’t really allow anything on a large scale’ (S4). However, the local stakeholders have emphasised the importance of continuity of local support, and more importantly the provision of support that is not confined by the achievement of strict targets:

‘I think we are quite far ahead of the many local areas, predominantly because we maintained the service and that has paid dividends.’ (S2)

‘A lot of the companies need hand holding. It is time consuming and costly, but if that company then goes on to employ 10 employees and has a turnover of half a million, a million pounds a year, then actually that’s contributing to the local economic development.’ (S11)

Nevertheless, at the LEP level priority has been given to the optimistic narrative scripted around ‘big projects’ with the LEP’s twin-track strategic approach geared for creating a twin-track local economy that does little to enable the locality to address the underlying reasons for the less optimistic narrative. This has also been highlighted by The Independent Commission on Education and Skills in Doncaster (2016, p.13) which concluded that, despite the local efforts of the LSP, progress is hindered by “a Doncaster narrative that, whilst rightly prioritising and prizing logistics, rail, aviation and manufacturing risks, disproportionally and detrimentally undervalues employment opportunities for entrepreneurs, the self-employed, small businesses and social enterprises”.

 Thus, while there are attempts from local stakeholders to ‘plug the gap’ through the LSP, this is proving to be increasingly challenging as not only are resources dwindling due to austerity but ‘growth deals’, the mechanism whereby LEPs are allocated resources from central government, are also subject to the conditions imposed by central government which are all centred on the achievement of different economic growth objectives (Bentley et al., 2017). Such subtle control mechanisms are used by central government to ensure that, while the narratives are now being scripted by LEPs, they fall within the expected parameters, highlighting that “‘place-based’ strategies had to be moulded to ‘fit’ with central government requirements” (Bentley et al., 2017, p.206). As such, the so-called ‘duty to cooperate’ (Hildreth and Bailey, 2013b) rather translates into what Hildreth and Bailey (2014, p.369) highlight as a “constant pressure on the local to conform to the demands and priorities of the national over local needs and priorities”.

 This form of devolution has therefore resulted in what Hildreth (2011) refers to as ‘conditional localism’, which not only ties the devolution of power to national imperatives but actually constrains the capacity of the locality to influence policy levers to address local development needs (Hildreth and Bailey, 2014). As a local stakeholder explained, this creates democratic accountability issues and results in a struggle between doing what is right for Doncaster and what is right for the SCR, which nonetheless reflects what is desirable from the national level perspective:

‘You’ve got locally elected councillors and the mayoral system and you’ve got a Sheffield City Region wide Local Enterprise Partnership … I don’t know how we get away from it because you’ve got local politicians. We’re here to support the public of Doncaster and to support the politicians, to deliver their agendas … but then we’re also, from a political point of view… because of the devolution and the funding going through to the LEPs, in my opinion, we’ve got a situation where the LEPs have got targets and they’ve got priorities in terms of where they feel the agendas moving, but then we also have a responsibility locally to the business community and the politicians that we serve.’ (S11)

Indeed, the OME interviews highlighted such issues of democratic accountability as OMEs expect the local authority, rather than the LEP, to intervene and support local businesses. In fact, many of the OMEs interviewed were not even aware of the LEP and its support services. For example, two of them stated:

‘I don’t know what the Local Enterprise Partnership does … I don’t know what its strategy is. I’m just like a lot of other people. I’m totally in the dark with regards to the Local Enterprise Partnership.’ (OME27)

‘The only thing I know about the LEP is that it had something to do with the road that takes you in and out of Doncaster. That’s all I know about it. I don’t know anything about business support.’ (OME15)

 However, the great majority emphasised the importance of support being delivered by people with a genuine understanding of the local economy and local business needs, as opposed to enacting a city-regional delivery model. For example, two OMEs explained:

‘I don’t see how people how people in Sheffield can advise without a local person on the ground in Doncaster … What happens in Doncaster will be totally different to what happens in a big city, and I think if there’s support out there for development that would be better handled by a local agency, a local point of contact … There will be common factors there for sure, but there will be major differences in what support businesses need.’ (OME14)

‘There is a need to drive entrepreneurialism on a local level. I think it’s something that is needed within Doncaster itself rather than looking at it on a wider basis. I think there needs to be a local presence to support business growth and entrepreneurialism.’ (OME35)

More importantly, the scarcity of local support, while being the result of austerity and the constraints imposed by the new governance model, is seen as a failure of the local authority to address the needs of local businesses, with an OME emphasising that ‘there is not a lot of development that the local authority are doing to help small businesses … certainly there isn’t a focus on small business’ (OME12), while another stated ‘I’d really like to see the local authority helping to facilitate smaller businesses’ (OME9). As such, OMEs expect the local authority to intervene and support local businesses. Many OMEs also expressed that it is rather the voice of larger businesses that is represented at a strategic level, whereas, as highlighted by an OME, ‘micro-businesses do tend to get forgotten, and yet they are a huge part of the economy’ (OME26). Another OME emphasised:

‘Unless you’ve joined something like the Federation of Small Businesses or the Chambers, the voice of the small business owners doesn’t get across regionally or to central government. They have no idea about the problems that are incurred daily, monthly, yearly, from a small business.’ (OME14)

Moreover, illustrative of central government’s continued, albeit more subtle, grip, and the tensions inherent in multi-scalar governance and how these are affecting micro-businesses, two OMEs highlighted:

‘There doesn’t seem to be much working in partnership between what national government are saying, what local authorities are saying and doing, and then with what micro-businesses need.’ (OME3)

‘What happens whenever there’s any government money around is they just chuck it at the larger businesses where they think they can instantly get recognition and say “Well that’s been a success!”. It’s all about a box ticking exercise …. They don’t want to know we’re small businesses because they’re scared that we’re going to go bust or go out of business and it looks like a failure.’ (OME30)

 Similarly, highlighting the lack of sensitivity to local context of the new strategic approach and the negative impact of pursuing ‘GVA at all costs’, an OME emphasised:

‘You can pick up high growth and you can accelerate and they might take on 20 members of staff, but if you helped 20 small businesses in Doncaster to grow them that they survive, protecting 20 jobs, and then grow to protect another 20 jobs… it’s that sort of notion. What they see is “Where do we put limited resources?” My argument is, if it’s a good programme, it should help the 20 micro-sized to employ 1 and keep safeguard of the other rather than just cherry-picking ones and twos. Let’s be honest, if a company comes and it’s a call centre it comes to Doncaster. It will generate initially 20-30 jobs, but they won’t be permanent jobs. They will be temporary jobs but everyone will say “Oh, there’s growth!” … It’s where the priorities are!’ (OME20)

 As highlighted in the analysis above, the strategic priorities are narrowly defined by economic growth objectives and both the local authority and private sector bodies such as the Chamber are constrained in their capacity to extend the focus of policy levers beyond the boundaries of growth-oriented priorities. As a consequence, they themselves have developed expectations that it is LEPs that need to intervene and plug the emerging gaps in support provision, thus passing the responsibility upwards. For example, a local official stated:

‘I think we need to look at building strategic vehicles within the City Region … I think [support] has been stripped away a little bit from central government but it’s something that I think the Sheffield City Region needs to step up and do that because it’s not going to be able to come from local authorities … There’s a gap in the market that maybe we need some funded initiatives because again, we’re not talking about SMEs, we’re talking micros. It’s much of our economy, so we need to look after them.’ (S5)

 Therefore, the findings highlight that, as emphasised by Jones (2013, p.88), “LEPs are bound up in a multi-scalar game of relationship jockeying” as they are caught in-between on the centre-local governance axis. The issues highlighted by the stakeholders highlight that the democratic dividend of devolution has not materialised, with LEPs being confronted with democratic accountability issues similar to those for which RDAs were criticised (Harding et al., 1999; Pearce and Ayres, 2009). Moreover, as the analysis in this section highlighted, the interscalar tensions between the national and the local extend to the intrascalar level, within the city-regional space, between local and the supralocal institutional arrangements as a result of misaligned priorities and insufficient resources. Critically, with central prescription confining the local inflection of strategies, the current configuration of subnational economic development governance creates the illusion of power. More specifically, local entrepreneurs expect local authorities to intervene in the local economy, without necessarily being aware that they lack decision-making power and control over ‘centralised’ interventions delivered at the supralocal scale. On the other hand, local authorities are criticising LEPs for failing to promote localised, context-sensitive interventions. In reality, the centre maintains considerable control over the scope of LEPs’ actions through subtle control mechanisms, and thus over local narratives. The final section focuses on the core-periphery dynamics created by this misalignment and the challenges facing PPIPs in gaining a more prominent voice in city-regional governance.

### Intra-city-regional core-periphery dynamics

While the previous section highlighted that the locality is constrained by the multiple institutional layers nested within multi-scalar governance and the control mechanisms exercised by central government, this section focuses on the core-periphery dynamics emerging within the city-regional space as a result of the new governance arrangements, and the challenges facing the periphery as an ‘in-between’ space in relation to economic cores (Herrschel, 2009). The analysis in the previous chapter has shown that there are indeed elements of the new strategic approach that reflect ‘place awareness’ (Barca et al., 2012). However, these elements are rather related to the spatial dimension, as they focus heavily on infrastructure, as opposed to being more related to ‘place’ as understood through its multiple dimensions (McCann and Rodríguez-Pose, 2011). Moreover, with a significant emphasis placed on core cities as economic powerhouses (HMG, 2010), ‘space-neutral’ thinking continues to permeate central government’s approach to economic development. As a local official highlighted, this is detrimental to the periphery:

‘I think it’s also in the context of some tensions really around the role of core cities versus mid-sized cities like Doncaster. There’s an assumption in many quarters at national level and regionally that you consolidate all your assets and support to the core city, by definition everybody else benefits, but city-regions are different. Sheffield City Region is polycentric.’ (S8)

Indeed, at the strategic level, Doncaster is perceived as peripheral in relation to the City of Sheffield as an economic core in the SCR, but more importantly, its peripheral character is regarded as a key weakness that influences the realisation of its growth potential. Indeed, peripherality, both perceived and actual, in relation to the core is a key challenge of PPIPs like Doncaster (Cox and Longlands, 2016). However, this contrasts with the fact that, as highlight by the local official, ‘Doncaster’s seen as one of the two key growth poles in the Sheffield City Region alongside Sheffield as the core city’ (S8). As two of the LEP officials explained:

‘Doncaster is a bit on the edge of the City Region. It’s a bit further away from Sheffield, which means it doesn’t have quite the same impact on Doncaster as it does, say, somewhere like Rotherham in terms of drawing away economic growth.’ (S9)

‘Probably a key weakness is the fact that it is overshadowed by Sheffield and also Leeds as well a bit further north. It’s kind of in the middle of these two large areas with Leeds and Sheffield, so quite often it may be overlooked in terms of where the government may want to invest in schemes or external businesses may want to come and invest as well.’ (S6)

Nevertheless, while ‘the City Region is looking to Doncaster as the second biggest growth pole in there to create lots of jobs, create lots of start-up businesses’ (S5), at the national level the emphasis is placed on core cities and their superior potential to generate economic growth. This reflects a fracture between the rhetoric and policies of the ‘new localism’ (Hildreth and Bailey, 2013b), a ‘rhetoric-reality gap’ (Ayres et al., 2017), as while the rhetoric emphasises the focus on realising each place’s potential, the underlying economic framework, to which they refer as the ‘base’, has not truly departed from the influence of NEG, thereby encouraging spatial agglomeration and the development of cores. However, as emphasised by a local official, this comes at the expense of PPIPs like Doncaster and stymies their capacity for action, and with it their development:

‘Doncaster increasingly is punching its weight in terms of the growth it’s supporting in the Sheffield City Region, so do government adequately recognise the role of mid-sized cities as well as core cities? Because we’re always going to be up against it. If it’s seen that “Consolidate everything to the core city – not everything but that’s where the focus needs to be – everybody else will benefit by definition” … but we’ve got our own large economy with our own distinctive offer. We’ve got assets that many core cities can’t compete with, so to what extent is that recognised in policy? I think there’s always going to be a major challenge for the likes of Doncaster … Mid-sized cities recognise that that voice needs to be there to counterbalance the voice of the core cities … It shouldn’t be polarised and it shouldn’t be seen as one thing or the other.’ (S8)

Moreover, the focus on core cities has a direct effect on subnational governance as it creates asymmetric power relations between local and supralocal arrangements. Indeed, the perception of many local stakeholders is that the LEP, as a ‘core’ decision-maker in the SCR, is geared towards enabling the development of the core City of Sheffield more than that of the periphery. Therefore, a consequence of ‘space-neutral’ policy is that the core-periphery geographical configuration transcends the spatial dimension and becomes a difference of power (Lagendijk and Lorentzen, 2007), which translates into a more limited ability of the periphery to influence policy levers and benefit equally from devolution. As two of the stakeholders emphasised:

‘Yes, I do see that the Local Enterprise Partnership is beneficial or should be beneficial but sometimes it’s about the core cities and we’re not a core city, but we have a lot to offer to the city, and it’s that political struggle between what is totally right for the businesses in Doncaster. It doesn’t help really that a lot of the funding tends to go not to our area, and we have got companies that are going forward for funding and they’ve been declined, whereas other areas have been benefitting from it.’ (S11)

‘We’ve got strong economic connections there so yeah, we are in the SCR camp and obviously working as hard as we can to make that a success, but we’ve also got major economic ties and great potential … We need to be nurturing those global trade flows beyond the SCR … that’s a real big challenge for Doncaster … how that’s reflected in support and strategy.’ (S8)

Thus, the interviews highlight that the formation of the SCR was influenced by an element of political reification (Harrison, 2010), a result of what Rees and Lord (2013) refer to as ‘making space’, as SCR LEP boundaries are more reflective of political geographies rather than functional economic spaces (Jones, 2013). Indeed, the SCR LEP was constructed around the boundaries of the South Yorkshire metropolitan county comprising Sheffield, Rotherham, Doncaster and Barnsley, with the other localities wrapping around Sheffield’s economic footprint. As such, despite the rhetoric of space being reimagined around connectivity and flows, the SCR LEP, like other city-regions, was unable to escape the territorial mosaic of subregional political-administrative units, thus giving rise to what Harrison (2010) highlights as a ‘compromised city-regionalism’.

The interviews with OMEs also confirmed the existence of intra-city-regional core-periphery dynamics more widely, with a key issue being indeed the centrality of Sheffield as a core city. For example, an OME stated ‘I have a view about South Yorkshire in general being Sheffield centric’ (OME35), while another emphasised ‘I just think that it’s too insular within Sheffield and they don’t see the region being a region’ (OME34). Moreover, as an OME highlighted, ‘Sheffield has obviously got much more money going into it’ (OME10). However, such core-periphery imbalances have a negative effect on the outcome of devolution for Doncaster as a PPIP, as the allocation of resources is skewed towards the core. As other OMEs highlighted:

‘What’s it called? Sheffield, not South Yorkshire. … What does the Sheffield LEP represent? It might just be an awkward typo, but it still carries on through. I think Doncaster, for my sector, is still third in the pecking order.’ (OME20)

‘I think [funding] should be given to each individual town. I don’t think it should be done in Sheffield because if it’s done through Sheffield, Sheffield keeps it all and Rotherham, Doncaster, other towns like that won’t see hardly any of it because they’ll focus on particular projects that are “by chance” based around Sheffield and the growth of Sheffield as a city … I believe it is very much “Yes, we’ll put the money in the pot”, but if we see a chance of how it’s actually distributed within the different areas on the map, I think you’d be surprised.’ (OME34)

As a result of such core-periphery dynamics, more than an apathy (Pugalis and Shutt, 2012), in the SCR there is a reluctance of many smaller businesses to engage with the LEP which stems from a perceived rivalry between the core and the periphery but also from a perception that businesses operating at the periphery are inherently disadvantaged. As two OMEs emphasised:

‘I would never speak of the Sheffield regional bit as the first point of contact for myself. I would just think of the likes of Business Doncaster. I would go there … I almost feel as though Doncaster and Sheffield are rivals, and any other town, place is a rival … To me, there’s always been this funny sort of relationship between Sheffield and Doncaster so that’s why I’d probably try to avoid it.’ (OME36)

‘The concern would be that somebody like Sheffield, that perhaps is bigger, vibrant, more figures, more turnover, more people, would get more resources than perhaps a one-man-band in Doncaster.’ (OME33)

Indeed, there is a local perception in Doncaster that due to the centrality of Sheffield, the LEP fosters intra-city-regional competition between the core and the periphery as opposed to joined-up working and collaboration between the localities towards reducing spatial disparities. As the OMEs emphasised:

‘If you look at the devolution thing, the general feeling outside of Sheffield is that a lot of these things are Sheffield running roughshod over everybody else … It doesn’t give the impression of everyone working together. It just looks like Sheffield getting bigger.’ (OME12)

‘I don’t think [the LEP] works very well … It just doesn’t feel as joined up as it probably ought to be.’ (OME1)

‘I struggle with the concept really because I tend to think that the towns, some of the towns in there, will be competing for some of the business.’ (OME25)

 Furthermore, the interviews highlighted the root of these core-periphery dynamics and the ensuing intrascalar tensions as stemming from the strength, or lack thereof, of SCR’s regional identity (Paasi, 2011). In the SCR, the regional identity, or material coherence as referred to by Jones and Woods (2013), is provided by the LEP and its remit which defines the geographical scope for economic development initiatives and provides the institutional structure that enables collective action. However, it is the relatively weak imagined coherence that generates perceptions of rivalry and competition, in spite of the industrial history shared by the region’s localities. As an OME emphasised:

‘There’s always been a reluctance of the coalfields to work with Sheffield. Sheffield’s always really been seen as the bad brother, and Barnsley, Doncaster and Rotherham are the coalfield areas, but the problem is they don’t work together either. There doesn’t seem to be a regional perception that the only way to get the region going is there’s got to be integration and interconnection between the local authorities.’ (OME27)

 As another OME highlighted, the weakness of SCR’s imagined coherence is also reflected in Doncaster’s relatively recent political past which saw Doncaster oscillating between South Yorkshire and the eastern regions:

‘Prior to Roslyn, who’s a Labour controlled mayor, [Doncaster] was controlled by an English Democrat … He was trying to look at how Doncaster, because he was anti South Yorkshire, instead of looking to South Yorkshire as it had historically done as an old mining, rail, industrial city … he was trying to get it to look the other direction, eastwards, looking at trying to connect Doncaster with Hull, with Scunthorpe, and with Newark.’ (OME20)

Therefore, the SCR does not enjoy the coherence, identity, and strengths in collaborative working of other City Regions (Lowndes and Gardner, 2016). Despite the shared history, geographical proximity, and formation of the SCR LEP more recently, there are issues of regional identity in the SCR which stem from the relatively weak imagined coherence (Jones and Woods, 2013), and which create additional governance challenges for the SCR LEP. As emphasised by an OME, in the SCR ‘there’s still almost a divide that needs to be broken before it can be fully embraced.’ (OME32).

### Summary

This final findings subchapter focused on the ‘why’ aspect of the LEP’s strategic approach, highlighting the challenges for the current multi-scalar governance model in fostering a ‘place-based’, localised and context-sensitive approach to policy. While devolution has seen the centre ceding some control, with some autonomy and power flowing towards the local scale, ‘doing more with less’ has become the leitmotif of devolution (Pike, Coombes et al., 2016), creating a devolution/austerity paradox that imposes significant limits on the capabilities of localities to fund local economic development interventions to address local problems and constrains the agency of local stakeholders. Moreover, with tensions between national priorities and local needs, with economic growth given primacy over more democratically accountable strategies, and with different stakeholder groups driven by various, often competing interests and responsibilities and operating under different temporal horizons, the current multi-scalar arrangements are tension-ridden.

Beyond interscalar (i.e. vertical) tensions on the centre-local axis, there are intrascalar (i.e. horizontal) tensions between local and supralocal (i.e. LEP) institutional arrangements. The resulting political struggle highlights the conditional nature of the current localism where the need to conform to national priorities and hence to fit ‘place-based’ strategies with central government requirements has seen the scope for local agency reduced, as evidence of local knowledge transcending policy boundaries is limited. As such, the current multi-scalar governance model has failed to galvanise city-regional and local actors and to provide a constructive framework for localised policy making and ‘place-based’ development (Barca et al., 2012; Arshed et al., 2016; Catney and Henneberry, 2016), the findings highlighting the complexities of the policy making process (Arshed et al., 2016). Therefore, the findings demonstrate the importance of getting multi-scalar governance right, as power and resource imbalances leave localities “overburdened by responsibilities relative to the powers and resources with which they are entrusted” (Rodríguez-Pose and Wilkie, 2017, p.158).

Moreover, reinforcing previous claims regarding the centrally orchestrated nature of the ‘new localism’ (Bentley et al., 2010; Pugalis, 2011a), the current configuration of multi-scalar governance creates the illusion of power. Specifically, local entrepreneurs expect interventions from the local authority while power and resources flow through the LEP, and local authorities criticise LEPs for failing to foster localised interventions and to allocate resources based on local needs, while the centre maintains considerable control over the scope of LEPs’ actions, thereby only creating the illusion of devolved power and autonomy over local narratives. The current arrangements and scale of intervention also foster the development of intra-city-regional core-periphery dynamics which create a sense of intra-city-regional competition, as opposed to collaboration, and perceptions of being disadvantaged in being peripheral, thus highlighting the issues with city-regionalism and the challenges of local economic development governance.

Therefore, devolution and the rescaling of intervention has not seen “powers, responsibilities and the everyday engine of activity … placed with local government” (Jackson et al. 2013, p.28). Instead, local governance has become a game of negotiating power and resources between and within scales, and within the confinements of centrally prescribed objectives (Harrison, 2014), with localities struggling to remain accountable, and with local governance the outcome of ‘territorially based political struggles’ (Tomaney, 2014). Through the meta-governance and imposed conditionalities of central government (Bentley et al., 2017), the arrangements fail to truly empower localities to develop localised, ‘place-based’ strategies that address the roots of institutional hysteresis in PPIPs, as analysed in the first findings subchapter, and meet the specific needs of local businesses, as highlighted in the second subchapter. As such, there is a ‘rhetoric-reality gap’ (Ayres et al., 2017), and under the current arrangements entrepreneurship remains tolerated within centrally prescribed parameters (Tomaney, 2016), as opposed to being stimulated through localised, context-sensitive, and democratically accountable policy.

# Discussion and conclusions

The study has explored the challenges to fostering more entrepreneurial and resilient PPIPs with a view to understanding why PPIPs have low levels of entrepreneurial activity, exploring how entrepreneurs seek to navigate institutional challenges at the local level, and examining the approaches of policy makers to fostering higher levels of entrepreneurship and resilience in PPIPs. Through a structured approach centred on the ‘what’, ‘how’ and ‘why’ of the SCR LEP’s economic strategy, the study’s findings make a number of key contributions with important theoretical and policy implications.

 First, they emphasise the critical role of the local institutional context in shaping the nature and level of entrepreneurial activity and with it local economic resilience, and hence in mediating the outcomes of enterprise policy at the local level, thereby demonstrating why conceiving enterprise policy at higher scales without sensitivity to local institutional contexts is problematic. Second, they highlight the local entrepreneurial context as a key dimension shaping ambition and the outcomes of local entrepreneurship, and therefore underline the importance of integrating local institutions and local business realities into city-regional policy and strategy. Third, they highlight the flaws of the current configuration of subnational economic development governance, which is inadequately geared to enable PPIPs like Doncaster to foster ‘place-based’ development and become more entrepreneurial and resilient. Collectively, the three findings subchapters answer the overarching research question on how institutions shape entrepreneurship and economic resilience in peripheral post-industrial places.

 The common thread that connects the three findings subchapters is that of contrast and incongruence. In relation to the ‘what’, there is the incongruence between the persisting legacies of the past and the ideology of entrepreneurship, with institutional hysteresis constraining entrepreneurship and resilience at the local level, the contrast between ‘space’ and ‘place’ which reinforces the effects of hysteresis, and the incongruence between national formal and local informal institutions that has reinforced the underlying cause of hysteresis in PPIPs. Regarding the ‘how’, there is the misalignment between the LEP’s strategic approach and the local entrepreneurial context, with the former failing to account for the heterogeneity of local businesses and that of local context in the design and focus of city-regional enterprise policy. In relation to the ‘why’, there is the devolution/austerity paradox and the fracture between the rhetoric and policies of the ‘new localism’, with localities being constrained in their capacity to develop local solutions to local problems and to foster ‘place-based’ development as LEPs themselves are faced with resource and capacity constraints. Moreover, there is the incongruence between the city-regional economic strategy and the prevailing local informal institutions.

 Revisiting Rodríguez-Pose’s (2013) comparison of regional economic development to a bicycle, with the front wheel representing the development strategy and a back institutional wheel comprising formal and informal institutions, in the case of PPIPs not only is the front strategy wheel larger than the back institutional wheel, but an asymmetry between formal and informal institutions means that the back institutional wheel is rather square, and hence any progress in local economic development requires enormous efforts. At the same time, with LEPs steering the city-regional economic development bicycle, there is reduced scope for localities to influence its direction. Having discussed the empirical findings in relation to the literature throughout the three findings subchapters, the focus of this section is to conceptualise the findings in relation to the key contributions of the study, discussing the challenges and implications for policy.

##  Contributions to knowledge and findings’ conceptualisation

### Institutions, entrepreneurship and local economic resilience

A key contribution of the study relates to the issue why some local and regional economies are more capable of renewal and transformation than others which remain locked in decline or underperformance (Hudson, 2005; Christopherson et al., 2010; Hassink, 2010; Martin and Sunley, 2014). In examining why PPIPs have low levels of entrepreneurial activity, the study finds that the continued economic underperformance and constrained level of entrepreneurial activity in PPIPs is the result of rigid informal institutions and persisting legacies of the past which culminate in institutional hysteresis at the local level, undermining local economic resilience. While this is, in part, due to the acutely localised impact of deindustrialisation, it has been compounded by negative perceptions of place and opportunity and has been maintained by an asymmetry between national formal and local informal institutions which has reinforced the underlying cause of hysteresis. The study hence advances understanding in this field, contributing to the extant literature on how informal institutions, particularly culture, shape entrepreneurship (Hudson, 2005; Fritsch and Mueller, 2007; Fritsch et al., 2014; Huggins and Thompson, 2014; 2015a; Williams and Vorley, 2015; Obschonka et al., 2015; Stuetzer et al., 2016; Fotopoulos and Storey, 2017), and to a better understanding of the roots of spatial disparities and uneven development (Pike and Tomaney, 2009; Birch et al., 2010; Champion and Townsend, 2013; Gardiner et al., 2013; Rodríguez-Pose, 2013; Martin, Pike et al., 2016).

 By adopting a multi-scalar and institutionally sensitive geographical political-economic approach to examine how the local institutional environment and multi-scalar institutional arrangements shape entrepreneurship in PPIPs, the study highlights the critical role played by what Gertler (2010) refers to as ‘locally distinctive institutional architectures’, and advances the understanding of how institutions influence the evolutionary trajectories of local economies (MacKinnon et al., 2009; Farole et al., 2010; Gertler, 2010; Tomaney, 2014; Pike et al., 2015). At the same time, the study highlights the difference between ‘space’ and ‘place’, thereby contributing to extending the understanding of ‘place’ as defined not only by its spatial dimension, which is the view generally taken by policy makers in promoting ‘place-based’ strategies, but also by its economic, social, cultural and, critically, institutional dimensions (McCann and Rodríguez-Pose, 2011).

Moreover, while the continued dominance of NEG thinking on economic development policy and strategy and a core city-centric rhetoric have fuelled interest in UK’s core cities, the study contributes to the economic geography literature through a focus on the less examined smaller and economically weaker places of which PPIPs are representative and a key part of ‘in-between Britain’ (Gardiner et al., 2013; Champion and Townsend, 2013; ICA, 2015; Cox and Longlands, 2016; Pike et al., 2016). Indeed, much of the previous research in the field was conducted at the regional scale (Greene et al., 2004; Mueller et al., 2008; Martin, 2012; Williams and Vorley, 2014; Stuetzer et al., 2016), with much less being known about the relationship between institutions and resilience at the local scale (Dawley et al., 2010; Pike et al., 2010). Therefore, the study advances understanding in these fields by demonstrating the heterogeneity of local level informal institutions, thereby emphasising that ‘one size does not fit all’. As such, it echoes Rodríguez-Pose’s (2013, p.1042) argument that “mimicking ‘one size fits all’ regional development strategies in what are widely different institutional contexts is bound to be counterproductive”. However, a key implication is that a ‘one-size-fits-all’ approach to policy is inappropriate not only in a national context, due to the regional variation of entrepreneurship culture (Dodd and Hynes, 2012; Rodríguez-Pose, 2013; Mason et al., 2015; Wyrwich et al., 2016), but also in a regional context, due to the local variation of informal institutions, as highlighted in the context of PPIPs.

 With the effects of institutional hysteresis more acute at the periphery, the key challenge for PPIPs is to alleviate the effects of institutional hysteresis to become more entrepreneurial and resilient. As highlighted by Williams and Vorley (2014), previous attempts to conceptualise economic resilience have failed to account for the role of entrepreneurship. The discussion conceptualises institutional change and local economic resilience, specifically the relationship between institutions, entrepreneurship and local economic resilience, by integrating entrepreneurship as a catalyst for economic resilience and growth and, critically, (local) institutions as the foundation whereby change can be effected to foster more entrepreneurial and resilient PPIPs. As such, the conceptualisation of institutional change and local economic resilience is based on the analysis presented in the first findings subchapter, which demonstrated how legacies of the past culminate in institutional hysteresis at the local level and continue to constrain PPIPs. At the same time, it is premised on the idea that, rather than PPIPs being either constrained or adaptive, there are degrees of local economic resilience that characterise the local economies, and it is the relationship between institutions and entrepreneurship that influences the degree of resilience.

 As highlighted in the thesis, both formal and informal institutions influence the nature and level of entrepreneurial activity in PPIPs, with legacies of the past and perceptions of place and opportunity shaping local informal institutions. The outcome shapes the economic resilience and performance of the local economy and generates feedback cycles that are either hysteretic, meaning that the process reinforces legacies of the past and perceptions of place and opportunity, and thus maintains the rigidity of informal institutions, or adaptive, meaning that the negative influence of legacies of the past is weakened, and with it the influence of hysteresis. However, critically, whether local informal institutions adapt to support more productive and higher levels of entrepreneurship depends on the interplay between formal and informal institutions locally, specifically on whether formal institutions are connected to local informal institutions and reinforce each other or whether these are asymmetric and disconnected. It is here where the key to understanding and promoting local institutional change lies.

 Based on this conceptualisation of institutional change, at one end of the spectrum there are constrained PPIPs like Doncaster that continue to be constrained by negative legacies of the past and negative perceptions of place and opportunity and are characterised by underproductive entrepreneurship, which impacts negatively on local economic resilience and performance. In constrained PPIPs, while both formal and local informal institutions impact on the nature and level of local entrepreneurial activity, the asymmetry between the two maintains the impact of institutional hysteresis, which thus stymies entrepreneurial ambition and results in underproductive entrepreneurship as well as lower levels of entrepreneurial activity. The outcome impacts negatively on local economic resilience and performance, and a hysteretic feedback cycle perpetuates the process and reinforces hysteresis and the rigidity of local level informal institutions. This process results in lower local economic resilience and performance being fostered in constrained PPIPs, highlighting the influence of hysteresis as a catalyst in maintaining what Stuetzer et al. (2016) refer to as a vicious cycle of low entrepreneurship and weak entrepreneurship culture. Critically, the disconnect between formal and informal institutions means that policy continues to address the symptoms as opposed to the roots of institutional hysteresis.

 At the other end, there are adaptive PPIPs, namely more dynamic local economies where the influence of legacies of the past is either weak (e.g. the local economy has transitioned to a new path) or positive (e.g. local industries have adapted while building on legacies of the past, such as in the case of advanced manufacturing). Characterised by adaptive informal institutions that are reinforced by and help foster positive perceptions of place and opportunity and productive entrepreneurship, these places enjoy greater local economic resilience and growth. As opposed to institutional hysteresis in constrained PPIPs, in adaptive PPIPs the process whereby institutions and entrepreneurship shape local economic resilience generates adaptive feedback cycles. These foster adaptive local informal institutions, positive perceptions of place and opportunity, and productive entrepreneurship. However, the key difference here is the connection between formal and local informal institutions. More specifically, policy is developed in relation to local informal institutions, thereby promoting productive entrepreneurship and having a positive impact on local economic resilience and performance.

 Additionally, as formal institutions emanate from institutional arrangements, a key aspect that influences the process is the dynamics of institutional arrangements across scales. As shown in Doncaster’s case, the multi-scalar arrangements foster intrascalar tensions, thereby detracting from focusing on local level institutions and failing to enable institutional agency in localities to foster ‘place-based’ policy. To promote adaptation and greater resilience, multi-scalar arrangements need to promote local institutional agency outside the confinements of centrally prescribed objectives, which is essential to fostering ‘place-based’ policy. Therefore, the three key factors that compound the influence of hysteresis in constrained PPIPs, and thus stymie local economic resilience and performance, are: 1) negative legacies of the past and negative perceptions of place and opportunity; 2) the dynamic between formal and informal institutions (i.e. the asymmetry and disconnect); and 3) the dynamics of multi-scalar economic development governance.

 By conceptualising the outcomes of local economic resilience as a spectrum rather than as binary, the implication is that PPIPs are not either constrained or adaptive, but exist on a continuum, with their position being shaped by the degree of influence of institutional hysteresis and the resulting nature and level of local entrepreneurial activity. This conceptualisation of local economic resilience is congruent with the concept of institutional hysteresis, where the degree to which the past continues to shape the present can also be conceptualised as existing on a spectrum, the influence varying from strong to weak and manifesting either negatively, as in the case of constrained PPIPs, or positively, where PPIPs build on their industrial legacy. Therefore, to increase their economic resilience, constrained PPIPs need to alleviate the negative influence of legacies of the past and to foster positive perceptions of place and opportunity, thereby stimulating entrepreneurial ambition with the aim of enhancing the nature and level of local entrepreneurial activity, and with it local economic resilience and growth. At the same time, it is critical that multi-scalar governance arrangements are congruent across scales and they enable institutional agency at the local level to foster ‘place-based’ development. While focusing on developing new industries and sectors is important for creating more diversified and resilient economic structures, to build more entrepreneurial and resilient PPIPs there is a need for economic strategy and policy to focus on and address the weaknesses of local informal institutions.

 Incorporating institutions and entrepreneurship into the conceptualisation of local economic resilience provides a new lens to consider how localities in formerly industrialised regions, such as PPIPs, can alleviate the effects of institutional hysteresis to harness entrepreneurship and become more resilient. Moreover, highlighting the importance of configuring multi-scalar governance so that it fosters a localised, ‘place-based’ approach to policy by enabling local institutional agency provides further valuable insight to debates on economic resilience and provides support for a multi-scalar institutionally sensitive geographical political-economy.

### Micro-business growth constraints

Another key contribution of the study relates to the understanding of micro-business growth constraints. While the systematic literature review synthesised and mapped the key constraints faced by micro-businesses, the study advances knowledge in this area by demonstrating the critical role of context in shaping micro-business growth. The diagram presented in Figure 6 conceptualises the relationship between micro-business growth and the institutional context, presenting a context-sensitive model of micro-business growth. The inner circle contained by the triangle is the OME while the triangle represents the firm, as defined by its ambition, capacity and opportunities. By showing how the circle relates to the triangle, the figure illustrates the OME-centric nature of micro-businesses, with the ambition, capacity and opportunities of the firm being inseparable from the ambition, capacity and aspirations of the OME. This illustration resembles the criteria used by the LEP to assess businesses’ growth potential for providing support. Moreover, and critically, the micro-business is embedded within the local institutional context, which as demonstrated in the case of PPIPs can significantly constrain their growth, potential, ambition and performance. This comprises the local institutional environment, and thus accounts for the influence and impact of institutional hysteresis, as well as the local institutional arrangements that shape entrepreneurship locally, and is represented by the outer dotted circle. The outer square represents the wider institutional context in which the locality is embedded and illustrates the nested character of institutions.

**Wider institutional context**

**Local institutional context**

Ambition

Opportunities

Capacity

**Owner-manager entrepreneur**

Figure . A context-sensitive model of micro-business growth constraints

 There are two important ways in which the diagram advances knowledge on micro-business growth, as its design provides two levels of analysis. First, there is the firm level of analysis represented by the inner circle and the triangle that comprises it (i.e. the micro-business). While the diagram reflects a conceptualisation of the relationship between the OME and the firm where the circle touches upon all three sides of the triangle, in reality, the configuration will vary with every micro-business. As such, the triangle is not always equilateral (i.e. the firm/OME does not always balance the three sides, which will hence vary in length). For example, if the circle touches upon ambition, but not on capacity and opportunities, this means that, while there are growth opportunities available to the firm and capacity can be further developed, the OME’s, and implicitly, the firm’s growth ambition is maximised. Here, therefore, the issue is not necessarily the capacity of the firm/OME, nor the growth opportunities available, but the ambition of the OME. While the OME has the capacity necessary to growth the business, and there is scope for pursuing more/new growth opportunities, the OME lacks the ambition required to realise those opportunities. Such a configuration applies, for example, in the cases of OME33 and OME36, for whom the decision of not growing the business is simply a personal choice that is consistent with their ambition.

 There is also the case, rather often as highlighted by the OME interviews, where the OME has the ambition to grow the business, and there are growth opportunities available to do so, but they lack the capacity (i.e. the skills) necessary for this. In this case, the capacity side would be shorter than the ambition and opportunities sides to reflect the reduced capacity of the firm. The circle, however, may not touch either side of the triangle, reflecting the capacity for further development in each area. Such a situation, for example, applies in the cases of OME21, OME29 and OME31. As the study has shown, managerial skills are critical to growing micro-businesses. It is here where business support programmes can intervene to unlock the growth potential of micro-businesses through development and training programmes.

 In addition, regardless of the type of triangle and the size of its sides, the circle can grow to a size where it becomes fully constrained by the triangle, which means that the micro-business has reached its potential given the OME’s ambition, capacity and the growth opportunities available. In this case, there is a need to grow the triangle in order to further grow the micro-business, and this means employing other people (i.e. adding more circles within the triangle). In doing so, while the opportunities available to the firm may not change, the ambition and capacity, and thus performance, of the firm can be significantly increased by the employment of others. Indeed, Coad, Nielsen and Timmermans (2017) show that solo entrepreneurs, which represent 53% of the OMEs interviewed as part of this study, experience higher sales growth in subsequent years after hiring their first employee.

 However, here is where the outer dotted circle, representing the local institutional context, provides a further level of analysis that enhances the understanding of micro-business growth. The growth of the triangle (i.e. the micro-business) is shaped by the local institutional context in which the micro-business operates. As shown by the findings of the study, growing a micro-business in a PPIP is challenging due to the negative effect of institutional hysteresis on the availability and nature of local skills, which makes employing others difficult, as well as due to the additional costs to being peripheral. These translate into barriers to doing business locally and negative outward perceptions of place, which makes location itself a constraint for businesses operating at the periphery. Therefore, just as in the case of the inner circle (i.e. OME) and triangle (i.e. the firm), there are different possible configurations in terms of how the triangle may relate to the outer circle. Such configurations relate to the extent to which the local institutional context (i.e. the outer circle), which includes the institutional environment and institutional arrangements, constrains the growth of the firm.

 Therefore, micro-business growth depends not only on the OME’s ambition and capacity, and the opportunities available to the firm, but also on the characteristics of the local institutional context. Where the latter is constraining growth (i.e. the outer circle constrains the triangle), as it is the case in PPIPs, there is a need to grow the outer circle to create the institutional space for growth. For example, to increase the capacity of micro-businesses, and with it the opportunities that the firm can pursue, the outer circle needs to grow horizontally, which translates into improving formal institutions to increase the capacity of micro-businesses to grow through a differentiated and tailored approach. However, to stimulate growth ambition and the pursuit of growth opportunities by the OME, as well as growth through employment, it is critical that the circle grows vertically, which translates into an improvement of local informal institutions.

 In the context of PPIPs, where institutional hysteresis constrains entrepreneurial ambition and aspirations, and where the configuration of the current multi-scalar governance model constrains the capacity of local institutional arrangements to intervene and support local micro-businesses, it is critical that the outer circle grows both horizontally and vertically, thereby enhancing the institutional context in which micro-businesses operate, and with it, stimulating ambition and aspirations in the local communities. The relationship between the outer circle and the square relates to the multi-scalar institutional interactions as analysed in the final findings subchapter and alludes to the configuration of multi-scalar governance arrangements within which localities are governed.

##  Policy implications

 The two conceptualisations of the findings generate a number of important policy implications. A key implication that concerns hysteresis and institutional change in PPIPs is the need for policy and strategy conceived at higher scales to be sensitive to the local institutional context. While places like Doncaster may achieve a degree of economic renewal through the resurgence of old industries and the development of new ones, to become more entrepreneurial and economically resilient they need to foster more ‘ambitious’ entrepreneurship and higher levels of entrepreneurial activity. This requires an understanding of the local institutional context and the delivery of ‘place-based’ policies targeted at the specific challenges raised by institutional hysteresis.

 With regard to the focus of the city-regional enterprise strategy specifically, in the current governance context support is being focused on businesses which are closest to displaying ideal configurations of ambition, capacity and opportunity. However, if PPIPs are to be stimulated to become more entrepreneurial and resilient, formal institutions need to balance this focus with supporting micro-businesses to build capacity (i.e. need to grow the outer circle horizontally). While the majority of micro-businesses are not high-growth and thus appear less attractive for public support due to failing to conform to the strict criteria attached to support, these play an essential role in the local economies of PPIPs by bringing economic activity to the area and providing employment opportunities, which is essential especially in deprived communities (Boraston et al., 1996). The challenge, here, is stimulating and increasing the potential and ambition of existing local micro-businesses and new start-ups. The strategy of rewarding ambition without stimulating it through an integration of the prevailing local informal institutions into policy and strategy, and without pulling the relevant levers to address the underlying cause of hysteresis to effect change, is ineffective in the case of PPIPs.

 Moreover, while the ambition of the OME may not manifest as an ambition to grow the business by employing a large number of people, this does not imply a lack of growth potential or orientation. Coad, Nielsen and Timmermans (2017) show that sales growth precedes the first hire, which suggests that micro-business OMEs who aim to increase sales and profitability first, rather than employ others, may end up employing others as a result of the growth in sales. In fact, Coad, Cowling and Siepel (2017) show that, while for the general business population employment growth precedes sales growth, high-growth firms grow differently, with the growth of operating profits driving asset and sales growth, employment growth occurring late in the growth process. Thus, allocating support based on employment growth potential as the primary criterion for assessing growth ambition and potential can be misleading. Instead, in line with Morris et al. (2015) and Satterthwaite and Hamilton (2017), the study argues for a portfolio approach to policy design where support is provided for a range of different types of businesses. As argued by Morris et al. (2015), ‘picking winners’ is problematic, and the contribution of survival, lifestyle and managed growth (i.e. seeking stable growth over time) businesses to the economy cannot be overlooked.

 At the same time, the conditions underpinning the business environment are critical for the growth of local businesses. As highlighted by Coad, Cowling and Siepel (2017), high-growth oriented policies that focus on stimulating employment growth are inappropriate if the underlying conditions are not favourable. Therefore, seeking to achieve high growth through employment growth in PPIPs, where institutional hysteresis acts as a constraint on entrepreneurship and the business environment, lacks sensitivity to the local institutional environment. To address the challenges of institutional hysteresis, formal institutions need to acknowledge the role of local informal institutions and integrate them into the economic development strategy through localised policy (i.e. need to grow the outer circle vertically). While ambition is important and high-growth potential businesses are highly desirable from a policy perspective, PPIPs need to become more entrepreneurial in the first place, and thus they need to get people, young people in particular, to consider entrepreneurship as a viable career. In the absence of ‘place-based’ policies that are sensitive to local informal institutions, investments in infrastructure, albeit a strategy with a long-term orientation, is going to achieve little in helping PPIPs alleviate the impact of institutional hysteresis. This highlights the importance of doing multi-scalar governance differently to enable a more localised intervention by local stakeholders than is currently possible under LEPs.

 Moreover, the key question that arises in this context is how can PPIPs like Doncaster advance on the local economic resilience continuum, and thus become more entrepreneurial and resilient in the long-term. Based on Pike et al.’s (2016) study, Doncaster is among UK’s relatively declining cities, which means that it is experiencing relatively lower growth compared to other cities. They highlight that the factors that reducethe likelihood of a place to experience relative decline are: more highly qualified people among its working-age population; the absence of nearby larger cities to attract away service trade; faster rail access to London; the absence of a history of dependence for work on mining or manufacturing. Out of these factors, Doncaster compares unfavourably on three of them. The only area where Doncaster compares positively is that of connectivity, being well connected due to its location and natural infrastructure. With regard to its location, in between Sheffield and Leeds as two regional economic cores, there is not much that the locality can do, although as the local stakeholders have highlighted, Doncaster is increasingly seen as the second biggest growth pole in the SCR. The remaining first and last factors are inherently connected to institutional hysteresis, a deficiency in the first being an effect while the presence of a history of dependence for work on mining or manufacturing being at the root of it.

 However, while informal institutions change slowly over time (Estrin and Mickiewicz, 2011; Huggins and Thompson, 2015b; Williams and Vorley, 2015), and thus adaptation in formerly industrialised places “is long term, even generational” (Pike et al., 2010, p.9), informal institutions are not ‘unyielding obstacles’ (Winiecki, 2001) and “culture is not destiny” (Chakraborty et al., 2016, p.288), and therefore change is possible. Despite the challenges being more acute in PPIPs, Doncaster can become more entrepreneurial and resilient through ‘place-based’ policy that is sensitive to the specific issues it faces. Therefore, beyond SME policy, PPIPs like Doncaster need a ‘place-based’ entrepreneurship policy that takes a holistic view at the factors that shape entrepreneurship in a locality. Lundström and Stevenson (2005, p.47) define entrepreneurship policy as being:

aimed at the pre-start, the start-up and post-start-up phases of the entrepreneurial process; designed and delivered to address the areas of motivation, opportunity and skill and; with the primary objective of encouraging more people in the population to consider entrepreneurship as an option, to move into the nascent stage of taking actions to start a business and proceed into the entry and early stages of the business.

 Examining the key differences between SME and entrepreneurship policy, Arshed and Danson (2016) highlight that, while SME policy focuses on firms, provides support for established firms, uses ‘hard’ policy instruments such as financial support, and is mainly delivered by a limited range of stakeholders within economic development institutions, entrepreneurship policy focuses on individuals, caters to the needs of people as they progress in their entrepreneurial journey, uses ‘soft’ policy instruments such as mentoring and entrepreneurship promotion more extensively, and its delivery mobilises a range of actors, from educators to the media and government agencies. While there are elements in the current strategy of the LEP that integrate aspects of an entrepreneurship policy, such as the delivery of pre-start and start-up support, this is still far from the ‘place-based’ orientation required to effect change in PPIPs. Moreover, the findings highlight that it is rather the local stakeholders who focus on delivering a ‘place-based’ entrepreneurship policy locally, through proactive outreach and the focus on raising aspirations and ambition locally. The LEP, on the other hand, is gradually centralising SME policy delivery and focusing on creating a favourable environment for high-growth businesses through measures such as direct financial incentives and creating favourable conditions through Enterprise Zones, which are key characteristics of SME policy (Huggins and Williams, 2009). The issue is that, in the current context of austerity and centralised control, the locality is increasingly constrained in its capacity to deliver a local entrepreneurship policy, which reinforces the need to do multi-scalar governance differently.

 With regard to the areas where policy can intervene to help alleviate the influence of institutional hysteresis and support PPIPs like Doncaster to foster a more entrepreneurial culture, an important focus should be on the education system. Through the promotion of tolerance and an openness to new ideas and creativity, education plays a critical role in promoting entrepreneurialism and resilience by increasing what Huggins and Thompson (2015b) refer to as the entrepreneurial resilience of a locality, namely a locality’s capacity to withstand economic disturbances without a major reduction in firm birth rates and to be fleet of foot in adapting to new economic circumstances. In particular, Dodd and Hynes (2012) have highlighted the importance of enterprise education to be sensitive to local contexts, especially in less developed areas where there is less cultural support for the archetypal high-growth entrepreneurship desired and promoted by policy makers, with schools playing a critical role in ‘storying’ entrepreneurship locally. In this regard, the work of the local Chamber of Commerce is critical, especially in terms of raising aspirations through their programmes in schools and highlighting entrepreneurship as a viable career option, hence the importance of promoting arrangements that galvanise stakeholders and reinforce and complement each other. With education within the remit and control of the government, there is a need for a more coordinated effort across scales to enable education to address the roots of place-specific challenges.

 Another area where ‘place-based’ entrepreneurship policy can help shape local informal institutions favourably concerns the importance of role models. Serving as an important self-reinforcing mechanism that promotes the development of an entrepreneurship culture (Bosma et al., 2012; Huggins et al., 2015), role models can play a critical role in places where entrepreneurship is yet to be perceived as a viable career option (Mueller, 2006). However, there is an argument to be made that it is small businesses, micro-businesses in particular, rather than larger businesses, that could help best as role models in promoting entrepreneurship locally. This would help signal the viability of entrepreneurship as a career option, especially to young people, while ambition could be stimulated through more holistic initiatives that seek to influence perceptions of place and opportunity positively. This is also critical in the context of attracting and retaining higher qualified people as well as potential entrepreneurs. The OME interviews highlighted multiple cases of entrepreneurs who have returned to Doncaster to set up their business after spending time away and realising the opportunities offered by the locality in the current context.

 However, changing perceptions of place and opportunity needs to be pursued actively in order to reach a critical mass of higher skilled people and entrepreneurs in the locality. At the same time, Mueller (2006) suggests that work and previous self-employment experience exceed the importance of formal education in terms of increasing the likelihood of engaging in entrepreneurial activity, with an entrepreneurial attitude being fostered through work experience in a small firm with managerial responsibilities. Considering the challenges of the ‘brain drain’ experienced by PPIPs like Doncaster, an important policy lever in increasing the attraction and retention of graduates locally could be the promotion of employment in micro-businesses, either in the form of an apprenticeship, internship, part-time or even full-time job. In light of current upskilling city-regional initiatives, such programmes would also help local micro-businesses to access higher skilled labour.

##  Concluding remarks

 The overall aim of this study was to examine the institutional challenges in fostering more entrepreneurial and resilient PPIPs. By investigating why peripheral post-industrial places exhibit low levels of entrepreneurial activity, exploring how entrepreneurs seek to navigate institutional challenges at the local level, and examining the approaches of policy makers to promoting higher levels of entrepreneurship and economic resilience, the study answered the overarching research question on how institutions shape entrepreneurship and economic resilience in peripheral post-industrial places. As such, the study contributes to a wider understanding of why some local and regional economies are more capable of renewal and transformation than others which remain locked in decline or underperformance. Moreover, it advances knowledge with regard to the roots and causes for the persistence of spatial disparities and uneven development and, through its focus on the less examined local scale, it highlights the heterogeneity of local institutional contexts, emphasising the importance of both the local institutional environment and the prevailing institutional arrangements in shaping the outcomes of economic development at the local level.

 The study has identified that PPIPs are constrained by institutional hysteresis at the local level, which reinforces legacies of the past and fosters negative perceptions of place and opportunity. It highlights that, to break the vicious cycle fuelled by institutional hysteresis, there is a need for localised policy that is sensitive to place and the nuances and specificities of the local institutional contexts that shape entrepreneurship and economic resilience locally. Moreover, the study showed that the current ‘hunting’ of ambitious entrepreneurs is rather an attempt to ‘cherry-pick’ anticipated winners, which overlooks the critical role of the local institutional context in which businesses operate in shaping their ambition, growth potential and performance, thereby highlighting the ‘place-neutral’ nature of the current support provision, and creating an important gap in the nature of support available to micro-businesses in PPIPs. The study argues this needs to be addressed through a differentiated, business and context-sensitive approach. However, these remain elusive ambitions in the current multi-scalar governance context which sees localities confronted with a devolution-austerity paradox that makes them less capable to intervene at the local level. At the same time, they face issues of democratic accountability as they struggle between doing what is right for the locality and doing what it right for the SCR to support the achievement of LEP targets and strategic priorities attuned more to centrally prescribed objectives than to locally determined challenges. As such, the study highlights the importance of getting multi-scalar governance right for empowering localities and fostering ‘place-based’ development.

 With regard to local economic development governance, the study addresses an important question, namely whether what is appropriate for Doncaster, or the locality more generally, is or ever will be appropriate for the SCR, or the city-region in general, and vice versa. In showing that institutional hysteresis is a place-dependent process, and thus manifests differently across localities, the study highlights that policies that will benefit the locality will not necessarily be relevant to the city-region as a whole. However, in the long-term, such localised policies will contribute to a more balanced national economy by fostering the development of a more entrepreneurial culture locally and by enhancing local economic resilience. Thus, the study argues that, if PPIPs are to become more entrepreneurial and resilient, local informal institutions need to be fore-fronted in economic development policy in order to address the challenges of institutional hysteresis and increase entrepreneurial ambition, and with it local economic resilience.

 At the same time, it is critical that localities are empowered to develop ‘place-based’ solutions to local problems as opposed to being coerced through meta-governance and control mechanisms to conform to centrally prescribed agendas. However, a key conclusion of the study is that, in the current UK multi-scalar governance context, LEPs are ‘free’ to pursue ‘place-based’ development objectives and have the autonomy to address local needs as long as those local needs match the strategic priorities as shaped by the national policy framework. This echoes Tomaney (2016, p.5) who characterises the current multilevel governance arrangements as “idiosyncratic, uneven and highly centralised … where devolved policy-making is approved only if it meets the criteria of central government”.

 In other words, the narrative is now being scripted at the local level as opposed to the national level, yet to reap the rewards, the local narrative must fit centrally prescribed requirements. With LEPs as the intermediaries tasked with scripting and leading local narratives, this recentralisation disguised in a ‘place-based’, local growth rhetoric creates the illusion of power which generates intrascalar tensions between the LEP and local authorities, resulting in a fragmented localism as opposed to galvanising local actors and providing a constructive framework for localised policy making. As the latter is a critical aspect for the success of ‘place-based’ policies, as emphasised by Barca et al. (2012), the prospects for ‘place-based’ development in the ‘new localism’ are poor, and ‘place-based’ policy remains an elusive endeavour in the current governance context. The study therefore echoes Harrison (2014, p.454) in that the current governance model “is promising, yet ultimately failing, to produce more locally attuned ‘place-based’ economic development interventions”. With central control scattered over the 39 LEP areas, economic development remains dominated by space-neutral thinking “clouded in an apparently ‘place-based’ rhetoric” (Hildreth and Bailey, 2014, p.368).

 To this end, a number key lessons can be distilled which are relevant for local economic development and multi-scalar governance in the UK and elsewhere.First, policy universalism is inappropriate not only at the national or regional level, but also at the city-regional level due to the heterogeneity of local level informal institutions. As the study demonstrates, not even in a city-region where localities share a similar history and related socio-economic challenges can umbrella policies delivered ‘centrally’ at the city-regional level effectively address the challenges specific to constituent localities. Therefore, a key conclusion of the study is that development can only truly be ‘place-based’ if localities not only have a voice in subnational governance but are empowered to shape economic strategies and to develop and deliver solutions that target local, place-specific challenges which, albeit seemingly common at higher scales, can manifest more acutely in peripheral locations.

Second, tolerating entrepreneurship within a highly restricted range of parameters is only going to deepen the inequalities between more developed and less developed places where, more than an SME policy, there is a need to promote a ‘place-based’ entrepreneurship policy that addresses local challenges. Concentrating support on high-growth potential businesses, albeit justifiable in an age of austerity where the pressure to ‘do more with less’ demands greater economic efficiency, is set to promote the growth of a few ambitious winners while overlooking the potential and needs of the overwhelmingly more numerous but ‘less ambitious’ or ‘less ideal’ businesses who are therefore less appealing for receiving public support. As a corollary, this is likely to result in a disproportionate allocation of resources across space, as entrepreneurial ambition and aspiration are spatially bound, thereby contributing indirectly to increasing intraregional inequalities. Previous studies have shown that not only are the majority of high-growth businesses concentrated within large cities as economic cores (Acs and Mueller, 2008), but also that highly productive firms tend to concentrate at the core, despite regional policy attempts to increase the share of industry at the periphery by incentivising firms to relocate (Baldwin and Okubo, 2006).

 Third, the growth of core cities is not a panacea for economic development and growth and does not address the longstanding issue of spatial economic disparities which, following the rescaling of governance at the local level, are increasingly discernible at the intraregional level. On the contrary, the focus on growing economic cores contributes to the development of an increasingly accentuated intraregional core-periphery pattern that contrasts with the policy and objectives of ‘place-based’ development.

 Therefore, echoing Jackson et al. (2013, p.28), who highlight the flaws in the assumption that “a rising economic tide will lift all boats”, the study concludes that premising local economic development on the heralded benefits of agglomeration is only likely to result in strengthened cores, at the expense of peripheries which face the risk of remaining economically and politically marginal. Unless policy moves away from a purely economic approach to local economic development and develops peripheral vision to empower localities to develop solutions tailored to place-specific challenges, little will change in the fortunes of underperforming localities such as PPIPs. Moreover, the UK will end up with what Hildreth and Bailey (2013b) refer to as a ‘spiky’ economic geography, lifting core cities as ‘mini-spikes’ while PPIPs remain struggling ‘in-between’.

 As an overall evaluation of the ‘new localism’ in terms of its shaping of local economic development, the study concludes that the current emphasis on core cities is too narrow to enable PPIPs like Doncaster to foster ‘place-based’ development and embark on economic renewal. Moreover, it not only fails to address the long-standing issue of spatial disparities in economic prosperity across UK’s regions and localities, but, through austerity and a continued central grip through subtle control mechanisms that restrict LEPs’ capacity for action, it contributes to perpetuating the existing spatial disparities at best. Maintaining a relentless focus on growing economic cores and promoting multi-scalar governance arrangements that only shift responsibility downward, while creating the illusion of power, will see the socio-economic challenges facing PPIPs persist, and with them UK’s spatial disparities which are increasingly manifesting at the intraregional level.

The findings and conclusions of the study are also relevant in the context of the government’s Industrial Strategy green paper which sets the vision for improving “living standards and economic growth by increasing productivity and driving growth across the whole country” (HMG, 2017a, p.5). The green paper makes important reference to the need for a more balanced national economy and vouches for a more ‘place-based’ orientation through a focus on building on place-specific strengths while tackling place-specific challenges, yet it fails to acknowledge the importance of local institutional contexts in shaping local growth, and continues to display a lack of peripheral vision in its emphasis on city deals and plans for further devolution deals with the largest cities. The aim to further build on “the strongly-performing areas that exist within every region … [to] make it easier for more people to access new job opportunities closer to them” (HMG, 2017a, p.108) highlights that promoting agglomeration is still seen as the norm in rebalancing the national economy. Moreover, while in the updated Industrial Strategy white paper ‘Places’ is one of the five foundations around which policy is designed, and while the reference is more granular and includes cities as well as towns and rural areas, there remains a key focus on agglomeration and cities as regional growth engines (HMG, 2017b). At the same time, policy remains preoccupied with reducing interregional disparities, with little consideration for the effects of the Strategy on intraregional disparities. A critical issue, therefore, is whether the new Strategy will capture and address the challenges of ‘in-between Britain’, of which PPIPs are a key part.

 In addition, with regard to enterprise support, the national policy framework maintains a focus on ambitious, high growth, innovative businesses, with plans to drive over of £20bn investment into such businesses over the next ten years. As such, despite the issues with ‘picking winners, there is a continued focus on ‘cherry picking’ more productive businesses (Morris et al., 2015), with little consideration for local business realities and the nuances and specificities of local entrepreneurial contexts. While the rhetoric states that policies should match local needs, the study has highlighted the institutional challenges under the current multi-scalar governance landscape. The process of fully devolving business rate revenues to local authorities in England is expected to contribute to the creation of a more level playing field in local economic development. On the contrary, as emphasised by Tomaney (2016) and Lowndes and Gardner (2016), this is expected to prove regressive and result in inter-place competition, with the winners being the already economically stronger places that are more attractive for business. Therefore, this is only likely to foster greater regional but also, critically, intraregional inequality.

 With regard to ‘what next’ for UK devolution and the SCR, the current turbulent governance context of the SCR raises important questions. With two of the constituent local authorities having withdrawn from the devolution deal, with another two, including Doncaster, having withdrawn their support for it, further delaying the agreed deal, and with talks of a One Yorkshire devolution deal, the current tensions are testament to the fact that the current configuration of governance has failed to galvanise city-regional and local actors and to provide a constructive framework for localised policy making. However, a critical question is whether another rescaling of governance and a return to regionalism will make PPIPs like Doncaster better-off and improve their capacity to become more entrepreneurial and resilient. In this regard, the study echoes the view expressed by Cox and Longlands (2016) that further disruption is of little value, but this is only the case if further disruption does not radically improve the effectiveness of multi-scalar governance and offers PPIPs access to the levers required to foster economic renewal and growth through ‘place-based’ strategies. The pendulum can keep swinging between regionalism and localism with every new election and policy cycle, yet if policy does not develop peripheral vision the overall outcome for PPIPs will be no different than that experienced hitherto.

 Moreover, the study resonates with Huggins and Williams’ (2011) conclusion that constantly changing the geographic scale of intervention with each change of political administration detracts from the policy patience necessary to enable the benefits of policy to materialise in lagging areas. As such, even if the UK is to see a new rescaling of policy intervention in the future, to avoid another **“**chaotic, expensive, messy and uncertain” institutional dismantling (Pike, Coombes et al., 2016, p.24), the government should not neglect the importance of what Pike et al. (2010) refer to as ‘institutional memory’, and thus should seek to build upon the knowledge and strategies of previous institutions rather than resort to ‘off-the-shelf’ solutions that result in another series of ‘fleet-of-foot’ partnerships (Pugalis and Townsend, 2013b). Rather than a new rescaling of governance, there is a need to re-‘place’ the locality at the forefront of local economic development governance.

 Devolution in the UK is at critical juncture where the opportunity to reap the benefits of local growth and ensure a more balanced national economy is contingent on whether the centre will continue to cling to its power or whether it will promote a configuration of multi-scalar governance that truly empowers localities to shape their own fortunes. Therefore, the study concludes with Martin, Pike et al.’s (2016, p.348, original emphasis) statement that “the time has come in the UK *spatially to decentre the power structures that drive and manage economic growth and development*. Unless there is a greater spatial balance in those structures, the national economy itself will remain spatially unbalanced”.

##  Future research

While the study is geographically localised given its focus on the PPIP of Doncaster, and while the views of the stakeholders interviewed cannot be considered to be representative of policy makers in the wider regional or national economy, the value of this research lies in the rich insights it provides regarding the institutional challenges in such peripheral localities. With regard to future research, there is increasing recognition of the critical role that institutions play in shaping economic development, yet research is merely starting to scratch the surface in terms of integrating institutional and political economy perspectives into economic geography. Therefore, with institutional hysteresis being not only a path-dependent but also a place-dependent process, it would be worthy to investigate its extent and impact in other peripheral locations, as well as in core economic areas to examine the transferability of national level policy to the local level.

 In the UK, previous research has identified most low enterprise counties to be in northern peripheral and former industrial regions (Mueller et al., 2008; Mason et al., 2015). One example is the North East which, following deindustrialisation, continues to experience economic underperformance and lower levels of entrepreneurship (Johnson, 2004; Hudson, 2005). Given the localised definition of PPIPs, such localities span across regions and can be found in both peripheral as well as more central regions. As such, future research at the national level could examine whether there are any differences in the impact of institutional hysteresis between PPIPs located in peripheral regions and PPIPs located in more central regions.

 Moreover, another avenue for future research is to expand and elaborate the nature of peripherality. While this study has focused on peripherality at the local level in a city regional context, thereby highlighting the granularity of the concept, there are varying levels of peripherality when scale is taken into consideration. As such, future research could investigate the impact of the peripherality of regional core cities such as Manchester and Sheffield in relation to London as the leading national economic core, thus taking a national view to peripherality. A similar investigation could be undertaken at the European level to highlight the impact of degrees of peripherality at higher scales.

 Outside the UK, research has highlighted the challenges confronting PPIPs in similar contexts. For example, Austria’s old industrial areas experience lower than average start-up activity and weaker economic performance (Tödtling and Wanzenböck, 2003), while structural, institutional and cognitive rigidity continues to constrain entrepreneurship and the regional economy of Twente in the Netherlands (Benneworth et al., 2006). Indeed, many of Western Europe’s old industrial areas continue to experience economic underperformance (Birch et al., 2010). Therefore, with research across different national contexts having identified key common issues affecting PPIPs globally, there is potential for future research on PPIPs at the international level. Given the differential nature of economic shocks and multilevel governance around the world, it would be valuable to examine how policy has responded through institutional change in different contexts.

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# Appendices

## Appendix A – Keywords and search strings

|  |  |
| --- | --- |
| **Keywords** | **Search strings** |
| Barrier | Micro business OR micro enterprise AND grow\* |
| Growth | Micro business OR micro enterprise AND barrier\* |
| Micro business | Micro business OR micro enterprise AND owner AND manager\* |
| Entrepreneurship | “business support” OR “business development” |
| Enterprise | Small business OR SME OR small and medium enterprise AND grow\* |
| Owner | Small business OR SME OR small and medium enterprise AND barrier\* |
| Manager | Entrepren\* AND grow\* |
| Business support | Entrepren\* AND barrier\* |
| Business development |  |
| Small and medium enterprise |  |
| Small business |  |
| SME |  |

## Appendix B – Inclusion and exclusion criteria

|  |
| --- |
| *Inclusion criteria* |
| **No.** | **Criteria** | **Reasons for inclusion** |
| 1 | Published journal papers (peer-reviewed) | Focus on high quality published work. |
| 2 | All sectors and industries | Capture evidence across all sectors and industries. |
| 3 | Empirical and conceptual articles | Include seminal papers that develop entrepreneurship research both empirically and conceptually. |
| 4 | Qualitative and quantitative empirical studies | Capture empirical evidence collected through different methodological approaches. |
| 5 | All SMEs | Enable a comparison of growth constraints between SMEs of different sizes. |
|  |  |  |
| *Exclusion criteria* |
| **No.** | **Criteria** | **Reasons for exclusion** |
| 1 | Pre-1980 | Research into entrepreneurship and SMEs attracted academic interest and grew substantially from the 1980s onwards. |
| 2 | Gender related studies | The investigation does not consider gender either a growth driver or constraint. |
| 3 | Foreign language | Exclude articles not written in English. |

## Appendix C – Articles included in the review and key findings

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Year | Author(s) | Journala | Approach | Focusc | Key findings | Themes coveredb |
| 1987 | Scott and Bruce | LRP | Conceptual | SB | Each growth stage (i.e. inception survival, growth, expansion, maturity) is preceded by a crisis of internal or external cause. A proactive behaviour diminishes any potential adverse effects of the crises. | 2, 4 |
| 1989 | Cooper, Woo and Dunkelberg | JBV | Empirical | MSE | Better education, managerial experience and previous job experience in a similar field are positively associated with starting larger businesses. | 2 |
| 1989 | Davidsson | JBV | Empirical | MSE | OMEs are more concerned about the loss of independence, managerial control, and employee well-being, which generate negative attitudes towards growth. Growth motivation diminishes as the business grows, growth deterrents becoming stronger than incentives once the business reaches 5-9 employees. | 3 |
| 1991 | Davidsson | JBV | Empirical | MSE | Subjective factors (i.e. perceptions of ability, need and opportunity) mediate the influence of objective factors on growth motivation. The need to grow has the most significant influence among both objective and subjective factors. Small firms stop growing due to ‘satiation’. | 3 |
| 1995 | Donckels and Lambrecht | SBE | Empirical | MSME | The positive relationship between networking and growth is stronger where networks extend outside a firm’s region, nationally and internationally. | 1 |
| 1995 | Smallbone, Leigh and North | IJEBR | Empirical  | MSME | High-growth SMEs show a higher propensity to be more innovative and to introduce new technology and have a greater awareness of their competitive advantage, being better able to recognise and react to market opportunities, their investment strategies and production management being customer-driven. | 1 |
| 1996 | Cressy | SBE | Empirical | MB (SU) | Pre-start-up income is positively associated with the start-up growth rate. Mature OMEs are more likely to run businesses that survive for longer. | 2 |
| 1996 | Hogarth-Scott, Watson and Wilson | MIP | Empirical | MB | Micro-businesses OMEs see formal advertising as ineffective, relying on word-of-mouth communications. Due to the perceived risks associated with growth, they tend to adopt an incremental approach. There is often insufficient work available for an extra employee, which limits the growth potential of micro-businesses. | 1, 3 |
| 1997 | Bryson, Keeble and Wood | SBE | Empirical | MSME | Higher professional and educational qualifications play a key role in the establishment and growth of small business service firms. OMEs rate the lack of managerial, marketing and sales skills as top growth constraints. | 2 |
| 1997 | Roper | SBE | Empirical | SME | Networking is used extensively by UK and Irish small businesses to drive and accelerate product innovation, which is positively related to both productivity and employment growth. | 1 |
| 1998 | Baines and Wheelock | ISBJ | Empirical | MB | Networking with weak ties is associated with a positive growth attitude. Only a minority of the micro-businesses engage in extensive /moderate networking, with a sparse use of formal and institutional networks. Only 25% of micro-business OMEs were identified as growth-oriented. | 1, 3 |
| 1998 | Deakins and Freel | TLO | Empirical | SME | It is essential for OMEs to develop the ability to learn from experience, “one of the key abilities in entrepreneurship” (p.151). | 2 |
| 1998 | Lean | JEIT | Empirical | MB | There is a mismatch between the governmental support provision and OMEs’ needs both at start-up and post-start-up, support failing to address key development needs such as the training and development of existing staff and the personal development OMEs. | 4 |
| 1998 | Moran | ISBJ | Empirical | MSE | Strong leadership and the ability to thrive under pressure are distinguishing skills of high growth-oriented OMEs who also adopt a ‘learning-by-doing’ philosophy. | 2 |
| 1998 | Watson, Hogarth-Scott and Wilson | IJEBR | Empirical | MB | OMEs of successful micro-businesses rate managerial skills as more important compared to OMEs of failing businesses, and require more support in leadership, motivation, and staff training and recruitment. OMEs with a minimum of apprenticeship experience are more likely to keep their businesses alive. | 2 |
| 1999 | Johnson, Conway and Kattuman | SBE | Empirical | MSE | Demand shocks can generate short-run constraints which determine whether micro-businesses remain very small or grow significantly, some being better off downsizing. OME’s human capital (i.e. education), coupled with that of the staff, can support the growth process by overcoming short-run constraints. | 2, 4 |
| 1999 | Perren | JSBED | Empirical | MB | Growth motivation, expertise in managing growth, resource access and demand are the four main growth drivers that mediate the influence of numerous other independent factors on micro-business growth. The desire to succeed is not always congruent with business growth. | 2, 3, 4 |
| 1999 | Rosa and Scott (a) | ERD | Empirical | MSME | A significant proportion of high-growth OMEs and directors have founded or held directorships in more than one business. | 2 |
| 1999 | Rosa and Scott (b) | Env Plan C | Empirical | MSE | OMEs of new high-growth firms have started more than one business. High-growth firms grow in ‘embryonic business clusters’. | 2 |
| 1999 | Smith | SBE | Empirical | MB | A greater awareness of the business environment, achieved through a strengths, weaknesses, opportunities and threats analysis, and the gathering of trade intelligence lead to better performance in young micro-firms. The use of IT is strongly and positively associated with firm performance. The number of accessible finance sources does not predict performance. | 1, 4 |
| 2000 | Carson and Gilmore | IBR | Empirical | SME | In growth SMEs experiential learning accumulates through knowledge, experience, communication, and judgement. | 2 |
| 2000 | Chaston | JRME | Empirical | SB | Networking improves organisational learning, enhancing flexibility, proactiveness, responsiveness to market changes, and increasing competence. Entrepreneurial/network oriented firms which market their products through networks outperform other firms. | 1 |
| 2000 | Chell and Baines | ERD | Empirical | MB | Micro-businesses OMEs actively engaging in networking with weak ties (i.e. people outside one’s close social circle) experience increased business performance, non-active networkers experiencing business plateauing and decline. Only 22% of micro-business OMEs were identified as growth-oriented. | 1, 3 |
| 2000 | Fielden, Davidson and Makin | JSBED | Empirical | MSE | Micro-business OMEs enjoy non-economic aspects such as being one’s boss, increased independence and flexibility, and job satisfaction. Financial barriers are the greatest both at pre-start-up and start-up stages, criticism being directed towards the government, for providing inaccessible, inadequate or inflexible grants, and towards financial institutions for being inflexible and reluctant to provide adequate capital. Taking on employees is seen as undesirable by micro-businesses due to perceived difficulties of recruitment and training, namely finding suitable candidates and the time and resources required to train them individually or through costly external training providers. Forty-one percent of micro-businesses prefer not to expand due to employee recruitment difficulties.External advice is seen as “useful, but too general in nature”, gaps being reported in more focused accounting and tax advice, and practical advice (p.302). | 1, 3, 4 |
| 2000 | Greenbank (a) | MIP | Empirical | MB | OMEs of UK micro-businesses do not actively engage in networking and formal marketing, relying mainly on “informally absorbed information” and on knowledge accumulated from previous experience (p.210). Formal marketing practices may not be suitable to micro-businesses at all times and stages of development.The majority of OMEs see no need to plan, only 20% preparing a business plan at start-up, mainly to fulfil the requirements of banks and support agencies. Continued planning was found in only 30% of the micro-businesses that planned at start-up but these were managing above average sized micro-businesses in terms of number of employees and turnover. Micro-businesses do not seek external advice at pre-start-up or start-up and, even when received, it is not considered useful. | 1, 4 |
| 2000 | Greenbank (b) | JEIT | Empirical | MB | There is a lack of fit between available training and development programmes and the needs of micro-business OMEs, rooted in support providers’ assumption that micro-businesses are similar to larger SMEs. There is a need for programmes that are flexible and tailored to the needs of micro-businesses. | 4 |
| 2000 | Mole | JSBED | Empirical | MSME | Small business advisers tend to offer advice for survival rather than suggesting riskier growth strategies. Most businesses only seek advice when they face difficulties, and therefore survival advice may be the more viable solution. | 4 |
| 2000 | O’Dwyer and Ryan  | JEIT | Empirical | MB | Just over a half of OMEs had a business plan at start-up, attitudes towards business planning varying considerably. Survey respondents mentioned benefits such as objective setting and strategic direction while focus group respondents referred to it as a “cosmetic document used to obtain finance” (p.350). Available training and development programmes are considered more appropriate for larger businesses; mentors are not considered appropriate support and are not consulted due to perceived risks (e.g. breaches of confidentiality). | 1, 4 |
| 2000 | Perren | JSBED | Empirical | MB | Growth motivation, expertise in managing growth, resource access and demand are the four main growth drivers that mediate the influence of numerous other independent factors on micro-business growth. | 2, 4 |
| 2000 | Robson and Bennett | SBE | Empirical | MSME | Collaborations with suppliers at national and international levels are positively associated with both employment and turnover growth. There is no relationship between support from government-backed agencies and firm performance. Valuable support comes from private sector sources. | 1, 4 |
| 2001 | Greenbank | IJEBR | Empirical | MB | OMEs with growth intentions are aiming for revenue rather than employment growth, which is limited by their desired income level. Growth is often perceived negatively due to potential loss of control and bankruptcy risk. | 3 |
| 2002 | Gray | JSBED | Empirical | MSME | Unveils a size-related effect: smaller firms, particularly micro-businesses, tend to be growth averse or prefer the status quo whereas larger firms are more growth-oriented, high change adopters being more likely to have growth intentions and to increase their sales performance. Independence is the main motivational factor, firm objectives often being linked to family objectives and lifestyle preferences, which are associated with growth aversion. OME’s age is negatively related to growth intentions. | 2, 3 |
| 2003 | LeBrasseur, Zanibbi and Zinger | ISBJ | Empirical | MB (SU) | Business planning was present in 84% of the firms and there is a positive relationship between such pre-start-up activities and OME’s growth intentions and actual expansion achieved. OMEs must avoid becoming “immersed in day-to-day operating issues” and shift their efforts towards managing the business (p.325). | 1, 2 |
| 2003 | Morrison, Breen and Ali | JSBM | Empirical | MSE | Growth-oriented businesses attain a balance between OMEs’ intention, business abilities and the opportunity environment, the three factors being inherently interdependent. Growth requires OMEs to perceive the business environment positively. | 1, 3, 4 |
| 2003 | Poutziouris | IJEBR | Empirical | MSME | Although the great majority of micro and small business OMEs aimed to increased profitability only 25% were growth-oriented, just over three percent actually wanting to increase the size of their business. Non-economic objectives (e.g. maintaining independence, increased leisure time, better standard of living) remain prevalent. Growth is associated with higher risk-propensity. | 3 |
| 2003 | Robertson, Collins, Medeira and Slater | ET | Empirical | AE | Financial barriers are the top barrier to start-up, including the lack of capital and fears of increased financial risk. | 4 |
| 2003 | Wiklund, Davisson and Delmar | ET&P | Empirical | MSE | OMEs are more concerned about employee well-being, independence, control, and concerns about crises survival than growth. | 3 |
| 2004 | Matlay | JSBED | Empirical | MSME | Confirms a size-related effect: OMEs’ awareness of, interest in, and use of these programmes is positively associated with firm size, some business support programmes excluding micro-businesses as a target group completely. Available training and support programmes do suit the specific needs of micro-businesses. | 4 |
| 2004 | Walker and Brown | ISBJ | Empirical | MSE | Non-economic objectives such as personal satisfaction, pride, and a flexible lifestyle are prevalent. | 3 |
| 2005 | Barringer, Jones and Neubaum | JBV | Empirical | SME | Education and prior related industry experience are top characteristics of OMEs of high-growth firms. Employee training programmes and employee development being critical to maintaining growth. | 2 |
| 2005 | Devins, Gold, Johnson and Holden | ET | Conceptual | MB | Argue for the need of programmes that are flexible and tailored to the needs of micro-businesses. | 4 |
| 2006 | Cassar | JBV | Empirical | NE | Managerial experience is positively associated with the aim to increase future sales and firm size. Better educated OMEs expect lower financial gains. A high household income positively influences intentions of firm growth.  | 2 |
| 2006 | Foreman-Peck, Makepeace and Morgan | Reg Stud | Empirical | SME | Marketing plans are associated with both growth and profitability. The belief that innovation is important is in itself a growth driver. The use of computerised accounts is strongly associated with high growth. OME’s age is negatively related to growth intentions. | 1, 2 |
| 2006 | Richbell, Watts and Wardle | ISBJ | Empirical | MSE | Around half of small business OMEs with had a business plan, and business plan possession and OMEs’ growth orientation are positively associated. Prior work experience and a higher level of education (i.e. beyond the minimum school leaving age) are associated with business planning. | 1, 2 |
| 2007 | Cassar | ERD | Empirical | NE | Independence is the most important career reason but it is negatively associated with both higher growth intention and preference. Financial success is among the top venture creation reasons, being more important for high risk-return OMEs, and is positively associated with all measures of growth intention and preference (i.e. sales, employment and venture size). | 3 |
| 2007 | Reijonen and Komppula | JSBED | Empirical | MB | Success is regarded in non-financial terms such as product or service quality and customer and work satisfaction, the aim being to make a living rather than actively pursuing growth. | 3 |
| 2007 | Vos, Yeh, Carter and Tagg | JBF | Empirical | MSME | High-growth oriented SMEs are more likely to use multiple sources of finance. | 4 |
| 2009 | Brush, Ceru and Blackburn | Bus Horiz | Empirical | MSME | Management, marketing, and finance play a key role in the growth process. Due to limited access to adequate external finance, SMEs often resort to pursuing organic growth. | 1, 2, 4 |
| 2009 | Huggins and Johnston | Growth Change | Empirical | SME | The positive relationship between networking and growth is stronger where networks extend outside a firm’s region, nationally and internationally. Networking facilitates innovation, influencing the extent of innovation activities. | 1 |
| 2009 | Wiklund, Patzelt and Shepherd | SBE | Empirical | SME | The impact of resource availability on growth is mediated by entrepreneurial orientation. Dynamism, hostility, and demand can constrain growth. | 3, 4 |
| 2011 | Barbero, Casillas and Feldman | ISBJ | Empirical | MSME | Marketing and financial capabilities facilitate high growth by enabling market expansion and innovation. | 2 |
| 2011 | Williams and Williams | LE | Empirical | AE | Prospective entrepreneurs fear that they will be unable to obtain finance and perceive finance as inaccessible, perceptions having a more significant influence on start-up decisions and growth ambitions. | 4 |
| 2012 | Barnes, Clear, Dyerson, Harindranath, Harris and Rae | JSBED | Empirical | MB | The use of Web 2.0 improves internal operational efficiency, increases operational capabilities, and results in better external communications. | 1 |
| 2012 | Mueller, Volery and Siemens | ET&P | Empirical | MSME | HR and employee relations are a major focus of growth entrepreneurs. Growth requires a transition from the involvement in the day-to-day business operations to managing growth and the organisation. | 1, 2 |
| 2013 | Coad, Frankish, Roberts and Storey | JBV | Empirical | SU | Education has a limited role in explaining start-up growth. Resources increase survival chances and subsequent growth, growth itself being associated with higher survival chances. Growth is not a ‘random walk’. | 2, 4 |
| 2013 | Douglas | JBV | Empirical | AE | A venture’s subsequent growth is shaped by initial start-up intentions. Independence-orientated intentions are negatively associated with risk tolerance and entrepreneurial self-efficacy but positively associated with attitude to work enjoyment and autonomy. Growth-oriented intentions are positively associated with entrepreneurial self-efficacy, the author alluding to the importance of financial success. | 3 |
| 2013 | Hulbert, Gilmore and Carson | IBR | Empirical | SME | The accumulated experiential knowledge is essential in identifying growth opportunities. | 2 |
| 2014 | Lee | SBE | Empirical | SME | Recruitment and skill shortages are reported as barriers to growth by high-growth SMEs. The state of the economy and competition are reported as constraints by potential high-growth SMEs. Both high-growth and potential high-growth SMEs face significant difficulties with obtaining finance and have cash flow problems but are less likely to perceive regulation and taxation as barriers. | 1, 4 |
| 2014 | Lofstrom, Bates and Parker | JBV | Empirical | AE | Higher pre-start-up levels of wealth and advanced education (e.g. college education) are associated with entry in high-barrier industries (i.e. higher risk industries with demanding entry requirements such as high fixed capital and technical knowledge). | 2 |

a Full journal titles for acronyms are provided in Appendix 3.

b 1 = Growth and business capabilities and practices; 2 = Growth and OME’s characteristics; 3 = Growth and OME’s ambition; 4 = Growth and the business environment.

c MB = Micro-businesses; MSE = Micro and Small Enterprises; SB = Small businesses; SME = Small and Medium Enterprises; MSME = Micro, Small and Medium Enterprises; SU = Start-Up; NA = Nascent Entrepreneurs; AE = Aspirant Entrepreneurs

## Appendix D – Journal titles for acronyms in Appendix C

|  |  |  |
| --- | --- | --- |
| **Acronym** | **Journal title** | **Number of articles in review** |
| *Bus Horiz* | *Business Horizons* | 1 |
| *Env Plan C* | *Environment and Planning C: Government and Policy* | 1 |
| *ERD* | *Entrepreneurship & Regional Development: An International Journal* | 3 |
| *ET* | *Education + Training* | 2 |
| *ET&P* | *Entrepreneurship Theory & Practice* | 2 |
| *Growth Change* | *Growth and Change* | 1 |
| *IBR* | *International Business Review* | 2 |
| *IJEBR* | *International Journal of Entrepreneurial Behaviour & Research* | 4 |
| *ISBJ* | *International Small Business Journal* | 6 |
| *JBF* | *Journal of Business and Finance* | 1 |
| *JBV* | *Journal of Business Venturing* | 8 |
| *JEIT* | *Journal of European Industrial Training* | 3 |
| *JRME* | *Journal of Research in Marketing and Entrepreneurship* | 1 |
| *JSBED* | *Journal of Small Business and Enterprise Development* | 8 |
| *JSBM* | *Journal of Small Business Management* | 1 |
| *LE* | *Local Economy* | 1 |
| *LRP* | *Long Range Planning* | 1 |
| *MIP* | *Marketing Intelligence & Planning* | 2 |
| *Reg Stud* | *Regional Studies* | 1 |
| *SBE* | *Small Business Economics* | 9 |
| *TLO* | *The Learning Organization* | 1 |

## Appendix E – Interview guide: local stakeholders

**Interview guide – Local stakeholders**

The aim of this project is to examine growth constraints faced by micro-businesses (businesses with 0-9 employees) in peripheral towns from post-industrial areas. Micro-business growth has the potential to generate significant employment and economic growth which is of particular relevance to peripheral post-industrial areas where economic regeneration is vital for restarting the economy. Nevertheless, the understanding of micro-businesses is limited. Micro-businesses represent a unique group with distinct characteristics and needs and therefore face various start-up and growth constraints. However, successful start-up and growth also requires a supportive institutional environment. This project will analyse how entrepreneurship is influenced by the interaction between institutions and agents (micro-business owner-managers) and will focus on Doncaster, a peripheral post-industrial town from the Sheffield City Region. In doing so, the study will provide an in-depth understanding of micro-business growth and will generate a number of policy implications.

1. Please describe your role in this organisation and how it relates to encouraging economic development.
2. How would you describe Doncaster? What do you think are Doncaster’s strengths and weaknesses as a place to do business?
3. Like many other areas, Doncaster experienced a decline in traditional industries in the 1970s. What impact do you think this event had Doncaster’s economy, the local business environment and people’s attitudes towards business? Do you think it influenced people’s perceptions about Doncaster as a place to do business? If so, how?
4. What policies are you aware of that are intended to support entrepreneurship and business growth in Doncaster? Are you aware of any initiatives, support programmes or policies aimed specifically at micro businesses to facilitate growth? Do you think they have they succeeded? Why/why not?
5. A very high percentage of all businesses in Doncaster are micro-businesses. Do you consider this to be problematic? Why/Why not?
6. Doncaster’s Borough Strategy (2014): “We don’t currently have enough **private sector jobs**, or the **diversity of employment** essential to creating a truly **vibrant economy**, but we’re doing all we can to improve this”. Strategy: “We will increase the **number and productivity** of Doncaster businesses through a focus on **supporting business start-ups**, being proactive in **supporting existing local businesses to grow**, attracting inward investment, attract **different types of busi­ness** and supporting those sectors that have **real growth potential**, like the rail industry, for example. Do you/does your organisation see micro-businesses as important for the local economy? If yes, why and how can they help achieve your strategy? If not, why?
7. Do you think that existing policies provide adequate incentives for micro-businesses to grow?
8. How would you comment on the following issues in relation to micro-businesses:
* Reasons and ambition to start and grow a business in Doncaster (micros lack ambition/non-economic reasons)
* Level of education and qualification of entrepreneurs/workforce (deficient)
* The adequacy of current support and training and development programmes (inadequate/inflexible)
* The availability of finance for growth (inadequate, reluctance of banks to provide finance)
* Recruiting extra employees (difficult, time consuming, expensive, skill shortages)
1. How may the above issues be overcome and what policy changes would you like to see which would support micro and/or SME growth more effectively?
2. What do you think the **main challenges** in reviving entrepreneurship and growth but also the **key priorities** for supporting micro-businesses to grow?
3. How can your organisation support and revive micro-business growth?
4. Is there anything we have not discussed that you would like to add?

## Appendix F – Interview guide: owner-managers

**Interview guide – Owner-managers**

The aim of this project is to examine growth constraints faced by micro-businesses (businesses with 0-9 employees) in peripheral towns from post-industrial areas. Micro-business growth has the potential to generate significant employment and economic growth which is of particular relevance to peripheral post-industrial areas where economic regeneration is vital for restarting the economy. Nevertheless, the understanding of micro-businesses is limited. Micro-businesses represent a unique group with distinct characteristics and needs and therefore face various start-up and growth constraints. However, successful start-up and growth also requires a supportive institutional environment. This project will analyse how entrepreneurship is influenced by the interaction between institutions and agents (micro-business owner-managers) and will focus on Doncaster, a peripheral post-industrial town from the Sheffield City Region. In doing so, the study will provide an in-depth understanding of micro-business growth and will generate a number of policy implications.

1. Please describe your business and your role in the business. Where do you mainly do business (what is your main market)?
2. What’s the business environment in Doncaster like? How important is that for your business?
3. What determined you to set up your business?
4. Do you tend to focus on the day-to-day operations, on managing the business or on both?
5. Do you intend to grow your business? Why/why not? If yes, is it in the next 6, 12 or 24 months? How do you see the growth: turnover, employees, productivity growth?
6. What do see as the main barriers to growth? Link back to main market question.
7. Doncaster’s Borough Strategy (2014): “We don’t currently have enough **private sector jobs**, or the **diversity of employment** essential to creating a truly **vibrant economy**, but we’re doing all we can to improve this”. Strategy: “We will increase the **number and productivity** of Doncaster businesses through a focus on **supporting business start-ups**, being proactive in **supporting existing local businesses to grow**, attracting inward investment, attract **different types of busi­ness** and supporting those sectors that have **real growth potential**, like the rail industry, for example.

As part of the Borough’s strategy the Borough has identified business support as important. What kind of business support do you need? Same for inward investment – what sort of inward investment would be helpful to you? (LEP – attract OMEs to galvanise supply chains). Be as specific as possible.

1. How would you comment on the following issues:
* Business support provision and training and development programmes available: are you currently receiving any business support? Is it private or public?
* Do you think the local authority is doing enough for business and are they being helpful?
* Access to finance: Have you tried to access finance? Did you face any issues?
* Recruiting extra employees/skills pool available
* Networking: Do you do it, why do you do it and how do you do it?
* Business planning and business model: Understanding of business plans and business models – tease that out.
1. What would you like to see more of happening in Doncaster in terms of entrepreneurship? In relation to you and your business: if you were starting your business again, what kind of support would have benefitted you?
2. Are you currently or have you previously benefitted from any public sector funding?
3. Explain my PhD study again: Is there anything else that you believe is hindering the growth of micro-businesses or would support the growth of micro-businesses?

## Appendix G – Participant information sheet guide: local stakeholders

**Participant Information Sheet**

Examining micro-business growth constraints: Some lessons for underperforming peripheral post-industrial towns

*You are being invited to take part in a research project. Before you decide it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask the doctoral researcher if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part. Thank you for reading this.*

**Project purpose**

The aim of this project is to examine growth constraints faced by micro-businesses (businesses with 0-9 employees) in peripheral towns from post-industrial areas. Micro-business growth has the potential to generate significant employment and economic growth which is of particular relevance to peripheral post-industrial areas where economic regeneration is vital for restarting the economy. Nevertheless, the understanding of micro-businesses is limited. Micro-businesses represent a unique group with distinct characteristics and needs and therefore face various start-up and growth constraints. However, successful start-up and growth also requires a supportive institutional environment. This project will analyse how entrepreneurship is shaped by the interaction between institutions and agents (micro-business owner-managers) and will focus on Doncaster, a peripheral post-industrial town from the Sheffield City Region. In doing so, the study will provide an in-depth understanding of micro-business growth and will generate a number of policy implications.

**Why have I been chosen?**

You are being invited to participate in the study because you are a representative of an institution that influences the business environment and entrepreneurship in Doncaster and your response is essential for the purpose of this study.

**Do I have to take part?**

It is up to you to decide whether or not to take part. Participation is entirely voluntary and you can withdraw at any moment without giving a reason. If you decide to take part you will be given this information sheet to keep (and be asked to sign a consent form) and you can still withdraw at any time without giving any reason. Should you not wish to answer any particular question or questions, you are free to decline.

**What will happen to me if I take part?**

You will be interviewed to discuss aspects related to the institutional environment that governs entrepreneurship at the national and regional level and aspects related to the support and the role of micro-businesses in the local and regional economy. The format of the interviews is semi-structured in order to allow the exploration of various issues.

**Will I be recorded, and how will the recorded media be used?**

If you give your consent the interviews will be audio recorded. The audio recordings made during this research will be used only for analysis undertaken as part of the research project. No other use will be made of them without your written permission, and no one outside the project will be allowed access to the original recordings. However, if you choose not to be audio recorded you can still participate in the study (notes will be taken instead). The findings resulting from the analysis of the recorded media and interview notes will be published in an academic journal and any quotes from the recordings included in the journal article will be fully anonymised, unless otherwise agreed.

**Will my taking part in this project be kept confidential?**

Yes. All the information collected about you during the course of the research will be kept strictly confidential. The degree of confidentiality will be agreed with you, i.e. you can choose whether you consent to the name of the institution you represent to be associated with your answers, whether you want your identity to be fully anonymised or whether you want all data related to you to be fully anonymised. Although the study will be conducted in Doncaster and the name of the town will be mentioned in the research and associated with your answers, you will not be able to be identified in any reports or publications, unless specifically required and consented by you. The doctoral researcher will have control of, and act as the custodian for, the data generated by the project and only the research team, i.e. doctoral researcher and supervisors, will have access to the data collected for this research project. Interview data will be kept securely on a password protected laptop and deleted after five years.

**What type of information will be sought from me and why is the collection of this information relevant for achieving the research project’s objectives?**

The interview will explore the policies and strategies aimed at supporting entrepreneurship locally and regionally, the importance of micro-businesses for the local and regional economy, current available support for micro-businesses, and any other aspects related to influence of the institutional environment on entrepreneurship in Doncaster. This information is essential for analysing the influence of formal institutions on entrepreneurship in Doncaster.

**What will happen to the results of the project?**

The results will be analysed for the purposes of the research project and will also be published in academic journals.

**Who is organising and funding this project?**

This research project is part funded by Doncaster Metropolitan Borough Council.

**Who has ethically reviewed the project?**

This project has been ethically approved via University of Sheffield’s Ethics Review Procedure.

**Contact for further information**

For further information about the project and your participation please contact me at cagherhes1@sheffield.ac.uk.

If you have any other queries or concerns please contact Professor Vorley (supervisor), tim.vorley@sheffield.ac.uk.

## Appendix H – Participant information sheet: owner-managers

**Participant Information Sheet**

Examining micro-business growth constraints: Some lessons for underperforming peripheral post-industrial towns

*You are being invited to take part in a research project. Before you decide it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask the doctoral researcher if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part. Thank you for reading this.*

**Project purpose**

The aim of this project is to examine growth constraints faced by micro-businesses (businesses with 0-9 employees) in peripheral towns from post-industrial areas. Micro-business growth has the potential to generate significant employment and economic growth which is of particular relevance to peripheral post-industrial areas where economic regeneration is vital for restarting the economy. Nevertheless, the understanding of micro-businesses is limited. Micro-businesses represent a unique group with distinct characteristics and needs and therefore face various start-up and growth constraints. However, successful start-up and growth also requires a supportive institutional environment. This project will analyse how entrepreneurship is influenced by the interaction between institutions and agents (micro-business owner-managers) and will focus on Doncaster, a peripheral post-industrial town from the Sheffield City Region. In doing so, the study will provide an in-depth understanding of micro-business growth and will generate a number of policy implications.

**Why have I been chosen?**

You are being invited to participate in the study because you are an owner-manager of a micro-business from Doncaster and your response is essential for the purpose of this study.

**Do I have to take part?**

It is up to you to decide whether or not to take part. Participation is entirely voluntary and you can withdraw at any moment without giving a reason. If you decide to take part you will be given this information sheet to keep (and be asked to sign a consent form) and you can still withdraw at any time without giving any reason. Should you not wish to answer any particular question or questions during the interview, you are free to decline.

**What will happen to me if I take part?**

You will be asked to answer an online questionnaire and provide information about your micro-business and yourself. The questionnaire will take less than 15 minutes to complete. At the end of the questionnaire you will be asked whether you would like to take part in a follow-up semi-structured interview at a later date to explore and discuss your experience as a micro-business owner-manager more in-depth.

**Will my taking part in this project be kept confidential?**

Yes. All the information collected about you during the course of the research will be kept strictly confidential. The online questionnaire will anonymise the answers so that the data collected cannot be traced back to you. At the interview stage, the degree of confidentiality will be agreed with you, i.e. you can choose to have all data related to you fully anonymised or otherwise agree to the kind of information you consent to be disclosed in the research project and future related publications (e.g. name and type of business, industry, your name). Although the study will be conducted in Doncaster and the name of the town will be mentioned in the research and associated with your answers, you will not be able to be identified in any reports or publications, unless specifically required and consented by you. The doctoral researcher will have control of, and act as the custodian for, the data generated by the project and only the research team, i.e. doctoral researcher and supervisors, will have access to the data collected for this research project. Questionnaire and interview data will be kept securely on a password protected laptop and deleted after five years.

**What type of information will be sought from me and why is the collection of this information relevant for achieving the research project’s objectives?**

The questionnaire includes questions about your micro-business and yourself. Questions about your micro-business will include aspects such as age of the company, type of business, industry, number of employees, business performance, and the level of engagement in business activities such as marketing, business planning and networking. Questions about yourself will require information about your age, level of education, skills, experience, motivation, ambition and other work-related aspects. This information is essential for examining the general profile of micro-businesses in a peripheral post-industrial town. The interview will explore your experience as a micro-business owner-manager, particularly why you decided to set-up a micro-business, what are your future intentions, what you think are the main challenges and how you perceive Doncaster as a place for business. This information is essential for analysing how culture, perceptions and experiences influence entrepreneurship in the area.

**Will I be recorded, and how will the recorded media be used?**

If you agree to take part in a follow-up interview and if you give your consent the interviews will be audio recorded. The audio recordings made during this research will be used only for analysis undertaken as part of the research project. No other use will be made of them without your written permission, and no one outside the project will be allowed access to the original recordings. However, if you choose not to be audio recorded you can still participate in the study (notes will be taken instead). The findings resulting from the analysis of the recorded media and interview notes will be published in an academic journal and any quotes from the recordings included in the journal article will be fully anonymised, unless otherwise agreed.

**What will happen to the results of the project?**

The results will be analysed for the purposes of the research project and will also be published in academic journals.

**Who is organising and funding this project?**

This research project is part funded by Doncaster Metropolitan Borough Council.

**Who has ethically reviewed the project?**

This project has been ethically approved via University of Sheffield’s Ethics Review Procedure.

**Contact for further information**

For further information about the project and your participation please contact me at cagherhes1@sheffield.ac.uk. If you have any other queries or concerns please contact Professor Vorley (supervisor), tim.vorley@sheffield.ac.uk.

## Appendix I – Consent form

**Participant Consent Form**

|  |
| --- |
| **Title of Research Project**: Examining micro-business growth constraints: Some lessons for underperforming peripheral post-industrial towns**Name of Researcher:** Cristian GherhesParticipant Identification Number for this project: Please initial box1. I confirm that I have read and understand the information sheet explaining the above research project and I have had the opportunity to ask questions about the project.
2. I understand that my participation is voluntary and that I am free to withdrawat any time without giving any reason and without there being any negativeconsequences. In addition, I understand that should I not wish to answer any particular question or questions, I am free to decline.
3. I understand I am free contact the doctoral researcher if I want to clarify a response or ask for a response to be removed.
4. I understand that my responses will be kept strictly confidential. I give permission for members of the research team to have access to my anonymised (or otherwise agreed) responses.
5. I understand that my name will not be linked with the research materials, and I will not be identified or identifiable in the report or reports that result from the research, unless otherwise agreed.
6. I agree to be recorded during the interview and I consent to the audio recording and interview notes to be used for the purpose of the research project and in publications related to this research project.
7. I agree to take part in the above research project.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Name of Participant Date Signature*To be signed and dated in presence of the participant*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Lead Researcher Date Signature*To be signed and dated in presence of the participant*Copies: *Once this has been signed by all parties the participant should receive a copy of the signed and dated participant consent form, the pre-written information sheet and any other written information provided to the participants. A copy of the signed and dated consent form should be placed in the project’s main record (e.g. a site file), which must be kept in a secure location.* |