DIRECTOR’S FOREWORD

The Annual report for the CBR for the calendar year 2003 demonstrates our continued commitment to first-rate academic research. On that foundation we have continued to build our reputation for a distinctive interdisciplinary approach and for high quality evidence based policy and consultancy advice.

CBR research has led to the publication in 2003 of over 30 articles, in leading journals covering the full breadth of disciplines involved in our work. These articles were published in journals ranging from the Economic Journal, to the Strategic Management Review, the Journal of International Management, the Industrial Law Journal, the Modern Law Review, and the Harvard Business Review. CBR research also led to 7 new books and official research reports being published in the course of 2003.

The quality of our academic research and our willingness and ability to address matters of current policy and business concern has meant that CBR researchers have been in constant demand for policy and consultancy advice to user communities. This has include 24 memberships of committees and advisory panels external to the University, ranging from Specialist Adviser for a Committee of the House of Lords, to membership of an Expert Research Advisory Panel at the DfES, to membership of the academic panel working with the DTI Innovation Review, to specialist advice to the European Commission on the implementation of the EU Working Time Directive.

Our research has also led to substantial funding for research beyond our core grant. This has been gained in competitive peer review and open tendering procedures, with over £400K of non-core funded research taking place in the year.

The report reflects the commitment to research and research support of all the academic and administrative staff at the CBR and our research associates in the UK and worldwide. It also reflects the continued advice and support we have received from an exceptionally committed and constructively critical Advisory Board whose members bring to bear on our work their high-level experience drawn from the business, policy and academic communities. I am extremely grateful to them all.

Alan Hughes

March 2004
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1. EXECUTIVE SUMMARY

STAGE OF DEVELOPMENT AND STRUCTURE

The CBR is an established ESRC Centre in its tenth and final year of ESRC core funding. This report covers, as now required by the ESRC, the calendar year 2003, which is roughly equivalent to the ninth year of CBR activity.

The CBR has a Director, Alan Hughes, and three Assistant Directors, who are all tenured members of staff of the University of Cambridge. Each of the Assistant Directors is responsible for a research programme consisting of a group of related projects. These programmes are Innovation and Productivity (Nick Oliver), Corporate Governance (Simon Deakin), and Enterprise and SMEs (Andy Cosh). The latter programme includes a Survey and Database Unit which runs the CBR’s well-known SME survey programme and provides specialist advice across the full range of all CBR survey related activity. It also includes a Policy Evaluation Unit which provides high quality evidence-based evaluation research on a wide range of policy initiatives. Summary reports of CBR activity for each programme, project and unit are provided in Section 7 of this report.

RESOURCES AND SCALE OF ACTIVITY

In the calendar year 2003 covered by this report the core grant from ERSC was around £530K and the CBR in addition attracted a further £440K in research grant and related funding. Over 20 contract research staff and research assistants were employed in the course of the year, and around 60 research associates from the staff of Cambridge University and other Universities worldwide actively participated in our research activities. Over 40 PhD and MPhil students were supervised by CBR research staff and principal investigators. There is an active international visitor and Visiting Fellows programme. In 2003 Professors Roos, and Scott Morton, of MIT were Visiting Fellow along with Dr Coghill (Monash), Dr Inaba (Osaka), and Professor Stewart (Flinders, South Australia).

CBR’s research activity is supported by a compact administrative support team consisting of 4.75 FTE staff who in 2003 were responsible for all aspects of the CBR’s grant application and grant processing activity, personnel and financial management and recruitment, working paper publication, web maintenance, public relations, events management and secretarial support for CBR staff.

The Director and Assistant Directors are seconded part time to CBR by the University of Cambridge at no cost to ESRC as part of the University’s matching support for ESRC core funding. In addition the University of Cambridge has committed purpose-built office accommodation for the whole of the CBR’s activities in the Judge Institute of Management Building in the heart of Cambridge.

Full details of resources in 2003 are provided in Appendix 6 which also provides comparable data for the previous 8 years.

OBJECTIVES

The CBR’s objectives are to: carry out to the highest standards a programme of interdisciplinary business research; disseminate the results of that research; and build a body of young researchers skilled in interdisciplinary research methods and able to publish at the highest levels in both inter and intra disciplinary contexts. These objectives are set out in detail in section 3 below.

OUTCOMES

IN THE CALENDAR YEAR 2003:

a) CBR research has been disseminated in 7 books and official reports, 33 journal articles, 29 chapters in books and over 50 other publications including the CBR’s own edited working paper series. Articles have appeared in the full range of outlets consistent with CBR objectives including Harvard Business Review, Economic Journal, Journal of International Management, Strategic Management Journal, Competition and Change, Organization, Research Policy, Regional Studies, British Journal of

b) CBR researchers have participated in 20 international collaborative research networks and made over 70 conference and workshop presentations in 11 countries and 3 continents.

c) CBR researchers have been in constant demand for policy and consultancy advice to user communities with 24 memberships of committees and advisory panels external to the University, ranging from Specialist Adviser for a Committee of the House of Lords, to membership of an Expert Research Advisory Panel at the DfES, to membership of the academic panel working with the DTI Innovation Review, to specialist advice to the European Commission on the implementation of the EU Working Time Directive.

d) CBR has held several conferences and workshops involving extensive user interaction. These included an international workshop organised by CBR on behalf of Dr John Taylor, Director General the Research Councils on High Technology Businesses and Industrial Clusters, and a conference entitled ‘Enterprise Challenged’ based on the CBR biennial survey of the small and medium sized enterprise sector in the UK which was the CBR’s contribution to the ESRC ‘Social Science Week’.

e) 3 Substantial databases arising from ESRC funded research have been deposited with the ESRC data archive. A total of 13 databases have now been deposited which we believe is an exemplary record of best practice in this area.

f) Research Fellows leaving CBR have continued to go to tenure track posts at universities in Europe and the USA.

Full details of these outcomes are provided in sections 4, 5, 7 and 8 and in appendices 1-6 of this report.
2. INTRODUCTION: LIFECYCLE, STRUCTURE, RESOURCES, OBJECTIVES AND OUTCOMES

LIFECYCLE, STRUCTURE AND RESOURCES

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OBJECTIVES

The CBR’s objectives are to: carry out to the highest standards a programme of interdisciplinary business research; disseminate the results of that research; and build a body of young researchers skilled in interdisciplinary research methods and able to publish at the highest levels in both inter and intra disciplinary contexts. These objectives are set out in detail in section 3 below.

OUTCOMES

These are set out in detail in sections 7-11 below and in the appendices to this report.
3. OBJECTIVES

ABOUT THE CENTRE

The CBR was established as an independent research centre within the University of Cambridge in October 1994. It is principally housed in custom-built accommodation on the sixth floor of the Judge Institute of Management Studies Building. The CBR is an interdisciplinary centre and draws upon researchers from the Faculties of Economics and Politics, Law, and Social and Political Sciences, the Departments of Geography and Land Economy, the Manufacturing Engineering Group within the Department of Engineering, and the Judge Institute of Management Studies.

The ESRC’s contract with the University of Cambridge specifies the following aims and objectives to be met by the Scientific Programme of the CBR

THE SCIENTIFIC PROGRAMME

MAJOR ADVANCES ARE EXPECTED IN THESE AREAS:

a) the analysis of the interrelationships between management strategy, takeovers and business performance in an international competitive context;

b) the analysis of the relationship between corporate governance structures, incentives systems, business performance and the regulatory and legal environment;

c) the analysis of policy, entrepreneurial styles, innovation, finance, training and international activity and networking and cooperative activity in relation to the survival, growth and development of small and medium-sized firms.

It is also expected that in making these advances, the CBR will make a significant contribution to the construction and analysis of large and complex datasets including survey and panel data.

In order to achieve the objectives set out above, the CBR will be expected to carry out the following actions:

a) conduct an interdisciplinary research programme in Business Research;

b) construct and maintain survey and related databases necessary for the conduct of Business Research;

c) mount a series of workshops and seminars in Business Research;

• produce and distribute a Working Paper Series to disseminate the results of the Centre’s research programme;

• maintain contact with researchers in the UK and abroad in cognate areas of research, and with potential users of the output of the Centre’s research, in designing and executing the Centre’s programme of research.

It is also expected that, in making these advances, the CBR will make significant contributions to the following areas: a) economics, b) human geography, c) management and business studies, d) socio-legal studies.
4. MAIN OUTCOMES OF THE YEAR

IN THE CALENDAR YEAR 2003:


b) CBR researchers have participated in 20 international collaborative research networks and made 77 conference and workshop presentations in 11 countries and 3 continents.

c) CBR researchers have been in constant demand for policy and consultancy advice to user communities with 24 memberships of committees and advisory panels external to the University, ranging from Specialist Adviser for a Committee of the House of Lords, to membership of an Expert Research Advisory Panel at the DfES, to membership of the academic panel working with the DTI Innovation Review, to specialist advice to the European Commission on the implementation of the EU Working Time Directive.

d) CBR has held several conferences and workshops involving extensive user interaction. These included an international workshop organised by CBR on behalf of Dr John Taylor, Director General the Research Councils on High Technology Businesses and Industrial Clusters, and a conference entitled ‘Enterprise Challenged’ based on the CBR biennial survey of the small and medium sized enterprise sector in the UK which was the CBR’s contribution to the ESRC ‘Social Science Week’.

e) 3 Substantial databases arising from ESRC funded research have been deposited with the ESRC data archive. A total of 13 databases have now been deposited which we believe is an exemplary record of best practice in this area.

f) Research Fellows leaving CBR have continued to go to tenure track posts at Universities in Europe and the USA.

Full details of these outcomes are provided in sections 4, 5, 7 and 8 and in appendices 1-6 of this report

SELECTED DISSEMINATION HIGHLIGHTS

RESEARCH ON SMES

A series of short briefing papers written to highlight the research findings of the CBR’s latest large-scale study of UK small and medium-sized enterprises – Enterprise Challenged: Policy and Performance in the British SME Sector, 1999-2002 - were highly successful in generating media coverage, and policy debate. We received coverage in the Cambridge Evening News, the Mail on Sunday, the Sunday Times, the Times, Business Europe.com, the Daily Telegraph and Professional Manager magazine. Co-author Andy Cosh, assistant director of the CBR, was interviewed on BBC Radio Four’s In Business programme. The Enterprise Challenged book was launched at a conference held in Cambridge in June 2003. As part of our engagement strategy, we responded to an invitation to hold this conference during the ESRC’s Social Science Week, and took up the opportunity offered by the ESRC to help us promote it via their publicity / leaflets. We also, for the first time, sought sponsorship from the private sector for both the book and the conference. Our aim in doing so was both directly to engage businesses in our research and to help us keep down the cost of the book, and the price of places at the conference for others. Property company Ashwell; Norwich & Peterborough Building Society and the Cambridge-MIT Institute all took up the opportunity to sponsor the event and to send delegates.

RESEARCH ON GENDER AND PAY EQUITY

A press release on CBR Working Paper 251, on gender and pay inequity, led to coverage in both the Cambridge Evening News and Professional Manager magazine, of researcher Jude Browne’s conclusion that it would help close the existing pay and gender gap if working parents were allowed to share paid parental leave, rather than simply extending paid maternity leave. This research was carried out in connection with an EC Fifth Framework Programme project on labour markets and capabilities.
RESEARCH ON THE IMPLEMENTATION OF THE WORKING TIME DIRECTIVE IN THE UK

Research carried out for the European Commission by Catherine Barnard, Simon Deakin and Richard Hobbs, on the implementation of the EU Working Time Directive in the UK, received considerable press interest in December 2003 and January 2004 around the time of the announcement by the Commission of its review of the UK’s opt-out from the 48-hour working week. On 6 January 2004 an opinion piece by Deakin and Barnard was published by the Financial Times, with a credit for the CBR which will be publishing the research as a Working Paper in March 2004, and further articles citing the research appeared in People Management and Efinancialcareers.com.

SELECTED SCIENTIFIC HIGHLIGHTS

CORPORATE GOVERNANCE AND COMPETITION IN EMERGING MARKETS

Ajit Singh has been investigating the relationship between corporate governance, product and capital market competition, stability and economic growth. The Economic Journal published in November 2003, a symposium on the subject, with a lead article from Singh and contributions from Dennis Mueller and his colleagues in Vienna, John Roberts and his colleagues from United States, as well as the Cambridge team of Glen, Lee and Singh. The broad message of the symposium is that the received image of developing countries as being characterised by pervasive and inefficient government controls on economic activity, lack of competition, immature and imperfect capital markets and poor corporate governance is very far from being the whole picture. Although there might be shortcomings in corporate governance in some cases, leading emerging countries have vibrant product markets, displaying as much intensity of competition as that observed in advanced countries. Further, despite the capital market imperfections, stock markets in these countries have been growing fast and contributing significantly to corporate growth through new primary issues.

SME POLICY AND THE OBJECTIVES OF HIGH-TECH CEOs

Across Europe those who create and run high-tech SMEs have become a primary focus of industrial policy. Part of the rationale for the focus on small high-tech firms lies in the desire to emulate the experience of the US. There is a danger, however, of implicitly promoting a particular business model: one emphasising personal financial gain and venture capital funding, which may be at variance with those prevailing among the broad spectrum of existing high-tech small firms. The characteristics, pre-occupations and problems of the vast bulk of small firms operating in high-tech sectors, and making a contribution to international competitiveness through innovation and export may be overlooked in the current policy climate. By way of redress, work by Thelma Quince and Hugh Whittaker reports the preliminary findings from a qualitative study of 25 existing small high technology firms in the UK ('The beer beneath the froth: preliminary findings from case studies of 25 small high technology firms’, CBR Working Paper No. 272). The paper won a best paper award at the International Council for Small Businesses 2003 World Conference in Belfast.

THE EFFECTS OF CROSS-BORDER MERGERS

CBR research using a dataset of 4,000 acquisitions by UK public firms during 1984-1998 has charted the effects of domestic and cross-border mergers. In acquisitions of domestic public targets, abnormal returns are negative over both the announcement and post-acquisition period; in acquisitions of cross-border public targets, abnormal returns are zero over the announcement period but negative over the post-acquisition period; and acquisitions of both domestic and cross-border private targets result in positive announcement returns and zero long run returns. When the dataset was extended to examine the performance of multiple acquirers, it was found that performance declines only for acquirers whose first acquisitions are successful. For acquirers whose first acquisition is unsuccessful, the bid order effect is positive. These results are consistent with a ‘hubris effect’, mean reversion effect, or diminishing returns effect for successful first acquirers, with some learning effects for unsuccessful first acquirers (Charlie Conn, Andy Cosh, Paul Guest and Alan Hughes, ‘The impact on UK acquirers of domestic, cross-border, public and private acquisitions’, CBR Working Paper No. 276, 2003, and ‘Why must all good things come to an end? The performance of multiple acquirers’, mimeo).
5. PROGRESS TOWARDS OBJECTIVES

The outcomes described in section 4 are direct evidence of progress against each of the objectives described in section 3. They reinforce the conclusions of the Evaluation Panel\(^1\) which in 2002, after completing a rigorous review of the first 7 years of our work stated that:

The CBR ‘has conducted a first class programme of interdisciplinary research, combining contributions from economists, lawyers, geographers, management scientists, and sociologists’, that… ‘the work of the CBR is innovative and interdisciplinary in the fullest sense’, and that ‘interdisciplinary work…is not easy to achieve and sustain, but the CBR has made some very important contributions from such a base. For that we should all be grateful to them’. The panel was particularly impressed by the fact that interdisciplinarity has been the driving force behind the most influential aspects of the Centre’s work, and this achievement is clearly appreciated by other scholars’. It noted in particular that the CBR had ‘made first class contribution to the analysis of corporate governance and the growth and performance of small and medium sized enterprises.’ Another important aspect of the mission of CBR has been to engage with a wide variety of users of our research. Here too the panel noted significant achievements and the positive role played by our active Advisory Board. User connections have been particularly strong at the level of policy where the Panel concluded that we had ‘made an important contribution to UK Government policy’ and that our work is ‘held in high esteem by the Departments which have used the research extensively’. Finally the CBR is dedicated to creating career paths for interdisciplinary researchers in the UK. Here the Panel noted that the CBR ‘operates a successful staff development programme which has underpinned its own achievements and made an important contribution to the UK’s capacity for interdisciplinary business research’.

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\(^1\) The Panel members were Professor Colin Mayer (Said Business School, Oxford) as Chair, Professor Sue Birley (Management School, Imperial College), Professor Colin Wood (Department of Geography University College London), Professor Paul Geroski (Economics, London Business School), Professor Michael Waterson (Department of Economics, University of Warwick), Professor Robert Salais (IDHE, University of Paris), Professor Paul Davies, (Department of Law, London School of Economics), Mr Iain McCafferty (Chief Economist CBI) and Mr Adrian Piper (Small Business Service DTI).
6. MAIN ISSUES, PROBLEMS AND ACTION TAKEN DURING THE YEAR

The CBR has continued to develop its sources of non-core funding consistent with its exit strategy from core ESRC Centre support at the end of September 2004. This is reflected in the substantial non-core funded projects discussed in this report. There are also pending bids to a fully diversified range of sources including the EU and the UK public sector amounting to approximately £500K. The CBR has also established strategic collaborative research links with MIT a network of European Universities in connection with a FP6 bid, and with Doshisha University Japan. The CBR has assured research project funding through to 2008.

The CBR has established the Survey and Database Unit and the Evaluation Unit to enhance its capacity to bid for and carry out high quality academic and evidence based policy research based on shorter term contracts as part of its diversified funding strategy. This has already generated several projects commissioned and or carried out in 2004.
7. BRIEF REPORTS ON RESEARCH

This part of the report summarizes progress on the projects that were still going on during 2003 or had just been completed.

It is important to note that in keeping with new ESRC guidelines for the Annual Reports, where a project has been completed prior to 2003 no progress report is made here. However, where there are outputs from projects completed prior to 2003, several of which continue to be active in terms of both analysis and dissemination, these are reported in Appendix 3.

7.1. PROGRAMME ONE: INNOVATION AND PRODUCTIVITY

In the early years of the CBR, Programme 1 was carried out against a background macroeconomic analysis investigating both the role of manufacturing trade and capacity in the overall economic growth and structure of the UK economy, and trends in world trade patterns and sectoral competitiveness. The core ESRC funding in the first five-year period supported projects on industrial organisation and industrial policy; manufacturing strategy and competitiveness; flexible specialisation, competitive advantage and business restructuring in the UK computer industry; and technology transfer from the science base. Additional funding from the ESRC, EPSRC, Sainsbury Family Trust and Isaac Newton Trust supported a number of additional projects on the management of technology, competitiveness and regulation in the media industries, fiscal policy, parenting and business organisation, and economic change in cities.

In the current five-year programme, the core ESRC grant has supported research on competition and performance; competition, takeovers and investment; the competitiveness of the UK and its multinational companies; and international mergers. The Ford Foundation offered major support for a project bringing together economists and lawyers to examine international financial regulation and, specifically, the template for a World Financial Authority; additional funding was obtained to extend this work for a further two years. Since 2001 a new emphasis has been placed on issues of innovation and productivity at the level of the enterprise and the value chain.

7.1.1. Building a Biomedical Enterprise/Commercialising Science/The Organisation of Entrepreneurial Technology Firms in Several European Countries


These projects focused on innovation dynamics and related public policy dilemmas within the Internet software and biotechnology sectors. They consider differences in the orchestration of human resource competencies across different types of entrepreneurial technology firms. More specifically, they examine what type of scientists and engineers different types of technology firms draw upon, and how are they deployed within organizational structures within the firm. It is concluded that trade-offs exist in terms of designing institutions to foster entrepreneurial technology firms. Because different types of technology firms differ in their core organization, their optimal governance requires their embeddedness in different innovation systems. Thus, while the US has a large lead in fostering new technology firms, as key technological drivers diffuse through the international economy, one can expect that a division of labour will emerge cross-nationally. Casper has also collaborated with Richard Whitley (Manchester Business School) on a broader comparative analysis of the organization of entrepreneurial technology firms in several European countries. The paper develops a theoretical framework to evaluate the impact of national institutional frameworks on the organization and innovation strategy of technology firms. The paper uses a combination of descriptive statistics and brief case studies to examine the impact of national business systems on the organization of the software and biotechnology industries in the United Kingdom, Germany, and Sweden. The analysis broadly supports hypotheses correlating differences in national business systems with variations in patterns of sub-sector specialization across the biotechnology and software industries. However, it also suggests that factors typically ignored by comparative business system analysis, such as the orientation of basic research systems and telecommunications regulatory regimes, also strongly impact the ability of entrepreneurial technology firms to establish innovative capacity. This paper has been accepted for publication in the journal Research Policy. Casper has completed the primary research for this project and is currently working on a book manuscript discussing the findings. Casper has also received a contract to publish this book within the highly respected international management series at Oxford University Press.

| 2003 outputs for Building a Biomedical Enterprise/Commercialising Science/The Organisation of Entrepreneurial Technology Firms in Several European Countries |
|--------------------------------------------------------|------------------|
| Papers | Conferences attended |
| Articles | 59, 60 | Memberships |
| Chapters | 19 | Visitors UK |
| Books | Visitors overseas | 364, 366, 369 |
| Other publications | User contacts |
| Datasets | Media |
| Collaboration | 260 | PhD |
| Workshops | 227, 228 | MPhil |
| Conference papers given | 122 | Training |

The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3
7.1.2. Competition, Takeovers and Investment

*Project leaders: Ajit Singh (Faculty of Economics and Politics), Kevin Lee (University of Leicester)*

The essential purpose of this project is to investigate whether with de-regulation, privatisation, and growing international trade the intensity of competition both in the UK’s product markets and the capital market has increased. How does greater competition effect economic efficiency?

The main progress on the project during the 2003 consisted of further work on data set and statistical methodology, devising a more general and inclusive theoretical framework for considering the empirical results of the questions investigated in the project, and collaboration with Professor Alice Amsden at MIT and Professor Burcin Yortoglu at the University of Vienna.

The main economic question being investigated is (i) whether the US economy displays greater intensity of competition than the UK in diverse dimensions; and (ii) if so, does it matter? The underlying theoretical premise is the concept of an optimal degree of competition which best advances investment, technological progress and economic growth. For this purpose, various indicators of product market as well as capital market competitions are systematically compared between the two countries and over time. In this form, this project also links up with the research on corporate governance on which the two researchers are involved under Programme 2 (Corporate Governance).

Empirical work currently in progress is concerned with studying the nature of the selection mechanism in the market for corporate control in the US, the UK and internationally, and how this market has changed over time. Have these markets become more or less efficient over last two decades? Apart from the theoretical and empirical interest, the results of these investigations bear on important national and international policy questions concerning competition policy in the era of globalisation. Specifically this research will therefore, be able to help address the question of a multilateral competition policy at the WTO - currently a subject of great controversy.

### 2003 outputs for Competition, Takeovers and Investment

<table>
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<th>Papers</th>
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<tr>
<td>Conference papers given</td>
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7.1.3. Corporate Responses to Macroeconomic Shocks

Project leader: Michael Kitson. Research Fellow: David Primost.

This research aims to analyse how firms evaluate and respond to changing economic conditions and shifts in economic policy (such as interest rates and fiscal policy). It focuses on two key innovating areas in the UK economy: aerospace and biotechnology and assesses the extent of their relative contributions to a UK ‘knowledge based’ economy as well as explaining how corporate responses to economic changes affects the longer-term competitiveness and growth of the UK economy. The main activity on this project this year has been to continue visiting and interviewing the contacts made last year at various biotech and aerospace companies. In addition, due to the emerging number of responses to macroeconomic change amongst biotechnology firms, the team increased the number of biotech firms in the real time case studies to 14 to strengthen data collection. Meetings and interviews have been held with various other industry specialists and other interested parties to increase the number of perspectives informing the qualitative work and to obtain feedback for the results to date. These included three venture capitalist specialists in biotechnology, the chairman of a committee from both the aerospace and biotechnology ‘Innovation and Growth Teams’, two aerospace and one biotech analyst from the City, the chairman of ERBI, two biotechnology business angels, a representative from Invest East of England and a representative from Library House (a high technology networking hub). A dataset was also made detailing the finance raised by every Cambridge biotech company from 1995 to the present day. This is currently being analysed to reveal how the financing of biotechnology has been affected by macro-economic phenomena.

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.1.4. The Learning Factory and New Product Development Performance in the UK and Japanese Automotive Industries

Work on these linked projects was begun by Nick Oliver before he joined the CBR in 2001 and thereafter carried on with additional support from CBR funding. The learning factory project is the fourth in a series of studies, the first of which was conducted in 1992, with replications and extensions in 1994, 1995 and 1996. The series has comprised intense study of over 100 manufacturing plants in nine countries (China, France, Germany, Italy, Japan, Mexico, Spain, the UK and the US). Twenty-six of the plants in the 1999-2001 study had taken part in the 1994 study, representing a unique opportunity to map change over time. The Japanese plants showed noticeably greater improvement in performance than their Western counterparts; labour productivity in the Japanese plants improved by an average of 20 per cent over the period; in US plants labour productivity was static, whilst the UK plants registered a fall in labour productivity of 13 per cent. During 2003, CBR funding supported dissemination of these findings.

The comparative study on the British and Japanese automotive industries was commissioned by the DTI/SMMT Industry Forum in March 2001. Approximately 20 UK and 10 Japanese car and component makers took part in the study. The Japanese leg was conducted with collaborators from Chuo University in Japan. The results revealed substantial differences between Japan and the UK (generally in favour of Japan), based on measures such as development lead times and the time taken for manufacturing performance to settle to normal levels following new product launch. Further dissemination took place in 2003.

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.1.5. The Globalising Behaviour of UK Firms in a Comparative Context

Project leaders: Christel Lane, Simon Learmount, Suzanne Berger (MIT). Research Fellow: Joceilyn Probert.

CMI is funding this study of British firms’ responses to globalisation compared with those of a similar set of firms in the United States and Germany. The objective is to contribute to a better understanding of how to improve the performance of British productive activities, given the strong pressures on firms operating in a global environment to break with old patterns of governance, organisation and scope, and location. Analysis of firms’ responses to these pressures will allow us to identify patterns of best practice associated with improved outcomes across multiple dimensions of performance. This year has been devoted to arranging, attending and transcribing interviews in three sectors and two countries – Britain and Germany. Additionally, the team attended some interviews in the US, organised by the MIT team, and the team also participated in 11 interviews in Japan where the CMI interview schedule is being used. Eighty-nine interviews have been conducted, of which 53 were in Britain and 36 in Germany, in the publishing, textiles and pharmaceutical industries. As the interviewing process is now largely complete and the bulk of interviews have been transcribed, attention has turned to investigation of the software for data analysis. A number of papers were completed and progress made on drafts.

| 2003 outputs for The Globalising Behaviour of UK Firms in a Comparative Context |
|-----------------------------------------------|-----------------------------|-----------------------------|
| Papers                                        | Conferences attended       | 207, 208, 211, 212, 213    |
| Articles                                      | Memberships                | 387, 388, 389, 390          |
| Chapters                                      | Visitors UK                |                             |
| Books                                         | Visitors overseas          | 357, 358, 361, 372          |
| Other publications                            | User contacts              |                             |
| Datasets                                      | Media                      |                             |
| Collaboration                                 | PhD                        | 308, 322, 334               |
| Workshops                                     | MPhil                      |                             |
| Conference papers given                       | Training                   | 441                         |

The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3
7.1.6. International Mergers

Project leader: Andy Cosh. Other principal investigators: Charlie Conn (University of Miami, Ohio), Paul Guest, Alan Hughes, Dennis Mueller (University of Vienna).

This research project provides an integrated analysis of international UK mergers that focuses on participating firm characteristics, merger motives, merger consequences, and the issues raised for national and EU industrial and competition policies. A paper by Conn, Cosh, Guest and Hughes (‘The impact on UK acquirers of domestic, cross-border, public and private acquisitions’) was published as CBR working paper no 276 in December 2003. This paper examines the announcement and post-acquisition share returns of 4,000 acquisitions by U.K. public firms during 1984-1998. It includes acquisitions of domestic and cross-border targets, and of both publicly quoted and privately held targets. The primary findings are as follows: in acquisitions of domestic public targets, abnormal returns are negative over both the announcement and post-acquisition period. In acquisitions of cross-border public targets, abnormal returns are zero over the announcement period but negative over the post-acquisition period. In contrast, acquisitions of both domestic and cross-border private targets result in positive announcement returns and zero long run returns. This paper has been accepted for publication in the Journal of Business Finance and Accounting. The dataset used in working paper 276 was extended to examine the performance of multiple acquirers, in a paper by Conn, Cosh, Guest and Hughes entitled: ‘Why must all good things come to an end? The performance of multiple acquirers’. This paper was presented at a workshop on Corporate Governance in Vienna, December 2003. The paper finds that for multiple acquirers short and long run performance declines significantly with each subsequent acquisition. The pattern is robust to controlling for bid characteristics that are known to impact takeover performance. Various hypotheses are tested, and the paper shows that the decline only occurs for acquirers whose first acquisitions are successful. For acquirers whose first acquisition is unsuccessful, the bid order effect is positive. These results are consistent with a hubris effect, mean reversion effect, or diminishing returns effect for successful first acquirers and with some learning effects for unsuccessful first acquirers. The PhD students working under this project have continued to make good progress. Costas Constantinou (Restructuring in the global oil industry), Pambos Constantinou (Entry mode choice in the automobile industry), Panayotis Dessyllas (The determinants and effects of high-tech mergers), and Tim Wooge (The determinants and effects of mergers in the TMT sector) are expected to submit their theses in 2004.

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7.2. PROGRAMME TWO: CORPORATE GOVERNANCE

The remit of the Corporate Governance Programme broadly corresponds to the second of the three objectives of the scientific programme of the CBR, namely the ‘analysis of the relationship between corporate governance structures, incentive systems, takeovers, business performance and the regulatory and legal environment’. Questions addressed include: what are the implications for efficiency and distribution of rules of company law which seeks to maximise the incidence and scale of hostile takeovers? Should employees and other long-term ‘stakeholders’ in the firm be given a stronger voice in determining its ownership and strategic direction? What is happening to employment contracts in a de-collectivised labour market? How are the compensation and job security packages of top executives arrived at, and can the outcomes be justified on the grounds of efficiency and equity? What are the incentive properties of dual forms of ownership and control? What are the economic effects of regarding company directors as fiduciaries? In common with the other CBR Research Programmes, the aim has been to pursue an interdisciplinary programme of research leading to significant contributions in a number of individual disciplines. Those disciplines most relevant to the Corporate Governance Programme are socio-legal studies, economics, and management and business studies. One of the principal aims of the Programme has been to engage with methodological issues in the interface between law, economics and the theory of business organisation.

During the first five-year programme of the CBR, core funding supported projects on the regulation of takeovers; the impact of foreign direct investment on UK management; the economics of executive pay and dismissals; and corporate restructuring. Additional funding was secured from a variety of sources (including the DTI, the Law Commission, the European Commission, the New Zealand Department of Labour, the Joseph Rowntree Foundation, the Newton Trust and the Leverhulme Trust, the Norwich and Peterborough Building Society and the Building Societies Association) to support work on projects including: individualisation and employment contracting; job insecurity; economic effects of employment legislation; business failures, macroeconomic instability, and insolvency law (jointly with the DAE); the duties of company directors; a survey of the economics of company law; and corporate governance in mutuals. The new five-year programme which began in 1999 has supported an international network on corporate governance and investment and projects on the future of professional work; the accountability of institutional investors; ethics, regulation and globalisation; and corporate law and economic performance. In addition, funding was obtained from CMI (the Cambridge-Massachusetts Institute) between 2001 and 2003 for work on the updating of employment institutions and governance, and from the European Commission under its Fifth Framework Programme, for work on employment policy and the politics of capabilities in Europe.

There was substantial dissemination in 2003 in leading journals in economics, law, industrial relations and corporate governance, and considerable media interest in several projects.
7.2.1. Corporate Governance and Investment: An International Research Network

Project leader: Dennis Mueller. Other principal investigators: Andy Cosh, Alan Hughes, Paul Guest. Research Associates: Ajit Singh (Faculty of Economics and Politics), Klaus Gugler (University of Vienna), Burcin Yurtoglu (University of Vienna), Hiroyuki Odagiri.

Considerable concern has been expressed recently over slow growth, lagging productivity, and the loss of markets to foreign competition in Europe. One cause given is the quality of management decisions in particular with respect to investments in capital equipment, research and development, and mergers. This failing has been attributed to agency conflicts between owners and managers, which in turn are related to corporate governance structures. The project is examining these issues.

CBR Working paper 258 by Ajit Singh focuses on the inter-relationship between corporate governance, financing of corporate growth and stock market development in emerging countries. It explores both theoretically and empirically the nature of the inter-relationships between these phenomena, as well as their implications for economic policy. It concentrates on how corporate growth is financed, an area where the literature has identified important anomalies in relation to corporate behaviour and governance. The paper provides new information and analysis on this subject for the 1990s which it is shown leads to further anomalies from the perspective of extant economic theory. It also comments briefly on the recent research on the legal system, corporate laws, corporate governance and corporate performance. In considering the latter issues the paper examines more closely the evolution of the financing of corporate growth and of stock market development in the specific case of the Indian economy in the 1980s and 1990s.

A workshop was held in Vienna on 5-6 December 2003 attended by 23 members of the research team. 14 new papers across the network as a whole were presented at this meeting.

| 2003 outputs for Corporate Governance and Investment: An International Research Network |
|----------------------------------|----------------------------------|
| Papers                          | Conferences attended              |
| Articles                        | Memberships                       |
| Chapters                        | Visitors UK                       |
| Books                           | Visitors overseas                 |
| Other publications              | User contacts                     |
| Datasets                        | Media                            |
| Collaboration                   | PhD                              |
| Workshops                       | MPhil                            |
| Conference papers given         | Training                         |

The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.2.2. Corporate Governance, Corporate Finance and Economic Performance in Emerging Markets

Researchers: Ajit Singh, Jack Glen (IFC), Kevin Lee (Leicester), Burcin Yortoglu (Vienna)

The purpose of this research project is to investigate some central issues in global corporate governance with specific reference to emerging markets, although the project also has a broad international scope. The project is interdisciplinary: it interprets the concept of corporate governance in a broader rather than a narrow economistic way. The project investigates the relationship between corporate governance, product and capital market competition, stability and economic growth. As is indicated by the list of publications, the progress on this research during the last calendar year has been most satisfactory. The Economic Journal published in November 2003, a symposium on the subject, with a lead article from Singh and contributions from Professor Mueller and his colleagues in Vienna, Professor Roberts and his colleagues from United States as well as the Cambridge team of Glen, Lee and Singh. The symposium highlighted the paradoxes which Singh had documented in his research in relation to the intensity of competition and the financing of corporate governance in emerging markets. The symposium papers helped resolved some of these anomalies but they also created others. In relation to policy, Singh noted that these papers represent the beginning rather than the end-point of policy research. Nevertheless, the broad message of the symposium is that the received image of developing countries (DCs) as being essentially characterised by pervasive and inefficient government controls on economic activity, lack of competition, immature and imperfect capital markets and poor corporate governance is very far from being the whole picture. Although there might be shortcomings in corporate governance in many DCs, leading emerging countries have vibrant product markets, displaying as much intensity of competition as that observed in advanced countries. Further, despite the capital market imperfections, stock markets in these countries have been growing fast and contributing significantly to corporate growth through new primary issues. This evolution provides a solid basis for future advance: the central developmental issue is how to use these social assets for promoting and completing the industrial revolution which large numbers of developing countries embarked on in the second half of the 20th century.

| 2003 outputs for Corporate Governance, Corporate Finance and Economic Performance in Emerging Markets |
|-------------------------------------------------|-------------------------------------------------|
| **Papers**                                      | **Conferences attended**                        |
| Articles                                       | Memberships                                     |
| 68, 69, 70, 85                                 |                                                |
| **Chapters**                                   | **Memberships**                                 |
| 37, 38, 39                                     | Visitors UK                                     |
| **Books**                                      | **Visitors overseas**                           |
| 37, 38, 39                                     | 359, 362                                       |
| **Other publications**                         | **User contacts**                               |
|                                                | 304                                             |
| **Datasets**                                   | **Media**                                       |
|                                                |                                                |
| **Collaboration**                              | **PhD**                                         |
| 262                                            | 326, 328, 330, 332, 337                         |
| **Workshops**                                  | **MPhil**                                       |
|                                                | 349                                             |
| **Conference papers given**                    | **Training**                                    |
| 188                                            |                                                |

The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.2.3. Reflexive Law and Democratic Governance


This project is funded by the 5th Framework Programme of the European Commission and involves collaboration between the CBR and a network of other European universities coordinated by the Centre for Legal Philosophy of the Catholic University of Louvain. The CBR’s involvement focuses on tension developing at European level between the economic freedoms guaranteed by the EC Treaty (including free movement for goods, persons and capital, and freedom of establishment for enterprises) and the protection of fundamental social rights. Case studies are being carried out of the interaction between economic and social interests in the case law of the European Court of Justice and national-level courts, and in the implementation of European Community law in the UK (including in the area of working time). Following a seminars held in Paris in December 2003, and one to be held Cambridge in March 2004, a book representing the work of the project will be published in 2004.

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*The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3*
7.2.4. Corporate Law and Economic Performance

Project leaders: John Armour, Simon Deakin, Alan Hughes. Research fellow: Beth Ahlering. Research Associates: Brian Cheffins (Faculty of Law), Richard Nolan (Faculty of Law), Riz Mokal (University College, London).

Reform of corporate law is currently being considered in several countries, including the UK where a Company Law Review has recently been completed and a number of substantial Consultation Papers have been published by the Law Commission. A major focus of this process of reform is the link between company law and competitiveness. This in turn raises a number of questions which the current project is addressing. The main progress made during 2003 was to lay the foundations for an empirical study of the relationship between law and economic performance, which will be completed during 2004. This work, which is being carried out by Beth Ahlering, John Armour, Simon Deakin and Alan Hughes, involves cluster analyses on a number of legal and economic variables in different country systems; the identification of correlations among labour, shareholder and creditor protection variables; and a time series exploration of the relationship between legal change and economic outcomes.

In addition, during 2003, John Armour and Simon Deakin were also part of a team which produced a report for the Financial Services Authority on the role of soft law and the ‘comply and explain’ approach within corporate governance codes, and the link between the codes and the Listing Rules drawn up by UK Listing Authority; John Armour carried out further work on the legal preconditions for the growth of high-tech SMEs; and Brian Cheffins, Riz Mokal and Richard Nolan carried out a number of theoretical and historical analyses of the link between law and economic performance.

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7.2.5. Ethics, Regulation and Globalisation

Project leaders: Michael Pollitt (Judge Institute of Management) and Ian Jones (Lincoln College, Oxford and Herriot Watt Business School). Research Assistant: Chris Nyland (July-Dec, 2003).

The aim of the project is to explore the following fundamental questions in business ethics: what are the ethical issues raised by economic trends in the areas of ethics of competition policy, the ethics of globalisation and the ethics of transnationals? What are the incentives facing the firms involved under (1) to be ethical? How might public policy be altered to encourage more socially responsible behaviour by business in each of these contexts? The team produced two papers during 2003. The first of these (Jones and Pollitt, 2003) developed the ideas in our 2002 edited book and applied the analysis of influences on ethical issue development to the Higgs Review which was published in early 2003. We suggest that while there are similarities in the investigations there are important differences arising from the review process adopted, the role of the government, the background of the leaders of the investigations and the influence of academics. These differences have had important implications for the effectiveness of the implementation of the conclusions of the Higgs Review. In particular we found that the Higgs Review compared poorly to the Cadbury Report in terms of the time taken to consult outside parties and the lack of publication of a draft report. The result was several months of wrangling and an eventual compromise later in 2003. This paper is now shortly to be published in Corporate Governance. The second paper (Jones, Nyland and Pollitt, 2003) continues our work on how multinationals build social capital in developing countries. This paper looks at the self-reporting of social engagement in Poland by European multinational firms with operations there, mapping the configurations of declared engagement. Such social engagements are an important component of how these companies contribute to social capital in the communities within which they operate. Two case studies - on Danone and Bayer - detailing different but successful approaches to social capital building are given. We concluded that there were important differences in the behaviour of firms from different European countries, with German and UK multinationals scoring well in terms of engagement and other countries multinationals scoring less well. The paper suggests several ways forward for our work including analysis of the determinants of the worldwide distribution of engagements of multinationals.

### 2003 outputs for Ethics, Regulation and Globalisation

| Papers | Conferences attended | 199 |
| Articles | Memberships | 378, 379, 380, 381, 382, 391, 392, 393 |
| Chapters | Visitors UK |  |
| Books | Visitors overseas |  |
| Other publications | 71, 105, 428 | User contacts | 296, 297, 298, 299 |
| Datasets | Media |  |
| Collaboration | 268, 269, 270, 271, 272, 274, 275, 276 | PhD |  |
| Workshops | 236, 237, 238, 239, 244 | MPhil |  |
| Conference papers given | 164, 165, 166 | Training | 440 |

The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.2.6. The Future of Professional Work

Project leaders: Christel Lane, Frank Wilkinson, Brendan Burchell. Research associates: Jude Browne, Ulrich Heisig, Roy Mankelow, Margaret Potton, Wolfgang Littek

The purpose of the research was to undertake a comparative study of recent changes in professionalised work in Britain and Germany. The aims of the research were to: (1) investigate how different modes of controlling professional occupations in the two countries have mediated the impact on professional work of changes in technology, regulatory policy, the organisation of public services, competition and the system of education and training; (2) examine the effects of such changes on the market, work and status situation of professional workers; (3) assess the effect of these changes for performance in the knowledge-intensive sectors of the service economy; and (4) to consider the policy implications of the two divergent processes of professionalisation and the scope for mutual learning. The research had three main stages. The first two involved the study of established and aspiring professional groups to build up an overview of professionalised occupations and the changes that they are undergoing. This was followed by a more detailed focus on four professions, lawyers, pharmacists, personnel and development practitioners and counselling psychotherapists by interviews with key personnel in professional associations and with the users of professional services. Stage 3 consisted of a detailed analysis of these four professions focusing on their members’ experiences, perceptions of change, and expectations for the future by means of a postal survey of a sample of members. This was completed in 2003. In 2003 the data analysis was completed and several reports were published, together with a number of related outputs.

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3
7.2.7. The Governance of Mutuality

Researchers: Jacqueline Cook, Simon Deakin, David Nash (Cardiff Business School), Alan Hughes, and Jonathan Michie (Birkbeck College, London)

This project is reviewing the role played in the economy by organisations under mutual ownership and control ('mutuals') by considering the relationship between property rights and governance structures in alternative forms of business organisation. The essence of mutuality can be seen in terms of a particular structure of governance, ownership and objects. A building society's governance structure reflects the long-term commitment of its members and their expectation, in return, of continuity of supply. The organisation is owned by its members who transact directly with it to receive particular benefits in return for their contributions. Hence in the traditional building society, the members transact with the society as both lenders and borrowers. The objects or purposes of the society channel its activities to a much greater extent than is the case with most commercial companies, whose object clauses normally leave them free to pursue a wider range of activities. In 2001 an historical analysis of the evolution of property rights in UK building societies was conducted. The results of this work were widely disseminated in 2001 and published in the *Journal of Corporate Law Studies* in 2002. The main finding involved a critical assessment of the demutualisation of the sector in the late 1990s. In the autumn of 2002 further funding was obtained from the think tank Mutuo to extend the study by carrying out a survey of attitudes towards mutual organizations, by comparison with banks and plcs, and to carry out case studies. This work was completed in the spring of 2003. Analysis of the data collected from the survey shows that the absence of external shareholder ownership is a major factor in inducing customers to repose high levels of trust in building societies. The work was presented to the annual conference of the cooperative movement in Manchester in May 2003 and to the major party political conferences in the autumn of that year.

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3
7.2.8. Institutional Investment and Corporate Accountability

*Project leaders: John Roberts (Judge Institute of Management), John Hendry (Brunel University), Richard Barker (Judge Institute of Management).  Research Fellow: Paul Sanderson.*

A central issue in corporate governance concerns the fiduciary responsibility and accountability of senior company managers and boards of directors to their shareholders. Research into this issue, most of it conducted within the framework of financial economics, has typically treated 'shareholders' quite simply, as the holders of shares. From the perspective of accountability however, many of these shareholders are themselves fiduciaries acting on behalf of others. About 80% of the value of UK shares are held and traded by fund management institutions acting on behalf of both individual investors and pension and insurance companies. These companies in turn are accountable to their own customers. In this project we investigate some of the processes and relationships involved in this chain of accountability, focusing in particular on finance directors and fund managers. How are their responsibilities exercised, and to what effect, and how are they held accountable? To address such questions we examine the preparation, conduct and consequences of the regular face to face meetings between companies and their major institutional shareholders. In 2002 the project team held preparatory meetings with practitioners to clarify the issues, and completed a review of the literature. We also carried out the first set of substantive interviews, with FTSE 100 finance and investor relations directors, asking how they approach such meetings, what they gain from them, and what actions they take as a result. In 2003 the team entered the second phase of the project in which they sought the same information from chief investment officers, fund managers and buy-side analysts. They also attended, as observers, a series of company-fund manager meetings. Analysis of the data shows that the meetings, though often ritualistic, have concrete effects. For example, by routinely reminding company directors that their primary accountability is to their shareholders, fund managers ensure directors remain focused on the pursuit of shareholder value. In this way, it may be argued, they promote the financialization of the companies in which they invest. Over the course of the coming year the team intend to publish a number of papers reflecting the interests of the members of the project team. Conference presentations include the 7th Interdisciplinary Perspectives on Accounting Conference, Madrid, 13-16 July 2003, and for the second, the University of Glasgow Ward Trust Seminar Series, Glasgow, 25 February 2004.

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.2.9. Updating Employment Institutions and Governance


The proposition underlying this CMI-funded project, which was completed in the course of 2003, was that while the nature of work and the workforce have changed dramatically over the past decade, the institutions governing work and employment are based on models of the past: an industrial model of the economy, a male breadwinner model of the labour force and family structure, and a norm of shareholder primacy in corporate governance. The result of this mismatch has created and is sustaining an unacceptable gap between the winners and losers in today’s labour markets and holding back the innovative capacity of many firms and organizations. The project has focused on emerging forms of partnership at work, family-friendly employment policies and inclusive corporate governance practices which are addressing the need for a new architecture of employment institutions in America and Britain. It has directly addressed the link between institutions, competitiveness and productivity which is a central concern of CMI through collaborative research and widespread dissemination of findings, and has provided for the adaptation to the needs of British users of a teaching module developed initially at MIT. It has also supported the production of a video film on the subject of Partnership and Profit by Brian Ashbee, Peter Cook and Monika Koeck of the Cambridge Moving Image Studio (CUMIS), University of Cambridge.

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<th>2003 outputs for Updating Employment Institutions and Governance</th>
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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.2.10. Social Dialogue, Employment and Territories: towards a European politics of capabilities


Through this project, which is funded by the 5th Framework Programme of the EC, the CBR is part of a network exploring the implications for social policy of the rise of the knowledge economy in Europe. The central concept used here is Amartya Sen’s notion of ‘capability’. The issue is how far the process of European integration can be used to promote an equitable distribution of capabilities, their development and their reinforcement in law and social convention. The project uses a sample of regions and firms in five European countries. Through empirical research, the network will analyse a range of business policies and public interventions that are aimed at integrating changes in the form of work into the organisation of the economy, employment and welfare provision.

The project began in October 2002 and will run for five years. In 2003, Simon Deakin and Jude Browne have been carrying out case studies of the use by enterprises of corporate governance mechanisms to promote gender equality and diversity, and Simon Deakin, Ana Lourenço (Ph.D. candidate, Judge Institute) and Stephen Pratten (King’s College, London) have been looking at innovation, regulatory change and the effects of regional policy in the media sector. Renee Claude Drouin (Ph.D. candidate, Law) is examining international framework agreements between multinational companies and trade union federations, and Richard Hobbs (Ph.D. candidate, Law) is looking at the link between corporate social responsibility and the implementation of labour standards in the area of working time. Several workshops have been held: one, in Cambridge, initiated a comparative study of corporate restructuring in Britain and France with colleagues from IDHE-Cachan; a second, in Nantes, was concerned with the comparative study of the legal notion of ‘capacity’; and a network-wide workshop held in Paris in December heard presentations from the teams of preliminary results from the sectoral and enterprise-based case studies.

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<th>2003 outputs for Social Dialogue, Employment and Territories: towards a European politics of capabilities</th>
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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3
7.2.11. The Implementation of the Working Time Directive in the UK

Project leaders: Catherine Barnard (Faculty of Law), Simon Deakin, and Richard Hobbs (Faculty of Law)

The project team was commissioned by DG Employment of the European Commission to carry out a study of the implementation in the UK of the so-called individual opt-out in the EU Working Time Directive. This provision - Art. 18(1)(b) of the Directive - enables workers to opt out of the protection of the 48 hour weekly limit to working time, by agreement in writing with their employer. The UK is the only EU country to have made provision, in its legislation, for a general opt out as allowed by Art. 18(1)(b). A review of literature and relevant data sources was carried out in the autumn of 2002 and a report submitted to DG Employment in December 2002. 40 interviews in total were carried out with employers, professional bodies, trade unions, employers' associations, and regulatory bodies. The report discussed the prevalence of the opt-out, the manner in which it is administered, the reasons given by employers for making use of it, the perceptions of its use by trade unions, and the extent to which alternative devices for working over 48 hours (collective agreements, workforce agreements, other derogations) are used. The report was extensively relied by DG Employment in producing its formal review of the opt-out in January 2004.

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<th>2003 outputs for The Implementation of the Working Time Directive in the UK</th>
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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.3. PROGRAMME THREE: ENTERPRISE AND SMES

The principal objectives of this programme are to analyse the innovative performance, financial and management characteristics, and location of smaller firms, and the design and evaluation of policies towards the SME sector. This analysis has involved close interdisciplinary collaboration between CBR researchers in economics, geography and sociology, and, in the case of the analysis of supply chain relationships, with lawyers in the projects carried on under the Corporate Governance programme.

This programme has established an international reputation among policy makers, practitioners and researchers as an authoritative source of analysis, information and evaluation of SME growth and survival. Particular emphasis has been placed on analyzing and charting developments in training, innovation, governance, and the impact of enterprise policy. Methodological advances have been made in the measurement and analysis of SME growth and performance, and in policy evaluation, and these have been incorporated into national and international data collection processes and policy development. An international and comparative dimension has been present throughout the life of the programme and this has been strengthened through numerous collaborations with other leading research groups. A major intellectual contribution of the programme has been the creation of a longitudinal panel set of data for the UK SME sector based on a biennial survey of over 2000 independent businesses. The data generated has informed a range of academic debates and policy analyses in the UK and Europe. The programme has pioneered the use of sample selection methods of econometric modeling in relation to the evaluation of UK government policy initiatives, and in estimating the impact of training, business advice and business support policy on business performance.

The following broad subject areas have been addressed under this programme:

a) networks and clustering;
b) innovation and SMEs;
c) financial and management constraints on the growth and survival of SMEs;
d) training and SMEs;
e) entrepreneurial style and governance in SMEs; and
f) public policy and support for SMEs.

Questions which have been addressed in the various projects in these areas include: What effect does the clustering together of SMEs in specific locations have on their innovative and competitive performance? What is the role played by small and medium sized enterprises (SMEs) in the innovative process? Which factors most constrain the growth and development of SMEs? How does the regulation of financial reporting requirements by SMEs affect information monitoring and risk assessment by Banks? What are appropriate methodologies for identifying performance impacts in complex panel datasets and policy evaluations? The research of the programme is reflected in the work of the CBR Survey and Database Unit. Work on SME performance and policy based on our survey data is discussed in the report of that unit. Our work on policy evaluation is described in the report of the Policy Evaluation Unit. Advice and consultancy has been provided at the highest levels in the UK, Europe and elsewhere by the leaders of projects in this programme. This is reflected in the extensive user contacts recorded for both of these units.
7.3.1. High Tech CEOs and Their Businesses


This project compares high tech CEOs and their businesses in Britain and Japan. Its main objectives are to enhance understanding of entrepreneurs and entrepreneurship by identifying and comparing personal and attitudinal characteristics of CEOs in different socio-economic contexts and to shed light on the processes of transformation of industrialized economies. The questionnaire administered in the UK in 2001, and reported earlier, was repeated in Japan in 2002. Both groups of CEOs tended to see their competitive advantages as being personal attention to customer needs, the specialized nature of their product/service, and technological/scientific expertise, but unlike their UK counterparts, Japanese CEOs did not consider the reputation of their business to be particularly important. Japanese businesses displayed slightly higher levels of customer dependence than those in the UK and were more likely to be involved in subcontract relationships, with slightly stronger local links. In common with UK CEOs few in Japan rated any limitation to their business as ‘crucial’, and again in common with their UK counterparts, ‘demand’ limitations were more important than any other type. There were important differences in the CEOs’ personal objectives. Although both groups of CEOs strongly supported the objectives of building a business with a reputation for excellence and their own personal enjoyment and satisfaction, Japanese CEOs placed far greater emphasis on objectives relating to the permanence of enterprise and to a lesser extent on ‘social’ objectives such as contributing to science and technology and society in general. By contrast UK CEOs were more concerned with financial objectives. There were notable differences in growth objectives, while the majority of UK CEOs sought growth, over a third of Japanese CEOs sought no growth, and in sharp contrast to those in the UK, few sought substantial growth. In addition, a consolidated dataset of UK respondents to the 1998 and 2001 surveys was prepared and 153 CEOs examined and in-depth analysis of the case study interviews with 25 firms were conducted using text analysis software and important differences between these businesses and the popular notion of high tech enterprises identified, which revolved around motivation and drivers of entrepreneurship, the nature of collaboration with HEIs, relationships with customers and experiences of venture capitalists. Finally, data from the 2001 survey and case study material were combined to examine in detail employment philosophies and practices of the businesses.

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.3.2. Survey and Database Unit


The purposes of the Survey and Database Unit are to ensure the efficient design, management and costing of CBR project surveys including the CBR biennial survey of small and medium sized enterprises; to advise on questionnaire design, survey method, choice of sampling frames, and data inputting and cleaning procedures in CBR project surveys; to advise on statistical software use with CBR datasets; to archive data at CBR, and where appropriate organise the deposit of ESRC sponsored datasets with the UK Data Archive at Essex; to act as a technical advisor to other members of the CBR on the contents of and access to proprietary and official data sets, a great number (e.g. FAME, Datastream, NOMIS) of which are utilised by CBR staff; and to oversee the continuing upgrading of the CBR User Database, so as to ensure that it becomes a central part of the new dissemination and communications strategy. Bullock and Milner have both been involved in questionnaire design and survey methodology for the forthcoming UK/US surveys in the International Innovation Benchmarking and the Determinants of Business Success project described more fully under that project. Documentation for 3 datasets have been prepared and offered to the UK Data Archive for inclusion to the archive. A series of publications in article and book form was produced including econometric studies of business performance and of the impact of business advice and management characteristics on business performance.

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<th>2003 outputs for Survey and Database Unit</th>
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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.3.3. SME Performance and Policy


In 2003, the team built on the sixth survey in the series of biennial longitudinal panel surveys of small and medium sized businesses during 2002, creating a new third panel of firms was created from the responding sample. The Survey and Database Unit undertook the core statistical analysis of this substantial survey, and this formed the basis for the latest report in the series Enterprise Challenged, which was published in conjunction with a very successful conference held in Cambridge on June 25th 2003 attended by delegates from academia, government and the business community.

The main findings of this report were:

New start-ups are the dominant mode of foundation, followed some way behind by business spin-offs. Although spin-offs are relatively small in number they have been increasing in significance in our sample over time and imply a more experienced management team at start-up. On average the business leader is in his or her mid-fifties and has spent 17 years with the business and 13 as chief executive. 10% of leaders are female. For faster growing firms access to skilled labour, management skill shortages and access to finance appear as the most significant constraints. Innovating firms were more likely to enter into collaborative agreements compared to non-innovating firms. In general, the larger the firm the more likely it will have collaborated with suppliers, customers and higher educational and private research institutes. In general, the more dynamic firms are taking the lead in introducing flexible employment practices to make more effective use of their existing workforces. This demonstrates the importance of organisational as well as technical and product innovation in the process of economic growth. Product innovation rates are now lower than in the late 1990s. Around 45% of firms made a process innovation and around 17% made novel process innovations; this is a fall in process innovative propensity since the late 1990s. 65% of innovating firms state that they are their own most significant source of innovation information; only around 3% of respondents rated universities or higher education institutes as crucial or very significant sources of innovation information; the most frequently used sources of advice are from the private sector (accounting for 91.1% of all advice sought). Business Link in England is by far the most widely used public sector support (32.6% of the sample. 817 (39%) of our sample firms sought about £800m of new finance and obtained about 90% of this. Innovators and growing firms are more likely to seek external finance. They also seek more, but are not significantly more successful in obtaining it than non-innovators and stable/declining firms.

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.3.4. International Innovation Benchmarking and the Determinants of Business Success

Project leader: Andy Cosh. Other principal investigators: Alan Hughes, Richard Lester (MIT), Anna Bullock, Xiaolan Fu, Qing Gong Yang, Isabel Milner

At present there are no surveys of innovative behavior in the USA that allow a comparison with any European country. Benchmarking UK/US innovation performance as compared to that of European countries using data derived from responses to core CIS questions will close a major gap in the literature on this topic. The benchmarking exercise will consist of a comparative analysis of the inputs into and outcomes of innovative activity in the sample firms using the data set generated by the survey. This will cross cut the sample firms by size, growth, sector and age as well as country. It will include an analysis of the extent and nature of collaborative strategies in both countries and of the extent and nature of interactions with the science base. The dataset generated will also provide a platform from which to produce an econometric analysis of the determinants of innovation activity and its impact on business performance. These findings will be summarized in publications and disseminated through CMI’s National Competitiveness Network (NCN).

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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.3.5. Universities and Their Role in Systems of Innovation: A Comparative Assessment of UK and US Institutions and Locales

Lead principal investigator: Alan Hughes; principal investigator: Andy Cosh and Richard Lester (MIT); research fellows: Celine Druilhe, Sean Safford (MIT); research associate: Paul Kattuman (Judge Institute); research assistant: Pedzi Makumbe (MIT).

The objective of this research project is to identify and analyze the range of relationships between universities and industry that occur in practice, and to investigate the causes and consequences of these relationships. On the basis of this research, we hope to be able to specify the basic strategic choices facing universities who are seeking to elevate the role of economic development in their overall missions.

Drawing upon in-depth, semi-structure interviews with firms, university researchers and administrators, and other we aim to trace the scientific and industrial development of the same field of industrial practice in locations in the UK and USA.

The in-depth case study work is supplemented by detailed quantitative analysis of a range of data relating to the nature of university-industry relationships, the spatial distribution of case study industry activity and industrial performance. A preliminary case study of optoelectronics in Rochester, New York and Scotland has been completed and first draft presented at a project workshop at MIT.

Background conceptual and empirical papers on the nature of the US and UK systems have been presented at a series of high-level seminars.

On the quantative side Kattuman has developed a new method of determining significant geographic concentration relative to a probabilistic model of plant location. The method answers the question ‘How significant is geographic agglomeration?’ and can be used not only to compare the degree of agglomeration of industries (for example, knowledge-intensive and less knowledge intensive industries), but also subsets of firms within the industry (for example, firms in a higher productivity quantile or a higher R&D quantile, with those in lower quantiles). This has a direct bearing on determining the role of universities in innovation and innovation clusters. The methodology for the proposed analysis has been applied to data from the US obtained from the Census Bureau. A comparable analysis for the UK using plant level data from the Annual Respondents Database (ARD) over the most recent period will follow.

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<th>2003 outputs for Universities and Their Role in Systems of Innovation: A Comparative Assessment of UK and US Institutions and Locales</th>
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The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
7.3.6. Policy Evaluation Unit

Project leaders: Anna Bullock, Andy Cosh, Alan Hughes, Xiaolan Fu, Qing Gong Yang, Isabel Milner

The Policy Evaluation Unit has been set up to conduct short-term and long-term contract research in both the public and private sectors. The kinds of projects the Unit undertakes are: a range of evaluations and impact assessments of government initiatives; the evaluation of initiatives designed to provide direct financial support to firms; research on the supply of debt and equity finance for R&D; research on the needs of firms and barriers to R&D; policy development and advice to help shape government initiatives and R&D support; SME Performance and Policy - using appropriate databases to develop and test models of SME performance and its determinants with policy analysis and with methods of complex survey design and analysis necessary to investigate models of business performance. Recent research includes evaluation of the Golden Key Package Component of the small business initiative funded by the British Bankers Association. The CBR together with consultants PACEC were asked to undertake an evaluation of an innovative approach to the provision of financial skills training for small business managers called the Golden Key Package. The package has been used to deliver training to assist business survival and growth to more than 1,000 owner-managers of firms in four areas of England since 1994. The report made a number of findings in relation to the impact of this training on managers’ financial skills and understanding. The Unit also carried an analysis of middle market firms, in a project commissioned by the Department of Trade and Industry. A short pilot study of middle market firms was undertaken to explore issues relating to the factors associated with the identification of a middle market typology of firms and an assessment of the impact of types of such firms on business performance. This work drew upon the CBR biennial surveys of British SMEs and on the 2002 panel in particular and exploits the richness of the CBR dataset in terms of variables beyond size age and ownership and explores differences in this wider range of characteristics of the different groupings of firms. The Unit is also involved in MAPSME - an i10 project. This project involved mapping the manufacturing SMEs in the Eastern region. To help identify the innovation capabilities of the SMEs the CBR developed a model, which ranked the non-innovating businesses from the UK Innovation survey 2001 and the CBR 2002 panel survey according to their innovation potential by producing an innovatability score. Members of the project have pioneered the use of panel data and sample selection models in a number of projects commissioned by the DTI, the Inland Revenue and the Department for Education and skills. These have been associated with the publications of several major reports by the UK government.

| 2003 outputs for Policy Evaluation Unit |
|----------------------------------------|------------------|
| Papers                                 | Articles         |
|                                      | 91, 96           |
| Conference attended                   | Memberships      |
| Chapters                               | Chapters         |
|                                      | 4, 5, 6          |
| Visitors UK                           | Visitors visitors UK |
| Books                                  | Books            |
|                                      | 424              |
| User contacts                         | Visitors visitors overseas |
| Other publications                     | Other publications |
|                                      | 424              |
| Datasets                               | Datasets         |
|                                      | 259              |
| Media                                 | Media            |
| Collaboration                         | Collaboration    |
|                                      | 259              |
| PhD                                   | PhD              |
| Workshops                             | Workshops        |
|                                      | 132              |
| MPhil                                 | MPhil            |
| Conference papers given               | Conference papers given |
|                                      | 132              |
| Training                              | Training         |

The numbers in the table indicate the location of the specific publications or activity as listed in appendix 3.
8. DISSEMINATION AND ENGAGEMENT STRATEGY

BACKGROUND
Since 2000, when the Centre for Business Research obtained sponsorship from a private partner (Abbey National Treasury Services plc) specifically to boost our dissemination activities, we have worked hard to communicate our research findings to as wide an audience as possible. This includes policy-makers, members of the business community, the media, and the general public, as well as fellow academic researchers.

We carry out a variety of dissemination and engagement initiatives. These include the publication of a regular newsletter (with a mailing list that during the newsletter’s lifetime, has been updated and enlarged to include more contacts in industry, in the media, and in small business support organizations); the sending out of press releases and briefing notes to journalists and policy-makers by the CBR’s part-time press officer; and the placing of stories regularly both on our website, and on other websites.

DISSEMINATION AND ENGAGEMENT HIGHLIGHTS 2003

PRESS COVERAGE
A press release on CBR Working Paper 251, on gender and pay inequity, led to coverage in both the Cambridge Evening News and Professional Manager magazine, of researcher Jude Browne’s conclusion that it would help close the existing pay and gender gap if working parents were allowed to share paid parental leave, rather than simply extending paid maternity leave.

A series of short briefing papers written to highlight the research findings of the CBR’s latest large-scale study of UK small and medium-sized enterprises - Enterprise Challenged: Policy and performance in the British SME sector, 1999-2002 - were highly successful in generating media coverage, and policy debate. We received coverage in the Cambridge Evening News, the Mail on Sunday, the Sunday Times, the Times, Business Europe.com, the Telegraph and Professional Manager magazine. And co-author Andy Cosh, assistant director of the Centre for Business Research, was interviewed on BBC Radio Four’s ‘In Business’ programme. This year, to help generate coverage, we proactively sought out companies who had participated in our research, and asked if they would be willing to be written up by journalists as case studies, and in two cases (Mail on Sunday, and Sunday Times) this helped turn short news stories into longer features that gave our research more coverage.

ENTERPRISE CHALLENGED
Our Enterprise Challenged book was launched at a conference held in Cambridge in June 2003. As part of our engagement strategy, we responded to an invitation to hold this conference during the ESRC’s Social Science Week, and took up the opportunity offered by the ESRC to help us promote it via their publicity / leaflets. We also, for the first time, sought sponsorship from the private sector for both the book and the conference. Our aim in doing so was both directly to engage businesses in our research and to help us keep down the cost of the book, and the price of places at the conference for others. Property company Ashwell; Norwich & Peterborough Building Society and the Cambridge-MIT Institute all took up the opportunity to sponsor the event and to send delegates.

In December, the CBR’s press officer drafted an Opinion Piece about CBR assistant director Simon Deakin’s research, with Catherine Barnard and Richard Hobbs, on the Working Time Directive. On 6 January 2004, this was published by the Financial Times, with a credit for the CBR which will be publishing the research as a Working Paper in March 2004.

CBR NEWSLETTER, TOP FLOOR
In order to free up the Press Officer to work on press and website activities, a new editor was appointed to produce the CBR’s newsletter, Top Floor. In addition, we have recently increased its print run, responding to requests from CBR researchers who told us that they were running out of copies to send to their contacts. The print run has been increased, and we now produce 1,700 copies of each issue.
The newsletter not only features CBR research findings, but also - in order to engage with readers outside the academic community - includes 'guest' articles by, or featuring, people other than CBR researchers. In the three issues produced during 2003 (Spring; Summer; and Winter 2003-4), these included a profile of Gerald Avison, one of Europe’s most successful entrepreneurs, founder of The Technology Partnership and a member of the CBR Advisory Board; and a feature on MIT’s Dan Roos, author of the best-selling book on the automotive industry, ‘The Machine That Changed the World’, who came to the CBR to run a seminar on lean manufacturing in May 2003.

The Winter issue also featured ‘The Beer Beneath the Froth’ - a paper by CBR Researcher Thelma Quince on high-tech CEO’s, which won a best paper award at the International Council for Small Businesses 2003 World Conference in Belfast.

CBR WEBSITE

During 2003, the CBR participated in the ESRC’s review of its Centres’ websites. Since it was last redesigned in 2000, the CBR has been using its website increasingly to promote, and to communicate with others about, its work. During 2003, the CBR’s press officer took on more of a role of updating both news and research pages, in order to make sure we have up-to-date information about our work, our publications, our news and events available to visitors.

We know that our website is reasonably successful in reaching a range of audiences. On average over the last year, we have received 36,300 hits per month. Counting hits by identifiable visitors, a quarter of these are from within the UK, including 8 per cent from the University of Cambridge. Sixteen per cent are from website visitors with a ‘.com’ address - i.e. commercial organizations. Three quarters of the traffic on our website is from people accessing and downloading copies of our publications. This is something that we have worked hard on over the last three years, moving to make our newsletters, and all the abstracts, and as many as possible of our regular Working Papers, available online for free download.

We believe that our website does work for us. When it was redesigned three years ago, our key message to the designer was to make it clean, clear and simple to use, so that it could be easily accessible to outside visitors. However, three years on from its redesign, we recognise that it could do with refreshing and updating. We discovered towards the end of 2003 that our bid for ESRC funding to carry out some work on the website had been successful, and this work will be put into progress during 2004.
9. CAPACITY BUILDING AND RESEARCH ENVIRONMENT

The CBR has continued to build up its own interdisciplinary research capacity and to contribute more widely to the environment for business environment in the UK and overseas. The Evaluation Panel which reported in 2002 concluded that the CBR ‘operates a successful staff development programme which has underpinned its own achievements and made an important contribution to the UK’s capacity for interdisciplinary business research’. Evidence for continuing achievement in this area may be found in the job destinations of the two CBR Research Fellows who completed their period of employment in 2003: Anastasios Karamanos left to take up a lectureship at ESSEC, Paris, and Jude Browne to take up a Research Fellowship at CRASSH, Cambridge, which she holds in conjunction with a fellowship and lectureship in social and political sciences at Downing College. Further details of staff training and career development are provided in Appendix 4, below.

The CBR also contributes to research capacity and the research environment through its interdisciplinary seminar series. This provides visiting speakers with the opportunity to come to Cambridge and to share their views with CBR researchers. CBR visiting fellows are also provided with the opportunity to present their work in the seminar series. In 2003 there were speakers from universities in the Australia, Canada, France, Italy and the United States as well as other UK universities. The following presentations were made:

- 21 January: Douglas Cumming, University of Alberta School of Business: Contracts and Exits in Venture Capital Finance
- 4 February: Claude Didry, IDHE, Ecole Normale Supérieure de Cachan: European Law in the Frame of National Jurisdictions: the Case of Renault Vilvoorde
- 7 February: James Hawley and Andrew Williams, Center for the Study of Fiduciary Capitalism, St. Mary’s College: Universal Ownership: Maximizing Returns for the Long Term
- 11 February: David Campbell, Cardiff Law School: The Foot and Mouth Epidemic of 2001: A Law and Economics Lesson in How Not to Regulate
- 20 May: Ken Coghill, Department of Management, Monash University, and Visiting Fellow, CBR: Towards Governance for Uncertain Times: Joining up Public, Business and Civil Society Sectors
- 27 May: Alan Kraus, Faculty of Commerce and Business Administration, University of British Columbia, and Arthur Anderson Visiting Professor, Judge Institute of Management: Green Investors and Corporate Investment
- 7 October: Andrew Stewart, Flinders University, South Australia, and Visiting Fellow, Law Faculty and CBR: The Dividing Line between Employment and Entrepreneurship.
- 14th October: Lorenzo Stanghellini, University of Florence: Family and Government-owned Firms in Italy: Some Reflections on an Alternative System of Corporate Governance.
- 21 October: Riz Mokal, Faculty of Laws, UCL. The Role of Moral Judgement in Law and Economics.

In addition, the CBR organizes on a periodic basis an internal workshop, at which members of the CBR can present their work. This workshop also provides an occasion for discussion of methodology and interdisciplinarity.
10. KEY PERFORMANCE INDICATORS

The Key Performance Indicators are outlined in the Tables in Appendix 5 below. These indicate that the high levels of output of previous years, in relation to books, chapters in books, articles, and conference presentations, were maintained in 2003. From Appendix 3 it can be seen that these outputs took the form of publication in core journals across a range of disciplinary fields (economics, management, organization studies, geography, law). Appendix 6, Budget Information, indicates that in 2003 the CBR continued to leverage the core ESRC investment to produce a diversified range of non-core funding, amounting to £351,000 in the year in question.
11. SCIENTIFIC REPRESENTATION

See section 8 above (Dissemination and Engagement Strategy) and the individual project reports in section 7.
12. FORWARD LOOK

Core funding ceases in October 2004. We are content with the performance indicators which have been agreed for the remaining period of core funding and see no reason to change them.

Targets for the remaining period of core funding include:

- to disseminate research findings to the research community through national and international conferences and related outlets, particularly in the field of management studies
- to disseminate research findings to users and beneficiaries, in particular through leading media outlets
- to submit work to leading journals in the relevant disciplinary fields
- to engage in further collaborative research with a range of national and international partners
- to collaborate with other ESRC centres in research, dissemination and policy evaluation initiatives
- to provide policy advice to governmental and business users
13. FINANCIAL STATEMENT AND COMMENTARY

The financial statement contained in Appendix 6 reveals a healthy balance between core and non-core funding. Short-term movements over a year or so in the balance of non-core funding from charities, government departments, etc., reflect the award of major grants in the relevant categories in some years. As the footnote to the Table points out, the latest year covers 12 months, whereas the previous year covered 15 months. Therefore there is no decline in funding between the two years, as a surface reading of the Table might have suggested.
APPENDIX 1: HIGHLIGHTS

DISSEMINATION HIGHLIGHTS

RESEARCH ON SMES

A series of short briefing papers written to highlight the research findings of the CBR’s latest large-scale study of UK small and medium-sized enterprises – *Enterprise Challenged: Policy and Performance in the British SME Sector, 1999-2002* - were highly successful in generating media coverage, and policy debate. We received coverage in the *Cambridge Evening News*, the *Mail on Sunday*, the *Sunday Times*, the *Times*, *BusinessEurope.com*, the *Daily Telegraph* and *Professional Manager* magazine. Co-author Andy Cosh, assistant director of the CBR, was interviewed on BBC Radio Four’s *In Business* programme. The *Enterprise Challenged* book was launched at a conference held in Cambridge in June 2003. As part of our engagement strategy, we responded to an invitation to hold this conference during the ESRC’s Social Science Week, and took up the opportunity offered by the ESRC to help us promote it via their publicity / leaflets. We also, for the first time, sought sponsorship from the private sector for both the book and the conference. Our aim in doing so was both directly to engage businesses in our research and to help us keep down the cost of the book, and the price of places at the conference for others. Property company Ashwell; Norwich & Peterborough Building Society and the Cambridge-MIT Institute all took up the opportunity to sponsor the event and to send delegates.

RESEARCH ON GENDER AND PAY EQUITY

A press release on CBR Working Paper 251, on gender and pay inequity, led to coverage in both the *Cambridge Evening News* and *Professional Manager* magazine, of researcher Jude Browne’s conclusion that it would help close the existing pay and gender gap if working parents were allowed to share paid parental leave, rather than simply extending paid maternity leave. This research was carried out in connection with an EC Fifth Framework Programme project on labour markets and capabilities.

RESEARCH ON THE IMPLEMENTATION OF THE WORKING TIME DIRECTIVE IN THE UK

Research carried out for the European Commission by Catherine Barnard, Simon Deakin and Richard Hobbs, on the implementation of the EU Working Time Directive in the UK, received considerable press interest in December 2003 and January 2004 around the time of the announcement by the Commission of its review of the UK’s opt-out from the 48-hour working week. On 6 January 2004 an opinion piece by Deakin and Barnard was published by the *Financial Times*, with a credit for the CBR which will be publishing the research as a Working Paper in March 2004, and further articles citing the research appeared in *People Management* and *Efinancialcareers.com*.

SCIENTIFIC HIGHLIGHTS

CORPORATE GOVERNANCE AND COMPETITION IN EMERGING MARKETS

Ajit Singh has been investigating the relationship between corporate governance, product and capital market competition, stability and economic growth. The *Economic Journal* published in November 2003, a symposium on the subject, with a lead article from Singh and contributions from Dennis Mueller and his colleagues in Vienna, John Roberts and his colleagues from United States, as well as the Cambridge team of Glen, Lee and Singh. The broad message of the symposium is that the received image of developing countries as being characterised by pervasive and inefficient government controls on economic activity, lack of competition, immature and imperfect capital markets and poor corporate governance is very far from being the whole picture. Although there might be shortcomings in corporate governance in some cases, leading emerging countries have vibrant product markets, displaying as much intensity of competition as that observed in advanced countries. Further, despite the capital market imperfections, stock markets in these countries have been growing fast and contributing significantly to corporate growth through new primary issues.
SME POLICY AND THE OBJECTIVES OF HIGH-TECH CEOS

Across Europe those who create and run high-tech SMEs have become a primary focus of industrial policy. Part of the rationale for the focus on small high-tech firms lies in the desire to emulate the experience of the US. There is a danger, however, of implicitly promoting a particular business model: one emphasising personal financial gain and venture capital funding, which may be at variance with those prevailing among the broad spectrum of existing high-tech small firms. The characteristics, pre-occupations and problems of the vast bulk of small firms operating in high-tech sectors, and making a contribution to international competitiveness through innovation and export may be overlooked in the current policy climate. By way of redress, work by Thelma Quince and Hugh Whittaker reports the preliminary findings from a qualitative study of 25 existing small high technology firms in the UK (‘The beer beneath the froth: preliminary findings from case studies of 25 small high technology firms’, CBR Working Paper No. 272). The paper won a best paper award at the International Council for Small Businesses 2003 World Conference in Belfast.

THE EFFECTS OF CROSS-BORDER MERGERS

CBR research using a dataset of 4,000 acquisitions by UK public firms during 1984-1998 has charted the effects of domestic and cross-border mergers. In acquisitions of domestic public targets, abnormal returns are negative over both the announcement and post-acquisition period; in acquisitions of cross-border public targets, abnormal returns are zero over the announcement period but negative over the post-acquisition period; and acquisitions of both domestic and cross-border private targets result in positive announcement returns and zero long run returns. When the dataset was extended to examine the performance of multiple acquirers, it was found that performance declines only for acquirers whose first acquisitions are successful. For acquirers whose first acquisition is unsuccessful, the bid order effect is positive. These results are consistent with a ‘hubris effect’, mean reversion effect, or diminishing returns effect for successful first acquirers, with some learning effects for unsuccessful first acquirers (Charlie Conn, Andy Cosh, Paul Guest and Alan Hughes, ‘The impact on UK acquirers of domestic, cross-border, public and private acquisitions’, CBR Working Paper No. 276, 2003, and ‘Why must all good things come to an end? The performance of multiple acquirers’, mimeo).
APPENDIX 2: STAFF EMPLOYED DURING THE YEAR

RESEARCH FELLOWS

- Jocelyn Probert – Research Fellow 100%
- Thelma Quince – Research Fellow 50%
- Celine Druilhe - Research Fellow 100%
- Dave Primost – Research Fellow 100%
- Anna Bullock – Research Fellow 100%
- Qing Yang – Research Fellow 100%
- Xiaolan Fu – Research Fellow 100%
- Paul Sanderson – Research Fellow 100%
- Beth Ahlering – Junior Research Fellow 100%
- Isobel Milner – Research Assistant 100%
- Anastasios Karamanos – Research Fellow 100%
- Jude Browne – Research Fellow 100%
- Sonia Marjanovic – Research Assistant 100%

CASUAL AND SHORT TERM RESEARCH ASSISTANTS

- 9 Individuals = 150% FTE

ADMINISTRATIVE STAFF

- Sue Moore – Administrator 100%
- Ema Walter – Director’s Secretary 100%
- Rachel Wagstaff – Junior Secretary 100%
- Louis Wenham – Accounts clerk 10%
- Rachel Simpson – Press Officer 20%
- Chris Dunne – Editor, Top Floor 10%
- Kate Hansen – 55% – Publications Secretary
- Kim Travers – 55% – Publications Secretary

Left during 2003

1 Lecturing post in ESSEC, Paris
2 Project in Centre for Research in the Arts, Social Sciences & Humanities (CRASSH), University of Cambridge
3 Welcome Trust Fellowship at JIM
4 to take up post abroad
5 to relocate to Peterborough
APPENDIX 3: PUBLICATIONS AND OTHER OUTPUTS

*Published or forthcoming after 31 Dec 2003

BOOKS AND OFFICIAL GOVERNMENT REPORTS


CHAPTERS IN BOOKS


ARTICLES WRITTEN


CONFERENCES PAPERS GIVEN


164. Jones, I.W. presented a paper which contrasted the Higgs review with the Cadbury report approach to developing Corporate Governance in the UK’ at a conference of CIBAM, in April 2003.

165. Jones, I.W. presented a paper which contrasted the Higgs review with the Cadbury report approach to developing Corporate Governance in the UK’ at the conference in Henley in October 2003.


171. Lane, C. ‘Changes in Corporate Governance of German Corporations’, Annual Conference of the Society for the Advancement of Socio-Economics, Aix-en-Provence, June 2003


185. Quince, T. ‘Fostering not Fiefdom: the concerns of high tech CEOs for their employees’, paper presented 26th International Small Business Association National Small Firms Conference: SMEs in the Knowledge Economy, 11-14th November 2003, University of Surrey.


192. Yortoglu, B. at the University of Vienna on selection mechanism in the market for corporate control.

CONFERENCES ATTENDED

193. Academy of Management, August 2003

194. Bullock, A. et al. i10 Launch Event, 1 October 2003

195. Bullock, A. et al. MAPSME meeting at JIMS, 6 October 2003

196. Bullock, A. et al. MAPSME meeting at Putteridgebury, 4 August 2003

197. Bullock, A. et al. MAPSME meeting at Putteridgebury, 9 June 2003


199. Jones, I.W. attended the conference in International Trade Development held by City University in November 2003.


204. Kitson, M. CMI Workshop: ‘Entrepreneurial Risk and Sustainability’, The Management School, University of Liverpool, December 11

205. Kitson, M. National Competitiveness Summit: Entrepreneurship in the UK, Cambridge-MIT Institute, Newcastle, 12 November


207. Lane, C. ‘Annual Conference of the Society for the Advancement of Socio-Economics’


209. Primost, D. 10th International European Operations Management Association Conference (Euroma), Como, Italy 16-18 June 2003
WORKSHOPS HELD

216. Cosh, A. et al. A workshop was held in Vienna on 5-6 December 2003 attended by 23 members of the research team. 14 new papers were presented at this meeting.


WORKSHOPS ATTENDED


237. Jones, I.W. attended the launch of ‘Making Globalisation Good’ edited by John Dunning when the panel included Lord Griffiths, and Baroness Williams in May 2003.

238. Jones, I.W. chaired a Special Interest Group ‘Making Boards Work’ at the 6th International Conference on Corporate Governance and Direction, held at Henley Management College October 2003 (and in the previous year as well).


241. Lane, C. et al. Workshop on ‘Corporate Governance and Labour’ at London Metropolitan University, November 2003


244. Pollitt, M. convened the Association of Christian Economists Annual Study Group meeting, July 2003. He and Ian Jones attended the meeting.

245. Primost, D. Seminar to DTI on PhD work

246. Primost, D. Seminar to Pepperdine MBAs visiting Oxford on PhD work


DATASETS CREATED, SOFTWARE WRITTEN

250. Bullock, A. et al. ‘The Competitiveness of the UK and its Multinational Companies’

251. Bullock, A. et al. The role of Banks versus Venture Capital in Financing Small Enterprises in Successful European Regions’ (2 datasets: SMEs and Venture Capital firms)

252. Cosh, A. The dataset used in working paper 277 was extended to examine the performance of multiple acquirers. This dataset is used in the following paper: Conn, R. Cosh, A. Guest, P. & Hughes A. ‘Why must all good things come to an end? The performance of multiple acquirers’, Unpublished manuscript.

253. Hughes, A. et al. Software for statistical testing of significance of concentration


255. Quince, T. Combined participants to UK 2001 survey and 2002 Japanese survey

256. Quince, T. Combined participants to UK surveys 1998 and 2001

257. Singh, A. The researchers are working with three sets of corporate data – Datastream, Worldscope and Osiris/BVD. The other datasets used in this project come from the World Bank and the IMF.

COLLABORATION WITH OTHER RESEARCH TEAMS AND MEMBERSHIP OF RESEARCH NETWORKS

258. Amsden, A. MIT on the relationship between large and small firms in emerging and mature markets.


262. Cosh, A. et al. Collaboration with research teams from Austria, Sweden, Norway, Spain, Italy and Netherlands.


264. Deakin, S. et al. Collaboration with other members of FP5 network coordinated by Catholic University of Louvain.


266. Isachenkova, N. Member of the British Accounting Association and Managing of Economic Transition Research Network

267. John Armour collaborated with Douglas Cumming, University of Alberta (who will be a CBR visitor, 2004)

268. Jones, I.W. is a contributor to events at Institute of Directors briefings relating to non-executive directors, and corporate governance.
269. Jones, I.W. is a Fellow of RSA, Member of Academy of International Business, European Association of International Business, Strategic Planning Society, Association of Christian Economists and Consultants Group at Ridley Hall, Cambridge. Institute of Business Ethics and the Centre for Tomorrow’s Company.

270. Jones, I.W. is an associate member of CIBAM, Cambridge.

271. Jones, I.W. was a participant in the Institute of Directors discussion of the International development of Corporate Governance.

272. Lane, C. et al. We formed a collaboration with the business school at Doshisha University in Kyoto to extend this research to Japan and visited Japan twice, in July (C. Lane, S. Learmount, J. Probert) and November (S. Learmount, J. Probert), for joint interviewing.

273. Pollitt, M. is a member of CIBAM, Cambridge.

274. Pollitt, M. is a member of European Business Ethics Network and the Association of Christian Economists.

275. Pollitt, M. regularly advises Dr Peter Heslam, Director of the ‘Christian Response to Capitalism Project’ at the London Institute for Contemporary Christianity.

USER CONTACTS


278. Armour, J. provision of training for Taylor Vinters, solicitors, on company law

279. Armour, J., Deakin, S.; Advice to FSA on literature review on corporate governance


281. Haarhoff, K. Consultant to the DTI, Analysis of Middle Market Firms. A meeting to discuss the final report on this project was held on November 7th 2003 at the CBR, Keith Haarhoff and members of the CBR Policy Evaluation Unit were present.

282. Hughes, A. Assessment Board Member Post Graduate Fellowship Scheme, Irish Research Council for Humanities and Social Sciences.

283. Hughes, A. Consultant to DfES on the design and implementation of survey based techniques to assess the impact of training on business performance.

284. Hughes, A. Consultant to the Dutch Ministry of Economic Affairs on support policy for high technology business start ups.

285. Hughes, A. Corresponding editor Science de la Societe (University of Toulouse)

286. Hughes, A. Director, National Competitiveness Network, Cambridge-MIT Institute

287. Hughes, A. Editor Cambridge Journal of Economics

288. Hughes, A. Editor International Journal of Entrepreneurship Education

289. Hughes, A. Expert Assessor ESRC AIM Fellowship Competition

290. Hughes, A. Expert Assessor ESRC Postdoctoral Fellowship Scheme

291. Hughes, A. External Examiner, School of Business, University of East Anglia

292. Hughes, A. Member Advisory Board Cambridge Endowment for Research in Finance

293. Hughes, A. Member Advisory Board of the ESRC Centre for Research in Innovation and Competition, University of Manchester

294. Hughes, A. Member DfES Expert Panel on Education, Learning and Lifelong Skills

295. Hughes, A. Specialist Adviser to the House of Lords Select Committee on the European Union with reference to the EU Green Paper on Entrepreneurship

296. Jones, I.W. advises Lintstock Ltd a start-up consultancy in Corporate Governance.

297. Jones, I.W. attended the launch of Board Performance which was attended by leading non executive directors and academics in February 2003.

298. Jones, I.W. is a fellow of St Andrews (University) Management Institute – consulting and executive education as an expert in scenario planning and corporate governance and advised Napier University top management team on strategy and governance.

299. Jones, I.W. is a partner of Kaikaku Ltd, one-on-one coaching for business leaders

policy implications; the re-location of Multinational Enterprises' headquarters; divestment, foreign-direct-investment and the business cycle

301. Philpott, E. MAPSME Project; University of Luton, Meetings with Dr Philpott and the i10 team were held on the following dates: June 5th 2003, Cambridge, June 9th 2003, Putteridgebury, July 7th 2003, Cambridge, August 4th 2003, Putteridgebury, October 6th 2003 – Presentation at the Judge Institute of Dr Fu’s work on Econometric modelling mentioned under Conference Papers given.


304. Singh, A., has been closely involved in policy advice to developing countries in their interactions with the governments of the North. In his capacity, as the Honorary Special Advisor to the Chairman of the South Centre, an inter-governmental organisation of developing countries, he has helped prepare several position papers for Southern governments on various North-South economic issues including corporate governance and competition policy.

STUDENTS SUPERVISED

PhD

305. A Coutts: Health, wellbeing and the New Deal for Loan Parents. (supervised by Brendan Burchell)

306. A Duque. Distributed work (supervised by Brendan Burchell)

307. Buchanan, J. supervised by Deakin, S. 'Changes in Corporate Governance at Major Japanese Listed Companies'.

308. Cheung, K. on 'Development of Computer Software and Hardware Industries in Hong Kong and Singapore' (supervised: C. Lane)

309. Constantinou, C. 'Restructuring in the global oil industry' (Supervisor: A Cosh)

310. Constantinou, C. 'Entry mode choice in the automobile industry' (Supervisor: A Cosh)

311. D Biggs: Temporary and agency employment. (supervised by Brendan Burchell)

312. Dessylla, P. 'The determinants and effects of high-tech mergers' (Supervisor: A Hughes)

313. Doraisami, A. 'Macroeconomic policy and economic growth in high-performing East Asian economies' (supervised: A. Singh)

314. Drouin, R-C: Promoting International Labour Rights: From State-Centred Intervention to Corporate Social Responsibility (Deakin, S. supervised).

315. G Diedrich: Forms of Trust: CEO perspectives (supervised by Brendan Burchell)


317. Guevara-Bernal, I. 'In search of the legal nature of the multi-corporate enterprise' (supervised: Deakin)(graduated)


319. Hoyas, R. 'Income Distribution in Mexico’ (supervised: A. Singh)

320. Huang, Y-W. supervised by Deakin, S. 'A Comparative Study of Telecoms Regulation in the UK and Taiwan'.

321. Joynson, R. The distribution and performance effects of free cash flow’ (Supervisor: A Cosh)

322. Kang, N. on ‘The Impact of Changes in Corporate Governance of French and Korean Firms on Labour’ (supervised: C. Lane)

323. L P Chen: Overseas Fillipino Migrant workers (supervised by Brendan Burchell)


325. M Psinos: Employment and wellbeing amongst migrants.(supervised by Brendan Burchell)

326. Nayya, D. WTO and Developing Countries’ (supervised: A. Singh)

327. Njoya, W. ‘Ownership and property rights in the company’ (supervised: Deakin)(graduated)

328. Qureshi, M. 'Corporate Social Responsibility' (supervised: A. Singh)


330. Santos, F. ‘Business Groups in Brazil’ (supervised: A. Singh)

331. Sims, V. ‘Good faith in English and German contract law’ (supervised: Deakin)(graduated)
333. Sinswat, W. ‘Capital Flows and Human Development in Thailand’ (supervised: A. Singh)
334. Timmins, A. on ‘Labour Solidarity in the European Steel Industry and Trust’ (supervised: C. Lane)
335. Weisse, B. ‘Foreign direct investment and economic development’ (supervised: A. Singh)
336. Wooge, T. ‘The determinants and effects of mergers in the TMT sector’ (Supervisor: A Cosh)
337. Yartey, C. ‘Corporate Governance and Corporate Finance in Ghana’ (supervised: A. Singh)
338. Zaidi, R. ‘Corporate Governance in Pakistan’ (supervised: A. Singh)

Mphil
339. Adriana Duque: (Dr B Burchell) Brain drain and brain circulation – challenges and opportunities for highly skilled workers abroad
341. Cai, E. ‘Asset management industry’ (supervised: Deakin)
342. Daiga Kamerade: (Dr B Burchell) Social activities of teleworkers and non-teleworkers: a comparative study
343. Dural, J. ‘Study of Sainsbury plc’ (supervised: Deakin)
344. Horn, M. ‘Varieties of Capitalism and Corporate Governance in Germany’ (Learmount, S., supervisor)
345. Jegou, V. ‘Risk management’ (supervised: Deakin)
346. Laitadze, A. ‘Economic reform in Georgia’ (supervised: Deakin)
347. Lee, F. ‘Hong Kong corporate governance’ (supervised: Deakin)
350. Yao, Y. ‘Banks and Stock Markets in China’ (supervisor, Singh, A.)

VISITORS

UK
352. Evenette, S. Corpus Christi College, Oxford.
353. Golding, T. author on City affairs, former director and head of research at Flemings. 15 April 2003. Discussion on mapping the UK investment industry (P. Sanderson).
356. Whitley, R. 2 days

Overseas
357. Ancelovici, M. – 3 days
358. Berger, S. – 4 days
359. Cornford, A. visited Cambridge in November 2003 to discuss his work on the lessons of Enron. The duration of the visit was two days.
360. Evenette, S. Corpus Christi College, Oxford
361. Furman, J. and Breznitz, S., MIT collaborators – 3 days
362. Glen, J. from IFC in Washington DC, visited Cambridge several times during last year. The normal duration of his visit was about three days.
363. Glen, J. from IFC in Washington DC, visited Cambridge several times during last year
364. Jong Kong, S. 2 days
365. Licht, A. Herziliya Interdisciplinary Institute, Israel (1 week, June 2003)
366. Murray, F. 7 days
367. Safford, S. (MIT) 2 weeks
368. Seidl, D. Institute of Business Policy and Strategic Management, Munich School of Management, Ludwig-Maximilian University, Munich. 29 September 2003. Discussion on UK and German Corporate Governance Research. (P. Sanderson & J. Roberts.)
369. Soskice, D. 1 day
370. Stanghellini, L. Faculty of Law, University of Florence (1 month, October 2003)
372. Whittaker, H. and Miyamoto, D. Doshisha Business School (Kyoto) – 5 days

MEMBERSHIP OF COMMITTEES EXTERNAL TO THE UNIVERSITY
373. Armour, J., member of Steering Committee, European Association of Law and Economics
374. Casper, S. – Elected member of the Executive Committee, Society for the Advancement of Socio-Economics
375. Deakin, S. member of editorial board, British Journal of Industrial Relations
376. Deakin, S. member of editorial board, Cambridge Journal of Economics
377. Deakin, S. member of editorial board, Industrial Law Journal
378. Jones, I.W. examined a thesis in 'Leadership in utilities' for the University of Brunel –Henley Management College June 2003
379. Jones, I.W. is a Chairman of Trustees for Oxford Pastorate Council, a non–executive director, Traidcraft plc and a trustee, Traidcraft Exchange.
380. Jones, I.W. is an elected member of the See committee for the appointment of the next Bishop of Oxford.
381. Jones, I.W. is MBA External Examiner, The University of Reading.
382. Jones, I.W. is Vice President, and trustee, Lee Abbey.
383. Kitson, M. Board of Trustees, Catalyst
385. Kitson, M. Editorial Board, Regional Studies
386. Kitson, M. External examiner, Birkbeck College London
387. Lane, C. 'British Journal of Sociology'
388. Lane, C. 'Editorial Board of Organization Studies'
389. Lane, C. Executive Council of Society for the Advancement of Socio-Economics; Editorial Board of Organization Studies; of Review of Socio-Economics; and of British Journal of Sociology.
390. Lane, C. 'Review of Socio-Economics'
391. Pollitt, M. is a member of the PCC, Holy Trinity Church, Cambridge.
392. Pollitt, M. is a Trustee and Board Member of the Viva Network, Oxford.
393. Pollitt, M. is Convenor of the Association of Christian Economists, UK, Annual Conference.

MEDIA COVERAGE

Newspapers

**TV/Radio**
413. Kitson, M. On: ‘labour market shortages’, BBC Look East, 19 November

**OTHER PUBLICATIONS (EG) BOOK REVIEWS, PAMPHLETS**
426. Joint USA-UK Innovation Benchmarking Survey
428. Key Findings to the Enterprise Challenged report, available on the Small Business Service extranet www.sbsextra.net accessible by login only


434. Sanderson, P (2003). ‘Regulation and the Role of the Regulator.’ Core resource for the MSc in Regulation of Care Services. APU (Cambridge) on behalf of the National Care Standards Commission.

435. Singh, A. was subject of a centre-page in *Top Floor* in December 2003.

436. UK/US Innovation Benchmarking Survey

**TRAINING**


441. Probert, J. attended a 1-day course on Small Group Teaching


443. Sanderson, P. Research Project Management for Principal Investigators. 18 March 2003. University of Cambridge Staff Development
### APPENDIX 4: TRAINING AND CAREER DEVELOPMENT

<table>
<thead>
<tr>
<th>Off the job training in research skills (training days)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Doshisha Business School (Kyoto): H.Whittaker and D.Miyamoto – 5 days</strong></td>
</tr>
<tr>
<td>Ian Jones attended ESRC media training at Evesham in May 2003.</td>
</tr>
<tr>
<td>A. Bullock, Introductory Microeconometrics, 2-3 October 2003, Cenmap, London</td>
</tr>
<tr>
<td>S. Moore, Cambridge University Financial System courses on Grants Modules (3 over year)</td>
</tr>
<tr>
<td>S. Moore, Seminar on Social Science Research Funding, Hughes Hall, December 2003</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Off the job training in transferable skills (training days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>J. Probert, Supervising and Small Group Teaching, October 2003</td>
</tr>
<tr>
<td>E. Walter, Powerpoint course</td>
</tr>
<tr>
<td>S. Moore, Proposed changes to the Dual Support System: the implications for research centres, ARCISS workshop, The Tavistock Institute. London September 2003,</td>
</tr>
<tr>
<td>S. Moore, SURATC Performance Management Programme, ‘Have you got your finger on the pulse?’, February 2003</td>
</tr>
<tr>
<td>S. Moore, Madingley Programme – University Governance February 2004</td>
</tr>
<tr>
<td>S. Moore, Women’s Forum – Discussion on women in the University, January 2004</td>
</tr>
</tbody>
</table>

Next known employment destination of leavers (by category)

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>research</td>
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<tr>
<td>teaching</td>
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</tr>
<tr>
<td>other public sector</td>
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</tr>
<tr>
<td>private sector</td>
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</table>
### APPENDIX 5: KEY PERFORMANCE INDICATORS

#### GROUP A: PUBLICATIONS AND DISSEMINATION *

<table>
<thead>
<tr>
<th>Year of ESRC Funding (e.g. 1, 2, etc.)</th>
<th>1994/95</th>
<th>1995/96</th>
<th>1996/97</th>
<th>1997/98</th>
<th>1998/99</th>
<th>1999/2000</th>
<th>2000/01</th>
<th>2001/02</th>
<th>Jan-Dec 2003</th>
<th>Total No</th>
</tr>
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<tbody>
<tr>
<td>Books</td>
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<td>7</td>
<td>9</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>10</td>
<td>4</td>
<td>7</td>
<td>60</td>
</tr>
<tr>
<td>Chapters</td>
<td>31</td>
<td>30</td>
<td>38</td>
<td>41</td>
<td>17</td>
<td>39</td>
<td>37</td>
<td>23</td>
<td>29</td>
<td>285</td>
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<tr>
<td>Refereed Journal Papers</td>
<td>26</td>
<td>16</td>
<td>35</td>
<td>24</td>
<td>44</td>
<td>42</td>
<td>38</td>
<td>35</td>
<td>33</td>
<td>293</td>
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<tr>
<td>Non-Refereed Journal Papers</td>
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<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Other Publications</td>
<td>51</td>
<td>48</td>
<td>55</td>
<td>59</td>
<td>88</td>
<td>72</td>
<td>52</td>
<td>70</td>
<td>52</td>
<td>548</td>
</tr>
<tr>
<td>Data Sets (Deposited at the ESRC Data Archive)</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>-</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>3</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>New Software Published</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>2</td>
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<td>2</td>
</tr>
<tr>
<td>Audio-Visual Aids Published</td>
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<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
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<td>0</td>
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</tbody>
</table>

#### GROUP B: EXTERNAL RELATIONSHIPS *

| Membership of Committees              | 5       | 16      | 22      | 11      | 15      | 15        | 21      | 28      | 19          | 152     |
| Membership of Networks                | 4       | 16      | 13      | 4       | 5       | 29        | 1       | 12      | 2           | 86      |
| Overseas Visitors                     | 21      | 9       | 0       | -       | 14      | 13        | 4       | 16      | 91          |         |
| Overseas Visiting Fellows             | 1       | 2       | 2       | 4       | 4       | 1         | 1       | 2       | 5           | 22      |
| Substantial Advice and Consultancy:   |         |         |         |         |         |           |         |         |              |         |
| 1. UK                                 | 0       | 2       | 8       | 10      | 16      | 12        | 13      | 21      | 19          | 101     |
| 2. Non UK                             | 2       | 1       | 4       | 1       | 2       | 6         | 6       | 5       | 8           | 35      |
| Conference Papers                     | 48      | 117     | 75      | 77      | 72      | 48        | 54      | 126     | 75          | 692     |
| Radio and TV                          | 4       | 12      | 6       | 5       | 20      | 2         | 3       | 3       | 4           | 59      |
| Newspapers                            | 8       | 17      | 15      | 12      | 32      | 6         | 11      | 11      | 14          | 126     |
| Seminars, Conferences attended and Workshops held and attended: |         |         |         |         |         |           |         |         |              |         |
| 1. Seminars                           | 0       | 0       | 0       | 9       | 7       | 1         | 1       | 1       | 0           | 19      |
| 2. Conferences                        | 0       | 2       | 3       | 3       | 5       | 2         | 1       | 2       | 24          | 42      |
| 3. Workshops                          | 7       | 9       | 1       | 15      | 8       | 4         | 20      | 6       | 36          | 125     |
| International Collaborative Research Projects | 2       | 4       | 7       | 7       | 4       | 6         | 3       | 7       | 19          | 105     |

*Totals shown exclude books, chapters, articles, papers, radio and TV, and newspaper articles which were in draft, in press or forthcoming at 31st Dec 2003.
### GROUP C: STAFF RESOURCES

<table>
<thead>
<tr>
<th>Year of ESRC Funding (e.g. 1, 2, etc.)</th>
<th>1994/95</th>
<th>1995/96</th>
<th>1996/97</th>
<th>1997/98</th>
<th>1998/99</th>
<th>1999/2000</th>
<th>2000/01</th>
<th>2001/02</th>
<th>Jan-Dec 2003</th>
<th>Total No</th>
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<tbody>
<tr>
<td><strong>Research Staff</strong></td>
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<td></td>
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<tr>
<td>1. Individuals</td>
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<td>16</td>
<td>20</td>
<td>25</td>
<td>21</td>
<td>23</td>
<td>19</td>
<td>21</td>
<td>22</td>
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<td>2. FTEs</td>
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<td>13.5</td>
<td>15.5</td>
<td>19</td>
<td>19</td>
<td>14.5</td>
<td>13.5</td>
<td>18.5</td>
<td>14</td>
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</tr>
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<td><strong>Associated Academic Staff</strong></td>
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<tr>
<td>1. Individuals</td>
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<td>37</td>
<td>47</td>
<td>99</td>
<td>80</td>
<td>38</td>
<td>45</td>
<td>40</td>
<td>59</td>
<td>393</td>
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<td>2. FTEs</td>
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<td>6</td>
<td>7</td>
<td>14</td>
<td>12</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>58</td>
</tr>
<tr>
<td><strong>Support Staff</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1. Individuals</td>
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<td>11</td>
<td>12</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>8</td>
<td>74</td>
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<td>2. FTEs</td>
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<td>5</td>
<td>5</td>
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<td>4.5</td>
<td>4.5</td>
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<td>4.75</td>
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<td></td>
</tr>
<tr>
<td>1. Enrolled†</td>
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<td>32</td>
<td>67</td>
<td>44</td>
<td>31</td>
<td>41</td>
<td>47</td>
<td>42</td>
<td>353</td>
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<tr>
<td>2. Graduated††</td>
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<td>14</td>
<td>20</td>
<td>14</td>
<td>14</td>
<td>10</td>
<td>5</td>
<td>8</td>
<td>98</td>
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<tr>
<td>3. ESRC-funded students</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>9</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>25</td>
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<tr>
<td>4. ESRC-funded students graduated</td>
<td>0</td>
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<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4</td>
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<td>6</td>
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<td><strong>Staff Development</strong></td>
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<td>19</td>
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<td>9</td>
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## APPENDIX 6: BUDGET INFORMATION

### FINANCIAL RESOURCES

<table>
<thead>
<tr>
<th>Year of ESRC Funding (e.g. 1, 2, etc.)</th>
<th>1994/95</th>
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<th>1996/97</th>
<th>1997/98</th>
<th>1998/99</th>
<th>1999/2000</th>
<th>2000/01</th>
<th>2001/02*</th>
<th>Jan-Dec 2003</th>
<th>Total No</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESRC Core Funding</td>
<td>441,505</td>
<td>449,602</td>
<td>596,546</td>
<td>376,208</td>
<td>370,199</td>
<td>438,431</td>
<td>494,660</td>
<td>730,320</td>
<td>530,880</td>
<td>4,422,351</td>
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<tr>
<td>Other ESRC Funding</td>
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<td>104,373</td>
<td>73,241</td>
<td>57,180</td>
<td>60,784</td>
<td>31,525</td>
<td>8,851</td>
<td>83,129</td>
<td>40,793</td>
<td>543,549</td>
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<td>Funding from Host Institutions</td>
<td>42,751</td>
<td>42,751</td>
<td>45,855</td>
<td>47,014</td>
<td>49,987</td>
<td>50,880</td>
<td>52,500</td>
<td>65,625</td>
<td>50,343</td>
<td>447,706</td>
</tr>
<tr>
<td>Other Funding Total of which:</td>
<td>28,784</td>
<td>78,216</td>
<td>147,506</td>
<td>227,481</td>
<td>295,107</td>
<td>218,690</td>
<td>386,294</td>
<td>515,370</td>
<td>350,819</td>
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<td>2. UK foundation</td>
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<td>51,720</td>
<td>175,487</td>
<td>151,142</td>
<td>79,163</td>
<td>63,159</td>
<td>200,430</td>
<td>279,768</td>
<td>1,000,869</td>
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<tr>
<td>3. UK industry/commerce</td>
<td>6,500</td>
<td>1,500</td>
<td>4,250</td>
<td>13,924</td>
<td>16,105</td>
<td>17,661</td>
<td>51,869</td>
<td>60,007</td>
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<td>171,816</td>
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<td>4. UK local authority</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>12,000</td>
<td>12,000</td>
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<tr>
<td>5. UK Central Government</td>
<td>22,284</td>
<td>34,986</td>
<td>25,462</td>
<td>26,277</td>
<td>66,972</td>
<td>54,604</td>
<td>134,426</td>
<td>65,802</td>
<td>0</td>
<td>430,813</td>
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<td>6. UK health</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
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<td>7. UK voluntary</td>
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<td>572</td>
<td>780</td>
<td>12,399</td>
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<td>8. EU</td>
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<td>60,257</td>
<td>9,757</td>
<td>15,345</td>
<td>461</td>
<td>6,421</td>
<td>28,876</td>
<td>26,662</td>
<td>179,386</td>
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<tr>
<td>9. Other Overseas</td>
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<td>5,868</td>
<td>5,245</td>
<td>1,256</td>
<td>33,144</td>
<td>66,801</td>
<td>130,419</td>
<td>160,255</td>
<td>32,389</td>
<td>435,377</td>
</tr>
<tr>
<td>Overall Total</td>
<td>596,713</td>
<td>674,942</td>
<td>857,148</td>
<td>707,883</td>
<td>776,077</td>
<td>739,526</td>
<td>942,305</td>
<td>1,394,444</td>
<td>972,835</td>
<td>7,661,873</td>
</tr>
</tbody>
</table>

*NB This column relates to a 15 month period due to changes in the required ESRC reporting periods for the Annual Report.*
APPENDIX 7: POLICY/PROCESS

There are no points which we wish to make under this heading.
APPENDIX 8: CBR BOARD MEMBERS AND RESEARCH ASSOCIATES

ESRC CENTRE FOR BUSINESS RESEARCH - COMMITTEE OF MANAGEMENT

Professor Brian Cheffins
Faculty of Law
University of Cambridge
10 West Road
Cambridge CB3 9DZ

Professor Sandra Dawson
Director
University of Cambridge
Judge Institute of Management Studies
Trumpington Street
Cambridge CB2 1AG

Dr Andy Cosh
Assistant Director
ESRC Centre for Business Research
Queens’ College
Silver Street
Cambridge CB3 9ET

Professor Simon Deakin
Assistant Director
ESRC Centre for Business Research
University of Cambridge
Top Floor
Judge Institute of Management Studies
Trumpington Street
Cambridge CB2 1AG

Professor Mike Gregory
Manufacturing Engineering
Mill Lane
Cambridge

Professor Bob Haining
Head of Department
Department of Geography
University of Cambridge
Downing Site
Cambridge CB2 3EN

Professor Andrew Harvey
Faculty of Economics & Politics
Sidgwick Avenue
Cambridge
Professor Ian Hodge
Head of Department
Department of Land Economy
University of Cambridge
19 Silver Street
Cambridge CB3 9EP

Dr Sean Holly
Director
Department of Applied Economics
University of Cambridge
Sidgwick Site
Cambridge CB3 9DE

Professor Alan Hughes
Director
ESRC Centre for Business Research
University of Cambridge
Top Floor
Judge Institute of Management Studies
Trumpington Street
Cambridge CB2 1AG

Dr Christel Lane
Faculty of Social & Political Sciences
University of Cambridge
New Museum Site
Cambridge CB2 3RQ

Professor Robert Mair (Chairman)
Master of Jesus College
Jesus Lane
Cambridge

Mrs S. Moore (Secretary)
ESRC Centre for Business Research
Top Floor
Judge Institute of Management Studies
Trumpington Street
Cambridge CB2 1AG

Professor Nick Oliver
Assistant Director
ESRC Centre for Business Research
Judge Institute of Management Studies
Trumpington Street
Cambridge CB2 1AG
CURRENT ADVISORY BOARD MEMBERSHIP UNTIL 31/9/2004

Dr Gerald Avison  
Managing director,  
The Technology Partnership

Mr Matthew Bullock  
Chief Executive of Norwich and Peterborough Building Society  
(Chairman of the Advisory Board)

Professor B. Cheffins  
Faculty of Law,  
Cambridge University

Dr Andy Cosh  
Assistant Director,  
ESRC Centre for Business Research

Professor S.J. Dawson  
Director,  
Judge Institute of Management Studies

Professor Simon Deakin  
Assistant Director,  
ESRC Centre for Business Research

Ms Angela Dumas  
Consultant on Design and Management  
Senior Associate at the Judge Institute of Management Studies

Dr Reg Hinkley  
Chief Financial Officer,  
BP plc.

Professor Alan Hughes  
Director,  
ESRC Centre for Business Research

Mr Gareth Jones  
Non-Executive Director,  
TBI (ex-Managing Director of Abbey National Treasury Services)

Mr Andrew Kilpatrick  
HM Treasury

Professor J.S Metcalfe  
Executive Director,  
ESRC Centre for Research on Innovation and Competition  
University of Manchester

Professor David Newbery  
Ex-Director of the Department of Applied Economics University of Cambridge
Professor Nick Oliver  
Assistant Director,  
ESRC Centre for Business Research  

Mr Martin Stanley  
Chief Executive,  
Postal Services Commission  

Professor G. Whittington  
Board Member,  
International Accounting Standards Structure Board  

Secretary to the Advisory Board  
Mrs Sue Moore  
Administrative Secretary  
ESRC Centre for Business Research  

RESEARCH ASSOCIATES  
Alberto Andronico (University of Catania)  
John Armour (Law)  
Catherine Barnard (Law)  
Robert Bennett (Geography)  
Richard Barker  (JIMS)  
Suzanne Berger (MIT)  
William Brown (Economics and Politics)  
Brendan Burchell (SPS)  
Brian Cheffins (Law)  
Charlie Conn (University of Miami)  
Jacqueline Cook  
John Eatwell (JIMS)  
Jack Glen (IFC)  
Paul Guest  (Engineering)  
Klaus Gugler (University of Vienna)  
Ulrich Heisig  
John Hendry (Birkbeck College)  
Yushi Inaba  
Ian Jones (Brasenose College, Oxford and London Business School)  
David Keeble
Tom Kochan (MIT)
Paul Kattuman (JIMS)
Shyam Khemani (World Bank)
Michael Kitson (JIMS)
Suzanne Konzelmann (Birkbeck College)
Christel Lane (SPS)
Simon Learmount (JIMS)
Kevin Lee (Leicester)
Wolfgang Littek (University of Bremen)
Professor F. Malerba (Italy)
Roy Mankelow
Ron Martin (Geography)
Jonathan Michie (Birkbeck College)
Tim Minshall
Riz Mokal (University College, London)
Dennis Mueller (University of Vienna)
Fiona Murray (MIT)
Lilach Nachum (City University of New York)
David Nash (Cardiff)
Richard Nolan (Law)
Professor H. Odagin (Japan)
Sarah Oxenbridge (Applied Economics)
Michael Pollitt (JIMS)
Stephen Pratten (King’s College, London)
L. Renneboog (University of Leuven)
Daniel Roos, (MIT)
Michael Scott Morton (MIT)
Ajit Singh (Economics and Politics)
Andrew Stewart, (Law, Flinders, University of South Australia)
Hugh Whittaker (Doshisha University, Japan)
Geoff Whittington (International Standards Accounting Board).
Frank Wilkinson (Birkbeck College)
Burcin Yurtoğlu (Vienna)