



 UNIVERSITY OF
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Centre for
Business
Research

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Foreword

This is the first full reporting period in which the CBR has not received any core funding from the ESRC. All its activities are now supported by research grants and contract research projects which are won in open competition with other research units in both the university and private, commercial sector. In the last year, we have won new research grants worth approximately £900,000 in total. We were also part of a successful bid by several Cambridge departments to set up an Integrated Knowledge Centre in Advanced Manufacturing Technologies for Photonics and Electronics. The overall initial value of this bid is £2.3 million rising to over £6 million over 5 years. Contract research plays a major part of our activities: we are currently carrying out work for several government departments and agencies and for the European Commission. International collaboration is strong; we are part of research networks involving universities in America, Australia, Europe and Japan. Outputs over the year in question have again appeared in a range of high-quality refereed journals across several disciplines. We are attracting recruits of high quality: post-doctoral researchers and senior researchers from Birmingham, Durham, Lausanne, LSE, Manchester, Sydney and Warwick have recently joined the Centre. Researchers leaving the Centre at the end of their time with us have gone to tenure track positions at Edinburgh, University College Dublin, Essex, Taipei and Warwick, and one of our long standing associates, John Armour, was elected the inaugural Lovells Professor of Law and Finance at Oxford. All in all, a period of transition from core funding to a more diversified funding base has been successfully negotiated. This has been made possible by the continuing support of our core administrative team and by the advice of our Committee of Management and Advisory Board.

Alan Hughes
Director, CBR

Simon Deakin
Acting Director, CBR, 2005-6

October 2007

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1. GENERAL OVERVIEW

INTRODUCTION

The CBR was established as a research centre within the University of Cambridge in October 1994. It is currently housed on the sixth floor of the Judge Business School Building. The CBR is an interdisciplinary centre and draws upon researchers from the Faculties of Economics, 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 Business School.

The CBR has a Director, Alan Hughes, and two Assistant Directors, Andy Cosh and Simon Deakin, who are all tenured academic members of staff of the University of Cambridge. The Director was on sabbatical leave during 2006-7 and the post of Acting Director was held by Simon Deakin until the end of December 2006. From January 2007 Alan Hughes resumed the Directorship.

This report covers the activities of the CBR from August 2006 to the end of July 2007.

The ESRC's contract with the University of Cambridge specified 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:

- d) *conduct an interdisciplinary research programme in Business Research;*
- e) *construct and maintain survey and related databases necessary for the conduct of Business Research;*
- f) *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 was 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.

In its final report to the ESRC (Report on Activities 2002-4), the Centre set out how it had achieved these objectives in the three years prior to the ending of core funding in December 2004. These objectives remain broadly relevant going forward. However, following the ending of core funding, the Centre's management structure was reorganized to reflect a new focus on the twin themes of *Enterprise and Innovation* and *Corporate Governance*. These now correspond to the Centre's two research programmes.

MANAGEMENT STRUCTURE

With effect from January 2005 the new programme structure was put in place. The new structure consists of two programmes of interdisciplinary research. The first, led by Andy Cosh, focuses on *Enterprise and Innovation*, the second, led by Simon Deakin, focuses on *Corporate Governance*. These programmes are supported by the Survey and Database Unit (led by Cosh) which provides expertise for survey based work and is responsible for the highly regarded biennial surveys of the UK small business sector, and the Policy Evaluation Unit (led by Cosh and Hughes) which specialises in evidence based policy evaluation linked to the core research programmes. This new structure reflects the distinctive competences of CBR as identified by ESRC Evaluation Panel which reported in 2002. Governance, enterprise and innovation were the areas most highly recommended for further funding by the Panel:

'The research on corporate governance has been excellent, and has had a significant and increasing international impact; the work on small and medium enterprises (SMEs), including the collection and analysis of longitudinal data, has been of very good quality and the Centre is a leading European authority in this area.'

'The work of the Survey and Database Unit in terms of methodological development and the collection and management of longitudinal datasets has been first-class. The resulting datasets have provided the basis for many of the Centre's

important academic and policy impacts. The quality of the SME Survey is widely recognised, as is the breadth of the Centre's approaches to the measurement of firms' growth and performance; in the words of one referee, "the CBR has made a real virtue from blending the quantitative and the qualitative ...this is essential because we can only make true progress in business research by doing both together".

'The Panel was impressed particularly by the Centre's interdisciplinary research on innovation issues. By combining inputs from geographers, economists, management scientists and others, the CBR has made an important contribution to the study of clusters of innovative SMEs. This interdisciplinary approach is now being expanded to encompass work on technology transfer from the University sector to high-tech firms, adding inputs from legal studies to provide coverage of intellectual property rights issues.'

RESEARCH ACHIEVEMENTS AND RESULTS IN THE REPORTING PERIOD

In the period 2006-7:

- CBR research was disseminated in 8 books, 30 journal articles, 16 chapters in books, and around 20 other significant publications including the CBR's own edited working paper series.
- Journals in which CBR work appeared included: *Economics of Innovation and New Technology*, *Research Policy*, *Applied Economics*, *Competition and Change*, *Swedish Review of Economic Policy*, *Human Relations*, *Industry and Innovation*, *Journal for Institutional Comparisons*, *European Business Organization Law Review*, *Journal of Comparative Law*, *Corporate Governance: an International Review*, *Socio-Economic Review*, *Georgetown Law Journal*, *European Law Journal*, *European Review of Contract Law*, *Kritische Vierteljahresschrift für Gesetzgebung und Rechtswissenschaft*, *Industrial Law Journal*, *Travail et emploi*.
- CBR researchers made over 80 conference and workshop presentations worldwide.
- A further substantial database arising from ESRC funded research was deposited with the ESRC data archive. A total of 23 databases have now been deposited since the CBR's inception.
- Research Fellows leaving the CBR have gone on to posts at top-level Universities including Oxford, Edinburgh, Warwick, UCD and Essex.

Full details of research findings, with summaries of progress made on research and outputs, are contained in the individual project reports, in section 2, below.

DISSEMINATION HIGHLIGHTS

Multinationals and social capital

On 12 June 2007 there was a book launch in at the offices of Anglo-American plc in London to mark the publication of *Multinationals in their Communities: A Social Capital Approach to Corporate Citizenship Projects* by Ian Jones and Michael Pollitt (published by Palgrave Macmillan). Looking at the increasingly important role multinationals play in economic development, it features case studies of projects through which large businesses have contributed positively to building up the social fabric of the societies in which they operate. Examples range from the UK-based mining company Anglo-American, which funds a South African venture capital firm that helps black entrepreneurs, to drinks firms Diageo's project to train responsible bartenders in Brazil. However, not all projects are in developing countries. The book includes some projects helping to build social capital in developed economies. Co-author Michael Pollitt said: "One of the projects in the book is *Tomorrow's People*, a scheme run by Diageo to tackle long-term unemployment in deprived neighbourhoods in the UK. It started in 1984, in response to the youth unemployment problems that were leading to inner city riots. Many businesses had moved out of the inner cities, and this was a practical response, a way of putting skills back in." An independent evaluation has shown that the management time and the £25 million invested in the *Tomorrow's People* project over the last 20 years has helped 382,000 people into employment, with a resulting benefit to society estimated at £450 million.

British Enterprise: Thriving or Surviving?

At a conference in February 2007, businessmen, policy-makers and academics were invited to discuss the findings of the CBR's *British Enterprise: thriving or surviving?* survey. The work had a focus on three key topics: innovation, public policy and regional disparities. The results of the survey were published simultaneously with the conference as *British Enterprise: thriving, or surviving? SME growth, innovation and public policy 2001-2004* (edited by Andy Cosh and Alan Hughes). The results showed that SMEs are less ambitious, less innovative and less growth-orientated today than they were in the 1990s. They face increasing competition and a shortage of skills in the workforce that is hampering their ability to grow into dynamic larger firms. Although there are signs of improvement in recent years, the report examines in detail whether SMEs are thriving, or simply surviving.

Research on CSR highlighted

Simon Deakin was interviewed by *The Independent* in connection with his research on corporate social responsibility (CSR) and his teaching for the Judge Business School. This is an extract from the report, entitled *Responsible as well as profitable: Employers seek graduates with a social conscience*, by Harriet Swain, published: 14 June 2007: 'No business school nowadays can afford to ignore the way business interacts with the world around it, in terms of global citizenship, ethics, employee relations, the environment, and community involvement, if it is to cater to the demands both of its students, and the companies that will later employ them... Simon Deakin, senior research associate in corporate governance at Judge Business School, University of Cambridge, says demand for knowledge of these issues is likely to increase further. "There are more and more people working in the city in socially responsible investment roles, and interest in CSR and corporate governance is growing in importance," he says. He argues that pension funds have had a significant impact here. Corporate ownership in developed countries has now become widely dispersed, with companies owned less by rich individuals or families and more by unit trusts and pension funds. In the past five years, these funds have been putting increasing pressure on companies to take sustainability seriously. "If you are a pensioner you don't necessarily want a bigger pension if you are breathing more polluted air," he says. the current interest in corporate responsibility isn't entirely a harking back. What is new, according to a number of business school academics, is the recognition that ethics can be good for business. "People don't say companies should be responsible not profitable," says Deakin. "They say companies should be responsible in order to be profitable."

CONTRACT RESEARCH UNDERTAKEN, AND ITS CONTRIBUTION TO THE CBR'S RESEARCH OBJECTIVES

The CBR undertakes a wide range of contract-research based projects, which are described in the entries below for the Survey and Database Unit and the Policy Evaluation Unit. In the current reporting period, we carried out contract work for several government departments and other funding bodies. In the project **Evaluation of the Effectiveness of HEFCE/OSI Third Stream Funding** the CBR was part of a successful collaborative bid with PACEC (Public and Corporate Economic Consultants) to evaluate what has been achieved by HEFCE/OSI 3rd stream funding to achieve culture change and embed capacity toward optimising the direct and indirect economic impact of HE. In work on **UK Survey of SME Finances 2007** the CBR has won a bid to analyse and report on a repeat of the 2004 survey on finance for SMEs in the UK. This project is directed by Andy Cosh and involves Anna Bullock, Isobel Milner and Alan Hughes. It is funded by a consortium of small business representative organisations, finance providers and UK public sector bodies including the Department for Business, Enterprise & Regulatory Reform. The project **Barriers to Innovation and Growth in High technology SMEs: the Role of Absorptive Capacity** has been commissioned by the Council for Science and Technology, is concerned with identifying those factors which constrain SMEs from attaining their full growth and innovative potential in high technology industries. **Spatial variations in innovations and absorptive capacity** was commissioned by the DTI and directed by Michael Kitson with inputs from Maria Abreu and Vadim Grinevich, and examined whether differences in absorptive capacity at the firm-level are determinants of regional variations in innovation performance. **Research using UK Innovation Survey 2005 data** involved a project team led by Andy Cosh, involving Alan Hughes, Isobel Milner and Anna Bullock. The DTI has funded the project for the CBR to compare the findings of the latest UK Community Innovation Survey (CIS4) and the Innovation Benchmarking (IB) Survey, which was carried out by the CBR in collaboration with the Industrial Performance Center at MIT.

In addition, the CBR has been part of a consortium of research teams carrying out a project on **The Capability Approach and the Implementation of EU Social Policy Directives**. This project is funded by the European Commission, Directorate-General for Social Policy. Its aim is to study the implementation of EC directives in the social policy field. Detailed case studies have been carried out of the implementation of the Directive on Information and Consultation of Employees and of the Telework Agreement. In addition, background research and field work has been carried out in relation to the Directives on Fixed-term Employment, Part-Time Work and Parental Leave.

IMPACT ON POLICY AND PRACTICE (UK AND INTERNATIONAL), AND LINKS WITH RESEARCH USERS

Impact of work on 'Why Britain needs US-style support for innovation'

David Connell's report for the Centre for Business Research, entitled *Secrets of the World's Largest Seed Capital Fund* was the focus of a Cambridge Network Open Meeting which took place on 21 March 2007. The report shows how the United States uses its Small Business Innovation Research (SBIR) Programme and Procurement Budgets to support small technology firms and argues that the UK should introduce this US scheme as a matter of urgency, on the grounds that it has successfully converted billions of dollars of taxpayer-funded research into highly valuable products and helped build hundred of successful companies. The report received widespread press attention following its publication including articles in the *Financial Times* and *The Observer*. In addition, it has fed into the policy-making process. The report has attracted extensive interest amongst both the academic and policy communities and has had an important influence on the Review of UK Science Policy being undertaken by Lord Sainsbury: the report, published in October 2007, directly refers to this work in proposing an enhanced role for public procurement in the UK. The report has led to a number of presentations and follows up meetings with Ministers, government officials, and trade associations, as well as further research on the UK SBIR program and US procurement policies.

ESRC evaluation of the CBR's dissemination activities and impact on policy users

In 2007 the conclusions on a review by the ESRC of the CBR's dissemination practices and impact on policy users were published.¹ This evaluation identified 'significant policy and practice impacts generated by the ESRC Centre for Business Research (CBR). These included, among others, contributions to the Law Reform Commission's deliberations on and codification of Director's Duties (for more effective corporate governance) and evidence of the positive effects of Government's new insolvency (personal bankruptcy) laws.....the most outstanding impact was found in two areas of CBR's research. This was the Centre's sterling work in labour and employment relations and the collection of data on Small and Medium sized enterprises (SMEs). The report noted that:

'CBR research has had a significant influence on the definition and assessment of UK labour policy. The impact resulted from different and variously funded research projects involving several researchers of varying seniority, and disseminated and used through a variety of reinforcing channels. The main instances of impact include the introduction of the minimum wage and new rights for trade unions. Regarding minimum wage, CBR's studies helped assess the impact of the policy and confirm it had not had deleterious effects on competitiveness...The 1999 Employment Act was introduced at a time when significant changes were occurring in employment relations. There had been a shift towards a 'partnership' model in some industries in the mid-1990s, before the Act came into force. There was also a move towards greater flexibility and 'individualisation' of pay and terms and conditions, affecting unionized and non-unionised workplaces alike. Against this background, CBR's research concluded that the Act did not bring about an increase in union militancy, as some had feared, and showed that the Act supported the government's competitiveness-based agenda.'

In addition, the report found that:

'The "National Small and Medium Sized Business Survey" consisting of more than 2000 SMEs is clearly one of the highest profile activities conducted by the CBR. The longitudinal data sets generated by these panel surveys have provided an extremely valuable resource for researchers in academia, government and the private industry. For instance, Government departments, such as the DTI and the Treasury used the data for confirming and informing policy on SMEs attitudes on the impact on Government policy and concerns over access to financial support. In particular, the data informed Government that SMEs required more support in management training than in financial assistance, the latter of which had been until then the main aim of Government. Private sector companies, such as banks, also used the SME panel data to crosscheck their internally generated data on SMEs and also to help inform their policies on credit support for smaller firms in various regions throughout the UK...Equally importantly, the SME data also provided the main basis for contract research assignments for public and private sector clients, which the CBR carried out during 1994-2004. These included commissioned work from the DTI, Joseph Rowntree Foundation, the TUC, DfES, the British Bankers' Association, the EU, the Office of National Statistics, and East of England Development Agency. These studies were very important for engaging CBR in policy-relevant work and for further use by the non-academic community.'

FUTURE PLANS

In the period since the completion of the last annual report the CBR has obtained further significant ESRC research funding, including £500,000 for a major new project on the impact of higher educational institutions on the development of regional economies in the UK. The CBR has also obtained significant funding amounting to approximately £180,000 from the East of England Development Agency, the Newton Trust and NESTA to study the formation, growth and financing of high technology business start-ups in the Eastern region. Additional funding amounting to £75,000 has been obtained from the Belgian government to support research on the fiduciary duties of pension fund trustees, and approximately £100,000 from the EU to support a project on resources, rights and capabilities in Europe. The CBR has also played a central role in the successful bid to the EPSRC for the establishment of the Cambridge Integrated Knowledge Centre in Advanced Manufacturing Technologies for Photonics and Electronics. The overall initial value of this bid is £2.3 million rising to over £6 million over 5 years. These new projects continue the CBR's collaborative activities across a range of social and physical sciences disciplines linking Law, Economics, Social and Political Sciences, Engineering, the Business School and Physics. In addition to these new longer-term projects, the Survey and Database Unit and Policy Evaluation Unit have continued to successfully obtain shorter funded projects covering

¹ *Policy and Practice Impacts of ESRC Funded Research: Case Study of the ESRC Centre for Business Research* Jordi Molas-Gallart and Puay Tang Report prepared for the Communications and Information Directorate Economic and Social Research Council March 2007

insolvency and enterprise reform, the analysis of innovation surveys and the measurement of efficiency in innovation. Most recently the Database Unit has collaborated with a local consultancy to successfully bid for a major HEFCE project evaluating the impact of HEIF and third-stream funding on the UK university system.

Sustained interdisciplinary co-operation on this scale is hard to achieve. The CBR adds value, we think, in several ways.

- The CBR's standing with grant-giving bodies is a considerable asset when it comes to bidding for large grants. We have continued to be successful in bidding to the ESRC since the end of core funding. In addition, we have increased our success rate in bids to the European Commission.
- The CBR has strong links with users and beneficiaries of social science research. This is the consequence, in part, of a highly successful programme of dissemination of our work to a wider, non-academic audience, in industrial and government circles. It also results from a major investment in the capacity to carry out contract research, through the establishment in 2003 of the Policy Evaluation Unit within the Centre.
- The CBR has a highly professional administrative and secretarial team which specialises in grant-raising and related activities, including dissemination and maintaining links with users. Expertise of this kind is essential if external grant income is to be accessed on a regular basis.
- Accumulated knowledge and expertise are tied up in certain long-term projects which are associated with the CBR as a unit. These include the unique dataset on the UK small and medium-sized firm sector which has been developed since the late 1980s (initially by the CBR's forerunner the Small Business Research Centre) and, more recently, the equally unique dataset on legal development which CBR researchers have been constructing under a major ESRC-funded project. These projects depend to a large extent for their success on the institutional continuity which the CBR provides.

On this basis, we expect the Centre to continue to operate into the medium term. In 2006 we submitted a five-year plan to the University which sets out financial and other performance targets up to 2011. We are on course to meet those targets.

2. PROJECT REPORTS

The numbers in the tables indicate the location of the specific publications or activity as listed in Section 3 below

ENTERPRISE AND INNOVATION

This programme is concerned with enterprise and innovation and their links to productivity and firm growth. Amongst the principal objectives of this programme are the analysis of 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 on and evaluation of innovation and 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, of innovation, and in policy evaluation. 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.

A particular feature of the programme is its interdisciplinary spread to include collaboration between social scientists, engineers and physicists in research on knowledge exchange between universities and the business sector. Significant new funding in this area has been received from the ESRC, the National Endowment for Science and Technology, the East of England Development Agency, the EPSRC and the Newton Trust for several new projects exploring the commercialisation of science and the role of HEIs. Details of both current projects and completed projects are provided separately

The research of the programme is intimately associated with the work of the Policy Evaluation Unit and the Survey and Database Unit.

1.1 The Globalising Behaviour of UK Firms in a Comparative Context

Project leaders: Christel Lane, Simon Learmount, Suzanne Berger (MIT).

Research Fellow: Jocelyn Probert.

Funding: Cambridge-MIT Institute

Period: 2002-7

Aims and objectives

CMI funded this study of British firms' responses to globalisation compared with those of a similar set of firms in the United States and Germany. We extended the remit of the project to include an equivalent set of Japanese firms, through a research collaboration with Doshisha University, Kyoto. The objective of the research was to contribute to a better understanding of how to improve British performance, given the strong pressures on firms operating in a global environment to break with old patterns of governance, organisation and scope, and location. Having collected data in 2003-2004 through nearly 150 interviews with executives in the textile and clothing, pharmaceutical, and book publishing industries, the Cambridge team spent 2005 analysing the transcripts and writing up the findings, both for academic publication and as final reports to our funding body and our interviewee firms. In addition, Jocelyn Probert spent six weeks with our collaborators at Doshisha University in October-November 2005, visiting textile and clothing firms and pharmaceutical companies in Japan. The data gathered from the various visits to Japan in 2003-5 by all members of the Cambridge team have already contributed to a research paper (on the Japanese publishing industry) presented at the workshop we organized in April 2005 and a book chapter (on the pharmaceutical industry) that will appear in 2006.

Outputs for The Globalising Behaviour of UK Firms in a Comparative Context			
<i>Papers</i>		<i>Conferences/workshops attended</i>	
<i>Articles</i>	56	<i>Memberships</i>	
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Collaboration</i>		<i>PhD</i>	
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>		<i>Media</i>	

1.2 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, Isobel Milner. Visiting fellow: Bronwyn Hall

Funding: Cambridge-MIT Institute

Period: 2002-2007

Aims and objectives

The promotion of innovation is high on the policy agenda in Europe as attempts are made to close the perceived gap in productivity performance with the USA. In the UK a wide range of policy initiatives have been undertaken to promote the commercialisation of scientific and technical knowledge. In the UK and the rest of Europe the role that small entrepreneurial firms can play has also been the subject of intense debate, not least because of the perception that the recent renaissance in US productivity and economic growth performance is associated with a high level of technology based entrepreneurial activity. As a result of a major collaborative effort across the governments of the European Union an increasing amount is known about the comparative extent of innovative behaviour and the determinants of innovative success across member countries, and across size classes of firms. Within this project this was extended to a comparison between the UK and the USA carried out using new surveys. These involved a comparison of the level of innovative activities, the process by which innovation takes place and the barriers to innovation. The benchmarking exercise consisted of a comparative analysis of the inputs into and outcomes of innovative activity. It included 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. Although the richness of the dataset will permit a wide range of issues to be addressed in the econometric analysis we will focus on two issues, both of which are of particular interest in the analysis of small and

medium sized enterprises, and where an analysis of them in relation to larger enterprises in a comparative international context will be made possible by the dataset created. The first of these is a link between networking, inter-firm collaboration, access to the science base and innovation performance. This has been a significant issue in the development of an enterprise based industrial policy in Europe and the UK, where the comparative performance of the USA is frequently alluded to as a role model. The second is the link between innovation performance management strategy and the financial and growth performance of the firm.

Results and dissemination

During 2004 we carried out surveys by telephone in both the UK and the US. The survey instrument was piloted in the UK before the main survey got under way. The same questionnaire was used in the US with minor modifications to 'Americanize' it. The main period for the UK survey was March to end of June 2004. The US survey started 2 months later and finished in November 2004. Both surveys were conducted by companies specialising in telephone surveys using CATI (Computer Aided Telephone Interviewing). The UK telephone survey resulted in 1,972 interviews. These were subsequently supplemented with 120 responses from a postal survey of the largest companies and companies in the high-tech business services sectors. The US survey resulted in 1,518 interviews. The survey instruments included questions on the following topics: General characteristics of the company; Innovation and new technology; Principal products and competition; and Finance and capital expenditure - a total of 44 questions and 295 variables. The sample design was based on stratified quota sampling of head offices and single site companies and included both independent and subsidiary companies. Stratification was by size (7 groupings within companies with 10 or more employees) and sector (4 groupings). The sectors were all manufacturing and the business services sectors, both sets being divided into high-tech and conventional sectors. The initial analysis was based on a matched UK-US dataset created from the first 1000 US interviews, which were matched by sector and size to the UK data to give us a matched sample of 712 companies from each country in the employment size group 10-999. This analysis was the basis for a presentation at the CMI 2004 National Competitiveness Summit in Edinburgh, 30 November 2004. We have subsequently created a new matched dataset using all US interviews. This dataset contains information on 1,912 companies with fewer than 1,000 employees. The initial key findings of the full dataset were presented at a conference hosted by the CBI in London in February 2006 and at several other places. The data is now being compared with the Community Innovation Survey 2005. New work will explore the comparisons between UK and US companies in bringing ideas into innovation outputs and in transforming innovation into performance gains. For further details see Issue 11 of Top Floor.

In related work funded by CBR funds, David Connell, Research Associate of the CBR, produced a report in July 2006 entitled Secrets of the World's Largest Seed Capital Fund. The work explains how the United States uses its Small Business Innovation Research (SBIR) Programme and Procurement Budgets to support small technology firms and argues that the UK should urgently introduce this US scheme on the grounds that it has successfully converted billions of dollars of taxpayer-funded research into highly valuable products and helped build hundred of successful companies. In addition work has continued by examining innovation protection and the scale of R&D activity amongst UK and US companies – this is reported under the Policy Evaluation section.

Outputs for International Innovation Benchmarking and the Determinants of Business Success			
<i>Papers</i>	83 84	<i>Conferences/workshops attended</i>	
<i>Articles</i>	45* 47 48 49 50	<i>Memberships</i>	
<i>Chapters</i>	20 21 24*	<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Collaboration</i>		<i>PhD</i>	
<i>Other publications</i>	5	<i>User Contacts</i>	
<i>Conference/workshop papers</i>	109 110 121 122 123 124 125 126 127 128 129 136 137 138	<i>Media</i>	

1.3 Government Support for Small Business Innovation and the SBIR

Project leaders: David Connell

Funding: CBR

Period: 2007-2008

Aims and objectives

David Connell's report, *Secrets of the World's Largest Seed Capital Fund: How the United States Government Uses its Small Business Innovation Research Programme and Procurement Budgets to Support Small Technology Firms*, was published at the end of the previous CBR reporting period. Since then the report has attracted extensive interest amongst both the academic and policy communities and has had an important influence on the Review of UK Science Policy undertaken by Lord Sainsbury.

The report has led to a number of presentations and follows up meetings with Ministers, government officials, and trade associations, as well as further research on the UK SBIR program and US procurement policies.

In conjunction with other members of CBR, funding has been secured for three new projects (described below) on the Commercialisation of Science and Technology.

It is intended that CBR will build on this activity and there are a number of closely related policy questions we wish to investigate.

Outputs for Government Support for Small Business Innovation and the SBIR			
<i>Papers</i>		<i>Conferences/workshops attended</i>	
<i>Books</i>	256	<i>Visitors overseas</i>	
<i>Other publications</i>	256	<i>User Contacts</i>	214 215
<i>Conference/workshop papers</i>	103 104 105 106	<i>Media</i>	

1.4 The Role of 'Soft Companies' and Government R&D contracts in development of SMEs

Project leaders: Alan Hughes, David Connell

Other Principal Investigator: Jocelyn Probert

Funding: EEDA and Newton Trust

Period: 2007-2009

Aims and objectives

This research is designed to provide the EEDA's Science and Industry Council with a detailed analysis of the role of 'soft' companies and Government R&D contracts in the region and to identify policy actions which EEDA might take to foster economic development through these mechanisms. Science and technology based companies play a major role in the economic development of the EEDA and wider south east regions. Indeed, innovation and exploitation of the UK science base has assumed increasing importance in national economic policy in recent years. Policy thinking on this subject has been dominated by the needs of two main types of business:

- I. Large, science and technology based plc's like GSK or BAE Systems, for whom significant spend on internal R&D (and to a lesser extent external R&D) is required to maintain competitiveness and expand their product range;
- II. Early stage, venture capital backed companies established to convert new technologies into proprietary products and IP which they will then sell or license.

The latter is sometimes referred to as the 'hard' start up model. However, there is another kind of R&D based business - the 'soft' company model. The role of soft companies in the economy has been largely unrecognised, although they are responsible for the initial phases of many, and possibly even the majority, of the UK's most successful science and

technology companies. Soft companies are companies whose funding and revenues come mainly from carrying out “bespoke” R&D projects for customers. Besides ‘soft’ companies whose continuing focus is undertaking ‘bespoke’ R&D contracts for individual customers, many start up companies go through a ‘soft’ phase of development before hardening into standard product. This provides both a means of exploiting a range of potential applications of their technology prior to focusing on the best opportunities, and a funding mechanism.²

The objectives of the study will be:

- I. To provide a quantitative and qualitative analysis of the role of ‘soft’ companies in the EEDA region, including the identities, sector specialisms, ownership and funding, historical development and size (revenues, employment) of major players, together with an assessment of their downstream impact on the economy in terms of spin-offs and other mechanisms;
- II. To provide an analysis of the role played by public sector R&D contracts in funding ‘soft’ companies and other early stage science and technology firms based in the region, compared with other sources of funding, including government grants, private sector contracts, equity and debt;
- III. To identify policy actions which could be taken at regional and national level;
- IV. to support the development of ‘soft’ companies;
- V. to ensure public sector R&D contracts play as full and effective a role as possible in the economic development of the region.

The project began in April 2007.

1.5 The Integrated Knowledge Centre (IKC) Commercialisation Laboratory

Project leaders: Alan Hughes, David Connell.

Other Principal Investigator: Andrea Mina

Funding: EPSRC

Collaborating Faculties: Judge Business School, Engineering (CAPE), Physics (Cavendish)

Period: 2007-2011

Aims and objectives

A transformation is currently underway in a large range of computer and sensing technologies, displays and communication systems with the introduction of new low cost, flexible molecular and macromolecular materials. The new materials have a strong research base in the UK, are suitable for a wide range of commercial concerns, both large and small, and hence provide an important opportunity for UK plc. At Cambridge there has been considerable research and development into these materials in recent years, with a range of world leading results having been achieved, which have in turn been exploited, in more than 15 spin-outs to date. It is certain that the UK must capitalise on its strength in the basic science. The EPSRC has therefore funded a new molecular and macromolecular materials (MMM) Integrated Knowledge Centre IKC at Cambridge. This brings together the main research activities in the field at Cambridge, namely in the Electrical Engineering Division (in particular within the Centre for Advanced Electronics and Photonics, CAPE) and in the Cavendish. A distinctive feature of the IKC is that it also supports the creation of tightly focussed commercialisation research activities involving the Centre for Business Research along with the Judge Business School and the Institute of Manufacturing.

The IKC thus represents a new model for collaborative R&D and innovation research. Key challenges are to understand the specific industry and innovation context within which the IKC operates, the technology management challenges which MMM commercialization will face and the impact of the policy and regulatory environment. The proposed core programme of commercialisation research to be undertaken by the CBR is within this context designed to enhance the speed and effectiveness of wealth creation from the IKC within a proposed virtual interactive IKC commercialisation laboratory (IKCCL).

The IKCCL based programme has six key objectives:

- (i) to improve the speed and effectiveness with which individual IKC projects move to successful commercialisation and facilitate access to a wider range of commercial and funding partners.
- (ii) to deliver practical, evidence-based policy recommendations to management.
- (iii) to deliver practical, evidence-based policy recommendations to Government, EPSRC, and the University, on how the UK science base can best be exploited for the benefit of the regional and national UK economy.
- (iv) to develop a set of best practice outcome and impact metrics and an associated database to meet the needs of EPSRC and enable IKC to be a policy and practice thought leader in this area.
- (v) to make a significant contribution to the academic literature on technology commercialisation.
- (vi) The IKCCL will operate its core programme of research based commercialisation and evaluation activities for the whole life of the IKC. It will also serve as the focal point for individual shorter term projects focussing on particular aspects of the commercialisation process to meet the emerging needs of the IKC.

We believe that the establishment of the IKCCL mechanism to monitor and contribute to the commercialisation of a portfolio of technical projects in real time represents a highly innovative and practical response to the unique opportunity provided by the IKC.

Outputs for The Integrated Knowledge Centre (IKC) Commercialisation Laboratory			
<i>Papers</i>	83	<i>Workshops organised</i>	190
<i>Chapters</i>	25	<i>Visitors overseas</i>	
<i>Articles</i>	53 54	<i>Research Students</i>	
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>	120 121 122 123 124 125 126 127 128 129 130 131	<i>Media</i>	

1.6 Start-up Finance – a study of micro finance amongst soft and hard companies

Project leaders: Andy Cosh, David Connell.

NESTA Innovation Policy and Research Fellow: Samantha Sharpe

Collaborating Institutions: NW Brown Group and EEDA

Funding: National Endowment for Science, Technology and the Arts (NESTA)

Period: 2007-2008

Aims and objectives

Put very simply, the purpose of this NESTA Innovation Policy and Research Fellowship is to investigate the problem of early-stage seed corn funding in the Eastern Region. Our view of the problem starts with the premise that this type of small scale funding is below the periscope of larger venture funds. Instead it is the smaller, more localised and specialised funds that have sought to fill this gap. However, investment at the earliest stages carries the greatest risks and requires the broadest portfolio if it is not to founder. This project will examine these problems in the context of a broader research programme being carried out with the East of England Development Agency (EEDA). One purpose of this broader research is to provide an analysis of the role played by public sector R&D contracts in funding 'soft' companies and other early stage science and technology firms based in the region in comparison with other sources of funding (including government grants, private sector contracts, equity and debt). The purpose of the work of the NESTA Fellowship would be to build on this in two ways.

1. It would examine in depth the role of early-stage funding from the private sector in the development of these businesses.
2. It would provide a comparison of 'hard' and 'soft' companies.

The work for this project will involve the CBR working with two partners, NW Brown Group Ltd and the East of England Development Agency, and the sponsor, the National Endowment for Science, Technology and the Arts.

The research will be pursued from two perspectives: the recipient businesses; and the firms and organisations carrying out micro VC investments at these early stages. It will examine appropriate funding models and what factors influence the choice between them. It will also examine the appropriate role for public sector funding and identify alternative funding models to support businesses at this stage of technology transfer and development.

A key question is the extent to which micro VC investments represent the appropriate level of investment for the investee firms in question, or whether they more often represent inadequate levels of investment requiring significant follow on funding rounds. Related to this is the extent to which the original micro investors are able to syndicate with larger funds, and attract follow on rounds at valuations avoiding punitive dilution. The time and effort to raise follow-on-funding is also important and we will aim to build up a quantitative picture of the “distraction element” for managers of investee companies. On the supplier side, we will examine the resources and expertise available to smaller VC firms together with the extent and nature of added value they are able to provide investee companies. The final part of the work of the NESTA Fellow will be to draw upon the two strands of this work and other work within the programme of work at the CBR to suggest models for improving the chances of long-term success of both micro investors and the businesses they invest in and the appropriate role for government.

1.7 SME Performance and Policy

Project leaders: Alan Hughes and Andy Cosh

Other Principal Investigators and associates: Anna Bullock, Bob Bennett, Xiaolan Fu, Jaeho Lee, Vadim Grinevich, Douglas Cumming (York University, Ontario), Isobel Milner, Fabrizio Trau (Italian Confederation of Industry)

Funding: ESRC; AIST, Japan; various other shorter term funds and contract research grants

Period: ongoing

Aims and objectives

This project is concerned with developing and testing models of small and medium sized enterprise (SME) performance and its determinants, with policy analysis and with methods of complex survey design and analysis necessary to investigate models of business performance. Performance includes innovative activity and export activity, as well as growth, profitability and survival. Determinants include internal management and organisational characteristics, the strategic behaviour of managers including strategies of co-operation and collaboration, as well as external environmental factors, including financial, labour and product market constraints. The project is concerned with policy evaluation and evaluation methodology, and with the comparison of the performance characteristics of different groups of firms including high-technology and conventional businesses. The project develops and utilises appropriate databases for these purposes including, in particular, the complex panel survey data generated by the CBR biennial survey of SMEs. This survey is carried out by the project leaders and managed by Anna Bullock via the CBR Survey and Database Unit. The project is also concerned with the development of appropriate survey instruments for performance measurement and analysis. It also draws on the results of a complementary project on methods of missing data imputation (Missing Observations in Survey Data: An Experimental Approach) to enhance the usefulness of performance survey datasets. The econometric analysis undertaken is characterised by the development and use of appropriate multivariate techniques including sample selection modelling and robust regression methods. Careful account is taken of the extreme heterogeneity of SME performance and the endemic sample attrition and self-selection biases which can arise in complex panel data analysis. In addition the project produces rigorous but user friendly presentations of key survey results in the biennial publication of reports based on the CBR SME survey, as well as custom designed articles for practitioner journals. Use is also made of complementary case study and qualitative analytical techniques, and of interview based piloting of alternative survey instruments to assist in complex survey design.

Results and dissemination

The members of this project produced a series of working papers on clustering, networking, innovation, training and performance, and international trade. The work of the group continued to be heavily cited in a range of official policy documents and reports including publications by the DTI, the Bank of England, UK Trade and Investment and HM Treasury.

British Enterprise: Thriving or Surviving? reports the findings of the latest panel survey of Britain's small and medium-sized businesses carried out by the Centre for Business Research. Since 1991, the CBR has carried out biennial large-scale surveys with responses from over two thousand firms concerning various aspects of their businesses. The results provide a detailed, authoritative picture of this vital sector and provide the survey data used in this project for policy and performance analysis. The book shows how the competitive environment has increased over the past few years leading to lower survival rates and lower profitability. Innovation activity also appears to have fallen despite the positive affect this has on firm performance.

A highly successful policy-oriented conference ENTERPRISE AND INNOVATION was held in February 2007. This addressed SME innovation in the UK and the US, regional policy, government support for SMEs and a retrospect on the findings of the CBR survey since 1991. For further information see issue 11 of Top Floor.

Outputs for SME Performance and Policy			
<i>Articles</i>		<i>Memberships</i>	
<i>Chapters</i>	9 10 12 13 14 15 16 17 18 19	<i>Visitors UK</i>	
<i>Books</i>	6	<i>Research Students</i>	221 223 232
<i>Conference/workshop papers</i>	108 109 121 136 137 138	<i>Media</i>	

1.8 University-Industry Knowledge Exchange: Demand Pull, Supply Push and the Public Space Role of Higher Education Institutions in the UK Regions

Project Leaders: Alan Hughes, Michael Kitson.

Other Principal Investigators: Maria Abreu, Vadim Grinevich, Philip Ternouth (Council for Industry and Higher Education)

Funding: ESRC

Period: 2007-2009

Aims and objectives

The central objective of this research proposal is to identify the factors that affect the incidence, form, effectiveness and regional impact of knowledge exchange activities between the business and higher education sectors in the UK. It will identify the way these interactions vary across UK regions and within those regions. Knowledge exchange is defined in the proposal to cover the full range of ways in which the business community and the higher education sector interact and which may affect business and regional economic development. These interactions include educational and training activities, research publications and patenting, conferences, contracting and consulting activity, internships, joint research and development and licensing and new business formation. The research will consider the objectives for taking part in these interactions and the evaluation of their success from both a business (or 'demand' side) perspective and from the academic (or 'supply' side) perspective. The research will be used to draw implications for public policy in the area of knowledge exchange.

In meeting its central objective the proposed research will address the following questions.

- What are the processes by which opportunities for knowledge exchange are recognised by businesses and academics?
- What are the key motivations and objectives of the parties to the knowledge exchange and their implications for the incidence and effectiveness of the exchange process?
- What factors affect the choice of modes of knowledge exchange?
- How do the parties to knowledge exchange measure success?
- How do businesses assess the impact of knowledge exchange upon their innovative activity and value added?
- What factors affect the geographical location of partners to knowledge exchange and the consequent potential impact upon the regional and sub-regional economy of the exchange process?
- What factors affect differences across regions and sub-regions in the incidence, form, perceived success and impact of exchange interactions?

Outputs for University-Industry Knowledge Exchange: Demand Pull, Supply Push and the Public Space Role of Higher Education Institutions in the UK Regions			
<i>Papers</i>		<i>Conferences/workshops attended</i>	164
<i>Books</i>		<i>Visitors overseas</i>	
<i>Collaboration</i>	208	<i>Research Students</i>	231
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>		<i>Media</i>	249

1.9 The Contribution of Services and other Sectors to Australian Productivity Growth 1995-2005

Project leader: Alan Hughes.

Research Fellow: Vadim Grinevich.

Funding: Australian Business Foundation

Period: 2007-2008

Aims and Objectives

Australia has experienced a longer and more sustained period of productivity growth since 1990 than almost any other OECD economy. There is concern, however, about the sustainability of this performance in the face of important structural features of the Australian economy. This includes the role of the mining and other primary producing sectors and the implications of a relative decline in manufacturing employment and output relative to service activity in the economy as a whole and its potential trade implications. The relative contribution of the services sectors to productivity growth is therefore of great policy and academic research interest. There is similar interest in the extent to which the productivity growth improvement of the Australian economy is linked to the technological intensity of various sectors. The object of this project is therefore to address these questions by analysing the sectoral composition of productivity growth in the Australian economy in the period 1995-2000, and relevant sub-periods within that.

The analysis is designed to decompose the growth in gross value added per hour for all industries taken together into those parts accounted for by each separate industry. The contribution which each sector makes will be analysed in terms of its own productivity performance over a given period and the changing weights that the sector has in overall output and employment. Over 50 industries are considered within the services manufacturing and primary sectors

The research is designed to produce an analysis for Australia comparable in decompositional method and level of sectoral disaggregation to that carried in other studies in recent years for the United States and other OECD economies.

Research Tasks to be Accomplished:

Briefly review existing analyses of overall productivity performance in Australian Industry in the chosen sample period. Set out the SM method and data used for the US analysis.

- Identify a suitable level of industry disaggregation for decompositional analysis for Australia for comparison with SM US results.
- Identify relevant industry Australian data sets on real outputs and labour inputs (including hours worked) and construct a database for the proposed period of analysis at the chosen level of industry disaggregation.
- Calculate productivity growth rates for each sector using the newly constructed dataset and carry out robustness checks to ensure consistency with existing published research on sectoral productivity performance in Australia.
- Develop a mathematical decomposition model to attribute productivity growth by various sectoral classifications.
- Prepare for publication by ABF a report of the research and present the findings in Australia in November 2007.
- Develop other working papers and publications as appropriate.

Progress

A review of existing research on Australian productivity performance has been carried out. A dataset constructed at the level of a sixty sector disaggregation for Australia, consisting of hours worked and real output has been compiled based on the Groningen international comparative dataset. A preliminary disaggregation of productivity growth over the period 1995-2004 has been completed. A draft report was presented at a seminar at the University of Queensland attended by representatives of the ABF and other academics in September 2007. The final report will be presented at the Annual Meeting of the Australian Business Federation in Sydney at the end of November 2007.

SURVEY AND DATABASE UNIT

Project Leader: Andy Cosh.

Survey and Database Manager: Anna Bullock.

Survey and Database Assistant: Isobel Milner.

Funding: ESRC; various other shorter term funds and contract research grants

Period: ongoing

Aims and objectives

- 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, ICC) of which are utilised by CBR staff.
- To oversee the continuing upgrading of the CBR User Database, so as to ensure that it remains a central part of the new dissemination and communications strategy.

Results and dissemination

During the latter half of 2006 the data from the 2004 CBR small and medium sized business survey was further analysed and the results were written up and published in the sixth British Enterprise report titled *British Enterprise: thriving or surviving? SME growth, innovation and public policy 2001-2004*. The publication coincided with a conference on Enterprise and Innovation in Cambridge on Tuesday 20th February 2007, which highlighted the regional aspects of innovation and enterprise and their implications for regional policy. The conference also covered Government support for SMEs, a comparison of business innovation in the UK and US, and an overview of the CBR SME surveys 1991-2004.

The Surveys & Database team also assisted in a number of other CBR projects that required the analysis of panel data from the CBR SME databases e.g. in the 'Barriers to Innovation and Growth in High technology SMEs' project (see the Policy Evaluation Unit for further details). The panel data was also used for selecting firms suitable to approach for case studies e.g. in the project on 'Spatial Variations in Innovations and Absorptive Capacity', and in the 'HEI' project.

In the newly started Soft Company project the team has aided the project researchers by some initial analysis of the FAME database and other available databases. This took the form of identifying science and technology based companies in the Eastern region suitable for further in depth research

Outputs for Survey and Database Unit			
<i>Papers</i>		<i>Conferences/workshops attended</i>	166
<i>Articles</i>		<i>Memberships</i>	
<i>Chapters</i>	12 13	<i>Visitors UK</i>	
<i>Books</i>		<i>Archived datasets</i>	195
<i>Collaboration</i>		<i>PhD</i>	
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>		<i>Media</i>	

POLICY EVALUATION UNIT

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

Funding: ESRC; various other shorter term funds and contract research grants

Period: 2001-2006

Aims and objectives

The Policy Evaluation Unit at the CBR exists 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.

Output

In recent years the Policy Evaluation Unit has carried out a number of projects on behalf of UK Trade and Investment, Invest NI, i10, the Royal College of Midwives and the Chartered Society of Physiotherapists, the Small Business Service, the British Bankers Association and the DTI. Details of the following projects and their outputs can be found on the CBR web pages.

- The experiences of UK mid-corporate companies in accessing and working in the emerging Asian economies
- China engineering scoping study
- Northern Ireland SME Benchmarking Survey
- MAPSME II - an i10 project - development of a second mapping tool for wider applications outside manufacturing
- Survey of National Health Service Reforms and the Working Lives of Midwives and Physiotherapists
- SME Growth Trajectories: A pilot study for the Small Business Service of UK SME growth and survival, using the CBR panel data
- Evaluation of the Golden Key Package Component of the small business initiative funded by the British Bankers Association
- Analysis of Middle Market Firms

During the past year the Policy Evaluation Unit has been engaged in several further projects and these are described below.

Evaluation of the Effectiveness of HEFCE/OSI Third Stream Funding

The CBR is part of a successful collaborative bid with PACEC (Public and Corporate Economic Consultants) to evaluate what has been achieved by HEFCE/OSI 3rd stream funding to achieve culture change and embed capacity toward optimising the direct and indirect economic impact of HE. The study led by Alan Hughes for CBR and Barry Moore for PACEC and involving Isobel Milner and Anna Bullock is concerned with evaluating whether 3rd stream funding is securing change in HE institutions such that they are more responsive to the needs of business and the wider community and maximising the economic impact of all their activities. The study is therefore concerned with establishing the extent to which 3rd stream funding has:

- Changed the culture and capacity within HE institutions in line with aims
- Secured benefits for the economy and society.

UK Survey of SME Finances 2007

The CBR has won a bid to analyse and report on a repeat of the 2004 survey on finance for SMEs in the UK. This project is directed by Andy Cosh and involves Anna Bullock, Isobel Milner and Alan Hughes. It is funded by a consortium of small business representative organisations, finance providers and UK public sector bodies including the Department for Business, Enterprise & Regulatory Reform.

The survey will take place in the autumn of 2007. The fieldwork will generate at least 2,500 responses from SMEs, and the sample will be structured to be representative of the UK SME population by sector, size and region.

The survey will cover questions on characteristics of the firm's owner; financial and business management skills; experience of starting a business; experience of banking services; use of personal finance for business purposes; use of debt finance and other types of finance; rejection and discouragement and the consequences thereof; and awareness and impact of other factors like taxation on financing decisions.

The analysis will make comparisons with the results of the 2004 survey. The earlier analysis will use both univariate and bivariate methods, summarising the findings in terms of for example the firm's size, age, sector and region and also the owner's age, gender and ethnicity. This will lead onto the multivariate analysis which is designed to examine the likelihood of seeking various forms of finance; their success in obtaining finance; choice of institution; and seeking to change institutions.

Barriers to Innovation and Growth in High technology SMEs: the Role of Absorptive Capacity

This report, commissioned by the Council for Science and Technology, is concerned with identifying those factors which constrain SMEs from attaining their full growth and innovative potential in high technology industries. It focuses in particular on those characteristics which reflect a firm's ability to recognise knowledge needs, obtain access to such relevant knowledge and absorb and utilise it effectively. We take these characteristics as measures of a firm's "absorptive capacity", or ability to explore access and exploit the knowledge base relevant to its innovative and competitive strategy.

We group these characteristics under three headings: management, collaboration activities, and sources of knowledge. We also examine their R&D activity. In addition to absorptive capacity characteristics we also attempt to distinguish successful from unsuccessful firms in these high technology industries in terms of their growth ambition, start-up and other market and competitive characteristics, defining success in terms of either growth or innovative performance and in terms of combined growth and innovative performance.

The analysis is based upon existing survey-based databases of the SME sector in the UK held by the CBR.

Reports

Cosh, A., Bullock, A., and Milner, I. (2007) *Barriers to Innovation and Growth in High technology SMEs: the Role of Absorptive Capacity*, A report to the Council for Science and Technology, Centre for Business Research, Cambridge

Spatial variations in innovations and absorptive capacity

The project, commissioned by the DTI and directed by Michael Kitson with inputs from Maria Abreu and Vadim Grinevich, examines whether differences in absorptive capacity at the firm-level are determinants of regional variations in innovation performance. Differences in firms' absorptive capacity are also due to sectoral and technological specificities. Both firms' absorptive capacity and sectoral structure differ widely across regions: the analysis focuses on the former while controlling for the latter aspect in order to evaluate regional differences in firms' propensity to innovate.

The empirical analysis is based on the use of two different and complementary firm-level databases covering UK enterprises. First, the recently released UK CIS4 and second, the newly collected Small and Medium-sized Enterprises Survey carried out by the CBR. The use of two data sets allows for comparisons on a wide range of indicators on firms' absorptive capacity and for different types of innovation. The CIS4 database provides information on a large sample of firms while the CBR allows for more comprehensive details on firms' characteristics in terms of innovative strategies and absorptive capacity. Furthermore, the analysis incorporates complementary evidence based on in-depth case study analysis of thirteen companies included in the CBR data base.

Reports

Abreu, M., Grinevich, V., Kitson, M., and Savona, M. (2007) *Absorptive Capacity and Regional Patterns of Innovation, A report to the DTI*, Centre for Business Research, Cambridge

Research using UK Innovation Survey 2005 data

Project team led by Andy Cosh, involving Alan Hughes, Isobel Milner and Anna Bullock.

The DTI has funded a project for the CBR to compare the findings of the latest UK Community Innovation Survey (CIS4) and the Innovation Benchmarking (IB) Survey, which was carried out by the CBR in collaboration with the Industrial Performance Center at MIT. In essence this proposal comprises three parts:

1. a comparison of the findings of the CBR benchmarking survey in relation to innovation expenditures with those of CIS4;
2. a similar comparison focusing on the issue of innovation protection methods; and
3. a comparative assessment of innovative efficiency using the CIS4 data.

R&D Activity

This part of the work explores R&D incidence and scale in two ways. First it compares the findings of the CBR IB survey with the CIS4 survey and grosses both up to the national scale at an industry level. Second it makes comparison between R&D activity by US and UK companies.

Innovation Protection

This part of the work involves an introductory comparison of the use of various forms of innovation protection by companies in the UK and the US. It draws upon the findings of the IB survey. Studies of innovation protection have placed great emphasis on the use of patents, partly due to their apparent measurability and objectivity. However, patents provide only one form of protecting and capturing the benefits of innovation for the firm; and this report covers both formal and strategic methods of protection.

Innovation Efficiency

This part will involve a comparative assessment of innovative efficiency using the CIS4 and the CBR innovation benchmarking data.

Outputs for Policy Evaluation Unit			
<i>Papers</i>	90	<i>Conferences/workshops attended</i>	165 179
<i>Articles</i>		<i>Memberships</i>	
<i>Chapters</i>		<i>Visitors UK</i>	236 237 238 239
<i>Books</i>	1 6	<i>Visitors overseas</i>	
<i>Collaboration</i>		<i>PhD</i>	
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>	101 139	<i>Media</i>	

CORPORATE GOVERNANCE

The Corporate Governance Programme covers a range of projects in the general area of intra- and inter-firm governance and regulation. Issues covered include the relationship between corporate governance, corporate finance and investment; the links between ethics, governance and globalisation in developed and developing economies; social dialogue and corporate social responsibility in Europe and Japan; comparative research on labour market reforms and international competitiveness; new forms of reflexive governance in the EU; institutional investor accountability; the role of corporate law in promoting financial development; the relationship between insolvency and bankruptcy law and entrepreneurship; and the operation of the corporate governance principle of 'comply or explain' in Britain and Germany. Both qualitative (case-study) and quantitative methods are used. Funding comes from, inter alia, the ESRC, the EU and the UK government.

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 (University of Tokyo), Jaeho Lee (University of Birmingham).

Funding: ESRC

Period: 1999-2007

Aims and objectives

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. The methodology has included comparative institutional analysis of corporate governance systems in Europe (building on work carried out previously under the executive pay and performance project), and the use of micro-econometric techniques to analyse the determinants of the tenure of top executives.

Results and dissemination

In March 2007 the CBR hosted a workshop in Cambridge, organized under the auspices of the Network. The theme was 'Corporate Governance, Law and Finance'. 18 papers were delivered on a wide range of corporate governance themes. The workshop was funded by a generous gift from the TTP Group, and by funding from the CBR (in connection with this project and with the project on 'Law, Finance and Development'). Full details of the papers presented are on the project website (http://www.cbr.cam.ac.uk/research/programme2/project2-20_WKS_Downloads.htm).

Ajit Singh's paper with Jack Glen, entitled 'Corporate Governance, Competition and Finance: Re-thinking Lessons from the Asian Crisis', published in *Eastern Economic Journal*, Spring 2005, has been awarded an honourable mention in the Eckstein Prize competition for 2005/2006 which is for the best articles published in the *EEJ*.

Outputs for Corporate Governance and Investment: An International Research Network			
<i>Papers</i>	84	<i>Conferences/workshops attended</i>	100 116 118 120 144 150 151
<i>Articles</i>		<i>Memberships</i>	
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Collaboration</i>		<i>PhD</i>	221 222

2.2 Ethics, Regulation and Globalisation

Project leaders: Michael Pollitt (Judge Business School) and Ian Jones (Lincoln College, Oxford and Herriot Watt Business School).

Research assistant: William Yu

Funding: ESRC (core grant to CBR)

Period: 1999-2007

Results and Dissemination

2006 saw the completion of our book on the creation of social capital by multinationals. A working paper summarizing the book's results appeared in the CBR series in December, 2006. This paper won the best paper prize at the annual European Business Ethics Network UK conference at Cheltenham in April 2007. The book, itself was published in May 2007 as *Multinationals in their Communities: A social capital approach to corporate citizenship projects* (Palgrave) and was launched at Anglo American's headquarters in June 2007.

The book brings together six years of research at the CBR. The main thesis of the book is that the \$2bn spent by UK firms and the \$15bn spent by US firms each year on corporate citizenship (or corporate social responsibility) projects could be better spent for both the firms and society, if the impact of the projects was looked at through the lens of social capital. Our analysis looks at UK multinationals in South Africa, US multinationals in Mexico, European multinationals in Poland as well as case studies of Anglo-American, Diageo, GSK and Vodafone. We offer specific suggestions for improving the effectiveness of company corporate citizenship programmes and for improved societal influence over the direction and nature of such projects.

Currently we are collaborating with Dr Peter Heslam (Faculty of Divinity, Cambridge) on a proposal looking at the role of business in transforming society for the better via combining economic success with strengthened social relations. This project will bring examine the spiritual, moral, relational and institutional aspects of social capital in the context of business enterprise. During summer 2006 we were assisted by William Yu in doing initial research for this proposal.

Outputs for Ethics, Regulation and Globalisation			
<i>Papers</i>	85	<i>Conferences/workshops attended</i>	171 172 180 181 182 183
<i>Articles</i>		<i>Memberships</i>	243 244 245 246 247
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>	8	<i>Visitors overseas</i>	
<i>Collaboration</i>	201 202 203 204 205 206 207	<i>PhD</i>	
<i>Other publications</i>		<i>User Contacts</i>	216 217 218
<i>Conference/workshop papers</i>	152 153 154	<i>Media</i>	253 254

2.3 'Capright': Resources, Rights and Capabilities in Europe

Principal Investigators: Simon Deakin, Catherine Barnard and Frank Wilkinson

Research Fellow: Aristeia Koukiadaki

Funding: European Union Sixth Framework Programme

Period: 2007 - 2011

Aims and objectives

This project is funded by the Sixth Research and Development Programme of the EU. It is coordinated by the IDHE-Cachan unit, based near Paris. The CBR is involved in collaboration with the Cachan unit together with teams from the Catholic University of Louvain and a number of other European universities in carrying out work on corporate restructuring. The project began in January 2007 and planning of the empirical phase of case studies is currently underway. Simon Deakin and Aristeia Koukiadaki have carried out preliminary interviews in the banking and construction sectors to this end. Simon Deakin, Aristeia Koukiadaki, Catherine Barnard and Frank Wilkinson are working on theoretical aspects of the work, relating to capability theory. This part of the work builds on the 'Eurocap' project which ended last year; some outputs spanning the two projects are reported here.

Outputs for Capright Project: Resources, Rights and Capabilities: in Search of Social Foundations for Europe			
<i>Papers</i>		<i>Conferences/workshops attended</i>	168 173
<i>Articles</i>	37 40 41 43	<i>Memberships</i>	
<i>Chapters</i>	22	<i>Visitors UK</i>	
<i>Collaboration</i>	197	<i>Research students supervised</i>	221 225
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>	143	<i>Media</i>	

2.4 The Capability Approach and the Implementation of EU Social Policy Directives

Principal Investigators: Simon Deakin

Research Fellow: Aristeia Koukiadaki

Funding: European Commission

Period: 2006-7

Aims and objectives

This project is funded by the European Commission, Directorate-General for Social Policy. Its aim is to study the implementation of EC directives in the social policy field. The CBR is taking part as part of a network involving units in France (IDHE-Cachan), Germany (University of Hamburg), Belgium (Catholic University of Louvain) and Sweden (SCORE, University of Stockholm). Detailed case studies have been carried out of the implementation of the Directive on Information and Consultation of Employees and of the Telework Agreement. In addition, background research and field work has been carried out in relation to the Directives on Fixed-term Employment, Part-Time Work and Parental Leave. Draft reports were completed in June 2007 and the final reports will be presented to a conference in Brussels in November 2007.

Outputs for The Capability Approach and the Implementation of EU Social Policy Directives			
<i>Papers</i>	78 79	<i>Conferences/workshops attended</i>	167 169 170
<i>Articles</i>		<i>Memberships</i>	
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Collaboration</i>	196	<i>PhD</i>	
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>	114 115 141 142	<i>Media</i>	257

2.5 Law, Finance and Development

Principal Investigators: Simon Deakin, John Armour and Ajit Singh

Visiting Fellow: Mathias Siems

Research Fellows: Sonja Fagermäs, Priya Lele, Dominic Chai

Research Associates: Beth Ahlering (PA Economic Consulting), John Buchanan (CBR), Jack Glen (IFC), Andrew Lang (Faculty of Law), Kevin Lee (Leicester), Ron Smith (Birkbeck College, London)

Funding: ESRC; Newton Trust; Japanese Ministry of Education COE grant to ITEC, Doshisha University, and the CBR

Period: 2005 - 2008

Aims and objectives

This project aims to consider the mechanisms by which legal institutions shape national financial systems, so as to identify the implications of legal reform for economic development. It is an interdisciplinary project which is combining qualitative and quantitative research methodology to yield a uniquely complete set of empirical results. The research is being carried out by a team of economists and lawyers working closely together. In addition to furthering understanding of key theoretical questions about the relationship between law and finance, the project's results will be of direct practical interest to policymakers in developing and transition economies and development agencies advising them.

A longitudinal legal indexing method is being used to create multi-country datasets quantifying legal change over time in the areas of shareholder, creditor and worker protection. The methodology and some early results are set out in Lele and Siems (2007). By the of this reporting period we had produced datasets on shareholder protection, creditor rights and labour regulation for 5 countries (UK, US, France, Germany, India) for the period 1970-2005. We had also prepared an index on shareholder protection for 20 countries for the period 1995-2005, using a reduced range of variables. Econometric work on the legal indices also made substantial progress during 2006-7. The results of this work are still preliminary. Papers have been prepared by Sonja Fagernäs, Prabirjit Sarkar and Ajit Singh and presented to a workshop in Cambridge in March and to an ESRC World Economy and Finance programme workshop at the LSE in June 2007. The initial findings of the econometric work do not support the legal origin hypothesis of La Porta et al., but these results need to be confirmed by further analysis.

We also made substantial progress on the case studies in 2006-7. In September 2006 an extensive programme of interviews was carried out by John Armour and Priya Lele in India and by John Buchanan and Simon Deakin in Japan. Papers based on this work have been written up and presented at a number of conferences. Further case studies will be carried out in the course of 2007. We expect to have a range of studies covering the UK the USA (and possibly Canada), western Europe (most likely France and Germany), central and eastern Europe (probably Slovenia and Latvia, but some other systems may also be included) and the far east (possibly Korea and China).

John Armour has produced papers on regulatory competition and on the evolution of takeover codes in the US and UK (Armour, 2005; Armour and Skeel, 2007). Simon Deakin has produced a paper discussing the long-run historical aspects of the legal origin hypothesis, and presented it to the congress of the International Economic History Association in Helsinki in August 2006 (Deakin, 2006). Progress on understanding the theoretical nature of the law-development relationship has taken the form of a number of discussion papers looking at the so-called 'adaptability' and 'political' channels identified in the extant literature as possible mechanisms for the transmission of legal origin effects. Papers have also been completed, in some cases building on earlier work, which examine factors accounting for stock market development in emerging markets (Singh and Glen, 2005; Singh et al., 2005), the strengths and weaknesses of the La Porta et al. labour law index (Ahlering and Deakin, 2007), and the legal family classifications used by La Porta et al. (Siems, 2005, 2006). Analyses based on the legal coding of shareholder protection are reported in Lele and Siems (2007) and Siems (2007).

In the course of the year Mathias Siems left to take up the post of Reader in Law the University of Edinburgh, but remains with the project as Research Associate, as do Sonja Fagernäs and Priya Lele, who left their Research Fellowships to take up, respectively, a lectureship at Essex University and a position with Ashursts, solicitors, in London. The team was joined by Domininc Chai as Junior Research Fellow and by Prabirjit Sarkar from Jadavpur University, Kolkata, as Visiting Fellow.

Outputs for Law, Finance and Development			
<i>Papers</i>	67* 68* 69* 70 71 72 73* 80* 81 82 88 89*	<i>Conferences/workshops attended</i>	
<i>Articles</i>	31* 32 34 35 36 44 57 58* 62 63 64 65*	<i>Memberships</i>	
<i>Chapters</i>	27*	<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Collaboration</i>		<i>Research Students</i>	220 226 227 228
<i>Conferences/workshops held</i>	189	<i>Datasets</i>	191 192 193 194
<i>Conference/workshop papers</i>	95 96 97 98 100 102 111 116 117 144 158 159 160	<i>Media</i>	

2.6 Reflexive Governance in the Public Interest

Principal Investigator: Simon Deakin

Research Fellows: Simon Turner, Dominic Chai

Research Associates: John Armour, Catherine Barnard (Faculty of Law), Sue Konzelmann (Birkbeck College, London), John Paterson (University of Aberdeen), Steve Pratten (King's College, London), Frank Wilkinson (CBR)

Funding: European Union Sixth Framework Programme; Japanese Ministry of Education COE grant to ITEC, Doshisha University, and the CBR

Period: 2005 -2010

Aims and objectives

This is a five-year Integrated Project funded by the EU's Sixth Framework Programme. The CBR is the coordinator a sub-network on Corporate Governance which consists of four inter-related projects (CGs 1-4). The first of these is looking at the evolution of corporate governance codes and related forms of regulation including accounting principles and stock exchange rules. The countries covered are, in the first instance, the UK, France, Belgium and Hungary, and it may be possible to extend the coverage in due course to other systems. The second project is looking at the impact of the 'financialisation' of the economy on employment and on the performance of enterprises. Here, econometric analysis of datasets (WERS in the UK and REPOSE in France) is examining the link between corporate governance structures and human resource management, while case studies for the UK, France and Belgium are examining the impact of financial pressures and pension fund activism at firm level. The third project is examining enterprise-level responses to corporate governance changes in the UK, France and Belgium; aspects covered include corporate social responsibility initiatives, and the impact of changes in bankruptcy law. The final project is examining governance aspects of inter-firm networks in the UK, France and Italy. The aim is to carry out case studies at firm and sector level which will highlight the role of developing forms of inter-firm cooperation.

In the course of the year, the Cambridge team was joined by Simon Turner to work on CG4 and Dominic Chai to work on CG3.

Results and dissemination

In the year under review, substantial progress has been made. The first work package (CG1) has been looking in detail at the evolution of corporate governance codes and similar regulatory interventions in the area of corporate law. The outputs include work consisting of single-country studies (covering the UK, France, Belgium, Slovenia, Hungary), comparative analyses (US-UK, France-UK), and studies of transnational norms (EU company law). Each of the studies provides evidence on the way in which a reflexive approach to regulation is having a considerable influence on corporate governance norms, while at the same time identifying cross-national differences. Problems with, and obstacles to, the reflexive approach are also identified. These include a tendency for transnational instruments to promote a 'one size fits all' approach based on the assumptions of the 'financial' model of the firm, in which managers are principally accountable to shareholders to the exclusion of other stakeholder groups. Drawing on this point of view, theoretical work has highlighted problems associated with the view of the law-economy relation implicit in the 'financial' or agency-based model of the firm and draws out the implications of a reflexive approach for the understanding of the differences between common law and civil law systems in their approach to corporate governance.

In the second work package (CG2), the focus has been on case studies which examine the extent to which the 'financialisation' of economies is impacting on issues of labour relations and pension fund governance. The main output here in the year under review was an empirical analysis of the impact of corporate governance form on employment relations in Britain and France, based on analysis of the WERS and REPOSE surveys. For Britain, the empirical findings closely mirrored the prediction that listed companies are subject to a corporate governance constraint in matters of HRM practices and that this effect is least evident in the case public-interest firms, mutuals and cooperatives. French managers of listed companies are less constrained than their British counterparts in the implementation of high commitment work practices, but ultimately such firms are governed in the interests of shareholders and responding to worker voice is not a primary concern. By contrast, French stakeholder firms are more likely to engage with their employees than their listed or non-listed counterparts. The analysis also found differences in the degree to which corporate governance form influences managerial practices and outcomes in the two countries which throw light on the suggestion that cross-national differences in labour regulation play a mediating role in relation to corporate governance forms. The results for French listed companies suggested that they are better placed than their British counterparts to engage in certain high-commitment HRM practices, but that they are more constrained than French stakeholder-member/public interest firms in their capacity to provide for employee voice within the firm. It appears that a stock market listing in Britain has a negative effect on HRM practices and employment relations outcomes, compared to France. The results for stakeholder firms in Britain and in France are consistent with the theory developed in the course of the research, because in both countries stakeholder firms have higher levels of worker involvement and autonomy compared to other forms.

Studies are also underway in CG2 on an analysis of corporate governance properties of corporate groups (directed by Antoine Rebérioux) and of pension fund governance (directed by Alexia Autenne). Progress was made in identifying hypotheses for study and in planning the empirical phase of the work. Outputs will be reported in future years.

The third work package (CG 3) is concerned with the impact on the enterprise of changes in corporate governance norms. A major part of the work of CG3 is concerned with developing a theoretical framework which critically analyses the predominant agency-based model of corporate governance. This is based on an 'action-based' or pragmatic conception which departs from the assumption of perfect rationality in favour of learning as the basis for decision making, and replaces 'constraint' with 'context' as the basis for a theory of the norm. Norms are seen not as direct impositions or prohibitions, but as means of empowering actors; norms endow actors with the capacity to act, and to both efficiently and legitimately transform their context of action, including institutions. Actors have different perceptions of their situations, and must arrive at a shared understanding through a process of mutual adjustment of those perceptions. Normative structures will be more or less successful depending on how far they can generate a learning process of this kind. This type of 'collective learning' is not an entirely spontaneous process, but depends on the right procedural conditions being put in place, through public action and an articulation of the 'public interest' with respect to the external context, and, as far as internal context is concerned, through various processes analysed in the paper, which identifies the main pitfalls to be avoided and incentives to reflexivity to be incorporated in the norm-setting process, thereby providing the empirical researcher with a set of indicators for evaluating the reflexive potential of a governance system.

The empirical part of CG3 consists of studies which have been carried out of the impact of international accounting norms, the effects of insolvency law rules, norms governing corporate social responsibility, the relationship between corporate governance rules and corporate financing patterns, and the implementation of the EU's financial action plan. The empirical work indicates potential disjunctions between the goals of regulation and their practical effects, stemming part from weak regulatory design.

The fourth work package (CG4) is concerned with the governance of network forms of inter-firm relations, and is focusing on the wine sector and the media sector in a number of countries. The main questions being addressed are: what is the theoretical justification for preferring network forms of governance to those based on vertical integration? and, how far do public-private partnerships capture the benefits of the network form? This issue will be principally addressed in CG4 by a cross-national study of networks in the wine industry. The work is being led by the Trento-EUI and Cambridge teams. Additional teams have been recruited to work on the project, from France (University of Southern Brittany) and Portugal (New University of Lisbon) as well as a team from the University of Catania in Italy.

Although in the last decades the international wine industry has been characterised by the emergence of new wine producing countries, like Argentina, Australia, Chile, New Zealand, South Africa and the USA, Europe still remains the first wine producer in the world. The structure of the market has changed, however. While imports and exports have increased at the world level (also given to the emergence of the 'new world wine countries'), Europe shows a continuing concentration and fall in the number of producers, while the importance of distribution channels for wine (especially supermarkets and discount stores) is increasing substantially. Within a change in levels of per-capita consumption (with a decrease in traditional wine countries and an increase in non-traditional wine countries), a general trend in favour of both production and consumption of quality wine is registered. Given these changes, a key issue is: can we expect an evolution in the governance structure of the enterprises? In particular, how do changes in the production and distribution chain affect on capital restructuring strategies, formation of groups, joint ventures, strategic agreements among the firms? Can we observe the emergence of peculiar models of networks as a result of these changes?

These are the main questions to be addressed in the empirical work. In the past year the main work of the group has been to develop a joint questionnaire for the empirical phase of the work, which will take place over the next 12 months. Initial contacts have been made and the first interviews have already been carried out. In addition, a smaller-scale empirical project comparing inter-firm relations in the broadcasting industry in Britain and Portugal is being carried out under the auspices of the Cambridge team.

A conference will be held in Cambridge in December 2007 which will draw together the empirical findings from all four work packages and consider their significance for the theoretical framework, derived from the theory of reflexive governance, which the members of the subnetwork are using. Certain themes, spanning the different work packages can be identified, which are informing the overarching aims of the REFGOV network. One of these is the conflict between the global trend towards 'financialisation', associated with the rise of the shareholder value norm, and the goal of collective learning which is at the core of the concept of reflexive governance. At a regulatory level, notwithstanding the apparent success of the 'reflexive' model in influencing the evolution of corporate governance codes, there remain significant obstacles to effective regulatory learning, not least the tendency for corporate governance practices to be benchmarked against a 'one size fits all' approach which prioritises shareholder value. At workplace level, systems of human resource management based on a high level of trust and commitment are coming under pressure from performance-management systems based around shareholder value metrics. There is potential for corporate social responsibility to be used as a mechanism to promote a more holistic view of corporate governance, but is currently constrained by countervailing forces towards short-termism in capital markets.

In addition, the CBR is also part of the Refgov subnetwork on fundamental rights. In connection with this part of the work, Catherine Barnard and Simon Deakin have prepared a paper dealing with social rights and the treatment of non-standard work relationships in the UK.

Outputs for reflexive governance in the public interest			
<i>Papers</i>	74* 75 76 77	<i>Conferences/workshops attended</i>	
<i>Articles</i>	32 38 39 42	<i>Memberships</i>	
<i>Chapters</i>	23	<i>Visitors UK</i>	
<i>Books</i>	3	<i>Visitors overseas</i>	
<i>Collaboration</i>	198	<i>Research Students</i>	229 230
<i>Other publications</i>		<i>User Contacts</i>	
<i>Conference/workshop papers</i>	99 102 107 112 113 140	<i>Media</i>	

2.7 Impact of the Enterprise Act 2002

Principal Investigators: John Armour, Adrian Walters (University of Nottingham)

Research Fellow, Audrey Hsu

Funding: DTI

Period: 2006 -7

Aims and objectives

The corporate insolvency provisions of the Enterprise Act 2002 ('the Act') were intended to enhance efficiency and increase accountability in corporate rescue proceedings. To this end, the Act abolished administrative receivership and replaced it with a new, 'streamlined' administration proceeding. Unlike an administrative receiver, who owes duties only to a secured creditor, an administrator owes legal duties to all creditors. On the one hand, increased accountability may be expected to result in a greater impetus towards efficiency, with the result that better outcomes are achieved for the businesses of distressed companies. However the very mechanisms of accountability — increased legal liability — may themselves generate increased costs through legal bills and actions taken to avoid liability.

The project sought to investigate the following questions:

1. Whether the Act has resulted in lower costs for corporate rescue proceedings; and
2. Whether administrations under the new regime result in greater overall realisations (because of the increased accountability) than under the old administrative receivership procedure.

To investigate these issues, a new dataset of 348 cases of corporate insolvency commencing between 2001 and 2004 (153 receiverships under the old law and 195 administrations under the new law) was constructed using data from reports filed by practitioners at Companies House. Work began in February 2006 and was completed by the end of July 2006. These quantitative results were supplemented by qualitative research, consisting of interviews with practitioners and regulators.

Results and dissemination

The results of the empirical work were detailed in a report prepared for the Insolvency Service in December 2006. This was then followed by user dissemination at a research seminar organised by the Insolvency Service in spring 2007. The project was formally completed in February 2007, but further statistical analysis of the data gathered is continuing.

Outputs for Impact of the Enterprise Act 2002			
<i>Papers</i>		<i>Conferences/workshops attended</i>	
<i>Articles</i>	33	<i>Memberships</i>	248
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>	2	<i>Visitors overseas</i>	
<i>Conference/workshop papers</i>	91 92 93 94 135	<i>Media</i>	

2.8 Bankruptcy Law and Entrepreneurship

Principal Investigators: John Armour, Douglas Cumming (York University, Ontario)

Funding: CBR

Period: 2006 -7

This project was formally completed in early 2006, but further follow-on work continued. The dataset on personal bankruptcy laws was expanded and enhanced to include a range of different variables. Research was conducted at the Max Planck Institute of Private International and Comparative Law in Hamburg and at the Arthur W. Diamond Library at Columbia Law School. The revised and enhanced index formed the basis of a significant revision of the working paper, "Bankruptcy Law and Entrepreneurship", produced by this project. The revision was completed in June 2007.

2.9 'Soft Regulation': Conforming with the Principle of 'Comply or Explain'

Project Leaders: John Roberts (Judge Business School), Paul Sanderson and David Seidl (University of Munich).

Funding: ESRC

Period: 2006-8

Aims and objectives

The purpose of this two-year project, funded by the Economic and Social Research Council (ESRC), is to examine the way that the boards and senior managers of major UK and German companies treat compliance with codes of corporate governance, in particular the way they apply the principle of 'comply or explain'. Governments advocate flexible regulation wherever possible, to encourage innovation and economic growth, but success depends crucially on regulatees' attitudes to compliance. We seek to improve understanding of the bases on which compliance decisions are made in a corporate context, by examining conformance with the principle of 'comply or explain', a key feature of codes of corporate governance.

There are, of course, strong reasons to conform with prevailing norms, e.g. to maintain the confidence of investors, but non-conformance does occur. Why do decision-makers consider it essential to conform on some issues in some circumstances, yet not in others? What is the rationale, and to what extent are such decisions internal and strategic, or externally grounded in local culture and traditions? To answer such questions we interview, and compare the responses of, senior managers in both the UK and Germany - countries with similar codes of corporate governance but different political and legal traditions and corporate structures.

In the first phase of the research the corporate governance statements of the largest 130 UK and 130 German companies were examined and coded according to whether they complied or explained non-compliance in respect of the provisions of the relevant code (respectively the Combined Code, and the Cromme Code) and an assessment made of the quality of the explanation where one was given. Differences between the results for the two countries were noted and tentative explanations for these differences were offered. The results have been written up for presentation in a conference paper for a conference on risk and regulation in September 2007 and are in the process of being submitted for journal publication.

The second phase consisted of interviewing 30 company secretaries and others in the UK and their equivalents in Germany. The interviews averaged just under 60 minutes each and are currently being coded for analysis. The interviewees were probed for their attitudes to previous and current versions of the corporate governance code to which they must comply, the process of compliance, the content and quality of explanations for non-compliance, the publication of the corporate governance statement and the usage of comply or explain. In addition various contextualizing interviews were held with investment managers and representative organizations, and indeed a lengthy interview was given by Sir Adrian Cadbury whose committee devised the first corporate governance code and introduced the principle of comply or explain. Once the interviews have been coded and analysed further interviews will be held for clarification. Case studies may also be carried out.

There were two major conference outputs in the reporting period.

The first, convened by Paul Sanderson of the CBR with John Brady for Anglia Ruskin University, entitled 'Soft Law, Soft Regulation?' took place in Hughes Hall, University of Cambridge, 12-13 September 2006. The purpose was to investigate understandings of soft forms of law and in particular to explore the implications for practitioners – exemplified

by increased reliance on codes of governance rather than hard rules and by the use of principles and techniques of self-reporting such as comply or explain. The conference attracted 55 delegates from 15 countries and from disciplines such as law, management and politics.

In 2007 John Roberts and David Seidl convened sub-theme 31, 'Regulating Organizations through Codes of Corporate Governance,' at the 23rd EGOS (European Group on Organization Studies) colloquium in Vienna, July 5-7. The 18 papers presented contributed much to this project by way of comparative and contextual information. They also served to highlight the way that institutional structure, culture, and legal tradition can affect the effectiveness of comply or explain.

Outputs for 'Soft Regulation': Conforming with the Principle of 'Comply or Explain'			
<i>Papers</i>	87	<i>Conferences/workshops attended</i>	184 185 186 187 188
<i>Articles</i>	51 52 59 60 61	<i>Memberships</i>	
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Collaboration</i>	209 210 211 212 213	<i>PhD</i>	
<i>Other publications</i>		<i>User Contacts</i>	219
<i>Conference/workshop papers</i>	155 156 157 162 163	<i>Media</i>	

2.10 Labour Market Reform and Social Inclusion: The Case of New Zealand, Ireland and Denmark

Project Leaders: Colm McLaughlin and Simon Deakin

Funding: ESRC

Period: 2006-7

Aims and objectives

This project was an ESRC post-doctoral research fellowship held by Colm McLaughlin, with Simon Deakin acting as mentor. The purposes of the fellowship were, inter alia, to enable Dr. McLaughlin to develop and disseminate findings from his Ph.D. thesis and to further his career development through participation in related CBR-based research. The thesis explored the relationship between economic efficiency and labour market equity from an institutional comparative perspective and addressed the question of whether institutions and regulations that address issues of equity for low-paid workers can be part of an integrated competitive national strategy. The study drew on the recent experiences of three small economies, New Zealand, Ireland and Denmark. These three countries made for an interesting comparison given that they adopted substantially different labour market strategies in response to similar global pressures to deregulate. The Danish story is one of adjusting through existing corporatist institutions; New Zealand abandoned its highly centralised system of bargaining for a heavy dose of neo-liberalism; and the Irish, with their social partnership model, adopted a middle road.

Results and dissemination

The research made a number of significant findings. For small open economies, deregulation and neo-liberalism are not essential components of a successful economy. Rather, dialogue and social inclusion are important for building cohesion and providing legitimacy for change in a period of rapid economic adjustment. Moreover, not only can economic competitive pressures be addressed through a range of institutional approaches, but the neo-liberal prescription is not a very effective model for small economies attempting to build 'high road' national competitive strategies. Ireland has developed strong social partnership relationships at the national level underpinned by dialogue, deliberation and a shared vision of a high-wage, high-productivity economy. More recently New Zealand has begun to do the same. However, in both cases, there are few of the coordination mechanisms present in Denmark to deliver a range of important collective goods, such as training. Instead, voluntarist approaches are adopted. However, because these fail to overcome a significant ideological divide between the social partners below the national level, where neo-liberal management thinking predominates, there is only a limited diffusion of the 'high road' vision to workplace level. This is particularly so in low-paid sectors where the research found evidence of industries trapped in a low-wage, low-skills, and low-productivity equilibrium despite high levels of public policy support.

The ESRC fellowship provided the opportunity for the theoretical arguments to be further developed drawing on the work of Frank Wilkinson, Peter Brosnan and Simon Deakin on the efficiency-enhancing impacts of minimum wage regulations,

and the work of Simon Deakin on 'reflexive governance'. It has also enabled the researcher to disseminate the findings at a number of conferences and seminars, and several papers are in the journal submission process.

Following the end of the project, Dr. McLaughlin took up a Research Fellowship in the CBR to work on the 'Gender and Corporate Governance' project (2.11, below), and was subsequently appointed to a lectureship at University College, Dublin.

Outputs for Labour Market Reform and Social Inclusion: The Case of New Zealand, Ireland and Denmark			
<i>Papers</i>	86	<i>Conferences/workshops attended</i>	174 175 176 177 178
<i>Articles</i>		<i>Memberships</i>	
<i>Other publications</i>		<i>Training</i>	258
<i>Conference/workshop papers</i>	145 146 147 148 149	<i>Media</i>	251 252

2.11 Addressing Gender Inequality through Corporate Governance

Project Leader: Simon Deakin

Research Fellows: Jude Browne, Colm McLaughlin

Funding: ESRC Gender Network

Period: 2007-8

Aims and objectives

The three aims of this project, funded by the ESRC's Gender Network are: to examine the role of mechanisms of corporate governance and corporate social responsibility in promoting gender equality and diversity; 2). to compare the effects of shareholder engagement and internal audit processes with the impact of 'hard' regulation (in particular, equal treatment legislation) and 3). To relate our findings to wider debates about the future of equality legislation. We will be carrying out in-depth case studies of a range of organisations, using interviews with managers and workers (producing mainly qualitative data, some quantitative). We will also be undertaking a policy analysis, tracking the evolution of regulatory policy over time. In addition we will examine the discourse of human rights in a range of institutional settings.

Results to date

The project formally began in October 2006 but we have been preparing for it in advance of the formal start date. We have been setting up interviews with institutional investors, pension fund trustees, fund managers, and corporates. The first interviews will take place in February 2007 and we expect to do the bulk of the interviewing in the spring and summer of 2007. We are focusing on a particular area of concern and interest in the current debate on CSR, which is the role of hedge funds and private equity funds as activist investors. We have been carrying some background work on this area and Simon Deakin gave a paper on the subject to workshops in Kyoto, January 2006, Louvain-la-Neuve, February 2006, and Chicago, April 2006. We will also be looking at how companies which took part in the Kingsmill review process have fared since that process was completed, and to what extent the original aims of the review have been fulfilled. We will also be discussing with policy makers what seems to be a more recent loss of confidence in the voluntary methods (internal pay reviews, etc.) favoured by the review. In addition to the above, Jude Browne has published the results of her earlier work on gender and career trajectories in the BBC and has also published work on gender and corporate ethics, and Simon Deakin has published papers on capability theory and on corporate governance. In July 2007 Jude Browne went on maternity leave and in October 2007 she will be leaving the CBR to take up an Associate Professorship at the University of Warwick. Colm McLaughlin joined the project in July. He and Simon Deakin have begun the empirical phase of the research and have carried out several interviews with employers, policy making bodies, pension funds, private equity firms and other relevant parties. Dr. McLaughlin will be leaving the CBR in November 2007 to take up a lectureship at University College, Dublin, but will continue to be involved in the project.

Outputs for Addressing Gender Inequality through Corporate Governance			
<i>Chapters</i>	11	<i>Visitors UK</i>	
<i>Books</i>	4	<i>Visitors overseas</i>	
<i>Articles</i>	55	<i>PhD</i>	
<i>Other publications</i>		<i>User Contacts</i>	

2.12 Pension Fund Governance and Socially Responsible Investment

Project Leader: Simon Deakin.

Research Associates: John Buchanan (CBR), Andrew Johnston (Faculty of Law, University of Cambridge) Sue Konzelmann (Department of Management, Birkbeck College, London), Wanjiru Njoya (Faculty of Law, University of Oxford)

Funding: Belspo (Belgian Science Foundation); additional funding from the Japanese Ministry of Education COE grant to ITEC, Doshisha University, and the CBR

Period: 2007-11

Aims and objectives

The issue of the 'fiduciary duties' of the board of directors and executive managers, as well as of mutual funds and pension fund managers, have become central to current debates on corporate governance. There is a growing tension between the mainstream 'shareholder conception' – which has made of 'shareholder value' the unique benchmark for the determination and evaluation of the fiduciary duties and some conception –, a conception which itself includes a number of variants such as the 'stakeholder approach' or the 'enlightened shareholder value approach' (in which the long term interest of the shareholders are taken more explicitly into consideration) on the one hand, and on the other hand, a growing recognition that interests other than those of shareholders interest have to be taken into account for the effective operation of the firm. In addition to that, the traditional legal regulation has been supplemented and to some extent challenged by a growing recourse to self-regulation (in the form of 'codes of conduct' or other 'soft law' instruments). There is a significant but contentious move towards a broadened conception of fiduciary duties asserting the obligation of pension funds trustees to take into account social, ethical or environmental factors when taking investment decisions.

This project, funded by the Belgian Science Foundation (Belspo), will look at issues of pension fund governance and socially responsible investment or SRI in a comparative perspective, with the CBR working with teams from the Catholic University of Louvain and the University of Liège. The work began in 2007. A number of interviews have been carried out with pension fund managers, legal experts, activist hedge funds, and companies affected by these corporate governance developments in Britain and Japan (the Japanese part of the work is funded by the grant provided to the CBR by the Japanese Ministry of Education through the collaboration agreement between the CBR and ITEC, Doshisha University). Some background papers on governance-related issues have also been completed. It is too soon to report results; these will be outlined in future reports.

3. OUTPUTS

(*forthcoming)

BOOKS AND OFFICIAL GOVERNMENT REPORTS

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18. Cosh A. and Hughes A. (2007) "SMEs in Northern Ireland" in *British Enterprise: thriving or surviving?* edited by Cosh and Hughes, Centre for Business Research, University of Cambridge.
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92. Armour, J. seminar presentation on impact of Enterprise Act at Washington University, St Louis, Law School, February 2007
93. Armour, J. conference presentation on impact of Enterprise Act at INSOL International Annual Conference (Academic Advisory Group), Cape Town, March 2007
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116. Fagernäs, S., Sarkar, P. and Singh, A. (2007) 'The legal protection of shareholders and stock market development', presented to the workshop on law, corporate governance and finance, Cambridge, March 2007. Fagernäs, S., Sarkar, P. and Singh, A. (2007) 'The legal protection of shareholders and stock market development', paper presented to the 8th European Workshop on Corporate Governance, Law and Finance, New Hall, Cambridge, 24-25 March 2007.
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125. Hughes, A. (2006), 'Shortcomings in the US model and innovation in unexpected places', The Sydney Business Roundtable, The Fairfax Building, Sydney, Australia, 21 November.
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128. Hughes, A. (2006), 'University industry links, industry dynamics, public procurement and economic performance', Interdepartmental Staff Seminar, Department of Industry Tourism and Resources, Canberra, Australia, 18 December.
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130. Hughes, A. (with A. Cosh) (2007), 'Takeovers after "Takeovers"', Conference in Honour of Professor Ajit Singh, 14-16 September 2007, Queens' College, Cambridge.
131. Hughes, A. (2007), 'Innovation Policy and University-Industry Links: Some reflections based on US and UK experience, China Executive Leadership Programme, Cambridge, 18 July.
132. Hughes, A. (2007), 'Innovation Policy and University-Industry Links: Some reflections based on US and UK experience', JUDGE-US – Judge Business School Internal Seminar Series, 1 March.
133. Hughes, A. (2007), 'The CBR SME Surveys 1991-2004 – what have we learned?', CBR Conference: Public Policy for SMEs, 20th February.
134. Hughes, A. (2007), Introduction to IKC Workshop *Measuring the Impact and Success of University-Industry Knowledge Exchange: A Metrics Workshop*, Robinson College, Cambridge, Friday 27 July 2007
135. Hsu, A. conference presentation at Asian Law and Economics Association Annual Meeting, Taipei, August 2007
136. Kitson, M. (2006), 'The Regional Innovation Process' MLP Conference on "Regional Development Strategic Policy Tools", Brussels, 13 October. Kitson, M. (2006), 'The Regional Innovation Process' MLP Conference on "Regional Development Strategic Policy Tools", Brussels, 13 October
137. Kitson, M., Grinevich, V. (2006), 'Absorptive Capacity and Regional Economic Performance', Innovation Economics Conference, DTI, London, 17 November. Kitson, M., Grinevich, V. (2006), 'Absorptive Capacity and Regional Economic Performance', Innovation Economics Conference, DTI, London, 17 November

138. Kitson, M., Grivenich, V. and Abreu, M. (2006), 'Absorptive Capacity and Regional Patterns of Innovation', Forum of Knowledge Exchange, Networks and Regional Innovation, 6/7 December. Kitson, M., Grivenich, V. and Abreu, M. (2006), 'Absorptive Capacity and Regional Patterns of Innovation', Forum of Knowledge Exchange, Networks and Regional Innovation, 6/7 December
139. Kitson, M., Abreu, M., Savona, M. and Grinevich, V. 'Regional innovation and absorptive capacity' a presentation at the DTI Innovation Conference, London, 1 December 2006
140. Konzelmann, S. (2006) 'Corporate governance and employment relations in Britain and France'. Presentation to CG workshop, University of Bristol, 13 December 2006.
141. Koukiadaki, A., (2006) The Integration of Information and Consultation Rights of Employees in Restructuring Cases, presentation in the '*Workshop on Restructuring and Employee Participation*', IDHE-Cachan, Paris-November 2006
142. Koukiadaki, A., (2006) Results of the CIA Survey on Information & Consultation Practices in the Chemical Sector, presentation in the '*Social Affairs Strategy Group Meeting*', Chemical Industries Association (CIA), London
143. Koukiadaki, A., (2007) The Establishment and Operation of Information and Consultation of Employees Arrangements in the UK: Case Study Evidence, *Cornell-Warwick Doctoral Symposium*, Industrial and Labour Relations School, Cornell University, Ithaca-May 2007
144. Lele, P. and Siems, M. (2007) 'Shareholder protection: a leximetric approach', presented to the workshop on law, corporate governance and finance, Cambridge, March 2007. Lele, P. and Siems, M. (2007) 'Shareholder protection: a leximetric approach', paper presented to the 8th European Workshop on Corporate Governance, Law and Finance, New Hall, Cambridge, 24-25 March 2007
145. McLaughlin, C. (February 2007) Seminar presentation to industrial relations academics and policy makers (officials from the Department of Labour and peak Business Associations and Trade Unions), at the Management School, Victoria University of Wellington: 'The minimum wage, industry bargaining and productivity: The lessons from Denmark, Ireland and New Zealand for low-wage sectors'.
146. McLaughlin, C. (May 2007) Seminar presentation to the Department of Sociology, University of Copenhagen: 'Voluntarism, reflexive governance, and low-paid sectors: Lessons *from* and *for* Denmark'
147. McLaughlin, C. (2007) 'Institutional entrepreneurship without beneficial constraint'. Paper presented at the 19th Annual Meeting of the Society for the Advancement of Socio-Economics (SASE), Copenhagen Business School. June 2007.
148. McLaughlin, C. (2007) 'Challenging the neo-liberal prescription: The industrial relations lessons from Denmark, Ireland and New Zealand'. Paper presented at the Fifth International Conference in Commemoration of Prof. Marco Biagi, University of Modena. March 2007.
149. McLaughlin, C. (2007) 'Institutional change without 'beneficial constraint': The lessons from New Zealand and Ireland'. Paper presented at the Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ) Conference, University of Auckland. February 2007. McLaughlin, C. (2006) 'Achieving labour market equity *and* efficiency in low-paid sectors: The minimum wage and sectoral collective bargaining'. Workshop paper presented at the World Congress of the International Industrial Relations Association (IIRA), Lima. September 2006.
150. Mueller, D. and Peev, E. (2007) 'Corporate governance and investment in central and eastern Europe', paper presented to the 8th European Workshop on Corporate Governance, Law and Finance, New Hall, Cambridge, 24-25 March 2007.
151. Mueller, D. and Yurtoglu, B. (2007) 'Corporate governance and the returns to acquiring firms' shareholders: an international comparison', paper presented to the 8th European Workshop on Corporate Governance, Law and Finance, New Hall, Cambridge, 24-25 March 2007.
152. Pollitt, M. spoke in the NHH Accounting and Management Science seminar series on 'Multinationals in their Communities: a social capital approach to corporate citizenship projects' Bergen, Norway, February, 2007.
153. Pollitt, M. spoke on 'Multinationals in their Communities: a social capital approach to corporate citizenship projects' at the British Academy of Management annual conference, Belfast, September 2006.
154. Pollitt, M. and Ian Jones spoke on 'Multinationals in their Communities: a social capital approach to corporate citizenship projects' at the EBEN UK conference in Gloucester, April, 2007.
155. Roberts, J. 'The ritual dance of corporate governance; the unintended consequences of Code compliance' EGOS conference, Vienna, July, 2007

156. Roberts, J. 'Unthinking strategy: the 'imaginary' corporation.', Critical Management Studies Conference, Manchester, July 2007.
157. Sanderson, P and Brady, J. (2006) 'Current Issues in UK Inspection Strategy: The Observations of Directors of Inspection.' Frontiers of Regulation. European Consortium for Political Research Standing Group on Regulatory Governance, University of Bath. September.
158. Sarkar, P. (2007) 'Corporate governance, stock market development and private capital accumulation: a case study of India', presented to the conference on 'Corporate Accountability, Limited Liability and the Future of Globalisation' at the Centre for International Studies and Diplomacy (CISD), SOAS, London, 20-21 July 2007.
159. Sarkar, P. (2007) 'Capital accumulation in less developed countries: does stock market matter?' presented to the 4th International Conference on Developments in Economic Theory and Policy, jointly organized by the University of the Basque Country and the University of Cambridge, Bilbao, 5-6 July 2007.
160. Sarkar, P. (2007) 'Stock market development and capital accumulation: what does the time series evidence show?', presented to the AISSEC Conference, University of Parma, 21-23 June 2007.
161. Sarkar, P. (2007) 'Trend of globalization and stock market development', presented to the Second Annual International Conference on 'Globalization and its Discontents', SUNY College at Cortland, 8-9 June 2007.
162. Seidl, D. (2006) 'Regulating organizations through governance codes' Conference on "Soft Law, Soft Regulation?" Regulation, Inspection and Improvement" Cambridge, September 2006
163. Seidl, D. (2006) "Regulating organizations through codes of corporate governance". IFSAM VIII. World Congress. Berlin, September 2006.

WORKSHOPS AND CONFERENCES ATTENDED

164. Abreu, M. (27 July 2007) Workshop on "Measuring the Impact and Success of University Industry Knowledge Exchange", Robinson College, University of Cambridge (attended)
165. Bullock, A. (2006) attended the DTI Innovation Conference, London, 1 December 2006
166. Bullock, A. (2006) attended the SPRU 40th Anniversary Conference, September 11 - 13, 2006
167. Deakin, S. (2006) attended project workshop at Wissenschaftskolleg, Berlin.
168. Deakin, S (2007) Nabarro/UCL Conference, *Where is UK Anti-discrimination Law Going Wrong?* University College London, June 2007
169. Deakin, S. and Koukiadaki, A. (2006) attended project workshop in Hamburg.
170. Deakin, S., and Koukiadaki, A., Initial Findings on the Impact of the 2002/14/EC Directive and the EU Framework Agreement on Telework in the UK system of industrial relations, presentation in the '*Workshop on the FSE-Directives' Project*', IDHE-Cachan, Paris-April 2007
171. Jones, I attended Symposium on "The Future Context for Business Ethics' at the Institute of Business Ethics, October 2006.
172. Jones, I chaired Special Interest Group 'Organising and Leading the Board, at 9th International Conference on Corporate Governance and Board Leadership Centre for Board Effectiveness, Henley Management College, October 2006
173. Koukiadaki, A. (2007) Capright First Meeting, IDHE-Cachan, Paris-April 2007. The outcomes of the meeting included: in-depth presentations and discussions on the Capright objectives, issues, methodology and expected outcomes; comprehensive information on the working process of the project; agreement on the tasks planned for the first 18 months of the project, including scientific, administrative and financial issues; sub-group meetings and discussions on the deliverables and the tasks.
174. McLaughlin, C. (April 19th 2007) Attended a one day workshop for academic experts on 'The Present and Future of Irish Social Partnership' hosted by the Industrial Relations and Human Resources Group, UCD Smurfit School of Business, University College Dublin.
175. McLaughlin, C. 19th Annual Meeting of the Society for the Advancement of Socio-Economics (SASE), Copenhagen Business School. June 2007.
176. McLaughlin, C. Fifth International Conference in Commemoration of Prof. Marco Biagi, University of Modena. March 2007.
177. McLaughlin, C. Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ) Conference, University of Auckland. February 2007.
178. McLaughlin, C. World Congress of the International Industrial Relations Association (IIRA), Lima. September 2006

179. Milner, I. attended the DTI Innovation Conference, London, 1 December 2006
180. Pollitt, M. spoke in the NHH Accounting and Management Science seminar series on 'Multinationals in their Communities: a social capital approach to corporate citizenship projects' Bergen, Norway, February, 2007.
181. Pollitt, M. attended the British Academy of Management annual conference, Belfast, September 2006.
182. Pollitt, M. and Ian Jones attended the European Business Ethics Network conference, Gloucester, April, 2007.
183. Pollitt, M. organized the Annual Study Group meeting of the Association of Christian Economists at Sidney Sussex, Cambridge, July 2007.
184. Roberts, John (July 2007) Critical Management Studies Conference, Manchester.
185. Sanderson, P. MSc Regulation Student Workshop 12 September 2006 – Anglia Ruskin University
186. Sanderson, P (Sep 2006). 'Soft Law, Soft Regulation?' Regulation, Inspection and Improvement Conference, Hughes Hall, 12-13 Sep. Cambridge: Anglia Ruskin University. (Organized by the project team. Convenor: Paul Sanderson plus David Seidl)
187. Sanderson, P European Consortium for Political Research Standing Group on Regulatory Governance, University of Bath. September.
188. Sanderson, P., Seidl, D and Roberts, J. 23rd EGOS Colloquium (European Group for Organizational Studies), Beyond Waltz – Dances of Individuals and Organization, Vienna University of Economics and Business Administration, Vienna, Austria, July 5–7, 2007. John Roberts and David Seidl co-convened sub-theme 31, 'Regulating Organizations through Codes of Corporate Governance.'

CONFERENCES AND WORKSHOPS HELD

189. Deakin, S., Singh, A. (2007) organised 8th European Workshop on Corporate Governance, Law and Finance, New Hall, Cambridge, March 2007.
190. Hughes, A. organised workshop entitled Measuring the Impact and Success of University Industry Knowledge Exchange: A metrics workshop, 27 July 2007, Robinson College Cambridge

DATASETS CREATED/SOFTWARE WRITTEN

191. Siems, M. and Lele, P. (2007) Shareholder protection index (5 countries), available at <http://www.cbr.cam.ac.uk/research/programme2/project2-20output.htm>.
192. Siems, M. and Lele, P. (2007) Shareholder protection index (20 countries), in progress.
193. Armour, J., Siems, M. and Lele, P. (2007) Creditor rights index, in progress.
194. Deakin, S., Lele, P. and Siems, M. (2007) Labour regulation index, in progress.

ARCHIVED DATASETS

195. Bullock, A., *Survey of British and Japanese Entrepreneurs and their Businesses* (SN:5458)

COLLABORATION WITH OTHER RESEARCH TEAMS / MEMBERSHIP OF RESEARCH NETWORKS

196. Deakin, S., Koukiadaki, A. Collaboration with the research teams participating in the FSE-Directives' Project. The research teams included: Ecole Normale Supérieure de Cachan (France), Université Catholique de Louvain (Belgium), Stockholms Universitet (Sweden), Universität Hamburg (Germany).
197. Deakin, S., Koukiadaki, A. Collaboration with the research teams that participate in the 'Capright' project, including the following universities: CNRS (France), UCL (Belgium), University of Nancy (France), Free University of Brussels (Belgium), OSE (Belgium), SOFI (Germany), University of Bremen (Germany), Pietro Seveso Regional Foundation (Italy), Warsaw School of Economics (Poland), University of the Republic (Uruguay), University of Applied Sciences (Switzerland)
198. Deakin, S., and other team members, Membership of FP6 'Refgov' network.
199. Hughes, A. Doshisha

200. Hughes, A. University of Queensland
201. Jones, I. : a Member of Academy of International Business, European Association of International Business, Strategic Planning Society, Consultants Group at Ridley Hall, Cambridge, Institute of Business Ethics, University Association for Contemporary European Studies, The Devonshire House Management Club, and the Centre for Tomorrow's Company.
202. Jones, I. : a Fellow of Royal Society of Arts.
203. Jones, I. : a member of CIBAM Cambridge.
204. Jones, I. : a member of the Centre for Institutional Performance, Department of Economics, The University of Reading Business School.
205. Jones, I. : a visiting fellow of the School of Reputation and Relationships at Henley Management College.
206. Jones, I. and Pollitt, M advise Dr Peter Heslam, Transforming Business, Faculty of Theology, Cambridge.
207. Pollitt, M. is a member of CIBAM, Cambridge and the British Academy of Management.
208. The Council for Industry and Higher Education as a research partner
209. Sanderson, P. Member of Regulatory Institutions Network (RegNet), Australian National University.
210. Sanderson, P. and Seidl, D. Member of the European Group for Organizational Studies
211. Sanderson, P. Member of the European Group of Public Administration
212. Sanderson, P., Seidl, D and Roberts, J. 23rd EGOS Colloquium (European Group for Organizational Studies), Beyond Waltz – Dances of Individuals and Organization, Vienna University of Economics and Business Administration, Vienna, Austria, July 5–7, 2007. John Roberts and David Seidl convened sub-theme 31, 'Regulating Organizations through Codes of Corporate Governance,' in conjunction with Dr. Jaan Grünberg Uppsala University
213. Seidl, D. Member of the European Group for Organizational Studies

USER CONTACTS

214. Connell, D. Consultancy to EEDA on feasibility of establishing a regional SBIR initiative
215. Connell, D. Advice to Knowledge Solutions (UK) Ltd, TTP Capital Partners Ltd and Opportunity Links Ltd through non executive directorships
216. Jones, I. is a Fellow of the SAMI, a group of scenario consultants.
217. Jones, I. is consultant to Linstock Ltd –corporate governance consultancy.
218. Jones, I. is an adviser to ConerstonesSolutions a management training company.
219. Sanderson, P. Contributed to the Consultation on the findings of the Cave Review of Social Housing Regulation

RESEARCH STUDENTS SUPERVISED

220. Armour, J. (jointly with Johnston, A.), supervised Mollica, V., on European Company Law and systems of corporate governance.
221. Cosh, A. Supervised T. Wooge (Mergers and acquisitions determinants and clockspeed in TMT sector) [Cosh, A. supervised V. Tai (The effectiveness of UK innovation policy in UK biopharmaceuticals)]
222. Cosh, A. supervised J. Jia (The role of private equity in the market for corporate control)
223. Cosh, A. supervised A. Siqueira (Organisational and managerial resources, innovation and firm performance)]
224. Deakin, S. supervised Roquette, F. 'Public Sector Management and the Human Development Approach' (M.Phil. for Ph.D., Management)
225. Deakin, S. supervised Haldar, A. 'The Law and Dialectics of Development' (Ph.D., Law).
226. Deakin, S (completed 2006) Buchanan, J., 'Changes in Corporate Governance at Major Japanese Listed Companies' (Ph.D., Management)
227. Deakin, S. supervised J. Hamilton (Ph.D.) on corporate governance in Russia
228. Deakin, S. supervised N. Cankar (Ph.D.) on corporate governance in Slovenia (University of Ljubljana).
229. Deakin, S (2007, completed) Huang, Y-W, 'A Comparative Study of Telecoms Regulation in the UK and Taiwan' (Ph.D., Law)

230. Deakin, S (2007, completed) Lourenço, A. 'Contract Practice in Business: an Empirical View of Contracts in the Media Industry' (Ph.D., Management)
231. Hughes, A. supervised V. Grinevich (Regional productivity growth)
232. Hughes, A. (completed, 2007) supervised E. Mungorge (Small business finance in Tanzania).
233. Singh, A. supervised Fagernas, S. (managerial pay, labour law, and labour markets in India). [projects 2.1 and 2.5]
234. Singh, A. supervised Nayyar, D. (India and WTO regime) [projects 2.1 and 2.5]
235. Singh, A. supervised Zaidi, R. (corporate governance in Pakistan). [projects 2.1 and 2.5]

VISITORS - UK

236. Mike Young, BERR Access to Finance Expert Group, visited the CBR in connection with the SME Finances project on 9 July 2007
237. Shiona Davies, Continental Research, visited the CBR in connection with the SME Finances project on 9 July 2007
238. Dave Chilvers, Continental Research, visited the CBR in connection with the SME Finances project on 9 July 2007
239. Dr Elly Philpott, University of Luton, visited the CBR in connection with the MAPSME II project on 18 April 2007

MEMBERSHIP OF COMMITTEES EXTERNAL TO THE UNIVERSITY

240. Connell, D. Member of Independent Task Force Established by George Osborne, Shadow Chancellor, to Examine UK Small Business Policy
241. Hughes, A., Council for Science and Technology
242. Hughes, A. CRIC
243. Jones, I. Vice President of the Lee Abbey Movement.
244. Jones, I. served as the first chair of a new Centre for the study of Christianity in China, in Oxford 2005-07.
245. Jones, I. serves as member of the PCC, St Andrew's Church, Linton Road, Oxford,
246. Pollitt, M. is Convenor of the Association of Christian Economists, UK, Annual Conference.
247. Pollitt, M. served as member of the PCC and Church Warden, Holy Trinity Church, Cambridge, 2005-07
248. Walters, A. Member of Insolvency Service Academic Advisory Committee

MEDIA COVERAGE

249. Abreu, M (2007) Business Weekly, 19 July 2007 *New research aims to put a price on UK brain power* by Lautaro Vargas
250. Connell, D. Coverage Following Secrets Report in Daily Telegraph 1 August 06
251. McLaughlin, C. Interviewed by and cited in the *NZ Herald*: In 'Maximum hope on minimum pay', 17 March 2007. http://www.nzherald.co.nz/section/3/story.cfm?c_id=3&objectid=10429172&ref=rss
252. McLaughlin, C. Conference paper cited in the *NZ Herald*: In 'Chums on the low road to a transformed economy', 2nd April 2007. http://www.cbr.cam.ac.uk/pdf/The%20Business_NZHerald.pdf
253. Pollitt, M and Jones, I (2007) On CNN.com (31 May) Article notes the basic thesis of our book: <http://www.cnn.com/2007/BUSINESS/05/31/execed.corporate/index.html>
254. Pollitt, M and Jones, I. On Pagalguy.com (30 May, 2007) Review of book.
255. Sanderson, Paul 26 July 2007 New Statesman. *The end of Risk*.

OTHER PUBLICATIONS

256. Connell, D (2007) *Emulating a US Approach to Funding*, Library House PCI Briefing Sept/Oct 2007

TRAINING

257. Koukiadaki, A. Supervision Training Seminar: University of Cambridge-February 2007

258. McLaughlin, C. November 15th 2006, Attended a one day training course on 'Writing Successful Research Proposals' at the University of Surrey.

4. STAFF

STAFFING

Below is a list of academic and support staff in post between August 2006 and July 2007 (name, research programme(s), grade, %FTE, start and end dates) and the destination of staff leaving the CBR since that date, where known:

RESEARCH STAFF

Jude Browne, corporate governance, Research Fellow, 2006-2007; left to take up associate professorship at the University of Warwick.

John Buchanan, corporate governance, Research Associate, 2006-present.

Anna Bullock, enterprise and innovation, corporate governance, Survey and Database Manager, 1994-present.

Dominic Chai, corporate governance, Junior Research Fellow, 2007-present.

David Connell, enterprise and innovation, Research Associate, 2006-present.

Andy Cosh, enterprise and innovation, corporate governance, Assistant Director, 1994-present.

Simon Deakin, corporate governance, Assistant Director, and Acting Director from 1.1.2005 to 31.12.2006, 1994-present.

Alan Hughes, enterprise and innovation, corporate governance, Director, 1994-present.

Vadim Grinevich, enterprise and innovation, Research Assistant, 2005; July 2007-present.

Sonja Fagernäs, corporate governance, Junior Research Fellow, 2005-7; left to focus on her Ph.D. work, and subsequently to a lectureship at the University of Essex.

Philip Fellows, corporate governance, Research Assistant, summer 2007.

Aristea Koukiadaki, corporate governance, Junior Research Fellow, 2006-present.

Christel Lane, enterprise and innovation, corporate governance, Research Associate (partial buy-out from teaching from Faculty of Social and Political Sciences), 1994-present.

Priya Lele, corporate governance, Junior Research Fellow, 2005-7; left to take up position with Ashursts (solicitors), London.

Colm McLaughlin, corporate governance, Research Fellow, 2006-present.; to leave, November 2007, to take up lectureship at UCD.

Isobel Milner, enterprise and innovation, corporate governance, Assistant Database Manager, 2003-present.

Viviana Mollica, corporate governance, Research Assistant, summer 2007.

Rose Alice Murphy, corporate governance, Research Assistant, summer 2007.

Paul Sanderson, corporate governance, Senior Research Fellow, 2006-present, principal investigator on project on 'soft regulation' and corporate governance in Britain and Germany.

Simon Turner, corporate governance, Research Fellow, 2007-present.

Frank Wilkinson, enterprise and innovation, corporate governance, Senior Research Fellow, 1994-2002, retired, but still involved in CBR as Research Associate on reflexive governance and capabilities-related research projects.

William Yu, corporate governance, Research Assistant, 2006-7.

ADMINISTRATIVE STAFF

Irmi Hahne – Director's PA

Kate Hansen– freelance secretary

Sue Moore – Administrative Secretary

Rachel Simpson – Press Officer

Rachel Wagstaff – Junior Secretary

Louis Wenham – Accounts Clerk – employed via University Financial Agency

Gill Hervey-Murray – Secretary to Andy Cosh

RESEARCH ASSOCIATES

Research associate status may be conferred on project leaders and members of projects who do not otherwise have a position in the CBR, and to former members of the CBR research staff who are still involved in the relevant projects. This category includes personnel in other University of Cambridge departments as well as from outside the University of Cambridge; these affiliations are indicated below.

The following were research associates in the period 2006-7 (University of Cambridge unless otherwise stated):

Beth Ahlering (PA Economic Consulting)

John Armour (Law)

Catherine Barnard (Law)

Robert Bennett (Geography)

Richard Barker (Judge Business School)

William Brown (Economics)

Brendan Burchell (SPS)

Brian Cheffins (Law)

Charlie Conn (Miami, Ohio)

David Connell (former CEO and Executive Chairman, TTP Venture Managers Limited)

Jacqueline Cook (corporate governance consultant in private practice)

Doug Cumming (York University, Ontario)

Jack Glen (IFC)

Paul Guest (Engineering)

Klaus Gugler (University of Vienna)

Bronwen Hall (University of California, Berkeley)

John Hendry (Birkbeck College)

Andrew Johnston (Law)

Ian Jones (Brasenose College, Oxford and London Business School)

David Keeble (retired; former assistant director of CBR)

Paul Kattuman (Judge Business School)

Michael Kitson (Judge Business School)

Suzanne Konzelmann (Birkbeck College, London)

Christel Lane (SPS)

Simon Learmount (Judge Business School)

Kevin Lee (University of Leicester)

Richard Lester (MIT)

Roy Mankelow (retired; former Ph.D. student, Cambridge)

Bill Martin (Specialist Adviser to the House of Commons Treasury Committee, fund manager UBS)

Ron Martin (Geography)

Jonathan Michie (Birmingham University)

Tim Minshall (Cambridge Entrepreneurship Centre)

Riz Mokal (University College, London)

Dennis Mueller (University of Vienna)

Fiona Murray (MIT)

Lilach Nachum (City University of New York)

David Nash (Cardiff University)

Richard Nolan (Law)

Wanjiru Njoya (University of Oxford)

John Paterson (University of Aberdeen)

Michael Pollitt (Judge Business School)

Stephen Pratten (King's College, London)

John Roberts (Judge Business School)

Michael Scott Morton (MIT)

David Seidl (University of Munich)

Mathias Siems (University of Edinburgh)

Ajit Singh (Economics)

Peter Vincent Jones (University of Leeds)

Hugh Whittaker (Doshisha University and University of Auckland)

Geoff Whittington (International Standards Accounting Board)

Adrian Walters (University of Nottingham)

Frank Wilkinson (Birkbeck College, London)

Burcin Yurtoglu (Vienna)

Peer Zumbansen (Osgoode Hall Law School, York University, Toronto)

5. ADVISORY BOARD AND COMMITTEE OF MANAGEMENT

(as of 31.7.2007)

ADVISORY BOARD

Dr Gerald Avison
Chairman
The Technology Partnership

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

Professor Brian Cheffins
Faculty of Law
University of Cambridge

Dr Andy Cosh
Assistant Director
Centre for Business Research
University of Cambridge

Professor Arnoud De Meyer
Director
Judge Business School
University of Cambridge

Professor Simon Deakin FBA
Assistant Director
Centre for Business Research
University of Cambridge

Dame Mary Francis
Non-Executive Director
Aviva plc

Dr Reg Hinkley
Chief Executive
BP Pension Fund

Professor Alan Hughes
Director
Centre for Business Research
University of Cambridge

Mr Gareth Jones
HHE
(ex-Managing Director of Abbey National Treasury Services)

Mr Andrew Kilpatrick
HM Treasury

Mr. David Marlow
CEO, East of England Development Agency

Mr Ian McCafferty
Chief Economist
CBI

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

Ms. Kate Nealon
Non-Executive Director
HBOS plc

Professor David Newbery
Faculty of Economics, University of Cambridge
Ex-Director of the Department of Applied Economics
University of Cambridge

Dr. Raj Rajagopal
CEO, BOC Edwards

Professor Geoffrey Whittington
Board Member,
International Accounting Standards Structure Board

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

COMMITTEE OF MANAGEMENT

(as of 31.7.2007)

Professor Brian Cheffins
Faculty of Law
University of Cambridge

Dr Andy Cosh
Assistant Director
Centre for Business Research
University of Cambridge

Professor Arnoud De Meyer
Director
Judge Business School
University of Cambridge

Professor Simon Deakin FBA
Assistant Director
Centre for Business Research
University of Cambridge

Professor Mike Gregory
Director
Institute for Manufacturing
University of Cambridge

Professor Bob Haining
Head of Department
Department of Geography
University of Cambridge

Professor Andrew Harvey
Chairman
Faculty of Economics
University of Cambridge

Dr. Sean Holly
Director of Research
Faculty of Economics
University of Cambridge

Professor Ian Hodge
Head of Department
Department of Land Economy
University of Cambridge

Professor Alan Hughes
Director
Centre for Business Research
University of Cambridge

Dr Christel Lane
Faculty of Social and Political Sciences
University of Cambridge

Professor Ekhard Salje FRS (Chairman of the Committee of Management)
President
Clare Hall
University of Cambridge

Mrs Sue Moore (Secretary)
Centre for Business Research
University of Cambridge

6. VISITORS

Below are lists of visiting fellows and visiting research students in the reporting period. Short-term visitors are reported under individual projects.

VISITING FELLOWS

Professor Bronwyn Hall, University of California at Berkeley

Dr. Prabirjit Sarkar, Jodavpur University, Kolkata

Dr Rafel Crespi, University of Mallorca

Professor Makiko Shimizu, Tohoku University

VISITING RESEARCH STUDENTS

Ms. Aristeia Koukiadaki, University of Warwick

Ms. Coline Ruwet, Catholic University of Louvain

Mr Otto Stein, University of Vienna

Ms Christina Hallin, Uppsala University

7. PERFORMANCE INDICATORS

The following Tables contain details of key performance indicators. They are as agreed in the original contract with the ESRC. With the end of core funding, these are no longer strictly binding on the CBR, but we continue to benchmark our performance by reference to them.

A. PUBLICATIONS AND DISSEMINATION *

Year	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	Jan-Dec 2003	Jan-Dec 2004	Jan 2005-July 2006	2006-7	Total No
Books	8	7	9	6	4	5	10	4	7	9	5	8	82
Chapters	31	30	38	41	17	39	37	23	29	9	12	19	325
Refereed Journal Papers	26	16	35	24	44	42	38	35	33	33	23	30	379
Non-Refereed Journal Papers	2	0	0	-	0	0	0	0	0	0	0	0	2
Other Publications	51	48	55	59	88	72	52	70	52	53	48	17	665
Data Sets (<i>Deposited at the ESRC Data Archive</i>)	0	1	0	-	1	0	5	3	8	3	1	1	23
New Software Published	0	0	0	-	0	2	0	0	0	0	0	0	2
Audio-Visual Aids Published	0	0	0	-	0	0	0	0	0	1	0	0	1

*Totals shown exclude books, chapters, articles, and papers which were in draft, in press or forthcoming at 31 July 2006

B. EXTERNAL RELATIONSHIPS

Year	1994/95	1995/96	1996/97	1997/98	1998/99	1999/ 2000	2000 /01	2001/02	Jan- Dec 2003	Jan- Dec 2004	Jan 2005- July 2006	2006-7	Total No
Membership of Committees	5	16	22	11	15	15	21	28	19	12	22	9	195
Membership of Networks	4	16	13	4	5	29	1	12	2	6	2	4	116
Overseas Visitors	21	9	0	-	14	13	4	14	16	9	5	0	110
Overseas Visiting Fellows	1	2	2	4	4	1	1	2	5	2	6	4	38
Substantial Advice and Consultancy:													
1. <i>UK</i>	0	2	8	10	16	12	13	21	19	10	11		122
2. <i>Non UK</i>	2	1	4	1	2	6	6	5	8	2	4		41
Conference Papers	48	117	75	77	72	48	54	126	75	112	76	81	961
Radio and TV	4	12	6	5	20	2	3	3	4	1	1	1	62
Newspapers	8	17	15	12	32	6	11	11	14	3	13	6	151
Seminars, Conferences attended and Workshops held and attended	7	11	4	27	20	7	22	9	60	24	34	27	271
International Collaborative Research Projects	2	4	7	7	4	6	3	7	19	21	17	18	159

C. STAFF RESOURCES

Year	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	Jan-Dec 2003	Jan-Dec 2004	Jan 2005-July 2006	2006-7	Total No
Research Staff													
1. <i>Individuals</i>	14	16	20	25	21	23	19	21	22	26	25	18	250
2. <i>FTEs*</i>	11.5	13.5	15.5	19	19	14.5	13.5	18.5	14	12.15	17.7	11.6	180.45
<i>Associated Academic Staff**</i>													
1. <i>Individuals</i>	33	37	47	99	80	38	45	40	59	59	51	61	649
2. <i>FTEs</i>	5	6	7	14	12	6	7	6	8	8	7	8	94
<i>Support Staff</i>													
1. <i>Individuals</i>	11	11	12	11	11	10	10	7	8	8	7	7	113
2. <i>FTEs</i>	4	4	5	5	5	4.5	4.5	5.25	4.75	4.75	4.5	4	55.25
<i>Research Students (MPhil/PhD)***</i>													
1. <i>Enrolled†</i>	23	26	32	67	44	31	41	47	42	28	17	17	415
2. <i>Graduated††</i>	0	13	14	20	14	14	10	5	8	13	6	5	120
3. <i>ESRC-funded students</i>	3	3	2	9	3	0	2	3	1	1	0	0	26
4. <i>ESRC-funded students graduated</i>	0	1	0	1	0	0	4	0	0	1	0	0	7
Staff Development	6	10	11	19	8	9	3	4	7	2	6	2	87

* *FTE figures include pro rata estimates of the time spent in employment in the year in question by researchers employed on fixed-term contracts.*

** *excludes visiting fellows who are not also Research Associates*

*** *includes double counting since Ph.D. students count for every year in which they remain in residence until final award of the degree*

† *M.Phil. and Ph.D. students*

†† *Ph.D. students only*

D. FINANCIAL RESOURCES

Year	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02*	Jan-Dec 2003	Jan-Dec 2004	Jan2005 - July 2006 **	Jul06-Jul07	Total No
	£	£	£	£	£	£	£	£	£	£	£	£	£
ESRC Core Funding	441,505	449,602	590,546	376,208	370,199	438,431	494,660	730,320	530,880	544,219	58,436		5,025,006
Other ESRC Funding	83,673	104,373	73,241	57,180	60,784	31,525	8,851	83,129	40,793	29,300	79,835	284,103	936,787
Funding from Host Institutions	42,751	42,751	45,855	47,014	49,987	50,880	52,500	65,625	50,343	57,104	75,955		580,765
Other Funding Total of which:	28,784	78,216	147,506	227,481	295,107	218,690	386,294	515,370	350,819	570,867	484,357	263,959	3,567,450
1. OST and other RCs	0	0	0	0	0	0	0	0	0	10,000	31,217	37,390	78,607
2. UK foundation	0	0	51,720	175,487	151,142	79,163	63,159	200,430	279,768	440,560	204,989	40,592	1,687,010
3. UK industry/commerce	6,500	1,500	4,250	13,924	16,105	17,661	51,869	60,007	0	0	27,121	5,500	204,437
4. UK local authority	0	0	0	0	0	0	0	0	12,000	0	36,050	6,500	54,550
5. UK Central Government	22,284	34,986	25,462	26,277	66,972	54,604	134,426	65,802	0	78,360	109,915	102,940	722,028
6. UK health	0	0	0	0	0	0	0	0	0	0	12,766		12,766
7. UK voluntary	0	4,255	572	780	12,399	0	0	0	0	0	2,056		20,062
8. EU	0	31,607	60,257	9,757	15,345	461	6,421	28,876	26,662	22,861	19,972	52,890	275,109
9. Other Overseas	0	5,868	5,245	1,256	33,144	66,801	130,419	160,255	32,389	19,086	40,271	18,147	512,881
Overall Total	596,713	674,942	857,148	707,883	776,077	739,526	942,305	1,394,444	972,835	1,201,490	698,583	548,062	10,110,008

*This column relates to a 15 month period due to changes in the required ESRC reporting periods for the Annual Report. ** This column relates to a 19 month reporting period for the reasons explained in the 2005-6 Report