



 UNIVERSITY OF  
CAMBRIDGE



# Centre for Business Research

## **CBR REPORT 1 JANUARY 2005 – 31 JULY 2006**

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## *Foreword*

This Report covers the activities of the CBR in the period January 2005-July 2006. This nineteen month period was agreed with the University of Cambridge in order to enable the Centre to move from a system of calendar-year reporting, as required by the ESRC during the period of our core grant, to one based on the University of Cambridge financial year, which runs from 1 August to 31 July. Our core ESRC funding came to an end in December 2004. The period reported here is therefore one of transition away from core funding to a more diversified funding base. The information presented in this report indicates how that transition has been achieved. In terms of inputs, in the short period since core funding ended, we have raised over £1.25 million in new grants. Bids worth over £500,000 are currently pending. Our new awards include three major grants from the ESRC, two from the EPSRC and two from the Sixth Framework Research and Development Programme of the EU. A high level of contract research activity has also been maintained. In terms of outputs, our work continues to appear in core journals in management, law, and cognate social sciences, and to influence government, businesses and policy makers in numerous contexts. It also features prominently in a number of media outlets (with two CBR-related articles in the *Financial Times* in the reporting period). Recognition for the work of senior CBR members has come in the form of several appointments to chairs and readerships and elections to learned associations, while those leaving the Centre after completing research posts have either taken up academic positions at top universities or have begun careers in leading companies or consultancies. The work of the Centre continues to be supported by a highly professional administrative and secretarial team. In short, the Centre is very well placed to complete the process of transition away from core funding which began at the start of 2005.

Simon Deakin

Acting Director, CBR

October 2006

## TABLE OF CONTENTS

<b>1. GENERAL OVERVIEW</b> .....	<b>4</b>
<b>2. PROJECT REPORTS</b> .....	<b>9</b>
PROGRAMME ONE : ENTERPRISE AND INNOVATION .....	9
1.1 The Globalising Behaviour of UK Firms in a Comparative Context .....	10
1.2 International Innovation Benchmarking and the Determinants of Business Success .....	11
1.3 SME Performance and Policy.....	13
1.4 Study of Experiences of UK Mid-corporate Companies in Asia.....	14
1.5 Universities and Their Role in Systems of Innovation: A Comparative Assessment of UK and US Institutions and Locales.....	15
1.6 The Role of Management Practices in Closing the Productivity Gap .....	16
SURVEY AND DATABASE UNIT.....	17
POLICY EVALUATION UNIT .....	18
PROGRAMME TWO: CORPORATE GOVERNANCE .....	20
2.1 Corporate Governance and Investment: An International Research Network.....	20
2.2 Ethics, Regulation and Globalisation.....	22
2.3 Social Dialogue, Employment and Territories: towards a European politics of capabilities .....	23
2.4 Reflexive Law and Democratic Governance .....	24
2.5 Institutional Investment and Corporate Accountability .....	25
2.6 Law, Finance and Development .....	26
2.7 Reflexive Governance in the Public Interest .....	27
2.8 Impact of the Enterprise Act 2002 .....	28
2.9 Bankruptcy Law and Entrepreneurship .....	29
2.10 'Soft Regulation': Conforming with the Principle of 'Comply or Explain' .....	30
2.11 Labour Market Reform and Social Inclusion: The Case of New Zealand, Ireland and Denmark.....	31
<b>3. OUTPUTS</b> .....	<b>32</b>
<b>4. STAFF</b> .....	<b>46</b>
<b>5. ADVISORY BOARD AND COMMITTEE OF MANAGEMENT</b> .....	<b>49</b>
<b>6. VISITORS</b> .....	<b>52</b>
<b>7. PERFORMANCE INDICATORS</b> .....	<b>53</b>

## 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 is currently on sabbatical leave and the post of Acting Director is held by Simon Deakin until the end of December 2006.

This report covers the activities of the CBR from January 2005 to the end of July 2006. This 19-month period was chosen in order to allow the Centre to move from a system of reporting by calendar year (as required by the ESRC core grant which ran out in 2004) to one based on the University of Cambridge's financial year, which runs from the beginning of August to the end of July.

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 2005-6:

- CBR research was disseminated in 5 books, 22 journal articles, 12 chapters in books, and over 40 other publications including the CBR's own edited working paper series.
- Journals in which CBR work appeared included: *MIT Sloan Management Review*, *Law Quarterly Review*, *Lloyds' Maritime and Commercial Law Quarterly*, *Current Legal Problems*, *Cambridge Journal of Economics*, *Corporate Governance: an International Review*, *Socio-Economic Review*, *Journal of Business Finance & Accounting*, *Journal of Technology Transfer*, *Research Policy*, *International Journal of Industrial Organization*, *Economics of Innovation and New Technology*, *Human Relations*, *Accounting, Organisations and Society*, *Journal of Corporate Ownership & Control*, *Cardozo Journal of International Law*, *Eastern Economic Journal*.
- CBR researchers made over 70 conference and workshop presentations worldwide.
- One further substantial database arising from ESRC funded research was deposited with the ESRC data archive. A total of 17 databases have now been deposited since the CBR's inception.
- Research Fellows leaving the CBR have gone on to tenure-track posts at top-level Universities including Edinburgh, Birmingham and Oxford.
- Recognition for the work of CBR project leaders has come in the form, *inter alia*, of promotions to Readerships and Professorships, Visiting Professorships at overseas universities, and two elections to Fellowships of the British Academy.

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

The CBR publishes a regular newsletter, *Top Floor*, and the CBR website (<http://www.cbr.cam.ac.uk>) reports on CBR conferences, workshops and seminars, and on press coverage, on a regular basis. Below are some of the dissemination highlights in the reporting period.

### CBR SUMMIT ON INNOVATION AND GOVERNANCE, MARCH 2006

A particular highlight in the reporting period was the CBR Summit on Innovation and Governance held in March 2006, with the support of the ESRC. This provided the Centre with an opportunity to present findings from current projects and to look back on the results of the decade of core ESRC funding. An internationally distinguished group of speakers took part and there were leading representatives from industry and government departments at the conference. The event was opened by the University's Vice Chancellor, Professor Alison Richard. Professor Richard described the Summit's international audience as 'a remarkable gathering of great distinction', and emphasised the importance of the CBR as a forum that brings together 'people from all over the world' and encourages them to conduct 'integrative research that calls on the 'expertise of lawyers and geographers, engineers and economists'. In building bridges between subjects, she said, and conducting multidisciplinary research that can and has made key contributions to UK policymaking, the CBR had played a vital role. 'It is very important that what we do as researchers is informed by, and translates into, the world we live in'. The full programme and papers for this conference celebrating the work of the Centre may be found at: [http://www.cbr.cam.ac.uk/news/anniversary\\_conferenceMar06.htm](http://www.cbr.cam.ac.uk/news/anniversary_conferenceMar06.htm).

#### CBR SUMMIT: ROUND TABLE ON EVIDENCE-BASED POLICY

A distinguished panel of speakers came to the CBR Summit in March 2006 to discuss the importance of evidence-based policy, an issue that has been stressed by government and by the research councils for over a decade. Willy Brown, Master of Darwin College and Montague Burton Professor of Industrial Relations at Cambridge, described his experience as a member of the Low Pay Commission. Professor Brown argued that academic analyses of the impact of minimum wage laws had been a critical factor in the success of the measure introduced in 1998. Sir Adrian Cadbury discussed his role as Chairman of the Committee on Financial Aspects of Corporate Governance, set up in the early 1990s, as part of which he had overseen the drafting of the first and most influential corporate governance code. Sir Adrian said that the impact of the code had been the subject of a very large number of academic studies, the balance of which pointed to a correlation between good governance and good company performance. Paul Davies, Cassel Professor of Commercial Law at the London School of Economics, talked about the government-sponsored Company Law Review, which was set up in the late 1990s. According to Professor Davies, the Review did not rely on academic evidence to the same degree as similar law reform exercises of the 1960s and 1970. However, work prepared by the CBR for the Review (including work on the economics of criminal and civil sanctions in company law, and on the economics of directors' duties) was one of the few exceptions to this, and had demonstrated the value to policy-makers of an applied policy analysis that crossed disciplinary boundaries.

#### UK PLC: JUST HOW INNOVATIVE ARE WE? CONFERENCE HELD AT THE CBI IN FEBRUARY 2006

In February 2006 the CBI and the Cambridge-MIT Institute (CMI) co-hosted a conference to report results from the CBR project on 'International Innovation Benchmarking' (further details of which are reported in the individual report for this project below). This is a new survey based on a sample of innovation in 3,600 companies on both sides of the Atlantic. It is providing for the first time a like-for-like comparison of the innovative behaviour of US and UK firms. Key findings included: despite the policy importance being placed on university-industry links in the UK, universities are not regarded by UK or US businesses as the key players in terms of collaboration, sources of knowledge used by businesses, or technology acquisition; US companies face more competition than UK firms, but UK firms have more overseas competitors and are likely to have to deal with the complexities of overseas trade sooner in their lifespan than US firms; US companies are more worried than their British counterparts about constraints including 'red tape' (legislation, taxation, regulation), getting access to finance, and acquiring skilled labour; a higher proportion of UK companies get government support but the amount received per company is much higher in the US both in terms of the absolute amount they get, and the percentage of sales that it represents; and US companies are much more likely to have introduced novel innovations (those new not just to the company but also the industry) than their UK peers - except in the high-tech services sector, where British businesses (eg in telecoms, computer software and R&D consultancy) are ahead. In his remarks at the conference Ian McCafferty, the CBI's Chief Economic Advisor, said: 'I was surprised by the data from this survey on "innovation inputs" that suggested that firms in the US find life just as challenging, and in many cases harder than those in the UK, particularly in areas such as workforce skills, access to finance, regulation, and even technology-related factors. Clearly the popular impression of the US - that it offers a much better climate for innovation than the UK - does not fully stack up.'

#### SECRETS OF THE WORLD'S LARGEST SEED CAPITAL FUND

A CBR report entitled *Secrets of the World's Largest Seed Capital Fund* by Research Associate David Connell was published in July 2006. The report 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 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 including articles in the *Financial Times* and *The Observer*.

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

A high priority is given to the completion of contract research for a range of users. In 2003 the Policy Evaluation Unit was set up within the CBR as a focus for its contract research activities. In a short space of time the Unit has acquired substantial experience of carrying out short-term and long-term contract research in both the public and private sectors. The kind of projects which the Unit undertakes include: 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. The members of the team include researchers with expertise in the fields of policy evaluation, survey design and execution and statistical analysis. The work of the Policy Evaluation Unit is described in more detail later in this report.

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

A full list of user contacts and links with research users is provided in the detailed accounts of projects. These links are extremely extensive and cannot all be reproduced here. The Director is currently a member of the UK's Council for Science and Technology and has acted as specialist adviser to a Committee of the House of Lords. In recent years CBR researchers have advised government departments in the UK, the Netherlands and France; the Financial and Services Authority, the Bank of England and the Inland Revenue; stock exchanges in London and Tokyo; the European Commission; the ILO; and numerous private sector companies and business associations. CBR work has made a number of unique contributions within the UK context, and has been particularly fruitful in the work on corporate governance and SMEs. The ESRC Evaluation Panel concluded that 'it is unlikely that these collaborations would have occurred without ESRC core-funding, and they have laid the foundation for further international impact over the next few years.'

Since the ending of core funding in December 2004 we have built further on this achievement. As detailed elsewhere in this report, CBR work has appeared core journals across several social science disciplines; the CBR has been involved in collaborative research with a range of international partners; and CBR researchers have been called on to advise government departments, transnational organizations, and a variety of private sector bodies.

## FUTURE PLANS

In its 2002 Evaluation Report, the external peer review panel established by the ESRC to assess CBR work and advise on whether we should be allowed, exceptionally, to make a bid for third term funding concluded that:

'The CBR has conducted an important programme of business research, and has made a first-class contribution to the analysis of corporate governance and the growth and performance of small and medium-sized enterprises... The CBR's major achievement has been the development of interdisciplinary collaborations between economists, geographers, lawyers, management researchers and, sociologists which specializing in contract research work, and a Survey and Database Unit, focusing on the construction and management of datasets'.

The recommendation of the panel was as follows:

'The Evaluation Panel congratulates Professor Hughes and his staff on the achievements assessed in this report, and recommends that the ESRC should invite an application for further core-funding specifically to support the key interdisciplinary aspects of the research programme.'

In the event, our bid for a third term of core funding was not successful. We then faced the challenge of the transition from core ESRC funding to a more diversified funding structure. This was a continuation of the long run strategy of the CBR, which had seen non-ESRC funding rise from £28K in 1994/5 to £571K by 2004. The transition from core funding came sooner than desired, but has been successfully achieved. We have maintained our track record of grant raising and consultancy income, while at the same time adjusting core secretarial and support staff size and research appointments to fit available funding.

A series of substantial grants have been won and new projects commenced since the ending of core funding:

£112,000 for research on management practices in closing the productivity gap (EPSRC, 2005-8)

£20,000 for research on high-tech start ups and universities (AIST, Japan, 2005-6)

£146,000 for research on gender equality and corporate social responsibility (ESRC GeNet programme, 2006-8)

£181,000 for research on reflexive law and corporate governance (EU FP6 programme, 2005-9)

£204,000 for research on law, finance and development (ESRC World Finance and Economy programme, 2005-8)

£41,000 for research on insolvency law, impact of Enterprise Act 2002 (DTI Insolvency Service, 2005-6)

£178,000 for research on 'soft regulation' and corporate governance in Britain and Germany (ESRC, 2006-7)

£160,000 for research on capabilities and labour markets in Europe (EU FP6 programme, 2007-10)

£23,000 for research on the implementation of European social policy directives (European Commission, 2006-7)

£54,000 for research on spatial variation in innovation and firms' absorptive capacity (DTI, 2006)

£200,000 (first year funding of 5 year project totaling £4-6 million) collaborative award between CBR, Engineering, Physics and Judge Business School, for research on the commercialization of advanced manufacturing technology in the newly formed Cambridge IKC on micro- and macro -molecular materials (EPSRC, 2007-11)

£32,000 for a post-doctoral ESRC research fellowship on labour market reform (ESRC, 2006-7)

We expect to be in a position to maintain this rate of success in grant applications over time. Several other bids are currently pending, including a bid for about £500,000 to the ESRC to support research on the impact of higher education institutions on regional economies. A new five-year financial plan will be submitted to the University in December 2006.



## 2. PROJECT REPORTS

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

### PROGRAMME ONE : ENTERPRISE AND INNOVATION

The CBR has adopted a programme structure for the delivery of key research outputs: Programme 1 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 and evaluation of SME growth and survival. Particular emphasis has been placed on analyzing and charting developments in training, innovation, governance, and the impact of enterprise policy. Methodological advances have been made in the measurement and analysis of SME growth and performance, and in policy evaluation, and these have been incorporated into national and international data collection processes and policy development. An international and comparative dimension has been present throughout the life of the programme and this has been strengthened through numerous collaborations with other leading research groups.

A major intellectual contribution of the programme has been the creation of a longitudinal panel set of data for the UK SME sector based on a biennial survey of over 2000 independent businesses. The data generated has informed a range of academic debates and policy analyses in the UK and Europe. The programme has pioneered the use of sample selection methods of econometric modeling in relation to the evaluation of UK government policy initiatives, and in estimating the impact of training, business advice and business support policy on business performance.

In recent years a new emphasis has been placed on issues of innovation and productivity at the level of the enterprise and the value chain. Projects have been carried out on the globalisation of UK firms in a comparative context; the 'learning factory' and innovation in UK and Japanese automotive production; corporate responses to macroeconomic shocks; building biomedical enterprises; the comparative study of enterprise innovation; and the commercialization of science. These projects cover the full size range of businesses and are international in their scope.

Substantial funding in addition to the core grant has been obtained to support the work of this programme. In particular, funding from the Cambridge-MIT Institute has supported the first ever international comparative survey of innovative performance in the UK and the US. This project and another studying the nature of university-industry relationships have led to close collaboration between the CBR and the Industrial Performance Center at MIT.

The research of the programme is supported by the work of the CBR Survey and Database Unit. Work on SME performance and policy based on our survey data is discussed in the report of that unit.

Our work on policy evaluation is described in the report of the Policy Evaluation Unit. Since the last ESRC review in 2002, advice and consultancy has continued to be provided at the highest levels in the UK, Europe and elsewhere by the leaders of projects in this programme. This is reflected in the extensive user contacts recorded for both of these units. In addition there has been very extensive academic dissemination.

## 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 £274,070 (plus supplement of £35,714 to undertake US case study)*

*Period: 2002-6*

### *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.

### *Results and dissemination*

Drawing together the themes of the project, we organized a workshop entitled 'Organisational Configurations and Locational Choices of Firms: responses to globalisation in different industry and institutional environments' in Cambridge on 14-15 April 2005, to which we invited speakers from the US, Germany, Japan and the UK. At the workshop, Christel Lane and Jocelyn Probert presented a paper comparing the organizational forms and locational choices made by US pharmaceutical firms, which subsequently became the basis of two articles submitted to *Industry and Innovation* and *Organization Studies*; and Simon Learmount presented an analysis of the global value chain in the UK, US and German publishing industries, co-authored with Michael Horn. The final project reports were written by Christel Lane (clothing), Simon Learmount (publishing) and Jocelyn Probert (pharmaceuticals) and were disseminated to all our interviewees as well as to CMI. Although this project has now formally ended, Christel Lane and Jocelyn Probert submitted a book proposal to Oxford University Press in November 2005 and are committed to delivering a book entitled "National Capitalisms, Global Production Networks: The Clothing Industry in the UK, US and Germany" in June 2007.

1 January 2005 – 31 July 2006 outputs for The Globalising Behaviour of Firms in a Comparative Context			
<i>Papers</i>	89 90	<i>Conferences/workshops attended</i>	186 187 188 189 190
<i>Articles</i>	42 43 44	<i>Memberships</i>	
<i>Chapters</i>	19 20	<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	287
<i>Other publications</i>	335 336	<i>User contacts</i>	
<i>Datasets</i>		<i>Media</i>	324
<i>Collaboration</i>	240 241 242	<i>PhD</i>	
<i>Workshops organised</i>	204	<i>MPhil</i>	
<i>Conference/workshop papers</i>	159 160 161 162 163 164	<i>Training</i>	343 344

## 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 (£418,988 plus additional £35,325)*

*Period: 2002-2006*

### *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 collaborative effort will be extended to a comparison between the UK and the USA carried out using new surveys. These will involve a comparison of the level of innovative activities, the process by which innovation takes place and the barriers to innovation. The benchmarking exercise will consist of a comparative analysis of the inputs into and outcomes of innovative activity in the sample firms using the data set generated by the survey. This will cross cut the sample firms by size, growth, sector and age as well as country. It will include an analysis of the extent and nature of collaborative strategies in both countries and of the extent and nature of interactions with the science base. 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.

The key deliverables are: to benchmark UK/US innovation performance in a wider European context using comparable data derived from responses to core CIS questions; an econometric analysis of the determinants of innovation activity and its impact on business performance, based on the rich dataset generated by the survey; an overview publication based on the key findings of the survey; a series of academic papers and user-friendly summaries of the econometric analysis. These will also be disseminated through the National Competitiveness Network of CMI; to link the survey results into a two separate but related research projects at the CBR that are funded by CMI. The projects propose to investigate, at sectoral and firm level, the nature of the links between universities and the commercialisation of knowledge, and of the impact of globalisation on innovative performance through supply chain relationships and governance structures.

### *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: <http://www.cbr.cam.ac.uk/publications/TopFloor11.pdf>

In related work not funded by CMI but by core 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.

1 January 2005 – 31 July 2006 Outputs for International Innovation Benchmarking and the Determinants of Business Success			
<i>Papers</i>	62 63 64 79 80 81 82	<i>Conferences/workshops attended</i>	
<i>Articles</i>	34 35 36 37 38	<i>Memberships</i>	290
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Other publications</i>	326 327 328 329 330	<i>User contacts</i>	
<i>Datasets</i>		<i>Media</i>	317 318 319 320 323
<i>Collaboration</i>	219 225 226 227 228	<i>PhD</i>	
<i>Workshops organised</i>		<i>MPhil</i>	
<i>Conference/workshop papers</i>	122 123 124 125 126 127 128 129 130 137	<i>Training</i>	

### 1.3 SME Performance and Policy

*Project leaders: Alan Hughes and Andy Cosh. Other Principal Investigators and associates: Anna Bullock, Paul Kattuman, Bob Bennett, Xiaolan Fu, Jaeho Lee, Vadim Grinevich, Douglas Cumming (Rensselaer Polytechnic Institute), Isobel Milner, Fabrizio Trau (Italian Confederation of Industry)*

*Funding: ESRC (core grant to CBR); AIST, Japan; various other shorter term funds and contract research grants*

*Period: 1999-2006*

#### *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?* Is the title of the forthcoming book reporting 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 forthcoming book will show 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. For further information see: <http://www.cbr.cam.ac.uk/publications/TopFloor11.pdf>

1 January 2005 – 31 July 2006 outputs for SME performance and policy			
<i>Papers</i>	62 64 73 83 84 85 86	<i>Conferences/workshops attended</i>	
<i>Articles</i>	26	<i>Memberships</i>	224 225 226 227 228
<i>Chapters</i>	16 17	<i>Visitors UK</i>	
<i>Other publications</i>	327 328 329 330 331 332 333	<i>User contacts</i>	246 247
<i>Workshops organised</i>	175 176	<i>MPhil</i>	
<i>Conference/workshop papers</i>	117 118 119 120 121 125 126 127 128 136 139 140 141 143 144 145 146 175 176 177	<i>Training</i>	

#### 1.4 Study of Experiences of UK Mid-corporate Companies in Asia

*Project leader: Xiaolan Fu, Andy Cosh, Paul Kattuman, Alan Hughes, Wing Thye Woo (University of California).  
Research Fellow: Rafael de Hoyos, Andreas Eisingerich*

*Funding: UK Trade and Investment*

*Period: 2006*

##### *Aims and objectives*

UK Trade & Investment is funding this project, which studies UK mid-corporate companies' experiences in accessing and working in the emerging Asian economies. This project examines some of the key factors that contribute to the success of selected major UK exporters in the emerging Asian economies and the barriers that UK mid-corporate companies face in trading with the emerging Asian economies. Research of this project will consist of a series of in-depth case study and statistical analysis comparing the exporters with the non-exporters.

##### *Results and dissemination*

In June 2006, UKTI published the CBR's report, 'Experiences of UK Mid-Corporate Companies in Emerging Asian Economies', which examines the experiences of 12 UK mid-corporate companies in five emerging Asian markets: India, China, Malaysia, Thailand and Indonesia. Major findings from this project have been presented to the Secretary of State for Trade and Industry, the Minister of Trade and members of Asia Task Force.

A further project was carried out for UK Trade and Investment in collaboration with China Business Solutions examined engineering sectors in a number of Chinese provinces and assessed the entry opportunities and methods for UK businesses.

. 1 January 2005 – 31 July 2006 Outputs for the study of experiences of UK mid-corporate companies in Asia			
<i>Papers</i>	74 75 76	<i>Conferences /workshops attended</i>	
<i>Articles</i>		<i>Memberships</i>	290 291 292 293
<i>Chapters</i>	16 17	<i>Visitors UK</i>	
<i>Books</i>	5	<i>Visitors overseas</i>	
<i>Collaboration</i>	224 225 226 227 228	<i>PhD</i>	
<i>Conference / workshop papers given</i>	115 116	<i>Training</i>	

## 1.5 Universities and Their Role in Systems of Innovation: A Comparative Assessment of UK and US Institutions and Locales

*Lead principal investigator: Alan Hughes; principal investigators: Andy Cosh and Richard Lester (MIT); research fellows: Celine Druilhe, Sean Safford (MIT) Carlos Martinez-Villa (MIT) Maria Corte-Real; research assistants: Pedzi Makumbe (MIT), Vadim Grinevich.*

*Funding: Cambridge-MIT Institute (£183,192) Advanced Institute for Science and Technology AISTJapan (£25,000)*

*Period: 2002-6*

### *Aims and objectives*

The objective of this research project is to identify and analyze the range of relationships between universities and industry that occur in practice, and to investigate the causes and consequences of their relationships. On the basis of this research, we hope to be able to specify the basic strategic choices facing universities who are seeking to elevate the role of economic development in their overall missions. Drawing upon in-depth, semi-structured interviews with firms, university researchers and administrators, and others we aim to trace the scientific and industrial development of the same field of industrial practice in locations in the UK and USA. The in-depth case study work is supplemented by detailed quantitative analysis of a range of data relating to the nature of university-industry relationships, the spatial distribution of case study industry activity and industrial performance. In particular in an extension to the original design of the project work on innovation in the services sector and in particular the process by which information technology affects business performance was begun. It is intended to develop this work further in new research focusing specifically on the nature of the links between services and the science base

### *Results and dissemination*

The case study work in 2005-6 focussed on an extension of the optoelectronics study to include Wales alongside Scotland and New York, and the completion of the fieldwork for the bioinformatics case. In addition as a result of additional funding from AIST Japan an analysis of university business links and incubation with special reference to the Cambridge sub-region was also completed. A synthesis of the key findings emerging from the fieldwork when combined with insights from parallel and separately funded studies in Finland Japan has led to the development of a distinctive approach to conceptualising and measuring the nature and impact of university links. This has informed and in turn been informed by the detailed survey findings of the parallel project on UK/US innovation benchmarking. This distinctive approach emphasises the diverse nature of university industry interactions encompassing in particular the exchange of knowledge through recruitment, consulting, problem solving and a wide range of 'public space' functions in which universities can play a catalytic and social capital building role in relation to local economic development strategies. The findings and synthesis have been presented at conferences workshops and policy fora in the UK mainland Europe the USA and Japan.

1 January 2005 – 31 July 2006 outputs for Universities and their role in systems of innovation			
<i>Papers</i>	88 93	<i>Conferences/workshops attended</i>	
<i>Articles</i>	41	<i>Memberships</i>	294 295 296 297 298 299 300 301 302
<i>Chapters</i>	18	<i>Visitors UK</i>	
<i>Books</i>	1	<i>Visitors overseas</i>	283 284 285
<i>Collaboration</i>	230 231 232 233	<i>PhD</i>	268
<i>Other publications</i>	334	<i>User Contacts</i>	248 249 250 251 252 253 254 255
<i>Conference/workshop papers</i>	109 148 149 150 151 152 153 154 155 165	<i>Media</i>	319

## 1.6 The Role of Management Practices in Closing the Productivity Gap

*Principal Investigators: Xiaolan Fu, Uwe Aickelin (Nottingham), Giuiana Battista (Aston), Chris Clegg (Sheffield).  
Research Fellow: Rafael de Hoyos*

*Funding: Engineering and Physical Sciences Research Council (EPSRC) £502,000*

*Period: November 2005 onwards*

### *Aims and objectives*

This project will study the role of management practices in closing the productivity gap between the UK and the USA. The work is multi-disciplinary and will be shared between the Universities of Cambridge, Aston, Nottingham and Sheffield.

Up to 31 July 2006, the project team has finished literature review, which will be published as an AIM working paper. Cambridge has taken a lead in the literature review process. The project team has also started case studies in the UK and USA, and the review of models and databases. Preliminary results have been presented at Ideas Factory Network meetings. Network with other project groups, the ONS, DTI, NISER and WERS groups have been established.

1 January 2005 – 31 July 2006 outputs for The role of management practices in closing the productivity gap			
<i>Papers</i>	73	<i>Conferences/workshops attended</i>	
<i>Articles</i>		<i>Memberships</i>	290
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Other publications</i>		<i>User contacts</i>	
<i>Datasets</i>		<i>Media</i>	322
<i>Collaboration</i>	224 225 226 227 228	<i>PhD</i>	
<i>Workshops</i>		<i>MPhil</i>	
<i>Conference/workshop papers</i>	117 118 119 120	<i>Training</i>	



## SURVEY AND DATABASE UNIT

*Project Leader: Andy Cosh. Survey and Database Manager: Anna Bullock. Assistant: Isobel Milner.*

*Funding: ESRC (core grant to CBR); various other shorter term funds and contract research grants*

*Period: 1999-2006*

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

### *Results and dissemination*

The CBR small and medium sized business survey, which covers Great Britain, and the Northern Ireland Benchmarking survey that were carried out at the end of 2004 yielded more than 2,100 and 850 useable responses respectively with replies being returned in to February 2005. The survey data was in some cases supplemented with additional accounts data from published sources. Initial results of the CBR dataset were presented at a half day conference in London on 15 March 2006 and the full results will be available in the sixth Enterprise Britain report due to be published in the autumn 2006. A matched dataset was created from both the British and Northern Ireland data sets by close matching on sector and size. This resulted in a dataset consisting of 795 firms from each survey, thus enabling a comparison of the two countries' manufacturing and business services sectors. See the Policy Evaluation Unit for more details on the Northern Ireland survey.

The dataset from the 2004 SME survey was matched, on sector and size, with our earlier SME datasets from the surveys carried out in 1991 and 1997, which enabled analysis of the British SME sector over the period 1991 to 2004. The results were presented both in London on 15 March and at the CBR Summit in Cambridge on 29 March. Further work was undertaken on the International Innovation Benchmarking project to increase both the quality of the responses from larger companies (1,000 or more employees) and the sample size. Follow-up telephone interviews were conducted both in the UK and the US to gather more detailed financial data. Postal surveys were carried out in both countries of new samples of the 500 largest companies in the manufacturing and business services sectors. The data was further improved by additional information from published data sources. The final dataset consists of 2,129 responses for the UK and 1,540 for the US compared to the target samples of 2000 for each. The lower response rate for the US partly reflects the higher cost of obtaining responses in that country. From the responses we created a new dataset matched on sector and size consisting of 1,149 responses in each country. The analysis of this dataset was presented at a conference at the CBI on 8 February 2006 and the results were at the same time published in 'UK plc: Just how innovative are we?'

The CBR also carried out postal surveys on the National Health Reforms and working lives of midwives and physiotherapists. The questionnaires were sent to 5,000 named individuals and useable responses were received from 46% of the samples; a very respectable result. The project is described in more detail in the Policy Evaluation Unit.

1 January 2005 – 31 July 2006 Outputs for Survey and Database Unit			
<i>Books</i>		<i>Conferences/workshops attended</i>	175 176 177
<i>Other publications</i>	331 332 333 338	<i>Visitors UK</i>	278 279
<i>Datasets</i>	209 210 211 212 213 214	<i>Surveys</i>	216 217
<i>Collaboration</i>		<i>User contacts</i>	246 247
<i>Training</i>	339	<i>Archived Datasets</i>	218

## POLICY EVALUATION UNIT

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

*Funding: ESRC (core grant to CBR); various other shorter term funds and contract research grants*

*Period: 2001-2006*

### *Aims and objectives*

The Policy Evaluation Unit has been set up to conduct short-term and long-term contract research in both the public and private sectors. The kinds of projects the Unit undertakes are: a range of evaluations and impact assessments of government initiatives; the evaluation of initiatives designed to provide direct financial support to firms; research on the supply of debt and equity finance for R&D; research on the needs of firms and barriers to R&D; policy development and advice to help shape government initiatives and R&D support; SME Performance and Policy - using appropriate databases to develop and test models of SME performance and its determinants with policy analysis and with methods of complex survey design and analysis necessary to investigate models of business performance.

### *Results and dissemination*

#### **A. Northern Ireland SME Benchmarking Survey**

A postal survey commissioned by Invest NI of SMEs in Northern Ireland. The survey was sent to 4,751 firms in the manufacturing and business services sectors and with less than 500 employees. A response rate of 20% was achieved.

The questionnaire was similar to the latest CBR SME surveys and covered the following six topics:

- general characteristics of the business, which included questions on when and how the business was formed; about the CEO/ managing partner/ owner; business strategy; workforce; and accounting data;
- innovation, which included types of innovation, sales and R&D;
- competitive situation and collaborative activity;
- financial assistance and advice from government business support schemes, especially Invest NI;
- finance, whether additional finance had been sought and if so which types of finance and the amount sought;
- and a final section on policy changes for small and medium sized businesses, where the respondents were invited to suggest up to three main changes in government policy they would like to see introduced that would affect their business. In addition they were asked about what they hoped the main outcome for their business performance would be.

#### **B. MAPSME II – an i10 project – development of a second mapping tool for wider applications outside manufacturing**

The CBR developed an improved model, by modifying the earlier model into finer classified industries and size sub-samples, for ranking the businesses in the UK Innovation survey (CBR) by calculating their innovatability scores. The web tool is available on the i10 website for firms to find out their own innovatability score.

#### **C. Survey of National Health Service Reforms and the Working Lives of Midwives and Physiotherapists**

The CBR carried out two surveys on behalf of Dr Frank Wilkinson, who was asked by the Royal College of Midwives and the Chartered Society of Physiotherapists to undertake a comparative study of the working conditions and professional issues affecting midwives and physiotherapists, with particular reference to the impact of working conditions and recent NHS reforms on their professional lives, functions and attitudes.

The project followed up previous research undertaken by the CBR on the impact of NHS reform on midwives; and explored the impact on midwives and physiotherapists of: extra investment in the NHS; reconfiguration of health services; widening professional roles; the move from uni- to multi-professional team working; continuing professional development; the ability of midwives and physiotherapists to engage with and influence strategies service provision; the impact of these changes in workload on key indicators of professional well being including morale, motivation, job-satisfaction and stress levels; the effect on this on their commitment to the NHS and its reform programme; and, the policy implications of these findings.

The surveys took the form of postal surveys, which were sent to 5,000 midwives and physiotherapists and resulted in a response rate of 46%.

1 January 2005 – 31 July 2006 Outputs for Policy Evaluation Unit			
<i>Books</i>		<i>Conferences/workshops attended</i>	
<i>Other publications</i>	331 332 333 338	<i>Visitors UK</i>	278 279 280
<i>Datasets</i>	212 213 214	<i>Surveys</i>	216 217
<i>Collaboration</i>		<i>User contacts</i>	247
<i>Training</i>		<i>Archived Datasets</i>	218

## PROGRAMME TWO: 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 DTI.

### 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).*

*Funding: ESRC (core grant to CBR)*

*Period: 1999-2006*

#### *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*

Mueller and Yurtoglu have prepared estimates of the ratios of returns on investment to costs of capital over the period 1985-96 for companies from around the world. These estimates are made using the technique developed by Mueller and Reardon. They confirm the existence of significant differences between the performance of Anglo-Saxon and Germanic companies, and show that US companies performed much better over this more recent 10 year period, than over the 1970s and 1980s. Not surprisingly, perhaps, the best performance is observed for Asian companies.

Mueller, Gugler and Yurtoglu have also studied the determinants of capital investment and investment in R&D for a sample of 567 U.S. firms observed over the 1977-1996 period. They criticized the use of Tobin's  $q$  as a measure of investment opportunities of the firm and introduced a measure of marginal  $q$  instead. They estimated investment and R&D equations using marginal  $q$ , and presented evidence confirming the existence of both cash constraints in some companies and managerial discretion in others.

Mueller, Gugler and Yurtoglu analyzed the impact of corporate governance institutions, ownership structures and external capital constraints on company returns on investment for a sample of more than 19010 companies from 61 countries across the world. They showed that (1) of these three sets of institutions, the origin of a country's legal system proved to be most important. Companies in countries with English origin legal systems earned returns on investment that are at least as large as their costs of capital. (2) Differences in investment performance related to a country's legal system dominate differences related to ownership structure. (3) Strong external capital markets improve the investment performance of companies.

Gugler and Yurtoglu studied the impact of the specific corporate governance mechanisms on the dividend pay-out policy in Germany. They put forward an alternative explanation of why dividends may be informative. They claim that dividends signal the severity of the conflict between the large, controlling owner and small, outside shareholders, and accordingly, dividend change announcements provide new information about this conflict. To test the rent extraction hypothesis and to discriminate it from the cash flow signalling explanation, they utilized information on the ownership and control structure of the firm. They analysed 815 dividend change announcements in Germany over the period 1992 to 1998 and found significantly larger negative wealth effects in the order of two percentage points for majority controlled companies that decrease their dividends than for other firms. The rent extraction hypothesis has also implications for the levels of dividends paid. They also find larger holdings of the largest owner to reduce, while larger shareholdings of the second largest owner to increase the dividend pay-out ratio.

Guest, Cosh and Hughes have examined the impact of share-ownership patterns on the outcome of corporate takeovers. Using an analysis based on long run buy and hold share returns and accounting profitability, they find a non-linear relationship with merger performance first rising then falling with board share-ownership. This is consistent with initial incentive effects being outweighed by the effects of board entrenchment as their share-ownership rises. (CBR Working Paper No. 216). This paper has now appeared in the *Journal of Business, Finance and Accounting*.

CBR Working Paper No. 258 by Ajit Singh focuses on the inter-relationship between corporate governance, financing of corporate growth and stock market development in emerging countries. It explores both theoretically and empirically the nature of the inter-relationships between these phenomena, as well as their implications for economic policy. It concentrates on how corporate growth is financed, an area where the literature has identified important anomalies in relation to corporate behaviour and governance. The paper provides new information and analysis on this subject for the 1990s which it is shown leads to further anomalies from the perspective of extant economic theory. It also comments briefly on the recent research on the legal system, corporate laws, corporate governance and corporate performance. In considering the latter issues the paper examines more closely the evolution of the financing of corporate growth and of stock market development in the specific case of the Indian economy in the 1980s and 1990s.

1 January 2005 – 31 July 2006 outputs for Corporate Governance and Investment			
<i>Papers</i>	77 78	<i>Conferences/workshops attended</i>	179 180
<i>Articles</i>	33 40 40	<i>Memberships</i>	
<i>Collaboration</i>	229	<i>PhD</i>	261
<i>Conference/workshop papers</i>	131 132 133 134 135 138 142 147	<i>Training</i>	

## 2.2 Ethics, Regulation and Globalisation

*Project leaders: Michael Pollitt (Judge Institute of Management) and Ian Jones (Lincoln College, Oxford and Herriot Watt Business School). Research assistant: William Yu*

*Funding: ESRC (core grant to CBR)*

*Period: 1999-2006*

### *Aims and objectives*

2005 saw the completion of our fourth working paper on the creation of social capital by multinationals. Jones, Pollitt and Bek (2005) is a detailed case study of the corporate citizenship programme of the alcoholic drinks firm, Diageo. We examined in detail the impact of 9 of its corporate citizenship projects. These projects ranged from support for a entrepreneurship programme in India, a visitor centre in Dublin to a global environmental champion competition. In each case the social capital impacts of the projects were examined. We concluded that some the projects were much more successful than others in benefiting society at large via improving trust, norms and social networks. We also observed that those projects which were genuinely externally focused but close to the business, in terms of core competence, were more successful as social capital building activities.

### *Results and Dissemination*

Through 2005 and into 2006 we made substantial progress on related work aimed at producing a book on 'Multinationals in their Communities: a social capital approach to corporate citizenship projects' (with David Bek). For the book we conducted three further case studies of company corporate citizenship programmes: on Anglo-American, GSK and Vodafone. This case study work complements earlier work developing social capital metrics for sample of multinationals in different host countries. We have produced a chapter on each of these companies. We also completed three introductory chapters: two on the theory and practice of corporate citizenship programmes in the US and the UK and one substantial chapter reviewing the literature on social capital and the firm. We aim to complete this book in late 2006.

1 January 2005 – 31 July 2006 outputs for Ethics, Regulation and Globalisation			
<i>Papers</i>	60	<i>Conferences/workshops attended</i>	181 182 183 184 185 200
<i>Articles</i>		<i>Memberships</i>	303 304 305 306 307 308
<i>Other publications</i>		<i>User contacts</i>	257 258 256
<i>Collaboration</i>	234 235 236 237 238 239	<i>PhD</i>	
<i>Conference and workshop presentations</i>	156 157 158 166	<i>Training</i>	

### 2.3 Social Dialogue, Employment and Territories: towards a European politics of capabilities

*Project leader: Simon Deakin. Research associates: Jude Browne (CBR and Centre for Research in the Social Sciences and Humanities, Cambridge), Stephen Pratten (Management Centre, King's College, London). Ph.D. students: Ana Lourenço (Judge Institute), Renée Claude Drouin (Law), Richard Hobbs (Law).*

*Funding: European Commission Fifth Framework Programme (£45,174)*

*Period: 2002-2006*

#### *Aims and objectives*

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

#### *Results and dissemination*

The project began in October 2002 and ran to March 2006. Simon Deakin and Jude Browne carried out case studies of the use by enterprises of corporate governance mechanisms to promote gender equality and diversity, and Simon Deakin, Ana Lourenço (Ph.D. candidate, Judge Business School) and Stephen Pratten (King's College, London) looked into innovation, regulatory change and the effects of regional policy in the media sector. Renee Claude Drouin (Ph.D. candidate, Law) examined international framework agreements between multinational companies and trade union federations, and Richard Hobbs (Ph.D., Law: completed 2006) looked at the link between corporate social responsibility and the implementation of labour standards in the area of working time. Simon Deakin and Frank Wilkinson carried out theoretical and historical work on capability theory. Simon Deakin and Alain Supiot (Nantes) coordinated a project on links between the legal concept of capacity and the capability approach. Several workshops were held: one, in Cambridge, initiated a comparative study of corporate restructuring in Britain and France with colleagues from IDHE-Cachan; a second, in Nantes, was concerned with the comparative study of the legal notion of 'capacity' (March 2003); and network-wide workshops held in Paris in December 2003 and Warsaw in June 2004 heard presentations from the teams of preliminary results from the sectoral and enterprise-based case studies. In Cambridge a workshop was held in March 2005 which brought together the legal and economic components of the project. In January 2006 a workshop was organized by Simon Deakin at Doshisha University, Japan, using funds from the CBR's collaboration with the ITEC centre at Doshisha, on the theme of social dialogue, at which presentations from the Eurocap project were made together with contributions from researchers from Japan, the US and Australia. The results of this work will be published in the journal *Corporate Governance: An International Review* in January 2007. The final conference of the Eurocap project was held in Nantes in February 2006. Simon Deakin and Steve Pratten both gave presentations of the UK-based work.

1 January 2005 – 31 July 2006 Outputs for Social Dialogue			
<i>Papers</i>	61 65 66 67 68 70 71	<i>Conferences/workshops attended</i>	174 178
<i>Articles</i>	27 28 29 30 31	<i>Memberships</i>	
<i>Chapters</i>	10 11 12	<i>Visitors UK</i>	
<i>Books</i>	2 3	<i>Visitors overseas</i>	
<i>Other publications</i>		<i>User contacts</i>	
<i>Datasets</i>		<i>Media</i>	
<i>Collaboration</i>		<i>PhD</i>	264 265 267
<i>Workshops organised</i>		<i>MPhil</i>	
<i>Conference/workshop papers</i>	111	<i>Training</i>	

## 2.4 Reflexive Law and Democratic Governance

*Project leaders: Simon Deakin and Catherine Barnard. Research student: Richard Hobbs.*

*Funding: EU, Fifth Framework Programme (£36,678)*

*Period: 2002-2004*

### *Aims and objectives*

This project was funded by the 5th Framework Programme of the European Commission and involved collaboration between the CBR and a network of other European universities coordinated by the Centre for Legal Philosophy, Catholic University of Louvain. The CBR's involvement focused on tensions developing at European level between the economic freedoms guaranteed by the EC Treaty (including free movement for goods, persons and capital, and freedom of establishment for enterprises) and the protection of fundamental social rights.

### *Results and dissemination*

Case studies were carried out of the interaction between economic and social interests in the case law of the European Court of Justice and of national-level courts, and of the implementation of European Community law in the UK (focusing on the area of working time). Following seminars held in Paris in December 2003 and Cambridge in March 2004, a book representing the work of the project was completed and will be published in 2005: De Schutter, O. and Deakin, S. (eds) *Social Rights and Market Forces: Is Open Coordination the Future for European Employment and Social Policy?* Brussels: Bruylant.

1 January 2005 – 31 July 2006 Outputs for Reflexive Law and Democratic Governance			
<i>Papers</i>		<i>Conferences/workshops attended</i>	
<i>Articles</i>		<i>Memberships</i>	
<i>Chapters</i>	9 15	<i>Visitors UK</i>	
<i>Books</i>	4	<i>Visitors overseas</i>	
<i>Other publications</i>		<i>User contacts</i>	
<i>Datasets</i>		<i>Media</i>	
<i>Collaboration</i>		<i>PhD</i>	
<i>Workshops organised</i>		<i>MPhil</i>	
<i>Conference/workshop papers</i>		<i>Training</i>	



## 2.5 Institutional Investment and Corporate Accountability

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

*Funding: ESRC (core grant to CBR)*

*Period: 2001-4*

### *Aims and objectives*

In this project we investigated some of the processes and relationships involved in this chain of accountability, focusing in particular on finance directors and fund managers. How are their responsibilities exercised, and to what effect, and how are they held accountable? To address such questions we examined the preparation, conduct and consequences of the regular face-to-face meetings between companies and their major institutional shareholders.

Initially, we held preparatory meetings with practitioners to clarify the issues, and completed a review of the literature. We also carried out a first set of substantive interviews, with FTSE 100 company finance and investor relations directors, asking how they approached such meetings, what they gained from them, and what actions they took as a result.

In the second phase of the project we sought the same information from chief investment officers, fund managers and buy-side analysts. We also attended, as observers, a series of company - fund manager meetings.

### *Results and Dissemination*

Our analysis of the data collected led us to conclude that the meetings, though often ritualistic, have concrete effects. For example, by routinely reminding company directors that their primary accountability is to their shareholders, fund managers ensure that directors remain focused on the pursuit of shareholder value. In this way, it may be argued, they promote the financialization of the companies in which they invest.

The formal project work was completed by Spring 2004

1 January 2005 – 31 July 2006 outputs for Institutional investment and corporate accountability			
<i>Papers</i>		<i>Conferences attended</i>	201
<i>Articles</i>	39 45 46	<i>Memberships</i>	
<i>Chapters</i>		<i>Visitors UK</i>	
<i>Books</i>		<i>Visitors overseas</i>	
<i>Other publications</i>		<i>User contacts</i>	
<i>Datasets</i>		<i>Media</i>	
<i>Collaboration</i>		<i>PhD</i>	
<i>Workshops</i>		<i>MPhil</i>	
<i>Conference papers given</i>	167 168 169	<i>Training</i>	

## 2.6 Law, Finance and Development

*Principal Investigators: Simon Deakin, John Armour and Ajit Singh; Visiting Fellow, Mathias Siems; Research Fellows: Sonja Fagerås, Priya Lele; Research Associates: Jack Glen (IFC), Andrew Lang (Faculty of Law), Kevin Lee (Leicester), Ron Smith (Birkbeck College, London)*

*Funding: £204,231 (ESRC); additional funding from the Newton Trust*

*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 proposal which will combine 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.

It is too soon to report substantive research results. However, early work suggests that the longitudinal legal indexing method set out in the proposal is entirely feasible, and will produce the dataset which has been promised. This is the first time that a multi-country dataset quantifying legal change over time will have been achieved for shareholder, creditor and worker protection. The indexing methodology has been shown to be feasible within the time constraints set out for the project, and the basic technique used will gradually be rolled out to cover all the countries referred to in project proposal. The methodology and some early results are set out in Lele and Siems (2006). By the summer of 2006, substantial progress had been made on the shareholder protection indices for around 20 countries, and work had begun on the creditor rights and labour protection indices.

We are using a range of data sources for the econometric analysis. Accounting and stock market data on firm-level performance are available for developing countries from the early 1990s (BVD dataset) and for developed countries from the 1970s (Datastream). Data on ownership structure at firm level are available for the 1990s for Asian and leading Latin American countries (OECD and World Bank). Historical data going back fifty years are available on GDP growth by country, as well as a range of other national economic indicators, including capital stock, employment, and labour-related data; these will be used in the analysis.

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, 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, 2005), the legal family classifications used by La Porta et al. (Siems, 2005, 2006), and the role of regulatory competition in promoting convergence or divergence in corporate law (Armour, 2005).

1 January 2005 – 31 July 2006 Outputs for Law, Finance and Development			
<i>Papers</i>	55 57 58 59 92 94	<i>Conferences/workshops attended</i>	192 193 194 195 196 197 198 199 202 203
<i>Articles</i>	22 25 48 47 49 50 51 52 53	<i>Memberships</i>	289 309 310
<i>Chapters</i>	8 21	<i>Visitors UK</i>	277 281
<i>Books</i>		<i>Visitors overseas</i>	282 286 288
		<i>User contacts</i>	245 259
<i>Datasets</i>	207 215	<i>Media</i>	312 321 325
<i>Collaboration</i>	219 220 243 244	<i>PhD</i>	260 262 263 269 270 271 272 273 274 275
<i>Conference/workshop papers</i>	97 98 99 101 106 107 108 113 114 170 171 172	<i>Training</i>	340 341 342

## 2.7 Reflexive Governance in the Public Interest

*Principal Investigator: Simon Deakin . 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*

*Funding: £180,876 (EU Sixth Framework Programme)*

*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. So far, the work on each of the projects is in an early stage, but several workshops have been held, and the empirical phase of the work is well developed in each project.

### *Results and dissemination*

The main objectives for this reporting period were to set up the work of the sub-network through initial meetings of the project teams, to establish the theoretical groundwork for the projects, and to develop common approaches to empirical work (survey instruments and questionnaires). In CG1, which is looking at the evolution of corporate governance codes, papers presented by the teams have illustrated the tension which exists in all systems between shareholder-driven conceptions of the firm and the growing role of CSR. For example, Bristol group, the Liège group and the Louvain-la-Neuve group have carried out complementary studies examining the use of disclosure and accounting rules to open up a debate about the costs of corporate activity. The CEU contribution has focused on the development of the corporate governance code and stock exchange rules in the transition period in Hungary. In CG2 the econometric analysis of the WERS and REPOSE datasets (Cambridge, Paris-10) has already made considerable progress towards developing the first systematic, quantitative study of the relationship between corporate governance and HRM in the UK and France. Two joint meetings were held, a common approach to the analysis of the datasets was developed, and the first results were presented at conferences in September 2006. This has been complemented by case study work on the 'financialisation' of French and Belgian companies, focusing on employee financial participation and pension fund governance (Louvain-la-Neuve, Paris-10). In CG3 the empirical work which has been carried out on case studies at enterprise level shows, for example, how some of the hopes expressed for shareholder activism as mechanism for CSR have been disappointed (in particular in the UK). These studies also demonstrate the tensions which exist in coordinated market systems as a result of the growing intervention of Anglo-Saxon style corporate governance mechanisms and US and UK institutional investors (the Cambridge, Louvain-la-Neuve, Liège teams). In CG4, the work on the governance of networks is providing the foundations for a comparative study, based on Italian, French and British practice, of the role of new forms of inter-firm cooperation, which will take the story forward from the well-known industrial district studies of the 1980s and 1990s (Cambridge, Trento, EUI). More theoretical papers have also been written on different network types in law and economics (EUI), and on the historical antecedents of network forms (Cambridge). Work on a joint questionnaire for the empirical stage of the work is well advanced. Thus the main achievements to date are: progress on operationalising the theoretical concepts of reflexive governance in the concrete setting of corporate governance; first reports of findings from case studies and econometric analysis; and development of common survey instruments and questionnaires. The CBR is also involved in the work of a separate sub-network on human rights; a workshop for this group was held in Brussels in May 2006.

1 January 2005 – 31 July 2006 Outputs for Reflexive Governance in the Public Interest			
<i>Papers</i>	69 72	<i>Conference / workshop papers given</i>	110 111 112
<i>Articles</i>	32	<i>Memberships</i>	
<i>Chapters</i>	13 14	<i>Visitors UK</i>	
<i>Workshops</i>	205	<i>PhD</i>	266

## 2.8 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*

Analysis indicates (i) that gross recoveries in the administration cases, under the new law, are significantly higher than those in receivership cases, under the old law; but (ii) that insolvency costs are also significantly higher in the administration cases than receivership cases. The net effect on recoveries for unsecured creditors appears to be neutral.

1 January 2005 – 31 July 2006 Outputs for the Impact of the Enterprise Act			
<i>Papers</i>	95 96	<i>Conference papers given</i>	100
<i>Articles</i>	22 23 24 54	<i>Memberships</i>	
<i>Chapters</i>	6 7	<i>Visitors UK</i>	
<i>Datasets</i>	208	<i>Media</i>	
<i>Collaboration</i>	221 222 223	<i>PhD</i>	

## 2.9 Bankruptcy Law and Entrepreneurship

*Principal Investigators: John Armour, Doug Cumming (Rensselaer Polytechnic Institute)*

*Funding: CBR core funding*

*Period: 2006 -7*

*Aims and objectives*

This project investigated the relationship between personal insolvency laws and entrepreneurship. The hypothesis examined was that the 'severity' of the consequences of personal insolvency has an impact on the incentives of potential entrepreneurs, and that a relaxation in the insolvency regime may be expected to stimulate business start-up. This issue is of interest to policy-makers, for it forms the intuition underpinning the reduction, under the Enterprise Act 2002, in the time to discharge from bankruptcy from three years to one year.

An index of personal bankruptcy laws was constructed for 15 European and North American countries over the period 1990-2002. Data on self-employment were also collected (two different datasets were used to provide a robustness check), and the relationship between changes in personal bankruptcy law and self-employment was investigated using a country fixed effects methodology to focus on the impact of the changes and control for other cross-country variations.

*Results to date*

The results indicate that the introduction of a "fresh start" in bankruptcy, and reductions in the amount of time until this is available, are associated with increases in the level of self-employment. Moreover, in our dataset, the effect is more statistically significant than changes in GDP growth, stock market returns, and a variety of other legal and economic factors.

1 January 2005 – 31 July 2006 Outputs for Bankruptcy Law and Entrepreneurship			
<i>Papers</i>	59	<i>Conferences/workshops attended</i>	
<i>Articles</i>		<i>Memberships</i>	
<i>Other publications</i>		<i>User contacts</i>	
<i>Datasets</i>		<i>Media</i>	311
<i>Collaboration</i>		<i>PhD</i>	
<i>Workshops organised</i>		<i>MPhil</i>	
<i>Conference/workshop papers</i>	102 103 104 105	<i>Training</i>	

## **2.10 'Soft Regulation': Conforming with the Principle of 'Comply or Explain'**

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

*Funding: £177,826 (ESRC)*

*Period: 2006-7*

### *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, eg 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.

There were no outputs in the reporting period as the project only began at the end of May 2006. However, the project leaders are involved in arranging a number of conferences around the topics of soft regulation and codes of corporate governance. The first, convened by Paul Sanderson for Anglia Ruskin University, entitled 'Soft Law, Soft Regulation?' took place in Cambridge, 12-13 September 2006. In 2007 John Roberts and David Seidl are convening 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. Further details will be reported in next year's annual report.

## **2.11 Labour Market Reform and Social Inclusion: The Case of New Zealand, Ireland and Denmark**

*Project Leader: Colm McLaughlin*

*Funding: £31,968 (ESRC)*

*Period: 2006-7*

### *Aims and objectives*

This project is an ESRC post-doctoral research fellowship held by Colm McLaughlin, with Simon Deakin acting as mentor. The purposes of the fellowship are, 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 which 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. New Zealand followed the deregulation path in the 1990s but has since changed direction, partly as a result of concerns over issues of equity for low-paid workers. Denmark illustrates a highly corporatist model with a strong emphasis placed on social inclusion. Ireland lies somewhere in between the two. While the Irish social partnership approach has been very effective in addressing economic growth, legitimate concerns exist over increasing income inequality and relatively low levels of social protection. A number of significant findings were made. The first is that, 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. The second major finding is that, with declining union membership, when institutional supports for unions are increasingly inadequate, and when unions are less frequently representing the low-paid, traditional industrial relations structures are no longer enough to protect working conditions. Even in Denmark with high union density and good employment conditions, workers outside the ambit of unions are excluded from the benefits of collective coverage and often ignored by unions. Here, the thesis explored the balance between legislated minimum conditions and the promotion of collective bargaining. It also highlighted the role social partnership structures play in advancing the cause of marginalised workers. In particular, it pointed to the benefits of a wider representation of civil society in social dialogue arrangements beyond the traditional actors of employers, unions and government.

There were no outputs in the reporting period as the project began on 1 June 2006. Output will be reported in next year's annual report.

### 3. OUTPUTS

(\*\*forthcoming as of 31 July 2006)

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7. Armour, J. (2006) 'The Governance of Corporate Rescue in the UK' in H. Peter, N. Jeandin, and J. Kilborn (eds.), *The Challenges of Insolvency Law in the 21<sup>st</sup> Century* (Zurich: Schulthess, 2006), 501-514.
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15. De Schutter, O. and Deakin, S. (2005) 'Introduction: reflexive governance and the dilemmas of social regulation', in O. De Schutter and S. Deakin (eds.) *Social Rights and Market Forces: Is the Open Coordination of Employment and Social Policies the Future of Social Europe?* (Brussels: Bruylant), 1-27.
16. Fu, X. (2006) 'Globalisation and regional income inequalities in China', in Benini, R. and Woo, W. T. (eds) *Restructuring and Decentralization in Transition*, Kluwer Academic Publisher (Dordrecht and New York).
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32. \*\*Deakin, S. (forthcoming) 'Die Wiederkehr der Zünfte? Netzwerkbeziehungen aus historischer Perspektive' *Kritische Zeitschrift für Gesetzgebung und Rechtswissenschaft*.
33. Guest, P., Cosh, A. and Hughes, A (2006) 'Board Share-Ownership and Takeover Performance', *Journal of Business Finance & Accounting*, April.
34. Hall, B (2005) "Exploring the Patent Explosion," *Journal of Technology Transfer* 30: 35-48.
35. Hall, B. (2006) "Proprietary vs. Public Domain Licensing of Software and Research Products," with Alfonso Gambardella, *Research Policy* 35 (2006), Issue 6, pp. 875-892.
36. Hall, B. (2006) "Does the Market Value R&D Investment by European Firms? Evidence from a Panel of Manufacturing Firms in France, Germany, and Italy," with Raffaele Oriani, *International Journal of Industrial Organization*, in press 2006, available online at Science Direct.
37. Hall, B. (2006) "Property and the Pursuit of Knowledge: IPR issues affecting scientific research," with Paul A. David, *Research Policy*, Volume 35 (2006), Issue 6. Introduction to edited special issue.
38. Hall, B. (2006) "Empirical studies of innovation in the knowledge driven economy: An introduction," with Jacques Mairesse. *Economics of Innovation and New Technology*, Volume 15 (2006), Issues 4/5. Introduction to edited special issue.
39. Hendry, J; Sanderson, P; Barker, R. G., and Roberts, J. (2006) Owners or traders? Conceptualizations of institutional investors and their relationship with corporate managers. *Human Relations* 59 (8): 1101-1132.
40. Hughes, A. (with R.L. Conn, A.D. Cosh and P.M. Guest) (2005), 'The Impact on U.K. Acquirers of Domestic, Cross-border, Public and Private Acquisitions', *Journal of Business Finance and Accounting*, Vol. 32, Nos 5+6, June/July 2005.
41. Hughes, A. (with M.S. Scott Morton) (2006), 'The transforming power of complementary assets', *MIT Sloan Management Review*, vol. 47, no. 4, Summer, MIT.

42. Lane, C. and Probert, J. (2006) "Domestic capabilities and global production networks in the clothing industry: a comparison of German and UK firms' strategies", *Socio-Economic Review*, Vol. 4 (1): 69-91.
43. \*\*Lane, C. and Probert, J. (forthcoming) "Locating Knowledge: In-House Research Laboratories and External Networks in US, British and German Pharmaceutical Companies". (under revision for *Organization Studies*)
44. \*\*Lane, C. and Probert, J. (forthcoming) "The External Sourcing of Technological Knowledge by US Pharmaceutical Companies: strategic goals and inter-organisational relationships" 2007, *Industry and Innovation*)
45. Roberts, J., Sanderson, P., Barker, R. G., and Hendry, J. (2006) 'In the Mirror of the Market: The Disciplinary Effects of Company / Fund Manager Meetings.' *Accounting, Organisations and Society* 31 (3): 277-294.
46. Sanderson, P., Hendry, J., Roberts, J., and Barker, R. G. (2006) 'Regulating the Corporation: The Role of the Institutional Investor.' *Journal of Corporate Ownership & Control* 4(2)
47. Siems, M. (2005) 'Numerical comparative law: do we need statistical evidence in order to reduce complexity?' *Cardozo Journal of International Law*, 13: 521-540.
48. Siems, M. (2006) 'Shareholder protection across countries - Is the EU on the right track? Dice Report', *Journal for Institutional Comparisons*, 3/2006.
49. \*\*Siems, M. (forthcoming) 'Legal origins: reconciling law & finance and comparative law' *McGill Law Journal* vol. 52.
50. \*\*Siems, M. (forthcoming) 'Statistische Rechtsvergleichung', *RabelsZ*.
51. \*\*Singh, A (forthcoming) 'Corporate Governance, Crony Capitalism and Economic Crises: Should the US Business Model Replace the Asian Way of 'Doing Business'?' forthcoming in *Corporate Governance An International Review*
52. Singh, A., and Glen, J. (2005) 'Corporate governance, competition and finance: rethinking lessons from the Asian crisis' *Eastern Economic Journal*, 31: 219-243.
53. Singh, Ajit, Glen, J., Zammitt, A., De Hoyos, R., Singh, Alaka, and Weiss, B. (2005) 'Shareholder value maximisation, stock markets and new technology: should the US corporate model be the universal standard?' CBR Working Paper No. 315, September 2005; forthcoming in *International Review of Applied Economics*.
54. Walters, A.J. and Armour, J. (2006) 'The Proceeds of Office-holder Actions under the Insolvency Act: Charged Assets or Free Estate?' [2006] *Lloyds' Maritime and Commercial Law Quarterly* 27-48.

## WORKING PAPERS

55. Ahlering, B. and Deakin, S. (2005) 'Labour regulation, corporate governance and legal origin: a case of institutional complementarity?' CBR Working Paper No. 312, September 2005.
56. \*\*Armour, J. and D.A. Skeel, Jr. (forthcoming) 'Who Writes the Rules for Hostile Takeovers, and Why?—The Peculiar Divergence of US and UK Takeover Regulation', mimeo (83pp)
57. Armour, J. (2006) 'Should We Redistribute in Insolvency?' CBR WP 319, March 2006.
58. Armour, J. (2005) 'Who Should Make Corporate Law? EU Legislation versus Regulatory Competition' CBR WP 307, June 2005.
59. Armour, J. and D.J. Cumming (2005) 'Bankruptcy Law and Entrepreneurship', ESRC Centre for Business Research Working Paper 300, June 2005.
60. Bek, D, Jones, I.W. and Pollitt, M.G. (2005), *How do multinationals build social capital? Diageo's Corporate Citizenship Programme*, Centre for Business Research Working Paper, No.285
61. Browne, J., Deakin, S., Hobbs, R., Lourenço, A. and Pratten, S. (2006) 'From employability to capability: sectoral and enterprise-based case studies from the UK'. UK Final Report for WP2, Eurocap.
62. Cosh, A., Fu, X., and Hughes, A. (2005) 'How much does informality in management matter for SME innovation?'. Award winning paper, 2005 'European Best Paper Award'.
63. \*\*Cosh, A., Fu, X., and Hughes, A. (forthcoming) 'Management characteristics, managerial ownership and innovative efficiency in the high-technology sector' *Journal of Management Studies*, re-submitted after 1<sup>st</sup> review.
64. \*\*Cosh, A., Fu, X., and Hughes, A., Yang, \*\* (forthcoming) 'World innovation frontier and the EU – US innovation gap'
65. Deakin, S. (2005) 'The capability concept and the evolution of European social policy' CBR WP No. 303, March 2005.
66. Deakin, S. et al. (2006) 'The social responsibility of enterprises and the capability approach: findings from Eurocap WP5.' Final Report of WP5, Eurocap.

67. Deakin, S. (2005) 'The comparative evolution of the employment relationship' CBR WP No. 317, December 2005.
68. Deakin, S. (2006) "'Capacitas': contract law and the preconditions of a market economy' CBR WP No. 325, June 2006.
69. Deakin, S. (2006) 'Legal diversity and regulatory competition: which way for Europe?' CBR WP No. 323, March 2006.
70. Deakin, S. and Hobbs, R. (2006) 'Corporate social responsibility, social dialogue and capability for voice.' UK Final Report for WP5, Eurocap project.
71. Deakin, S., Hobbs, R., Konzelmann, S. and Wilkinson, F. (2006) 'Anglo-American corporate governance and the employment relationship: a case to answer?' CBR WP No. 308, June 2005.
72. \*\*Deakin, S., Pratten, S. and Lourenço, A. (2007) 'No third way for economic organization? Networks and quasi-markets in broadcasting' mimeo.
73. \*\*Fu, X., Aickelin, U., Battisti, G., Clegg, C., De Hoyos, R. et al. (forthcoming) 'The Role of Management Practices in Closing the Productivity Gap', AIM Working Paper.
74. Fu, X., Cosh, A., Hughes, A., De Hoyos, R. and Eisingerich, A. (2006) 'Experiences of UK Mid-corporate Companies in Emerging Asian Economies', UK Trade & Investment, © URN 06/1137.
75. Fu, X. (2005) 'Exports, technical progress and productivity growth in a transition economy: a non-parametric approach for China', *Applied Economics*, vol. 37, no. 7, pp. 725-239.
76. Fu, X. and Balasubramanyam, V.N. (2005) 'Exports, foreign direct investment and employment: the case of China', *The World Economy*, vol. 28, no. 4, pp. 607-625.
77. Guest, P (2006) Do Cross-Border Acquisitions cause Convergence in Executive Compensation? Evidence from U.K. Acquisitions of U.S. Targets
78. Guest, P and Sutherland, D (2006) Has China's 'National Team' Industrial Policy been a Success? An Examination of the National Teams Financial Performance using Aggregate and Firm Level Data.
79. \*\*Hall, B., Gambardella, A. (forthcoming) "Proprietary vs. Public Domain Licensing of Software and Research Products," with Alfonso Gambardella, *Research Policy*.
80. Hall, B. (2006) "R&D, innovation, and productivity: new evidence from Italian manufacturing microdata," with F. Lotti and J. Mairesse, Bank of Italy, INSEE-CREST, UC Berkeley, and University of Maastricht, June 2006.
81. Hall, B. (2006) "The Private Value of Software Patents," with Megan MacGarvie, NBER Working Paper 12195 (April 2006).
82. Hall, B., Cosh, A., Hughes, A. (2006) "Two countries divided by a single R&D-productivity-innovation relationship: A comparative study using a matched sample of UK and US firms," March 2006.
83. Hughes, A., Cosh, A., and Fu, X. (2005) Management characteristics, collaboration and innovative efficiency: evidence from UK survey data " September 2005: WP311, CBR Working Paper
84. Hughes, A and Dessyllas., P (2005) "The revealed preferences of high technology acquirers: an analysis of the characteristics of their targets " June 2005: WP306 , CBR Working Paper
85. Hughes, A., Cosh, A and Cumming, D (2005) "Outside Entrepreneurial Capital " March 2005: WP301 , CBR Working Paper
86. Hughes, A. and Dessyllas, P. (2005) "R&D and Patenting Activity and the Propensity to Acquire in High Technology Industries " March 2005: WP298 , CBR Working Paper
87. \*\*Hughes, A and Burchell, B (2006) 'The Stigma of Failure: An International Comparison of Failure Tolerance and Second Chancing' 2006: CBR Working Paper
88. Hughes, A and Scott Morton, M.S. (2005) "ICT and productivity growth - the paradox resolved?" December WP316
89. Lane, C. and Probert, J. (2005) "Domestic capabilities and global production networks in the clothing industry: a comparison of German and UK firms' strategies", CBR Working Paper No.318
90. Lane, C. and Probert, J. (2005) "Locating Knowledge: In-house Research Laboratories and External Networks in US, British and German Pharmaceutical Companies", ITEC Research Paper Series No. 05-13, Doshisha University, Kyoto
91. Lele, P (2006) Shareholder Protection: A Leximetric Approach, WP 324, June 2006
92. Lele, P. and Siems, M. (2006) 'Shareholder protection: a leximetric approach' CBR Working Paper, June 2006.2008
93. Lester, Richard K. (2005) Universities, Innovation, and the Competitiveness of Local Economies: Summary Report from the Local Innovation Systems Project – Phase 1 MIT IPC Working Paper 05-010
94. Singh, Ajit and Zammit, Ann (2006) CBR Working Paper 329 'Corporate Governance, Crony Capitalism and Economic Crises: Should the US Business Model Replace the Asian Way of 'Doing Business'?', June 2006

95. Walters, A.J. and Armour, J. (2006) 'Evaluating the Impact of the Enterprise Act on Corporate Rescue', mimeo, January 2006, 20pp.
96. Walters, A.J., Armour, J., A. Hsu (2006) 'The Costs and Benefits of Secured Creditor Control in Bankruptcy: Evidence from the UK', mimeo, June 2006, 44pp.

## CONFERENCE AND WORKSHOP PRESENTATIONS

97. Armour, J. (2006) 'Who Should Make Corporate Law? EU Legislation versus Regulatory Competition' presented at Institute for Law and Finance, Johann Wolfgang Goethe-Universität, Frankfurt, November 2006.
98. Armour, J. and D.A. Skeel, Jr. (2006) 'Who Writes the Rules for Hostile Takeovers, and Why?' presented at Association of Corporate Governance Professionals Annual Conference, London, June 2006
99. Armour, J. and D.A. Skeel, Jr. (2006) 'Who Writes the Rules for Hostile Takeovers, and Why?' presented at University of Amsterdam Centre for Law & Economics, April 2006
100. Armour, J., A. Hsu and A.J. Walters, 'The Costs and Benefits of Secured Creditor Control in Bankruptcy: Evidence from the UK', to be presented at Empirical Legal Studies Conference, University of Texas, October 2006.
101. Armour, J. (2005) 'Should We Redistribute in Insolvency?', presented at Oxford University Armour, J. and D.A. Skeel, Jr. (2006) 'Who Writes the Rules for Hostile Takeovers, and Why?' presented at LSE Centre for Corporate Governance Conference on Takeovers and the 13<sup>th</sup> Directive, January 2006
102. Armour, J (2006) 'Bankruptcy Law and Entrepreneurship' presented at Insolvency Service Research Conference, September 2006
103. Armour, J (2006) 'Bankruptcy Law and Entrepreneurship' presented at CBR 15<sup>th</sup> Anniversary Conference, Cambridge, March 2006
104. Armour, J (2005) 'Bankruptcy Law and Entrepreneurship' presented at American Law & Economics Association Annual Conference, NYU, April 2005
105. Armour, J (2005) 'Bankruptcy Law and Entrepreneurship', presented as Insolvency Service Research Seminar, September 2005.
106. Armour, J. and D.A. Skeel, Jr. (2005) 'Who Writes the Rules for Hostile Takeovers, and Why?' presented at Law, Finance and Development Seminar, Cambridge University, October 2005
107. Armour, J. and D.A. Skeel, Jr. (2005) 'Who Writes the Rules for Hostile Takeovers, and Why?' presented at Sloan/Anton Phillips Conference on International Capital Markets and Corporate Governance, Georgetown University Law Center, Washington DC, October 2005 (with D.A. Skeel)
108. Armour, J. and D.A. Skeel, Jr. (2005) 'Who Writes the Rules for Hostile Takeovers, and Why?' presented at 12<sup>th</sup> Comparative Law & Economics Forum Meeting, Chicago, August 2005
109. Cosh, A.D. (2005), 'Lessons from the Innovation Benchmarking Survey on SME interactions with universities', *Sloan Industry Studies Annual Meeting*, 14 December, Boston, USA.
110. Deakin, S. (2005) Return of the Guild? Network Relations in Historical Perspective Florence FP 6 meeting, December 2006
111. Deakin, S., and Hobbs, R. (2006) False dawn for CSR? Shifts in regulatory policy and the response of the corporate and financial sectors in Britain Doshisha Workshop, January 2006, and FP6 meeting, Louvain-la-Neuve, February 2006.
112. Deakin, S., Lourenço, A. and Pratten, S. (2005) *Networks in UK television production* Cambridge FP6 meeting, June 2005.
113. Deakin, S., Fagemäs, S. and Siems, M. (2006) 'Law, finance, and development', ESRC Workshop World Economy and Finance Research Programme, London
114. Deakin, S. and Singh, A. (2006) 'Shareholder value reconsidered', CBR Summit on Innovation and Governance, Cambridge, March.
115. Fu, X (2006) "Determinants of UK Mid-corporate companies' performance in emerging Asian economies", Asia Task Force 2<sup>nd</sup> Meeting, UK Trade and Investment (UKTI), March 2006, London.
116. Fu, X. (2006) 'Foreign direct investment, absorptive capacity and regional innovation performance in China', paper presented at the Conference on 'China and the World Economy', Leverhulme Centre for Research on Globalisation and Economic Policy (GEP), University of Nottingham.
117. Fu, X (2006) "The role of management practices in closing the productivity gap", EPSRC / AIM Productivity Network workshop, July 2006, LBS, London.
118. Fu, X (2006) "Applications of CIS database for innovation studies", EPSRC / AIM Productivity

- Network workshop, January 2006, Nottingham University, Nottingham.
119. Fu, X (2006) "Management practices and productivity growth: a literature review", EPSRC / AIM Productivity Network workshop, January 2006, Nottingham University, Nottingham.
  120. Fu, X (2006) "Management practices and the UK-US productivity gap", EPSRC / AIM Productivity Network workshop, September 2005, London Business School, London.
  121. Fu, X. (2006) "Management characteristics, managerial ownership and innovative efficiency in high-technology industries", SPRU 40 Years Anniversary Conference, September, 2006, Sussex.
  122. Fu, X. (2006) 'World innovation frontier and the innovation gap between the EU and the US', 2006 North America Workshop on Efficiency & Productivity Analysis, June, 2006, New York. Chair of Manufacturing Session.
  123. Fu, X. (2006) "International innovation comparisons", Office of National Statistics / Business Data Link (BDL) Innovation Workshop, March 2006, London.
  124. Fu, X. (2006) "Innovation efficiency: a transatlantic comparison", Confederation of British Industries (CBI) and Cambridge-MIT Institute (CMI) Joint Conference on 'UK plc: Just How innovative are we', February 2006.
  125. Fu, X. (2006) "SMEs and innovation", ESRC Social Science week, CBR Conference on "British Enterprises: surviving, thriving or dying", March 2006, London.
  126. Fu, X. (2005) "How much does informality matter for SME innovation", EFMD 35<sup>th</sup> Entrepreneurship, Innovation and Small Business Conference, Sep. 2005, Spain.
  127. Fu, X. (2005) "Management characteristics and innovation efficiency: evidence from the UK small business sector", Academy of Management Annual Meeting, August 2005, USA.
  128. Fu, X. (2005) "Management characteristics and innovation efficiency: evidence from the UK small business sector", XI European Workshop for Productivity and Efficiency Analysis, June 2005, Belgium.
  129. Fu, X. (2005) "Innovation in the EU and the USA: evidence from linked data", DTI CIS3 user group meeting, July 2005, London.
  130. Fu, X. (2005) "Exports, FDI and the growth of small rural enterprises in China", Chinese Economic Association (UK) Annual Conference, April 2005, London.
  131. Guest, P (2005) The paper 'Do Cross-Border Acquisitions cause Convergence in Executive Compensation? Evidence from U.K. Acquisitions of U.S. Targets' was presented at a seminar at the University of Durham in December 2005.
  132. Guest, P (2006) The paper 'Has China's 'National Team' Industrial Policy been a Success? An Examination of the National Teams Financial Performance using Aggregate and Firm Level Data' (With Dylan Sutherland) was presented at a seminar in May 2006 at the Department of Economics, Trinity College, Dublin.
  133. Guest, P (2006) The paper 'Do Cross-Border Acquisitions cause Convergence in Executive Compensation? Evidence from U.K. Acquisitions of U.S. Targets' was presented at the European Financial Management Association in Madrid (June 2006) and the China International Conference in Finance in Xian (July 2006)
  134. Guest, P (2006) The paper 'Has China's 'National Team' Industrial Policy been a Success? An Examination of the National Teams Financial Performance using Aggregate and Firm Level Data' (With Dylan Sutherland) was presented at the European Network on Industrial Policy (EUNIP) 9th International Conference, in Limerick (June 2006).
  135. Hughes, A. (2005), 'Hubris, Learning and Persistent Acquisition', *Tjalling C Koopmans Workshop Series: Policy Issues in Mergers, Acquisitions and Alliances* at Utrecht University 9 April 2005.
  136. Hughes, A. (with P. Dessyllas) (2005), 'The Revealed Preferences of High Technology Acquirers: An Analysis of the Characteristics of their Targets', *European Academy of Management Conference (EURAM) 2005*, Munich, 6 May 2005.
  137. Hughes, A. (with A.D. Cosh and R.K. Lester) (2005), 'International Innovation Benchmarking and Start-Up Businesses', *CMI Advisory Board Meeting* 10 May 2005.
  138. Hughes, A. (with A.D. Cosh and P.M. Guest) (2005), 'Board Shareownership and Takeover Performance', *Journal of Business Finance and Accounting: Capital Markets Conference 2005*, Bowness-on-Windermere 26 May 2005.
  139. Hughes, A. (with J. Lee) (2005), 'The Impact of Venture Capital Participation on Firm Performance: Evidence from Korean IPO's on the KOSDAQ Market', *European Financial Management Association 2005 Annual Conference*, 1 July, 2005 Università Bocconi, Milan, Italy.
  140. Hughes, A. (with P. Dessyllas) (2005), 'R&D and Patenting Activity and the Propensity to Acquire in High Technology Industries', *65th Annual Academy of Management Conference*, 8 August 2005, Hawaii, USA.

141. Hughes, A. (with A.D. Cosh and X. Fu) (2005), 'Management Characteristics, Collaboration and Innovation Performance in the UK', *65th Annual Academy of Management Conference*, 8 August 2005, Hawaii, USA.
142. Hughes, A. (with A.D. Cosh and P.M. Guest) (2005), 'Managerial Discretion and Takeover Performance', *65th Annual Academy of Management Conference*, 9 August 2005, Hawaii, USA.
143. Hughes, A. (with A.D. Cosh and X. Fu) (2005), 'How much does informality in management matter for SME innovation?', *efmd 35th EISB Conference*, 13 September 2005, Barcelona, Spain.
144. Hughes, A. (with A.D. Cosh and X. Fu) (2005), 'How much does informality in management matter for SME innovation?', *Staff Seminar at Queen's University*, Belfast, 7 October 2005, UK.
145. Hughes, A. (2005), 'Reflections on Empirical Work in the Small and Medium-Sized Enterprise Sector', PhD Student Seminar, Doshisha University, 12 November 2005, Kyoto, Japan.
146. Hughes, A. (2006), 'The British SME Sector 1991-2004 and the CBR SME surveys', *British Enterprise: Surviving, Thriving – or Dying?*, Royal College of Engineering, 15 March 2006, London, UK.
147. Hughes, A. (with R.L. Conn, A.D. Cosh, P.M. Guest) (2006), '*Governance and Performance: The Case of Takeovers*', CBR Summit: Innovation and Governance, 29 March 2006, Cambridge, UK.
148. Hughes, A. (with A.D. Cosh ) (2005), 'International Innovation Benchmarking and the Business-University Linkage', *World Bank-CMI Workshop on University-Industry Linkages in Europe and North America*, 26 September 2005, Cambridge, UK.
149. Hughes, A. (2005), 'Incubation and High Tech Business in the UK with special reference to the Cambridge Sub-Region', *AIST Symposium*, 26 October 2005, Tokyo, Japan.
150. Hughes, A. (2005), 'Innovation and University Business Relationships: A cross country comparison of the United Kingdom and the United States', Seminar, Doshisha University, 28 October 2005, Kyoto, Japan.
151. Hughes, A. (2005), 'Clusters, High-Tech Start Ups and High Tech Policy Dilemmas', Presented at the ITEC International Forum on 'National Innovation Policy in the UK and Japan! Learning from each other', ITEC Doshisha University, 4 November 2005, Kyoto, Japan.
152. Hughes, A. (2005), 'Innovation Benchmarking Survey: New Findings on University-Industry Relations', *Local Innovation Systems (LIS) Conference*, 13 December, Boston, USA.
153. Hughes, A. (2006), 'Universities and Business Innovation', *UK plc: Just how innovative are we?*, CBI Conference Centre, London, 8 February 2006, UK.
154. Hughes, A. (2006), '*University Industry Linkages and UK Science and Innovation Policy*', World Bank Symposium, 27 March 2006, Paris, France.
155. Hughes, A. (2006), '*University Industry Linkages and UK Science and Innovation Policy: Some Regional Implications*', CMI: Interdisciplinary Workshop on Regional Innovation - Keynote Lecture on Knowledge diffusion and UIL, Kings College Cambridge, 9 June 2006
156. Jones, I. spoke on Raison d'être of Corporation, CSR and the role of Leadership For Japanese Management Association Global Business Leaders Course, Christchurch College, Oxford, July 2005
157. Jones, I. spoke on Ethical business dilemmas to a professional group, Thame, Oxford, July 2005
158. Jones, I. and Pollitt, M. spoke on 'Multinationals and Corporate Citizenship' at the CBR Innovation and Governance conference in Cambridge, March 2006.
159. Lane, C. (2006) "National Capitalisms, Global Production Networks: An analysis of their interaction in two global industries". Presidential address, 18th annual SASE conference, Trier, 30 June - 2 July.
160. Lane, C. and Probert, J. (2005) "Rediscovering the Discovery Function in the Pharmaceutical Industry: organisational forms and locational decisions among US firms". Workshop on "Organisational Configurations and Locational Choices of Firms: Responses to Globalisation in Different Industry and Institutional Environments", University of Cambridge, 14-15 April.
161. Lane, C. and Probert, J. (2005) "The External Sourcing of Technological Knowledge by US Pharmaceutical Companies: strategic goals and inter-organisational relationships". 17th annual SASE conference, Budapest, 30 June - 2 July.
162. Lane, C. and Probert, J. (2006) "The Global Production Networks of US and UK Clothing Firms in their Institutional Contexts: Is there an Anglo-American Variety of Capitalism?" 18th annual SASE conference, Budapest, 30 June - 2 July.
163. Lane, C. and Probert, J. (2006) "Locating knowledge: in-house research laboratories and external networks in US, British and German pharmaceutical companies". 22nd EGOS Colloquium, Bergen, 6 - 8 July.
164. Learmount, S. and Horn, M. (2005) "In Search of the Ideal Value Chain: The Organizational Strategies and Performance of UK and German Publishing Firms". Workshop on "Organisational

- Configurations and Locational Choices of Firms: Responses to Globalisation in Different Industry and Institutional Environments”, University of Cambridge, 14 - 15 April.
165. Lester, R.K. (2006) ‘Universities, Innovation, and the Competitiveness of Local and national Economies’ CBR Summit Conference on Innovation and Governance 29-30 March Robinson College Cambridge
  166. Pollitt, M. gave a Judge Business School Faculty Seminar on ‘Multinationals and Corporate Citizenship’ in Cambridge, May 2006.
  167. Sanderson, P (2006) ‘Regulators’ Perceptions of their Responsibilities to the Public and Other Stakeholders: Evidence and Observations from the UK.’ The Organizing Society, 22nd European Group for Organizational Studies Colloquium, University of Bergen, Norway.
  168. Sanderson, P. and Seidl, D. (2006) ‘Codes of Corporate Governance: Germany and Britain.’ Centre for Business Research Summit: Innovation and Governance. Robinson College, University of Cambridge. Mar.
  169. Sanderson, P. (2005) ‘Institutional Investors: Unwilling Regulators.’ Systems of Corporate Governance. Girton College, University of Cambridge: June.
  170. Siems, M. and Lele, P. (2006) ‘Comparative company law: shareholder protection: a leximetric approach’, CBR Summit on Innovation and Governance, Cambridge, March.
  171. Singh, A (2006) Presented a paper on ‘Corporate Governance, Crony Capitalism and Economic Crises: Should the US Business Model Replace the Asian Way of ‘Doing Business’?’ at a seminar held at the Collegio de Mexico, Mexico City, March, 2006.
  172. Singh, A (2006) Presented a paper on ‘Corporate Governance, Crony Capitalism and Economic Crises: Should the US Business Model Replace the Asian Way of ‘Doing Business’?’ in Sweden at Jönköping, April, 2006.

#### **WORKSHOPS AND CONFERENCES ATTENDED**

173. Armour, J (2006) Attended Insolvency Service Research Seminar, 27 June 2006 (presentation by Sandra Frisby, University of Nottingham).
174. Browne, J., Deakin, S., Hobbs, R., Lourenço, A. and Pratten, S. attended Cambridge workshop of the Eurocap project, March 2005.
175. Cosh, A., Hughes, A., Bullock, A., Fu, X. and Milner, I, UK Plc: Just how innovative are we? (16 February 2006) CBI London
176. Cosh, A., Hughes, A., Bullock, A., Fu, X. and Milner, I, UK British enterprise: Surviving, Thriving – or Dying? (15 March 2006) The Royal Academy of Engineering, London
177. Cosh, A., Hughes, A., Bullock, A., Fu, X. and Milner, I, CBR Summit (29-30 March 2006) Robinson College Cambridge
178. Deakin, S., Pratten, S., attended final conference of the Eurocap network, Nantes, February 2006.
179. Guest, P (2006) European Financial Management Association in Madrid (June 2006)
180. Guest, P (2006) China International Conference in Finance in Xian (July 2006)
181. Jones, I. has attended Corporate Governance seminars at the Institute of Directors.
182. Jones, I. chaired the special interest group on Effective Board Leadership at the International Conference of Corporate Governance and Board Leadership, Henley Management College, October 2005
183. Jones, I. co-moderated a Trinity Forum conference on leadership in York, June 2005
184. Jones, I. attended seminars on financial reporting, ACCA,
185. Jones, I. and Pollitt, M. attended the Annual Study Group meeting of the Association of Christian Economists at Sidney Sussex, Cambridge, July 2005.
186. Lane, C. and Probert, J. 22nd EGOS Colloquium, Bergen, 6 - 8 July 2006.
187. Lane, C. and Probert, J. 18th annual SASE conference, Trier, 30 June - 2 July 2006.
188. Lane, C. and Probert, J. attended an Innogen workshop on regional innovation networks in the biotechnology industry and presented a paper ““Locating knowledge: in-house research laboratories and external networks in US, British and German pharmaceutical companies”, University of Edinburgh, 27-28 April 2006.
189. Lane, C. and Probert, J. 17th annual SASE conference, Budapest, 30 June - 2 July 2005.
190. Lane, C. and Probert, J. attended a workshop on “Governance of Value Chains by Retailers” at WZB Berlin, 16-17 September 2005.
191. Lele, P (2006) Birkbeck Workshop: World Economy and Finance Programme Workshop: 5 May
192. Lele, P (2006) EBRD-World Bank: International Workshop on Collateral Reform and Access to Credit: 8 and 9 June 2006

193. Lele, P (2006) Seminar at the Faculty of Law by Prof. John Donohue (Yale) as the Herbert Smith visitor, entitled "Witness to Deception: An Insider's Look at the Disney Trial". Held on February 27th 2006
194. Lele, P (2006) CBR Seminar by Pierre-Paul Zalio, IDHE-Cachan, Paris, entitled: 'The Transformation of the French Business Community 1960-2000: A Sociological Perspective.' Held on: 20th March, 2006
195. Lele, P (2006) CBR Seminar by Thierry Kirat, University of Paris-Dauphine, entitled: 'From Legal Systems to Economic Performance. A Critical Overview of Numerical Index Methods'. Held on 22nd March, 2006
196. Lele, P (2006) A whole day Seminar on Basel II implementation: held at Judge Business School
197. Lele, P (2006) CBR Conference on Innovation and Governance: 29<sup>th</sup> and 30<sup>th</sup> March 2006
198. Lele, P (2006) CBR Seminar by Susan Rose-Ackerman from the Yale Law School, entitled "Foreign Direct Investment and Economic Development". Held on 1st June 2006
199. Lele, P (2006) CBR Seminar, by Dr Eva Micheler from the Department of Law, London School of Economics, entitled: "Doctrinal Path Dependence and Functional Convergence: The Case of Investment Securities". Held on 14<sup>th</sup> June 2006.
200. Pollitt, M. organized the Annual Study Group meeting of the Association of Christian Economists at Sidney Sussex, Cambridge, July 2005
201. Sanderson, P. UK Presidency Hermes Corporate Governance Conference: 14 November 2005
202. Singh, A (2006) Asia-Europe Institute, Kuala Lumpur, February 2006
203. Singh, A (2006) CBR Conference, March 2006

#### **CONFERENCES AND WORKSHOPS HELD**

204. Lane, C, Learmount, S. and Probert J. organised a workshop entitled "Organisational Configurations and Locational Choices of Firms: Responses to Globalisation in Different Industry and Institutional Environments", University of Cambridge, 14-15 April 2005.
205. Deakin, S., Konzelmann, S. (2006) workshop on use of WERS and REPOSE datasets, Paris, April 2006.
206. Deakin, S. et al. organised CBR Summit, 'Innovation and Governance', March 2006.

#### **DATASETS CREATED/SOFTWARE WRITTEN**

207. \*Armour, J., Lele, P. and Siems, M. Creditor rights index, in progress (Law, Finance and Development project).
208. Armour, J (2005/6) Dataset of 368 UK corporate insolvencies (2002-2004) hand-created from official records.
209. Bullock, A. and Milner, I., CBR 2004 SME dataset
210. Bullock, A. and Cosh, A., CBR 1991, 1997, 2004 matched dataset
211. Bullock, A. and Cosh, A., UK-US Innovation Benchmarking matched dataset
212. Bullock, A. and Milner, I Northern Ireland SME dataset (PEU)
213. Bullock, A. and Milner, I NI and GB matched SME dataset
214. Bullock, A, Midwife and Physiotherapist dataset (PEU)
215. \*Lele, P and Siems M. (2006) Shareholder protection index, in progress (Law, Finance and Development project).

#### **SURVEY INFORMATION**

216. Bullock, A., NHS Reforms and the Working Lives of Midwives Survey (PEU)
217. Bullock, A., NHS Reforms and the Working Lives of Physiotherapists Survey (PEU)



## ARCHIVED DATASETS

218. Bullock, A., Survey of the Future of Professional Work

## COLLABORATION WITH OTHER RESEARCH TEAMS / MEMBERSHIP OF RESEARCH NETWORKS

219. Armour, J David Skeel, Samuel A. Arsht Professor of Law, University of Pennsylvania Law School (collaboration on case study of history of takeover regulation in UK and US)
220. Armour, J Specialist advice on index construction and coding (shareholder rights, creditor rights) obtained from: Rui Wang, Faculty of Law, North China University of Technology, Frederique Dahan, Senior Counsel, EBRD
221. Armour, J (2006) Alan Katz and Michael Mumford, Lancaster University Business School (conducting related research; meeting held in Cambridge, February 2006 to share ideas and comment on methodologies);
222. Armour, J (2006) Sandra Frisby, University of Nottingham School of Law (conducting similar research project; collaboration in February/March 2006 on construction of dataset and interpretation of results);
223. Armour, J (2006) Régis Blazy, Professor of Finance, University of Luxembourg (meeting held in Cambridge, May 2006, to discuss collaboration on pooling of data to create multi-country dataset of corporate insolvency cases)
224. Fu, X. Member of ONS Business Data Link network
225. Fu, X. Member of DTI CIS network
226. Fu, X. Member of European Institute of Advanced Management Gate2Growth Academic Network(EU)
227. Fu, X. Member of AIM/ EPSRC Productivity Ideas Factory network
228. Fu, X. Member of WERS2004 network
229. Guest, P (2006) Joint paper written with Dr Dylan Sutherland of Trinity College, Dublin.
230. Hughes ,A, 2005, 2006 Research Associate Industrial Performance Center MIT,
231. Hughes, A. 2005, 2006 Expert Adviser and Consultant International comparative Programme on Incubation Policy AIST Japan
232. Hughes, A 2005 Distinguished Visiting Professor Doshisha University Kyoto Japan
233. Hughes, A 2005 ITEC Doshisha University Japan
234. Jones, I. is a Member of Academy of International Business, European Association of International Business, Strategic Planning Society, and Consultants Group at Ridley Hall, Cambridge Institute of Business Ethics and the Centre for Tomorrow's Company.
235. Jones, I. is a Fellow of Royal Society of Arts
236. Jones, I. is a member of CIBAM Cambridge.
237. Jones, I. is a member of the Centre for Institutional Performance, Department of Economics, The University of Reading Business School.
238. Jones, I. and Pollitt, M. advise Dr Peter Heslam, Transforming Business, Faculty of Divinity, Cambridge.
239. Pollitt, M. is a member of CIBAM, Cambridge.
240. Probert, J. is a Visiting Research Fellow at ITEC, Doshisha University, Kyoto, Japan (since 2003).
241. Probert J. spent 6 weeks at ITEC, Doshisha University in October-November 2005 to conduct joint interviews with research colleagues there.
242. Probert, J. and Lane, C. are members of the Innogen network on innovation in the biotechnology industry.
243. Singh, A (2006) Corporate Governance and Investment Network of European Economists. Co-ordinated by Professor Dennis Mueller, University of Vienna.
244. Singh, A (2006) CBR has been a founding member of the network which includes universities from Netherlands/Belgium/UK/Italy/Spain/Denmark/Norway and Sweden.The last annual meeting of the network took place in Jönköping in Sweden. The next one will take place in Cambridge in April 2007.

## USER CONTACTS

245. Armour, J Executive Education for Allen & Overy
246. Cosh, A., Bullock, A., Fu, X. gave a presentation on Innovation Benchmarking: Europe and the US, 15 July 2005, to the CIS Users Group meeting (IB)
247. Cosh, A., Hughes, A., Bullock, A. gave a presentation to Invest NI on SMEs in Northern Ireland: a matched sample comparison with Great Britain in Belfast 19 July 2005 (PEU)
248. Hughes, A. HM Treasury
249. Hughes, A. Office for Science and Innovation
250. Hughes, A. CBI
251. Hughes, A. DTI
252. Hughes, A. World Bank
253. Hughes, A. Advanced Institute for Science and Technology, Japan
254. Hughes, A. Council for Science and Technology
255. Hughes, A. German Federal Government Centres of Excellence Initiative
256. Jones, I. undertook various speaking engagements on integrity and business to professional groups.
257. Jones, I. is a Fellow of the SAMI, a group of scenario consultants
258. Jones, I. is consultant to Linstock Ltd –corporate governance consultancy
259. Singh, A (2006) I continue to consult with and give advice to the ILO, UNCTAD and IFC on issues of corporate governance, globalisation and development.

## RESEARCH STUDENTS SUPERVISED

260. Armour, J (2005/6) Viviana Mollica, 'EC Company Law harmonisation and the Societas `Europaea'
261. Guest, P (2006) Stefan Petry (completed first year of PhD), "The impact of cross-border acquisitions on corporate governance"
262. Deakin, S (completed 2006) Buchanan, J., 'Changes in Corporate Governance at Major Japanese Listed Companies'
263. Deakin, S (2006) Hamilton, J. 'Corporate governance in Russia'
264. Deakin, S (completed 2006) Drouin, R-C: Promoting International Labour Rights: From State-Centred Intervention to Corporate Social Responsibility
265. Deakin, S (completed 2006) Hobbs, R: New Corporate Social Responsibility: How the Institutional Framework can Best Promote Voluntary Corporate Behaviour
266. Deakin, S (2006) Huang, Y-W, 'A Comparative Study of Telecoms Regulation in the UK and Taiwan'
267. Deakin, S (2006) Lourenço, A. Contract Practice in Business: an Empirical View of Contracts in the Media Industry
268. Hughes, A (2006) V Grinevich Regional Economic Performance and University Industry Links
269. Singh, A (2006) Charles Yartey: 'Stock market Development, Corporate Finance and Economic growth in Africa: The Case of Ghana.' \*has submitted dissertation
270. Singh, A (2006) Mahvash Qureshi: 'Corporate Governance, Responsibility and Sustainable Development: Evidence from Pakistan.' \*has submitted dissertation
271. Singh, A (2006) Rafael de Hoyos: 'Income Distribution in Mexico after 15 years of Liberalizing Reforms.' \*has submitted dissertation
272. Singh, A (2006) Kanjanachat Meethong: 'Trade Liberalisation and Poverty'
273. Singh, A (2006) Sonja Fagernas: 'Competition Policy and Economic Development.
274. Singh, A (2006) Megha Mukim (Department of International Studies. Candidate for Masters' Degree by long thesis): 'South Asian Free Trade Area.'
275. Singh, A (2006) Dhiraj Nayyar (Department of Land Economy): 'Rethinking Industrial Policies and Late Industrialisation for the 21<sup>st</sup> Century.'
276. Singh, A (2006) Rida Zaidi: 'Ownership, Corporate Governance and Firm Financing in Developing Economies: A Case Study of Pakistan.'

## **VISITORS**

### **UK**

277. Armour, J (2006) Eva Micheler, LSE, June 2006 (seminar presentation)
278. Bullock, A and Cosh, A. (Survey and Database) Dr Elly Philpott, Luton, Rob Walker, ARU re MAPSME II, at Queens, 21 February 2005 (PEU)
279. Bullock, A and Cosh, A (Survey and Database) Dr Elly Philpott, Luton, Bill Worthington, MAPSME II Project meeting, at CBR, 15 September 2005 (PEU)
280. Bullock, A and Cosh, A (Dr Elly Philpott, Luton, at CBR, 2 June 2006
281. Singh, A (2006) Professor Kevin Lee, University of Leicester (2 x ½ day)

### **OVERSEAS**

282. Armour, J (2006) Susan Rose-Ackerman, Yale Law School, June 2006 (seminar presentation)
283. Hughes, A (2006) Professor Michael Scott Morton MIT,
284. Hughes, A (2006) Professor Dan Roos MIT
285. Hughes, A (2006) Professor Hugh Whittaker Doshisha University Kyoto Japan
286. Peer Zumbansen, Osgoode Hall Law School, York University, Toronto (discussion of possible collaboration), June 2006
287. Lane, C. and Probert, J. (2005) Scholars from the US, Germany and Japan, for the workshop we organised 14-15 April 2005. (Our research colleagues from Doshisha University stayed for one week, including the workshop.)
288. Singh, A (2006) Dr. Jack Glen, International Finance Corporation, Washington, DC (2 x 3 days)

### **MEMBERSHIP OF COMMITTEES EXTERNAL TO THE UNIVERSITY**

289. Armour, J. Elected member of Comparative Law and Economics Forum from August 2005 (<http://www.hertig.ethz.ch/clef.htm>).
290. Fu, X. Board member, Chinese Economic Association (UK)
291. Fu, X. Organizer: CSSA (UK) Cambridge China Academic Festival, 2005
292. Fu, X. Co-founder and Advisor: Cambridge China Business Forum, 2005-
293. Fu, X. Vice-President (Academic), Chinese Students and Scholars Association (Cambridge), 2005-
294. Hughes, A. Member, Council for Science and Technology, UK
295. Hughes, A. Member, Advisory Board ESRC Centre for Research in Innovation and Competition (CRIC), University of Manchester
296. Hughes, A. Member Assessment Board, Irish Research Council for Humanities and Social Sciences (IRCHSS) Post Doctoral Fellowship Scheme Assessor
297. Hughes, A. External Examiner, University of East Anglia Business School
298. Hughes, A. Editor, Journal of Business Finance and Accounting
299. Hughes, A. Editor, Cambridge Journal of Economics
300. Hughes, A. Editor, International Small Business Journal
301. Hughes, A. Editor, Entrepreneurial Learning
302. Hughes, A. Member, Expert Assessment Panel for German Federal Government Centres of Excellence Initiative
303. Jones, I. is Vice President of the Lee Abbey Movement
304. Jones, I. chairs the Oxford Pastorate that provides a chaplain to the university
305. Jones, I. is the first chair of a new Centre for the study of Christianity in China, in Oxford
306. Pollitt, M. is Convenor of the Association of Christian Economists, UK, Annual Conference.
307. Pollitt, M. is a member of the PCC and Church Warden, Holy Trinity Church, Cambridge.
308. Pollitt, M. is a trustee of the Henry Martyn Trust, Cambridge.
309. Singh, A (2006) Advisory Committee on Globalisation and Social Security, the In Focus programme of the ILO, Geneva
310. Singh, A (2006) Advisory Committee on Globalisation, Poverty and Trade in India, which is a joint project of UNCTAD, India and the Indian Ministry of Commerce.

## MEDIA COVERAGE

311. Armour, J (2005) 'European Insolvency News', Felicity Toube, *Eurofenix* (Journal of INSOL Europe), Spring 2005, 17 (report on findings of research).
312. Armour, J and Skeel, D (2005) 'There is more than one way to regulate a takeover', John Armour and David Skeel, *Financial Times* 22 June 2005 (overview of research on UK/US takeovers).
313. Connell, D. (2006) 29 July 2006 *Financial Times*. 'Small businesses in the US are receiving up to 10 times as much government financial support as their British equivalents, according to the report [by David Connell on the US Small Business Innovation Research Programme ...]: *US businesses 'get more aid' than UK* by Jonathan Moules.
314. Connell, D. (2006) 30 July 2006, *Observer*. Article by Heather Stewart reports that 'As Tony Blair flies to California to meet Silicon Valley entrepreneurs this weekend, the report from the Centre for Business Research argues the US is far ahead of Britain in using public procurement contracts to nurture innovation'. The article is entitled *Britain lags in funding start-ups*.
315. Connell, D. (2006) *Management-issues Ltd. Funding gulf drives UK entrepreneurs across the pond*. 'According to Cambridge University's Centre for Business Research, the UK should urgently introduce a US scheme that has successfully converted billions of dollars of taxpayer-funded research into highly valuable products and helped build hundreds of successful companies.'
316. \*\*Connell, D. (2006) *Cambridge Evening News* - Business & Finance section. Article by Cameron Ramos *Firms lack the funding of US rivals*. 'Secrets of the World's Largest Seed Capital Fund, a report by Cambridge University's Centre for Business Research argues the UK should urgently introduce a US scheme that has given a leg-up to thousands of firms.'
317. Cosh, A., Hughes, A. *et al.* (2005) October 2005, *Synergy - the bi-annual magazine of the Cambridge-MIT Institute*, issue 5. An article about the Innovation Benchmarking project.
318. Cosh, A., Hughes, A. *et al.* (2005) May 2005, *Public Service Director*. An article on activities aimed at stimulating more university-industry collaboration includes a description of some of the early findings from the Innovation Benchmarking project.
319. Cosh, A., Hughes, A. *et al.* (2005) April 2005, *Insight – the newsletter of the Cambridge University Corporate Liaison Programme*, article on the Innovation Benchmarking project and the Universities and Innovation project.
320. Cosh, A., Hughes, A. *et al.* (2005) 2 March 2005, *AltAssets.Net - The private equity news and research service from Almeida Capital*. An article about the Innovation Benchmarking study
321. Deakin, S. (2006) interviewed by the Japanese Open University for a television documentary on corporate governance.
322. Fu, X. (2005) March 2005, *Aim News - the newsletter of the Advanced Institute of Management Research*. An article about the competitive AIM and EPSRC 'Productivity Ideas Factory' held in January 2005, in which CBR researcher Dr Xiaolan Fu participated. As a result of their participation, Xiaolan and a group of her fellow experts from Aston, Nottingham and Sheffield Universities which led to the project on The Role of Management Practices in Closing the Productivity Gap. .
323. Hughes, A. (2005) Spring 2005, Science in Parliament. A feature article represents the views of CBR Director Professor Alan Hughes, and US policy adviser Dr Charles Wessner, on ways of tackling the innovation challenge. Both men were speakers at the Cambridge-MIT Institute annual Competitiveness Summit in November 2004, where Professor Hughes was talking about the early findings from the Innovation Benchmarking project.
324. Lane, C. and Probert, J. (2005) May 2005, *Synergy - the bi-annual magazine of the Cambridge-MIT Institute*, issue 4. The article, "Responding to Globalisation", reports on the Globalising Behaviour of UK Firms project.
325. Singh, A (2006) Extensive coverage in all leading Indian newspapers on presentation at the Institute of Political Research in Chandigarh, India.

## OTHER PUBLICATIONS

326. Connell, D. (2006) *Secrets of the World's Largest Seed Capital Fund* Research Report, CBR.
327. Cosh, A., Hughes, A., Lester, \*\* (2006) 'Innovation Efficiency – a Transatlantic Comparison', in 'UK plc: Just How Innovative Are We?', Cambridge-MIT Institute, Cambridge, UK and Cambridge, US.
328. Cosh, A., Hughes, A, Fu, X. (2006) 'SMEs and Innovation' in *British Enterprises: Surviving, Thriving or Dying*, edited by Cosh and Hughes, Centre for Business Research, University of Cambridge, 2006.
329. Fu, X. (2005) 'Innovation in the EU and the USA: evidence from linked survey data'. CBR memo.
330. Cosh, A., Fu, X., Hughes, A. (2005) 'Determinates of Innovation in small ICT companies', Report to the **i10** MAPSME II project (including web-tool design).
331. Cosh, A., Bullock, A., Hughes, A. and Milner, I. (August 2005) CBR SME Benchmarking Survey for Northern Ireland, A report to Invest NI, CBR (PEU)
332. Cosh, A., Bullock, A., Hughes, A. and Milner, I. (July 2005) SMEs in Northern Ireland: a matched sample comparison with Great Britain, A report to Invest NI, CBR (PEU)
333. Cosh, A., Bullock, A., Fu, X., Hughes, A. and Milner, I. (October 2005) MAPSME II report, CBR (PEU)
334. Hughes, A., Druilhe, C. and Grinevich V. (2006), *The Incubation and Spin-Off System for High Technology Firms in the Cambridge Sub-Region and Oxfordshire*, Report prepared for AIST, April 2006, UK.
335. Lane, C. (2005) "Firms' Responses to Globalisation: Organisation of the Value Chain in the Clothing Industries of the UK, US and Germany", CBR final project report to The Cambridge-MIT Institute.
336. Learmount, S. (2005) "Firms' Responses to Globalisation: Organisation of the Value Chain in the Publishing Industries of the UK, US and Germany", CBR final project report to The Cambridge-MIT Institute.
337. Probert, J. (2005) "Firms' Responses to Globalisation: Organisation of the Value Chain in the Pharmaceutical Industries of the UK, US and Germany", CBR final project report to The Cambridge-MIT Institute.
338. Wilkinson, F., Bullock, A., Burchell, B., Konzelmann, S. and Mankelow, R. (2005) NHS Reforms and the Working Lives of Midwives and Physiotherapists A Report to The Royal College of Midwives and the Chartered Society of Physiotherapists, CBR (PEU)

## TRAINING

339. Bullock, A. (23,24 February, 2006) Econometric Estimation of stochastic frontier functions, Centre for microdata methods and practice, IFS, London
340. Lele, P (2006) Voice Projection: Introduction: 20 Apr 2006
341. Lele, P (2006) Communication Skills Introduction: 25 Apr 2006
342. Lele, P (2006) Communication Skills Advanced: 9 May 2006
343. Probert, J. (2005) Lecturing Performance, ½-day course organised by Cambridge Staff Development Unit, 2 December.
344. Probert, J. (2005) Springboard series of 4 1-day development workshops organised by Cambridge Staff Development Unit, January-April.

## 4. STAFF

### STAFFING

Below is a list of academic and support staff in post between January 2005 and July 2006 (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

Anna Bullock, enterprise and innovation, corporate governance, Survey and Database Manager (90%) 1994-present.

Maria Corte Real, enterprise and innovation, Junior Research Fellow (100%), 2005-6.

Andy Cosh, enterprise and innovation, corporate governance, Assistant Director (40%) 1994-present.

Rafael de Hoyos, enterprise and innovation, Junior Research Fellow (2006), left to take up position at the World Bank.

Simon Deakin, corporate governance, Assistant Director, and Acting Director from 1.1.2005 (40%), 1994-present.

Celine Druilhe, enterprise and innovation, Research Fellow (100%) 2003-5, left March 2005 to join become a Business Development Manager in the private sector.

Richard Hobbs, corporate governance, Junior Research Fellow (100%) 2004-5, left following completion of his Ph.D.

Audrey Hsu, corporate governance, Research Fellow (100%), 2005-6, left to take up tenured university lectureship in Taiwan.

Alan Hughes, enterprise and innovation, corporate governance, Director (100%) 1994-present.

Vadim Grinevich, enterprise and innovation, Research Assistant (20%), 2005-present.

Sonja Fagnäs, corporate governance, Junior Research Fellow (20%), 2005-present.

Xiaolan Fu, SMEs, enterprise and innovation, Senior Research Fellow (100%), 2003-2006, left to take up tenured University Lectureship at the University of Oxford, Development Studies.

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

Jaeho Lee, enterprise and innovation, corporate governance, SMEs, Research Fellow (100%) 2003-5, left to take up Research Fellowship at Birmingham University.

Priya Lele, corporate governance, Junior Research Fellow (100%) 2005-present.

Colm McLaughlin, corporate governance, Research Fellow (100%), 2006-present.

Isobel Milner, enterprise and innovation, corporate governance, Assistant Database Manager (100%) 2003-present

Meg Okabe, enterprise and innovation, Research Assistant (60%) 2004-2005.

Jocelyn Probert, enterprise and innovation, Research Fellow (100%) 2002-2005, left to take up tenured lectureship at the University of Birmingham Business School

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

Mathias Siems, corporate governance, Visiting Fellow (100%), 2005-6, left to take up Readership in Law at the University of Edinburgh.

Frank Wilkinson, enterprise and innovation, corporate governance, Senior Research Fellow (100%) 1994-2002, retired, but still involved in CBR as Research Associate on capabilities-related research projects.

Qing Gong Yang, SMEs, enterprise and innovation, Research Fellow (100%) 2003-2005, left to take up post in government service in New Zealand.

Man Wing Yeung, enterprise and innovation, Research Assistant (100%), 2004-2005.

William Yu, corporate governance, Research Assistant (100%), 2006.

#### ADMINISTRATIVE STAFF

Irmi Hahne – Director's PA (100%)

Kate Hansen– freelance secretary

Sue Moore – (100%) Administrative Secretary

Rachel Simpson – Press Officer (20%), left 2006 to work in Switzerland

Rachel Wagstaff – Junior Secretary (100%)

Louis Wenham – Accounts Clerk (20%) – employed via University Financial Agency

Gill Hervey-Murray (100%) – Secretary to Andy Cosh

#### RESEARCH ASSOCIATES

Research associate status may be conferred on project leaders and members of projects who are not employed by the CBR. This category therefore includes personnel in other University of Cambridge departments as well as from outside the University of Cambridge.

The following were research associates in the period 2005-6 (University of Cambridge unless otherwise stated):

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 (private practice in Canada and US: former member of CBR)

Doug Cumming (Rensselaer Polytechnic Institute, NY)

Jack Glen (IFC)

Paul Guest (Engineering)

Klaus Gugler (University of Vienna)

Bronwen Hall (University of California, Berkeley)

John Hendry (Birkbeck College)

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

David Keeble (retired; former assistant director of CBR)

Paul Kattuman (Judge Business School)

Shyam Khemani (World Bank)

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)

Wolfgang Littek (Bremen)

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

Ron Martin FBA (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)  
John Paterson (University of Aberdeen)  
Michael Pollitt (Judge Institute)  
Stephen Pratten (King's College, London)  
John Roberts (Judge Business School)  
Michael Scott Morton (MIT)  
David Seidl (University of Munich)  
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 31.7.2006)

### ADVISORY BOARD

Dr Gerald Avison  
Chief Executive  
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 Financial Officer  
BP plc.

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.S 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 31.7.2006)

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 and Politics  
University of Cambridge

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

Dr Sean Holly  
Department of Applied Economics  
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  
President  
Clare Hall  
University of Cambridge  
(Chairman of the Committee of Management)

Mrs Sue Moore (Secretary)  
ESRC 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 Rafel Crespi, University of the Balearic Islands, 2006

Professor Doug Cumming, Rensselaer Polytechnic Institute, NY, 2005

Professor Bronwyn Hall, University of California at Berkeley, 2005, 2006

Professor Michael Scott-Morton (MIT), 2005, 2006

Dr. Mathias Siems, University of Riga, 2005-6

Dr Fabrizio Trau, Confindustria, Italy, 2005

Professor Cynthia Williams, University of Illinois at Urbana-Champaign, 2006

### VISITING RESEARCH STUDENTS

Ms. Aristeia Koukiadaki, Warwick Business School (to work on capability theory with Professor Simon Deakin): 2006

## 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	Total No
Books	8	7	9	6	4	5	10	4	7	9	5	74
Chapters	31	30	38	41	17	39	37	23	29	9	12	306
Refereed Journal Papers	26	16	35	24	44	42	38	35	33	33	23	349
Non-Refereed Journal Papers	2	0	0	-	0	0	0	0	0	0	0	2
Other Publications	51	48	55	59	88	72	52	70	52	53	48	648
Data Sets ( <i>Deposited at the ESRC Data Archive</i> )	0	1	0	-	1	0	5	3	8	3	1	22
New Software Published	0	0	0	-	0	2	0	0	0	0	0	2
Audio-Visual Aids Published	0	0	0	-	0	0	0	0	0	1	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	Total No
Membership of Committees	5	16	22	11	15	15	21	28	19	12	22	186
Membership of Networks	4	16	13	4	5	29	1	12	2	6	2	94
Overseas Visitors	21	9	0	-	14	13	4	14	16	9	5	110
Overseas Visiting Fellows	1	2	2	4	4	1	1	2	5	2	6	30
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	880
Radio and TV	4	12	6	5	20	2	3	3	4	1	1	61
Newspapers	8	17	15	12	32	6	11	11	14	3	13	145
Seminars, Conferences attended and Workshops held and attended	7	11	4	27	20	7	22	9	60	24	34	244
International Collaborative Research Projects	2	4	7	7	4	6	3	7	19	21	17	141

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	Total No
<b>Research Staff</b>												
1. <i>Individuals</i>	14	16	20	25	21	23	19	21	22	26	25	179
2. <i>FTEs</i>	11.5	13.5	15.5	19	19	14.5	13.5	18.5	14	12.15	17.7	129.8
<i>Associated Academic Staff*</i>												
1. <i>Individuals</i>	33	37	47	99	80	38	45	40	59	59	51	444
2. <i>FTEs</i>	5	6	7	14	12	6	7	6	8	8	7	65
<i>Support Staff</i>												
1. <i>Individuals</i>	11	11	12	11	11	10	10	7	8	8	7	82
2. <i>FTEs</i>	4	4	5	5	5	4.5	4.5	5.25	4.75	4.75	4.5	41.5
<i>Research Students (MPhil/PhD)**</i>												
1. <i>Enrolled†</i>	23	26	32	67	44	31	41	47	42	28	17	398
2. <i>Graduated††</i>	0	13	14	20	14	14	10	5	8	13	6	115
3. <i>ESRC-funded students</i>	3	3	2	9	3	0	2	3	1	1	0	26
4. <i>ESRC-funded students graduated</i>	0	1	0	1	0	0	4	0	0	1	0	7
<i>Staff Development</i>	6	10	11	19	8	9	3	4	7	2	6	85

\* 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 **	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	652,684
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	3,303,491
1. OST and other RCs	0	0	0	0	0	0	0	0	0	10,000	31,217	41,217
2. UK foundation	0	0	51,720	175,487	151,142	79,163	63,159	200,430	279,768	440,560	204,989	1,646,418
3. UK industry/commerce	6,500	1,500	4,250	13,924	16,105	17,661	51,869	60,007	0	0	27,121	198,937
4. UK local authority	0	0	0	0	0	0	0	0	12,000	0	36,050	48,050
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	619,088
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	222,219
9. Other Overseas	0	5,868	5,245	1,256	33,144	66,801	130,419	160,255	32,389	19,086	40,271	494,734
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	9,561,946

\*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