

ENTREPRENEURSHIP POLICY IN WELSH MANIFESTOS

Welsh Policy and Politics in Unprecedented
Times

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BACKGROUND

2 Key Themes at the start of the period:

Political Change




Economic Change



WHY FOCUS ON ENTREPRENEURSHIP POLICY?

- “Lack of Indigenous Entrepreneurship is the Achilles' heel of the Welsh economy” - From Depression to Devolution, Leon Gooberman 2017
 - FSB Cymru's “Missing Middle” Report
 - Developing focus on the Foundational Economy
 - Changing Political and Economic Circumstances – Brexit, Further Powers for the Welsh Government
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LITERATURE REVIEW OF ENTREPRENEURSHIP THEORY

- The study of entrepreneurship is defined by the lack of consensus on its definition or its role in economic development
 - History: From Cantillon to Kirzner, via Marx
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GOVERNMENT AND ENTREPRENEURSHIP POLICY

- Despite this lack of consensus on the definition or role of entrepreneurship in economic development, there has been increasing attention given to entrepreneurship policy from academia, media and politicians
- Much of this stems from the work of Birch in 1981 - two thirds of new jobs in the USA between 1969 and 76 were in firms with less than 20 workers, and that the bulk of these firms did not exist in 1969
- Rhetoric used by Thatcher in the 1980s in the UK


GOVERNMENT AND ENTREPRENEURSHIP POLICY

- Small Business Policy vs Entrepreneurship Policy
 - Entrepreneurship Ecosystem
 - Global Entrepreneurship Monitor: General National Framework Conditions vs Entrepreneurial Framework Conditions
 - “Culture of Entrepreneurship”
 - Analysis of UK Government Entrepreneurship Policy 1997-2010 (Huggins and Williams, 2009)
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RESEARCH QUESTION

- What are the definitions and interpretations of entrepreneurship and economic development that have underwritten Welsh Government policy in the first twenty years of devolution?
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METHODOLOGY

- Documentary Analysis of Manifestos published by Welsh Political Parties (Focus of this presentation)
 - Triangulated with Analysis of Key Economic Strategy Documents published by the Welsh Government and semi-structured interviews with key figures in the Welsh Government, Welsh political parties, and external organisations
 - Themes of Analysis Taken from Huggins and Williams (2009) and applied to Welsh Manifestos
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FRAMEWORK AND KEY THEMES

- Definition of Entrepreneurship and its role in Economic Development
 - Macroeconomic Policy
 - Economic Levers
 - Social Levers
 - Culture
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DEFINITION OF ENTREPRENEURSHIP AND ROLE IN ECONOMIC DEVELOPMENT

- Labour:
“the Assembly's priority must be to improve support for existing Welsh companies” (Working Hard for Wales, 1999)
“We need to increase the number of small firms being created in Wales and help build a more enterprising private sector” (Building a Better Wales, 2007).
- Conservatives
“Productive small and medium size firms are vital for the success of the Welsh economy” (Fair Play For All: Your Voice in the Assembly, 1999)
- Plaid Cymru
“A Plaid Cymru government will ensure that it concentrates resources on promising entrepreneurs” (Plaid Cymru Manifesto, 2003)

DEFINITION OF ENTREPRENEURSHIP AND ROLE IN ECONOMIC DEVELOPMENT

- Entrepreneurship Policy Discussed in Manifestos in contrast/opposition/comparison to focus on Foreign Direct Investment
- “Plaid Cymru favours a significant shift of emphasis from the attraction of inward investment to the development of our own capacity to generate economic growth” (Plaid Cymru Manifesto, 2013)
- Welsh Conservatives suggests the Welsh Development Agency should prioritise strengthening indigenous business
- Liberal Democrats promised “the continuation of strong emphasis on foreign inward investment as well as the devotion of more resources to fostering indigenous businesses” (Guarantee Delivery, 1999)

ECONOMIC LEVERS

- Access to Finance and Business Support Services: Key areas for government support to potential firms and already-existing businesses
- Labour: Consistent aims to review and reform business support services to allow ease of access and to introduce “new models of business support” – however in 2016, they promised not to “waste time on a costly reorganisation of the business support sector in Wales” - these calls also made by Plaid Cymru and the Welsh Liberal Democrats
- Welsh Conservatives had a specific focus on reducing taxes and red-tape for Welsh businesses throughout the period

ECONOMIC LEVERS

- Sector Support – who should be the target of Welsh Government entrepreneurship/small business policy?
- Labour: “we must ensure that every company in Wales knows what government support is available to help them grow” (Working Hard for Wales, 1999)
- But later, a move towards a more focused, targeted approach:
 - “Focus on helping good companies create more, higher value jobs” (Building a Better Wales, 2007)
 - A review of the supported needed for businesses that had “real potential to thrive and grow” (Standing up for Wales, 2011)
 - “enhance support for home-grown businesses that have the potential to become global leaders” (Together for Wales, 2016)

ECONOMIC LEVERS

- There was a similar shift in emphasis in Plaid Cymru manifestos, with the 1999 iteration promising to “support indigenous entrepreneurship in all its manifestations” (Plaid Cymru Manifesto, 1999), while in 2003 there was a shift towards concentrating resources on promising entrepreneurs (Plaid Cymru Manifesto, 2003)
- By contrast, the Conservatives promised in 1999 to focus spending on specific areas, “directing the WDA to seek new projects with higher added value output thereby improving the level of GDP” (Fair Play For All: Your Voice in the Assembly, 1999).

SOCIAL LEVERS

- “support for the development of entrepreneurs in the social economy and amongst groups who have previously not been able to start their own business” (Working Together For Wales, 2003).


Throughout the period, there is discussion of specific part of Wales; the need to concentrate on the regeneration of the south Wales valleys or the “unlocking” of the potential of the North Wales economy (Together for Wales, 2016). However, this is mentioned in the context of the economy as a whole, and not specifically entrepreneurship.

- In 1999, Plaid Cymru suggest offering specific support to women and ethnic minority entrepreneurs (Working Hard for Wales, 1999)
- in 2011 the Welsh Conservatives promised to establish a microcredit scheme to stimulate enterprise in areas of multiple deprivation (A New Voice for Wales, 2011).

CULTURE

- The idea of attempting to introduce policy to change cultural attitudes towards entrepreneurship in Wales was mentioned in the 2011 Welsh Labour manifesto, when they promised to review how to “embed an entrepreneurial culture in Wales” (Standing up for Wales, 2011).
- The Conservatives discussed improving Wales’ “business culture” in 2011 (A New Voice for Wales, 2011)
- In 2007 the Welsh Liberal Democrats said they would “cultivate a culture where an enterprising spirit flows through the nation” (Welsh Liberal Democrat Manifesto, 2007) and that there should be a “strong emphasis on the need for a far greater spirit of enterprise and entrepreneurship in Wales” (Guarantee Delivery, 1999).

CONCLUSIONS AND FURTHER THOUGHTS

- No doubt that there is strong evidence of a cross-party acceptance in Welsh politics that entrepreneurship is a key driver of economic development
 - All parties think the government has a key and specific role in facilitating and supporting entrepreneurship – although disagreement on how this is best provided through policy
 - There has been a shift among all parties over time from a blanket approach to business support to an approach more targeted to specific sectors
 - There is evidence of an agreement that it is the government's role to change the culture in Wales to be more entrepreneurial
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CONCLUSIONS AND FURTHER THOUGHTS

- How will these trends, areas of consensus and areas of conflict be affected by the changing context of Welsh politics?
- Brexit and loss of EU funds, economic levers at the disposal of the Welsh Government, climate emergency
- Shift in focus from the Welsh Government under new First Minister – foundational economy, grounded firms, procurement – is this new?
- Is Wales culturally well-placed to respond to the changing economic context?