

An Overview of Economic
and Social Research

JANUARY 2010

Foreword

I am pleased to introduce the updated BIS Economic and Social Research Strategy. BIS, and its preceding departments, have always had a strong commitment to evidence-based policy making. As acknowledged in the 2009 Cabinet Office *Capability Review: An overview of progress and next steps*¹ section on 'basing choices on evidence', the Department achieved top rating (green) indicating that we have a good capability in place for analysis and use of evidence when delivering strategy.

This research strategy is a key part of our work in taking forward that commitment to evidence and analysis, with research being developed in a wide range of areas to support the policy objectives BIS is committed to delivering.

As part of our overall approach to economic and social research the aim of this strategy is to clarify how BIS research is in line with its policy objectives; to increase awareness of the research we are currently undertaking; and to outline the areas in which the Department will continue to have an interest. By publishing this strategy on our website we hope to generate interest from external parties and encourage more joined up working with BIS.

The Department is at the heart of the Government's response to the recession, with a clear role to play in helping businesses navigate today's pressures and plan for recovery, growth, innovation and success in a changed economic landscape. The role that economic and social research can play in this is fundamental. By ensuring that our policies are clear, transparent, targeted and evidence-based we can create the right conditions for business success; promote innovation, enterprise and science; and give everyone the skills and opportunities they need to succeed.

As the voice for business within Government, a strong evidence base is essential to enable BIS to work with other departments to deliver informed decision making that takes full account of the impacts on business and the economy.

Finally I would like to express thanks to all those who have contributed to the development of this strategy as well as to those who have been involved in producing research within, or on behalf of, BIS up until now.



Vicky Pryce

Chief Economic Advisor and Director-General, Economics, BIS
& Joint Head, UK Government Economic Service

¹ http://www.civilservice.gov.uk/Assets/13842%20Cross%20Cutting%20Web_tcm6-35132.pdf

Executive Summary

Economic and social research is central to good policy making. For each new policy, departments have to produce an impact assessment or business case, which sets out the likely costs and benefits of the proposed policy. This analysis is based on the best available evidence and is important for better policy making to ensure that each policy delivers benefits to society which exceed the costs. Economic and social research is therefore important to guarantee that these assessments are based on up-to-date appraisal techniques and data, which in turn help to ensure policy making represents value for money.

Due to the rapidly evolving economic landscape and the wide-ranging remit of the Department, there are a number of directions in which we could take our research. However, in light of likely tight financial budgets ahead, it is crucial that we prioritise projects and achieve the best value for money.

BIS has a number of high-level objectives around which our economic and social research will be strategically focused, whilst also taking into account the significant challenges currently facing the UK economy. The sections below briefly describe both our high-level objectives and some of the main challenges facing the Department.

PUBLIC SERVICE AGREEMENTS

BIS is committed to several Public Service Agreements (PSAs) introduced in the 2007 Comprehensive Spending Review.² These cross-Government priorities are dedicated to raising the quality of public service delivery. Each PSA is accompanied by a delivery agreement which is shared across all key delivery partners. There are 30 Public Service Agreements in total,³ of which BIS leads on five:

- Raising the productivity of the UK economy
- Improve the skills of the population on the way to ensuring a world-class skills base by 2020
- Promote world-class science and innovation in the UK
- Deliver conditions for business success in the UK
- Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions

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http://www.cabinetoffice.gov.uk/about_the_cabinet_office/publicserviceagreements.asp

³ http://www.hm-treasury.gov.uk/pbr_csr07_psaindex.htm

BIS is also a key delivery partner on:

- Leading the global effort to avoid dangerous climate change (led by the Department for Energy and Climate Change)
- Maximise employment opportunity for all (led by the Department for Work and Pensions)

In addition to these PSAs, BIS has a number of Departmental Strategic Objectives (DSOs), which set out what the Department as a whole aims to achieve and these include:

- Foster a world-class science and knowledge base and promote the commercial exploitation of knowledge, global excellence in research and better use of science in Government
- Increase innovation, enterprise and the growth of business, with a focus on new industrial opportunities and bringing benefits to all regions
- Deliver free and fair markets, with greater competition
- Ensure that Government departments & agencies deliver better regulation
- Improve the skills of the population through excellent further education and world-class universities, to build a more economically competitive, socially mobile and cohesive society
- Provide the professional support, capability and infrastructure needed to deliver our objectives and programmes, working effectively with our partner organisations to deliver public service excellence
- Ensure that Government acts as an effective & intelligent shareholder, and provide excellent corporate finance expertise within Government

BIS was created with these high-level objectives in mind and will always strive to deliver in these key areas. Different times, however, pose different challenges and achieving these long-term goals involves overcoming many obstacles in the short-term to ensure sustainable and successful, long-term growth.

CHALLENGES IN THE ECONOMY

The UK economy is in uncharted territory, facing a set of previously unseen challenges.

THE CURRENT ECONOMIC SLOWDOWN will have long-term consequences that will be felt long after growth has resumed. The financial services sector may no longer be the driving force in the UK economy. Household consumption may also be restricted as property prices may not increase so rapidly in the future. In addition, businesses may find it more difficult to access finance for start-up or expansion as lenders adopt a more cautious approach. While the labour market has not been immune to the economic downturn, the performance of the UK labour market has actually been relatively robust given the scale of the recession. There remains a lot of uncertainty but there are signs that employment and unemployment levels may already be stabilising.

GLOBALISATION poses both challenges and opportunities for the UK. It has changed the way countries buy and sell their products and services by breaking down national borders and integrating markets. This has increased the free flow of trade, investment, people and ideas. Technological advancements have reshaped global labour markets and influenced the geographical location of many industries; and there has been exceptional growth of emerging economies such as China and India. The Government must support firms and individuals in adapting to globalisation or they risk being left behind. Promoting economically valuable skills is more important than ever with countries like China and India increasingly competing in both low-skilled and high-skilled sectors.

CLIMATE CHANGE AND THE MOVE TO A LOW CARBON ECONOMY are also significant challenges to both global and UK economic prosperity. Existing research shows considerable business opportunities and economic benefits to be gained from moving to a green or low carbon economy. The research also provides strong indications of those sectors where business opportunities will be greatest.⁴ The UK has made a commitment to reduce carbon emissions by 80 per cent by 2050. These clear and credible long-term environmental goals are needed to induce industry to make the necessary investments to develop low carbon products on a commercial basis. The Government is taking action to seize these opportunities with the shift to a low carbon economy and is working to make the UK one of the best places in the world to develop low-carbon and renewable products.

⁴ Comparative Advantage and Green Business (Ernst &Young 2008)

(<http://www.berr.gov.uk/files/file46793.pdf>).

Low Carbon and Environmental Goods and Services: An Industry Analysis (INNOVAS 2009) (<http://www.berr.gov.uk/files/file50253.pdf>).

The Review of the Government's Manufacturing Strategy (DTI)
<http://www.berr.gov.uk/files/file18188.pdf>

WORLD-CLASS SCIENCE AND KNOWLEDGE BASE. The world is changing quickly, bringing new challenges and opportunities. Innovation is constantly transforming products and services, and drawing on science as it does so. Because the UK's economic position is, more than ever, dependent on how it reacts to increased global competition, innovation and world-class science are key drivers for the UK's economic future.

WORLD-CLASS SKILLS BASE BY 2020. For UK businesses and citizens to prosper and flourish, the country needs its workforce to be equipped with a world-class skills base. This will allow us to compete against our international peers and respond in the best possible way to current and future challenges faced in the economy.

In order to deliver against our key policy objectives we need to further develop our expertise in commissioning, managing and conducting research, consult more effectively with the research community and continue to develop more influential ways of communicating findings.

We are very keen to collaborate with other organisations such as the UK research councils, other Government departments, independent regulators and the private sector. Those organisations interested in collaborating with the Department should contact the Director of Analysis at BIS, Ken Warwick (Ken.Warwick@bis.gsi.gov.uk, 020 7215 6042).

BIS will continue to contract bespoke programmes and the research strategy will aid this process. Many directorates within BIS have a rapid response fund which allows for a speedy development of evidence around emerging issues and facilitates better informed more timely policy development. In a recession it is important to commission responsive research as well as being systematic about learning from our own research and that of our strategic partners.

Introduction

This strategy forms part of BIS' overall approach to economic and social research. The aim is to consolidate all of our existing and on-going research to ensure this aligns with the Department's key policy objectives. This provides an overall picture of our economic and social research in order to identify potential gaps in the evidence base. It is vital to appreciate that whilst the current economic situation has meant BIS has had to meet new, more immediate challenges, this should not detract the Department from its medium- and long-term goals.

Since August 2007, the world has experienced a period of economic instability. The current economic climate in the UK is forcing many businesses to severely reduce costs while unemployment has risen to over two million⁵. The role of the Government is to continue to help people through this global recession and prepare Britain for the opportunities of the future. Research underpinning new BIS policy initiatives will play a critical role in ensuring that decisions are based on sound evidence, whilst effective evaluation of policies is important in ensuring continued value for money. It is also important that evidence is up-to-date - due to the fast moving nature of the economy, many of the Department's databases and 'intelligence' needs to be updated on an increasingly frequent basis.

This paper is structured into the following headings (overleaf). Under each heading the projects have been split into: recently published, on-going or current research, and research proposals that have not yet been agreed by the Department. The last section describes areas in which the Department has an interest and where it is felt there exists fruitful research opportunities, but it is important to note that these projects have not yet been approved for funding and that priorities could change over the course of this or the next financial year.

⁵ <http://www.statistics.gov.uk/pdfdir/lmsuk0309.pdf>

1. Raising the productivity of the UK economy
2. Improve the skills of the population on the way to ensuring a world-class skills base by 2020
 - Adult Further Education
 - Higher Education
3. Promote world-class science and innovation in the UK
4. Delivering conditions for business success in the UK
 - Challenges in the economy
 - Analysing the effects of the current economic downturn and providing help for small and medium size enterprises (SMEs)
 - Responding to globalisation
 - Climate change and a move to a low carbon economy
 - Better Regulation and effective policy making
 - Ensuring through monitoring and evaluation the effectiveness of BIS policy and programmes
 - Maintaining our commitment to an open economy
 - Opening markets for the benefit of UK businesses
 - Ensuring UK citizens can take full advantage of future economic opportunities
 - Maintaining high standards for both consumers and workers
 - Equality, diversity and discrimination
5. Improve the economic performance of all English regions and reduce the gap in economic growth rates
6. Evaluation of BIS policies and programmes

1. RAISING THE PRODUCTIVITY OF THE UK ECONOMY

Improving the UK's productivity is a key priority for BIS and we are undertaking a number of various research projects in this area. The Government has identified five drivers of productivity: investment, innovation, skills, enterprise and competition. Research highlights the importance of these drivers in achieving high growth and shows that these are key to increasing the UK's performance.⁶ Policies are designed to work through individual drivers or across them to exploit any synergies between them.

The projects below illustrate our interest in further understanding the impact of the recession on productivity and its drivers while also acknowledging that effects on the environment should be considered when looking at productivity growth.

Recently published:

- **The supply of equity finance to SMEs: Revisiting the "Equity Gap" (2009).**⁷ The objective of this research project was to refresh the evidence base on equity finance to establish whether the existence and boundaries of the equity gap have changed since the initial 'Bridging the Finance Gap' research was undertaken in 2003. This helps to determine in which segments of the SME equity market the equity gap is most acute and whether there are differences across sectors, stages in business development and regional geographies. The project also provided an assessment of recent factors affecting the supply of equity capital to SMEs in the current economic downturn.

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On-going research:

- **Producing an environmentally adjusted productivity measure.** BIS have commissioned consultants to produce a possible methodology for establishing an environmentally-adjusted Total Factor Productivity (TFP) indicator. Current measures of productivity, including TFP, exclude, or only capture imperfectly, many environmental impacts and aspects of environmental resource depletion. The objective of the project is to develop a set of recommendations to further the development of a practical, yet robust approach to adjusting productivity indicators to account for the effects of environmental

⁶ High Growth Firms in the UK: Lessons from an Analysis of Comparative UK Performance: (<http://www.berr.gov.uk/files/file49042.pdf>).

⁷ <http://www.berr.gov.uk/whatwedo/enterprise/au/research-evaluation/globally-competitive/page38372.html>

change. This is an ongoing work stream and recommendations will reflect emerging analysis from other Government departments.

Contact: Elizabeth.Anastasi@bis.gsi.gov.uk, 020 7215 3544

- **The UK Productivity and Competitiveness Indicators** set out the Government's approach to measuring competitiveness.⁸ This is an annual publication forming part of the ongoing monitoring of progress towards achieving PSA1 by analysing a broad range of measures across the five fundamental drivers of productivity to arrive at a balanced assessment of how well the UK is performing relative to the competitor economies of the US, France and Germany. The indicators were first published in 1999, and annual updates have been published since 2001. The indicators were refreshed in 2008 to enable us to better monitor progress on UK productivity performance.⁹ The indicators are an important part of a wider evidence base to understand UK productivity performance and formulate policy. BIS will continue to make this wider evidence base publicly available, for example through the publication of BIS Economics Papers.

Contact: Paul.Crawford@bis.gsi.gov.uk, 020 7215 1864

- **Data collection of current recession impact on productivity in the UK.** Most data sources will not tell us much about how the current recession is impacting on the drivers of productivity or whether there may be any lasting impacts on productivity. There is information available that can help us obtain a better understanding of whether there are likely to be lasting effects on productivity, such as business surveys (from organisations such as CBI and EEF), business analysis and case studies. Such information should be useful to influence other Government departments so that they develop their short-term policy responses in a way that will maximise the positive impact on longer-term productivity.

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- **Literature review of how past recessions have impacted on productivity in the UK and internationally (focusing on the US, France and Germany).** The objective of this research project is to review how each of the five drivers of productivity were affected in previous recessions and identify whether this had an impact on productivity as the economy recovered (or whether there were only short-term cyclical effects). Some work has already been done on this internally (including a short chapter in the 2008 Productivity & Competitiveness Indicators paper).¹⁰ The work is expected to be completed by the end of March 2010. It will provide useful insights into the impact of previous recessions on the drivers of productivity.

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⁸ <http://www.berr.gov.uk/publications/economicstatistics/economics-directorate/page21913.html>

⁹ <http://www.berr.gov.uk/files/file49953.pdf>

¹⁰ See Chapter 2: The Business Cycle and Productivity, <http://www.berr.gov.uk/files/file49953.pdf>.

- **Micro-data projects linking firm characteristics to innovation performance.** Entrepreneurship is an important driver of economic growth, with new businesses playing a critical role in creating jobs, maintaining competitive pressure on existing firms, and introducing new products. However, there is limited empirical evidence about the factors that favour or impede entrepreneurship, and the growth of new firms. To address this, the OECD is compiling a cross-country dataset which brings together data on firm characteristics and their innovation performance. As part of the UK contribution to this research, BIS has commissioned work bringing together the relevant data for the UK, drawing on the Oxford Firm Level Intellectual Property (OFLIP) database.

Contact: Dan.Mawson@bis.gov.uk, 020 7215 1905

- **Measuring the impact of Train to Gain (TTG) on employer level productivity using ONS business performance data.** The aim of this project is to expand the evidence base on the effectiveness of TTG in increasing the productivity of firms. The ONS will match data on firm level participation in (TTG) to the Annual Business Inquiry (ABI) and other relevant data sets in the virtual micro-data laboratory (VML), which contains various data sets on firms characteristics and performance. A feasibility study concluded that the data currently available in the VML will allow a limited analysis of the impact of participation in TTG on turnover per head controlling for firm characteristics (size, sector, existing training strategy, level of TTG involvement). In autumn 2010 the annual business inquiry (ABI) for 2008 will be added to the VML. This is a richer data source and will allow for more sophisticated analysis.

Contact: Matthew.Burns@bis.gsi.gov.uk, 0114 259 4298

Research proposals:

- **Work related to access to finance.** Later this year we may commission work around the impact of changes in access to finance as a result of the credit crunch, on productivity and/or aspects of the macro economy. Prior to the credit crunch, access to finance had already been identified as a critical enabler underpinning productivity. For example it was identified by the Enterprise Strategy¹¹ as one of the five key enablers of enterprise. In addition, access to finance has important implications for the level and type of business investment. It matters which firms get finance and on what terms; that is, whether creditworthy firms of all sizes, both incumbents and new entrants, have broad access to finance at reasonable costs. This research project would look to assess what some of the main medium and long-term impacts may have been from the credit crunch.

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¹¹ <http://www.berr.gov.uk/files/file44992.pdf>

2. IMPROVING THE SKILLS OF THE POPULATION ON THE WAY TO ENSURING A WORLD-CLASS SKILLS BASE BY 2020

The Government wants UK businesses and citizens to prosper and flourish. To be able to do this, the country needs its workforce to be equipped with world-class skills so that the UK can compete against international peers. In December 2006, Lord Leitch published the final report of his independent review into the UK's skills needs.¹² He identified skills as one of the most important drivers of a successful economy and a just society that offers opportunities for all citizens, regardless of their background.

Improving the skills of the population is a key priority for BIS. A number of research projects in this area support related policies. The projects below cover areas aimed at promoting economically valuable skills. In particular, they aim to further the understanding of existing workforce skill levels and the relationship between qualifications and labour market outcomes. The research projects below are split into two sections – those taking place under the broad area of Adult Further Education and those taking place in the area of Higher Education.

In addition to the work being undertaken directly by the Department we will work closely with our key partners, UKCES, LSIS, LSC, QCDA etc., and other Government Departments, DWP and DCSF, to ensure that there is a coordinated and joined-up programme of work which will provide robust evidence and information on key policies.

This includes the creation of a Skills Research Institute by UKCES which will deliver research and analysis: a) through a programme of research to inform policy development; and, b) timely analyses to respond to current policy issues, bringing together the key bodies who have an interest in skills research and proposing a strategy and work programme for research which they can all endorse and use.

¹² http://www.hm-treasury.gov.uk/leitch_review_index.htm

ADULT FURTHER EDUCATION

Recently published:

- **Estimating the Effect of Raising Private Contributions to Further Education Fees on Participation and Funding (July 2009).**¹³ Whilst positive externalities provide a rationale for Government intervention in the provision of Further Education, significant economic benefits to the individual are arguments in favour of making some students pay for post-compulsory education. Those that can afford to are increasingly being encouraged to contribute towards the cost of their education. This report tries to understand the likely impact of changes in tuition fees on learners' decisions to participate in Further Education.

Contact: Gareth.Griffiths@bis.gsi.gov.uk, 0114 259 3920

- **Economic Impact of Training and Education in Basic Skills (October 2009).**¹⁴ This paper summarises recent qualitative evidence on the economic returns to the individual of having, or improving, literacy and numeracy skills. This includes evidence on earnings and employment, distinguishing between returns having basic skills whenever they are acquired and the returns to acquiring basic skills in adulthood.

Contact: Gareth.Griffiths@bis.gsi.gov.uk, 0114 259 3920

On-going Research:

- **Labour Force Survey Education and Training Review: Research into Measuring Adult Educational Attainment using the Labour Force Survey (LFS).** Data from the Labour Force Survey (LFS) are used across Government and beyond for a wide range of activities. Within BIS they are used to examine the relationship between qualifications, employment and earnings as well as to calculate the rates of return to qualifications and to measure progress against PSA targets on attainment levels. The key aim of this statistical research project is to understand the strengths and weaknesses of the existing method of measuring education and training attainment using the LFS. The research is ongoing and a final report will be published in February 2010 setting out the full findings, including recommendations for any improvements. In the event of improvements being identified it would be appropriate to introduce these from March 2010 or as soon as is practical.

Contact: Drew.Hird@bis.gsi.gov.uk, 020 7215 1870

¹³ http://www.dius.gov.uk/research_and_analysis/~media/publications/B/BIS-RP-001

¹⁴ http://www.dius.gov.uk/research_and_analysis/~media/publications/B/BIS-RP-006

- **Labour Force Survey Education and Training Review: Questionnaire Review and Testing.** BIS and ONS are working together to conduct a general review of the education and training section of the Labour Force Survey (LFS). That review will ensure the survey instrument remains fit-for-purpose over time and the expectation is that changes arising from the review may be brought in from 2011. This involves work with users to identify areas for change and detailed research and testing of these proposals using cognitive testing and a detailed Wave 6 follow up. This work will review both the general structure and the flow of questions and also the accuracy with which certain interest groups are able to respond accurately to the survey.
Contact: Drew.Hird@bis.gsi.gov.uk, 020 7215 1870
- **Research on the Development of the 2010 Skills for Life survey.** The Skills for Life survey was first conducted in 2003 to establish a national profile of adult literacy, numeracy and ICT skills levels.¹⁵ BIS intends to repeat the survey in 2010/2011. This includes examining the proportion of the working-age population of England who possess functional levels of literacy and numeracy, and providing a new baseline of ICT skills in England. As such, the research should contribute evidence on the Government's commitment to ensuring that 95 per cent of the working-age population possesses at least functional levels of literacy and numeracy by 2020. This project undertakes research tool development and piloting, improving the 2003 survey design and questionnaires whilst ensuring their compatibility with the 2003 survey analysis.
Contact: Kristopher.Chapman@bis.gsi.gov.uk, 0114 259 4022
- **The 2010 Skills for Life survey: fieldwork and analysis.** This project, to be commissioned in early 2010, will be to undertake the fieldwork, analysis and reporting of the survey based on the design recommendations and research tools produced by the separate development project above.
Contact: Kristopher.Chapman@bis.gsi.gov.uk, 0114 259 4022
- **Qualitative interviews to ascertain the skills held at Entry Point by Skills for Life students.** BIS have literacy and numeracy skills targets as follows: between 2008 and 2011, 597,000 people of working age to have achieved a first level 1 or above literacy qualification; and 390,000 to have achieved a first entry level 3 or above numeracy qualification. As these targets relate to skills held in the population, it is important that only those who did not have the skills before taking part on the course should count towards the target. The research will provide qualitative information facilitating an estimate of the proportion of people on courses at or above the threshold levels who already had threshold level skills.
Contacts: Peter.Vallely@bis.gsi.gov.uk, 0114 259 1012 or Ashley.Buckner@bis.gsi.gov.uk, 0114 259 4934

¹⁵ <http://www.dcsf.gov.uk/research/data/uploadfiles/RB490.pdf>

- **Survey of destinations of further education learners.** Each year IPSOS MORI conducts a telephone survey to establish the destinations of learners a year after they complete their package of qualifications. We identify further learning in both FE and HE and labour market outcomes. For labour market outcomes we ask the participant to identify any positive impacts of the learning in terms of wage increase, promotion, responsibility and ability to do their job. The data will be used to identify the relative merits of different qualifications and delivery methods on effectiveness in the labour market and workplace and whether some types of learning are more effective for different people and industry sectors. This evidence will help shape the future qualification and skills offer to meet the needs of the labour market and the economy. The survey will also provide comparable information on education providers for users and commissioners.

Contact: Matthew.Burnsnall@bis.gsi.gov.uk, 0114 259 4298

- **Survey of employers receiving further education training.** Each year GFK NOP conducts a telephone survey of a sample of employers that have received training from a College or work-based provider in the previous 12 months. The survey establishes how many learners received training and whether the costs were covered by Government, the company or jointly. It then asks questions about satisfaction, for example with flexibility of offer, and perception of whether the training was beneficial to the company. The data will be used to identify the relative merits of different provider types in their ability to provide flexible training and to have a positive impact on different types of firm. It will also contribute to the evidence base on how the cost of training is shared between public and private sectors and whether this affects the quality and benefits. This evidence will help shape the future qualification and skills offer to meet the needs of the economy. The survey will also provide comparable information on education providers for users and commissioners.

Contact: Matthew.Burnsnall@bis.gsi.gov.uk, 0114 259 4298

- **Survey of satisfaction among current learners.** Each year providers conduct a common survey of current learners. The survey asks learners' about key aspects of their experience such as continuous advice and guidance, whether they are treated with respect, the quality of teaching and whether their views are taken on board. The data will be used to identify any variation in performance between different types of provider and qualification and whether this varies for different learner groups. This will be used to identify areas for future improvement and opportunities for sharing best practice and to inform our on-going quality improvement strategy. The survey will also provide comparable information on education providers for users and commissioners.

Contact: Matthew.Burnsnall@bis.gsi.gov.uk, 0114 259 4298

- **Using matched data to measure the economic value of training.** This project will provide recommendations for how best to exploit the new matched datasets to assess the employment and earnings outcomes of training – namely a matched ILR/HMRC/DWP dataset and a matched ILR/LFS dataset. The project will test the reliability and usability of the data contained in these datasets. It will also look at how the data might be used to examine the employment status and earnings of people once they leave the FE system, thus giving an assessment of the true economic value of different courses and qualifications. This will also be used to measure one of the new PSA indicators that have been proposed for future adoption.
Contact: Gareth.Griffiths@bis.gsi.gov.uk, 0114 259 3920 or Ian.Thomson@bis.gsi.gov.uk, 0114 259 1018
- **Programme for the International Assessment of Adult Competencies (PIAAC).** The survey will develop our understanding of the labour market returns to education. The main advantage of taking part in the OECD PIAAC study is the ability to make international comparisons on literacy, numeracy, and use of ICT. PIAAC will also collect data on the use of key work skills in jobs and allow assessment of differential skill utilisation between countries. The data will facilitate a better understanding of the labour market returns to education and identify the role that cognitive skills play in improving the labour market prospects of at-risk populations. No part of the UK has taken part in an international study of adult literacy and numeracy since 1996. This survey would make measurement against the Leitch objectives more independent and robust and more focused on measurable skills rather than attainment of highest level qualification as a proxy for skills.
Contact: Mark.Langdon@bis.gsi.gov.uk, 0114 259 3968

Research proposals:

- **Quantitative survey of skills held at Entry Point by Skills for Life students.** The research would be a follow up of the qualitative interviews (see project above: *Qualitative interviews to ascertain the skills held at Entry Point by Skills for Life students*) to get a more precise estimate of the proportion of people enrolled on courses who already possess skills at that level or above.
Contact: Peter.Vallely@bis.gsi.gov.uk, 0114 259 1012

HIGHER EDUCATION

Recently published:

- **Applications, Offers and Admissions to Research-led Universities (August 2009).**¹⁶ Statistical analysis undertaken by the Sutton Trust in 2007¹⁷ showed that 100 elite schools accounted for a sixth of admissions to the top research-led universities. This joint report with the Sutton Trust undertakes analysis to investigate more deeply the relationship between admissions to the top research-led universities and the school attended by the applicant.
Contact: Charles.Ritchie@bis.gsi.gov.uk, 0114 259 4272
- **Widening Participation – Synthesis of International Evidence (September 2009).**¹⁸ The purpose of this report is to provide a synthesis of international evidence on widening participation and to demonstrate which initiatives might be most applicable and useful in an English context. The report divides international examples into those at the policy, institutional and individual level and examines the most beneficial initiatives in greater detail.
Contact: Geoffrey.Shoesmith@bis.gsi.gov.uk, 0114 259 3502
- **Who is Heading for HE? – Young people’s perceptions of, and decisions about, Higher Education (September 2009).**¹⁹ This study explores the attitudes and intentions among young people in England towards higher education (HE). The report is based on data collected via the Longitudinal Study of Young People in England (LSYPE) Wave 4. The study finds attitudes towards HE are positive, despite some cost concerns, and interest in HE participation is high. The results will help inform future policy decisions regarding widening and increasing participation in HE.
Contact: Geoffrey.Shoesmith@bis.gsi.gov.uk, 0114 259 3502
- **Alternative routes into, and pathways through, Higher Education (September 2009).**²⁰ This research was commissioned to inform BIS policies on widening participation, focusing on the use of routes into and through HE that are alternatives to direct entry from school or college with A levels gained through full-time study. In addition, the research examined the relationship between these routes and disability, socio-economic group (SEG), age, gender and ethnic minorities.
Contact: Geoffrey.Shoesmith@bis.gsi.gov.uk, 0114 259 3502

¹⁶ http://www.dius.gov.uk/research_and_analysis/~media/publications/B/BIS-RP-005

¹⁷ <http://www.suttontrust.com/reports/UniversityAdmissionsbySchool.pdf>

¹⁸ http://www.dius.gov.uk/research_and_analysis/~media/publications/B/BIS-RP-002

¹⁹ http://www.dius.gov.uk/research_and_analysis/~media/publications/B/BIS-RP-003

²⁰ http://www.dius.gov.uk/research_and_analysis/~media/publications/B/BIS-RP-004

On-going research:

- **The role of finance in the decision making of HE applicants and students: Going into HE.** This is a qualitative study with pupils and their parents to better understand the decision making of young people applying to HE and the role of financial issues in their decision making. The results will be used to inform the Fees Commission and policy on student support as well as informing policy around the information, advice and guidance needs of young people. This work was commissioned with the purpose of informing the independent Fees Commission around the topic of student demand and attainment.
Contact: Geoffrey.Shoesmith@bis.gsi.gov.uk, 0114 259 3502
- **Analysis of linked HESA-NPD and UCAS data.** The aim of this study is to explore the impact of tuition fees on demand and participation in HE. The study will involve econometric analyses of linked HESA-NPD and UCAS data with results being used to inform the Fees Commission.
Contact: Stijn.Broecke@bis.gsi.gov.uk, 020 3300 8447
- **Student Income & Expenditure Survey (SIES) – review and feasibility.** This is a review and feasibility study for the update of SIES 2007/08. It will include consideration of significant changes to the electronic based survey in an attempt to substantially reduce costs. SIES is the most important and authoritative study of the income and expenditure of students in England and Wales. Results from previous studies have been used to inform policy making around student financial support systems and as key inputs to the Fees Commission. Future SIES will be used to understand the impact of any future changes to student support.
Contact: Matt.Bollington@bis.gsi.gov.uk, 020 3300 8444 or Iain.Ritchie@bis.gsi.gov.uk, 020 3300 8479
- **Mapping and impact of student support arrangements in EU and other countries.** This is a desk research job to map student support arrangements and identify international studies of the impact on HE participation from different systems of student support. The results of the study will be used to inform the work of the independent Fees Commission.
Contact: Geoffrey.Shoesmith@bis.gsi.gov.uk, 0114 259 3502
- **UK students studying abroad: motivations and experiences.** The purpose of this study was to understand more about the motivations and experiences of UK students who choose to study abroad for all of their qualifications. The study looked at UK students studying abroad and young people considering applying to overseas institutions. Electronic and face-to-face interviews with students studying abroad and surveys of school pupils considering applying to HE were

conducted. The study also assessed the robustness and completeness of data on numbers of UK students studying abroad.

Contact: Stijn.Broecke@bis.gsi.gov.uk, 020 3300 8447

- **Muslim Student Survey.** This project will compare the attitudes and experiences of Muslim students attending UK HEIs. It involves surveys, focus groups and deliberative workshops of Muslim and non-Muslim students. The study will be the first authoritative study of Muslim students and the results will be used to inform policy developments and support students and institutions to break down segregation and promote cohesion on campus. It is a joint project with the National Union of Students (NUS) and Federation of Student Islamic Societies (FOSIS)

Contact: Deborah.Beck@bis.gsi.gov.uk, 0114 259 1284

- **Futuretrack: Part-time students.** This is a tracking study of people studying part-time (and their employers) to understand motivations, experiences and outcomes of part-time study and compare these to the detailed knowledge we have about those studying full time. The results will inform decision making around financial support for part-time study, assess the capacity of the HE system to develop and support increased part-time study, and assess the level of employer support for their employees to study part-time and what needs to be done to encourage greater support and involvement.

Contact: Charles.Ritchie@bis.gsi.gov.uk, 0114 259 4272

- **Longitudinal Study of Young People in England (LSYPE) – Next Steps.** This study seeks to develop a detailed data source which can be analysed to understand the different routes, experiences and motivations of young people moving through their school or FE career and potentially into HE. It involves extending the longitudinal tracking study of young people (from age 14) to develop new waves 6 and 7. Future analyses will aim to identify what appear to be the determining factors, characteristics, key drivers and influences on young people as they move through education and their early labour market experiences.

Contact: Charles.Ritchie@bis.gsi.gov.uk, 0114 259 4272

- **Science Technology Engineering and Maths (STEM) graduates not working in STEM occupations.** This project attempts to understand the decision making and experiences of STEM graduates who are not working in STEM occupations and involves surveys of students, graduates and employers. The study was commissioned as part of the overall programme of work around Strategic and Vulnerable Subjects in response to continuing reports of shortages of suitably qualified graduates to fill STEM occupations and analyses showing around 50 per cent of STEM graduates not working in STEM occupations. This work aims to promote BIS' objective to foster a world-class science and knowledge base.

Contact: Geoffrey.Shoesmith@bis.gsi.gov.uk, 0114 259 3502

- **Tracking non-EU International Students.** The objectives of this study are to understand the experiences, and track destinations, of non-EU international students leaving UK HEIs. It involves electronic, postal and telephone surveys. International students form an increasing proportion of the UK student population contributing some £1.9bn in fees and generating around £3.3bn of output across the whole economy. However, we have limited information on the destinations of non-EU students or the importance of their future activities to the UK economy and global position. The results of the study will be used to inform policy around international recruitment and fees. It will also inform HESA decisions on the possible inclusion of non-EU international students in future Destination of Leavers from Higher Education surveys (DLHEs). HEIs will also benefit from information on the destinations of their students. This work aims to promote the BIS objective to foster a world-class science and knowledge base.
Contact: Geoffrey.Shoesmith@bis.gsi.gov.uk, 0114 259 3502
- **Predictability of A levels grades, including A*,** will assess the accuracy of predictions of A level grades between 2007 and 2011. The study will involve an analysis of UCAS data sets and will be an update on earlier analysis conducted for the 2004 period. Outcomes for students who do not achieve their predicted grades will also be examined. Results will be used to inform national policy around admissions and also to help individual HEIs assess the adequacy of their own processes.
Contact: Charles.Ritchie@bis.gsi.gov.uk, 0114 259 4272
- **Tracking pupils with 3 or more predicted B grades at A level** aims to understand why similarly performing pupils from different schools or backgrounds have very different HE application profiles. Interviews will be conducted with pupils predicted to get 3 or more grade Bs at A level, and applying to start HE in September 2010, to understand their decision making process and experiences. Previous studies have identified that young people from state schools and poor backgrounds are less likely to attend the most selective HEIs. A recent study undertaken jointly with the Sutton Trust²¹ indicated that this was due to applications behaviour rather than the patterns of offers made by institutions. The results will be important in helping the sector to address issues of widening participation and fair access. This is a joint project with Sutton Trust.
Contact: Charles.Ritchie@bis.gsi.gov.uk, 0114 259 4272

²¹ Applications, Offers and Admissions to Research-led Universities (see above)

- **HEIs and Employability.** This study is aimed at identifying good practice of ways that HEIs develop employability skills in graduates. The employability of UK graduates remains a top priority for students, HEIs and employers. The study involves desk research and telephone interviews to map evidence and activities of overseas HEIs in addressing employability of graduates.
Contact: Lynsey.Pooler@bis.gsi.gov.uk, 0114 259 3441
- **Institutional Case Studies.** The purpose of this research is to see how Higher Education Institutions (HEIs) have experienced and responded to the introduction of variable fees. It involves case study visits, following up 15 HEIs first studied in 2004-05. The results of the study will be used to inform the work of the independent Fees Commission.
Contact: Deborah.Beck@bis.gsi.gov.uk, 0114 259 1284
- **Higher Education Empirical Research Database (HEER) – extension.** This is a joint project with HEFCE to extend the HEER database. The HEER database contains summaries of completed research projects around different aspects of HE, both UK and international. The database is used by researchers within the Department and across the sector.
Contact: Deborah.Beck@bis.gsi.gov.uk, 0114 259 1284
- **Labour Force Survey (LFS) – Higher Education Statistics Agency (HESA) Data Linking.** This study will link LFS and HESA data on those qualified at Level 4 and above to check the extent of any mis-reporting of qualifications held on the LFS. The results of the study will be used to verify reporting on progress towards PSA11 targets.²²
Contacts: Dominic.Rice@bis.gov.uk, 0114 259 3267 or Kathryn.Heywood@bis.gov.uk

Research proposals:

- **Drivers of the graduate premium.** The study would aim to understand the robustness and meaningfulness of international comparisons of the graduate premium. Economic analysis would be used to assess the importance of the different factors which drive the size of the graduate premium, e.g. wage structures and benefits in different countries. The results would be used to refine the evidence of the economic impact of HE and to inform decision making on the appropriate balance between private and public investment in HE.
Contact: Dominic.Rice@bis.gov.uk, 0114 259 3267

²² PSA11: Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers

3. PROMOTE WORLD-CLASS SCIENCE AND INNOVATION IN THE UK

World-class science and research in the UK are crucial to maintaining economic prosperity and responding to the challenges and opportunities of globalisation. In the global knowledge economy the UK's competitive advantage will rely on the ingenuity and capabilities of the UK population and will be dependent on the UK having an innovation system that can take advantage of the opportunities on offer. That, in turn, will be dependent on sustaining a world-class research base in our universities and public sector research establishments.

As well as maintaining the UK's prosperity, science and research play a vital part in addressing key global and domestic challenges, such as climate change and security. Science and research also deliver improvements in public service delivery and contribute to improvements in areas such as education, health and culture.

The projects below cover areas aimed at promoting world-class science and innovation in the UK. In particular, they aim to further our understanding of the impact of measurement services on innovation, research and productivity; and how innovation feeds through into greater productivity and improved economic performance.

Recently published:

- **Design in Innovation (2009).**²³ This report systematically reviews the role of design in innovation using data provided by the 2005 UK Innovation Survey, helping to establish the evidence base for policy towards design.
Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333
- **Exploring Non-technological and Mixed Modes of Innovation across Countries, in *Innovation in Firms: A Microeconomic Perspective (2009)*.**²⁴ BIS contributed towards this OECD book, analysing the evidence that innovation plays an important role in shaping the growth and competitiveness of firms, industries, regions and nations. Whilst recognising the traditional focus on the definition and role of technological change, the chapter highlights the importance of other dimensions of innovation, such as managerial or organisation change, investment in design or skills, and the management of the innovation process itself. The chapter uses innovation data from

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http://www.dius.gov.uk/science/science_and_innovation_analysis/~media/publications/D/DIUS-RR-09-12

²⁴ <http://browse.oecdbookshop.org/oecd/pdfs/browseit/9209011E.PDF>

various OECD countries to capture dimensions of innovation practices which include technological and non-technological activities and estimates their role in innovation outcomes.

Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333

- **The Elixir or Burden of Youth? (May 2009).**²⁵ Start-ups are a very important source of growth and variety in the economic system. Despite this, very little is known about their economic activities. This research aims to quantify the extent of similarities and differences in innovation behaviour by start-up firms relative to longer established firms, using data from the UK innovation survey.
Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333
- **Management Innovation in the UK (May 2009).**²⁶ Management innovation is the intervention and implementation of a new management practice, process or structure that represents a significant and novel departure from generally accepted or standard management practices, and is intended to further organisational goals. This research uses data from the UK Community Innovation Survey (CIS3 and CIS4) as well as data from the Annual Respondents Database (ARD) at the ONS to assess the extent to which management and organisational innovation in the UK has an impact distinct from product and process innovation.
Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333
- **Innovators and the Research Base (May 2009).**²⁷ The report uses simple statistical analysis to extensively review the evidence from the UK Innovation Survey on the patterns of links between innovators and public research institutions and the impact this has on performance.
Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333
- **Constraints on Innovation (May 2009).**²⁸ A large proportion of firms do not manage to introduce new products to the market, or are indifferent to innovative activities. However, little is known about firms which do not innovate, and in particular, about the barriers to innovation, the extent to which barriers hamper or slow down innovation, or the factors affecting firms' perceptions on how important barriers to innovation are. This research uses data from the

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http://www.dius.gov.uk/science/science_and_innovation_analysis/~media/publications/D/DIUS_RR_09_11

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http://www.dius.gov.uk/science/science_and_innovation_analysis/~media/publications/D/DIUS_RR_09_07

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http://www.dius.gov.uk/science/science_and_innovation_analysis/~media/publications/D/DIUS_RR_09_10

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http://www.dius.gov.uk/science/science_and_innovation_analysis/~media/publications/D/DIUS_RR_09_09

UK Innovation Survey 2005 to understand to what extent the hampering factors on innovation reported by respondents act to prevent innovation.

Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333

- **The fundamental economics of metrology (October 2009).**²⁹ Metrology is the science of measurement, including basic research on measurement, refining, state-of-the-art measurement methods and the discovery of novel reference materials, and its dissemination. This National Measurement Office-commissioned research project updated and extended earlier research on the rationale for a Government role in the provision of metrology.
Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333

On-going research:

- **Metrology and Innovation.** This project will empirically estimate the contribution of measurement services supported by the NMS to UK innovation activity and, through innovation, to productivity and growth for the period 2002 to 2006. The methodology will extend that applied in a recently completed preliminary study of the role of metrology in innovation and productivity. The approach relates indicators of innovation and productivity from the UK Innovation Surveys of 2005 and 2007 to indicators of the stock of measurement knowledge in UK industrial and commercial sectors, as mediated by technical standards and purchases of scientific and precision equipment.
Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333
- **Measurement science and the UK Research Base.** This project will empirically estimate the contribution of measurement science to the wider UK public and private research base. The main indicators to be applied are publications of research papers by UK NMI scientists and citations of these in the research literature. The indirect role of NMI publications in business innovation will also be covered via the analysis of joint publications by NMI and business researchers and of citation data. The study is part of a broader analysis of how NMS supported contributions to new knowledge, and their dissemination, have impacts on UK innovation, wealth creation and productivity.
Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333
- **Economic Rationale for Design Policy.** A paper reviewing the market failure and other, cogent, rationales for a national design promotion policy and its scope of applicability, with some reference to the purpose and roles for a national design policy body. This report will

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http://www.nmo.dius.gov.uk/fileuploads/NMS/Prof_Swann_report_Econ_Measurement_Revisited_Oct_09.pdf

cover issues of principle only and is not intended to produce new quantitative evidence.

Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333

- **Mixed modes of technological and non-technological innovation and their performance impact.** Empirical analysis of how innovation affects productivity and economic performance has traditionally been based on aggregate economic data, especially R&D and patents. This approach can leave out important areas of innovation activity, including non-R&D based services and changes in non-technological inputs, including business processes, for example. The UK Innovation Survey (part of the Community Innovation Survey) provides information on many facets of innovation in business. The survey data enables broader analysis, at the level of firms, sectors and regions, of the determinants and impacts on performance, of different types and combinations of innovation. As innovation surveys are carried out a comparable basis across most OECD countries, the scale and pattern of these relationships can be estimated and benchmarked against many other economies.

Contact: Ray.Lambert@bis.gsi.gov.uk, 020 7215 1333

4. DELIVER THE CONDITIONS FOR BUSINESS SUCCESS IN THE UK

As the voice for business, BIS must overcome a huge variety of challenges to ensure long lasting business success in this country. The recession has changed the landscape in which business operates and has therefore brought new challenges, both domestically and internationally. We encourage growth in creative, research-intensive and high value-added industries, sectors and businesses. The move to a low-carbon economy is a huge challenge but a necessary one that, along with globalisation, can provide numerous opportunities to businesses. The Better Regulation Executive leads on the better regulation agenda across Whitehall which aims to promote targeted regulation, to encourage responsible business behaviour without imposing disproportionate burdens.

CHALLENGES IN THE ECONOMY

The success of business in this country is of the utmost importance in surviving the downturn. BIS is determined to help UK business through this period so that they emerge stronger on the other side. In his lecture to the Royal Society for Arts on the 17th December 2008, the Secretary of State for Business, Peter Mandelson, said that *“access to finance is currently very important however it is also important to think long-term. We need to make sure that Britain’s financial system is able to provide the kind of start-up and development capital that the UK economy will need.”*³⁰ In light of this, BIS research in this area focuses on analysing the effects of the downturn (with a particular emphasis on SMEs), and on long-term challenges including globalisation and the transition to a low carbon economy.

ANALYSING THE EFFECTS OF THE CURRENT ECONOMIC DOWNTURN AND PROVIDING HELP FOR SMALL AND MEDIUM SIZE ENTERPRISES

The global community is facing “the most serious global financial crisis since the World War Two”.³¹ Radical steps are being taken by the Bank of England after lowering interest rates to 0.5 base points, the lowest in its 315 year history. A range of economic policies are needed to help UK businesses survive and ensure they are well placed once the global economy recovers. Business support, in particular access to finance, is seen as key to helping business weather the recession. There are various

³⁰ <http://www.berr.gov.uk/aboutus/ministerialteam/Speeches/index.html>

³¹ <http://www.imf.org/external/np/exr/key/finstab.htm>

research projects, with a particular SME focus, to inform this policy area. Along with this, the Solutions for Business range of business support products aims to strengthen the support that is currently provided for UK businesses. These “Real Help Now Products”³² are designed to address the particular needs of business and individuals caused by the economic downturn. Their performance is carefully monitored to enable BIS to reallocate resources when necessary.

Recently published:

- **Business strategies and performance during difficult economic conditions (June 2009).**³³ This report reviews existing literature to identify the pressures, threats and opportunities facing businesses operating in difficult economic conditions, and the strategies adopted by businesses that have experienced such conditions. It also aims to assess which strategies proved to be problematic and those that have allowed businesses to respond dynamically, survive and emerge strongly as economic conditions improved.

Contact: Ian.Drummond@bis.gsi.gov.uk, 0114 279 4446

On-going research:

- **Solutions for Business (SFB).** SFB aims to explore the options for monitoring and evaluating business support services. There are three stages to this work. Stage 1: A full understanding of the existing data collection pertaining to the Business Support Simplification Programme (BSSP) products. Stage 2: High level principles such as minimum requirements for monitoring and evaluation across the BSSP portfolio. Stage 3: A toolkit outlining minimum cross-BSSP and potential additional (Departmentally required) monitoring and evaluation processes for the BSSP portfolio.

Contact: Christopher.Bryant@bis.gsi.gov.uk, 020 7215 1778

- **Business Barometer Survey.** To ensure that BIS has robust, independent and timely research on how the economic downturn is affecting SMEs, the SME Business Barometer carries out interviews with 500 SME employers every other month, from those who were previously interviewed in the 2007/08 Small Business Survey (SBS). This approach ensures that the survey is based on a representative sample of UK SME employers, can be completed quickly and is cost-effective. By using many of the same questions as the 2007/08 SBS, key changes can be analysed against the pre-downturn trend. The survey covers topics such as employment and turnover growth, barriers to business success, late payment, access to finance, and monitoring of the Real Help for Businesses package.

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³² <http://www.berr.gov.uk/aboutus/corporate/performance/realhelpnow/page51801.html>

³³ <http://bis.ecgroup.net/Publications/EnterpriseBusinessSupport/EnterpriseSmallBusiness.aspx>

Research proposals:

- **Ethnic minority enterprises.** The Ethnic Minority Business Task Force published 'The Economic Case for Investment in Ethnic Minority Business: Final Report' in July 2009. The report highlighted the need to improve the quality of data available on ethnic minority enterprises. In response, BIS is exploring options to collect evidence and data on ethnic minority-led business, including the option of boosting the BIS Small Business Survey.

Contact: Julian.Shaw@bis.gsi.gov.uk, 0114 279 4440

RESPONDING TO GLOBALISATION

Globalisation has brought new challenges to the UK economy. Developing and opening markets overseas have brought escalating competitive pressures that has changed the environment in which businesses must operate. This puts pressure on BIS to respond and create the right conditions for business success. Emerging economies are rapidly changing the global economic order and Britain must adapt in order to remain a market leader. To achieve this, BIS must develop a comprehensive understanding of globalisation including global value chain trends and examine potential barriers that firms may face when entering new markets overseas. Previous research has considered how the UK economy has changed before the background of increased flows of ideas, goods and people globally. This research also looked at the Government's policy response which focused on the removal of trade barriers.³⁴

Recently published:

- **The Globalisation of Value Chains and Industrial Transformation in the UK (February 2009)**³⁵ explores the trend of increasing specialisation and global distribution of production in global value chains, with a view to assessing the impact on the composition of UK economy activity, and the implications for policy. It introduces the analysis underlying the concept of a global value chain, presents evidence on the pace, extent and nature of the trend, and examines how the UK electronics and automobile manufacturing sectors have been transformed by these trends. It argues that some commonly-held perceptions (such as about the pace of outsourcing and offshoring, and the impact on jobs and standards of living) are not well supported by the evidence, and that so far the impact on the UK economy has been benign.

Contact: Paul.Crawford@bis.gsi.gov.uk, 020 7215 1864

³⁴ Globalisation and the changing UK economy, BIS February 2008,

<http://www.berr.gov.uk/files/file44332.pdf>

³⁵ <http://www.bis.gov.uk/files/file50584.pdf>

- **Opportunities for UK Business from the Rise of China and India (February 2009).**³⁶ The emergence of China and India as major players in the global economy has been central to the story of the latest phase of globalisation. This report examined the potential opportunities and challenges the rise of these economies poses for UK business. Its findings reinforce the message that despite the recent slowdown these two countries represent a tremendous opportunity for UK business and that protectionist fears about the competitive threat from these countries are often overdone.
Contact: Dan.Mawson@bis.gov.uk, 020 7215 1905

On-going research:

- **Internationalisation survey.** The 2010 UKTI International Business Strategies, Barriers and Awareness Monitoring survey will provide evidence about modes of business internationalisation, and will explore related issues such as the effects of the downturn on innovation and R&D. It will also gather evidence on the barriers which firms face in seeking to enter new overseas markets. This will aid UKTI in identifying how it may be able to assist firms in accessing overseas markets.
Contact: Hannah.Chaplin@bis.gsi.gov.uk, 020 7215 4991

CLIMATE CHANGE AND A MOVE TO A LOW CARBON ECONOMY

There are significant opportunities, as well as challenges, for both the business community and Government in meeting the UK's commitment to reduce carbon emissions by 80 per cent by 2050. The UK Low Carbon Industrial Strategy³⁷ was launched on 15 July 2009 with the core objective of ensuring that British businesses and workers are equipped to maximise the economic opportunities and minimise the costs of the transition to a low carbon economy.

Building on the framework for supporting British business set out in *Building Britain's Future: New Industry, New Jobs*,³⁸ its ambition is to ensure that the transition to low carbon is a source of quality jobs and business savings in Britain: from the civil nuclear industry and the renewable energy sector, to energy saving in the smallest SMEs.

The Government launched its vision for a low carbon economy in the UK at its Low Carbon Economy Summit on 6 March 2009.³⁹ The Summit initiated an engagement with business process on low carbon areas, and the Department sees this engagement as being essential in bringing

³⁶ <http://www.bis.gov.uk/files/file50349.pdf>

³⁷ <http://www.berr.gov.uk/files/file52002.pdf>

³⁸ <http://www.berr.gov.uk/files/file51023.pdf>

³⁹ <http://www.berr.gov.uk/files/file50373.pdf>

forward a robust and well-founded evidence base. BIS has launched an interactive website to seek views from business on its vision of the UK's transformation to low carbon, and it is hoped that this interaction will act as a platform for sharing knowledge and evidence in this area (www.hmg.gov.uk/lowcarbon).

As the low carbon agenda touches on a wide range of policy areas, BIS is engaging with other Government departments, for example through cross-Whitehall economist meetings, with a view to sharing knowledge and ensuring that departments are not duplicating efforts on economic research in this area.

BIS analysts are continually reviewing existing literature and research in the low carbon area, and building on what is available to develop the Strategy.

Recently published:

- **Low Carbon and Environmental Goods and Services (LCEGS): An Industry Analysis (March 2009).**⁴⁰ This report estimated the size and expected growth of the low carbon and environmental goods and services sector and sub-sectors in the UK and globally. Results from this research provided the Department with a wider definition of the traditional environmental goods and services sector, taking into account emerging low carbon sectors such as carbon finance, alternative fuels and building technologies. The research provided the Department with data on the size of low carbon and environmental markets in terms of total sales in the sectors, number of companies and employees, as well as forecast growth of the sectors up to 2014/15.

Contact: Elizabeth.Anastasi@bis.gsi.gov.uk, 020 7215 3544

- **SMEs in a Low Carbon Economy (April 2009).**⁴¹ This report reviews the established evidence and thinking around the challenges and opportunities that will affect UK small and medium-sized enterprises (SMEs) in the transition to a low carbon economy. While many businesses may initially experience the drivers of a low carbon economy as threats, they also represent significant opportunities, particularly for businesses whose operations are already on a more sustainable basis and those that are able to respond more innovatively and opportunistically.

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⁴⁰ <http://www.berr.gov.uk/files/file50253.pdf>

⁴¹

<http://bis.ecgroup.net/Publications/EnterpriseBusinessSupport/EnterpriseSmallBusiness.aspx>

- **Determining cost-effective actions for business to reduce emissions (July 2009).**⁴² BIS commissioned research to determine the barriers business may face from making cost-effective investments to lower their carbon emissions. This research considered incremental investments and the point at which businesses become constrained by the need to undertake large-scale investment to affect further carbon emission reductions. The research involved a survey of the retail and chemicals industry to identify barriers to implementing cost-effective carbon reduction policies. The research informed the Low Carbon Industrial Strategy and several key findings were highlighted in the economics paper,⁴³ including that negative cost actions may be overstated within the Marginal Abatement Cost Curve (MACC) and a major barrier to investments in reducing emissions were the long expected payback periods of the investment and the short investment pay back period criteria of firms.
Contact: Elizabeth.Anastasi@bis.gsi.gov.uk, 020 7215 3544
- **UK Business Carbon Top3Map (July 2009)**⁴⁴ is a survey to provide an initial view of SME uptake and readiness for the Publicly Available Specification (PAS) 2050 carbon footprinting. It also identifies the barriers for recording embedded carbon in SME products. Carbon footprinting specification is not mandatory, but there is a potential for an increased burden on SMEs as part of the supply chain of larger companies who are aiming for carbon footprinting accreditation. The project made an initial assessment of the applicability of PAS 2050 to SMEs and the potential burden on them if they were to meet the specification. The research informed the low carbon industrial strategy, providing evidence of the information cost of embedded carbon reporting on smaller firms.
Contact: Elizabeth.Anastasi@bis.gsi.gov.uk, 020 7215 3544
- **Updated LCEGS Sector Growth Forecasts for previous Innovas Study (July 2009).**⁴⁵ BIS commissioned an updated growth forecast for the low carbon and environmental goods and services (LCEGS) sector to complement the growth forecasts from August 2008 and December 2008. The purpose of this was to provide BIS with an up-to-date snapshot of markets' expectations about future growth in the sector. This was particularly important given the volatile economic conditions, as expectations of growth in this sector had decreased markedly from August to December (as stated in the above mentioned published report). The updated forecasts for March 2009 informed BIS analysts of how volatility of expectations of growth in these markets has changed since December and were published in the low carbon industrial strategy economics paper.
Contact: Elizabeth.Anastasi@bis.gsi.gov.uk, 020 7215 3544

⁴² <http://www.berr.gov.uk/files/file52076.pdf>

⁴³ <http://www.berr.gov.uk/files/file52165.pdf>

⁴⁴ <http://www.berr.gov.uk/files/file52077.pdf>

⁴⁵ Updated forecasts were used within the Low Carbon Industrial Strategy Economics Paper: <http://www.berr.gov.uk/files/file52165.pdf>

There is no high carbon future for the British economy and Government recognises that the transition needed to meet our ambitious carbon reduction commitments will transform the whole economy. Businesses across every sector will be affected and there are significant challenges as well as opportunities. The UK has the potential for growth and job creation in a range of low carbon sectors, which the Low Carbon Industrial Strategy (LCIS) has targeted in order to maximise the economic opportunities and minimise the costs of the transition to a low carbon economy. The economic evidence base underpinned the Low Carbon Industrial Strategy and continues to inform Government policy during the ongoing implementation stage. BIS and analysts from the Department for Energy and Climate Change will continue to develop this evidence base. Future economic research will seek to address emerging gaps in our existing evidence base and inform future policy.

On-going research:

- **Update Innovas data on Low Carbon and Environmental Goods and Services (LCEGS) Sector.** BIS analysts are in the process of commissioning the latest update on previously acquired datasets from Innovas on the LCEGS sector. This project will provide BIS with the data for 2008/09 compared to 2007/08. Variables include: UK market values, employment and company numbers, growth rate forecasts, regional breakdowns and detailed international data. The provision of up-to-date data will allow more relevant analysis to be undertaken supporting policy development following the publication for the Low Carbon Industrial Strategy under the New Industry, New Jobs agenda. This data will also be required to monitor the progress of the LCEGS sector as part of the indicators under the current suite of BIS DSOs. The 2008/09 data will be particularly useful in helping inform analysis about the impact on the economic downturn on the LCEGS sector.

Contact: Elizabeth.Anastasi@bis.gsi.gov.uk, 020 7215 3544

- **Business influence on consumer demand for low carbon goods and services.** The research aims to identify the drivers behind business actions to encourage the take up of low carbon products in the market, including potential barriers or market failures that may inhibit these actions. It will also identify and assess the impact that business models, strategies and actions have on consumer demand for low carbon goods and services and the wider implications for markets. It will take the form of a number of case studies that include examples of both individual products and markets that have shifted consumer demand and/or products available as a lower carbon option. The research will be used to inform future policy as part of the ongoing work on the low carbon industrial strategy.

Contact: Michael.Clark@bis.gov.uk, 020 7215 2733

BETTER REGULATION AND EFFECTIVE POLICY MAKING

All regulators must demonstrate that they are carrying out their regulatory activities in a way which is proportionate, accountable, consistent, transparent and targeted only at cases in which action is needed. The Better Regulation Executive (BRE), a cross-Governmental body which sits in BIS, leads the regulatory reform agenda.

The Risk and Regulation Advisory Council was created early 2008 in order to develop a better understanding of public risk and how best to respond to it. It completed its work in May 2009 with the publication of "Response with Responsibility: Policy Making for public risk in the 21st century".⁴⁶

Previous research has looked at the evidence on the relationship between regulation and innovation, and the circumstances under which regulation may help or hinder beneficial innovation by business. It has developed a checklist of principles for regulators to promote innovation.⁴⁷ Future economic and social research will continue to be focussed on the area of risk and innovation but particularly in developing analytical tools and framework for better regulation.

Recently published:

- **Risk and regulation – the role of risk actors (October 2009).**⁴⁸ This project explored the role of risk actors (including risk entrepreneurs) in driving the perception of, and response to, public risk. The key outputs of this work were a series of research papers describing the state of expert knowledge in this area – one for each group considered; and a systems map illustrating the nature and scale of interactions between the different actors and how together they might drive risk aversion.

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⁴⁶ <http://www.berr.gov.uk/files/file51459.pdf>

⁴⁷ Regulation and Innovation: Evidence and Policy Implications (December 2008):

<http://www.berr.gov.uk/files/file49519.pdf>

⁴⁸ <http://www.berr.gov.uk/deliverypartners/list/rrac/index.html>

On-going research:

- **Risk and Responsibility.** Risk is at the heart of the question whether or not Government should intervene. The research will address the responsibility for risks, the links to market failure and how Government needs to communicate risks to enhance mitigation. Communication of risk is not at the centre of this project and will only be addressed where it links to market failure and responsibility.

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ENSURING THROUGH MONITORING AND EVALUATION THE EFFECTIVENESS OF BIS' POLICY AND PROGRAMMES

On-going research:

- **Methodological approaches to evaluate impacts on businesses.** NIESR have been contracted to critically assess the pros and cons of the different methodological approaches available for use in impact evaluations, which are designed to assess the impact of a Government intervention on the business community. The impetus behind this project is that many of the more comprehensive Government evaluations have focussed on individuals as the unit of analysis rather than businesses. This project would involve two work streams: a literature review of the main drivers of business performance and the development of a set of variables that would provide a strong base on which to match businesses; and the development of practical guidance on the various methodologies relevant to evaluators in BIS.

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MAINTAINING OUR COMMITMENT TO AN OPEN ECONOMY

There are substantial benefits from international openness and the links to trade. The OECD observes a 10 per cent increase in trade openness will translate to a 4 per cent increase in per capita income.⁴⁹ The UK is the second largest recipient of Foreign Direct Investment (FDI), offshoring by overseas companies, while the UK is a substantial exporter of offshorable services.

⁴⁹ OECD (2003), Sources of Economic Growth in OECD Countries, OECD, Paris
http://www.oecd.org/dac/ictcd/docs/otherdocs/OtherOECD_eco_growth.pdf

On-going research:

- **Analysis of the performance of trade agreements (Framework Contract).** This research will provide quantitative and qualitative assessments of the impacts of a range of trade agreements. It will be used to assist Government, both in negotiating trade agreements and working with other countries to assess the impact of liberalisation on them, and to assist in the design of aid for trade assistance. It takes the form of several short studies of individual agreements and issues. These strengthen the evidence base for trade liberalisation and help policy colleagues influence other countries. A related contract to develop a software tool for the analysis of trade agreements is underway.

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- **Trade facilitation in the UK.** Working with Customs & Excise, this is a series of small projects to assess the scope for reducing the regulatory burden and time taken in moving goods in and out of the UK.

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- **Monitoring protectionist trade and state aid policies worldwide.** BIS is working with a range of think tanks around the world to produce objective analysis of a wide range of Government interventions, document what other Governments are doing, assess their impact and recommend less distortionary interventions and ways in which to remove the distortion. As a result of this research, Global Trade Alert was launched in summer 2009 and has become the largest and most respected independent monitoring service of all interventions which could potentially be protectionist or lead to protectionism by others. It provides a free access website listing all potentially protectionist interventions which is fully searchable, by country and sector. Its detailed reporting has become very widely used.

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OPENING MARKETS FOR THE BENEFIT OF UK BUSINESSES

As the UK already has an open economy, the challenge is to remain innovative, reduce costs to existing markets, create new products and open new markets.

The main focus of BIS' economic research and analysis is to strengthen the understanding of how international trade and investment contributes to the performance of businesses and of the UK economy. The research also investigates the main barriers and market failures which could prevent the UK from exploiting international trade and investment opportunities effectively and where UKTI action is most needed.

The research broadly falls into two categories:

a) Benefits of trade and investment. Examples of the areas of interest in this category include the impacts of trade and investment on productivity, innovation and firm survival.

b) Barriers to trade. The interest here lies in improving understanding of the barriers to exporting which are faced by firms, including the characteristics of firms which experience particular barriers.

Recently Published:

- **The Effect of Foreign Mergers and Acquisitions on UK Productivity and Employment (October 2009).**⁵⁰ This research investigated the effects of foreign mergers and acquisitions on UK productivity, employment, profitability and competition. The project analysed these effects one, two, and five years post-acquisition. In addition, it investigated how these effects vary by the country/region of origin of the acquiring firm and by sector. The work covered both the manufacturing and services sectors. This evidence will increase understanding of the effects of foreign mergers and acquisitions of UK plants and will be used to inform UKTI policy with regard to this form of foreign direct investment.

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- **The strengths and the potential of sectors supported by UKTI Sector Group (January 2010).**⁵¹ This project analysed where UK capability lies and where opportunities exist in 17 sectors across 11 overseas markets. The research developed an understanding of UK export performance in each of these sectors and was complemented by an analysis of the import needs of each of the destination countries. The project provided evidence on the sectors for which the UK has good potential for future export growth and those with less potential. This analysis will aid in opening markets for UK business by providing direction as to which destination markets provide the best export opportunities for their sector.

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⁵⁰ <https://www.uktradeinvest.gov.uk/ukti/fileDownload/mergers.pdf?cid=438803>

⁵¹

https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/aboutus?nfpb=true&portlet_3_39_actionOverride=%2Fpub%2Fportlets%2FgenericViewer%2FshowContentItem&windowLabel=portlet_3_39&portlet_3_39navigationPagelId=%2Faims_and_objectives&portlet_3_39navigationContentPath=%2FBEA+Repository%2F328%2F429673&pageLabel=aims_objectives

On-going research:

- **Analysis of UK services trade at firm level.** This project uses data from the international trade in services (ITIS) inquiry to gain further insights into UK firms which trade in services. The research will investigate the relationship between the number of markets to which a firm exports and labour productivity, total factor productivity, employment, and firm closure. The analysis will also seek to determine firm characteristics associated with exporting to an emerging market.

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- **Study of the relationship between innovation, exporting and the use of e-commerce (Community Innovation Survey, CIS, 2007).** This research project will investigate the nature and causality of links between innovation and productivity and between establishment growth, exporting and innovation. It will also examine the determinants of exporting and firm characteristics associated with exporting to EU and non-EU markets. Finally, it will look at the determinants of exporting via e-commerce, and of export intensity attributed to e-commerce.

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ENSURING UK CITIZENS CAN TAKE FULL ADVANTAGE OF FUTURE ECONOMIC OPPORTUNITIES

The UK economy is currently going through changes led by globalisation and rapid technological change. This is opening up new opportunities. However individuals and businesses have to adapt to these new circumstances. The skills in the economy need to meet the needs of employers and realise the potential of individuals. The UK has benefited hugely from foreign direct investment inflows as a result of having an open, non-protectionist economy with a flexible labour market. The Government's role is to help provide new and innovative ways of working, assisting the creation of a more skilled, confident and adaptable workforce. Research in this area covers work on labour market institutions and characteristics as well on skills necessary to support the UK.

On-going research:

- **UK management capability.** The Manufacturing Strategy and the New Opportunities White Paper both highlighted the important role that managers and leaders play in identifying and responding to the potential market opportunities that globalisation continues to create for UK companies. Research has found that the UK lags behind some

of its key competitors in terms of managerial skills and that this contributes to the UK productivity gap. Working with the UK Commission for Employment and Skills, UKCES, BIS will undertake some further analysis exploring ways in which the UK can enhance the quality of management and leadership skills.

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Research proposals:

- **Apprenticeships cost benefit analysis.** As part of wider work on returns to qualifications, BIS will commission an update to the 2007 research on returns and rates of return to apprenticeships. Making use of wage and employment data from the Labour Force Survey, and administrative and employer costs data, the study will estimate NPVs to apprenticeship at level 2 and level 3 across a number of key sectors. A range of other projects is likely to be commissioned by the LSC/NAS to evaluate various aspects of the delivery of apprenticeship, and research will be undertaken into apprenticeship pay in support of the Low Pay Commission's work on bringing apprenticeship into the national minimum wage framework.

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MAINTAINING HIGH STANDARDS FOR BOTH CONSUMERS AND WORKERS

The Government is committed to protecting the rights of employees who can often be the most vulnerable in changing environments. BIS encourages minimum employment standards that are sensitive to business conditions. The vulnerable workers enforcement forum established in June 2007, chaired by Employment Relations Minister Pat McFadden, looked into the scale and nature of the abuse of workers rights and assesses the ability of the enforcement framework to reverse these violations.

Ensuring that consumers are treated fairly and can make informed decisions is key to the delivery of free and fair markets. Currently the Department's research in this area focuses on the analysis of consumer debt in order to address our short- to medium-term policy needs.

Recently Published:

- **Debt Analysis – Wealth and Assets Survey (2009).**⁵² This study analysed the borrowing and arrears data from Wave 1 of the Wealth and Assets Survey (WAS), for the publication of the Wave 1 report. The overall aim was to provide an overview of the main measures relating to unsecured borrowing, arrears and the distribution of these within the population. Focusing on credit commitments and arrears (including household bills), it also considered the overlaps with secured borrowing (to provide a link to property wealth) and with informal borrowing (to lay the foundation for future analysis).
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- **Fair Treatment at Survey Work Survey 2008 (September 2009).**⁵³ This updates the findings from the previous Fair Treatment at Work Survey and incorporates the earlier Awareness of Employment Rights survey. The survey collected 4,000 face-to-face interviews to get a representative picture of people's perceptions of unfair treatment in the workplace. Each respondent to the survey was asked about any problems with employment rights and discrimination (e.g. gender, race, ethnicity, religion, disability, age, etc.), how these are resolved and how aware they are of their rights under current legislation. This information was collected alongside personal and workplace characteristics to create a unique source and a valuable piece of the evidence base as part of the ongoing evaluation and monitoring of a range of employment relations themes. Additional interviews were carried out with a sample of people aged 60 or older.
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On-going research:

- **YouGov Debt Tracker Survey.** Understanding the dynamics of over-indebtedness will help improve policymakers' knowledge of the precursors of over-indebtedness in the current environment. The YouGov Debt Tracker Survey is an internet-based survey to collect up-to-date information regarding conditions facing consumers and will help to identify those most in need of assistance during testing economic conditions. The study comprises a nationally-representative sample of 3,000 individuals run every three months. Statistical analysis could help identify which factors are most effective for predicting severe or entrenched financial difficulties. Results from this analysis could help develop both short- and medium-term policy.
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⁵² http://www.statistics.gov.uk/downloads/theme_economy/wealth-assets-2006-2008/Wealth_in_GB_2006_2008.pdf

⁵³ <http://www.berr.gov.uk/files/file52809.pdf>

- **Analysis of data from Consumer Credit Counselling Service (CCCS).** Data from debt advice agencies can be a valuable and timely source of information on the extent of indebtedness and characteristics of indebted households, one that is currently relatively underutilised. Such data can provide detailed information on clients' financial balance sheets, together with data on debt histories, demographics and socio-economic characteristics. In looking to expand the evidence base for over-indebtedness, we have commissioned analysis of data from CCCS to help inform policy-making.
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- **Analysis of Household Annual Debtors (HAD) data.** The HAD is collected in the intervening years between the 2-yearly waves of the WAS and is based on a sub-set of WAS respondents who identify themselves as having problems with their debts. This longitudinal data can therefore be combined with data from the WAS to analyse the extent and development of consumer indebtedness over time in order to inform BIS policies to deal with over-indebtedness and related issues.
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- **Research into the Credit and Store Card Market.** This research will provide evidence to inform the Government's Credit and Store Card Review's conclusions. The research focuses on: consumers' current experience of using credit and store cards; how consumers think they will be affected by, and respond to, various options for reform and; consumer preferences around trade-offs arising from proposed reforms. The methodology will include a face-to-face survey to collect quantitative data and a deliberative focus group approach to gather qualitative data, which explores consumer attitudes and behaviour in greater depth.
Contact: Philip.Odonnell@bis.gsi.gov.uk, 020 7215 6764
- **Research into International Experience in the Regulation of the Credit and Store Card Market.** This project will research features of international credit and store card markets and how they are regulated. A number of markets outside the UK have proposed and/or implemented new regulatory proposals relating to credit and/or store cards. The objective of this research is to provide evidence to inform the Credit and Store Card Review's conclusions, focusing on: market structure and usage of credit and store cards in other countries and; credit and store card regulation in other countries, and their impact on both industry and consumers. Research methods will include desk research, in-depth interviews, survey and quantitative impact analysis. It will largely focus on US and Canadian practices, though other countries will be addressed as appropriate, including Australia, New Zealand and Spain.
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- **Computer software and other digital products.** One aim of the Consumer Law Review is to ensure we have consumer protection which is capable of reacting quickly to new areas of consumer detriment. In computer software and other digital products, legislation has not kept pace with technology. Consumers are embracing the digital economy purchasing computer software, films and digital content to use in mobile phones as data files legally downloaded from the internet. However, it is unclear whether the law would treat digital products as goods, services or neither, and consequently what remedies might be available when a digital product is faulty. This research looks to gain evidence about whether changes are necessary to deal more effectively with digital content, including what problems the existing lack of legal clarity is causing for business and consumers, and possible options for reform.
Contact: Duncan.Lawson@bis.gsi.gov.uk, 020 7215 5464
- **Survey of Employment Tribunals Applications 2008 and follow-up survey of representatives.** The aim of the survey is to provide information on the characteristics of claimants and employers and their experiences, outcomes and attitudes towards the Employment Tribunals (ET) system. The findings will provide information on the characteristics of the parties involved and the factors that influence the outcome of Employment Tribunal applications (e.g. the reasons for the dispute, the use of workplace procedures, sources of advice, the use of representatives, the part played by ACAS, and the costs incurred by the parties). The survey will also provide an opportunity to collect information on the extent of the use of compromise agreements, again both in ET cases and cases settled without recourse to an ET. A follow-up survey is being carried out with parties' representatives, who play a critical role in the management of ET cases, in advising clients on their rights and appropriate courses of action, and in many cases, acting as intermediaries in clients' dealings with ACAS and the Tribunal Service. The survey will provide information on the use of alternative methods of dispute resolution and their views on these, as well as on the use of compromise agreements.
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- **Sixth Workplace Employment Relations Survey (WERS 2011).** WERS is the Government's primary source of information on the employment relations practices in the UK. Previous surveys were conducted in 1980, 1984, 1990, 1998 and 2004. The survey provides a nationally representative account of the state of employment relations in workplaces across Great Britain. The main aims of WERS are to map the changing contours of the employment relations in Britain over time; provide a statistically robust valid and reliable data base on British workplace employment relations, which is publicly available and easily accessible; and inform policy development and stimulate and inform debate and practice among employers and workers, their organisations and the academic community and

provide full report of the survey's main findings. Work will shortly be starting on the sixth survey; the fieldwork will be taking place in 2011. The other principal sponsors are the ESRC, ACAS, UK Commission for Employment and Skills and the National Institute of Economic and Social Research (via a grant from the Nuffield Foundation).

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Research proposals:

- **Wealth and Assets Survey – short-term indicators.** The WAS collected data on households prior to the recession and continues to collect information on a monthly basis from the same households. It can therefore be used to provide both short-term indicators and analyses, split by various characteristics (e.g. type of household, number of children, housing tenure, employment status, income, age etc). This proposed project would utilise WAS data to construct short-term indicators on a rolling quarterly basis, which could contribute to a wide range of policy objectives within BIS and across Government to support policy-making in the current recession. The specific policy interest to BIS would be around household indebtedness and the financial position of small businesses or the self-employed. However, analysis could also be tailored to incorporate issues around taxation, pensions, savings or housing.

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EQUALITY DIVERSITY AND DISCRIMINATION

Unfair discrimination at work is bad for the individual who is denied jobs and access to vocational training and can suffer victimisation and harassment because of prejudice. It is also bad for businesses who are denying themselves access to the widest pool of talent. A diverse and equal workforce can bring many benefits such as increased motivation, a lower turnover of staff and access to wider markets. BIS aims to improve the quality of working life for individuals whilst being flexible and working in partnership to maintain and uphold the conditions for business success.

On-going research:

- **Survey of employer's policies, practices and preferences related to age (SEPPP).** This study, carried out in conjunction with the Department of Work and Pensions, will provide a measure of change for employers' policies, practices and preferences relating to age following the introduction of the Equality (Age) Regulations 2006. The secondary aim of the study is to provide strategic information for issues relating to the default retirement age. The key objectives include collecting data on the nature and scope of equal opportunity policies that relate to age, employers' use of age as a criterion or consideration in decisions about: recruitment, selection, promotion,

training, availability of flexible working practices, retirement, redundancy, and pay and non-pay benefits (such as health insurance and pensions). The study will explore the rationale behind the application of such criteria and employers' awareness of age discrimination legislation; in particular the extent to which employers are using the default retirement age and the extent to which companies have altered their retirement age as a result of the regulations.

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- **Maternity and paternity rights – survey of parents.** This survey is being carried out in conjunction with the Department for Work and Pensions (DWP). The survey will provide information about the provision, take-up, experiences and views of maternity rights and benefits in Britain. A follow up survey of fathers is also being conducted to provide information on take-up, experiences and views of paternity rights and benefits.

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5. IMPROVE THE ECONOMIC PERFORMANCE OF ALL ENGLISH REGIONS

On 17th December 2008 in his speech to the Royal Society for Arts, Peter Mandelson said that “*regional expertise is vital for ensuring that industrial policy is driven by knowledge of what works on the ground.*”⁵⁴ He outlined the important frontline role that RDAs have in leading us out of the downturn and delivering existing regional plans in one coherent vision of long-term growth. BIS aims to help every region in England achieve sustainable economic development and narrow the gap in growth rates between regions to ensure there is opportunity and security for all, with rising prosperity and a better quality of life.

Recently published:

- **Impact of Regional Development Agencies (RDA) spending (March 2009).**⁵⁵ The aim of this project is to provide an assessment of the impact of spending by each of the nine RDAs and the RDA network as a whole. The primary purpose of this report is to summarise the available evidence of the impact of spending by the RDA network as a whole at both regional and national level, drawing on those evaluations commissioned since the last review which comply with the standards set out in the Impact Evaluation Framework (IEF)⁵⁶ as well as any other earlier evidence which is consistent with the IEF principles. The secondary purpose is to assess RDAs’ achievements against the objectives of their Corporate Plan and each specific programme and project.

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- **Improving the assessment of additionality (October 2009).**⁵⁷ This work set out to capture evaluation evidence on additionality as well as explore the latest thinking on particular areas of the adjustment to policy changes, most notably agglomeration economies and their relevance for the multiplier adjustment. The study is underpinned by the Impact Evaluation Framework (IEF) produced for BERR in 2006 and updated in 2009.⁵⁸ It is aimed at those who commission, conduct and use evaluations to inform and design policy.

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⁵⁴ <http://www.berr.gov.uk/aboutus/ministerialteam/Speeches/page49416.html>

⁵⁵ <http://www.berr.gov.uk/whatwedo/regional/regional-dev-agencies/Regional%20Development%20Agency%20Impact%20Evaluation/page50725.html>

⁵⁶ <http://www.berr.gov.uk/files/file21900.pdf>

⁵⁷ <http://www.berr.gov.uk/files/file53196.pdf>

⁵⁸ <http://www.berr.gov.uk/files/file21900.pdf> and <http://www.berr.gov.uk/files/file54095.pdf>

- **RDA Evaluation Practical Guidance on Implementing the Impact Evaluation Framework (December 2009).**⁵⁹ This document builds on the Impact Evaluation Framework (2006) by providing further detail on the appropriate methodology that should be used by Regional Development Agencies (RDAs) when conducting impact evaluation. It sets out metrics that RDAs should use to measure the impact of their interventions and will ensure that RDAs evaluations are undertaken on a consistent basis. The paper also describes some high level requirements for the submission and approval process for RDA impact evaluation plans.
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On-going research:

- **The Spatial Economics Research Centre.**⁶⁰ The Spatial Economics Research Centre is based at the LSE and brings together leading researchers in the field from across the country including those from the Universities of Glasgow, Newcastle, Oxford, Strathclyde and Swansea. The Centre is funded by a grant of £2.4 million over an initial three years, by the Economic and Social Research Council (ESRC), BIS, the Department for Communities and Local Government (CLG) and the Welsh Assembly Government. The aims are to provide high quality independent research to further understanding as to why some regions, cities and communities prosper, while others don't. Research will focus on why there are disparities in economic prosperity at all spatial levels including regional, city-region, local and neighbourhood. Additionally, the Centre aims to influence and improve policy decision-making at the national and local levels, connecting UK policy makers with international expertise, research and good practice in diagnosing and tackling such differences.
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⁵⁹ <http://www.berr.gov.uk/files/file54095.pdf>

⁶⁰ <http://www.spatial-economics.ac.uk/>

6. MONITORING & EVALUATION OF BIS POLICIES AND PROGRAMMES

The Department undertakes evaluations of regulations, strategies and spending commitments (evaluations of the latter are generally approximately three to five years after the introduction of a policy). In addition to focusing on the direct impact of a policy, it is important to keep a broad scope for evaluation to ensure continued value for money and to improve the effectiveness of future policies. Evaluations are also important to allow the Department to prioritise policies moving forward.

Policy evaluations are designed and managed by the teams responsible for the individual policy (for example officials in UKTI are responsible for evaluating the impact of UKTI policies). A large proportion of the fieldwork and analysis is commissioned out to independent experts, including private consultancies and academic institutions. Generally the Department is proportionate in its approach to evaluation and targets greater resources at larger policies or those where existing evidence on effectiveness is limited.

Partner organisations will also undertake analytical work which will provide BIS with important information regarding key customers and understanding their views on Departmental policies.

This section contains a sample of some recent and on-going evaluations. The newly formed Evaluation Strategy Group (ESG) proposes to produce a full evaluation strategy document later in the year. Planned future evaluations include those examining the effectiveness of various initiatives included in recently announced strategies, such as *New Industry*, *New Jobs* and the Skills Strategy.

More information on evaluation at BIS can be found on the website <http://www.berr.gov.uk/publications/economicstatistics/economics-directorate/page21979.html>

Recent publications:

- **UKTI inward investment evaluation case studies (March 2009).**⁶¹ The evaluation consisted of a review of literature and an extended case study approach that included consultation not only with the Foreign Investor, but also with their market contacts and potential spill-over recipients to gather qualitative data and evidence on spill-over effects, increases in R&D and innovative activity at firm/plant level,

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https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/home?_nfpb=true&searchPortlet_1_actionOverride=%2Fpub%2Fportlets%2Fsearch%2FshowContentItem&_windowLabel=searchPortlet_1&searchPortlet_1_navigationPageId=%2Fsearch&searchPortlet_1_navigationContentPath=%2FBEA+Repository%2F328%2F432301&_pageLabel=advanced_search

and the value added by UKTI support. The purpose of this evaluation was to evaluate the economic impact and cost effectiveness of UKTI's support for attracting, growing and retaining Foreign Direct Investment, and assess and critically appraise the extent of (knowledge) spill-overs from inward investment projects in order to strengthen evidence on the economic rationale for Government support for inward investment and to provide value for money.

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- **Synthesis of evaluation evidence (October 2009).**⁶² This project synthesised BERR's existing evaluation evidence base and assessed whether it was possible to infer the contribution (of individual interventions) to high-level Departmental objectives, with a particular focus on improving UK productivity and its drivers. The project also sought to identify any specific gaps in the evidence base (e.g. identification and measurement of the counterfactual). Particular effort should be made to ensure that good practice is developed and disseminated to improve future evaluations and help fill the gaps.

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- **Regional Venture Capital Funds (RVCF) evaluation (November 2009).**⁶³ This research provided evidence on the effectiveness of the policy in providing SMEs with access to growth funding. The main objective of this evaluation was to gather evidence regarding the economic benefit that Regional Venture Capital Funds (RVCFs) and Early Growth Funds (EGFs) have generated to date through the growth of recipient businesses. Evidence was collected through a telephone survey of recipient businesses, analysis of management data, case study interviews and interviews with key stakeholders and fund managers.

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- **Small Firms Loan Guarantee Scheme (SFLG) evaluation (January 2010).**⁶⁴ This project assessed the performance of the Small Firms Loan Guarantee Scheme (SFLG) since the post-Graham Review changes. The evaluation surveyed around 500 firms that have previously used SFLG since 2006 and also a comparison group of around 1000 firms that have not used SFLG but have similar characteristics. This work enabled an assessment to be made of the net impact of SFLG on business performance, and output and employment in the economy as a whole. An assessment of the scheme's overall value for money to the tax payer was also made.

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⁶² <http://www.berr.gov.uk/files/file53218.pdf>

⁶³ <http://www.berr.gov.uk/whatwedo/enterprise/au/research-evaluation/globally-competitive/page38372.html>

⁶⁴ <http://www.berr.gov.uk/files/file54112.doc>

On-going evaluations:

- **Monitoring the impact of Real Help for Business** - a programme of focused research that includes studies designed to assess what impact the free health checks provided through Business Link have had on assisted businesses. The research focuses on assessing how the health checks have helped businesses get through the economic downturn. It tests the first point of contact when a business is seeking advice from Business Link to ensure that the service received, particularly for those receiving help through the Real Help package, is responsive, high quality, professional and timely. This research will also document how SMEs are using the Enterprise Finance Guarantee scheme and assess its impacts on participating businesses. Two components of this ongoing research were recently published: i) The Early Assessment of Business Link Health Checks; and ii) Mystery Shopping the Early Stages of Business Link were published on 27th November 2009. The early stage assessment of impact of EFG was published on 22nd December 2009.⁶⁵

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- **Evaluation of the Companies Act 2006.** The Companies Act received Royal Assent on 8th November 2006 with all provisions coming into force by October 2009. It is the single largest piece of legislation ever made. The 2006 Act restates and replaces most of the Company Law provisions of the 1985, 1989 and 2004 Acts. It also introduces a range of changes, aimed at enhancing shareholder engagement, making it easier to set up and run a company and altogether ensuring that company law is up to date, flexible and accessible. The Government has committed itself to evaluate the Companies Act 2006. The findings of this wide reaching evaluation would provide an assessment of the Companies Act and are likely to feed into future policy decision making in the area of company law.

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- **Evaluation of illegal money lending national project.** Seven teams in regions across the UK are carrying out investigations and bringing prosecutions in tackling illegal money lending (loan sharks). There is a need to understand how effective these teams are in delivering against their objectives. The first phase of this project will seek to undertake a process evaluation of its operations with the second phase focusing on an evaluation of the impact of the project on the wider communities affected by illegal money lending.

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⁶⁵ <http://www.berr.gov.uk/whatwedo/enterprise/au/research-evaluation/globally-competitive/page38372.html>

- **Evaluation of the impact of the Enterprise Act 2002 provisions covering market studies and market investigations.** This has been in operation for over five years and there has been no overarching evaluation to date of the Government's approach to market investigations introduced by the Act. The lack of any evaluation will become more difficult to justify as time passes and an evaluation now may be timely in helping to direct the programme. It is hoped that this research will provide a transparent independent assessment of the effectiveness of the regimes to date. The findings could also feed into any longer term evaluations of the 'fitness for purpose' of the competition regime and consideration of its future strategic direction.
Contact: Maureen.Foggo@bis.gsi.gov.uk, 020 7215 1664
- **Evaluation of a university admissions test – SAT.** The aim of the study is to assess whether the SAT could identify students with the potential to benefit from HE whose ability is not adequately reflected in their A level results because of their (economically or educationally) disadvantaged circumstances. It will also assess whether the SAT can distinguish between the most able applicants who get straight As at A level. This is a joint study with Sutton Trust and NFER and involves tracking destinations and HE outcomes of around 9,000 young people who took the SAT prior to (potentially) starting HE in September 2006.
Contact: Deborah.Beck@bis.gsi.gov.uk, 0114 259 1284
- **Comparative evaluation of the impact of UKTI's R&D programme and other UKTI support that impacts R&D.** As part of the spending review (SR) 2007, UKTI committed to a target to increase the quantity of R&D activity in the UK through business internationalisation, contributing to the Government's overall target of increasing R&D investment as a proportion of GDP. The UKTI R&D programme was announced in the Budget statement in the autumn of 2006 and the programme became fully operational on 1 April 2007. The evaluation has been designed to report to UKTI's SR 2007 additional reporting requirement to assess the economic impact of UKTI's R&D programme relative to all other UKTI support for trade and investment that stimulates R&D, and identify the most cost effective mechanisms which generate impact on R&D; and to make recommendations, with a view to increasing value for money for the UK tax payer, in terms of increasing the level of business R&D investment.
Contact: Nilum.Patel@bis.gsi.gov.uk, 020 7215 8891
- **Evaluation of UK Trade & Investment's High Growth Market Programme (HGMP) pilot.** The HGMP became operational on 1 April 2007, and aims to provide experienced exporters with support to enter or expand into 17 selected markets, all emerging economies. The programme consists of 10 private sector specialists who provide expert advice. The evaluation has been designed to assess the economic rationale for supporting experienced exporters such as UK mid corporate companies to enter or expand into high-growth

markets; evaluate the impact and cost effectiveness of UKTI's HGMP pilot, including an assessment of the value for money which it achieves for the UK tax payer; and make recommendations, with a view to increasing value for money for the UK taxpayer, in terms of increasing the level of activity of UK businesses in high-growth markets.

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- **Evaluation of UK Trade & Investment's Global Entrepreneur Programme (GEP).** The GEP was set up in 2003 and is a Government initiative that seeks to enable entrepreneurs and early stage companies from all over the world to globalise their businesses from a UK hub, thereby giving start-ups access to funding, international markets and people. This process can involve a total migration to the UK or a co-location which will include the strategic, global headquarters being in the UK and R&D and sales offices being retained in the home country and in key markets. The evaluation has been designed to assess the economic rationale for attracting global entrepreneurs and early stage businesses to the UK and to evaluate the impact and cost effectiveness of UKTI's GEP, including an assessment of the impact on the performance of supported businesses, and of the value for money which it achieves for the UK taxpayer.

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Conclusion

BIS places economic, social and statistical analysis at the heart of policy-making. Our research informs a large range of policy issues, from education, skills and the role of science and innovation to productivity and competitiveness, regional economic development, and fair and free markets. The current economic climate has brought new challenges which require immediate attention. BIS, as the voice for business, must deliver on its promises and guide business and individuals through the recession. It must promote innovation, enterprise and science and give everyone the skills and opportunities they need to succeed. Effective, targeted and fair policies are vital and research is fundamental to informing the evidence base which underpins these.

This strategy provides a comprehensive but not complete overview of the recent, on-going and planned research programmes of the Department and articulates how each area is important to BIS's overall agenda and delivering on our key objectives. If your organisation is interested in a particular project or have additional information which could assist our research then we encourage you to directly contact the relevant project leader.

For any queries regarding the strategy please contact either Ulrike.Hotopp@bis.gsi.gov.uk or Christopher.Bryant@bis.gsi.gov.uk.