



CASE STUDY:

# INCLUSIVE INNOVATION:

**SUSTAINING PRODUCTIVITY AND  
SOCIO-ECONOMIC INCLUSION  
THROUGH INNOVATION CENTRES,  
HUBS, AND DISTRICTS**

Dr Lara Pecis

## INTRODUCTION

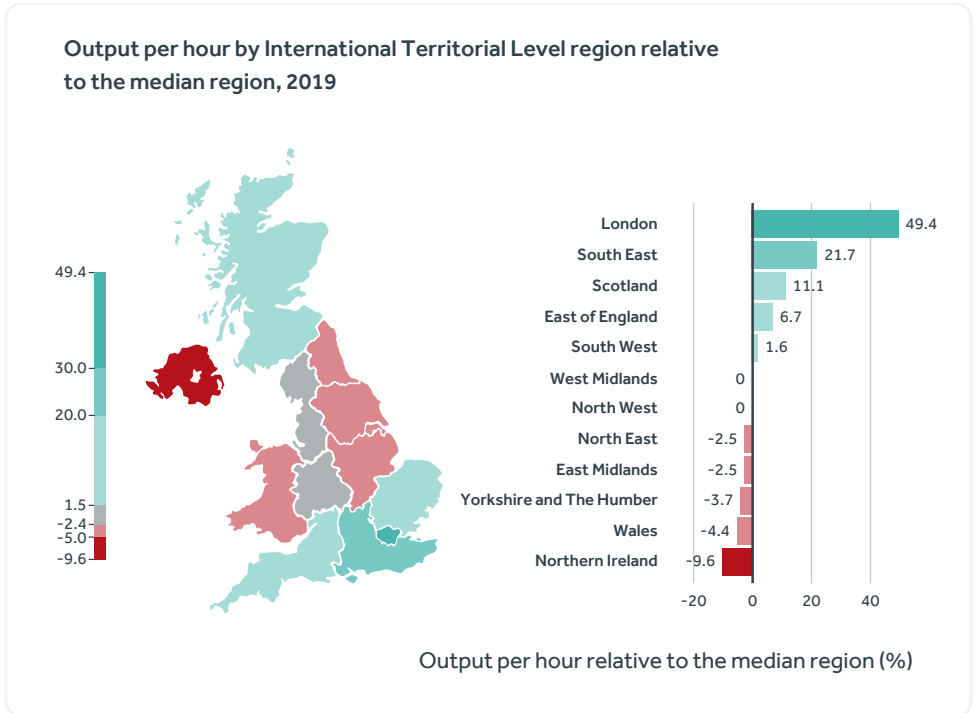
Women and minority entrepreneurs experience unequal participation in regional innovation ecosystems, especially in relation to access to and use of resources made available by innovation hubs (namely business incubators and accelerators). This case study aims at understanding how innovation can best promote inclusivity in entrepreneurship and act as formal support channels for specific groups including women and BME. The project is underpinned by research focusing on inclusive innovation as a channel to foster productivity in the North West (NW) of England.<sup>1</sup>



# BACKGROUND TO THE CASE

UK regional productivity gaps are large: productivity in the best performing local enterprise partnerships (LEPs) are 2.1 times more than in the least productive ones, as per [2017](#).

**Figure 1. Productivity varied widely across UK regions, and was highest in London**



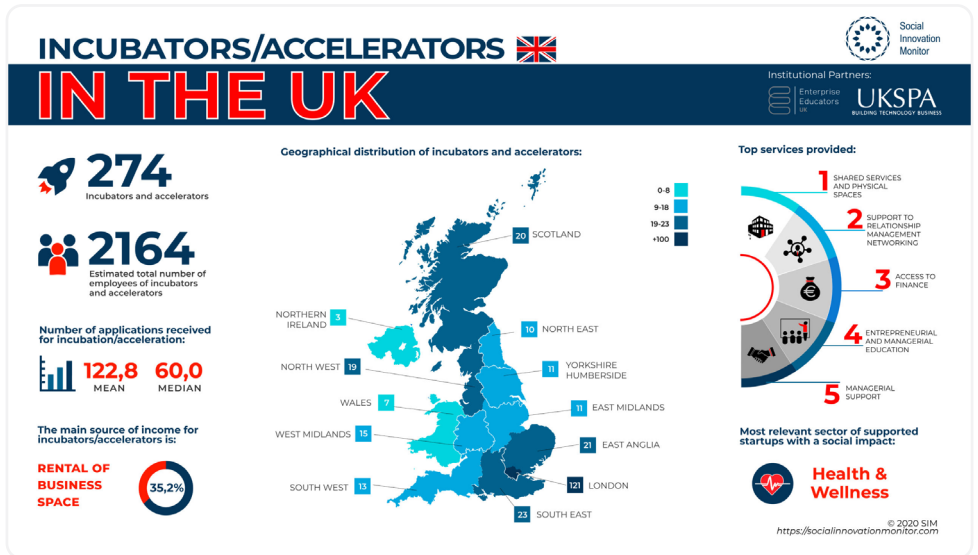
Source: Office for National Statistics

1. This research has been funded by the ESRC Productivity Insight Network. Special thanks go to Dr Anindita Banerjee for her work on the project. A full report on the project is accessible [here](#).



Besides differences in composition of industrial activity, innovation issues explain part of this gap. Innovation hubs seem to offer a solution forward. With 205 incubators and 163 accelerators currently active in the UK (Nesta, 2017), supporting around 3,450 and 3,660 new businesses per year respectively, the UK positions itself at the forefront of the innovation landscape<sup>2</sup>, as figure 2 evidences.

Figure 2. Incubators and accelerators in the UK



Source: Enterprise Educators UK

Public and private sector organizations working together in innovation hubs can foster inclusion of different strata of society, and in so doing can address the productivity gaps across UK regions. However, only 9% of accelerators and 6% of incubators are located in the NW, according to BEIS data. What is more, only a small number of innovation hubs are dedicated to support the work of women, minorities and other marginalised strata of society. As such, the level of support these groups receive varies, and conversely also their chances to productively participate in the labour market.

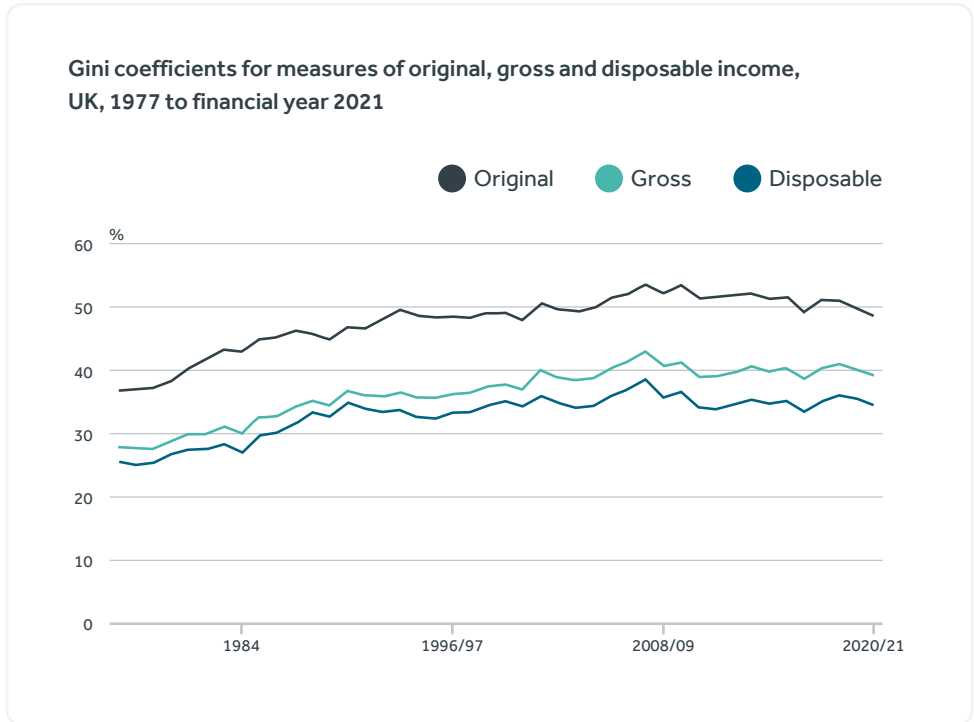
2. Over the past five years, news suggest that the number of innovation hubs has doubled in the UK.



## RESEARCH

Increased income inequalities and unequal distribution of economic growth across regions and between women and men in the UK is evident since the 2008-9 financial crisis ([McSorley, 2018](#)). Over the past ten years, the UK has seen a constant household income inequality (between the richest and poorest households) of around 34.3% (from the latest [ONS figures](#) below).

**Figure 3. Income inequality over time**



Source: ONS - Household Finances Survey

One way these inequalities can be addressed is by focusing on innovation and entrepreneurial activity variations across regions, as resources for productivity and inclusive economic development ([Hatch Regeneris, 2018](#)). Whilst regional variations remain a key issue, this project specifically focuses on the added value that women's participation can bring to innovation and entrepreneurial activity, and hence, productivity. Addressing women entrepreneurs' inclusion is particularly important at this point in time: the combination of industry sector impacts, small businesses' vulnerability, the additional burden of managing family care vis-à-vis work demands has deeply impacted women during the pandemic ([GEM report, 2021](#)). Non-inclusivity in entrepreneurial activity means lost opportunities for innovation and, therefore, productivity improvements across the UK.

## ACTION

Research conducted at Lancaster University Management School and Cardiff Business School, led by Dr Lara Pecis, addresses issues of inclusivity and productivity in innovation at a three-fold level.

**Figure 4. Action levels to foster inclusive innovation**



At the entrepreneurial activity level, women and minority entrepreneurs across the NW generally find the innovation ecosystem to be challenging in terms of diversity and inclusion. The research highlights that there is a mismatch between entrepreneurial ideas (mostly from women and minority entrepreneurs) and the innovation hub strategic priorities, which in turn derive from policy interests. Women entrepreneurs that we interviewed felt their views were not always represented in decision-making and that this resulted in feeling marginalised and disconnected from influential groups.

At the organisational level, innovation hubs specifically addressing women's needs as entrepreneurs are spearheaded by specific organisations (e.g., [The Growing Club](#) and [The Women's Organisation](#)). These organisations take a holistic approach to the services they provide, including support for personal development and business planning for women at all stages of business and entrepreneurship. The services and connections they provide are perceived by their users to empower and build confidence in themselves, hence supporting the inclusion of women and their entrepreneurial activity within the regional business landscape. Whilst their work is key to inclusion, these organisations face continuous challenges in accessing and receiving public funding that help them support promising innovative businesses and help them grow.

At the policy level, the bias towards what is considered innovation, with the dominance of the technical over social innovation from broader policy perspectives moves funding away from alternative (e.g., social) innovation projects, often associated to the work of women. Although community enterprises provide employment and on-the-job training, thus tackling productivity and employment gaps, the funding landscape for these enterprises remains scattered in the NW.

## RECOMMENDATIONS

With ideas of innovation being so closely associated to highly technical outputs and practices at both political and funders' levels, the benefits derived from training, employing and harnessing the abilities of women and minority entrepreneurs remain untapped. Fostering and funding alternative forms of innovation (e.g., social innovation) can create avenues for developing local talent and retain the younger generation in local jobs. In turn, this can help reduce unemployment, increase social cohesion and contribute to increased productivity in the NW. Overall, this research provides the following policy recommendations:

- Involvement of innovation hubs, who have direct contact with their local communities, in discussions around the innovation ecosystem and communities and their health and welfare is key;
- More support to services that address specific population's needs (e.g., women-based services, among others) is needed;
- Fostering and strengthening university partnerships with hubs can promote evidence-based policymaking and identification of strengths and weaknesses of an innovation ecosystem across regions in the UK;
- Enable collaboration among different partners for a shared agenda (e.g. for provision of skills training) to create concerted objectives and aims for enhancing regional productivity and inclusion in the innovation ecosystem.
- the need to showcase what the organisation is doing well, in addition to changes that need to be made.

Overall, this case study connects with evidence from the Gender Matters project and highlights the struggles of women's participation to the labour market, especially in relation to the innovation ecosystem.

Case Study:

# INCLUSIVE INNOVATION

## Tackling Gender Equality challenges in UK Business and Management Schools

This summary case was prepared by Dr Lara Pecis for the Gender Matters project. The Gender Matters project aims to provide an overview over time of the scope and range of gender challenges facing UK organisations and to stimulate discussion and action with organisations and policymakers. The 2022 -2023 Gender Matters research project is led by the Academy for Gender Work and Leadership, Lancaster University Management School in partnership with the Work Foundation and the equality charity Diversity UK and funded by UKRI ESRC Impact Acceleration Account.

