



Entrepreneurship Policy and Practice Insights

Volume 2

Issue 4

Pages 1-5

31 August 2024

Phoenix from the Flames? Promoting Entrepreneurship to support the Economic Development of Neath Port Talbot

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Funding and Acknowledgement

The research for this Insight was conducted as part of a Wales Innovation Network funded project.



Executive summary

Tata Steel's 2024 decision to close the blast furnaces in Port Talbot in Wales (Pfeifer and Pickard, 2024), mean that 2,800 of the current workforce may lose their jobs during the proposed transition to Arc-furnace generated steel production, with huge deleterious impacts on the local and regional economy. In times of such workforce restructuring and potential layoffs, fostering a spirit of entrepreneurship can mitigate adverse impacts on individuals and contribute to the broader economic revitalisation of the region, via start-up activity. Because this process is often difficult in localities experiencing industrial decline (Gherhes, et al., 2020), this brief delves into strategies for equipping the workforce with entrepreneurial skills and identifying potential government initiatives to support those willing to embark on entrepreneurial ventures post-layoff.

Background

Changes to Tata's steel making at Port Talbot (from traditional blast furnaces to an electric arc furnace) will cause major disruption within Neath-Port-Talbot's (NPT) economy and surrounding regions. In addition to 2800 directly displaced, skilled, Tata workers, the wider area's economic fabric will experience profound dislocation due to the knock-on effects through both the supply chains of tata itself and also the loss of £200m+ in spending in the local economy, including higher risk of business failures (Lewis, 2024). Conversely, there is also opportunity to develop novel solutions based on Green Transition via the Celtic freeport (BBC, 2024), and Regional Industrial Strategy research at intersections of Entrepreneurship; Innovation; Knowledge Transfer; Supply Chain Management; Skills Development; and Economic Resilience, contributing to the area's economic and social resilience and regeneration, with Pan-Wales and, through further UK/International Grants, National and International relevance and impact.

To help address the challenges posed by the restructuring of Tata Steel in Port Talbot, a focus on entrepreneurial capacity building (in terms of education, training, mentoring and access to resources) for the affected staff (and their families) will assist those wishing to start their own businesses, and consequently the broader economy (Gomez et al, 2023) This will require, however, a co-creation approach (Frenken et al, 2023) both with the steelworkers themselves, and the wider ecosystem, to create interventions aimed to empower individuals to harness their skills and expertise in establishing independent businesses. Additionally, exploring potential collaborations with the government to ascertain the feasibility of support mechanisms for those venturing into entrepreneurship are also required.

Through a number of workshops (with workers and stakeholders) the study therefore provides a needs assessment to identify specific skills, knowledge, and resources required for successful entrepreneurship in the context of Port Talbot's economic terrain, informing the design of tailored training programs. By focusing on entrepreneurial capacity building and fostering collaboration with the government, proposed actions to transform the challenges posed by the Tata Steel layoffs into opportunities for economic rejuvenation in Port Talbot. Through targeted skill development, incubation support, and strategic governmental collaboration, we aspire to empower the affected



workforce to not only weather the current economic uncertainties but also emerge as resilient entrepreneurs contributing to the region's sustained growth.

Discussion of key findings and conclusions

Despite the workshop being poorly attended by employees and contractors, the attendance of NPT employability staff, an Entrepreneur in Residence and Swansea university staff involved with relevant training courses such as Help to Grow, as well as from Cardiff University, allowed an in-depth focus group on issues and options, generating data that allowed us to explore the research brief. The low attendance by Tata steel workers was itself identified as a trend by NPT staff, given the uncertainty (at the time) over when and how the Tata decisions would be made. This, it was identified, by the focus group attendees, to have then led to limited support for the workshop from Tata and the Unions, and a “wait and see” mentality from Tata staff, many of whom were hopeful of being able to retain employment in Tata, albeit in different roles, leading to the lack of engagement. The retraining activities that were taking place were identified by the attending employees / contractors as giving employees a range of skills that could lead to alternative job opportunities (particularly in construction). They also identified, however, a lack of training identified around start-up, small business and entrepreneurship activities, and a further need to provide practical experience for those who wished to start their own businesses.

At the second workshop, stakeholders attended from government at UK, Welsh and local levels, Higher and Further Education, and Business Support organisations. The key issues identified from these stakeholders included: the need for better Communication mechanisms; the need for more Sharing of information; among stakeholders; the need for Terminology-Translation; the need for Diagnostics; the need for Transferable qualifications; the need to measure and validate Equivalent prior Learning; the need to ensure Gateway skills (e.g. use of internet); the need for all affected to have access to good Financial planning advice; the need to rise to the Challenge, by ensuring Resources are available when projects are Mobilised, and that the Capacity exists by Linking stakeholders and building Flexibility into the process.

In conclusion, whilst an overarching strategy has been put into place, there is a need for better connections between the stakeholders. However, there were also areas that seemed to be missing, specifically: a Bridge between the overarching leadership of the transition board setting the broad policy agendas and the stakeholders who will need to deliver the actual policies and implement the policy processes; Sufficient Sharing of information and resources between the stakeholders; Apart from the freeport (focused on renewable energy), discussion of Demand (FDI, university and council procurement); wider geographical appreciation of the impacts of the changes at Tata steel; a longer term vision of regional industrial strategy and what the region would ideally look like.

Policy and practice recommendations

The initial policy and practice recommendations that flowed from this initial set of workshops were as follows:



- First the creation of one or more “community interest incubator companies” would help organise initial opportunities for real world work, alongside training in start-up and small business management.
- Second, a “whole family” approach was also recommended, especially given the potential need for more than one person to be working to generate the income previously generated by Tata employment, as well as the potential for a division of labour in a small business between customer-facing and back-office management roles.
- Third, a bridge between the overarching leadership of the transition board setting the broad policy agendas and the stakeholders who will need to deliver the actual policies and implement the policy processes is required, to establish a better system for the sharing of information and resources between the stakeholders.
- Finally, there is a clear need to develop a policy identifying ways to lever increased demand for more local production from large organisations such as multinationals, university, and councils, through their procurement activities.

In the longer term, the need to redevelop the NPT economy should be seen as part of a longer term, practical and achievable vision of regional industrial strategy and what the region as a whole would ideally look like. This is probably best achieved by using the existing Swansea Bay city region frameworks. In this way, the opportunities offered by the city region and the Celtic Freeport, can be utilised in a more holistic, networked ecosystem approach, to help deal with what is undoubtedly a major shock to the economy, bot just of Neath Port Talbot, but to Wales, and beyond.



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