UNIVERSITY OF STRATHCLYDE
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"THE FORMULATION OF ENTERPRISE POLICY IN THE UK: AN INSTITUTIONAL THEORETICAL PERSPECTIVE"

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ABBREVIATIONS

BERR   Department for Business, Enterprise and Regulatory Reform

BIS   Department for Business, Innovation and Skills

BSSP   Business Support Simplification Programme

CS   Civil Servant

DTI   Department of Trade and Industry

EAS   Enterprise Allowance Scheme

EMBTF   Ethnic Minority Business Task Force

GDP   Gross Domestic Product

GVA   Gross Value Added

LEGI   Local Enterprise Growth Initiative

PM   Policy-maker

RES   Regional Economic Strategy

RDA   Regional Development Agency

SBS   Small Business Services

SFLG   Small Firms Loan Guarantee

SME   Small and Medium-Sized Enterprise

WETF   Women's Enterprise Task Force

ABSTRACT

Small and Medium Enterprises play an important role in the contribution to economic growth and the employment levels of a country. The UK government has acknowledged this phenomenon and has concentrated efforts on creating an entrepreneurial economy with the use of enterprise policy. However, existing research in this area has argued that there is insufficient evidence to justify the importance placed on enterprise policy by government. Critics have suggested that the ineffectiveness of enterprise policy may be attributable to piecemeal policy-making, where a focus on specific initiatives has led over time to a reduction in the overall coherence of enterprise policy. Using an institutional theoretical perspective, this study explores how enterprise policy is formulated and implemented, and how enterprise policy is perceived and experienced by its users, taking female entrepreneurs as a case study.

The empirical findings drew upon data obtained from the interviews with several different key groups, senior policy-makers, Regional Development Agency staff, local enterprise agencies and female entrepreneurs and from undertaking ethnography as a participant observer for three months within a government department. Three substantive findings arose. The first finding highlighted that enterprise policy is formulated in an ad hoc manner, and is preceded by a departmental model only known to those within the governmental department. Superficial announcements and interests of ministers and civil servants were often given primary importance, with little regard to the overall content and feasibility of these policies. The second finding revealed that the implementation of enterprise policy had no formal structures for building relationships with key players to deliver the initiatives arising from the policy; measurement and evaluation of enterprise policy was of little value and the delivery of business support was an afterthought. The third finding was that enterprise policy was virtually non-existent in influencing female entrepreneurs when deciding to set up or in growing their business.

CHAPTER 1

INTRODUCTION

1.1   Introduction

There is an emerging view that enterprise policy is a mechanism capable of driving economic growth, increasing employment levels and achieving international competitiveness in the global market (Audretsch & Beckmann, 2007). In the last 30 years, numerous policy instruments have been introduced in the UK with the broad intention of creating an 'entrepreneurial society'. UK enterprise policy has largely focussed on promoting business start-ups and encouraging the growth of established businesses, and it has been estimated that the wide variety of policy initiatives has cost £12 billion over the last decade (Richard, 2007). However, a review of these policy interventions suggests that there has been little improvement in business start-up rates (Huggins & Williams, 2009). Critics have suggested that the ineffectiveness of enterprise policy may be attributable to the way in which policy is developed and its piecemeal implementation. It has been argued that the consistency of strategic enterprise policy has been diluted over time by a lack of clarity over which specific objective these initiatives are designed to address (Storey, 2005). Although previous studies have focussed on the different enterprise policies administered to small and medium enterprises (SMEs) (Lundstrom & Stevenson, 2005), explaining why such policies are important (Bennett, 2008), and measuring and evaluating these policies (Storey, 2000), no previous study has yet opened up the 'black box' to understand how enterprise policy is both formulated and implemented within the policy process[1].

Figure 1.1 highlights the conceptualisation of the policy process. The shaded areas draw attention to the scope of this research. While previous studies have focused on

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[1]The public policy-making process can be seen as a "set of processes, including at least (1) the setting of an agenda, (2) the specification of alternatives from which a choice is to be made, (3) an authoritative choice among those specified alternatives…and (4) the implementation of a decision" (Kingdon, 1984, p. 3).

public-facing aspects of policy (Stages 1 and 4), this thesis extends prior research by exploring the hidden process of policy formulation and implementation by seeking out actors within the formal institution (ministers, civil servant, policy-makers) and those within Regional Development Agencies (RDA) and local enterprise agencies (Stages 2 and 3), who are often not easily accessible. Institutional theory highlights the formal political institution and its actors who serve a critical role in influencing political decisions and undertaking the enterprise policy process (Shepsle, 1979; Riker, 1982), including motivating entrepreneurs, creating market opportunities and providing supporting infrastructure (Tolbert, David & Sine, 2011).

Figure 1.1: Conceptualisation of the policy process
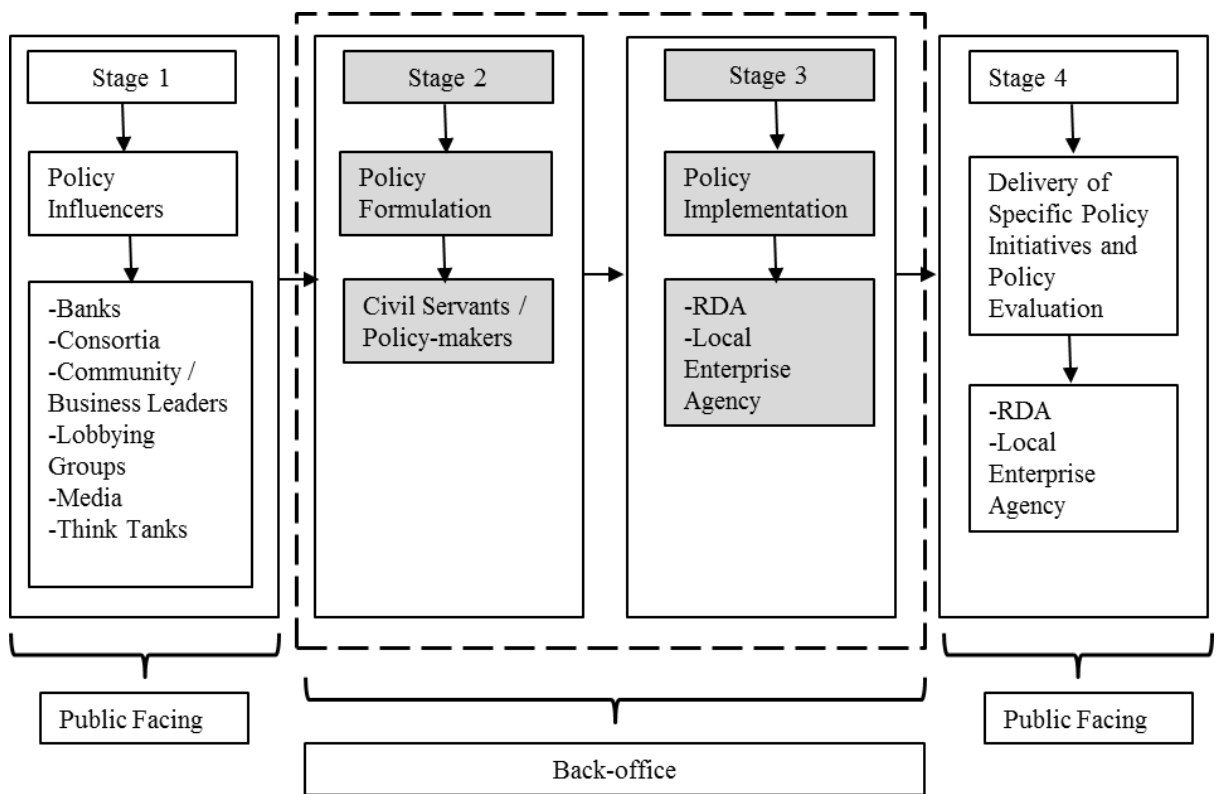
Key: Study focusses on areas identified by shaded boxes.

As highlighted in Figure 1.1, the starting point at Stage 2 involves the civil servants and the policy-makers within the Department for Business, Innovation and Skills (BIS) who allocate the resources for enterprise policy (Smith, 1999; Boettke &

Coyne, 2006). The government is the formal political institution because it is responsible for setting up and enforcing 'the rules of the game' (Fogel, 2005). The government has a crucial role in setting directions for economic development (Parker, 2008), even if non-governmental bodies, regional and local communities, lobbying groups and the business sector are involved in both target setting and implementation of the policies, they will be only to a lesser degree (Cornett, 2009; Fimreite & Laegreid, 2009). At Stage 2 the institution and its actors have power to determine economic performance, in so far as they shape the behaviour of individuals because laws, customs and established patterns are ascribed by them (Bell, 2010), and are more readily identifiable (at least under most definitions of the term) so that they comprise a useful point at which to begin the analysis (Peters, 2000).

Populist concerns about policy effectiveness have been matched by academic criticism which has focused on the visible and tangible elements of enterprise policy, including aims, delivery, evaluation, effectiveness and delivery mechanisms (Storey 2000; Mole, 2002; Robson & Bennett, 2000; Bennett, Robson & Bratton, 2001; Hanley & O'Gorman, 2004; Lenihan, Hart & Roper 2005; Bennett 2008; Huggins & Williams, 2009, 2011). Despite the growing importance of SMEs to the economy and the popularity of enterprise policy to meet current economic and social challenges, a constant complaint has been the perceived fragmented approach taken to policy-making, resulting in a lack of coherence (Stanworth & Gray, 1991; Storey, 2005). Over the years, numerous policy prescriptions have been produced listing what should be done to produce higher levels of entrepreneurial activity. However, limited knowledge exists about how enterprise policy is constructed, what policies characterise its make-up and how policy-makers make decisions about the combination of these policies (Lundstrom & Stevenson, 2005). These concerns do not acknowledge or address the underlying problem as to why enterprise policy is ineffective, considering that vast sums of public money devoted to fulfilling the government's vision to make the UK the most enterprising economy in the world (BERR, 2008a). Consequently, this study also explores how enterprise policy is broadly implemented, as outlined in Stage 3 of Figure 1.1.

The thesis focusses attention on the 'back-office' processes and actors implementing policy, highlighting why so many enterprise policy initiatives have proven to be ineffective. Patton, Marlow, Ram and Sanghera (2003, p. 823) suggest that it is important to "place more emphasis upon the process by which policy is developed and implemented rather than focussing entirely upon outcomes." Hence, the thesis stops short of evaluating the effectiveness of the delivery of specific enterprise policy initiatives by practitioners. By concentrating attention on the formulation and implementation of enterprise policy, the study attempts to bring greater transparency to the delivery of enterprise policy initiatives, since the positive effects of entrepreneurship will depend on its institutional arrangements and the social payoff structure (Baumol, 1990).

1.2   Research Purpose and Rationale

In recent years, the academic and policy literature has contributed to a more profound understanding of entrepreneurship. Over the last 30 years, the importance of entrepreneurship to employment, innovation, productivity and income growth has led increasing numbers of researchers investigating and contributing to the field (Shane, 1996, 2008; Blackburn & Smallbone, 2008). Not only has it caught the attention of researchers but public policy has looked to entrepreneurship to spawn economic growth, create jobs and to generate economic development (Audretsch & Beckmann, 2007). However, very little has been written on understanding enterprise policy processes with respect to entrepreneurship; although it has been argued that policy-making in this field is complex and messy (Lundstrom & Stevenson, 2005). Extant entrepreneurship literature has widely acknowledged that enterprise policy towards small firms has been mainly concerned with two issues: creation of employment and problems in obtaining access to finance (Storey, 1994). Although these concerns have been acknowledged, little has been done to effectively address them. Existing policy-making literature argues that:

"For most policy-making institutions, the relationship between information and policy formulation is not a strong and direct one but tends to be weak and proximate" (Linder & Peters, 1990, p. 67).

The relationship between the theory and practice of enterprise policy has been shown to lack explicitness, and therefore merits exploration where "of all the stages in the traditional process model of policy-making, formulation has received the least analytical treatment, although probably more than its share of descriptive study, and is arguably therefore the least well understood" (Linder & Peters, 1990, p. 61). This has led to a renewed interest in the potential of policy-making to meet new social, political and economic challenges (Burton, 2006). Enterprise policy has become one of the most popular vehicles to meet these challenges and thus warrants attention to understand how such policies are formulated.

The field of linking enterprise policies to the small business sector is new and no agreed method exists (Hoffman, 2007). The government is spending £2.5 billion per year in directly supporting businesses by providing publicly funded grants, subsidies, advice and other support services (BERR, 2008a). But there is little evidence as to how these support systems and initiatives are justified, devised, implemented, used and what benefits (if any) are achieved. By examining the formulation of enterprise policy, policy-makers, policy users, academics and stakeholders involved can then understand the linkages between individuals and the processes.

This research critically explores and examines the formulation and implementation of enterprise policy, and how one specific targeted entrepreneurial group, female entrepreneurs perceive and experience enterprise policy. In doing so, three important actors come in to play. The primary actors are the policy-makers who undertake the formulation and implementation of enterprise policy. The secondary actors are the external support agencies, specifically RDAs and local enterprise agencies, charged with delivering business support services primarily to the SMEs, with the aim of increasing start-ups and growing existing businesses. The last group in this research are the entrepreneurs themselves, who are supposedly the beneficiaries of enterprise

policy. Drawing on these actors and their perspectives to inform this research, the study sought to address the following research questions in relation to enterprise policy:

1. To what extent is the formulation of enterprise policy subject to pressures from the external environment and from the actors involved in the process?

2. How is enterprise policy implemented and what contributing factors lead to its success or failure?

3. How is enterprise policy perceived and experienced by the users?

It should also be acknowledged that at the time of data collection the better regulation agenda was an important issue in the mind of the government. The better regulation agenda has seen a plethora of committees, White Papers and initiatives spring up over the years. For example, regulation was highlighted as an enabler in '*Enterprise: Unlocking the UK's Talent*' (2008a). With regulation, there was also culture of enterprise, knowledge and skills, access to finance and business innovation enablers, which were highlighted in the government's vision in developing policies to promote the enablers of enterprise. Also, the Hampton Review (BIS, 2005) considered how to reduce administrative burdens on business without compromising the UK's regulatory outcomes. In recent times, the Coalition government created a 'one-in-one-out regulation' system and is consulting on how to transform regulatory enforcement (BIS, 2011b). Regulation and creating 'better regulation' therefore is one of several key policy objectives of the UK government and has in the past been one of the seven key strategic themes which dominated small business policy (Anyadike-Danes, Athayde, Blackburn, Hart, Kitching, Smallbone & Wilson, 2008). However, the intention of this thesis is not to highlight any particular theme or enabler of enterprise policy but to understand how enterprise policy is formulated and therefore onus is not placed on the better regulation agenda in the realms of policy-making in this thesis.

1.3   Theoretical Perspective: Institutional Theory

Institutional theory is used as the theoretical framework for this research. It describes the processes by which structures, schemas, rules, norms and routines become embedded in society (Scott, 2004). Although in the field of entrepreneurship institutional theory is more commonly used to explain entrepreneurial behaviour, institutional theory argues that we should not only know more about institutions, their role in economic development, and how they change, but also how a great number of actors with divergent interests, varying normative commitments, different powers, and limited cognition create and recreate institutions (Streeck & Thelen, 2005). Institutional theory demonstrates that power with which institutional pressures can influence organisation processes and practices can vary over time, given the particular set of actors in place and their strategic responses to institutional pressure for change (Carpenter and Feroz, 2001). By drawing on institutional theory, it questions how such processes are created, diffused, adopted and adapted to fit within the policy process. Institutional theory permits linkages to be made in acknowledging the relationship between the macro and micro-levels of the study. As such introduces institutional entrepreneurs (who possibly may be politicians, policy-makers and other civic activists) who are engaged in various national and regional development efforts which is a relatively neglected issue (Sotarauta & Pulkkinen, 2011).

At the macro-level, institutional dynamics gather pace to explain the changes occurring within institutions and at the micro-level explain how these changes are perceived and experienced directly by individuals such as entrepreneurs. Within the entrepreneurship literature, there has been an emphasis in explaining behaviours at the micro-level and little, if any discussion of behaviours and processes at the macro-level. The relevance of institutional theory is particularly notable in the context of understanding the impact of internal and external influences on organisations that are engaged in various change programmes, for example, policy processes (Vishanth, Yogesh & Zahir, 2009). Therefore, an institutional approach allows the research to open up the 'black box' without having to add on layers of complexity to keep explaining things at an individual level (Linder & Peters, 1990).

1.4   Setting the Scene: Enterprise Policy

It is important to define the term 'policy' to understand the context within this research. As with many other concepts in social sciences the term 'policy' has changed over the years (Sapru, 2010). Hogwood and Gunn (1984) specify ten different uses of the term policy which have been applied in recent times; a label for a field of activity; an expression of general purpose or a desired state of affair; specific proposals; decision of government; for formal authorisation; for a programme; as output; an outcome; a theory or model; and finally as a process. Easton (1957, p. 384) defines policy as an "authoritative of allocations of values for the whole society", regarding policy as an idealistic output of the political system. Friedrich (1963, p. 79) understood policy as "a proposed course of action of a person, a group, or a government within a given environment providing obstacles and opportunities which the policy proposed to utilize and overcome in an effort to reach a goal or realize an objective or purpose." In other words, policy is what the government says and does about perceived problems and "policy making is how the government decides what will be done about perceived problems. Policy making is a process of interaction among governmental and nongovernmental actors; policy is the outcome of that interaction" (Ripley & Franklin, 1987, p.1). For the purpose of this research, more simply put policy is "an attempt to define and structure a rational basis for action or inaction" (Parsons, 1995, p.14). These policies are formulated by 'authorities' who "engage in daily affairs of a political system" (Easton, 1965b, p. 212).

Defining the concept of policy allows this research to move forward with enterprise policy. Enterprise policy has become the favoured choice of governmental policy employed to combat social and economic challenges. However, discussions have avoided in-depth definitions of enterprise policy with the exception of Lundstrom and Stevenson (2005) who define entrepreneurship and SME policy. Governments are often faced with the dilemma of whether to concentrate on the creation of new enterprises and thus, develop entrepreneurship policy (Nolan, 2003), or to concentrate their efforts on existing firms and implement SME policy. This study

includes both entrepreneurship policy and SME policy under the umbrella of enterprise policy. Both entrepreneurship and SME policy aim to improve business performance and growth (Audretsch & Beckmann, 2007). Governments are ambiguous in their usage of policy terms; terms like enterprise, entrepreneurship and small business are used interchangeably but this research refers to 'enterprise policy' based on the BIS use in the White Paper *Enterprise: Unlocking the UK's Talent* (2008a) and the UK's predominant usage of the term to encapsulate both entrepreneurship and SME policy.

Since the mid-1990s, policy-makers around the world have increasingly recognised the importance of entrepreneurship with statements indicating a commitment to increasing entrepreneurship, or at the very least to improving the entrepreneurial environment (Hart, 2003; Lundstrom & Stevenson, 2005; OECD, 2007). With respect to these statements, it has been argued that new firm formation rates can increase and small business growth can be facilitated by such policies (Audretsch, Grilo, & Thurik, 2007). This has led governments to focus on improving the interaction of government with SMEs in terms of regulations, administrative procedures and taxation, and the direct provision of various forms of business support (Commission of European Communities, 2001; Lambrecht & Pirnay, 2005; Minniti, 2008).

Over the years, government has continued to introduce numerous policy instruments in the UK to create an entrepreneurial economy. For example, the Small Firms Loan Guarantee (SFLG) has endorsed more than 100,000 loans valued at £5 billion since 1981 (BERR 2008a). Currently, financial assistance comes from the Enterprise Finance Guarantee and the Enterprise Capital Fund. Commitment towards minimising bureaucracy led to the setting up of the Better Regulation Commission, leading the regulatory reform agenda across government (Carter, Mason, & Tagg, 2009). More recently, with the economic recession taking its toll on the economy, StartUpBritain has been launched to deliver support and advice to entrepreneurs and enterprises. The growth in the number of initiatives has been matched by an escalation in the cost of provision. However, over a ten-year period regardless of the

policy instruments available, there has been little improvement in business start-up rates (Huggins & Williams, 2009).

Since enterprise policy has only recently become the subject of much discussion in the policy domain, it is not surprising that efforts to measure impacts and identify appropriate performance indicators have not thus far been well developed. Although evaluation of the impact of public policies has been somewhat shaky, monitoring, and measuring of enterprise policy initiatives has remained poor, its objectives unclear and distorted, its aims hard to pin down and the literature on policy design or formulation also somewhat disconnected (Fischer, Miller, & Sidney, 2006). This has not deterred policy-makers in facilitating or encouraging the growth of entrepreneurship because, they argue, it creates both economic and non-economic value (Sheikh & Steiber, 2002). In understanding the formulation process, specific objectives will become clear, leading to an effective execution of the policy initiatives whilst embedding monitoring and evaluations in the process, in turn raising awareness of accountability issues to refine the policy process if necessary.

However, it is important to note that at the time of carrying out this study the Labour government was in power and recently with a change of government, the Coalition government, the Conservative Party with the Liberal Democrats is now in office and there have been changes to the overall enterprise agenda. Regardless of the changes, both governments acknowledge the importance of enterprise to the economy and this study is still relevant in the context that enterprise policy is seen as integral to the UK's economy whether it be through the publication of Labour's '*Enterprise: Unlocking the UK's Talent*' (BERR, 2008a) or the Coalition government's publication '*Bigger, Better Business: Helping small firms start, grow and prosper*' (BIS, 2011a).

1.5   The Context: Female Entrepreneurs

Often enterprise policy discussions are at a macro-level indicating that enterprise policy at a micro-level has little impact on the entrepreneurial economy (Bennett,

2008; Mole, Hart, Roper, & Saal, 2008). A consensus has been established that macro-micro linkages are necessary for effective policy design. This includes understanding how people organise themselves, what their needs are, how policies will impact on populations, and what linkages are required (Harper, 1997). It is a complex task which requires policy-makers (at a macro-level) to work with SMEs (at a micro-level) in the enterprise policy formulation process, identifying important variables such as policy linkages and potentially any unforeseen impacts. It can also challenge assumptions about how policies will work, what policies are needed, and how societies are constructed.

At the micro-level the decision to concentrate on female entrepreneurs as a case study for this research was influenced by the fact that in many countries female entrepreneurs have come to the attention of policy-makers because they are still founding fewer businesses than men (Neergaard & Thrane, 2011). In the UK in 1999, there were 1.1 million self-employed females, a figure that has remained unchanged since then (Labour Force Survey[2] (LFS) Annualised, July 2009 – June 10)[3]. Studies have also shown that the number of women involved in starting their own businesses is lower than men (Delmar & Davidsson, 2000; Minniti, Arenius, & Langowitz, 2005), with almost twice as many men as women becoming entrepreneurs (Acs, Arenius, Hay, & Minniti, 2005). Accordingly, many policy-makers and practitioners view female entrepreneurs as a 'special group' worthy of research and policy attention (Westhead, 2003), concerned with identifying whether obstacles exist for female entrepreneurs, and if so, how these obstacles can be removed (Menzies, Diochon, & Gasse, 2004). Due to the disparity of female and male entrepreneurs there has been an increasing emphasis in recent years on

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[2] The most recent figures for self-employment were taken from the Labour Force Survey, which is a quarterly sample survey of households living in private addresses in the UK. Its purpose is to provide information on the UK labour market that can be used to develop, manage, evaluate and report on labour market policies. The questionnaire design, sample selection, and interviewing are carried out by the Social and Vital Statistics Division of the Office of National Statistics.

[3] It should be noted that LFS only provides information on self-employment and not SME ownership which can cause problems when trying to present a more detailed picture of women in business in the UK, thus the data must be treated with caution. It does however remain the most robust source of data on female self-employment in the UK (Carter, Anderson, & Shaw, 2001).

directing enterprise policy towards female entrepreneurs. For example, in 2004, the then Chancellor of the Exchequer Gordon Brown stated: "The key factor in increasing the UK's business start-up rates is getting more women to start their own business" (One North East Regional Development Agency, 2005). This led to the setting up of a Women's Enterprise Task Force (WETF) in 2005. The WETF was established as a national body championing women's enterprise (until 2009), with recommendations being presented to the government in November 2009 in the form of a report, '*Greater Return on Women's Enterprise*' (WETF, 2009). However, to date there has been no significant investment to implement any of the recommendations from the report and the likelihood of any investment has been reduced with the Coalition government now in office.

In light of this there is clearly a need to examine the issue of gender and business policy (Robson, Jack, & Freel, 2008). This thesis explores whether female entrepreneurs make use of enterprise policy initiatives, their perceptions and experiences and, whether this increases the quality and quantity of female entrepreneurs in the UK.

1.6   Research Approach and Methods Adopted

This research uses qualitative methods, and comprises 34 individual in-depth, semi-structured interviews with senior policy-makers, RDA staff, local agencies and female entrepreneurs. Ethnography (participant observation and interviews) was also undertaken, by working for three months as a civil servant within a government department. This approach to research in enterprise and entrepreneurship was favoured to generate "fine-grain" understanding of the phenomenon and provided an insight into how these phenomena play out within and through complex social dynamics and specific organisational contexts (Lechner & Dowling, 2003). These methods also uncovered the meanings people give to their experiences through their own perspectives (Denzin & Lincoln, 2000).

1.7   Conceptual Framework

Figure 1.2 illustrates the research by outlining the key concepts of the theoretical lens of institutional theory (legitimacy, environment, actors and institutionalisation) and encompassing the policy process (formulation, implementation and perceptions and experiences) within the framework. The conceptual framework guides and informs this research, it explicitly links each chapter with the relevant theoretical concepts, assumptions and beliefs of the enterprise policy process. Each chapter then relates back to the conceptual framework, justifying the research and explicitly highlighting key elements at the macro and micro-levels.

Figure 1.2: Conceptual framework and the key concepts

| Chapter 2 | → | Legitimacy | → | Environment | → | Actors | → | Institutionalisation |

Chapter 3 →

Formulation →
Environment
-Political
-Social
-Cultural
-Economic
→
Actors
-Government
-Regional Development Agencies
-Local Enterprise Agencies
→ Laws/Regulations → **Chapter 6**

Chapter 3 →

Implementation →
Resources
Financial
→
Delivery Bodies
-Government
-Regional Development Agencies
-Local Enterprise Agencies
→
Delivery of business support
→ **Chapter 7**

Chapter 4 →

Perceptions and Experience →
Consequences
Availability of and access to resources
→
Selected entrepreneurial group
→ Perceived effects → **Chapter 8**

1.8   Overview of Subsequent Chapters

The structure of this thesis mirrors the process that was undertaken. An overview of the remaining chapters is outlined below:

Chapter 2: An Institutional Theoretical Perspective of the Enterprise Policy Process

Chapter two introduces institutional theory as an important theoretical framework for this research, identifying links between the state (an institution) and its entrepreneurial community. An institutional perspective on policy formulation, as argued by Linder and Peters (1990, p. 61), "permits us to reconsider the role of information in the formulation process and to offer a richer conception of the institutional dynamics involved." This chapter examines the theoretical lens behind the process of enterprise policy (macro-level) and the individuals involved (micro-level) by depicting four concepts (legitimacy, environmental factors, actors and institutionalisation) to illustrate the actions, decisions and relationships of those involved in the phenomenon. The discussion explores the institutional approaches to policy-making and argues that enterprise policy is not only tailored to the institutional context but is also strongly linked with the actors within the institutional context, an area that to date has been undervalued within institutional theory.

Chapter 3: Setting the Scene of Enterprise Policy

Chapter three summarises the extant literature on enterprise policy and discusses six fundamental questions identified by Audretsch et al., (2007)[4]:

- What is enterprise policy?
- What is the economic rationale for undertaking enterprise policy?
- Why has enterprise policy become so important?
- What are the main instruments of enterprise policy?
- Who implements enterprise policy?

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[4] The questions identified by Audretsch et al. (2007) reflect their framework with respect to entrepreneurship policy; the questions have been adapted for this thesis.

- What is the impact of enterprise policy and how should it be assessed?

The chapter highlights the importance of opening up the 'black box' as those inside the 'black box' are often said to create and shape the policy agenda and to promote influential ideas rather than merely responding to them (Dorey, 2005). The questions frame the context within which enterprise policy exists and include an in-depth literature review and critique of enterprise policy.

Chapter 4: Female Entrepreneurship and Enterprise Policy

Chapter four gives an insight into the existing literature on female entrepreneurship. The main themes of this chapter are their profile, the reasons why they choose entrepreneurship as a career, and the barriers they face (access to finance, lack of networking and social and cultural barriers). This sets the context for enterprise policy whilst examining and addressing the relative lack of female entrepreneurs in the economy. It further discusses whether female entrepreneurs should have separate policies devoted to them, and whether these policies contribute to the quality and quantity of female entrepreneurs.

Chapter 5: Research Methodology

Chapter five sets out the methodology of the thesis, which involves exploring and structuring the research process, connecting all aspects of the inquiry (e.g. problem definition, purpose, literature review, methodology, data collection and analysis) to give rationality to the empirical research (Shields & Tajalli, 2006). This chapter introduces the research paradigm by discussing the research questions and exploring them in the context of enterprise policy. It continues by presenting the most appropriate research paradigm and justifying the philosophical assumptions underpinning the research. At a more practical level, it illustrates the research design, including a description of the sampling framework. The chapter progresses by describing the fieldwork strategies employed to collect the primary data and explaining how the data was analysed and interpreted. The chapter concludes with some thoughts on ethical considerations, the validity and reliability of the research, limitations of the study and finally the reflexivity of the researcher.

Chapter 6: The Formulation of Enterprise Policy

The first of three findings chapters, Chapter six draws both on the participant observation and interviews with the policy-makers. From the evidence gathered it focuses on two findings central to answering the primary question. The first finding illustrates how policy-makers perceive the formulation of enterprise policy within their department. They describe a formal procedure, involving the ROAMEF (Rationale, Objectives, Appraisal, Monitoring, Evaluation and Feedback) cycle, which, they argue, is a crucial mechanism in the formulation process. In contrast to this, the second finding demonstrates how enterprise policy is actually formulated and shows that the prescribed approach to policy formulation is rarely followed, and that policy formulation is unduly influenced by factors that are both less rational and less predictable than initially thought. Such factors include the importance given to announcements and the emphasis placed on media exposure and personal gain. For ministers, this may include votes and positive publicity and for civil servants this may be in the form of promotion. The inconsistent and incoherent process of formulating enterprise policy is highlighted through the disparity between the idealistic approach to policy-making and the reality of policy-making.

It is also important to specify the reporting nature of Chapter six which is written in the first person, to allow for the subjectivity and implications of such an approach to be recognised.

Chapter 7: The Implementation of Enterprise Policy

Chapter seven discusses the findings from the interviews carried out with the policy-makers, RDA staff and the local enterprise agencies. The emphasis is on the actors in the implementation process of enterprise policy. This chapter is concerned with understanding the structures in place for delivering policy instruments and the relationships between the various groups involved. The findings indicate that the government is as ambiguous in implementing enterprise policy as it is in formulating it. The relationships between national, regional and local actors are fragmented and laden with power dynamics, measuring and evaluating the impacts of enterprise

policy is virtually non-existent with business support and advice not at the fore of delivery.

Chapter 8: Users Perceptions and Experiences of Enterprise Policy

Chapter eight gives an insight into the lives of the female entrepreneurs who were interviewed, gauging their perceptions, experiences and opinions of enterprise policy. The findings from the female entrepreneurs highlight that with respect to enterprise policy there is little focus on the quality of support being delivered. In addition, the majority of the women interviewed argue enterprise policy and its initiatives are of little use to them, and they did not require separate support for themselves. Also the barriers highlighted in the extant literature were either overcome by the women or they did not experience such obstacles.

Chapter 9: Conclusion

The concluding chapter brings together the various strands in the thesis by summarising the main findings. The findings indicate that enterprise policy is of little importance to policy-makers, delivery agencies and to policy users themselves. There is no agreed formal structure for the formulation and implementation of enterprise policy nor is there any evidence-based criterion to monitor and meet the needs of the entrepreneurial economy. The recurring theme throughout the findings is that key actors actuate policy in a manner that allows personal rather than public gain. In discussing these findings, a critique is given as to how enterprise policy is formulated and implemented and its lack of relevance to the chosen entrepreneurial group. As a result, enterprise policy has become a chimera which lacks the conviction necessary to resolve current economic and social challenges. The chapter also discusses the theoretical and methodological contributions of this thesis, highlighting the limitations and providing recommendations for future research, finally closing with some concluding remarks.

CHAPTER 2

AN INSTITUTIONAL THEORETICAL PERSPECTIVE OF THE ENTERPRISE POLICY PROCESS

2.1   Introduction

This chapter introduces institutional theory as the theoretical lens underpinning this research. Institutional theory describes the processes by which structures, schemas, rules, norms and routines become embedded in society (Scott, 2004). The theory questions how such processes are created, diffused, adopted and adapted to fit within the formulation, implementation and with the users experiences of enterprise policy. The linkages made acknowledge the relationship between the macro and micro-levels of the study. At the macro-level, institutional dynamics gather pace to explain the changes occurring within institutions and at the micro-level explain how these changes are perceived and experienced directly by individuals such as entrepreneurs.

The conceptual framework highlighted the four concepts (legitimacy, environment, actors and institutionalisation) from institutional theory (as presented in Chapter 1) to explore the policy process with respect to the theory (Figure 2.1).

Figure 2.1: Theoretical concepts of the enterprise policy process

| Chapter 2 | → | Legitimacy | → | Environment | → | Actors | → | Institutionalisation |

Before introducing the concepts from the conceptual framework and exploring what each means to this research, this chapter discusses the importance of taking an institutional theoretical perspective. This chapter also discusses the criticisms of institutional theory and demonstrates how these criticisms are addressed within this research.

2.2   The Basic Foundations and Importance of Institutional Theory

While explanations of institutional theory can be found in many disciplines such as economics, politics, or international relations (DiMaggio & Powell, 1991a; Scott, 2001), it has only recently been proven to be particularly helpful to entrepreneurial research (Bruton, Ahlstrom, & Han-Lin, 2010). Scott (2004, p. 408) identifies institutional theory as:

> "The processes by which structures, including schemas, rules, norms and routines become established as authoritative guidelines for social behaviour. It questions how these elements are created, diffused, adopted and adapted over space and time; and how they fall into decline and disuse."

Institutional theory assumes that individuals in society follow norms derived from rules such as regulatory structures, governmental agencies, laws, courts, professions and scripts and other societal and cultural practices that exert conformance pressures (DiMaggio & Powell, 1983). By drawing on institutional theory, it can be seen that although policy formulation and behaviour are linked to wider social and cultural beliefs, these structures can change as people go about their work and as they implement policies and plans (Burch, 2007), highlighting the evolving nature of such processes.

It is important to draw attention to a central tenet of the theory, namely 'institutions': institutions are commonly defined as "rules, norms and beliefs that describe reality for the organisation, explaining what is and what is not, what can be acted upon and what cannot" (Hoffmann, 1999, p. 351). This broad concept enforces the taken-for-granted, culturally-embedded understandings which specify and justify social arrangements and behaviours, both formal and informal (Garud, Hardy, & Maguire, 2007). A more popular definition comes from North's (1990, p. 3) opening line of his seminal work '*Institutions, Institutional Change and Economic Performance*', "institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction." According to North (1990, p. 5)

"institutions affect the performance of the economy by their effect on the cost of exchanges and production." In other words, North (1990) looked at the way in which institutions reduce uncertainty by providing a safe and comprehensible means for efficient economic exchange.

Two types of institutions have been recognised; formal institutions (i.e. those that are created, e.g. from social norms, laws, constitutions) and informal institutions (i.e. those that evolve over time, e.g. from traditions, culture, taboos) (North, 1990). Institutions have power to control economic performance, by shaping the behaviour of individuals because laws, customs and established patterns are ascribed by them (Bell, 2010). These institutions exert influence through rules and regulations, normative prescriptions and social expectations (Scott, 2001). In this research, the government is an institution as it consists of the key individuals who comprise the legislature, the judiciary and the executive - all of which have substantial and unrivalled power to shape the behaviours of society via the laws, customs and patterns as discussed by Bell (2010). Government is also responsible for setting up and enforcing the 'rules of the game' and many institutional features (i.e. laws, regulations) are directly controlled by the state and hence by those who influence it (Fogel et al., 2008).

This research concentrates on formal institutions because enterprise policies are created by formal organisations (Grimm, 2006). However, acknowledgement is made where informal institutions also exert an identifiable influence on formal institutions. With respect to institutions, North (1990) argues that organisations such as firms set up by entrepreneurs will adapt their activities and strategic models to fit the opportunities and limitations provided through the formal and informal institutional frameworks. It has been argued that institutions constrain behaviour as a result of processes (Garud et al., 2007) but are "comprised of regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life" (Scott, 2008b, p. 49). Thus, institutions are social structures made up of complex combinations of symbolic elements, social activities and material resources.

Scott (2008b) postulates three institutional pillars as a framework. Table 2.1 highlights the regulative, normative and cultural-cognitive pillars.

Table 2.1: Three pillars of institutionalism

	Regulative	**Normative**	**Cultural-Cognitive**
Basis of compliance	Expedience	Social Obligation	Taken-for-granted
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules, laws and sanctions	Certification, accreditation	Common beliefs, isomorphism (identical)
Affect	Fear, guilt/innocence	Shame/honour	Certainty/confusion
Basis of legitimacy	Legally sanctioned	Morally governed	Culturally supported, conceptually correct

Source: Scott (2008b, p. 51).

Firstly, the regulative pillar is derived mostly from economics and represents a rational actor model of behaviour, based on sanctions and conformity (Bruton et al., 2010). The regulative components stem from governmental legislation and industrial agreements and standards. Regulative institutions directly relate to 'rule setting', 'monitoring' and 'sanctioning' activities in an organisation (Scott, 2001). Power, coercion and authority play an important role in the enactment of regulative institutions (Aguilera, Dencker, & Yalabik, 2006).

Secondly, the normative pillar represents models of organisational and individual behaviour based on obligatory dimensions of social, professional and organisational interaction. Normative systems are typically composed of values (i.e. what is preferred or considered proper) and norms (i.e. how things are to be done, consistent with those values) that further establish consciously followed ground rules to which people conform (Scott, 2008b). Normative institutions therefore exert influence because of a social obligation to comply, rooted in the social necessity of what an organisation or individual should be doing (March & Olsen, 1989).

Lastly, the cultural-cognitive pillar represents individual behaviour based on subjectivity and is often guided by gradually constructed rules and meanings that limit appropriate beliefs and actions. This pillar usually operates at a more individual level where culture and language are concerned (Bruton et al.; Scott, 2008b). Cultural-cognitive institutions embody:

> "Symbol-words, signs and gestures – as well as cultural rules and frameworks that guide understanding of the nature of reality and the frames through which that meaning is developed" (Hoffmann, 1999, p. 353).

An example of how these three pillars have been used in a similar field to this research is Kostova's (1999) study, which introduced the concept of a three-dimensional country institutional profile. The study explained how a government's policies (constituting a regulatory dimension), widely shared knowledge (a cognitive dimension) and value systems (a normative dimension) affect domestic business activity. By providing a three-dimensional institutional profile, it helped clarify the distinct roles that the regulatory, cognitive and normative dimension play in determining levels of entrepreneurship across countries (Busenitz, Gomez, & Spencer, 2000). Applying Kostova's (1999) three dimensional country institutional profile in explaining how government policy affects domestic business activity, will link to the meta-constructs of enterprise policy within this research. With respect to the foundations of enterprise policy[5], the development of enterprise policy requires entrepreneurial motivation, opportunity and skills to exist in a society or economy (Stevenson & Lundstrom, 2007). Numerous related variables affect the levels of entrepreneurial activity in any country. These variables are inherently influenced by the prevailing culture, set of institutional arrangements and socioeconomic environment within an entrepreneurship system that is either more or less favourable to the emergence of new entrepreneurs (Baumol, Litan, & Schramm, 2009). Table 2.2 indicates the linkages that have been made within institutional theory, specifically the pillars of institutionalism and the foundations of enterprise policy.

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[5] The foundations of enterprise policy are discussed further in Chapter 3 of this study.

Table 2.2: Variables linking with three pillars of institutionalism

Variables	Example	Pillars of Institutionalism
Barriers to entry	Levels of investment, regulations, economies of scale	Regulative
Concentration	Economies of scale, degree of competition	Regulative
Growth	Market potential, innovation	Regulative
Profits	Innovation, price and cost structure, tax structure	Regulative
Competence	Personal networks, tacit knowledge, job training	Normative
Education	Exposure to entrepreneurship education, level of education	Normative
Work experience	Work position and situation, media, team experience, number of years	Normative
Dissatisfaction	Need for independence/control, unemployment, future prospects	Normative
Role models	Proximate role models, awards, media, work position and situation	Cultural-cognitive

Source: Adapted from Stevenson and Lundstrom (2007) and Scott (2001).

With regards to this research, the regulative pillars are observed to be, for example, the barriers to entry, where BIS designs, amends, controls and instigates the rules and laws that can either hinder or support enterprise in the UK. If laws are introduced to reduce the barriers to entry e.g. financial support or relieving SMEs of regulatory burdens, this may increase the number of people starting up or growing businesses. The normative pillar highlights variables such as personal networks, tacit knowledge and job training. Thus, within enterprise, social obligations, binding expectations and appropriateness are anticipated when starting a new business. The cultural-cognitive pillar emphasises variables like the promotion of role models through the media which can inherently influence individual attitudes as to how they perceive and construct enterprise.

Thus, institutional factors have an impact on the levels of entrepreneurship a country develops, and this direct relationship is associated with a society's regulations and policies and the government allocating rewards (Baumol et al., 2009). Entrepreneurs are discouraged from starting or growing ventures if there are no formal institutional

structures in place (Bruton et al., 2010). Government policies mould institutional structures for entrepreneurial action, encouraging some activities and discouraging others (Minniti, 2008).

It can therefore be seen that institutional theory gives a useful perspective to this research as it argues that the assumptions that are taken-for-granted today did not arise because of history's supposedly efficient or inevitable course but rather they arose due to powerful vested interests in the past, and now they have become perennial features (institutions) of society that are rarely, if ever, questioned (Avgerou, 2002). Institutional theory with respect to the field of entrepreneurship highlights cultural influences on decision-making and formal structures. It holds that organisations and the individuals who are immersed in decision-making and formal structures are suspended in a web of values, norms, rules, beliefs and taken-for-granted assumptions that are least partially of their own making, where the cultural elements define the way the world should be (Barley & Tolbert, 1997). Thus, entrepreneurial success is driven by the culture, legal environment, tradition and history in an industry or sector of an economy, and economic incentives make institutional theory significant (Baumol et al., 2009). It has also been argued that for the last twenty years the micro foundations of institutional theory should be made more explicit (Powell & Colyvas, 2008). Institutional theory acknowledges the evolution of institutions, organisations and in more recent times, the actors involved, understanding how individuals locate themselves in social relations and interpret their context. Therefore by concentrating on the micro-level explanations more depth can be given to analysing explanations and critiquing macro-level events and relationships.

2.3   Concepts of Institutional Theory

By providing a link between institutions and action, institutional theory provides a bridge between the macro, structured perspectives and the more micro process approaches. Given the understanding of institutional theory, each construct from the conceptual framework intrinsically links to this research with respect to legitimacy,

the environment, the actors and institutionalisation. These concepts guide the formulation and implementation of a coherent enterprise policy. In addition, they draw attention to the users of enterprise policy in order to explore their perceptions and experiences.

Institutional theory discusses the macro-level of enterprise policy (formulation and implementation) by acknowledging the regulative and normative pillars which influence the process, but it also allows for the cultural-cognitive pillar to play an important role in understanding individuals' roles in formulating, implementing and using enterprise policy. The conceptual framework revealed four main theoretical perspectives that influenced its development; the following sections discuss each concept in turn and their importance in this research.

2.3.1   Seeking Legitimacy

The attention given to the concept of legitimacy within this research reflects the important role of seeking acceptance of the processes undertaken to present enterprise policy as legitimate. The following section discusses legitimacy and highlights it in the process of enterprise policy-making. Extant literature has emphasised legitimacy as one of the most important concepts of institutional theory:

> "Legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574).

Suchman (1995) distinguishes between two types of legitimacy, 'strategic' legitimacy and 'institutional' legitimacy. He argues that the former refers to the way organisational actors can "instrumentally manipulate and deploy evocative symbols in order to garner societal support", while the latter refers to "cultural pressures that transcend any organisation's purposive control" (Suchman, 1995, p. 572). Institutional legitimacy usually stresses conformity to societal expectations whether these are in the form of legal requirements, social norms, or cultural-cognitive frames

of reference (DiMaggio and Powell, 1983; Scott, 2001). With respect to legitimacy it has been argued that in order to promote new industry development there is a need to develop a knowledge base by creating linkages with established educational curricula (cognitive legitimacy) and to develop legitimacy by organising collective marketing and lobbying efforts (socio-political legitimacy) (Aldrich & Fiol, 1994). Not only is cognitive and socio-political legitimacy required to enhance the small business sector, but often enterprise policies are copied from other countries and replicated, so "legitimacy is obtained by imitating the success of others" (Hirsch & Lounsbury, 1997, p. 410). One way of claiming legitimacy is that a government adheres to global standards (Scott, 1992).

Institutional theory suggests that organisations make structural decisions on the basis of legitimacy rather than on efficiency. Meyer and Rowan (1977, p. 349) argue that "incorporating externally legitimated formal structures increases the commitment of internal participants and external constituents." Obtaining legitimacy has been shown to be an important issue not only for institutional frameworks but also for entrepreneurs engaged in the formation of a new organisation (Delmar and Shane, 2004). From the new institutionalism perspective, obtaining legitimacy is viewed as essential for organisational survival and performance (Meyer & Rowan, 1977).

While the legitimacy of an organisational type will strongly shape its frequency, increasing the numbers of an organisational type will constitute a force in raising its legitimacy (Aldrich & Fiol, 1994). With respect to legitimacy and the chosen entrepreneurial group of female entrepreneurs, a woman's knowledge of another entrepreneur is a strong predictor of her involvement in starting a new business (Minniti et al., 2005) and therefore links to institutional theory's widely acknowledged concept of isomorphism. It is argued by neoinstitutionalists that isomorphism is a process resulting from the interrelations between institutional contexts and the organisation (de la luz Fernandez-Alles & Valle-Cabrera, 2006). Since organisations, in certain environments, tend to model each other, through mimetic processes they generate isomorphism in the way they manage firms

(DiMaggio & Powell, 1991b). These findings suggest that institutional pressure leads organisations to adopt the same organisational form (Greenwood & Hinings, 1996).

Whilst existing literature emphasises the simplicity of formulating enterprise policy, the focus of this study is on discovering to what extent the creation of enterprise policy is subject to pressures from the environment and from the actors involved in determining the outcomes. As the conceptual framework indicates, there are three meta-constructs of enterprise policy; the formulation and implementation stages and also the user's perceptions and experiences of such policy initiatives. To demonstrate the importance of legitimacy in the process of enterprise policy as shown in the conceptual framework, institutions enforce human order by making and enforcing rules that must be complied with. These rules can be regarded as the laws created to keep order in a country or the policies delivered by these institutions to promote an economy. This is where the theoretical framework allows for institutional theory to become embedded in the process of policy-making, where there are many different models to explain the policy process; however more often than not public policy, including enterprise policy, is determined by political institutions, which gives policy legitimacy.

Through political institutions or political systems, individuals serve a critical role in influencing political decisions in a bid to improve the effectiveness of public policy (Shepsle, 1979; Riker, 1982). They perform a key role as a conversion mechanism, transforming inputs into outputs in the political system (Easton, 1965a). However, in this case, the legitimacy of their actions needs to be socially credible and accepted by the female entrepreneurs who will benefit from the policy initiatives.

To understand how the policy-making process works and seeks legitimacy, Parsons (1995) defines five main types of institutional approaches to policy analysis[6]: policy-in-stages, pluralism-elitism, sub-systems, organisational and comparative (Figure

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[6] Policy analysis can be divided into two major fields – analysis *of* policy is analytical and descriptive i.e. it attempts to explain policies and their development and analysis *for* policy is prescriptive i.e. it is involved with formulating policies and proposals (Buhrs & Bartlett, 1993).

2.2). The approaches focus on the policy process and/or the outcomes of institutions and highlight the theoretical linkages with the policy process.

Figure 2.2: Institutional approaches to policy analysis
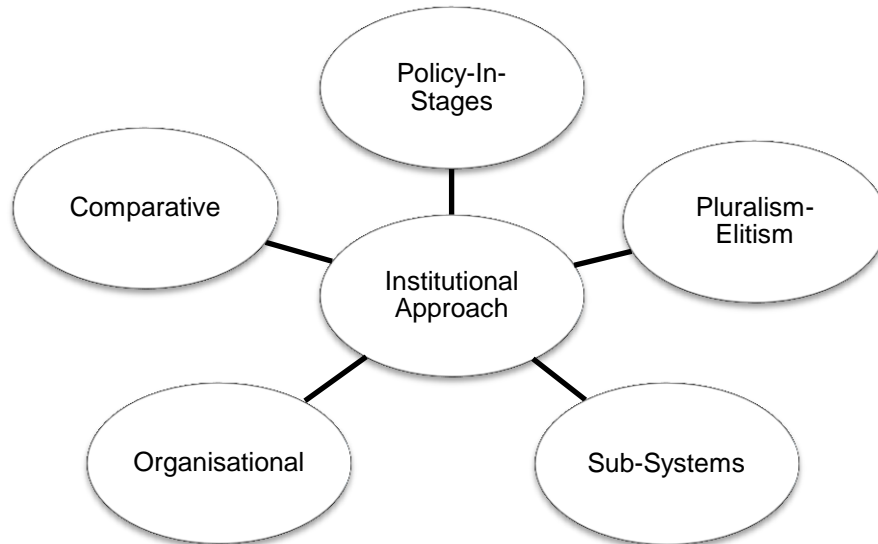
Source: Adapted from Parsons (1995).

Policy-In-Stages Approach

The policy-in-stages approach views the policy process as a series of steps, beginning with problem identification and concluding with policy evaluation (Parsons, 1995). Lasswell (1951) built the foundations of this model, separating policy-making into stages, and analysing each in turn. There are six main steps to this model which have been revised over the years; these are illustrated in Table 2.3. Porter's (1995) model encompasses the key actors involved in the activities and outputs of the policy-making process. This model assumes that policy-makers approach the issues rationally, going through each logical stage of the process and carefully considering all available relevant information, placing an emphasis on formal structures.

Table 2.3: Policy-In-Stages

Step	Action
1	The identification of policy problems or issues, through demands for action.
2	Agenda-setting or focusing on specific problem or issues.
3	The formulation of policy proposals, their initiation and development, by policy planning organisations, interest groups, and/or the executive or legislative branches of government.
4	The adoption of and rendering legitimating of policies through the political actions of the government, interest groups and political parties.
5	The implementation of policies through bureaucracies, public expenditures and the activities of executive agencies.
6	The evaluation of a policy's implementation and impact.

Source: Adapted from Porter (1995).

Best practice in formulating and evaluating UK government policies is prescribed in the '*Green Book'* (HM Treasury 2005). The ROAMEF Cycle (Rationale, Objectives, Appraisal, Monitoring, Evaluation and Feedback) describes how policy should be formulated and the stages that the process should pass through (Figure 2.3).

Figure 2.3: ROAMEF Cycle
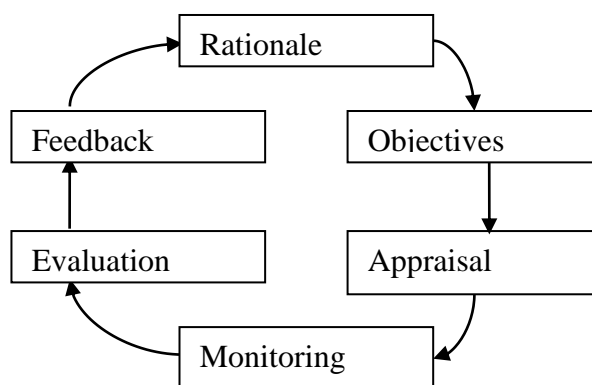
Source: HM Treasury (2005, p. 3).

McVittie and Swales (2007) describe the process by arguing that the '*Green Book'* begins the explanation of policy-making with a policy action, which must first be justified in general terms, usually related to market failure or excessive inequalities (*rationale*); from this more specific *objectives* should then be set. This is followed by

appraisal. If the policy interest passes this test, its execution requires *monitoring* and subsequent *evaluation*. An effective evaluation provides *feedback* to policy-makers and the opportunity for reflecting on the policy's rationale, thereby starting a further round of policy assessment. Such a process of continual assessment and feedback is expected to improve policy effectiveness and traces the key chain of events that lead towards the final decisions and outcomes, demonstrating transparency of the process undertaken for policy formulation and generating procedural legitimacy based on the soundness of procedures (Bitektine, 2011). However, neither Porter's policy-in-stages model nor the ROAMEF cycle describes how this process is influenced by other, less predictable forces. Both models are devoid of all external pressures, internal and external forces and the key players who mitigate the direction of policy formulation. Lasswell (1951)[7] challenged the linear nature of the policy-in-stages model, arguing that the institutions within which policy-making and policy analysis take place should be considered when studying the policy process.

These models assume that policy-makers approach the issues rationally, going through each logical stage of the process, and carefully considering all relevant information; the policy-in-stages emphasises old institutionalism where there is an importance on the formal structures in place. If policies do not achieve what they are intended to achieve, blame is often not laid on the policy itself but rather on political or managerial failure in implementation (Juma & Clark, 1995). Critics maintain that policy-making is far more complicated and is not composed of tidy and neat steps (Sabatier & Jenkins-Smith, 1993). In the past, the policy process was frequently depicted as a number of stages i.e. formulation, implementation and evaluation but today, it is more likely to be seen as a continual, iterative process, which is unlikely to be ordered in a sequential fashion (Bochel & Duncan, 2007).

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[7] It is well to emphasise that Lasswell's approach involved far more than simply setting out stages: public policy, in Lasswell's sense went beyond consideration of the 'stages' of policy-making towards the mapping of the wider contexts of problems, social processes, values and institutions within which policy-making and policy analysis took place (Parsons, 1995).

Pluralism-Elitism Approach

This approach focuses on the distribution of power within the policy process and how this in turn shapes policy formulation. Policy is a reflection of the interests of those individuals within a society who have the most power, rather than, necessarily, the demands of the masses. Pluralist models of policy-making set out by Dahl and Lindbolm (1953) were based on the assumption of an open liberal-democratic political system in which different policy actors operated on a level playing field.

There are two main critiques to this approach. Firstly, Schattschneider (1960) insisted that the elite systematically shape the political system in its favour. He argued that all forms of political activity had bias in favour of the exploitation of some forms of conflict and the suppression of others because the organisation was based on the mobilisation of bias. Secondly, Cobb and Elder (1972) who focussed on issue-formation, namely, how an issue becomes an item in the policy process, posited a number of triggering devices which prompt the emergence of an issue. To be transformed into an agenda item, however, the issue must be of concern to decision-makers and the body of politics, and must overcome numerous elite strategies of restraint. This approach is based on self-interest and elite individuals involved in the policy process who are inclined towards pragmatic legitimacy. Pragmatic legitimacy benefits are concentrated on a disproportionately smaller number of actors who as a result enjoy a greater benefit (Bitektine, 2011).

Sub-Systems Approach

The sub-system approach analyses the policy process with reference to concepts such as policy networks, policy communities and sub-systems. The metaphor of a policy network or community is used to denote the pattern of formal or informal contacts and relationships that shape the policy agenda and the decision-making (Parsons, 1995). Richardson (1982) developed the idea of policy communities on a comparative level through the idea that different countries exhibit a variety of patterns or styles of policy formulation and decision-making. The main versions of policy style suggested include an anticipatory style (a tendency to anticipate

problems), a reactionary style (a tendency to react to events and circumstances as they arise), a consensus-seeking style (a tendency to make decisions through getting agreement between interested parties), or a style which tends to impose decisions on society.

These dimensions of the policy style model suggest that although the modes of policy-making in industrialised countries are exhibiting a shift towards more 'community', 'network' led structures, there will be considerable differences in the way policy communities react (Parsons, 1995). The concept of policy communities and policy networks has attracted considerable support as a model of policy-making in recent times; however, it is not without its critics. Hogwood (1992) argues that there are many issues involved in policy-making and in practice, issues tend to overlap and get mixed up with other issues; they do not remain confined in one policy community or network. Nevertheless, Sabatier and Jenkins-Smith (1993) have argued that the nature of policy subsystems responsible for policy formulation is an important element in the policy process as they provide ideas and interests in public policy-making.

Organisational Approach

Organisational approaches to policy-making concentrate on the impact of organisational rules and structures on policy-making, as opposed to those that focus on the external environment, such as economic, social, political or cultural factors. March and Olsen (1984) insist that to explain how and why a particular policy emerges, there is a need to analyse the structure, historical development, personal networks and decision-making history of that organisation. Hall (1986) highlights the importance of political institutions in determining the policy interest, but takes a wider view of which institutions should be considered for a fully informed picture. He favours analysing the relationship between the state and society, on a more local and global level, in addition to examining the role of the state (Hall, 1986), thus avoiding the risk that public policy may be more strongly influenced by the majority members of lobby organisations and only weakly influenced by growing small firms which have the largest economic impact (Storey, 1994). Therefore the concept of

socio-political legitimacy plays a role in this approach and this type of legitimacy refers to the existing norms and laws (Bitektine, 2011).

Comparative Approach

Comparative approaches attempt to explain how particular policy processes give rise to different policy outputs. Comparative work is vital for the development of policy theory - people do not want propositions to be seen merely as observations about specific occurrences in a particular place and even at a particular point in time (Hill, 2005). A more modern formulation of this proposition is that comparative analysis enables the development of explanations and test theories around the way in which political processes work (Almond, Powell, Strom, & Dalton, 2004). This adheres to procedural legitimacy as it looks to explain and test the reliability of the approach (Bitektine, 2011).

By creating this legitimate social action, institutions create stability and predictability of these actions through a reduction in legitimate alternatives – hence the numerous models to explain the policy-making process. The issue of stability is thought to occur because institutional forms create benefits for the collective actors through such things as improving efficiency and reducing uncertainties (Scott, 2001). Thus ideas and actions are deemed acceptable and others will become more accepting of them. With respect to this isomorphism suggests that as institutions become more rooted in structures, the possible range of alternatives is reduced. There are three mechanisms in which institutional isomorphism occurs (DiMaggio & Powell, 1983). Firstly, coercive isomorphism results from pressures from other organisations in which they are dependent upon and by cultural expectations from society; secondly, mimetic isomorphism occurs when uncertainty encourages imitation and; thirdly, normative isomorphism results from pressures brought about by professions (ibid). Thus, the process of policy-making helps to increase institutional legitimacy to the extent that institutions become increasingly isomorphic and their attitudes and actions are accepted as taken-for-granted, reducing viable institutional alternatives within society.

2.3.2 Environment

Institutional theory highlights the importance of the context or environment as it constrains, shapes, penetrates and renews the organisation; rather than being seen as just production systems because relevant social and cultural systems also exist within institutions (Scott, 2001). The following section discusses the social, economic, cultural and political factors which constitute the institutional structure of a particular environment, providing firms with advantages for engaging in specific types of activities. For example, businesses tend to perform more efficiently if they receive institutional support (Liu, 2004), while the external environments of each country react differently to similar challenges (Knetter, 1989).

The previous section illustrated that legitimacy is the belief that certain behaviours or practices are common and socially accepted. It can also be said that the process of becoming legitimate is the result of an organisation conforming to pressures in the external environment (DiMaggio & Powell, 1983; Deephouse, 1996). Institutional theory acknowledges external pressures such as functional, political and social forces that challenge existing institutional structures (Oliver, 1992).

The environment is important with respect to how the process is shaped, as its demands can persuade organisations to adopt certain roles in society and create appearances to ensure legitimacy and to fundamentally address the aims that have arisen (Hatch, 1997). As a result, organisational choices and actions are constrained and influenced by social behaviours, norms, and values in their external environment (Selznick, 1957). Institutional theory allows an understanding of the impact of behaviours of actors given the environmental pressures at the micro-level. Institutional theory is therefore used by researchers to understand how environmental pressures impact managerial actions and shape individual organisational structures and actions (Goodstein, 1994; Greening & Gray, 1994). Eventually, the external environment adopts standards known as norms and values which become institutionalised, a process which is also known as the search for legitimacy (Zucker, 1987).

The environment shapes how the formulation of enterprise policy is undertaken. The political environment is a hard-to-measure concept which Kingdon (1995) calls the national mood or public opinion. With regard to how the political environment affects the development of enterprise policy in the UK, the following example is illustrative of the political landscape in the UK. The political landscape has changed dramatically in the last year, following the resignation of the Labour leader Gordon Brown as Prime Minister, David Cameron of the Conservative Party became the country's new Prime Minister and formed a government in Coalition with the Liberal Democrats in May 2010. The Conservative government pledged:

> "That business is the driver of economic growth and innovation, and that we need to take urgent action to boost enterprise, support green growth and build a new and more responsible economic model" (Conservative website, 2011).

More recently, StartUpBritain has been launched to deliver support and advice to entrepreneurs, thus in effect highlighting the importance of enterprise to the nation's economy as well as its political institutions. In support of the enterprise agenda, a White Paper was published, '*Bigger, Better Business: Helping small firms start, grow and prosper*' (BIS, 2011a).

The social environment refers to the demographics of individuals, people and communities and how they behave; their relationships, education and where they live. It is assumed that citizens abide by certain rules that maintain and uphold society. These rules and norms become embedded in or opposed by society (Garud et al., 2007). Formal and informal institutions influence the behaviour of individuals of all cultures and traditions, and in the case of the enterprise policy, attempts have been made to incorporate enterprise education into mainstream education as doing so can change attitudes towards entrepreneurship, impacting on cultural beliefs.

The economic environment not only affects the availability of resources but also the content and rationalization process of enterprise policy. With respect to enterprise policy, the economic environment has evolved over the last couple of years due to

the credit crunch, which has led to a swift downturn in the economy. The UK (and global) economy saw declines in Gross Domestic Product (GDP), investment, employment, job vacancies and confidence levels, in many cases the largest falls for decades. This led in turn to government cuts in many sectors highlighted in the publication of the '*Spending Review*' (HM Treasury, 2010). The biggest government department affected by the cuts was BIS, with administration costs being reduced by £400 million, and abolishing twenty-four quangos as part of the money saving scheme. The economic environment has had a detrimental effect on the financial resources available in the implementation process, in terms of the resources readily available to deliver the policy measures. Traditionally, the government allocates financial resources to implement the policy objectives set but under the present economic circumstances, allocating financial resources has become difficult. An example is the government announcing the £200 million reduction in the 'Train to Gain' programme as part of its planned £6.2 billion reduction in expenditure in the 2010-11 government financial year. The programme ended in July 2011 leading to major implications and consequences for entrepreneurs and overall enterprise in the economy, including the wiping out of free courses for entrepreneurs.

The external environment plays a crucial role in how organisations respond and change; such institutions are seen to behave in a rational manner and attempt to overcome any environmental calamities. However, this is not always the case, as organisations often gain legitimacy by manipulating rather than conforming to their environment (Nicholls, 2010); also known as actors which are often controlled by the institutional entrepreneurs who have self-interests to fulfil and to an extent align their self-interests with social requirements.

2.3.3 Actors

The importance of the institutional approach not only emphasises the importance of economic and social conditions but also the design of political institutions. In other words, the actors are also a collection of standard operating procedures and structures

that define and defend interests (March & Olsen, 1984). According to DiMaggio (1988, p. 3):

> "The distinguishing contribution of institutional theory rests in the identification of causal mechanisms leading to organisational change and stability on the basis of the preconscious understandings that organisational actors share, independent of their interests."

Besides the initial calls by DiMaggio (1988), it is only recently that institutional entrepreneurs occupied the interest of organisational scholars (Garud et al., 2007). Institutional entrepreneurs are seen as those who "have the resources at their disposal to create and empower institutions. Institutional entrepreneurs serve as agents of legitimacy supporting the creation of institutions that they deem to be appropriate and aligned with their interests" (Dacin, Goodstein, & Scott, 2002, p. 47). In other words, actors within this context are the individuals who have the authority, power and resources to dictate not only the processes but the outcomes. Fligestein (1997) argued that it is not only business owners who are institutional entrepreneurs, but politicians are also known as institutional entrepreneurs. Moreover, the role of the state as an instigator of economic growth implicitly entails greater involvement and interaction with entrepreneurs and their enterprise (Nasra & Dacin, 2010). In this sense, government policy shapes the institutional environment within which entrepreneurial decisions are made and hence, it can influence the allocation of entrepreneurial activities (Baumol, 1990). Taking institutional entrepreneurship as a way to approach the actors of this research, it allows for a better explanation of the changes in enterprise policy and other development efforts (Garud et al., 2007).

The importance of actors provides an analytical framework of how various agents behave, and how they interact, relate and evolve with wider institutional constellations (Sotarauta & Pulkkinen, 2011). The approaches taken to policy-making are very often centred on the network of institutions, people and practices who are gathered at the apex of power around the Prime Minister and the Cabinet, including the most powerful civil servants in Whitehall, the Cabinet Office and the

Prime Minister's Office, known as the core executive. The core executive integrates policy in an otherwise rather fragmented decision-making structure (Dorey, 2005).

With regard to the core executive, old and new institutionalists differ in their views of how rational organisational actors are considered to be. New institutional economists tend to adopt Simon's (1957) model of bounded rationality, whereas old institutionalist sociologists tend to forgo claims of rational behaviour (Scott, 2001). Weber (1947) made a distinction between two types of rationality; formal rationality, in the sense of a means-end instrumentalism, and substantive rationality, based on an alternative value system that cannot be measured by formal calculations alone. A study carried out by Barley and Kunda (1992) indicated that, despite fluctuations in management, the dominant ideology continued to be based on rhetoric of rationality. This suggests an appropriate assumption that actors in economic organisations tend to act with intended rationality, in the sense of making decisions based on adopted instrumentally rational beliefs, even though they may be in fact be bounded both cognitively and contextually.

Shepsle (1989, p. 134) defines a rational agent as one:

> "who comes to a social situation with preferences over possible social states, beliefs about the world...and a capacity to employ these data intelligently. Agent behaviour takes the form of either intelligent calculations or internalised rules that reflect optimal adaption experience."

Actors are not always knowledgeable or rational, and can be assumed to be selfish and utility maximising individuals. In this instance, their primary motives are assumed to be derived from self-interest (Bell, 2010). Rational choice writers argue that institutions are constructed by individual actors for rational purposes and those individual actors engage in changing and shaping institutional environments to suit their goals (ibid). Nevertheless, the idea that institutions are social constructions produced through meaningful interaction forms the foundation of institutional theory literature (Meyer & Rowan, 1977).

Key Individuals

Smith (1999, p. 5) emphasised that government departments are "core policy-making units within central government" and are headed by ministers, who themselves are "key actors within the institutions of the core executive." Figure 2.4 illustrates the key departments where the leading individuals reside.

Figure 2.4: Core executive in Britain
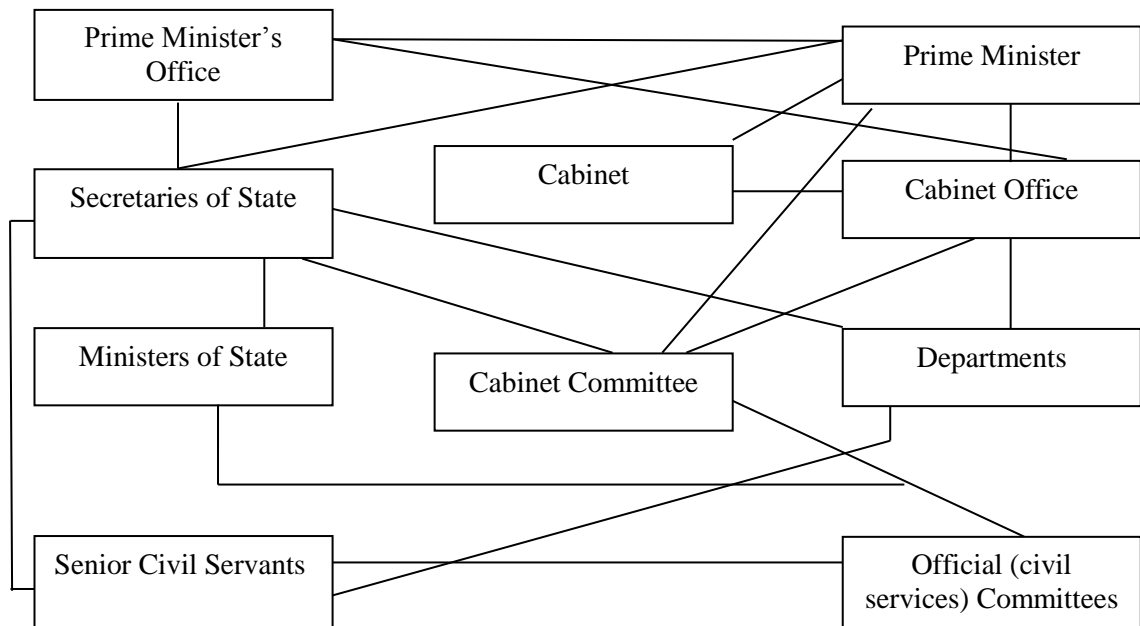
Source: Dorey (2005, p. 50).

The core executive of Britain is valuable to the policy process because key individuals within the core executive are the individuals who coordinate government activity and provide the resources to implement and deliver public goods (Smith, 1999).

Fligstein (1991) argues that change can only happen either when a new set of actors gain power or it is in the interest of those in power to alter an organisation's goals. Greenwood and Hinings (1996, p. 1038) subsequently build on this by arguing that "radical change would not be a likely outcome, unless those in positions of privilege and power were in favour of the proposed change." It can be said that actors lead a

double life in new institutionalism, pursuing their own interests within constraints, while producing constraints for other actors (Ingram & Clay, 2000). Ministers and civil servants strive to provide and deliver public goods as efficiently and effectively as possible but at the same time, these individuals have self and political interests which are not always rationally bounded. Scott (2008a) argues that institutional processes operate not only in a top-down but also a bottom-up direction. Those who play a role in the top-down approach and dominate the core executive can be regarded as institutional entrepreneurs. These actors focus their attention on shaping their institutional contexts (DiMaggio, 1988). What matters are the institutions, the rules of the game dictating the ultimate effect of entrepreneurship on the economy via the allocation of entrepreneurial resources (Boettke & Coyne, 2006), which places an emphasis on key individuals within the institutional settings. Very little institutional research has examined the ways in which practices and processes become legitimised but instead research has focused on the effects of their adoption involving key actors placed within the institutional fields (Wicks, 2001).

Key Institutions

The key individuals in the policy process are themselves part of a network of institutions which also constitute the core executive. Those individuals both shape and are themselves shaped by these institutions, although much will depend on who the individuals and institutions are, as well as factors such as external support or circumstances (Dorey, 2005). Figure 2.5 illustrates the Prime Minister's office which compromises of four discreet units in order to fulfil functions and responsibilities whilst supervising the implementation of enterprise policies and the overall strategy. The government can have a profound effect on how all firms, particularly small firms, operate and the extent of their available opportunities to grow (Bennett, 2006). Only in the past few decades have academics and policy-makers focused on the role that institutions play in the facilitating or constraining efforts at generating sustainable growth (Boettke & Coyne, 2006).

Figure 2.5: The Prime Minister's office
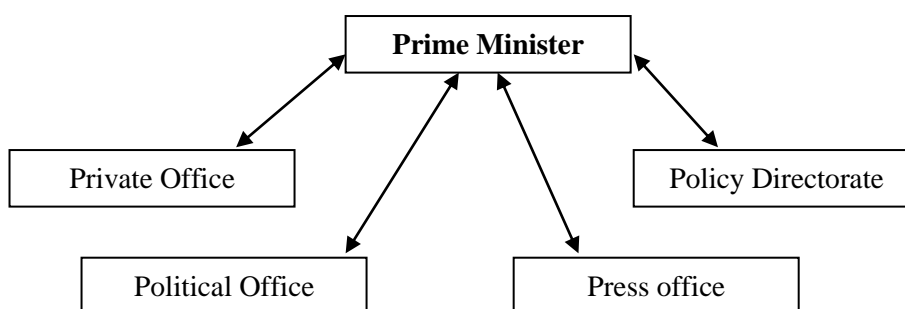
Source: Dorey (2005, p. 81).

The Private Office deals with correspondence to and from the Prime Minister and in doing so keeps him/her abreast of developments, issues and meetings as well as keeping the Prime Minister in regular touch with the rest of the core executive and with Parliament (Smith, 1999). The Political Office is the body which keeps the Prime Minister in touch with his/her party, both at parliamentary and extra-parliamentary levels. Due to the constitutional obligation on civil servants to remain politically neutral, the Political Office is staffed by political appointees, rather than senior civil servants and it is also partly financed by the governing party's own funds (Burch & Holliday, 1999). The Policy Directorate has become a major source of policy advice for the Prime Minister. It holds a dual role, keeping the Prime Minister informed of policy proposals and progress in government departments, while also assisting the Prime Minister in developing policy ideas and initiatives. In connection with this, Smith (1999, p. 174) points out that the Policy Directorate "is both reactive and proactive", while Burch and Holliday (1999, p. 35) similarly note that the Policy Directorate is "sometimes engaging in forward thinking in policy initiative and sometimes in evaluation of initiatives taken by government departments." Followed by the Policy Directorate, both the Political Office and the Press Office deal with queries and questions from the media, and arrange media interviews or press conferences involving the Prime Minister (Dorey, 2005).

According to North (1990), such formal institutions are subordinate to informal ones in the sense that they are the deliberate means used to structure the interactions of a society in line with the norms and cultural guidelines that make up its informal

institutions. Policy-making that attempts to change the formal institutions of society will therefore have little success if it does not first adjust the informal institutions in a compatible way. A difficulty arises from the fact that a governing body can influence the evolution of a society's formal institutions in a rather direct way, while informal institutions are much less tangible and usually fall outside the direct influence of public policy. They can be moulded, but tend to resist change and take time to evolve towards new social norms. A gauge of the importance of institutional entrepreneurs is sought within this research because an understanding of the interactions between actors and their institutional settings is needed, and without understanding the extent to which actors shape the institutions they are embedded into and how institutions shape their actions, will not be possible.

2.3.4 Institutionalisation

Furthermore, within institutional theory a change or process occurs which is intimately linked with the theory. This is known as institutionalisation and is defined as ''the emergence of orderly, stable, socially integrating patterns out of unstable, loosely organised, or narrowly technical activities'' (Broom & Selznick, 1955, p. 238). Institutionalisation is a process influenced by decisions made by the characteristics of its participants and the environment which develops a unique character structure. The main impact of laws, regulations, and procedures, and of informal conventions, customs, and norms, is that they broaden, mould, and restrain socio-economic activity and behaviour through the institutional rules organisations incorporate in order to gain legitimacy, access to resources, and stability, and thus enhance their survival prospects (Meyer & Rowan, 1977). These rules, often called rationalised myths, "define new organising situations, redefine existing ones, and specify the means for coping rationally with each'' (Meyer & Rowan, 1977, p. 344). This allows explanations of one actor's actions to another actor. The institutionalisation process is where:

> "Highly structured organisational fields provide a context in which individual
> efforts deal rationally with uncertainty and constraint often lead, in the

aggregate, to homogeneity in structure, culture and output" (DiMaggio & Powell, 1983, p. 147).

It has been recognised that institutionalisation is a general concept illuminating a process of institutional change, but one that has great difficulty in specifying what the end point of the process is and whether there are common processes at work (Judge, 2008). The institutionalisation of the process through which a new institutional rule (for this study, an enterprise policy) emerges assuming that there is a clear link between the goals set in the rule of formulation and in the implementation phase of delivering these goals. Failure in this respect will not only cripple effective implementation of the rule but it will also influence its delivery (or lack of) and therefore have little influence on its target group. Selznick (1957, p. 16) argues that the degree of institutionalisation "depends on how much leeway there is for personal and group interaction" among social actors. Thus, it is clear that institutions possess internal as well as external dimensions which are consequently intertwined.

Institutionalisation can then be considered to be the perceived effects of such a process that has been driving to deliver some sort of law or regulation (enterprise policy) to those who would benefit (female entrepreneurs). In this case, those who would benefit are the female entrepreneurs, and institutional theory has been specifically singled out as a fruitful theoretical lens in the context of female entrepreneurship research (Baughn, Chua, & Neupert, 2006). Female entrepreneurs are dominant in the service industry (Bruni, Gherardi, & Poggio, 2004a), and to some extent the institutional forces that set the cultural norms have influenced or restricted their choices. With lower credibility, being dependent upon informal or more expensive sources of finance and women's reliance on more limited networks (Thompson, Jones-Evans, & Kwong, 2009), the legitimacy (or lack of it) ascribed to female entrepreneurship restrains the rates of female start-up and the possible growth of these firms.

Welter and Smallbone (2003) argue that with regard to female entrepreneurs, formal institutions influence the extent to which their entrepreneurship is developed and also that these institutions affect the types of enterprises in which women engage (normative pillar). In the Nordic countries, the social security system has provided stronger structural societal support mechanisms for women than they have in most other European countries (Arenius & Kovalainen, 2006). The Nordic example demonstrates how institutional forces (formal) can lower barriers for women; the introduction of structural societal support (informal) such as childcare allows for women to go ahead and bridge the gap between their private and public lives. It has been argued that institutional change has a positive influence on (female) entrepreneurship in those cases, "where it removes or lowers barriers to market entry and market exit, thus creating an opportunity field for entrepreneurs and vice versa" (Welter and Smallbone, 2008, p. 508).

2.4   Criticisms of Institutional Theory

Institutional theory is not without its criticisms. Perrow (1991) depicts it as a theory full of contradictions and Scott (1987) concedes that it is still in its 'adolescence'. The following section addresses these perceived drawbacks, and highlights how these criticisms are addressed in this research.

2.4.1   Actors and Agency

Institutional theory has been criticised for its "lack of due attention to agency and interest" (Mutch, 2007, p. 1123) and the "lack of attention to the role of actors in creating and promulgating innovations" (Lounsbury & Crumley, 2007, p. 993). This disregard of agency is largely a feature of new institutionalism and, because old institutionalism connects much more clearly with action, this deficiency can be overcome by reconciling the new and the old institutionalisms (Hirsch & Lounsbury, 1997).

According to North (1990, p. 83) "the individual entrepreneur who responds to the incentives embodied in the institutional framework" is the agent of change. It has been suggested that institutional theory "currently provides the most consistent and appropriate conceptual framework to probe the influence of environmental factors on entrepreneurship" (Veciana, 2007, p. 32). To some extent this downplays the roles of individual change agents in the change process. Hence, new institutionalism "has often been criticised as largely being used to explain both the persistence and the homogeneity of phenomena" (Dacin et al., 2002, p. 45). Nevertheless, DiMaggio (1988, p. 13) attempts to relocate interest and agency to a focal position in the theory, suggesting that institutionalisation can be seen as:

> "A product of the political efforts of actors to accomplish their ends and that the success of an institutionalisation project and the form that the resulting institution takes depend on the relative power of the actors who support, oppose, or otherwise strive to influence it."

In more recent times, work in institutional theory has sought to address the criticism of new institutionalism by acknowledging both variation and change (Oliver, 1997):

> "This diversity is derived from exogenous sources; and perceptions, interpretations and enactments of institutional logics by actors who give meaning and life to institutions" (Dacin et al., 2002, p. 47).

The focus has primarily been on organisational adaptations resulting from institutional pressures including social values, norms and expectations imposed by the external environment without a great deal of consideration given to the influence of active agency and external exchange relationships that play a part in driving organisational change (Pfeffer & Salancik, 1978; Oliver, 1991). This research looks to use institutional theory to understand and explain rational-actor accounts (March & Olsen, 1984).

Institutional theory addresses concerns around how alternative institutional structures (and actors) can influence the structures and outcomes of enterprise policy by exploring those involved rather than only exploring the processes. This shifts attention back to policy-makers, RDA staff, local enterprise agencies and female entrepreneurs and the infrastructures of institutions in order to carry out analysis at both the macro-level and at the micro-level.

2.4.2 Power

Hirsch and Lounsbury (1997) argue that new institutionalism in sociology emphasises abstract realities to the neglect of material realities, often given more importance to abstract realities. Similarly, Fligstein (2001) argued that new institutionalism lacks due attention to power. Others also argue that power is "central to collective action processes and that needs further development in institutional theorising" (Hargrave & Van De Ven, 2006, p. 879). Oliver (1991) is one of the few institutional scholars who have given attention to notions of power, where she argues that power shapes the course of institutional change and derives from institutions.

Lukes (1974, p. 27) has offered a wide definition of power, where "A exercises power over B when A affects B in a manner contrary to B's interests." In other words, power is exercised over those who are harmed by its use, whether they are aware they have been harmed or not. Lukes (1974) conceptualised three levels of power. Firstly the (pluralist) one-dimensional view of power which involves the making of decisions within institutions and can be seen where there is evidence of conflicts of interests within public or policy processes where one interest wins out over another:

> "A focus on behaviour in the making of decisions on issues over which there is an observable conflict of (subjective) interests, seen as express policy preferences, revealed by political participation" (Lukes, 1974, p. 15).

Secondly, the (elite theorist) two-dimensional view of power is concerned with the abilities of 'power elites', where the interests of particular groups are excluded through setting agendas, filtering issues for public discussion, and exerting influence that prevents the emergence of overt political conflict over these interests. The second view of power therefore:

"Allows for the ways in which decisions are prevented from being taken on potential issues over which there is an observable conflict of (subjective) interests, seen as embodied in express policy preferences and sub-political grievances" (Lukes, 1974, p. 20).

A third concept later added by Lukes (1974) argues that these two views are inadequate, claiming that a fully three-dimensional view is required for the investigation of power relations. This identifies the ability of an individual or group to shape inner value structures such as the beliefs and social hierarchies of the actors involved in policy processes. The third view of power can therefore be summarised as follows:

"…involves a thorough going critique of the behavioural focus of the first two views as too individualistic…What one may have here is a latent conflict, which consists in a contradiction between the interests of those exercising power and the real interests of those they exclude. These latter may not express or even be conscious of their interests…" (Lukes, 1974, p. 24).

However, Suddaby's (2010, p. 15) paper on '*Challenges for Institutional Theory*' proposes the question "So what is missing in current efforts within institutional theory to understand why and how organisations attend to their institutional environments?" Suddaby (2010, p. 15) then puts forth Clegg (2010), who suggests that power is "missing in action"; this he argues may not be the case where the construct of power is not missing but rather it is not given the prominence that the theory should afford to power, and with its absence Scott (1994) fills the power gap with what he terms the ideational aspects of organisations.

In addition, according to Clegg, Courpasson and Phillips (2006), much of the earlier work drew on DiMaggio and Powell's (1983) framework but tended to overlook power because scholars focussed on mimetic isomorphism, neglecting those coercive and normative elements. It has been noted that the limits, instruments and structures of power vary institutionally but little acknowledgement has been made in the institutional literature with regard to this oversight (Friedland & Alford, 1991). Clegg et al. (2006, p. 11) offer an explanation:

> "The reason that different institutional structures were valued differently in different countries was that different national elites had formed around different constellations of values and interest, giving rise to quite distinct patterns of elite formation, recruitment and reproduction."

Power, a factor that was neglected in the earlier studies in institutional theory, became much more apparent recently when institutional entrepreneurship re-introduced agency during institutionalisation (Delbridge & Edwards, 2007). Power is simultaneously a stabilising force for institutionalisation and a driver of institutional change, just as powerful actors can shape the institutional environment in either direction depending on their particular interests (Pacheco, York, Dean, & Sarasvathy, 2010). Maguire, Hardy, & Lawrence (2004) argue that actors can potentially apply the leverage inherent in numerous forms of power such as influence tactics, agenda setting and power embedded in social and technical systems. Thus the idea of institutional entrepreneurship suggests that agents deploy the resources at their disposal to create and empower institutions (Dacin et al., 2002). Power in this research concerns those who, as mentioned before, are institutional entrepreneurs; the focus of power comes from the macro-level and becomes evident in agenda setting and the allocation of resources.

2.4.3 Culture

Bruton et al. (2010) argue that many studies employing institutional theory have examined culture and its impact on entrepreneurship utilising institutional theory.

While culture is clearly important to the understanding of institutions, often the research or theory development that has occurred has focussed solely on culture (ibid). Culture is not only a leading theme within the institutional theoretical field, but Begley and Tan emphasise (2001, p. 537) the need for a "socio-cultural environment for entrepreneurship", indicating overarching themes within institutional theory; neither, however, bridge social and culture themes under one theoretical framework (Tolbert et al., 2011).

Formal and informal institutions influence the behaviour of individuals of all cultures and traditions. It should be stressed though that while cultural factors may explain some aspects of human behaviour, they cannot explain all behaviours (Boettke & Coyne, 2006). The same individuals, with the same motivations will tend to act very differently under different sets of institutions (Minniti, 2005). However, effective institutions and a culture supportive of entrepreneurship make it possible for economic actors, for example, entrepreneurs to take advantage of perceived opportunities (Sautet and Kirzner, 2006; Huggins & Williams, 2011). In this research cultural influences are at play on decision-making and formal structures such as those within institutions, namely government. It holds that organizations, and the individuals who populate them, are suspended in a web of values, norms, rules, beliefs, and taken-for-granted assumptions that are at least partially of their own making (Barley & Tolbert, 1997). This research appreciates that the formulation of enterprise policy is undertaken by the institutional actors who shape the entrepreneurial environment to an extent, and culture is only part of the 'bigger picture'.

2.4.4   Institutional Entrepreneurs

DiMaggio (1988) introduced the concept of institutional entrepreneurship to refer to organised actors with sufficient resources to drive the creation of new institutions in favour of their interests (Leca, Battilana & Boxenbaum, 2008). Fligstein (1997) suggested that institutional entrepreneurs are those who display an array of 'social skills'. When discussing how institutional entrepreneurs are characterised, it is

argued that the majority of authors see them as agents pursuing certain interests and acting strategically (Weik, 2011). Authors have generally upheld DiMaggio (1998) and Fligstein's (2001) understanding but Sahlin-Andersson and Engwall (2002) caution against the current usage of the concept of institutional entrepreneur, which privileges the ideas of agency and instrumentalism, and observes that much institutional change is either indirect or unintended. They call for more a contextual consideration of the role of actors, interests, and action in institutional change. Hwang and Powell (2005) also find some considerable irony in the growth in usage in the scholarly literature of the term "institutional entrepreneur" (DiMaggio 1988; 1991; Fligstein 1997; 2001; Beckert 1999). Mutch's (2007, p. 1123) critique argues that "the concept tends to describe the phenomenon under inspection rather than analysing it, leaving assumptions about the nature of agency unexamined". This leaves much debate for what is understood by the term 'institutional entrepreneur'. At the same time studying institutional entrepreneurship allows a form of process-oriented inquiry where the role of actors is fleshed out by analalysing the change processes.

Institutional entrepreneurship as an approach can explain better changes in enterprise policies and other development efforts (Garud et al., 2007). Although this notion is a source of controversy among neo-institutional theorists (Battilana, 2006), it has been presented as a promising and powerful way to account for the role of actors and for the internal institutional change. However the notion of institutional entrepreneurship is problematic because it alludes to the classical debate of structure versus agency which implies that actors are somehow able to disengage from their social context and act to change it (Garud, Jain & Kumaraswamy, 2002). This relates to the "paradox of embedded agency" (Seo & Creed, 2002, p. 226), which alludes to the tension between institutional determinism and agency and asks how actors can "change institutions if their actions, intentions, and rationality are all conditioned by the very institution they wish to change" (Holm 1995, p. 398). The controversy revolves around the ability of actors who are supposed to be institutionally embedded to distance themselves from institutional pressures and to act strategically (ibid). In other words, "if actors are embedded in an institutional field and subject to

regulative, normal and cognitive processes that structure their cognitions, define their interests and produce their identities, how are they able to envision new practices and then subsequently get others to adopt them?" (Garud et al., 2007, p. 961). Institutional entrepreneur's critique the institutions and plans change while their actions and intentions are conditioned by the very institution they wish to change (Meyerson & Tompkins, 2007). Cooper, Ezzamel and Willmott (2008) have criticised studies for relying on a disemebedded view of agency that ignores the influence of institutional pressure on actors' behaviours. Moreover institutional entrepreneurship has not been able to resolve the paradox of embedded agency (Garud et al., 2002), but it is fair to say embedded actors can shape institutions and is thus central to institutional theory (Leca et al., 2008).

New institutionalists too often regard attempts at analysing the role played by individuals in institutional phenomena as reductionist approaches. It is for this reason that they are struggling with the paradox of embedded agency. To overcome this paradox and thereby set up foundations for a theory of institutional entrepreneurship, it is necessary to link the individual level of analysis back to the organisational and societal ones. The objective of this approach is to explain under what conditions individuals are enabled to act as institutional entrepreneurs (Battilana, 2006). It has been argued that exposure to multiple institutions can loosen the cognitive embeddedness of actors and open the possibility of endogenous, interest-driven change (Meyerson & Tompkins, 2007). Thus the paradox of embedded agency stems from neo-institutionalists who have barely tackled the issue of human agency, neglecting the individual level analysis and dominantly concentrating only on organisational and societal levels (Battilana, 2006). While a number of enabling conditions for institutional entrepreneurship, such as role of field-level conditions, actors' social position and specific characteristics have been identified and discussed by many researchers (Fligstein 1997; Leca et al, 2008), the process and mechanisms of institutional entrepreneurship remains much more uncertain (Leca et al., 2008). This research overcomes this criticism by looking at analysis at the individual (micro) and at the organisational and societal (macro) levels and brings the issue of individual agency to the fore (Battilana, 2006).

2.5   Conclusion

This chapter introduced institutional theory, identifying and explaining that a phenomenon at a higher level is used to explain processes and outcomes at a lower level of analysis (Amenta & Ramsey, 2010). As Scott (2004, p. 26) concludes:

> "A growing array of institutions will continue to play an influential role in social life and furnish an increasingly rich and challenging environment for individual organisations and systems of organisations. Consequently, institutional theory appears well positioned to help us make sense of and, perhaps, help us to better guide the course of these important developments."

An institutional approach can be seen as a way of opening up the 'black box' without having to add on layers of complexity to keep explaining things at an individual level (Linder & Peters, 1990). It also shows the process of becoming an entrepreneur is highly conditioned by both formal and informal institutions (Veciana & Urbano, 2008) and both are acknowledged in this research.

The introduction of institutional theory and the criticism of the theoretical perspective have been highlighted, the application of the theory was presented and its importance to this research has been illustrated. As Smallbone and Welter (2010, p. 197) argue, the way in which government recognises and deals with entrepreneurship influences the extent to which entrepreneurship becomes an acceptable form of behaviour. This can only be achieved by combining both formal and informal institutions to build a coherent framework that will shape individual behaviours, where institutions and policy processes are involved and are crucial to entrepreneurial activity. Institutional theory also permits the linkage between macro and micro-levels to better explain the institutional dynamics that gather pace in explaining the changes which are occurring within institutions and influencing on individuals.

CHAPTER 3

SETTING THE SCENE OF ENTERPRISE POLICY

3.1 Introduction

SMEs constitute over 99% of UK businesses, account for 52% of turnover and provide 60% of employment (BERR, 2009). Their contributions to employment, output and income in many economies is now rendered undisputed (Blackburn & Smallbone, 2011). Acknowledging the importance of SMEs allows an understanding of why so much attention is being paid to enterprise policy. This chapter answers the following fundamental questions in order to define, understand and review enterprise policy:

- What is enterprise policy?
- What is the economic rationale for undertaking enterprise policy?
- Why has enterprise policy become so important?
- What are the main instruments of enterprise policy?
- Who implements enterprise policy?
- What is the impact of enterprise policy and how should it be assessed?

(Adapted from Audretsch et al., 2007).

In asking these fundamental questions Audretsch et al. (2007) have, however, omitted one of the most important questions in understanding and successfully furthering the research arena of enterprise policy, namely *how is enterprise policy formulated?* Figure 3.1 illustrates the theoretical process of enterprise policy. The formulation and implementation stages involve environmental factors and actors to create and implement enterprise policy.

Figure 3.1: Theoretical framework for the enterprise policy process

| Chapter 3 | → | Formulation | → | **Environment**
Political
Social
Cultural
Economic | → | **Actors**
-Government
-Regional Development Agencies
-Local Enterprise Agencies
-Entrepreneurial group | → | **Laws /
Regulations** |

| Chapter 3 | → | Implementation | → | **Resources**
Financial | → | **Delivery Bodies**
-Government
-Regional Development Agencies
-Local Enterprise Agencies | → | **Delivery of
business
support** |
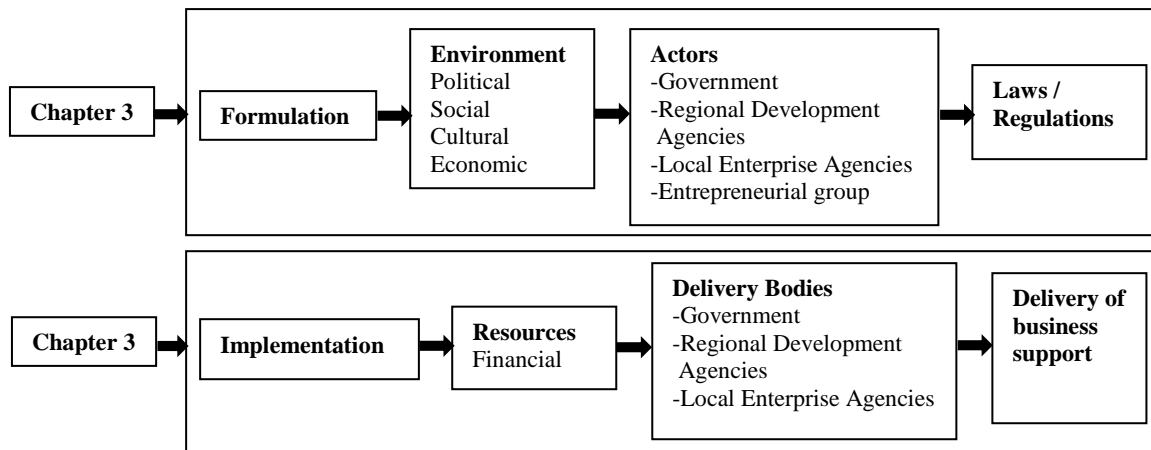
This chapter not only offers answers to Audretsch et al.'s (2007) questions but also raises awareness of why the formulation of enterprise policy is vital to the enterprise policy dialogue, opening up the clichéd 'black box'.

3.2   "What is Enterprise Policy?"

The first question posed by Audretsch et al. (2007) is "What is enterprise policy?" In recent years, enterprise policy has often been associated with job creation and support measures in different forms for small firms. For example, in recent times, StartUp Britain has been launched by the Coalition government to deliver support and advice to entrepreneurs, and like many other initiatives is being heralded as a possible saviour in the current economic and social climate. But no clear aims or targets have been announced or highlighted either for definitional purposes or for accountability. It is therefore imperative to firstly define enterprise policy in this chapter; if a definition cannot be developed, the formulation and implementation of such a policy cannot be evaluated. This section also discusses the types of enterprise policy government favours, the foundations of which enterprise policy is based and the evolving nature of enterprise policy over the years.

3.2.1 Entrepreneurship Policy versus SME Policy

As a first step it is important to understand that enterprise policy in this context includes both entrepreneurship and SME policy. It is indeed essential to understand that entrepreneurship and SME policies are seen as separate entities but are recognised to have similar long-term visions. After studying numerous economies, Lundstrom and Stevenson (2005, p. 5) defined entrepreneurship policy as being:

> "aimed at the pre-start, the start-up and post-start-up phases of the entrepreneurial process; designed and delivered to address the areas of motivation, opportunity and skill and; is the primary objective of encouraging more people in the population to consider entrepreneurship as an option, to move into the nascent stage of taking the steps to get started and then to proceed into the infancy and early stages of a business."

In contrast, SME policy targets the existing population of enterprises and encompasses virtually all of the support measures included in the policy portfolio which is designed to promote the viability of SMEs (Audretsch, 2004).

Lundstrom and Stevenson (2005) propose four major areas of divergence between the two types of policy. Firstly, entrepreneurship policy focuses on *individuals*, while SME policy focuses on *firms*. Secondly, entrepreneurial policy concentrates on supporting the needs of people as they progress from one stage to the next (from awareness to pre-start-up to post-start-up); SME policy emphasises support for established firms that have already acquired sufficient capacity to benefit from SME schemes and measures. Thirdly, entrepreneurship policy makes greater use of 'soft' policy measures, such as mentoring, advice and entrepreneurship promotion; SME policy makes use of 'hard' policy instruments such as financial support. Lastly, the implementation of entrepreneurship policy includes a number of players in the makeup of its support infrastructure, such as educators, the media, and government agencies, whilst SME policy is more likely to be directly implemented through a

constricted set of key players such as economic development agencies and financial intermediaries.

Often, the lines between entrepreneurship policy and SME policy are blurred and need to be defined to ensure consistency. It has been argued that "there is considerable overlap in the meanings attached to these terms and a general lack of precision regarding the differences between them" (Stevenson & Lundstrom, 2001, p. 15). Although the differences between entrepreneurship and SME policy have been outlined, the underlying proposition remains unchanged: to enhance economic prosperity in a country, be it through encouraging business start-ups or through the growth of existing firms. In the UK it is usually referred to as 'enterprise policy' (BERR, 2008a); enterprise policy in this research encapsulates both entrepreneurship policy and SME policy.

This research is more closely aligned with Lundstrom and Stevenson's (2005) approach to enterprise (SME and entrepreneurship) policy, which can also be considered as the 'vertical approach'. That is, such a policy is "developed within a single organizational structure and generally starts with broad overarching policy, sometimes called "corporate" or "framework" policy. Such decisions are made at head office and guide subsequent decisions throughout the organization. At the regional level we might develop regional or "strategic" policy, which translates the national decisions to the regional level, taking into consideration the specific context. Finally, the regional policy is made specific enough to guide operational decision-making" (Smith, 2003, p.11). In other words, this approach acknowledges the organisation (BIS) has authority and resources for implementation. By contrast, the "horizontal approach" provides an alternative perspective from Lundstrom and Stevenson's (2001) approach and is developed by two or more organisations, each of which has the ability or mandate to deal with only one dimension of a given situation. Thus "horizontal policy is created between parts of an organization or among organizational components that are similar in hierarchical position" (Smith, 2003, p. 11). Within the field of entrepreneurship there has been a move towards a more entrepreneurial economy focussing on enabling the creation and

commercialisation of knowledge in which several policies integrate together to create an entrepreneurial economy (Acs & Szerb, 2007). Governments increasingly are focusing their efforts upon horizontal policy-making in recognition of the fact that many of the objectives they seek to achieve are complex and relate to the mandates of two or more departments or non-governmental organisations. Areas of common interest include, for example, trade policy, immigration policy and science and technology policy, which allows entrepreneurship to be promoted not only at local levels but at national levels too (ibid). However, collaborative arrangements are also being driven partly by the pressure to enhance performance and achieve measurable improvements in service delivery. The administration required for such policies to be undertaken is often difficult and lacks effectiveness (Anechiarico & Jacobs, 1995), where enterprise policy objectives trying to solve both economic and social problems under the umbrella of the 'horizontal approach' become too difficult to evaluate.

Stevenson and Lundstrom (2007) describe a typology of the different approaches to enterprise policy adopted by various governments, indicating considerable diversity of formulating and implementing policy. Table 3.1 illustrates the different approaches and policies towards enterprise.

Table 3.1: Types of enterprise policy

Policy type	Policy objectives	Example
E-extension policy	Start-up programmes 'added-on' to existing SME initiatives, where they tend to be somewhat marginalised and weakly resourced.	Taiwan, USA, Australia, Canada and Sweden
'Niche' entrepreneurship policy	The government formulates targeted entrepreneurship around specified groups of the population.	US, Canada and Sweden
New firm creation policy	The aim of this policy is to reduce time and costs to a minimum so that more people will be able to start their own businesses.	Italy
Holistic entrepreneurship policy	National government policy objectives include reducing barriers to entry and exit, improving access to start-up resources (financing, information and assistance) and addressing the start-up needs of target groups such as the disabled, women, ethnic minorities and the young, but also promoting an entrepreneurship culture, along with attempting to embed this ideology within the educational system.	UK

Source: Adapted from Stevenson and Lundstrom (2007) and Verheul Carree, and Santarelli (2009).

A government implementing an *e-extension policy* generally embeds this policy within an existing SME policy framework. The *niche entrepreneurship policy* is often planned in conjunction with a dominant entrepreneurship policy approach where the overall entrepreneurship culture is strong but special efforts are needed to help specific groups of the population to overcome adverse effects or obstacles. There are two types, the first type targets those who represent under-represented business owners e.g. women, ethnic minorities, disabled and the unemployed, and tries to address specific barriers that individuals face. The second type aims to generate high growth potential businesses based on R&D, technology or knowledge inputs by targeting people with the highest potential for starting such firms e.g. scientists, inventors and university graduates. *New firm creation* policy is dominant in countries where there may be many structural and regulatory barriers to creating

businesses. It involves a number of government policies and structures, including regulations and policies related to competition, social security, employment, taxation, company law and bankruptcy or insolvency rules. The *holistic entrepreneurship policy* ultimately aims to produce a more entrepreneurial society. This type of policy endeavours to establish and enhance an entrepreneurial culture and infiltrate the education system to instigate entrepreneurship at all levels of society.

3.2.2   Foundations of Enterprise Policy

Lundstrom and Stevenson (2005) also introduced a model which outlined the policy foundations (Figure 3.2). They argue that governments must address the areas of motivations, skills and opportunities using a cohesive enterprise policy approach. To create the right environment and circumstances to enhance an entrepreneurial society and assist a thriving economy, motivation is needed to stimulate and support individuals into becoming entrepreneurs. This includes enabling policies to help entrepreneurs with the appropriate skills and learning, and to surround them with opportunities to guide and assist them with information, counselling and advisory services. Considering motivations, skills and opportunities allows enterprise policy to address these areas, ensuring high levels of efficiency and effectiveness in guiding policy-makers in the process.

Figure 3.2: Enterprise policy foundations

Desire
Feasibility

Availability of and access to resources

Opportunity to be aware

Awareness
Information
Exposure
Role models

Motivation   *Opportunity*

Skills

Ease of entry/exit
Fewer barriers to start-up and growth
Simplified registration and start-up processes
Enabling policies

Motivation to learn

Opportunity to learn

Social value

Entrepreneurship education
Entrepreneurial training
How-to-knowledge
Venturing experiences
Peer networks

How-to-information
Advice/counselling
Networks/contacts
Money
Encouragement
Experts
Technical support
Business ideas

Source: Lundstrom and Stevenson (2001, p. 26).

Bearing in mind the enterprise policy foundations, Dannreuther (2007) highlights the problem faced by any policy-maker that it is very hard to address what SMEs want. The SME sector is extremely diverse in that in the sector which they have their businesses, it is the character of the individual entrepreneurs, and the general conditions of the economy they operate in which influence the overall prosperity of the SME sector. This problem facing policy-makers and the diversity of the sector highlights the difficulties incurred in formulating and then in proving the effectiveness of enterprise policy.

3.2.3   Historical Background of Enterprise Policy

With a grasp of what enterprise policy entails and the foundations of such a policy, the following discussion highlights the evolving nature of enterprise policy by outlining the historical background. SMEs are privately owned; therefore

intervention funded from the public purse needs to demonstrate benefits to wider society. Some argue that state intervention is only justified when markets fail to allocate goods and services efficiently, as in the New Right's pursuit of economic liberalisation under the leadership of Margaret Thatcher (Bennett, 2006). Others argue that government intervention can be justified on the grounds of equity with the removal of barriers favouring large firms in an attempt to provide a 'level-playing field' for SMEs (Johnson, Sear, & Jenkins, 2000).

While there may not be a clear rationale for government policy related to SMEs, this has not slowed down the government in pursuing enterprise policy and it has been possible to identify different policy phases since the publication of the Bolton Report in 1971 (Curran, Berney, & Kuusisto, 1999). The 1970s represented an emergent phase which saw the rise of enterprise policy (Bennett, 2008). From 1971 to 1974, eleven indirect measures were introduced, which included deregulation procedures aimed at reducing the bureaucracy and administrative demands that were burdening owner-managers. The rationale for government intervention was described by the Department of Trade and Industry (DTI) as follows:

> "The small firms sector is recognised by government as having a vital part to play in the development of the economy. It accounts for a significant proportion of employment output and it is a source of competition, innovation, diversity and employment" (Frank, Miall, & Rees, 1984, p. 257).

The early 1980s saw initiatives designed to encourage start-ups, including the establishment of the enterprise agencies network and the introduction of the Enterprise Allowance Scheme (EAS) which ran from 1982 to 1991 (Greene, 2002). The EAS was the most important single policy initiative at the time, as it enabled people to continue claiming and collecting benefits whilst trying to establish a business (Storey, 1994). Another scheme to stimulate the investment by small engineering firms in the UK in certain types of advanced capital equipment was the Small Engineering Firms Investment Scheme (SEFIS) 1 which was launched in March 1982, with an allocation of £30 million. In addition to this SEFIS 2 was

launched in March 1983, with an allocation of £100 million, in view of the response to the SEFIS 1 scheme (Burns, Myers & Westhead, 1988). There was also a programme of deregulation designed to reduce bureaucratic red tape as a means of saving time and resources for SMEs. By the early 1990s, policy shifted towards 'softer' measures with less financial support through the EAS and the SFLG scheme, and emphasis shifted towards supporting SMEs with advice, consultancy, information and training (Stanworth & Gray, 1991).

The breadth, width and complex variety of support available for small businesses prompted only confusion amongst the small business community. Therefore, also in the 1990s, the policy evolved with government providing SMEs with a single gateway to advice and support with 'one stop shops' called Business Links in England and Wales, Local Enterprise Companies (LECs) in Scotland and Business Connect in Wales (Bennett et al., 2001). Later on in the 1990s, the newly elected New Labour government continued the UK's commitment to SMEs and their contribution to enterprise culture (Gavron, Cowling, Holtham, & Westall, 1988). New Labour set out to build on the growth of SMEs by restructuring business support through the creation of nine RDAs (Shutt & Pellow, 1997). The RDAs represented a decentralised approach. In addition, the Small Business Service (SBS) was established in 2000 to provide a single governmental organisation dedicated to helping small firms and representing their needs within the government. With the restructuring of the DTI and the dismantling of SBS, the Department for Business, Enterprise and Regulatory Reform[8] (BERR) launched a White Paper entitled '*Enterprise: Unlocking the UK's Talent*' (BERR, 2008a). This was released as part of the 2008 Budget and was the most recent document from the previous government concerning enterprise. The vision of the government's renewed enterprise strategy was to make the UK the most enterprising economy in the world and the best place to start and grow a business, setting out five key enablers: developing a *culture* where talent can be unlocked and can flourish, ensuring that individuals and business have access to and are able to develop the best possible *knowledge* and *skills*, *access*

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[8] BERR replaced DTI; however BERR also no longer exists and was renamed as the Department for Business, Innovation and Skills (BIS) in June 2009.

to financial support, an appropriate *regulatory framework,* and *business innovation* (2008a).

The strategy was designed to unlock the UK's entrepreneurial talents, boost its enterprise skills and knowledge, and help new and existing businesses get funding to start-up and grow. It also aimed to ease the burden of regulation, particularly on small firms which felt most of its impact of compliance. This was the first complete new strategy from BERR since its restructuring in 2008. The Labour government however, no longer in power, has been replaced by the Conservative/Liberal Coalition government. The new government have introduced its stance on enterprise by releasing a White Paper titled '*Bigger, Better Business: Helping small firms start, grow and prosper*' (2011).

To conclude, Greene, Mole and Storey (2008) chart the development of enterprise policy in the UK from the 1930s through to the 2000s. Enterprise policy has evolved from corporate capitalism (1930-1971) through to increasing the quantity (1980s), quality (1990s) and then to adopting a balanced portfolio (2000s), which represents a steady maturing of the policies concerning small businesses. Appendix 1 illustrates some of the developments of enterprise policy over the years. This is not an exhaustive list of the past policies and initiatives for enterprise in the UK.

3.3   "What is the Economic Rationale for Undertaking Enterprise Policy?"

Researchers, policy-makers, support agencies and SME groups tend to assume that there exists a strong case for the provision of government intervention for the SME sector. There has been a long-running debate as to whether or not enterprise policy should be employed by the government to provide businesses with information, support and training which is financed by central government (Johnson, 2005). Both sides of the argument are offered in the following section answering Audretsch et al.'s (2007) question, "What is the economic rationale for undertaking enterprise policy?"

3.3.1 Arguments for Undertaking Enterprise Policy

The Bolton Report (1971) increased the recognition that small firms were important and that they had to cope with an "uneven playing field" (Greene et al., 2008, p. 57). This led to governments introducing numerous policies, including the provision of advice, to facilitate the formation of new firms and to offer support to SMEs to aid their survival and foster improved rates of growth (Robson & Bennett, 2000). The rationale behind publicly funded enterprise support programmes is that they benefit not only the individual firms, but also the economy as a whole (Massey, 2003). Many countries are currently introducing policies aimed at stimulating entrepreneurship (OECD, 2005a) as they believe entrepreneurship is central to the sound functioning of market economies (OECD, 2005b). These policies, however, are often carried out in a piecemeal manner and frequently lack a solid analytical background (Gabr & Hoffman, 2006). It has been argued that there is no general paradigm for entrepreneurship and therefore a general policy framework for fostering entrepreneurship is needed to guide clear policy thinking and choices (ibid).

Bennett (2008) identified the theoretical framework that government uses to justify its intervention in formulating enterprise policy. The key argument put forward for defending government assistance is that market failure exists as there is inefficiency in the allocation of goods and services, a scenario where individuals' pursuit of self-interest leads to bad results for society as a whole (Krugman & Wells, 2005). Thus, the market failure argument suggests that small firms have difficulty in developing and investing in certain fields, therefore the government should assist them to reach optimum levels of business performance. The existence of market failure presumes that the market will not be Pareto efficient[9] and, as a result, the need for government intervention can be advanced (Connolly & Monroe, 1999).

If market failures exist as a consequence of specific barriers or unequal treatment, government should then intervene on the grounds of equality (Bennett, 2008). In the

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[9] An allocation is Pareto efficient if there is no other allocation in which some other individual is better off and no individual is worse off.

case of the small business sector, several types of market failure have been identified (Table 3.2), suggesting government intervention and justifying the introduction of enterprise policies to support small businesses in the UK (Johnson et al., 2000).

Table 3.2: Types of market failure

Type of market failure	Explanation
Monopoly	Markets are dominated by one major firm or a very small number of firms, who have sufficient control over a particular product or service to determine customers' access to it – higher prices and lower output than the ideal free market.
Imperfect information	A player does not know exactly what actions other players are going to take because smaller businesses may find it more difficult and expensive than larger enterprises to locate and utilise the relevant information. There is a case to provide specific assistance to small businesses in the form of free information.
Risk and uncertainty	If smaller firms are less able to absorb risk uncertainty they may need encouragement to take risks in order to benefit fully.
Financial support	The difficulties small businesses have in obtaining finance due to their size is often seen as grounds for the government to intervene with subsidised finance or loan guarantees for SMEs.
Externalities	A reason for intervention in the field of entrepreneurship stems from potential market failures resulting from three types of existing externalities (network, knowledge and learning externalities).

Source: Adapted from Audretsch et al. (2007) and Bennett (2008).

Furthermore, smaller firms may not be able to invest in the training development of staff, not only because of time and financial constraints but due to the risk of larger firms 'poaching' their staff. It has been suggested that government take the role of regulator (e.g. to impose specific training on all firms) or as a supplier (e.g. to provide government-financed training or subsidy for private provision) (Bennett, 2008). Advocates of laissez-faire capitalism, such as libertarians, objectivists and economists of the Austrian School argue that there is no such phenomenon as market failure. Where analysis focuses on individuals' actions, towards attaining their goals

or needs, inefficiency arises: means are chosen that are inconsistent with desired goals (Cordato, 1980). Hence, such government interference may take the form of taxes or subsidies which could contribute to an inefficient allocation of resources, better known as government failure (Bator, 1958).

The economic rationale for public intervention relies on the existence of distortions and market failures (Zeckhauser, 1996). Nonetheless, policy discussions based on market failure consider the strength of evidence that markets are not competitive and that a government role is therefore warranted (Auerswald, 2007). The Austrian School argues that the market tends to eliminate its inefficiencies through a process of entrepreneurship driven by the profit motive, something governments have great difficulty detecting or correcting (Cordato, 1980) as the banking crisis has proved.

However, another argument for government involvement is that SMEs have become a major part of the economy. Government assistance for SMEs provides potential benefits such as creating employment opportunities and establishing a number of growing firms as well as improving innovation and competitiveness (Johnson et al., 2000). The institutional justification for most public policies and initiatives has focussed historically on high rates of unemployment (Alonso-Nuez & Galve-Górriz, 2011). The view that SMEs create new jobs is based on Birch's (1979) study which concluded that small firms (those with fewer than 20 employees) in the USA generated 66% of all new jobs created between 1969 and 1976. Scotland also demonstrates that public support had a positive effect on the creation of businesses, and thus lowered unemployment (Griggs & Weaver, 1997). The policies created by government are nevertheless a way to encourage economic growth in the country. However, a causal link between entrepreneurial prevalence and economic growth has not been conclusively established (Valliere & Peterson, 2009).

A final argument used to justify government intervention is that government itself creates the severest disadvantages for small firms via the cost of compliance with its regulatory and administrative requirements which burden SMEs (Bennett, 2008). By enforcing these regulations and burdening SMEs, government then volunteers to

eradicate the inequalities or inefficiencies in the small business sector, creating a Catch 22 situation. '*Enterprise: Unlocking the UK's Talent*' (2008a) had a key enabler, the 'Regulatory Framework' where legislation was to be kept to a minimum, reducing the burdens of regulation, inspection and enforcement without removing essential protections, and clearly communicating any changes in regulation to SMEs. Whilst others may argue that government intervention is controversial, it is justified by some as stimulating the economy by supporting SME development and reducing small firm failures.

3.3.2 Arguments for Not Undertaking Enterprise Policy

Nevertheless, even if entrepreneurship conceivably contributes to enhanced economic growth, this is no instinctive economic justification for government to intervene with policy (Audretsch et al., 2007). Government intervention in the economy to promote business investment has not been without controversy as an existence of a market failure or 'need' in itself does not justify government action (Bennett, 2006). While government intervention may have been helpful in preventing negative business cycles and controlling inflation, it has created new kinds of problems like inefficiency, reduced growth rates, causing unproductive entrepreneurship and creating a parallel economy[10]. The result of such failures is that governments can then in turn harm small firms and reduce the welfare of society through diverting resources, and deflecting or impeding businesses (ibid).

Parker (2007) argues that there are several 'practical dangers' of government intervention where small firms are concerned. Firstly, where there is market failure, government intervention is not always justified, as it may be costly. For example, the subsidies directed towards entrepreneurs are publicly funded, but taxation crowds out private effort and capital, and distorts incentives (ibid). The government does not always have superior information that is any better than the private sector, which effectively makes intervention difficult.

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[10] The production that takes place outside of the declared and formal circular flow of income.

According to Bennett (2008) there is little evidence of major market failures in terms of existing provider support in Britain, or willingness of SMEs to use the advice. He argues that if there ever were gaps of supply or unwillingness to use support, then these gaps have now largely been filled. However, what is not considered other than the supply or unwillingness is that the SME sector may be unaware of the existence of such support. There is an incomplete market when it comes to an 'impartial diagnosis' as most of the advice being offered is via the private sector (Hjalmarsson & Johnson, 2003). The lack of a market for impartial diagnosis would appear to be a much more solid basis for intervention.

Secondly, the government does not always intervene wisely, especially in the area of regulation (Hansford, Hasseldine, & Howorth, 2003; Parker, 2007). Endless paperwork is involved, imposing a fixed compliance cost on firms which large firms can spread over time and financially, putting their smaller competitors at a greater competitive disadvantage. Again the '*Enterprise: Unlocking the UK's Talent'* (2008a) document was committed to simplifying and implementing the recommendations of the Hampton Review (2005).

Thirdly, it is often argued in the political economy and public finance arena that politicians and interest groups may direct subsidies in ways which primarily benefit themselves, rather than increase social welfare (Stigler, 1971; Becker, 1983). For example, it might be argued that along the lines of 'public choice' theory, politicians support policy initiatives that will maximise their chances of re-election (Johnson, 2005).

Fourthly, the government is assumed to have clear objectives; however, in the UK enterprise policy aims have been difficult to pin down (Curran, 2000). Bannock and Peacock (1989) argue that politicians and bureaucrats often deliberately complicate the aims of policies to ensure everyone is satisfied; it is then less easy to identify when the policy fails. The economic objectives (e.g. high survival rates, profitability and employment creation) are often set in conjunction with social objectives (e.g. getting those people employed who are hardest to employ). These objectives

frequently demonstrate blurred aims. For example, the Local Enterprise Growth Initiative (LEGI) has given some of England's most deprived local authorities a chance to bid for funds to support enterprise initiatives with the expectation that such approaches complement other regeneration activities in the local area (BERR, 2008a). Bendick and Egan (1987, p. 540), however, state that:

> "The programmes in these countries (France and Britain) have succeeded in turning less than one per cent of transfer payment recipients into entrepreneurs, and an even smaller proportion into successful ones. They cannot be said to have contributed greatly in solving either social or economic problems, let alone both."

Lastly, with policy objectives trying to solve both economic and social problems, specific government enterprise policies become difficult to evaluate, and if and when they are evaluated, it is often in the most favourable light (Storey, 2003). '*Enterprise: Unlocking the UK's Talent*' (2008a) failed to provide information or clarification on how each enabler was to be implemented let alone how evaluation would be undertaken. Parker (2007) has argued that there should be more consistent and wide-ranging enterprise policy evaluations which take into account the different programmes that are appropriate when evaluation is done. This allows government to justify whether or not intervention is worthwhile. The following section discusses the financial costs of such interventions.

3.3.3   The Cost of Intervention

The feasibility of government funded assistance and advisory support to small businesses is questioned when they suffer from low take-up rates and vigorous competition from the private sector (Robson & Bennett, 2000). Table 3.3 illustrates the expenditure of government on small businesses.

Table 3.3: Breakdown of SBS expenditure (2005/06)

	2005/06 £ millions	2006/07 £ millions
BusinessLink.Gov (delivered through Serco)	28.6	22.2
Phoenix Fund	40.6	15.7
Enterprise Fund	110	68
Other support	36.8	8.1
Administration expenditure	13	14.8
Total	**229**	**128.8**

Source: Small Business Service (2007, p. 12).

The most recent figures of spending breakdown by the now dismantled SBS illustrate that in 2006/7, SBS spent £84 million providing direct support for small businesses through grants and facilitating access to finance; these figures also include the costs of administering those various schemes. SBS spent £22 million in supporting Business Link, primarily through funding the businesslink.gov website and £8 million on 'other' costs, including policy development and influencing, research and evaluation and administrative costs of £15 million, making a total expenditure of £129 million. In 2005/06 they spent £229 million and the previous year in 2004/05 £380 million was spent (Small Business Service, 2007).

The National Audit Office (2006) reviewed the performance of the SBS and reported that government spent over £2.6 billion in 2003-04 providing support to small businesses. SBS was however unable to quantify the overall impact of its wider activity on the small business sector. With SBS investing vast amounts of money into such initiatives, Atherton (2006) insists that what is not clear is why so many interventions have not achieved a demonstrable impact and 'return' on public expenditure. The academic debate suggests that the major policy challenges for stimulating start-ups is not so much the wider discussions as to whether or not they should be supported (although this could be argued) but instead the extent to which current methodologies are sufficiently effective or proven to have a substantive and durable impact (ibid). Problems are caused by a lack of coordination between the institutions involved. For example, there is confusion amongst potential entrepreneurs as to whom they should turn to with specific problems, indicating both

an overlap of services by different service providers and gaps in the services which provide varying quality of support (Johnson et al., 2000). This confusion may combat claims of government failure where the allocation of resources to support the small business sector has been difficult to prove.

However, Storey (1982) has argued that if there are economic factors which currently favour the small firm, these would be exploited by that sector *without* the assistance of government. According to Mole et al. (2008), within the rational choice perspective, the public advisory services are justified as a mixed (public and private) good. Emphasis should not therefore be placed on the government alone - private companies also have a role to play in the implementation and delivery of enterprise policy.

It cannot have escaped the notice of observers of the small business research and policy arena that the issue of business support has steadily moved up the policy agenda and is being increasingly linked to enterprise policies in the UK (Johnson & Gubbins, 1992). One of the greatest challenges in targeting public policy schemes to promote small business growth is justifying spending on business support, as small business support involves public expenditure (Curran, 2000; Smallbone & Massey, 2010). Also, it raises concerns as to why there is so little questioning of the underlying justification for such policies at a time when the role of the state has come under scrutiny (Johnson, 2005). What is even less clear is whether enterprise policies yield welfare improvements to society as a whole (Storey, 2005). Yet government continues to allocate public expenditure to enterprise policy initiatives without any clear aims or evidence of effectiveness, let alone the ability to justify spiralling costs to the taxpayer.

3.4 "Why has Enterprise Policy Become so Important?"

Over the years enterprise policy has been high on the agenda of politicians, and the aspiration to have an entrepreneurial society is seen as vital. The next question to be

addressed is "Why has enterprise policy become so important?" Johnson et al. (2000, p. 52) recognise that:

> "It is reasonable to conclude that the role of the small business sector in promoting economic growth and competitiveness is at the forefront of current government thinking on small business policy, and will continue to be so for the foreseeable future."

A rise in entrepreneurship has been a necessary response to fundamental industrial and economic restructuring, where it has become evident that there has been a shift from the 'managed economy' to the 'entrepreneurial economy' (Audretsch & Thurik, 2001). Governments in developed countries are paying more attention to enterprise policy because of the need for renewal of their economic performance (Lundstrom & Stevenson, 2005), and a global consensus has emerged viewing entrepreneurship as an engine of economic and social development (Audretsch & Beckmann, 2007).

The contribution made by small firms in an economy has attracted widespread attention from researchers because small business research has gained significant momentum since the early 1970s (Rutherfoord & Weller, 2002). Entrepreneurs and small businesses have been seen to generate employment (van Stel & Diephuis, 2004; Audretsch & Beckmann, 2007), contribute to the GDP, increase competition, provide stability in rural areas of the country and drive innovation (Audretsch, 1995; Stevenson & Lundstrom, 2007; Dennis, 2011).

Reynolds, Cano, Bygrave, Autio and Hay (2000) undertook a study of entrepreneurship and economic success across 21 countries, examining the relationship between Total Entrepreneurial Activity (TEA) and the GDP. The study recognised that entrepreneurship was strongly associated with economic growth amongst nations with similar economic structures. Regardless of such studies, a counter argument has been made, a clear understanding of the nature of the relationship between company growth and public policy has yet to be fully achieved (McGuiness & Hart, 2004).

It has been argued that the level and quality of entrepreneurship makes a difference in the economic vitality of communities, regions, industries and nations as a whole, and that enterprise policies can enhance an economy and the social fabric of a society (Hart, 2003). The most frequent argument claiming the importance of small firms is that they are a major source of job creation (Storey, 2005). The Richard Review (2007) reported that 48% of the UK workforce is employed in SMEs and 49% of UK turnover is generated by SMEs. Further statistics demonstrate that SMEs contribute to 52% of turnover and provide 60% of employment (BERR, 2009). In their systematic literature review, Van Praag and Versloot (2007) argue that entrepreneurs create more employment than those employed by others relative to their size. They also, however, noted that although SMEs create jobs, the quality of the jobs created by entrepreneurs was lower than jobs created by their counterparts in larger businesses.

As the perception of the benefits to be gained from increased levels of entrepreneurship has gathered momentum, governments have been quick to intervene to encourage such prosperity (Hanley & O'Gorman, 2004). Governments can see the benefits of enterprise in an economy as "raising the degree of competition in a given market, fuelling the drive for new economic opportunities and helping to meet the challenges of rapid change in a globalising economy" (OECD, 1998, p. 35). The restricted expenditure available to government suggests a favourable argument and reliance on private initiative as a source of employment creation and of a preference among many policy-makers for supply-side solutions to unemployment (Hanley & O'Gorman, 2004). Promoting entrepreneurship is thus viewed as part of a formula that will bridge the economic success with social cohesion (DTI, 1998).

Enterprise policies are emerging as one of the most influential and essential instruments for economic growth. Just as monetary and fiscal policy were the backbone of creating employment and growth in the post-war economy, enterprise policy is increasingly considered as the most important policy instrument for a global and knowledge based economy (Gilbert, Audretsch, & McDougall, 2004). Enterprise policy was previously considered as a stopgap measure to absorb workers displaced

by corporate downsizing (Storey, 1991), but now dominates the policy arena in the hope of creating employment, stabilising the economy and equipping the nation with entrepreneurial skills and education.

3.5 "What are the Main Instruments of Enterprise Policy?"

The European Council of Ministers identified a need to stimulate entrepreneurship by "creating a friendly environment for starting up and developing innovative business" (Atherton, 2006, p. 21). With increasing interest and political attention in the promotion of enterprise, new policy instruments have been created and implemented since the mid-1990s (Audretsch & Beckmann, 2007). Policy across the European Union include access to finance, maintaining existing jobs and/or integrating unemployed or those at risk into the labour market, facilitating cross border activities, encouraging tax breaks and financial incentives for purchases of specific sector products (Lambrecht & Pirnay, 2005; EIM Business and Policy Research, 2010). With respect to this, Audretsch et al. (2007) ask "What are the main instruments of enterprise policy?"

Since 1979, many government and opposition election manifestos have clearly and explicitly stated the importance of enterprise. The significance of small businesses in a country's economic and social climate has led to a range of small business support schemes and initiatives being announced. To take into account the range of objectives and the variety of the delivery instruments, the Commission of European Communities (2001, p. 7) advocates a relatively broad definition of business support:

> "Business support services refer to these services, originating in a public policy initiative, that aim to assist enterprise or entrepreneurs to successfully develop their business activity and to respond effectively to the challenges of their business, social and physical environment."

The notion of support is most commonly used in the context of subsidised programmes of public intervention at the national and/or local level (training, loan

guarantees and finance counselling) (Gibb, 2000). The level of direct government support for SMEs has increased significantly over the last couple of decades in the UK. The value of support, as demonstrated in Table 3.4, has increased more than fivefold since the early 1980s (Richard, 2007).

Table 3.4: Direct government support for small business since 1980, in real terms

Year	Estimated Value of Government Support	Number of Central Government Support Schemes	Number of Businesses
1982-83	c£500m	98	2.4m
1995-96	c£840m	200	3.7m
2005-06	c£2,840m	267	4.4m
% increase over time	468%	172%	80%

Source: (Richard 2007, p. 10).

In the UK, business support to the small firm sector has been directed primarily through the gateways at an estimated total cost of £12 billion (Richard, 2007). Delivery of this £12 billion in support funds falls into three broad categories. The first category was *Central Government* (£5.467 billion) with the main budgets concerning the National Learning and Skills Council (£1,846m), including budgets for vocational qualifications, DTI/SBS (£682m), the Department of Media, Culture and Sport (£371m), the Department of Work and Pensions/Job Centre Plus (£365m), and the Department of Environment, Food and Rural Affairs (£336m). Over 250 support services were aimed at the small business sector, spread among 14 departments. Additional resources were directed towards business support by the devolved administrations in Northern Ireland, Scotland and Wales. In the second category were the *Direct Support Services* (a component of Central Government). These services were operated by or on behalf of six main organisations including RDAs, Business Link Providers and Local Authorities. Approximately 3,000 types of services were offered under this heading. The third category was *Tax Incentives* (£3.991 billion) and the *Common Agricultural Policy* (£2.648 billion) which included SME R&D Tax Credit, Corporation Tax, and VAT relief for small traders.

The £12 billion spending breakdown illustrates the different types of instruments employed. On the one hand, there are *hard/direct/operational policy instruments*. These include a range of implemented financial measures such as direct grants, subsidised loans, loan guarantees and increasing initiatives to make venture capital more readily available (Lambrecht & Pirnay, 2005).

On the other hand, there are also the *soft/indirect/strategic policy instruments* which are predominant in many industrialised countries utilising taxpayers' money to offer 'soft' business support to SMEs (OECD, 2000). This type of support comes in the form of advisory assistance, the dissemination of best practice and encouragement of partnerships and gateway services which endeavour to strategically address particular kinds of market failure facing small firms (Wren & Storey, 2002). Many governments are actively working on encouraging SMEs to take part in the developmental activities on offer (Perren & Jennings, 2005).

Over the years the market has been flooded with numerous policy instruments and it has been difficult to ascertain the exact number of publicly-funded business support schemes currently operating in the UK. In 2007, the Grants and Support Directory had almost 2,500 publicly and privately funded registered business support schemes (the majority of them public funded) (Richard, 2007). This was recognised to be an underestimate of what was available in the UK. The number of central government support schemes had grown by 172 per in the period of 1982 to 2006 (ibid). The numerous schemes led to duplication, inefficiency and inconsistency as well as confusion, for providers and consumers alike, at both local and national levels. The level of support grew at a faster rate than the number of small businesses, and to counteract the ever-growing business support schemes, in 2005 the UK government launched one of the most ambitious regulation improvement programmes in the world. It aimed to deliver a 25 per cent net reduction in administrative burdens by 2010, worth £3.5 billion annually to business; it has been on course to reach its targets with over £800 million annual net savings already secured in the first few years (BERR, 2008a). Table 3.5 illustrates the latest Business Support Simplification

Programme (BSSP) timeline, designed to streamline and reduce business support schemes.

Table 3.5: Solutions for BSSP timeline

Situation 2005	3000+ support schemes, multiple providers and brands.
March 2007	Budget announcement of Government commitment to simplifying business support and establishment of BSSP.
March 2007	Business Link is announced as primary access route for support.
June 2007	Publication of consultation document.
October 2007	Pre-Budget Report (PBR) statement on proposed future business support. 18 economic themes for government support identified.
December 2007	Formal Government response to the BSSP consultation.
March 2008	Merger of product information and Business Link announced.
October 2008	Solutions for Business portfolio announced.
March 2009	All products in the Solutions for Business portfolio ready for use in the transition year (2009-10). Integration of skills and UK Trade and Industry information to Business Link.
December 2009	Solutions for Business Progress Report published alongside PBR.
March 2010	No more than 100 publicly-funded business support products.

Source: BERR (2007, p. 10).

Lundstrom and Stevenson (2001) found that policy instruments used to support enterprise and entrepreneurship fell into six major categories according to what the policy (and its instruments) had been designed to address.

The first category is the *regulatory environment for start-ups.* In many of the countries studied by Lundstrom and Stevenson (2001), governments were engaged in a process of examining the impact of administrative, legislative, and regulatory burdens on both existing small firms and new business entries. The main reason for this attention was to reduce the disproportionate burden of regulatory and administrative requirements on small firms in comparison to larger firms. In the UK, it has been estimated that the burden on businesses has increased to £56 billion with seventy-seven separate groups of regulations in existence that have significant impact on business (British Chambers of Commerce, 2006).

The second category is *the promotion of entrepreneurship.* In terms of enterprise policy, Lundstrom and Stevenson (2001) argue that promotion is the most underdeveloped strategic area. An emerging area of interest is how to move beyond the conventional focus of enterprise education, based upon new venture creation and management, to a broader concept based on an understanding of the way that entrepreneurs live and learn entrepreneurship education (Patel, 2004). An effective strategy is to build a widespread awareness of entrepreneurship in society at large, and to increase its legitimacy and role in the economy and in the media. The most recent proponent of promoting entrepreneurship was to encourage enterprise to everyone in the UK (BERR, 2008a).

Thirdly, *entrepreneurship education* is important in most developed and developing countries, where it has become fashionable to view entrepreneurship and entrepreneurship education as a panacea for stagnating or declining economic activity (Matlay, 2001). Entrepreneurship education is increasingly hailed as the most effective way to facilitate the transition of a growing graduate population from education to work (Luthje & Frank, 2003; Matlay & Westhead, 2005). In the UK, the government had plans to invest £30 million to develop and extend enterprise education from secondary schools into primary and tertiary education (BERR, 2008a). In addition, entrepreneur Peter Jones worked alongside the government to launch a National Enterprise Academy (NEA) in 2009 as the first in a network of enterprise academies.

Fourthly, *business start-up support measures* are of importance where SMEs appear increasingly crucial to the success of a national economy (Johnston & Loader, 2003). This support has policy objectives of improving the dynamism of economies in a number of ways: by increasing market entry and innovation, by producing a more equal spread of economic benefits, and by improving competition and increasing employment (ibid).

Fifthly, to access *financing and seed-capital,* which are critical for entrepreneurial success, it is important that businesses have the knowledge, skills and opportunities

to access the finance they need to make their enterprising ideas a reality. For some, this will be about understanding what the best finance options are before setting up their business, whilst for others it will be about finding the right financial backing to help them realise their entrepreneurial ambition for business growth and success. Businesses also need to be able to access the support and advice they need to become investment-ready before they seek finance.

The UK's finance markets are amongst the most flexible and dynamic in the world; the UK was ranked second best in the world in 2007 for supporting business financing needs (Barth, Tong, Wenling, Triphon, & Yago, 2007). Nevertheless, evidence suggests that, for a minority of firms, barriers to accessing finance continue to exist. Over the last ten years, the government has taken steps to support a more enabling environment for small businesses to get better access to finance and is continuing its financial assistance with funds such as the Enterprise Finance Guarantee and the Enterprise Capital Fund.

Lastly, on Lundstrom and Stevenson's (2001) list is the *target group strategy* whereby entrepreneurs come from different backgrounds, experiences, motivations, behaviours, needs and demographic areas, which in turn motivates the government to foster policy aims and initiatives directed towards targeting certain groups. The main benefit of targeting a policy to those who 'fit' in a particular group e.g. women, the young, ethnic minorities and the disabled, is that it can reduce the range of expenditure as well as focus resources where they are 'needed'. Such schemes are also easier to market (Smallbone & Massey, 2010). Thus, they avoid resources being directed at the 'wrong' areas as well as avoiding non-additionality (Bennett, 2006).

The Centre for Business Research at the University of Cambridge used the results of their large scale surveys from 1991, 1997, 2002 and 2004 to examine the evolution of government support for small business. Their analysis concluded that despite a number of policy changes such as different modes of delivery and a tenfold increase in expenditure, "there is little to indicate the overwhelming success of government SME support policies, particularly at the level of cost they now involve" (Bennett,

2008, p. 12). It has been argued the overall effect of the present enterprise policies have illustrated little effectiveness (Bannock, 2005). However, this has not prevented business support from becoming a booming business sector in its own right (Richard, 2007).

The plethora of enterprise policies has given rise to many policy instruments with which to support enterprise and entrepreneurship, and "the view of 'support' as a paternalistic notion relating to SMEs being disadvantaged or somehow inferior is challenged" (Gibb, 2000, p. 19). A favourable operating environment for small enterprises needs to be ensured, but this does not mean that they necessarily require subsidies or special protection. While subsidised loan programmes, free consulting services, special procurement policies and market reservation schemes were fixtures of enterprise policy frameworks in the past, there is a growing recognition that these enterprises are best served by having a largely neutral policy environment which focuses on removing constraints to SME development rather than providing them with special privileges (Luetkenhorst, 2004).

3.6   "Who Implements Enterprise Policy in the UK?"

Audretsch et al. (2007) raise another question which merits attention, namely "Who implements enterprise policy in the UK?" The implementation of policy is concerned with what happens to a policy or programme after is has been formulated (Ryan, 1995). Therefore this question can only be answered once policy-makers have settled upon a policy design and on one or more tools to carry out the goals of the policy design, as only then do the relevant actors in the policy process decide on the implementation of the public policy (Birkland, 2001). It is a key feature in the policy process; the understanding of and learning from implementation problems can foster knowledge about better ways to structure policies to ensure that they have the desired effects sought by all concerned (ibid).

Over the years two main methods of policy implementation have been developed: top-down and bottom-up approaches. The top-down approach is deeply rooted in the

stages model, and involves making a clear distinction between policy formulation and policy implementation (Hill, 2005). Typical advice to senior policy-makers on how to ensure effective implementation is put forward by Hill (2005). To ensure effective implementation it is necessary to, firstly, keep policy unambiguous; secondly, to devise simple implementation structures with as few links in the implementation chain as possible; thirdly, to effectively control implementing factors and; lastly, to prevent outside interference with the policy process.

Howlett & Ramesh (2003) clearly identify the stages of policy development, from agenda setting to policy evaluation and argue that the top-down approach assumes that decision-makers provide those implementing the process with clear goals and directions. Yet in reality, government intentions can emerge from bargaining processes, and thus result in goals and directions which are often vague, unclear, or even contradictory. For example, government is assumed to have clear objectives but this is often not the case, especially because in the UK, as in most other European countries, the development of enterprise policies has not followed a clear statement of policy objective and targets (de Koning & Snijders, 1992). The most serious shortcoming of the top-down approach, however, is its focus on senior politicians and officials, who often play only a marginal role in day-to-day implementation compared with lower-level officials and members of the public (Howlett & Ramesh, 2003).

Conversely the bottom-up approach or the 'street level bureaucrats' (Lipsky, 1980) involve teachers, business advisers, local agencies and others who implement policies and are in contact with the policy's target population. The bottom-up approach recognises that goals are ambiguous rather than explicit and may conflict not only with other goals in the same policy area, but also with the norms and motivations of the street-level bureaucrats (Birkland, 2001). Also, it does not require that there be a single defined 'policy' in the form of a White Paper or other form. Rather, policy can be thought of as a set of laws, rules, practices and norms, in which government and interest groups address the areas. Much of the policy process, however, seems to be disconnected from the activities (i.e. business support) and the

preferences of individuals (i.e. small businesses) in both the top-down and the bottom-up approach (ibid).

The extent to which street-level bureaucrats implement a policy in the manner intended by national level policy-makers depends not only on whether they fully understand the objectives and purposes enshrined in the policy, but also perhaps, on the policy's compatibility with their own organisational goals and values (Dorey, 2005). Just as government departments have often been characterised by a particular internal philosophy or ethos, so too might organisations acting as street-level bureaucrats, who may have their own specific ethos or institutional ideologies, and this may have particular consequences for their interpretation or acceptance of a governmental policy (Fudge & Barrett, 1981; Dorey, 2005).

Policy implementation assumes that policy is a top-down process in which the higher level makes policy and the lower level operates policy (Mole, 2002). This assumption does not consider that the top-down approach needs to involve those at the bottom level to implement policy effectively and efficiently. Enterprise policy cuts across all government departments. Many government departments, delivery agencies and other stakeholders play a role in shaping the UK environment for enterprise and entrepreneurs. Figure 3.3 looks at the structure and organisation of finance and departmental responsibility starting from central government down to those delivering policy in England.

Figure 3.3: Organisational structure of responsibility
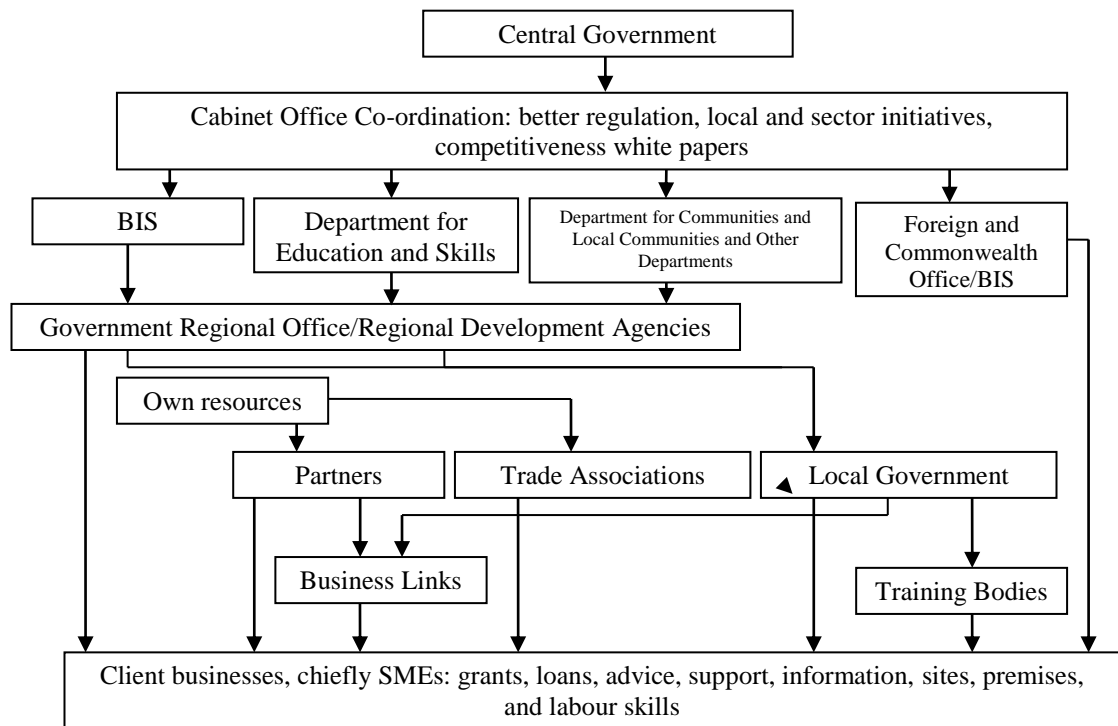
Source: Adapted from Bennett (2006, p. 71).

Figure 3.3 illustrates the numerous departments and agencies involved within the framework of implementation process, incorporating the Chancellor of the Exchequer involved because some of the finance originates from his office. Programmes are carried out by ministers at the national level and at the regional level by a network of agents (De, 2000). The latter then share the responsibility with partners (public and private) who, at a local level with local government, become involved in delivering the support to Business Links and training bodies.

According to Kantis (2002), the role of the government is to act as a catalyst. The government is the agent who must plan the strategy, build the vision, mobilise the key players, and commit the resources to promote the emergence and development of new entrepreneurs and dynamic enterprises. However, there is a gap which needs to be filled in the promotion of entrepreneurship to help policy-makers learn how to improve policy-making and implementation (Roper & Hewitt, 2001). Thus as Hart (2003) remarks, public policy and governance can shape virtually all the contextual

determinants of the demand for entrepreneurship and, over a longer time scale, the supply of entrepreneurs as well.

3.7 "What is the Impact of Enterprise Policy and How Should it be Assessed?"

As discussed previously, not much is known about the impact of public policy on entrepreneurial activity at the macro-level (Stevenson & Lundstrom, 2007), provoking a great deal of debate, interest and research activity in recent years (McGuiness & Hart, 2004). Since enterprise policy has only come to the fore in the policy domain, it is not surprising that efforts to measure impacts and identify the most appropriate performance indicators are not well developed. Governments are in the process of identifying the most appropriate measures of performance, the UK being one of the most advanced (SBS, 2007). Since the 1990s, there has been concern amongst those in academia about the evaluation difficulties of policies and support that are emerging (Bennett, 1996, 1997; Curran et al., 1999; Storey, 2000). Although there have been many attempts to improve the availability and use of external expertise and support by SMEs during the last decade, few evaluations of their impact and effectiveness exist in the public domain (Turok & Raco, 2000). The final question in this chapter therefore asks, "What is the impact of enterprise policy and how should it be assessed?"

3.7.1 The Importance of Enterprise Policy Evaluation

Over the years the importance of evaluation of enterprise policy for the small business sector has led several researchers in creating frameworks to assess the impacts (Wren, 1987; Foley, 1992; Storey, 2000). Evaluation has been broadly described by Turok (1990) as monitoring and assessment of the impact and effectiveness of policies and programmes. It differs from policy appraisal which is the term normally used for an analysis before a policy is launched (Foley, 1992). According to Foley (1992), a growth in the level of interest in policy evaluation has

been founded upon a number of factors including the needs to display accountability, to understand the impact of policy initiatives and to demonstrate cost efficiency and cost effectiveness.

Evaluation, even in its most basic form, is needed to ensure *value for money* where issues of *accountability* and the *opportunity cost* of spending public resources are taken into account (Lenihan et al., 2005). The methods for monitoring and evaluating have been expanded as a result, and now make increasing use of public-service agreements, service-level agreements, indicators, performance targets and benchmarking (Propper & Wilson, 2003).

The evaluation of enterprise policies in the UK has two main strands. Firstly, evaluations sponsored by government funding departments and/or agencies delivering the policy initiatives, have been conducted by private sector for-profit bodies. Secondly, evaluations have been carried out by independent (usually academic) researchers on a not-for-profit basis, sponsored by others than those funding or delivering the initiative, such as the Economic and Social Research Council (ESRC), or professional associations and charities (Curran, 2000). Even where it is undertaken, it is not always the case that the most sophisticated (and/or accurate) methods are applied (Storey, 2003). McMullan, Chrisman and Vesper (2001, p. 38) argue that what is most striking about the approaches to economic impact evaluations of business support is:

> "Missing data, inadequate or absent control groups and the need to make a large number of manipulation and assumptions in analysing data."

UK enterprise policy and its aims have been described as being surrounded by woolliness and suffering from a long-term lack of adequate evaluation (Curran & Storey, 2002). In other cases, whilst evaluation is undertaken, it never enters the public arena. For example, many evaluations consider the short-term effects and impacts which imply that all the effects in the chosen indicators may not have emerged and thus will not be captured (Norrman & Bager-Sjögren, 2010). Gibb

(1993) argues for evaluation research to be recognised as 'proper' research, with the ability to further the conceptual basis of policy programmes. Whilst Storey (2000) remarks that the methods of evaluation employed by enterprise academics have rarely been at the intellectual frontier.

Therefore, for effective methods of evaluation there is a need for more consistent and wide-ranging enterprise policy evaluations (Parker, 2007). Not only is this fundamental to the development and assessment of rationales for business support, by building an evaluation culture in order to effectively determine impacts or results (Lambrecht & Pirnay, 2005), but it is also imperative to scrutinise the offers of business support provision to develop wider and greater impacts (The Commission of the European Communities, 2001). As Curran (2000) rightly asks, does public support for small enterprise offer value for money? To what extent has it helped promote the increase in small business since 1978? And even if it can be shown to have been effective, is it still justified today? Subsequently, these questions can be answered by employing tools to evaluate enterprise policies and incorporating evaluation into the policy and initiatives as they are being formulated in order to achieve the best possible results (Bennett, 1997; Curran et al., 1999; Storey, 2000). It is clear that the evaluation of enterprise policies and initiatives has lagged behind their growth and proliferation (Curran, 2000).

Storey (2000, p. 177) argues that "a fundamental principle of evaluation is that it must first specify the objectives of policy." In many developed countries this is no mean feat, as vague ideas are proposed instead of clear objectives e.g. "maximising SMEs contribution to economic development" or "enhancing competiveness" or even simply "creating jobs" (ibid). Governments should be required to specify their objectives along with their provision of small business support and thus, with the identification of clear objectives, specific evaluation can then take place.

3.7.2   Assessing Enterprise Policy

Enterprise policy requires clear specification of the objectives of the policy as a prerequisite, because the evaluation and subsequent continued improvement in policies to support entrepreneurs is one of the most neglected areas of policy (Parker, 2005). As noted previously, objectives are often confusing and diluted, which affects both the level and the quality of evaluation. In addition, control groups of otherwise similar firms which did not participate in or benefit from the policy being studied should be taken into account. Consideration should also be given to the design of the policy. Indeed, sometimes firms can self-select to participate in the policy, so equally important is the extent to which those responsible for the policy may choose some applicants and reject others (Fraser, Storey, Frankish, & Roberts, 2002). These are all important areas that need revisiting if effective evaluation is to be undertaken.

The 'six steps to heaven' provides an analytical framework for assessing the impact of SME[11] policy which encompasses (Storey, 2002): take-up of schemes (Step 1); recipients' opinions (Step 2); recipients' views of the difference made by the assistance (Step 3); comparison with 'match' firms (Step 4); performance of assistance with typical firms (Step 5) and taking account of selection bias (Step 6). Step 1 is the most simple and step 6 is viewed as the ideal in 'best practice' or 'heaven' in the area of evaluating small business support policies. Steps 1 to 3 are referred to as monitoring and steps 4 to 6 are considered to be evaluation (Lambrecht & Pirnay, 2005). The difference between monitoring and evaluation is that the former relies exclusively on the views of the recipients of the policy (ibid).

Turok (1990) also provides examples of several suitable methodologies for evaluating government policies in the spatial economic field. His arguments go beyond simple policy impacts and instead explore how and why such policies are produced. They demand an understanding of why policies are effective or ineffective in achieving their intended objectives, and require the researcher to go beyond the

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[11] Although Storey's (2002) framework is proposed for SME policy, the framework can also be used to evaluate enterprise policy.

measurement of policy impacts. These approaches also demand an understanding of the forces and mechanisms of change at work in the economy.

Much more documented are the difficult methodological problems in evaluating enterprise policies and support. Curran (2000) recognises three key issues that are linked firstly to additionality where net positive outcomes are attributed reliably to the policy or programme; secondly to deadweight, where the desired outcome would have resulted regardless of the programme or policy and, lastly, to displacement where as a result of the policy or the programme, other firms that are not involved cease to trade or experience lower sales or employment, and/or higher costs.

Curran et al. (1999, p. 43) argue that "it is difficult to say very much worthwhile about the impact of small business policy in the UK over the last 20 years." The fact that most evaluations have been methodologically weak leads to results which can have various interpretations (Curran, 2000). Policy-makers strongly agree that policies are needed to promote the small firm and their role in the economy; however the implication is that it is difficult to see how support for the business sector is having any great impact (ibid). This can be attributed to the fact that the evaluations carried out do not or cannot show results depicting either a clear positive or negative impact.

Despite the considerable amount of money that is spent on business support, the evaluation of enterprise policies is remarkably underdeveloped (Wren & Storey, 2002). The vast amount of money being spent is leading to an increased focus on their cost-effectiveness. As mentioned previously, a lack of clear enterprise policy objectives is not uncommon in the small business sector (Storey, 2005), making it difficult to undertake satisfactory and effective evaluations. It has been suggested that policy-makers remain largely uninformed consumers of research and few enterprise policies are based on the best available knowledge; the results have been poor policy, wasted public resources and a less effective economy (Curran & Storey, 2002). There has also been a discrepancy between policy intentions and actual activities on an operational programme level (Norrman & Klofsten, 2009). This

raises questions regarding the legitimacy of policy-makers to formulate policy, as often they seem to lack basic knowledge of enterprise policy concerning initiatives, support and/or advice, and how it should then be effectively implemented in line with the initial policy.

3.8   Conclusion

This chapter introduced the extant enterprise policy literature, demonstrating that policy formulation remains an under-studied area. Relevant policy issues that precede formulation (Kingdon, 1984), and those subsequent to it (Nakamura & Smallwood, 1980) continue to attract more scholarly attention than the formulation itself.   The lack of information at the formulation stage of policy development ensures that it remains a 'black-box', presumed to contain a varying mixture of thoughtful and interactive components (Wildavsky, 1979).

To develop effective policy instruments, it is important policy-makers gain a clear understanding of what is needed and how best to assist (Massey, 2006). There is an increasing amount of robust and current empirical data on firms and their owners which policy-makers could use to ensure enterprise policy is both worthwhile and effective for the economy and the consumers. For any government desiring to actively promote entrepreneurship, there is an underdeveloped theoretical basis to guide policy development, "a characteristic of governments in all developed countries seems to be, at best, opaque about the objectives of small business policy" (Storey, 2000, p. 177). Thus, policy goals, if they are stated, are usually inconsistent and unclear. There is a need to understand what enterprise policy means and what it comprises in order to develop effective enterprise policies and programmes. It has been suggested that government can achieve this by making processes more open, transparent, democratic and more participatory (Stiglitz, 1988).

Gibb (2000) believes that, despite the increase in academic knowledge of policy, and perhaps even because of it, there has been a growth in ignorance of the gaps between what is known and what is understood in practical policy terms. With respect to

practical policy, the government is a major factor in influencing the nature and pace of SME development where the UK government, like most other governments, is not only interested in the likely and actual impact of policies, programmes and projects but is also interested in establishing how to successfully implement such initiatives (Smallbone & Welter, 2001). That is, it needs to know how, why, with whom, and under what conditions a policy or programme can be considered to be successfully implemented and delivered. The importance of effective implementation and delivery has been highlighted in the UK since the General Election of 2001, when the reform and delivery of public services became the defining theme of the second Blair administration. A review of the evidence on effective implementation, however, has described the field as 'imperfect' and often inconclusive (Grimshaw, Thomas, MacLennan, Fraser, & Ramsay, 2003). There is a very strong need for vigorous monitoring and evaluation studies that can identify the particular conditions under which successful implementation and delivery takes place, or fails to take place, as well as establishing those conditions that are more generalisable (Davies, 2004).

In conclusion, "there is still a gulf between our understanding of the need for such entrepreneurship policies and how such policies should be designed when needed" (Karlsson & Andersson, 2009, p. 127). The main contention of enterprise policy begins with the lack of enterprise policy aims recognised at the formulation stage, which results in bringing the implementation and evaluation of the policy into disrepute with little, if any insights into their success or failure. To justify and rectify enterprise policy, government needs to rethink the policy process where knowledge is needed about the nature and diversity of the SME landscape, what interventions appear to address problems, how potentially effective interventions can be implemented, and who needs to be involved in this process. These considerations should be addressed at the formulation stage of the policy process and not as an afterthought when enterprise policy is proved to be ineffective by its critics.

CHAPTER 4

FEMALE ENTREPRENEURSHIP AND ENTERPRISE POLICY

4.1   Introduction

The previous chapters introduced the institutional theoretical perspective to this research and emphasised the importance of enterprise policy at the macro-level. This chapter focuses on a specific group of entrepreneurs in order to illustrate the micro-level of policy and the people involved. Given the existing variety of different entrepreneurial groups, this research concentrates solely on female entrepreneurs as its chosen group - specifically because women make up half of the UK population but only 29% of them are self-employed (LFS 2009-10).

There has also been a recent increase in the literature on female entrepreneurs among both researchers and policy-makers. For example, a two-volume special issue of *Entrepreneurship Theory and Practice* (2006 and 2007) explored female entrepreneurship, De Bruin, Brush and Welter's (2007) *'Advancing a Framework for Coherent Research in Women's Entrepreneurship'* describe 52 articles which were submitted to the special issue on female entrepreneurship in finance (8), network/social capital (6) and research on performance (6). Furthermore, topics about individual characteristics and behaviour (1), self-efficacy (1) intentions and motivations (4) decision models (2) and perceptions (2) were also submitted[12]. From the emerging themes, however, no paper elaborated on the gender dimension in conjunction with, or in supporting enterprise policy. If government wants to (a) increase the number of women in business, (b) deliver effective enterprise policies (and business support) to women and (c) overcome the market failures that obstruct entrepreneurs to start and grow their businesses, enterprise policy formulation needs to be working in tandem with different entrepreneurial groups rather than the disjointed attempts that are currently visible. It should be noted that the editors of the special edition journal had little input as to what topic or areas should be explored;

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[12] The totals of 52 differ from the total in the paragraph; this is because the count was based on the main topic of submissions (De Bruin et al., 2007).

clearly, academics and researchers in the area of women and enterprise should be encouraged to make links and bridge the gap between the policy formulation process and female entrepreneurship.

In the last thirty years, there has been widespread literature investigating issues of gender and enterprise, and an increase in the importance of women in self-employment and business ownership in the UK, in terms both of numbers and economic contribution. The growth in the number of female entrepreneurs and the subsequent research into issues of gender and enterprise has occurred in many developing and developed countries (Carter et al. 2001; Jamali, 2009; Smallbone & Welter, 2010; Bardasi, Sabarwal, & Terrell, 2011). To date, scholarly literature has reached solid conclusions with respect to the motivations and barriers which female entrepreneurs face, indicating the heterogeneity of women. However, studies have often been found to be contradictory and/or ambiguous in not only determining the differences between male and female entrepreneurs but differences amongst female entrepreneurs themselves, continuing to provide little practical direction with which to influence policy-makers who are directing efforts to improve the entrepreneurial economy.

In terms of enterprise policy in the UK, the government sees gender on the one hand as an issue for concern because women's attempts to fully participate in entrepreneurial activities are said to be hampered by many constraints that tend to be gender specific (Coleman, 2002). On the other hand it can act as a vehicle that could influence the levels of entrepreneurial activity as well as competitiveness (Robson et al., 2008). Women-owned businesses are a powerful source of innovation and job creation (Orhan & Scott, 2001), and can also have an important impact on economic development and poverty alleviation (Kreide, 2003). In the UK numerous policy initiatives designed to encourage women's enterprise have been launched over the years as a sign of government acknowledgement of the importance of women in the business sector. For example the '*Strategic Framework for Women's Enterprise'* (DTI, 2003) report highlighted the untapped enterprise potential of women and emphasised the need to encourage more women into self-employment. Recently the

Women's Enterprise Task Force (WETF) delivered the *'Greater Return on Women's Enterprise'* (2009) report stressing the importance of creating opportunities to increase the quantity, scalability and success of women's enterprise. In spite of this drive by the government, researchers argue that policy-makers and those who provide business advice and support to individuals tend to allocate resources to those who fit their stereotype of an entrepreneur (Gupta, Turban, Wasti, & Sikdar, 2009), effectively ignoring any recommendations or advice offered by such reports with respect to women. This is illustrated in the publications and numerous support initiatives making headlines, for example, the Aspire Fund[13], where progress has been slow and the targets set or the recommendations made have been ignored by government.

This chapter seeks to give an understanding of the diversity of female entrepreneurs in the UK, an overview of the different groups of women interested in entrepreneurship, and asks why women start their business and what barriers they face whilst starting or growing their business. It also discusses whether separate enterprise policy for women is appropriate, understands the specific needs of female entrepreneurs, and explores the business support element of such a policy. It highlights not only the economic case for increasing the number of female entrepreneurs but raises awareness of the sporadic attention paid to female entrepreneurs by government, evident in the array of support initiatives in the UK aimed at assisting women (Bennett & Richardson, 2005). Figure 4.1 outlines the discussion of this chapter.

Figure 4.1: Theoretical framework for female entrepreneurs and enterprise policy

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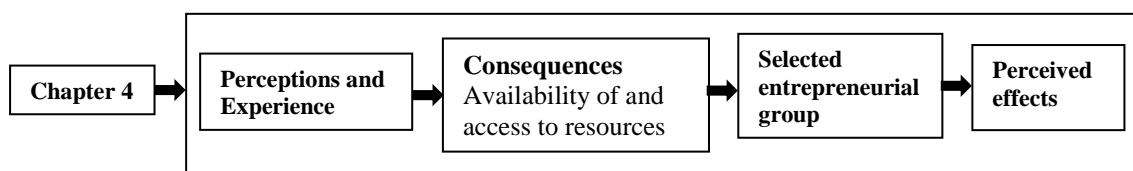
[13] Established in 2008, the £12.5m Aspire Fund targeted support for women-led businesses across the UK. The fund was able to make equity investments of between £100k and £1m, on a co-investment basis, in order to help strong businesses grow.

Figure 4.1 highlights the link between this chapter and the conceptual framework (presented in Chapter 1) as to how enterprise policy is depicted at the micro-level. The aim of this chapter is then twofold: firstly, it highlights the lack of female entrepreneurs in the UK, raising concerns about the need for further political engagement, and secondly, it illustrates the underdevelopment of female entrepreneurship which hides unexploited potential for growth. This chapter maps out the current debates on female entrepreneurship and enterprise policy.

4.2   An Overview of Female Entrepreneurs in the UK

Over the years there has been an increasing interest in female entrepreneurship with women gradually being recognised as having an important impact on the economy, both as a source of employment and of potential growth (OECD, 2004). The importance of women in self-employment and business ownership in the UK in terms of numbers and economic contribution started to gain recognition in the 1980s, particularly in the latter part of the decade when a small number of high profile women business owners brought female entrepreneurs to the attention of the public (for example Anita Roddick of Bodyshop and Sophie Miriam of SockShop).

Statistics demonstrate that there are an estimated 3.8 million self-employed individuals in the UK, of whom 2.7 million are male whilst only 1.1 million are female (Labour Force Survey (LFS), Annualised, 2009-10). SBS estimated that women business owners contribute £60-£70 billion in Gross Value Added[14] (GVA) to the UK economy each year (Carter & Shaw, 2006). In comparison to the USA, women-owned businesses totalled 10.1 million firms, employing 13 million people and generating $1.9 trillion in revenues (Kobeissi, 2010).

Despite claims that the number of female entrepreneurs is growing (Weiler & Bernasek, 2001), in the UK, their share is still low when compared to their participation rate. As Carter and Shaw (1999) argue, there was a dramatic growth in

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[14] GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom.

the number of women entering self-employment in the UK between the years 1979 and 1997, during which time the market increased by 163 per cent from 319,000 to 840,000. In the same time-span, the number of self-employed males increased by 67 per cent, from 1,449,000 to 2,421,000, which, whilst highlighting a greater rate of participation by women in self-employment over the years, exhibits the fact that female business owners lag behind their male counterparts by sheer weight of numbers. Even more worryingly, during the period of 1990 to 1999, overall female entrepreneurship declined by 4 per cent (Carter et al., 2001).

Table 4.1 shows that between 1999 and 2009-10, the overall percentage share of males and females in self-employment has not changed significantly. Male self-employment has fallen from 2.9 million (1999) to 2.7 million (2009-10). Female self-employment has remained constant at 1.1 million in the same period. Carter (2006) on the whole examined historical evidence from the LFS data and demonstrated that while there has been a substantial growth (out with the recent economic situation) in the self-employed population, the female share has remained relatively stable over the past twenty years.

Table 4.1: Self-employment and gender (1999 and 2009-10)

Self-employment	% Male (1999)	% Female (1999)	% Male (2009-10)	% Female (2009-10)
Paid salary or wage by agency	4	2	2	1
Sole director of own ltd business	6	1	7	2
Running a business or prof practice	19	7	11	5
Partner in a business or prof practice	9	4	9	4
Working for self	27	11	36	15
Sub-contractor	5	1	4	0
Freelance work	2	1	2	2
Total	**71**	**29**	**71**	**29**

Source: Labour Force Survey (Annualised Winter-Autumn, 1999 and Annualised July 2009 – June 2010).

Table 4.1 indicates that females own just under a third (29 per cent) of self-employed businesses. Only 15 per cent of women 'work for themselves' in comparison to 36

per cent of men. It is evident from the figures in Table 4.1 that the only category in 2009-10 where there is little female presence is in sub-contracting, unlike that of their male counterparts - 14,907 and 163,000 respectively.

Table 4.2 illustrates a breakdown of the ages, qualifications and industries of self-employed males and females in the UK.

Table 4.2: Age, highest qualification and industry by gender (2009-10)

Age	% Male	% Female	% Total
16-19	0	0	1
20-24	3	1	3
25-29	5	2	7
30-34	6	2	8
35-39	8	4	12
40-44	10	5	14
45-49	10	5	15
50-54	9	4	13
55-59	8	3	11
60-64	7	2	9
65-69	3	1	4
70+	2	1	3
Total	**71**	**29**	**100**
Highest qualification			
Degree or equivalent	15	10	25
Higher education	6	3	9
GCE A Level or equiv.	21	6	26
GCSE grades A-C or equiv.	12	6	17
Other qualifications	9	3	12
No qualification	8	2	9
Don't know	1	0	1
Total	**71**	**29**	**100**
Industry			
Agriculture & fishing	4	1	5
Energy & water	1	0	1
Manufacturing	3	1	5
Construction	21	1	22
Distribution hotels & restaurants	9	5	13
Transport & communication	9	1	10
Banking finance & insurance etc.	14	7	21
Public admin education & health	5	8	13
Other services	5	6	11
Total	**71**	**29**	**100**

Source: Labour Force Survey (Annualised July 2009 – June 2010).

The majority of women are between 35-54 years of age (53% of the total number of women). Those women who do enter self-employment do so with a degree or equivalent qualification (33% of the total number of women) and they start their businesses in the tertiary sector (71% of the total number of women). Nearly a quarter of self-employed women (24 per cent) have a degree or equivalent, compared with a lower level of 18 per cent of self-employed men in the UK (BERR, 2008a). Also, more women have pursued undergraduate studies in liberal arts than business, engineering or technical subjects (Neider, 1987; Menzies et al., 2004). No clear evidence has been found however on the relationship between entrepreneurship and education (Blanchflower, 2004). Some evidence does exist in certain developed countries that women entrepreneurs attain a higher education level than their male counterparts, and that their overall level of education is significantly higher than in other occupations (Cowling & Taylor, 2001; Manolova, Carter, Manev, & Gyoshev, 2007).

Table 4.2 also provides some insight into the different industries self-employed men and women enter. It indicates that of the 71 per cent of the total who are self-employed men, 21 per cent are self-employed in the construction industry and 14 per cent in the banking, finance and insurance sector. This contrasts with self-employed women, who favour public administration, education, the health sector and 'other' services, 8 per cent and 6 per cent respectively of the self-employed sample. Overall, 66 per cent of women who are self-employed are in the services[15] sector in comparison with 38 per cent of men. It should be noted that within the service sector the majority of both men and women are self-employed (58 per cent of the total).

Over the years the growth of the service sector has been a major factor in increasing female labour force participation (Ward & Pampel, 1985), and most independent self-employed women enter into self-employment within the industry that they have prior experience of (Weaven & Carmel, 2006), such as traditional retail and service

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[15] LFS includes Distribution, Hotels and Restaurants, Transport and Communication, Finance and Business Services and Education, and Health and Public Administration in the services sector.

sectors (Still & Timms, 2000; Sheridan & Conway, 2003; Marlow, Carter, & Shaw, 2008). Women have increasingly been attracted to entrepreneurship, not merely for self-fulfilment but also as a vehicle for the greater flexibility in managing family responsibilities which the service sector offers (Smith, 2000). Developing countries are also experiencing similar patterns, for example Lithuania and Ukraine have seen a significant number of female entrepreneurs engaging in the retail/wholesale and service industries (Smallbone & Welter, 2010). This indicates similarities across countries, with women considering entrepreneurship as a valid and feasible career option (Minniti et al., 2005).

The domination of the service sector by female entrepreneurs is also largely because women already have the relevant knowledge and expertise in that area, documenting that the majority of those engaging with self-employment develop businesses based around skills gained in previous waged work (Wynaczyk, Watson, Storey, Short & Keasey, 1993). In comparison with technological and production sectors, women frequently lack specific technical skills where they are dissuaded from starting businesses in manufacturing and the high-tech sectors. GEM data furthermore highlights that there is a considerable difference in the sectors which self-employed males and females choose to occupy (Kwong, Brooksbank, Jones-Evans & Thompson, 2006). Table 4.3 further breaks down the industry list by demonstrating the major occupations of self-employed males and females.

Table 4.3: Self-employment by gender and major occupation group (2009-10)

Major occupation group	% Male	% Female	% Total
Managers and Senior Officials	12	5	17
Professional occupations	9	4	14
Associate Professional and Technical	9	6	16
Administrative and Secretarial	0	2	3
Skilled Trades Occupations	26	2	28
Personal Service Occupations	1	6	6
Sales and Customer Service Occupations	1	1	2
Process, Plant and Machine Operatives	8	1	9
Elementary Occupations	3	2	5
Total	**71**	**29**	**100**

Source: Labour Force Survey (Annualised July 2009 – June 2010).

Table 4.3 shows that women have the highest percentage in the 'Associate Professional and Technical' and 'Personal Service Occupations' categories, with 6% each. Males dominate the 'Skilled Trades Occupations' with 26% whilst women occupy only 2% in this category.

Furthermore, regional differences between males and females also exist in the self-employment category as seen in Table 4.4.

Table 4.4: Self-employment by region and gender (2009-10)

Region	% Male	% Female	% Total
North East	2	1	3
North West (inc Merseyside)	7	3	10
Yorkshire and Humberside	6	2	8
East Midlands	5	2	6
West Midlands	6	2	8
Eastern	7	3	10
London	10	5	16
South East	10	5	15
South West	6	3	9
Wales	3	1	5
Scotland	5	2	7
Northern Ireland	2	1	3
Total	**71**	**29**	**100**

Source: Labour Force Survey (Annualised July 2009 – June 2010).

The highest percentage of the UK self-employed is located in London and the South East (16% and 15% respectively). In contrast, the North East region and Northern Ireland has only 3% each of the total number of self-employed individuals. The North East, Wales and Northern Ireland show that female self-employment in these regions is the lowest with only 1% of self-employed females.

Moreover, Table 4.5 demonstrates that women are involved to some extent in an ownership capacity in UK businesses. Fourteen per cent of SME employers are women-led (defined as led by a woman or having a management team made up mostly of women). A further 25% are equally led by men and women. This means that 39% of SMEs are led or partly led by women. However, the proportion of women-led businesses among SME employers has remained constant since 2006/07.

Table 4.5: Leadership by gender (2007-08)

Business Leadership	2010 (%)	2007/08 (%)	2006/07 (%)
(Unweighted) =	3817	7783	8949
Majority-led by women	14	14	14
Equally-led	25	24	26
At least 50% female leadership	39	39	40
Women in a minority	9	8	7
Entirely male-led	52	53	52

Base: all SME employers.

Source: (IFF Research, 2011, p. 14).

Women-led businesses were more common among micro and small businesses (15% and 13% respectively) than medium-sized businesses (10%). Twenty-one per cent of those classified as start-ups were women-led, higher than the overall average, and the same percentage as in 2007/08 (IFF Research, 2011).

Most of the demographic data available on female entrepreneurs and their businesses were drawn from national government databases, such as the LFS. This data allows for a general overview of the position of females in self-employment and business ownership activities, although specific breakdowns are limited. However, this data is still relevant in that it illustrates a high degree of heterogeneity, a fact which is often overlooked in the process of enterprise policy.

4.3   Understanding Female Entrepreneurs

This overview of female entrepreneurs, specifically in the UK, illustrates that women tend to set up their businesses in the services sector, with similar experiences, backgrounds and education. However, this does not mean that they set up and grow their businesses in the same manner as each other, and often their intentions in starting a business differ from those of men (Carter, Williams, & Reynolds, 1997; Gatewood, 2004). For example, evidence suggests female entrepreneurs perceive

and manage their businesses differently from men (Brush, 1992b). Instead of pursuing high profits and growth, women may perceive their businesses as cooperative networks of relationships in which business relationships are integrated rather than separated from family, societal and personal factors (Brush, 1992a). For example, in the UK, 44% of women-led SME employers see their business as a social enterprise (IFF Research, 2011). The following sections explore the extant literature in trying to understand female entrepreneurs.

4.3.1   Typologies of Female Entrepreneurs

Over the years, various typologies of female entrepreneurs have been highlighted in the literature. These typologies date back to Goffee and Scase (1985) who conducted one of the most comprehensive empirical studies on female entrepreneurs in the UK (Cromie & Hayes, 1988). Their typology was based on two factors. The first factor was their relative attachment to conventional entrepreneurial ideals in the form of individualism and self-reliance. The second factor was related to the willingness of the female entrepreneur to accept conventional gender roles, often including being subordinate to men. From these two factors four categories of female entrepreneurs emerged. Firstly, *conventionals* keep their entrepreneurial and conventional ideals about gender-related roles in balance; they do not aim to grow their business role. Therefore, no conflict between business and personal situation exists. Secondly, *innovators* are highly committed to entrepreneurial ideals but reject conventional female roles, they are strongly motivated by profit and growth, and business is a primary interest for them. Thirdly, *domestics* are highly committed to traditional female roles, so entrepreneurial ideals and businesses are not very important for them. Lastly, *radicals* cannot balance their entrepreneurial ambitions and traditional ideals about gender roles; they think that business should be geared towards helping to overcome women's subordination (Goffee and Scase, 1985).

Cromie and Hayes (1988) also categorised female entrepreneurs in almost the same way. In this typology three groups emerged: *innovators* (women with no children), *dualists* (middle-aged women with young children) and *returners* (mature women

with older children). Cromie and Hayes (1998) emphasise the family element in their groups where the female entrepreneurs' decisions are dependent on their private lives. However, both typologies demonstrate the heterogeneity of female entrepreneurs, and indicate those who would gain most from, for example, business support.

However, Allen and Truman (1988) criticised these typologies, arguing that entrepreneurial ideas and adherence to conventional gender roles are not appropriate within the analysis of female entrepreneurial behaviour. In fact, they disagreed with the homogenous typology set out by Goffee and Scase (1985) and put forth the idea that the socio-economic reality of women's lives and different types of female subordination (social class, marital status, ethnic origin) differ in this respect. Carter and Cannon (1992) also expressed the view that Goffee and Scase's (1985) typology presented a distorted picture of women's experiences of entrepreneurship by failing to take into account the dynamic nature of entrepreneurship. Despite criticisms of such typologies describing female entrepreneurs, they have proven to be a valuable description of women who had previously been given little mention in literature.

In their study, Carter and Cannon (1988) hypothesise that women could be differentiated by behavioural and motivational factors in their desire to start a business, which in turn influences the nature of the process of a start-up. They also acknowledge that Goffee and Scase's (1985) typology indicates heterogeneity amongst women, but they still view typologies as static and deny that businesses are dynamic. The women in Carter and Cannon's (1988) study frequently established enterprises to fulfil personal goals and needs, and when these changed, the businesses changed accordingly. The study concluded that in order for women to be successful in their pursuit of new enterprises, they needed to be provided with a good role model, support, and a financially sound environment to begin their new business. Moreover, they identified five groups to summarise the different personal characteristics of female entrepreneurs, although they are keen to point out that this does not constitute a typology: *young achievers* are well educated and move into business ownership from full time education; *drifters* are under 25 years of age and

have been pushed into self-employment as an alternative to unemployment; *achievement-oriented* women are women who have a large amount of career-related experience and seek proprietorship as a means of having the flexibility to have both a family and a career; *returners* have taken career breaks to have families and see business ownership as a long-term career and business investment and; finally, *traditionalists* have come from families where self-employment is a tradition and they see proprietorship as a normal way of life. These are categories that women move into and out of according to their changing circumstances and their experience of business ownership (Shabbir & Di Gregorio, 1996).

Goffee and Scase (1985), Cromie and Hayes (1988) and Carter and Cannon's (1992) studies highlight an interesting feature in the lifecycle of female entrepreneurs, their career and how it relates to family obligations and commitments (Finch & Mason, 1993; Connell, 1995). Bruni, Gherardi and Poggio (2004b) identified the following 'ideal-typical' profiles of female entrepreneurs by combining past typologies. This is illustrated in Table 4.6.

Table 4.6: Ideal-Typical profiles of female entrepreneurs

Profile	Combined	Description
Aimless	Drifters (Carter & Cannon, 1992)	Young women who set up a business essentially as an alternative to unemployment.
Success-oriented	Young achievers (Carter & Cannon, 1992)	Young women, for whom entrepreneurship is not a more or less random or obligatory but a long-term career strategy.
Strongly success-oriented	Achievement oriented (Carter & Cannon, 1992)	Women usually without children, who view entrepreneurship as an opportunity for greater professional, fulfilment or as a means to overcome the obstacles against career advancement encountered in the organisations for which they previously worked.
Dualists	Dualists (Cromie & Hayes, 1998)	Women with substantial work experience who must reconcile work and family responsibilities and are therefore looking for a solution which gives them flexibility.
Return workers	Returners (Carter & Cannon, 1992; Cromie & Hayes, 1988)	Women (usually low-skilled) who have quit their previous jobs to look after their families and are motivated mainly by economic considerations or by a desire to create space for self-fulfilment outside the family sphere.
Traditionalists	Traditionalists (Carter & Cannon, 1992)	Women with family backgrounds in which the owning and running of a business is a longstanding tradition.
Radicals	Radical (Goffee & Scase, 1985)	Women motivated by a culture antagonistic towards conventional entrepreneurial values, who set up initiatives to promote the interests of women in society.

Source: Adapted from Bruni et al. (2004b).

Bruni et al. (2004b) found that the patterns of female entrepreneurship involve a conflict of their public and private lives: interruptions, discontinuities in business, and ways to plan their futures which do not make a clear distinction between business plans and personal plans. However, in their ideal-typical profiles, the dominance of women's private lives is prominent, with little in the way of addressing the past criticisms of such typologies.

Although these typologies have had their fair share of criticisms, they do allow for an understanding of the heterogeneity of female entrepreneurs. The typologies bring to attention the dichotomy of women's business and private lives, which may not necessarily be a barrier but suggest that the personal and professional roles can be entwined to fulfil both roles, thus avoiding conflicts. For this to happen, the motivations of female entrepreneurs need to be understood enabling women to address or bridge this gap in their roles, both from a research angle and for policy-makers seeking to address the issue of assisting female entrepreneurs.

4.3.2   Push versus Pull Factors

The primary development of a theory to clarify or cast light upon entrepreneurial motivations has been to classify motivations into categories of "push" and "pull" factors, especially for female entrepreneurs. These push factors include a reaction to continuing discrimination in the formal labour market and pull factors tend to include the desire for independence, flexibility and opportunity to escape barriers in paid employment (Hughes, 2003).   Existing research on the push-pull debate has not provided conclusive answers with respect to the motivations of female entrepreneurs.

Sociological theories suggest that low-wage workers are pushed into entrepreneurship, whereas high-wage workers are pulled into entrepreneurship by attractive opportunities (Clain, 2000). Simpson (1991) argues that the main motivators for female entrepreneurs are the need for independence and for a challenge. It is traditionally assumed that women are more likely to be "pushed" than "pulled" into small business ownership (Still & Walker, 2006; Walker & Webster, 2006). The pull factors include the need for independence (Greene, Hart, Gatewood, Brush, & Carter, 2005; Smith-Hunter, 2006), self-fulfilment (Buttner & Moore, 1997; Segal, Borgia, & Schoenfeld, 2005) and the flexibility needed for balancing family and work (Carter, Gartner, Shaver, & Gatewood, 2003; Segal et al., 2005). Conversely, the push factors include dissatisfaction with salaried jobs (Marlow, 1997; Ghosh & Cheruvalath, 2007), hitting the glass ceiling (McClelland, Swail, Bell, & Ibbotson, 2005) and the need for a flexible work schedule (Lee-Gosselin &

Grise, 1990; Ghosh & Cheruvalath, 2007). Although of course not all women's businesses are the same, there is evidence that the motivations, experiences and aspirations of female entrepreneurs differ from those of their male counterparts; for women there is a desire for a challenge, intellectual growth, personal enjoyment and for a balance between one's career and personal life (Brush, 1992a; Buttner, 2001).

An early study found that for many women the decision to enter entrepreneurship was determined not by logic but by a strong motivation for autonomy and achievement, which had been frustrated by the individual's prior training and background (Watkins & Watkins, 1984). Autonomy was significantly different between males and females, with females scoring higher on autonomy and change but lower than males on energy levels and risk taking (Sexton, 1989; Shane, 2008). Hisrich and O'Brien (1981) found that male and female business founders had a high need for achievement which they related to the formation of their own businesses. Irrespective of gender, the most common motivation to start a business was to become their own boss (Birley & Westhead, 1994; DeMartino, Barbato, & Jaques, 2006).

In a more recent study undertaken in Singapore, there were no significant differences in motivational factors between male and female entrepreneurs (Seet & Ahmad, 2008). Women tended to start businesses for the same basic reasons as men, namely to offer a product or service idea creating a commercial opportunity, or financial independence, or to use a skill or talent and for the independence of being their own boss. In comparison, a New Zealand study found three gender differences in motivational factors: women were more influenced by the need for independence, men were more influenced by job dissatisfaction, and having children was more of an entrepreneurship motivator for women than for men (Kirkwood, 2009). Female entrepreneurship literature suggests that there are very few differences between men and women business owners when it comes to traits and motivations (Fagenson, 1993; Robichaud, Zinger & LeBrasseur, 2007). If there are any differences in the motives of females and males, such differences do not have universal support (Marlow, 1997). Other studies examining the motivation and orientation of female

entrepreneurs indicate that female entrepreneurs may have similar motivations but they require greater stimulus than their male counterparts (Birley, Moss, & Saunders, 1987).

Much of the research literature surrounding the motivations of female entrepreneurs portrays contradictory findings. Some studies highlight individual, psychological or personality traits, while others point to broader social and economic constraints. The motivations of female entrepreneurs provide little insight for policy-makers, although the theme of becoming one's own boss is prevalent in the literature, suggesting that there is a desire for autonomy.

4.4   The Barriers Facing Female Entrepreneurs

Women confront a variety of challenges in developing and running a business (McKay, 2001), and many argue that significant barriers still remain for women establishing and growing businesses (Carter, 1997; McClelland et al., 2005). Although many of these constraints are experienced by both female and male entrepreneurs, women face additional obstacles; they often have multiple roles as carers, income earners, mothers and wives, and they may also in addition have primary responsibility for community activities. As a result of these varying roles, many women experience restricted access to resources such as education and training, funding, and tangible assets. There are three major barriers well-documented in any study carried out in the female entrepreneurship field and also acknowledged by policy-makers: access to finance, lack of networking, and social and cultural barriers. Firstly, there is plethora of literature on the financial barriers which female entrepreneurs face in the UK; women find that they are discriminated against when it comes to financial aid in helping them set up or grow their business. Secondly, networking is seen as a barrier where access to information and contacts are limited because of a lack of interaction with others. Lastly, the social and cultural status of women is considered an obstruction as family and domestic responsibilities are seen to be in competition with business responsibilities, and women are

questioned, in a way in which men are not, on their role in reconciling their public and private lives. The following sections discuss each of these barriers in turn.

4.4.1 Financial Barriers

Since the late 1970s, there has been an increase in the number of businesses started by women in most developed countries. This growth has been accompanied by rapidly expanding literature on female entrepreneurship and business ownership which has largely focused on the problems and challenges faced by female entrepreneurs. The process of raising finance from financial institutions is one aspect of female business ownership which has attracted particular attention from researchers (Schwartz, 1976; Hisrich & Brush, 1987; Tiggs & Greene, 1994; Cassar, 2004; Marlow & Patton, 2005; Orser, Riding & Manley, 2006; Carter, Shaw, Lam, & Wilson, 2007), and from policy-makers who have been prompted to develop policy interventions aimed at readdressing the imbalance between male and female entrepreneurs in their access to finance (Sena, Scott, & Roper, 2010). Numerous authors have indicated the importance of financial constraints in determining the likelihood of new business starts (Cassar, 2004; Audretsch, Boente, & Mahagaonkar, 2009). Although raising finance can be a concern for all small businesses, it has been implied that there may be an additional gender-based problem (Scott, 1986; McKechnie, Ennew, & Read, 1998; Read, 1998), and the current discourse on female entrepreneurship tolerates a social order which benefits men as a group compared to women (Ahl, 2004). Whilst the Sexual Discrimination Act (1975) makes it unlawful for financial institutions to explicitly discriminate on the grounds of gender, it is nevertheless possible that discrimination may occur amongst lenders at a more unconscious level.

The common profile of female entrepreneurs is that they start smaller businesses in the service sector and often work part-time in the business (Verheul & Thurik, 2001). Therefore businesses owned by women are less prone to need or to seek external capital (Orser et al., 2006). For policy purposes, this suggests that there are two reasons why female entrepreneurs may require different treatment to male

entrepreneurs. Firstly, there is a fundamental gap which creates an under-representation of female entrepreneurs in this type of labour market activity, and secondly, there are processes which may be different for women when they are setting up businesses. However, it has been suggested that it is more difficult for women to raise both start-up finance and recurrent finance in business ownership, with women reporting a lack of trust on the part of banks towards them as being a barrier to business start-up (Carter & Jones-Evans, 2000). According to some researchers "financial aspects of venture start-up and management are without a doubt the biggest obstacle for women" (Walker & Joyner, 1999, p. 95). On the one hand, Fay and Williams (1993) presented evidence that women experienced gender discrimination when seeking start-up capital in New Zealand. On the other hand, Buttner and Rosen (1989) found no sex discrimination in the USA and no evidence of gender discrimination in access to formal finances was found in developing regions (Bardasi et al., 2011). Furthermore, Rosa, Hamilton, Carter and Burns (1994) established that men were in fact more likely than women to be refused bank loans in Great Britain. These studies highlight inconclusive results in deciding whether gender is a barrier for entrepreneurs when accessing finance.

However, the provision of finance to female business owners has highlighted problems with both the core product (in terms of the availability of finance and the type of collateral) and with the nature of the interaction between bankers and female business owners (McKechnie et al., 1998). Earlier studies suggested that many financial organisations are biased against women and that they are often 'unsympathetic and patronising' (Goffee & Scase, 1983; Hisrich & Brush, 1987; Amatucci & Sohl, 2004), basing their lending decision on sexual stereotypes rather than perceived ability to control a business (Buttner & Rosen, 1989). Many of the women interviewed by previous researchers have reported a feeling of not being taken seriously by their bank manager (Carter & Cannon, 1988) and also that they are treated as "second class citizens when dealing with the financial community" (Hisrich & Brush, 1987, p. 54). Banks in particular have had a notorious reputation for failing to give women engaged in business the credibility they deserve (Allen &

Truman, 1993). Evidence already proves banks are discriminating against minorities (Blanchflower, Levine & Zimmerman 2003).

Bank managers have been accused of treating businesswomen with a condescending attitude and immediately assuming they are financially ignorant (Reilly, 1989). Many female business owners claim to have been asked questions by their bank managers which would have not been asked if they were men. For example, in Norway, female business owners were asked about their plans for starting a family, whereas males were not (Koper, 1993). Past research has pointed out that female entrepreneurs were more likely to be asked to provide security and guarantees, either from their husband or their father (Carter & Cannon, 1988; Coleman, 2002). In a comparative study of male and female entrepreneurs in Canada, more collateral was required of women than of men to secure a line of credit (Riding & Swift, 1990; Hertz, 2011). A recent study using Bank of Italy data on individual transactions (involving 200 banks) indicated that women were paying higher interest rates than men (Alesina, Lotti, & Mistrulli, 2008; Muravyev, Talavera & Schäfer, 2008). The authors controlled for numerous variables of self-employed individuals or owners of micro firms, as well as characteristics of their business and their local credit markets. Further evidence of female entrepreneurs being less well financed than male counterparts comes from the Netherlands (Verheul & Thurik 2001), Norway (Alsos, Isaksen, & Ljunggren, 2006), the US (Blanchflower, 2008) and the UK (Small Business Service, 2006). There has also been evidence that women-owned businesses not only face discrimination in interest rates but also on loan approvals (Blanchard, Zhao, & Yinger, 2008). No elaboration has been made however on whether the discrimination faced by women was for those starting up businesses, keeping their business afloat or growing their business.

The empirical evidence suggests that the majority of small firms are well supplied with finance (Fraser, 2005). This may be due to developments in lending technologies where, specifically, developments in small business credit scoring have reduced the cost of lending to small firms and improved the accuracy of risk assessments (Fraser, 2009). Kon and Storey's (2003) theory of discouraged

borrowers has offered an explanation as to why entrepreneurs may not approach financial institutions such as banks. They argue that potential borrowers from banks may offer perfectly reasonable business proposals but "do not apply for a bank loan because they feel they will be rejected" (Kon & Storey, 2003, p. 37). They do not however offer any insights into whether the gender of an individual affects his or her likelihood of becoming a 'discouraged borrower'. A study by Freel, Carter, Tagg and Mason (2010) provides a strong relationship between gender and discouragement. In their study, compared with 14% of firms led by a male entrepreneur, almost 24% of majority female-owned businesses were discouraged. The study anticipated that female-led businesses were more likely to be discouraged than their male-led equivalents. This is also supported by Sena et al. (2010) whose study provides evidence that women are less keen on approaching external funders than men and many women are rational in not seeking excessive amounts of finance to support a high-risk new venture (Marlow, Shaw, & Carter, 2008).

Further work in the field suggests that these issues are less common given that women have a better track record in repaying loans (Irwin & Scott, 2010). Nevertheless, finance may still indirectly constitute a stumbling block, which can be described as an informal social barrier developed or reinforced during the process of institutionalisation, the result potentially affecting a woman's view of entrepreneurial opportunities (Madsen, Neergaard, & Ulhoi, 2007). Clearly these difficulties can be considered as indicative of the problems with the development and management of the banking relationship, since they reflect a lack of understanding among lending institutions of the needs about female entrepreneurs. This may affect not only the ability of these businesses to expand and prosper, but also result in lenders losing out in a potentially growing lucrative market in female entrepreneurs.

The consequences of problems in financing women-owned businesses are potentially far-reaching for lending institutions (McKechnie et al., 1998). It has been suggested that female entrepreneurs and business owners borrow less frequently from banks and in much smaller amounts than their male counterparts, relying instead on personal sources of finance, family and friends (Hisrich & Brush, 1987; Carter &

Shaw, 2006). Evidence has been provided to show that women tend to use similar financing mechanisms at the start-up stage as men (friends and family, bank overdrafts and loans and personal savings) and, where they do access these forms of finance, they are likely to succeed at or above the rates of men (Roper & Scott, 2009). Also, in terms of informal investment activity such as business angels, there are no intrinsic structural reasons why women should experience difficulties in accessing finance (Harrison & Mason, 2007). Furthermore, women investors are marginally more likely to invest in women-owned businesses and there are greater differences within the business angel community as a whole rather than between male and female business angels.

Women's businesses are likely to start from a different base from men's and are often focussed on community in the first instance, with limited focus on scalability which means that less start-up capital may be required (Harding, 2006). Similarly, there is a growing understanding that women's businesses tend to be under-capitalised and three explanations for the gender differences in financial usage are offered: structural dissimilarities between male- and female-owned businesses, supply-side discrimination and demand-side risk and debt aversion (Carter & Shaw, 2006). Furthermore, lower levels of human and social capital in women-owned firms has been found and women have less propensity to seek finance than men because they reported that they did not *need* the finance (Orser et al., 2006). Shane (2008) argues the belief that women have more difficulty in obtaining finance for new companies prevents them from pursuing their entrepreneurial endeavours is not supported by the data. He argues that most entrepreneurs self-finance the start-up of their businesses, seeking external capital only later. Thus, the ease or otherwise of obtaining external capital cannot be used to explain the fundamental decision by most entrepreneurs to start a business. It can be argued that any differences are perceptual and therefore affect the ways by which women go about accessing finance (Carter & Bennett, 2006).

Despite the increasing number of studies that have highlighted some of the problems associated with raising finance from the female entrepreneur's perspective, attention

should also be drawn to a number of weaknesses in the manner in which many of these studies have been conducted. One of the difficulties of research on female entrepreneurs is their accessibility, owing to the lack of statistical information (Carter & Cannon, 1988). Also, there is the 'invisibility' of women running businesses from home on a small scale and so the sampling methodology has been based on very small convenience samples which raises concerns over their representativeness, e.g. Goffee and Scase's (1985) study (Brush, 1992a). According to Coleman (2002), the disparity in accessing finance is not necessarily a reflection of gender discrimination, but rather the structural characteristics of the business which then in turn might reduce the likelihood of gaining access to finance. A reason why there are no conclusive results in concerning the access to finance for female entrepreneurs may be the fact that the influence of gender prejudice is deep and rarely visible (Carter, Shaw, & Wilson, 2003; Carter et al., 2007).

Nevertheless, from a gender perspective, women may have more problems securing finance through regular channels as the business profile of women is usually less favourable for investors than that of men. Policy-makers should consider putting stronger demands on private as well as governmental financial institutions with respect to reporting the share of women-owned businesses they finance; this may raise awareness of the issue (Alsos et al., 2006).

Women's difficulty in obtaining finance accounts for a considerable amount of the published academic and professional material. It has been given momentum by governments who have been interested in the emergence of this "new social phenomenon" for policy purposes (Still & Walker, 2006). But, as suggested, the debate over access to finance may benefit from moving away from the gender debate and focusing research instead on structural issues, such as structures within financial institutions that affect lending to small businesses because access to finance does not always appear to be as big a barrier as it once was for female entrepreneurs (Enterprising Women, 2011). This is also supported by Mirchandani (1999, p. 230) who argues "it is business structure rather than gender that is the prime determinant of access to credit." Whilst it has been argued that research in this area is particularly

strong, the question of whether access to finance poses a problem for women still remains controversial, with conflicting views expressed (Carter et al., 2001).

4.4.2 Networking Barriers

Networks play an important role in the life of an enterprise, especially in the survival of an individual business, where interaction with others outside the business is essential (Carter and Cannon, 1998). Social networks are a critical source of resources and support which can be used to alleviate the liability of newness and smallness and allow entrepreneurs to engage in the pursuit of growth opportunities (Manolova et al., 2007). Extant literature suggests two basic types of approach to networking: *formal*, structured, business networks and the more *informal* personal contact networks of individuals (McGowan & Hampton, 2007). It has been argued that male and female entrepreneurs differ in terms of their networks, defining networking as either the "totality of all persons connected by a certain type of relationship" (Aldrich & Zimmer, 1986, p. 12) or as "patterned relationships between individuals, groups and organisations" (Katz & Williams, 1997, p. 54). Brush (1997, p. 22) emphasised that:

> "Women are less welcome in social networks and are left out of some of those loops, meaning they do not have access to as much information. So social structures and the way that women socialise influence the human and social capital endowments with which they start their business."

In the 1990s, scholars recognised that they knew little about the different types of female entrepreneur networks, their patterns of interaction, or even how their networks are formed (Ibarra, 1995), often finding inconsistencies in networking between men and women (Forret & Dougherty, 2001). Research suggests that women may not utilise the same types of networks as men in establishing new ventures or growing existing businesses (Shaw, Carter, & Brierton, 2001), and in particular may experience a range of barriers to networking (Tonge, 2008). Van Emmerik and colleagues (2006, p. 54) recognise that "studies have suggested that

there are (still) important pitfalls that hinder women to use social networks effectively." For example, social capital theory suggests one such pitfall where a lack of access to social networks can constrain women's access to finance (Carter and Shaw, 2006).

Rosa and Hamilton (1994) have argued that networking is both more critical to, and should be greater among female entrepreneurs than male entrepreneurs because of their dual roles in the public and private arenas. Social capital and informal networks are seen to serve as a competitive advantage, especially for women business owners (Runyan, Huddleston & Swinney, 2006). Langowitz, Sharpe and Godwyn (2006) found networks and role models to be particularly appreciated by women involved in various stages of the entrepreneurial process. But Aldrich, Brickman, Reese and Reese (1997) disagree and concluded from their study that female entrepreneurs were as active as men in networking in order to obtain assistance. In some cases, females engage more in both formal and informal networking than males (Van Emmerik et al., 2006), and the composition of networks is similar, for both female and male entrepreneurs (Klyver & Terjesen, 2007). However, it has been suggested that women lack access to informal networks and are excluded from informal relationships with their male colleagues (Cross & Armstrong, 2008). The notorious "men's club" or the "old boys' network" commonly emerge as one of the most significant barriers encountered by women (Cross, 2010). If this is the case, women will be missing several important information areas, such as resources, support, power, allies and mentors, which could disadvantage them both in the initial stages and throughout the course of their business start-up and growth. It has been suggested that one way to overcome this obstacle is for women to infiltrate male dominated cliques; however, gaining access to such networks pose a real challenge (Aldrich, 1989; Shaw et al., 2001).

There has been a drive for formal, structured women's networks to provide peer support and referral to female entrepreneurs (Donnellon & Langowitz, 2009). But despite their establishment, the initiatives have been met with mixed reactions from women (McGowan, Hampton, O'Kane, Cooper, & Greenan, 2010). In the area of

support systems, some studies indicate that female entrepreneurs tend to have stronger supporters, in particular a spouse or a significant other (Brush, 1992b), from whom women receive a higher degree of social support during the business gestation process than men (Ljunggren & Kolvereid, 1996). However, among these studies, little has been written on comparing networking activities between men and women and even fewer on how these networks are used (Starr & Yudkin, 1996). This indicates that networks and networking in general have been the focus of extensive study but considerably less attention has focussed on the nature and dynamics of specifically female entrepreneurial networking activity.

4.4.3   Social and Cultural Barriers

The literature on female entrepreneurship to date highlights the social and cultural barriers women face when starting or growing their business. Entrepreneurial activity has strong bonds with personal skills and education, but it is mostly the social environment which determines its characteristics (Ufuk & Özgen, 2001). A woman who decides to become an entrepreneur is in a sense going against the norms of society (Teal & Carroll, 1999). This statement is especially important for countries where traditional values are still effective determinants and a patriarchal family structure is prevalent. It must not be forgotten that even those women who choose to take the route of self-employment are not escaping from possible subordination as they will still be undertaking a dual role as a business owner as well as a caretaker (Ahl, 2002). This household context is considered as an important role, in that it can help explain economic and social differences (Brush, De Bruin, & Welter, 2009).

Being a mother, wife, homemaker and relative are roles within the family group but women also have other roles such as being a professional, a member of society and an individual (Oppong & Abu, 1985). The nature of the role of an individual is determined by societal and cultural values. If society sees the woman as an individual belonging to the family group, then her most important role will be evaluated as one inside the family, but she can still also be expected to work and earn money (Achtenhagen & Welter, 2011). This might cause "role overload", which

originates from the fact that the woman continuously has to play many roles, making it difficult to fulfil the demands of yet another role (Ufuk & Özgen, 2001). There may also be role conflicts which refer to the extent a person experiences pressures within one role that are incompatible with the pressures that arise within another role (Coverman, 1989), something which female entrepreneurs often face.

The literature on marriage and family indicates that women are more likely than men to have domestic responsibilities, which may cause difficulties for women trying to balance their business and family lives (Aldrich, 1989; Budig, 2006). Naisbitt and Aburdene (1996, p. 200) argue that:

> "The tendency – often attributed to women – to want to balance the top priorities of career and family (along with other personal interests) is generational, not gender-specific."

One of the most consistent influences on both female and male entrepreneurship is the importance of family (Verheul, van Stel, & Thurik, 2004). For both men and women, the importance of family has a positive impact on self-employment because the family can be supportive of the firm, thereby helping the entrepreneur with their ventures. In addition, self-employment enables flexible working hours and working from home. Nevertheless, home-based employment is not a cost-free method of securing an income, and the picture of having autonomous, flexible working hours is not reflected within the literature (Rouse & Kitching, 2006). Managing work and family responsibilities is one of the most significant challenges women face (Welter, 2004). This is reinforced by a recent study which highlights apparent role images within the media, stressing that women have problems in entering entrepreneurship because of a double burden (Achtenhagen & Welter, 2011).

Stoner, Hartman and Arora (1990, p. 34) studied what they call the "work-home role conflict" and found that female small business owners experience significant conflict between work and home roles. This conflict involved a feeling of having neglected the family and/or business in terms of time or commitment. Women also experience

"husbands who are often non-supportive, and may even be obtrusive to the careers of their entrepreneurial wives" (Stoner et al., 1990, p. 31). Furthermore, according to a Barclay's Bank (2000) study, 82% of women compared with 27% of men are mainly responsible for housework, men systematically contribute less to household production than women, even when the woman is working (Klapper & Parker, 2010). Bruni, Gherardi and Poggio (2004a, p. 413) found that one of their interviewees in their study believed that "you're split between two camps, in the sense that when you're here you never stop doing things here and when you're at home you never stop doing the things there." At this point, some dilemmas concerning multiple roles of female entrepreneurs may be considered to be ethical ones.

Aldrich and Cliff (2003) focus on discussing how the family and business are closely linked. They urge academics and policy-makers to adopt a 'family embeddedness' perspective on new venture creation. Policy-makers have tried to incorporate this concept into their enterprise policy measures by introducing 'mompreneurs', reinforcing the dual role of women as a mother and entrepreneur; governments want to be "creating home-based activities that would allow them [females] control over their time so they could be more available to their young families" (Abarbanal, 2008, p. 32). The notion of 'mompreneurs' however reinforces the social and cultural barriers that exist for women in business. If a society mainly defines women through their roles connected to family and household responsibilities, societal values implicitly interpret women's entrepreneurship as less desirable and as a result provide lower normative support (Baughn et al., 2006; Langowitz & Minniti, 2007). Subsequently, this will lead to a lower level of opportunity recognition for women and lower rates of female entrepreneurs (De Bruin et al., 2007). It is evident that many women enter self-employment to gain more control over their time and achieve greater personal autonomy (Belcourt, 1991) but instead face irreconcilably conflicting demands from their private lives and their public lives which prohibit the running of a full-time business.

It has been argued that while family issues are important to women, their career choices are not influenced by family concerns any more than men's (Konrad &

Langton, 1991; Morris, 1995). While career opportunities for women have changed, family role models typically have not. Winn (2005, p. 387) states that "women burdened with family responsibilities have less time for learning and/or exploring business prospects." This, however, is not always the case; the entrepreneurial mother can be viewed as a positive role model, as a testimony to the "ability of female entrepreneurs to achieve work-family balance" (Schindehutte, Morris, & Brennan, 2003, p. 104). Ljunggren and Kolveried (1996) found that there were no gender differences with respect to complying with social pressure concerning business start-up; indeed women received stronger social support at the start-up phase. They believe that this may be due to women spending more time building support for their ideas and being reluctant to start before making sure of social support, or perhaps it is because theirs are the type of businesses that requires more support (Brindley, 2005). Although more and more women are joining the workforce and becoming self-employed, they are still more likely to be the primary parent, emotional nurturer and housekeeper (Verheul et al., 2004). Parker (2009) argues that women spend more time in child-rearing and household production activities which explains the differences of men and women in entrepreneurial activity. An issue then arises in bridging the gap between women's private and public lives, where policy-makers face the challenge of increasing the quantity of female entrepreneurs in such a way that it does not reinforce social and cultural barriers.

4.5. Enterprise Policy for Female Entrepreneurs

It is clear that national government policies should incorporate approaches that do not discriminate on the grounds of gender, race, sexual orientation, disability or age (Wilson, Whittam, & Deakins, 2004). This raises the question as to whether enterprise policy and support for women should be explicitly provided as a separate programme, or mainstreamed and provided as part of standard business programmes. It is also necessary to ask whether the establishment of women's enterprise as a separate entity will subordinate women further from mainstream business support services, rather than integrate them.

Historically, the policy approach towards women's enterprise at the macro-level has mirrored the inconsistencies in the approach to small enterprises generally (DTI, 2002). Enterprise policy in the 1960s and the 1970s was driven towards support for large firms, ignoring small firms (Scase, 2000). In the 1980s, the then government highlighted the potential of an 'enterprise culture' which was driven mainly by a social and employment related agenda. It is argued that although women were involved in the agenda, there was no specific focus directed towards women (Forson, 2006). The 1990s saw the government concentrating on high growth start-ups, which varied across the country, and this period was designated the 'decade of women in leadership' (Naisbitt & Aburdene, 1996). The beginning of the 21st century saw attention shifting to a focus on productivity, and entrepreneurship came to be regarded by the government as one of the key ways to increase the national income through higher productivity (Reynolds et al., 2000), which included encouraging women's enterprise.

However, the implication for enterprise policy-makers and those involved in providing the support and assistance to business start-ups is that little evidence exists to warrant special treatment or special programmes designed exclusively for females (Chrisman, Carsud, DeCastro, & Herron, 1990). Stranger (2004) believes that issues of social equality and economic efficiency give rise to public policy concerns about how to develop strategies to counteract any identified gender disadvantage, thereby improving the opportunities for women in business.

Policy initiatives have been developed from a largely neoliberal market with little evidence of the benefits of direct support, with little challenge to existing structures and with power brokers who are not all in favour of separate policies. Wilson et al. (2004) identify and discuss the benefits and drawbacks of the key policy issues in developing enterprise support for women. They identify such issues as the choice between targeted and mainstream support, direct and indirect provision, diversity management and equal opportunities, and issues related to stereotypical images of female entrepreneurs. Deakins, Wilson and Whittam (2003, p. 3) concluded that:

"The launch of the Strategic Framework for Women's Enterprise has taken place without the benefit of knowledge or investigation into the importance of issues and barriers that women face in starting, developing and growing their businesses. Rather, assumptions have been made about their importance."

If policy-makers accept that "gender, occupation and organisational structure mutually influence one another in women's experiences of small business ownership" (Mirchandani, 1999, p. 225), then what is required is research and policy measures that "develops approaches which are able to document gender differences without obscuring all other points of difference amongst entrepreneurs" (Mirchandani, 1999, p. 229). This clearly points to obvious changes within the gendered context, which influence the needs and behaviour patterns of women in the SME sector (Brindley, 2005).

Current changes are happening with the Home Secretary and Minister for Women and Equalities, Theresa May who delivered a speech on 4th November 2011 about *'Women and the Economy'*. She acknowledged the lack of commitment shown by the Coalition government in helping women overcome the current economic climate (May, 2011). For example, the Coalition's White Paper '*Bigger, Better Business: Helping small firms start, grow and prosper'* (BIS, 2011a) dedicates only one line to the future of women's enterprise. She argued that if the country was to fully use the skills and qualifications of women who are currently out of work, it could deliver economic benefits of fifteen to twenty one billion pounds per year; if women started businesses at the same rate as men, there would be an additional 150,000 extra start-ups each year in the UK and; if the UK had the same level of female entrepreneurship as the US, there would be approximately 600,000 extra women-owned businesses, contributing an extra £42 billion to the economy. Amongst the promises made were dedicating 5,000 mentors to female entrepreneurs, establishing a Women's Business Council to provide advice to government on action to maximise women's contribution to economic growth; extending flexible working to all employees and allowing mothers and fathers to choose how they want to share parental leave after having a baby; protecting the lowest paid public sector workers,

78 per cent of whom are women, from the pay freeze and; lifting more than a million of the lowest paid workers out of income tax altogether, more than half of whom are women (May, 2011). A cynic may see May's (2011) speech as just the latest in a string of announcements aimed at and regaining women voters following the Prime Minister's changes to child benefit, childcare tax credits and public sector job cuts which were seen as hitting women disproportionately.

Nevertheless in proposing such policy implications, it is useful to consider "the socialisation aspects of male and female-owned business performance" (Morris, Miyasaki, Walters, & Coombes, 2006, p. 227). Future public policy initiatives should recognise differences in individual socialisation experiences, perceived competencies, career expectancies, and the perceived need for support between female entrepreneurs considering adopting different business models (Weaven & Carmel, 2006) which to an extent can be seen in Theresa May's speech.

4.5.1 Business Support for Female Entrepreneurs

It can be assumed that both social capital and entrepreneurial skills should be resources that can help small businesses to be successful whether their owners are male or female (Runya et al., 2006). There is no clear justification for government intervention with respect to the SME sector and what is even less clear is the need for separate enterprise policy initiatives for different groups. But separate enterprise policy initiatives have become a popular way to attract individuals who government see as 'untapped potential' and those who are more likely to contribute to the economy. The UK government has encouraged the empowerment of individuals with 'untapped potential' such as women. However, supporting women's enterprise has been sporadic, and the focus has mainly been on producing research papers via publishing reports, enterprise strategies or White Papers.

The mounting number of studies in the academic field of female entrepreneurship may have influenced the government's interest in the area, where previously there

had been virtually no interest in this entrepreneurial group[16]. Only in the last few years has government developed a coherent national strategic approach to advance women's enterprise in the UK (Forson, 2006). One of the moves to address what women need in terms of support and advice in the enterprise arena saw the publication of the '*Strategic Framework for Women's Enterprise*' (DTI, 2003). This report highlighted a lack of coherent and consistent policy direction for women in business. The main driver for the publication of '*Strategic Framework for Women's Enterprise*' was to "significantly increase the numbers of women starting and growing their business or at the very least match or exceed levels achieved in the USA" (Hart, 2010, p. 2). The 'invisibility' and lack of gender parity of women in the 'enterprise environment' then became apparent (Blisson, 2003).

According to Walker and Joyner (1999), a primary implication of their research for policy-makers was that by providing assistance to pre-venture clients, there was little evidence to support the creation of special assisted programmes for women who were potential business owners. Another study that compared the backgrounds of, and businesses formed by, male and female entrepreneurs after attending a course on small business, also found that "no strong evidence emerges to support female-specific programmes" (Birley et al., 1987, p. 34). Ljunggren and Kolvereid's (1996) study also found that female entrepreneurs tend to receive more support than men with little resulting difference. Other researchers have recognised from previous studies that women's training needs do differ from those of men (Carter, 2000; Stranger, 2004; Roomi, 2005). Roomi (2005) proposed that women-only training programmes that are designed and developed around the needs of women improve not only the business performance but also the women's self-esteem and confidence. This school of thought is in line with the view that female only training courses are very beneficial in the development of female entrepreneurial activity (Kwong, Brooksbank, & Jones-Evans, 2005). In fact, women also favour this type of training. The issue, however, of building women's confidence and self-esteem in particular

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[16] One of the earliest publications came from The Department of Employment who commissioned a study of female entrepreneurship in 1985, and it was reported in Employment Gazette in 1985/6.

begins to appear dislocated, if not a little patronising, when removed from its original context of feminist empowerment where such strategies are utilised to support women to challenge domestic violence, and tyrannical patriarchal, political, social and economic structures directly (Stacey, 1993). Men and women turn to a range of sources for business support and advice, although women are more likely to turn to business support organisations than men (18% compared to 10%) (Barclays Bank, 2000). However, it should be borne in mind that only women (and not men) require support from the conflicting roles that are inherent in being female.

Earlier studies suggest that, in the short term, female support programmes are necessary to encourage and assist female venturing (Watkins & Watkins, 1984). However, these arguments have been described as more prescriptive than empirical (Chrisman et al., 1990). While training programmes are a good idea, there is little (if any) evidence indicating that women (or men) who require special treatment actually possess sufficient potential for success to permit such encouragement and special help. Females do not appear to need more assistance than males nor do they appear to require different types of assistance. Pernillaa (1997) found that a women-only counselling system was regarded as of less value than the mainstream system. Using institutional theory, Pernillaa (1997) illustrated the mechanism by which this conclusion was achieved, by showing the persistence of taken-for-granted notions of entrepreneurship which was symbolically referred to as a male activity.

In the case of entrepreneurship, while North America follows a low regulation model to increase the amount of start-ups, most European countries rely on a high support route (van Stel, Storey, & Thurik, 2007), providing many services in an attempt to foster an environment likely to create more opportunities for women, and offering support with logistics, consultancy or finance for projects developed by women (Pardo-del-val, 2010). However, in general, the UK government has failed to support an increase in women owned businesses (Dhaliwal, 2010); literature identifies a variety of reasons why women do not access the support that is currently available to them - these reasons may include their social background, lack of confidence, childcare responsibilities and ethnicity. Walker and Joyner (1999) state in their

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results that there is no support for the gender bias or discrimination that business women owners often express having experienced. Nevertheless, due to the numerous policy programmes geared towards females there is a clear indication that policy-makers are aware of the economic case for increasing the numbers of female entrepreneurs and how best to assist. The definition of success set by outside agencies, however, is more often a financial measure, which may work against women (Brindley, 2007).

It is argued that policy-makers should focus on supporting quality and sustainability, not quantity and vulnerability (Marlow et al., 2008). Further, advocating that simply encouraging women to enter self-employment, without considering the implications of displacement and crowding in poorer performing segments of the service sector, is likely to contribute to an even higher rate of closure and exit than already exists amongst women business owners (ibid). Rather, national policy is driving short, sharp, quick fix business support and one-off conferences and workshops (Watson, 2007).

4.6   Conclusion

The ever-growing literature on female entrepreneurship holds no conclusive evidence on whether or not female entrepreneurs are different from their male counterparts or whether or not they face the apparent barriers that are often suggested and listed by the diverse studies. One thing is certain though: women do not enter self-employment at the same rates as their male counterparts. Few studies have investigated differences in individual characteristics across groups of women. Those studies that have carried out research in this area found that women do, however, face different issues and problems which are dependent upon their personal life cycle, region or industry and the perceptions that they have of becoming a business owner (Holmquist & Sundin, 1989).

Furthermore, female entrepreneurs are increasingly being considered important for economic growth because of their rising numbers (Verheul & Thurik, 2001). For

example, the policy interest for the setting up of the WETF came from the government commissioned report, '*Women's Business Ownership*' (Carter & Shaw, 2006). This outlined the research investigating women's business ownership and the role and contribution of policy developments. Women contribute to employment and economic growth; they also make a contribution to the diversity of entrepreneurship in the economic process. Yet it is surprising, given the apparent need to encourage women to become enterprising, that the difference in gender has not been acknowledged, where instead reference has been in an ad hoc manner (Rank, 2004). The myriad of literature highlights the reasons and motivations of women becoming entrepreneurs and the barriers they face, albeit the findings are diverse and contradictory the evidence provides important information with respect to female entrepreneurs, enterprise policy can be geared to specific objectives and implemented in such a way that would reach the target audience, illustrating tangible impacts via this research. Irrespective of the mixed bag of findings from the academic field, this is not the case, and there is little acknowledgement of the heterogeneity of women highlighted in the ineffectiveness of enterprise policy.

Robson et al. (2008, p. 94) argue that gender differences do exist and these differences will influence business start-up, growth and development but what individual studies demonstrate is the variety of the extent to which such differences actually exist. Cohoon, Wadhwa and Mitchel (2010, p. 1) argue that female entrepreneurs are being under-studied to the extent that "our ignorance of this important demographic is a serious blind spot in any effort to increase the total number of entrepreneurs." Brush et al. (2009, p. 19) propose a way of overcoming this with their 5M framework (money, markets, management, motherhood and meso), which will "advance acceptance of gender as a social construct rather than a variable when researching." Even now, women "are less likely to see themselves as business owners and entrepreneurs" (Scherer, Brodzinski, & Wiebe, 1990; Wilson & Tagg, 2010, p. 79). Thus, gendered entrepreneurship rates are affected by not only values, beliefs and expectations but also by institutionalised norms and practices (Elam & Terjesen, 2010).

Carter and Shaw's (2006) literature review concludes that one of the key themes emerging from the extant literature is the move from early studies that ask *if* gender made a difference, to *how* gender processes impact on the experience of business ownership. Future researchers, however also need to focus on not only the *if* and *how* of differences and impacts on experience of business ownership with respect to gender, but *what* influence gender has (if any) on not only on the process of policy formulation itself but also the perceived relevance of such policies.

The extant literature has proved that due to the diverse findings there are no conclusive answers or arguments put forth for female entrepreneurs to be given 'special treatment' other than that they, like other entrepreneurs, are a diverse group and face similar if not the same issues as other SMEs in this diverse and unpredictable sector. However, this does not mean that female entrepreneurs do not need enterprise policy per se, instead, enterprise policy measures need to match individual needs which involve addressing structural factors to cater to this requirement.

CHAPTER 5

RESEARCH METHODOLOGY

5.1   Introduction

The aim of this chapter is to reveal and justify the methodological rationale of this study. The chapter starts by introducing the research questions and exploring them in the context of enterprise policy. Following the research questions, it continues with presenting the most appropriate research paradigm for this study and justifies the philosophical assumptions underpinning the research. At a more practical level, this chapter then illustrates how the research was designed and executed, including a description of the sampling framework. The chapter then progresses onto the fieldwork strategies employed to collect the primary data, followed by an explanation of how the data was analysed and interpreted. The chapter concludes with some thoughts on the relevant ethical considerations, the validity and reliability of this research, the reflexivity of the researcher and the limitations.

5.2   Research Questions

Adopting institutional theory as the theoretical lens with which to focus and guide this study, certain theoretical concepts and relationships (seeking legitimacy, the external environment, actors and the institutionalisation process) shaped the conceptual framework of this study and its research questions. The overarching theme of the study is to understand how enterprise policy is formulated and implemented, and to recognise the role and contribution of those closely linked to these processes. Furthermore, the empirical locus of the study is a selected entrepreneurial group (female entrepreneurs) in the institutional setting of the UK, and this research explores their perceptions and experiences of enterprise policy. Specifically, the research questions are as follows:

1. How is enterprise policy formulated and is it subject to pressures from the external environment and from the actors involved in the process?

The focus here is on exploring how senior policy-makers instigate the process that informs and allows them to formulate enterprise policy. The aim is to explain how enterprise policy is constructed, what it is made up of, and where the ideas come from. It is important to recognise the relationship between the formulation of enterprise policy and the pressures of the external environment and the actors in understanding the mechanisms of the enterprise policy process. This allows an insight into not only the formal rules and regulations that institutions are bound by, but also the external and internal forces and constraints that are pertinent to policy-making.

2. How is enterprise policy implemented and what contributing factors lead to its success or failure?

Once government formulates a policy interest, the initiatives borne from the initial policy interest are expected to be implemented by national, regional and local enterprise agencies. The transition from the formulation of enterprise policy to the implementation stage requires explicit knowledge transfer where stable relationships between national government and the regional and local agencies are assumed to exist. The research seeks to understand how enterprise policy is formulated and what, if any, contributing factors lead to the success or failure of enterprise policy at the implementation stage.

3. How is enterprise policy perceived and experienced by the users?

Once the relationship between the formulation and implementation of enterprise policy has been explored, it is important to determine the users' perceptions and experiences of such a policy. By examining individual (female entrepreneurs) perceptions and experiences, this allows linkages to be made with the processes

being undertaken. Thus it identifies the paucity of enterprise policy at a micro-level rather than exploring only macro-level explanations.

Therefore, the overall aim is to thoroughly explore the processes of formulation and implementation of enterprise policy, and also to gauge the perceptions and experiences of entrepreneurs with respect to the policy and its initiatives. The research questions are of an exploratory nature and focus on three distinct areas: formulation, implementation and the users' perceptions and experience of enterprise policy. All three questions overlap and link into the policy process highlighted in Figure 5.1, connecting all three aspects of the study.

Figure 5.1: Linkage of enterprise, institutional theory and female entrepreneurs
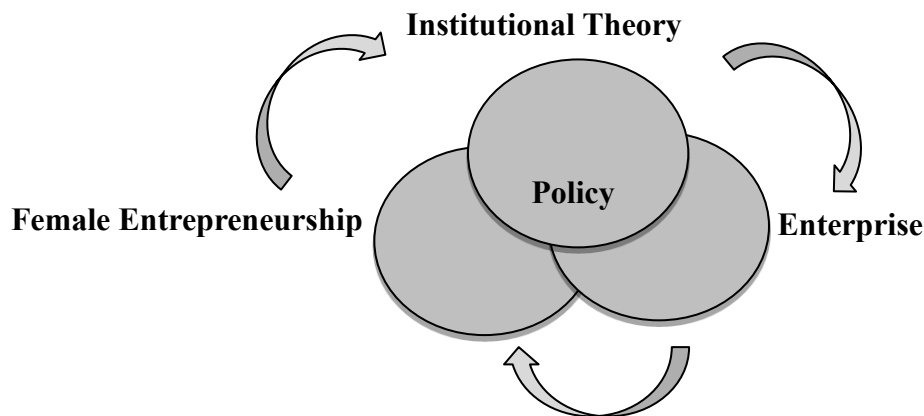
The following section discusses the research paradigm undertaken for this study, highlighting the importance of the choice made with respect to addressing the research questions.

5.3   Research Strategy: Qualitative Approach

The research methodology adopted for this research is the qualitative approach, as it is the most appropriate approach in addressing "how" questions rather than "how many"; for understanding the world from the perspective of those studied (i.e., informants) and for examining and articulating processes (Pratt, 2009). A quantitative approach was disregarded as it strives for generalisibility and the

formation of theories, explaining the relationship between phenomena (Polit and Hungler, 1995). With quantitative research, emphasis is placed on quantifying relationships between variables which is not always possible and was not the ideal approach to this research given that the research questions were of an exploratory nature.

Qualitative research in enterprise and entrepreneurship can generate a "fine-grain" understanding of the phenomenon and an insight into how these phenomena play out within and through complex social dynamics and specific organisational contexts (Lechner & Dowling, 2003). It was the most appropriate lens for this research as it allowed the researcher to uncover the meanings people give to their experiences in the world through their own perspectives (Denzin & Lincoln, 2000). Qualitative research recognises that concepts are human constructions (Easterby-Smith et al., 2002), understanding the formulation and implementation process of enterprise policy, as such constructions are of course not related to the scientific world on a daily basis (Crotty, 1988). This facilitates an understanding of how the subjective individual makes sense of the policy process, both in the formulation and the implementation process, and also in their perceived experiences. Thus social structures, causal powers and their mechanisms are seen as being emergent from human behaviours (Blundel, 2007).

Denzin and Lincoln (1994, p. 3) stress the diversity of methods used by a qualitative researcher and suggest that qualitative research prioritises no single methodology over any other, but rather qualitative researchers:

> "…use semiotics, content, discourse, archival, and phonemic analysis, even statistics. They always draw upon and utilise approaches, methods and techniques of ethnomethodology, hermeneutics, feminism, rhizomatics, deconstructionism, ethnographies, interviews, psychoanalysis, cultural studies, survey research and participant observations, among others."

Such diversity of research methods, many of which may be unfamiliar to public policy-makers, practitioners and entrepreneurship academics, may raise questions about the appropriateness and applicability of qualitative research for public policy and practice (Nutley, Davies, & Smith, 2000). Consequently, an interpretivist approach which employs qualitative techniques, argues the aim is not to promote enterprise policy, but rather to explore, understand and appreciate the process and the different meanings policy-makers, RDA staff, local enterprise agencies and female entrepreneurs place on their experiences (Easterby-Smith et al., 2002). The focus of the research was on individual realities and the need to go in-depth to unearth underlying meanings (Burrell & Morgan, 1979), rather than to provide explanations and predictions which can be generalised to other populations.

However, qualitative research is not without its criticisms. The main criticism of qualitative data collection and analysis methods are that it lacks standardised protocols for analysing data, while the outcomes of qualitative research are questioned over the degree of subjective interpretation of the researcher (Golden-Biddle & Locke, 1997). Miles and Huberman (1994) call for greater attention by the researcher on explicitly stating and justifying their research design choices, as well as in being rigorous and thorough in the data collection and analysis procedures followed. The subjective perspective taken by the researcher raises concern when interpreting data is also highlighted as a criticism (Easterby-Smith et al., 2002). Subjective research accepts that different theories may be simultaneously valid according to the researcher's and presumably also the respondents' interpretation (Mellon, 1990). Regardless, these concerns were addressed within the present research by employing triangulation throughout the study.

Triangulation methods increase the validity, strength, and interpretative potential of a study, decrease investigator biases, and provide multiple perspectives. Triangulation is the combination of two or more data sources, these combinations result in data triangulation, investigator triangulation, multi-method triangulation, and theoretical triangulation (Denzin, 1978; Patton, 2002). Table 5.1 outlines the different types of

triangulation and highlights both data and methodological triangulation which were employed in this research.

Table 5.1: Types of triangulation

Type of triangulation	Explanation	Application of triangulation
Data triangulation	*Use of a variety of sources in the study*	*Primary and secondary data*
Investigator triangulation	Use of several researchers or evaluators	Only the researcher was involved
Theory triangulation	Use of multiple perspectives to interpret a single set of data	Only one theory was applied (Institutional Theory)
Methodological triangulation	*Use of multiple methods within or across research approaches*	*Interviews and ethnography*

The triangulation and the quality of the research are discussed in further detail later in this chapter. The next section deals with the research design of the study.

5.4   Research Design

The following section discussed the research design which "deals with a *logical* problem and not a *logistical* problem" (Yin, 1984, p. 29). Before the issues of sampling, data collection and the analysis of data can be discussed, the importance of the research design enables the researcher to represent the process which has been applied to increase and emphasise the credibility of the enquiry (Patton, 2002). Table 5.2 illustrates the research design providing a framework for the collection and analysis of the data.

Table 5.2: Research design

Issues	Position of the study
Research's purpose	Explore and understand the enterprise policy process (formulation, implementation and users' experience of policy)
Unit of analysis	Enterprise policy process
Sampling strategy	Purposive and snowball sampling
Types of data	Primary data (qualitative data) and secondary data (academic literature, government reports, media and internet sources)
Analytical approach	Inductive
Validity and reliability	Descriptive validity, interpretative validity and triangulation
Timeline	One year to undertake primary research - interviews and ethnography undertaken in central England[17]
Logistics and practicalities	Access was gained initially via academic supervisor (gatekeeper) All interviews and ethnography undertaken in England
Ethical issues	Utilitarian approach: · Informed consent prior to research being undertaken · Privacy guaranteed to all participants · Protection from harm guaranteed

Source: Adapted from Patton (2002).

The remainder of this chapter details the research design.

5.5   Data Collection Methods

Within the data collection methods, both primary and secondary data was collected. The primary data was collected by undertaking interviews and ethnography and the secondary data was collected in the form of researching academic journals, government reports, press releases, and policy documents both before and after undertaking the primary research. These secondary documents were useful for piecing together the descriptive, chronological picture of enterprise policy. They also provided an essential context for subsequent interviews with policy-makers, RDA staff, local enterprise agencies and female entrepreneurs, serving as an important means of corroborating the information obtained through those interviews and

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[17] The English region where the interviews were undertaken is anonymous as each of the nine regions have their own RDA; by discussing the specific region, the RDA no longer remains anonymous.

participant observation. The primary data collection methods are discussed further in the following sections.

5.5.1 Interviews

Bygrave (1989, p. 20) argues that "entrepreneurship as an emerging paradigm, in the pre-theory stage needs more inductive methods, based on empirical observations, than on deductive reasoning with statistical analyses." Yet entrepreneurship studies published have been and still are dominated by the positivistic paradigm (Coviello & Jones, 2004; Bollingtoft, 2007). Suddaby's (2010) recent argument emphasises that if institutional theorists are to take the hypothetical aspects of institutions seriously then moving away from positivistic research is required. The field of policy has also been dominated in the past by structured questionnaires and quantitative analysis, essentially from a positivist philosophical perspective. It has been argued that the dominance of quantitative methodologies has slowed down new theory generation in the field (Fillis, 2002). This is largely due to surveys often having either political or policy-related objectives, or claiming to be delivering findings to a body of existing knowledge or theoretical understandings (Davies, 2004).

In turn, the data being collected in the entrepreneurship field has led to detrimental effects on the SME sector and implications for policy-makers. For policy-makers there are several problems around weak data and methodological rigour. One civil servant described it as a 'lack of intellectual equipment' produced and a disparate research field prone to 'faddiness', to address the fundamental questions surrounding the small firm sector (Rosa, Birley, Cannon, & O'Neill, 1989).

In-depth semi-structured interviews were chosen rather than structured or unstructured interviews. Structured interviews were seen as limiting the potential for discovery, or having the unwanted potential to constrain participants from discussing the issues they regarded to be important to the phenomenon of interest (Breakwell, 2000). Unstructured interviews however were considered too difficult to interpret (Easterby-Smith, Thorpe, & Lowe, 1991). For these reasons, given that flexibility

was afforded, a semi-structured interview format was adopted which allowed for certain sequences of questions to be structured, enabling comparability while also leaving room for unexpected lines of enquiry (Robson, 2002; Grix, 2004).

In-depth interviews assisted the researcher to gain 'inside knowledge' and a comprehensive understanding of hard-to-measure concepts, such as how policy-makers understand enterprise and how the users perceive and experience the policy. Interviews were undertaken with policy-makers, RDA staff, local enterprise agencies and female entrepreneurs. The interviews were an effective method of gathering data allowing the researcher to probe an individual's behaviour, attitudes and/or needs (Mitchell, 1993). Interpretative studies regard the interview as a social site, during which the build-up of rapport may lead to a more realistic picture (Alvesson & Deetz, 2000), developing key concepts from the subjects' interpretations (Howorth, Tempest, & Coupland, 2005).

5.5.2   Ethnography

Ethnography was also employed in this research where Denscombe (1998, p. 68) defines ethnography as the description of people and cultures and "understanding things from the point of view of those involved rather than explaining things from the outsider's point of view." It has been highlighted that there is a need to interpret what can be seen according to individual feelings, sharpening the realisation that human behaviour varies much more profoundly than had ever before been imagined:

> "Ethnographic field work does not fit the usual stereotypical scientific inquiry. There are no laboratories in the ethnographic research, except perhaps for the 'natural laboratories'" (McCurdey & Spradley, 1979, p. 3).

Due to the wide variation of human behaviours, ethnography involves unstructured fieldwork, observing people in the natural settings of their lives and participating in their day to day activities, which leads to the methods used in these studies to be by necessity unstructured, flexible and open-ended (Burgess, 1982).

Three main issues illustrated the suitability of ethnography in this research. The first of these issues was the *depth* that ethnography permits; ethnographic data is often richer than that collected by quantitative measures. Secondly, the *multiple perspectives* address how participants view their social worlds. The perspective is subjective and based on multiple points of view. To explore multiple perspectives, ethnographers typically select informants using purposive sampling. Finally, the *process* is the third distinguishing claim of ethnographic research, where daily social interaction, routines and rituals are explored (Fine, Morrill, & Surianarain, 2010).

With all interpretative research, ethnography is flexible in terms of research design with researchers seeking "to be totally open to the setting and subjects of their study" (Gorman & Clayton, 1997, p. 38). Ethnography enabled the researcher to uncover, interpret, and understand the policy-makers' environment and its hidden rules, within which enterprise policy is formulated. Three months were spent within a government department as a policy adviser (participant observer), immersed in the culture and observing the daily working lives and relationships of those involved in enterprise policy process.

This allowed the research to be nonlinear and iterative. As Patton (2002, p. 91) argues:

> "To test a claim of effectiveness by bringing data to bear on it, including qualitative data is to be engaged in a form of reality testing that uses evidences to examine assertions and corroborate claims."

The methodology of this study was of a qualitative nature, whereby in-depth semi-structured interviews took place with senior policy-makers, RDA staff, local agency staff and female entrepreneurs. Also, ethnography was undertaken for three months. The data collection method describes the approach taken for this research. The conceptual framework discussed the actors who are of importance in the process of the formulation and implementation of enterprise policy as are the users of enterprise policy. Shaw (1999, p. 64) contends that "the subjective epistemology of the

qualitative research paradigm views social reality as constructed by humans." Thus, the researcher became the instrument for data collection here, as this allowed her to get close enough to the data in order to "interpret and understand the participants' perspectives of social reality" (ibid).

5.5.3   Sampling Strategy

Once the research methods had been identified, a decision had to be made regarding who, or what, would be the focus of the research (May, 2002). The sample has to be a targeted one, well situated to illuminate the issues under analysis. According to Patton (1990, p. 16) "nothing better captures the difference between quantitative and qualitative methods than the logics that undergrid sample approaches." In this instance, quality and richness of material was more important than the quantity of respondents (Stevenson, 1990), and this played a crucial role in the data collection.

The choice of samples was particularly justified in qualitative research, as qualitative researchers are often forced to defend their choice of participants against claims that small samples cannot provide theory-rich generalisations because of sampling flaws (Lincoln & Guba, 1985). The method of selection was based on a non-probability approach where the samples had not been selected using a random selection method (Bryman & Bell, 2003), essentially this implied that some units in the population were more likely to be selected than others.

From the conceptual framework four different groups of individuals were identified and the selection of participants was driven by "a conceptual question, not by a concern for representativeness" (Miles & Huberman, 1994, p. 29). As such, the major concern was how enterprise policy is formulated and implemented, ideally who is involved in the process and how users perceive and experience such a policy. With Patton (1990) advocating sixteen sampling strategies, the research was not limited to any one particular strategy, rather it used two sampling strategies that complemented each other within the sampling framework: purposive and snowball sampling.

Purposive Sampling

Creswell (1998, p. 62) argues that purposive sampling allows the researcher to "show different perspectives on the problem, process or event I want to portray." Purposive sampling technique is where "a sample is built up which enables the researcher to satisfy their specific needs in a project" (Robson, 2002, p. 265). This allows the researcher to ascertain the appropriateness of potential participants for the study. Qualitative research methods depend on small samples that are purposively or purposely selected (Miles & Huberman, 1994).

It was important that the first group of interviewees should be senior policy-makers in order to develop an understanding of enterprise policy in the UK. To unravel the complexities of large-scale social and economic change, it was necessary to examine the minutiae of individual lives connected to the research area. Individual interviews provided opportunities to examine how change and policy transformations were experienced, interpreted and ultimately shaped by strategic actors such as policy-makers.

The senior policy-makers were selected in accordance to their knowledge and also known to the academic supervisor of this research; all those chosen to participate were experts in the field of enterprise and policy and were working at both national and regional levels. Eight policy-makers were selected via the academic supervisor who acted as the gatekeeper. The gatekeeper emailed the policy-makers with a courtesy email asking them to participate. All eight policy-makers confirmed that they would participate in the research, allowing the researcher to begin setting up interview times, dates and places. A key approach to this was to use numerous and highly knowledgeable informants who viewed the focal phenomenon from diverse perspectives (Eisenhardt & Graebner, 2007).

The researcher and gatekeeper have a good relationship and the gatekeeper provided introductions to key informants who were able to provide valuable information in this research (Lee, 1993; Feldman, Bell, & Berger, 2003). Without the gatekeeper's initial contact with the senior policy-makers, it would have taken longer to 'recruit'

policy-makers to participate in this research. As Hartley (1994, p. 213) states, "using contacts in industry, academia and friendship can be helpful." Thus purposive sampling represented a commitment to observing and interviewing people who have had experience with, or were part of, the culture or phenomenon of interest (Speziale & Carpenter, 2003).

An RDA in central England was also selected via purposive sampling, as were the local agencies, all of whom were accessible and known to be 'experts' in the field of study that was being undertaken. The RDA was in a location which could easily be reached as well as involving individuals who were known in a professional context to the researcher. Also, the RDA selected at the time was involved in enterprise policy with respect to implementing and advocating the importance of enterprise within their region. The four interviewees selected from the same RDA all had on-going working relationships with the government department and played an important role with respect to the enterprise agenda. The individuals were also involved in the delivery of enterprise policy initiatives to local agencies, and the evaluation and reporting aspects of the policy delivery.

The local agencies participating in this research were also from the same geographical region as the RDA, to allow good understanding of the relationship and the dynamics between the RDA and the agencies. The nine local agencies chosen for the study were all offering business support to individuals within their local areas. They were chosen by their area through internet searches and via the local council website.

Purposive sampling was also employed in the ethnographic phase of data collection. The government department purposely selected for the participant observation and the informal interviews was BIS, the government department responsible for the SME sector in the UK. Through the contacts made via the gatekeeper with respect to the policy-makers, the researcher used *personal access* by establishing an individual rapport in order to get the relevant information for the study (Laurila, 1997). A good rapport was built between the researcher and senior policy-makers and by keeping in

touch with the senior policy-makers with respect to enterprise policy and recent government updates, the senior policy-makers agreed for the researcher to work as a policy adviser for three months within their team in London. Acknowledgement was made of the dual role of the researcher i.e. carrying out both a policy adviser role and a researcher role to the department.

Dane (1990) argues that the advantage of purposive sampling is that it allows the researcher to hone in on people or events grounded in what they believe. Rather than advocating typical instances, a cross-section or a balanced choice, it enables concentration on instances which display a wide variety, possibly even focussed on extreme cases to illuminate the research questions at hand. In this sense, it was not only economical but was also informative in a way that conventional probability sampling could not be (Descombe, 1998). With non-probability sampling methods it was not feasible to include a sufficiently large number of examples in the study, this very much goes hand in hand with qualitative research. The aim of the study was to explore the quality of the data, not the quantity (Nachmias, 1996) and the goal for the researcher was to develop a rich and dense description of the culture and phenomenon, rather than just results that support the generalisability of the findings (Speziale & Carpenter, 2003).

Snowball Sampling

In addition to purposive sampling, snowball sampling was undertaken. Nine local enterprise agencies selected for this research were asked to identify local female entrepreneurs who might wish to participate in this research. Snowball sampling:

> "Identifies cases of interest from people who know people who know what cases are information-rich that is, good examples for study, good interview subjects" (Patton, 1990, p. 182).

Snowball sampling was used to select female entrepreneurs. Each local agency was asked whether they could put the researcher in touch with women who the local agency had supported and advised. The local agencies then sent out emails to

entrepreneurs who had to be female, have had started their business for more than a year and had used a local agency for support, advice or funding.

Once the initial emails were sent out a further email was sent to ask if the female entrepreneurs could also identify other female entrepreneurs who might be interested in participating. From snowball sampling eleven female entrepreneurs were willing to take part in this research. Once they had been identified the researcher made contact with the research synopsis and the researcher's details to set up the interviews.

The female entrepreneurs interviewed came from diverse backgrounds with a wide range of ages, from the ages ranging from 21 to 59. All had different marital status, 45% were married and five of the women had a university degree. There were two main similarities in terms of their businesses. Firstly, they all began their businesses within the last 3 years and secondly, all of the businesses were based in the services sector. A breakdown of the profile of the female entrepreneurs who were interviewed is illustrated in Table 5.3.

Table 5.3: Profile of female entrepreneurs

Initial	Age	Marital Status	Ethnicity	Education Level	SOC[18] Description	Year Business Started	No. of employees
AAP	41	Separated	White British	College	Owner, studio, beauty (1233)	2008	0
AC	43	Divorced	White British	High school	Therapist, massage (3229)	2007	0
BP	42	Married	White British	High school	Therapist, massage (3229)	2008	0
CBD	28	Single	Black British	High school	Fitter, clothing (retail trade) (5414)	2009	0
IA	38	Engaged	Polish	University	Owner (art gallery) (1239)	2007	0
JS	46	Married	White British	High school	Designer (advertising) (3421)	2008	1*
KR	28	Married	White British	University	Owner, studio, photographic (1239)	2008	1
LB	59	Married	White British	University	Consultant, advertising (3554)	2007	0
SM	42	Divorced	White British	College	Fitter, clothing (retail trade) (5414)	2008	1**
SB	21	Single	White British	University	Physiotherapist (3221)	2008	0
SV	29	Married	Indian British	University	Fitter, clothing (retail trade) (5414)	2008	0

* JS's has joint ownership of the business with her husband.

**At the time of the interview SM was participating in a government-funded programme run by Work First, where those who have been unemployed for a certain amount of time are placed in a small business. The government paid £175 weekly towards the wages of the employee for 13 weeks, after the 13-week placement, the small business can employ the individual at their own expense or they then are found another placement. SM had the employee for 2 weeks, not the 13 weeks due to a misunderstanding and would have no employees again after the 2 weeks.

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[18] Standard Occupational Classification (SOC) 2000 is the coding index; an alphabetical list of over 26,000 job titles and codes given in brackets (Office for National Statistics, 2010).

5.5.4 Data Collection Phase

Once the data collection methods and sampling framework was decided, the next stage was to collect the data which had five main phases that took place over a year (Table 5.4).

Table 5.4: Data collection schedule

Data Collection	Date of fieldwork	Interviewees
Pilot	Nov 2008	Interview with an academic
Phase 1	Dec 2008 – Mar 2009	8 interviews with senior policy-makers
Phase 2	Mar – Apr 2009	4 interviews with RDA staff
Phase 3	Apr – Jun 2009	9 interviews with local agencies
Phase 4	May – Jul 2009	11 interviews with female entrepreneurs
Phase 5	Oct – Dec 2009	3 months as a participant observer and 2 interviews with senior civil servants Meetings with government department

Before each phase of the data collection is discussed, it is important to highlight the process of preparing the interview guides.

For the interview guide preparation, the researcher began with a set of theoretical and historical questions about the nature, causes and consequences of an important but poorly understood large-scale social or demographic transformation (May, 2002), namely; enterprise policy. The interviews were centred on Lundstrom and Stevenson's (2001) interview guideline from their study of entrepreneurship/SME policies in ten different economies. Lundstrom and Stevenson's (2001) interview had three main sections: definition and data; objectives, policies, programs and structure; and entrepreneurship focus. These themes were broadly taken into consideration when preparing the interview guides. For each different interview group, there were similar themes including objectives, policies, programmes and structure, entrepreneurship focus, gender focus and implementation – but, crucially, for each group the interview guide was tailored to them (Appendix 2).

Phase 1

The first phase of data collection was to undertake pilot interviews (McCracken, 1988). The use of a pilot study was recommended as it allowed the researcher an opportunity to review and revise a research instrument (Eisenhardt, 1989), and to assess the feasibility of what was being proposed in terms of time, effort and resources to ensure the best possible results (Robson, 2002). The piloting phase was undertaken with a senior academic who has in-depth knowledge of enterprise policy and female entrepreneurship. The interview allowed the researcher to redefine research questions if required. After the pilot interview, which was recorded and took just over an hour, some issues such as wording and paraphrasing of questions were highlighted. The interview guides were marginally revised before four separate interview schedules were finalised. Each interview schedule was semi-structured with themes and open-ended questions in order to aid the researcher in developing a meaningful relationship with the interviewees. Table 5.5 illustrates each group and the themes which were included in the interview guides.

Table 5.5: Interview guide themes

Themes	Interview groups			
	Policy-makers	**RDA**	**Local Agency**	**Female Entrepreneurs**
Objectives, policies, programmes and structure	x	x	x	
Entrepreneurship focus	x	x	x	
Gender focus	x	x	x	
Implementation	x	x	x	
Relationships			x	
Personal information				x
Business background				x
Advice, support and funding				x
Perceptions and experience of enterprise policy and support				x

Phase 2

The first group of interviewees identified were the policy-makers as they are regarded as the gatekeepers to the enterprise policy process. After initial contact with the senior policy-makers was made via the gatekeeper, the next step was to organise dates, times and places at the convenience of the interviewee, and all the interviews were undertaken during the months of December 2008 through to March 2009. For all the interviews, the researcher travelled to the policy-makers place of work to interview them and called ahead of time to confirm the interview as well as to begin to establish a rapport with the interviewee. All of the policy-makers were briefed about the purpose of the research, and a signed consent form was completed before the interviews were conducted (Appendix 3). Participants were also given the right to withdraw at any point of the study, and if they could not or would not answer any question, they were under no obligation to do so. All the policy-maker interviews were recorded with their permission and notes taken whilst undertaking the interviews.

Phase 3

During March to June 2009, the RDA staff and local agency interviews were undertaken. The RDA staff were the second group of interviews to be carried out for this research. Four specific people were targeted at the RDA and invited to take part, and all had enterprise policy knowledge. They were chosen in accordance to their job titles and being known to the researcher via purposive sampling which was useful in signalling out suitable people for the interview and those with in-depth knowledge of the phenomenon.

Furthermore, for the nine local enterprise agencies the interview script was slightly adapted from the original to suit local agencies; a section on relationships was added. The intention was to understand what relationship the local agencies had with both the RDAs and the government department to decipher their role and influence on the phenomenon.

The researcher travelled to the RDA office and to each of the nine local enterprise agencies. Both the RDA and the local agency staff were asked to complete a consent form and were guaranteed anonymity and confidentiality. They were also made aware that they did not have to answer any questions that they did not wish to, and were free to stop the interview at any time. All interviews were recorded, with permission granted to do so from the interviewees.

Phase 4

The female entrepreneurs were selected by a process of snowball sampling which involved asking the local agencies if they could provide contacts of female entrepreneurs. Once the local agencies had passed on the female entrepreneurs' details, contact was then made with the eleven female entrepreneurs via email, followed up with a call before confirming a convenient time, date and place for the interview to be undertaken. The researcher travelled to each of the female entrepreneurs' place of business. The interview transcript had four main themes: the backgrounds of the female entrepreneurs, their business background, advice, support and funding they had received, and their perceptions and experiences of enterprise policy.

The female entrepreneurs were asked to complete a consent form and as before were not obliged to answer any questions they did not wish to. They were also made aware that they could stop the interview any time they wanted and were guaranteed confidentiality and anonymity. Again, all interviews were recorded with permission of the interviewees.

Phase 5

Once the interviews were completed, the researcher undertook an internship with a government department for three months from October 2009 to December 2009 as a policy adviser (and as a researcher). The position permitted the researcher to learn and experience the everyday working life of a civil servant, one who was involved with the nation's enterprise agenda. It allowed the researcher to have a glimpse into

how civil servants work with respect to policy-making, what their duties included, whom they worked with, and their perceptions of enterprise. The department also had expectations of the researcher as a civil servant. The role entailed providing support to senior civil servants to compile government responses, working with key stakeholders, colleagues and ministers, developing a communications plan for the launch of the government responses in conjunction with the department press office, planning and organising launch events, and contributing to the design and development of a website related to recommendations and government responses.

The data from the ethnography phase was collected using three techniques to ensure that legitimacy and relevance was ensured (Johnstone, 2007). The data-gathering techniques employed for the ethnographic part of this research were participant observation, journal keeping, and interviews. The observations involved participant observation which is very much rooted in ethnography (Gill & Johnson, 1991). Bow (2002) talks about ethnography as being closely linked with participant observation. According to Bow (2002, p. 267) there is no single way of undertaking ethnography or doing participant observation, "although many texts read as though there is only one set procedure." Thus, it has been argued that participant observation combines numerous techniques such as interviewing, focus groups, observations and questionnaires.

The researcher's role as a participant enabled interaction with the subjects and an understanding of their language and terminology whilst also maintaining the position and integrity as a researcher, enabling the researcher to reflect critically on observations (Johnstone, 2007). It allowed for the researcher to see first-hand and up close how people behave and react to uncertainty and confusion. At the same time the researcher could also observe how meanings, understandings and interpretations change over time allowing the observation of these changes to be regarded with heightened sensitivity to the relevant social life as a process which otherwise would have been impossible from the outside (Emerson, Fretz, & Shaw, 1995).

In addition to the participant observation, a daily diary of the three-month internship with the government department from October to December 2009 was kept. The diary (see Appendix 4 for an abstract) was a detailed analysis of daily observations of the work, procedures, relationships and the department. The observations were primarily concerned with what people actually do, as opposed to what they said they have done or will do (Robson, 2002). In contrast to observation, diaries had more to offer this research, mainly in terms of their usefulness as a technique to "investigate a wide range of subjective phenomena" (Symon, 2004, p. 98).

Furthermore, two interviews were conducted on an informal basis within the department. The interviews were both semi-structured in order to confirm the observations and to enhance further knowledge and understanding of areas that were not clear to the researcher. Both interviews were not recorded but notes were taken. Also, more individuals within the team were informally interviewed and meetings were held to confirm or dispute observations made by the researcher, all of which were then logged in the diary.

The researcher's roles as a participant observer and as a civil servant were well documented and all legal formalities were followed to ensure that confidentiality, anonymity and security issues were adhered to. The interviews with the policy-makers, the meetings and the three month participant observation period in the government department enabled the researcher to explicitly understand how enterprise policy is formulated and implemented, as well as being a part of the process.

5.6   Data Analysis

Data analysis involves activities that bring order, structure and interpretation to the collected data, aiming to identify relationships and the underlying themes (Marshall & Rossman, 2006). Within interpretative research, the process of building on theory is based on an iterative process, moving back and forth from data to theoretical concepts (Silverman, 2001). The data analysis employed is presented in this section

in stages. The stages were not necessarily carried out in chronological order. Each stage was repeatedly revised over the period to make sense of the data and to increase the rigour of the analysis.

Miles and Huberman (1994) identified three main steps involved in data analysis, which were loosely followed. The first step is described as data reduction and involves the process of selecting, focussing, simplifying, abstracting and transforming the data contained in the transcriptions and field notes. The second step involves the collection of data into organised and compressed formats that permits the drawing of conclusions, and the third step involves drawing conclusions and verification which took a variety of forms to explain what meanings were found, e.g. patterns, explanations, linkages, causal flows and propositions. Conclusions were also verified as the analysis proceeded through each stage.

Stage 1: Transcribing interviews

After each interview was undertaken, the interview was transcribed verbatim by the researcher. In addition to the verbatim transcribing of the interviews, field notes and memos were noted, to be analysed later and triangulated to strengthen validity and credibility of the research. This was the first step in making sense of the data gathered. Although the task of transcribing was lengthy, it gave the researcher a greater understanding of the meanings in the data (Byrne, 1998). However, the transcripts were not copies or representations of some reality, but rather they were interpretative constructions of the interviewees. They were viewed by the researcher as decontextualised conversations and abstractions of a bigger picture (Kvale, 1996).

Stage 2: Confirmation and familiarisation

Once the interviews had been transcribed, the interviewees were informed and sent their transcripts via email. All interviewees were given the option to confirm or to make amendments if required. Only two of the interviewees made changes to their transcripts: a) a senior policy-maker who 'formalised' the transcript for the

researcher's records but allowed the researcher to use the original transcript for the analysis of data, and b) a local agency who corrected cosmetic mistakes.

Following the confirmation of the transcripts, the researcher's aim was to familiarize herself with the content of each interview by understanding each participant's involvement in the phenomenon. The researcher read and re-read through the field notes and interview transcripts whilst writing comments in the margins indicating what could be done with different parts of the data. (Patton, 1987). This inductive analysis allowed for new emergent themes and codes to begin to emerge, allowing the researcher to start organising, structuring and making sense of the raw data, deriving theory from "the concepts and categories used by social actors themselves to interpret and organise their worlds" (Jones, 1987, p. 25).

Stage 3: Data reduction

Once the interviews had been transcribed, revised and checked by the researcher the next step was the data reduction process (Miles and Huberman, 1994). The main issue with qualitative data is how to condense highly complex and context bound information into a format which, remaining accurate, can tell a succinct story and is convincing to the reader (Easterby-Smith et al., 2002). Data reduction "refers to the process of selecting, focussing, simplifying, abstracting and transforming the data" (Miles & Huberman, 1994, p. 56). Although data reduction is important, this process was continuous throughout the entirety of the analysis process. Analysis was conducted during and after the process of the interviews, which enabled emerging themes to be developed in more depth during the interviews (Silversides, 2001).

The themes were teased from the data by inductively analysing the data (Patton, 1990), this began generating a greater understanding of the research problem and seeking meaning from the phenomenon, allowing it to guide the research (Carson, Gilmore, Perry, & Gronhaug, 2001). An initial list of codes was identified, and a

template which represented themes and patterns began to emerge from the textual data as a means of interpreting text with the aid of template analysis[19] (King, 1998).

Stage 4: Coding and interpreting

The researcher organised four folders for code allocation – the folders were policy-makers, RDA, local enterprise agencies and female entrepreneurs. Once these folders were created each transcription was stored within the relevant folder. The research tool used for creating a template analysis was NVivo which aided re-examination of the data, re-coding it where appropriate and linking key concepts as patterns until relationships among emerging categories of data became clearer (Marshall & Rossman, 1995). The diary and notes from the participant observation were also entered into NVivo and the same process was followed to find codes and themes that were powerful in the research (Hammersley, & Wilkinson, 2007). The researcher was aware that "software will never do theory-building for you but it can explicitly support your intellectual efforts, making it easier for you to think coherently about the meaning of your data" (Weitzman & Miles, 1995).

The purpose of this stage of analysis was to ensure that the theoretical ideas which had emerged in the first round of coding could be systematically evidenced in the data, thus addressing the issue of the validity of the research results and making it easier to identify relevant data. Template analysis guided the researcher in making more sense of the data and of the themes/codes.

The template allowed a coding scheme within which codes were arranged in a hierarchical fashion depicting the relationship between themes, with the broadest themes, at the top, and more specific second or third order sub-themes descending from each. Analysis began by identifying *a priori* themes relevant to the research (Robson, 2002). Within NVivo, the *priori* themes were guided by institutional theory as well as themes that were used to structure the interview scripts i.e. understanding

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[19] King (2004, p. 56) defines template analysis "as a group of techniques for thematically organising and analysing textual data."

the formulation and implementation of enterprise policy. These themes were "provisional" and "open to modification" following successive readings of the text (King, Carroll, Newton, & Dornan, 2002, p. 334).

All codes were named and given an individual 'node'. NVivo nodes allowed structure where there was a tree structure with categories overarching the different concepts dividing them into sub-nodes as appropriate. The most relevant nodes were the *Tree Nodes* where they were used to capture the essence of the data being analysed. The nodes were assigned a word relevant to describing them. There were 37 tree nodes and each tree node then had sub-nodes. Appendix 5 illustrates the 37 tree nodes and the *Sources* column indicates the number of interviewees who are associated with the theme and the *References* column indicates the number of references made towards that particular theme across all interviews. The purpose of this stage of analysis was to ensure that the theoretical ideas which had emerged in the first round of coding could be systematically evidenced in the data, thus addressing the issue of maintaining the validity of the research results.

The establishment of ordered relationships between codes and concepts was a significant starting point for reflection and for theory building from qualitative data (Coffey & Atkinson, 1996). The final template was, in most cases, as in this research, the product of a long and iterative process which involved continuously moving back and forth between the template, the text, the coding, sorting, making connections and presenting the results (Crabtree & Miller, 1999).

5.7   Ethical Considerations

Attention should be given to the ethical considerations of any study. Traditionally ethical concerns have evolved around the topics of informed consent (receiving consent from the respondent after having carefully and truthfully informed him or her about the research), the right to privacy (protecting the identity of the respondent) and protection from harm (physical, emotional or any other kind) (Fontana & Frey, 2005).

This research advocated a utilitarian ethics approach which argues that there is "a single consistent domain of the moral, that there is one set of considerations which determines what we ought to do morally" (Christians, 2000, p. 138). Following utilitarian ethics guideline, informed consent, deception, privacy and confidentiality, and accuracy were advocated. Informed consent was agreed and formally documented with all interviewees. For the ethnographic study, all those working with and alongside the researcher were aware of the researcher's dual role. The researcher also signed a confidentiality agreement with the government department. Given that deception is morally unacceptable, the researcher was clear in the research aims and how this would be documented, analysed and reported. Privacy and confidentiality were guaranteed to all interviewees and to the individuals who were employed in the government department. Confidentiality was safe guarded and no personal data was available to anyone other than the researcher. Accuracy ensured that data was truthful as procedures (i.e. triangulation) were undertaken to ensure there were no misunderstandings, fabrications, omissions or fraudulent claims.

5.8   Validity and Reliability

The quality of any research depends on the attention given to the issues of validity and reliability. Procedures suggested by Yin (1994), Miles and Huberman (1994) and Rust and Cooil (1994) were followed throughout the study. For instance, a chain of evidence was established to achieve construct validity that related to the ability of the reader to follow a research project from the initial formulation of the research questions to its final conclusion (Alam, 2005). Hammersley and Atkinson (1983, p. 191) state that "data in themselves cannot be valid or invalid; what is at issue are the inferences drawn from them."

Qualitative research has often been criticised due to a perceived lack of validity and reliability with regard to small samples. This is because with smaller sampling techniques, the findings often cannot be generalised to a population. The findings therefore should not be considered as representative of the general population but

should be considered where smaller samples lend an insightful and constructive perspective into research methodologies (Cassell & Symon, 2004).

It has been suggested that validity 'implies' reliability (Lincoln & Guba, 1985), or that reliability is a 'consequence' of validity (Patton, 2002). Validity is demonstrated in two main ways in this research. Firstly, attempts are made to establish the 'descriptive validity' of participant accounts, involving "what the researcher reports having seen or heard" (Maxwell, 2002, p. 45). This involved recording all interviews so that the interviews were written up verbatim and, throughout the interviews, questioning the meaning of what was being said by respondents and repeating back to them their responses, this was identified as "validation in situ" (Kvale, 1996, p. 237).

Secondly, validity of this research is demonstrated by improving the 'interpretive validity' of the accounts. Interpretive validity is concerned with "what objects, events and behaviours mean to the people engaged in them" (Maxwell, 2002, p. 48). In other words, accuracy in interpreting what was going on in the minds of the participant, and the degree to which the participant's views, thoughts, feelings, intentions and experiences were accurately understood by the researcher, was aspired to. This was achieved by sending the interviewees their interview transcripts to confirm or dispute any misunderstandings or misconceptions, a process which validated the conclusions.

Triangulation was also employed as another measure for strengthening overall validity. Triangulation involved confirming the accuracy of data from one source with data collected from another source (LeCompte & Schencul, 1990). Strategies included the usage of multiple perspectives for interpreting the data (Patton, 1990). Also, examination of existing literature and documents to support and validate data collection in interviews was undertaken.

With respect to the ethnography undertaken within this research, a discussion of control, researcher bias and generalisability ensures that the research was credible

(Fine, 1993). The traditional method of ethnography has been described as studying the participant, not that of the researcher, so the participant observer should remain passive, observing the scene as might a 'fly on the wall' (ibid). Thus, the levels of *control*, or lack of control, show that the behaviours being observed were 'real' but the researcher may adopt several multiple types of observation to gain a form of control. Control was not an issue for the researcher; the researcher adopted both roles, one of a participant observer and the other as a researcher, moving from participant to non-participant in the research.

Researcher bias emphasises that the researcher is privileged with their own judgements more than with any other methodologies (Fine et al., 2010). To overcome any potential researcher bias, two strategies were employed to manage bias - member checks and triangulation. Member checks were carried out after the data had been collected and the participants were asked to assess the plausibility of the ethnographer's interpretations. Triangulation involved checking the data gathered from one source against other sources as with the interviews. The researcher pursued triangulation by gathering data from multiple informants, organisational documents, secondary published materials and outsider perspectives (ibid). Also, the *generalisability* of the results for ethnographers can be used in qualitative 'meta-analyses', with attention given to the quality of the data in each study in order to form broader empirical understandings of the phenomenon (Yin, 1984). It also involves giving more relevance to theoretical generalisations rather than trying to apply or replicate the research to a larger audience. The ethnographic text need not agree with common beliefs; the issue at hand is whether the account was plausible, even when it challenges existing frameworks (Lincoln & Guba, 1985).

Kirk and Miller (1986) stress involuntary validity in which qualitative research enables the involvement of the researcher in field work. Moreover, Kirk and Miller (1986, p. 41) perceive reliability to be dependant "essentially on explicitly described observational procedures", suggesting that the rigorous usage of fieldwork notes can increase levels of reliability on qualitative methods. As posed by Miles (1979, p. 591):

"The most serious and central difficulty in the use of qualitative data is that methods are not well formulated but the analyst faced with a bank of qualitative data has very few guidelines for protection against self-delusion, let alone the representation of unreliable or invalid conclusions to scientific or policy-making audiences."

To ensure the rigour of this research, the research was strategically planned and designed prior to fieldwork (Miles & Huberman, 1994; Mason, 1996; Creswell, 1998). This was demonstrated in the pilot interview, the extensive literature review and in guidance from the researcher's supervisor.

Consequently the interviews and the ethnography emphasised the social interactions and described in-depth processes with which enterprise policy is formulated and implemented, and the users' perceptions and experience of such a policy and its initiatives. It would be virtually impossible for every researcher to work in such close proximity to government for their research or to have access to senior policy-makers for practical reasons and also "generalisations are impossible since phenomena are neither time- nor context-free" (Guba & Lincoln, 1982, p. 238). Nevertheless, this allowed for generalisability to be replaced by what Guba and Lincoln (1982) argue for as "fittingness." In other words, as long as the situation studied matches other situations in which one is interested, the research provides a more realistic and workable way of thinking about the generalisability of the research results than do more classical approaches (Scholfield, 2002).

5.9   Reflexivity

Due to the subjective nature of the research and the methods employed, it was important that a description is given of how, when and where the field work of this study was carried out and how, when and where notes, journals or records were kept and organised. In doing so, issues regarding the critical reflection process on the self as a researcher, the human as instrument are addressed (Guba & Lincoln, 1981). Reflexivity is the conscious experiencing of the self as both inquirer and respondent,

as teacher and learner, as the one coming to know the self within the processes of research itself (Guba & Lincoln, 2005). Ethnographic methods are few and far between in the mainstream entrepreneurship journals (Johnstone, 2007), and on a deeper level reflexivity allows the researcher to question the methods and the theoretical framework they work within, and to validate and legitimise the decisions that were taken in undertaking the current study. Denscombe (1998, p. 68) calls for a "public account of the self that describes the researcher's self" with respect to ethnography. The research then must understand and accept the competing versions of reality, by providing accounts of researchers' personal background, biases, preconceptions and research activities to improve the legitimation of the data (Brewer, 2000).

The personal biography of the researcher and the kind of impact her personality had on deciding what was inquired and the way the social environment was stratified in terms of age, race, ethnicity, gender, social class, occupation or education, as well as how well the researcher fitted within this social environment were considered (Denzin & Lincoln, 1994). The researcher is a female, in her early 30s, of Pakistani race, has a Master's degree and is from a middle-class background, and she previously worked in the civil service and various government departments before undertaking the ethnographic approach to the study. The researcher's educational and professional background allowed her to blend in and understand how the government department worked, and infiltrate herself while minimising any disturbance amongst the civil servants she worked with.

5.10   Limitations

This study is subject to some limitations which have been identified. Firstly, there are limitations typically associated with the use of qualitative research, both with semi-structured interviews and the ethnographic approach undertaken; researcher bias, and the validity and reliability of the research. Steps to overcome these limitations were taken in the design of this study with triangulation employed to limit any bias. Secondly the study is not generalisable as it is a small-scale study. However, a major

strength of the qualitative approach is the depth to which explorations are conducted and descriptions are written, usually resulting in sufficient details for the reader to grasp the idiosyncrasies of the situation (Yin, 1994).

5.11   Conclusion

This chapter has justified the best approach for this study by adopting qualitative methods in studying the processes, actions and behaviours of the actors involved in the policy process. Furthermore, this chapter illustrated the validity and the reliability of the methodology, as well as examining the reflexivity of the researcher and outlining the limitations.

CHAPTER 6

THE FORMULATION OF ENTERPRISE POLICY

6.1   Introduction

The purpose of this chapter is to outline how enterprise policy is formulated in the UK. This requires an understanding of the complex nature of the governmental structures and the individuals involved in the process. Specifically, this chapter addresses the primary question posed at the start of this research: "To what extent is the formulation of enterprise policy subject to pressures from the environment and the actors involved in the process?"

This chapter provides an insight into the reality of formulating enterprise policy by drawing on the interviews and ethnography undertaken to develop an understanding of the everyday life of a civil servant within a government department[20]. It also includes data from two informal interviewees[21], a civil servant who worked closely with the minister (Private Secretary) and a policy-maker who was seconded from a global management consultancy firm to BIS. Institutional theory guides the premise of the chapter with a focus on the institutional entrepreneurs who are engaged in the process of enterprise policy formulation. Institutional entrepreneurship highlights agency, interests, legitimacy, and power in the understanding and analysis of enterprise policy formulation (Levy & Scully, 2007).

Considering the different management levels, a hierarchical chart of the policy-makers (PM) and civil servants (CS) within the organisation was developed to allow a sense of the position/level of the respondents. Figure 6.1 highlights the four distinct positions/levels of those who were involved in the collection of the primary data. Firstly, the Managing Director (MD) is the Head of Department, responsible for the particular department within BIS in which the primary research was undertaken and

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[20] It should be noted that the research was carried out when the Labour government was still in power; hence, the policies are attributed to their mandate.
[21] Both of these interviewees have been included in the data and are not differentiated from those who were formally interviewed.

who directly reports to the Permanent Secretary; secondly, the Senior Management (SM) reports directly to the MD and includes those who made top level decisions concerning their team; the Middle Managers (MM) were directly responsible to senior management and carried the goals set by senior management and organised and controlled the resources within established guidelines, and finally the Junior Management (JM) were those who directly dealt and managed day-to-day resources including the supervision of those with no managerial responsibilities. It should be noted that only those who were either interviewed or part of the ethnography of this research are included in Figure 6.1, the MD (being the exception) has been included to gauge the levels of seniority of those who took part in this research. Also, the Private Secretary has been excluded from Figure 6.1 as they reported directly to the minister. The specific department within BIS, the team and the job titles of the interviewees have been kept confidential.

Figure 6.1: Organisational level of respondents
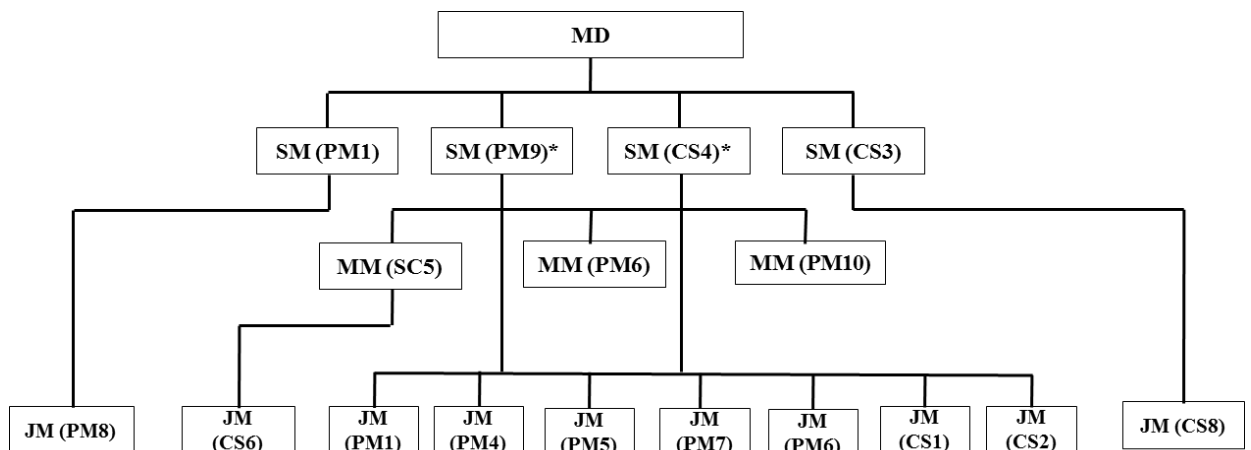
*SM (PM9) and SM (CS4) were responsible for their team but during the collection of the primary research there was a changeover in the position. During the interview period there was a different individual who was in this position, at the time of the ethnography this position was then undertaken by a different individual.

The chapter begins by describing how policy-makers[22], who are major players in the formulation process, perceive the formulation of enterprise policy within their department. Policy-makers invoked a formal procedure of policy-making, involving the ROAMEF cycle which, they argued, was a crucial mechanism in the formulation process (such findings hereinafter are referred to as "the perception" of formulation of enterprise policy in this chapter). Following this, the chapter demonstrates how enterprise policy was actually formulated. As will be demonstrated, the prescribed approach to policy formulation was rarely followed, and policy formulation was unduly influenced by factors that were both less rational and less predictable than initially thought (such findings hereinafter after are referred to as "the reality" of formulation of enterprise policy in this chapter).

This chapter analyses the process of enterprise policy formulation and the extent to which the formulation process is subject to pressures from the environment and the actors involved (Figure 6.1). It moves beyond superficial descriptions of process by exploring the daily working routine of civil servants and policy-makers (involved in formulating enterprise policy) within the relevant government department, participating in the formulation process itself, and in turn identifying the factors that may or may not impact the formulation of enterprise policy.

Figure 6.1: The formulation of enterprise policy

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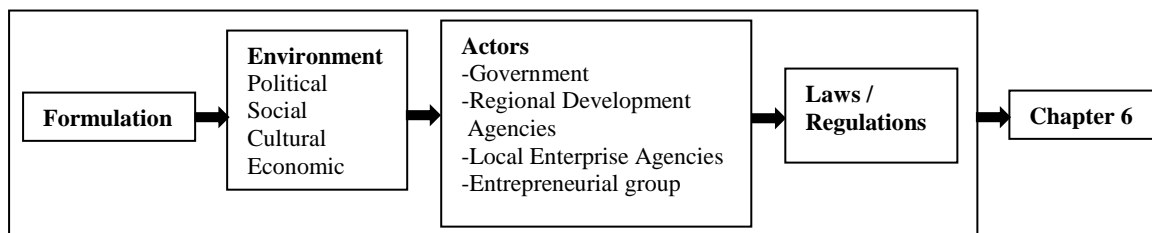
[22] The term 'policy-makers' in this chapter refers to the individuals who were interviewed, and the term 'civil servants' refers to the individuals who the researcher worked alongside during the ethnographic period. These individuals have been labelled differently to distinguish between the interview data gathered and the ethnography, but they both addressed the enterprise agenda.

6.2   Formulating Enterprise Policy: The Perception

This section describes the interviews undertaken with the policy-makers with respect to how they perceive the formulation of enterprise policy; this data was gathered before I had the privilege of becoming a civil servant and observing and participating in the process itself. Having policy-makers explain their views on the formulation of enterprise policy prior to working alongside them allowed me to gain an untainted picture of their understanding of how enterprise policy was formulated within their department. Their versions of the process were the only accounts that I, as a researcher, had at that time. Interviews with policy-makers highlighted that the procedure for the formulation of enterprise policy predominantly evolved around a formal process. This formal process was best explained by PM1:SM, a senior figure in the enterprise policy field, who understood and defined the concept of enterprise policy formulation with reference to *'The Green Book'* (HM Treasury, 2005), both in terms of how it was undertaken in theory and in practice by stating that:

> *"The first step is supposed to be looking at the rationale, why there's a need for policy, looking at the evidence, the extent of any problem. So that's the first step - looking at the rationale, looking at the evidence-base, from that you're supposed to go onto develop objectives of what you're trying to achieve with policy which is supposed to be as SMART[23] as possible. This is all well documented. And then, obviously there are various ways of achieving different objectives and each way has got different costs involved so the next step is then supposed to be an appraisal of all the different methods of achieving the initiatives. The next thing you're supposed to do is do a full cost-benefit analysis of all the different options and work out from that which is the best. At the same time as the policies are being designed you're supposed to develop the monitoring framework to assess whether you're meeting your objectives, plus an evaluation plan, hopefully, to get at the wider*

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[23] SMART objectives are an acronym for Specific, Measureable, Achievable, Realistic and Timely objectives.

economic impacts, say productivity or employment, depending on what your objective was…. So that's how it's supposed to work in theory."

PM1:SM had vaguely outlined the ROAMEF cycle in the description set out above (refer to Chapter 2 for an explanation of the ROAMEF cycle). At this point, PM2:JM[24] interrupted to confirm that the procedure discussed by PM1:SM was warranted but acknowledged this explanation was not necessarily always the case:

> *"There's a couple of points that I picked up as PM1:SM was talking. PM1:SM was talking about the ROAMEF cycle in explaining the process. I think one of the things that PM1:SM didn't mention in passing when talking about rationales for policies is that the rationale should be indicating some sort of market failure where there's a case for intervention which the market isn't going to solve… PM1:SM has given you a bit of an idealistic model. However hard you try and work it's not always that easy in practice….not because people aren't trying but some things are quite difficult. PM1:SM was saying you have to appraise your options but I mean ministers, senior people have to make decisions on where to spend a limited amount of money. So what you have to be able to consider is the relative merits of different policies or policies in different areas."*

PM3:JM also confirmed the process for policy formulation in line with *'The Green Book'* (HM Treasury, 2005). PM3:JM described what was involved in the formulation of enterprise policy and argued that more often than not:

> *"I think most government departments would like to think that there is a policy process. A good policy process would start off with an examination of the current situation. A very, very critical close examination of the evidence-base. Then, from that evidence-base, identifying potential market failures, for example. Then, considering whether there is a role for government developing a new piece of policy*

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[24] PM2:JM was also in the interview with the main contact, PM1:SM.

or to develop or to amend an existing policy. So there is that process and I think that would be common in most government departments of the topic. Whether or not that always runs in a completely smooth and linear manner is down to what competing factors there are, which is never a simple process."

The policy-makers were keen to justify and endorse enterprise policy process in a way that "legitimacy is a perception or assumption in that it represents a reaction of observers to the organisation as they see it; thus legitimacy is possessed objectively, yet created subjectively" (Suchman, 1995, p. 574). PM3:JM understood the underlying reasons and mechanisms in creating enterprise policy but was also aware that policy-making in action is more complicated and less structured than described. Both PM2:JM and PM3:JM emphasised that the rationale for formulating enterprise policy was market failure. However, the argument made by the policy-makers in favour of enterprise policy to intervene and rectify market failure was at the very least weak considering the lack of effectiveness enterprise policy has shown to date.

As the interview progressed, PM1:SM became more relaxed and commented:

"So that's how it's supposed to work in theory. Whether it works like that in practice is a different matter, mainly because of ministerial and political imperatives."

This comment from PM1:SM clearly contradicts the previous explanation as to how policy was formulated, and suggests that practice differs from theory. The evidence from the policy-makers highlighted their acknowledgement of the formal procedure. PM3:JM remarked that they are also aware of powerful actors such as ministers who can alter not only the process but also the final outcome of enterprise policy. In this research, civil servants openly admitted to being influenced by powerful actors such as charismatic and prestigious ministers. Indeed, a minister's status and reputation at times overwhelmed the formulation of coherent enterprise policy. For example, PM4:MM commented that enterprise policy:

"Can be on the whim of ministerial changes or personalities."

This raises concern as to what level ministers should be involved in policy formulation and whether ministerial governance supersedes the prescribed model of enterprise policy formulation. Yet at the same time highlights the role of powerful institutional entrepreneurs in the structures of the institution.

Although PM1:MM, PM2:JM and PM3:JM were fully aware of the flaws of the policy process, their initial comments (PM1:MM and PM3:JM) highlighted the need to garner legitimacy. Both respondents were aware of the lack of formalities in the process of enterprise policy but they wanted to assure me that it was important and meaningful in a way that it abided to an existing reputable framework. This Scott (2001, p. 6) states that from:

> "an institutional perspective, legitimacy is not a commodity to be possessed or exchanged, but rather a condition reflecting, perceived consonance with relevant rules and laws, normative support, or alignment with cultural-cognitive frameworks. Moreover, unlike material resources or technical information, legitimacy is not an input to be combined or transformed to produce new and different output, but a symbolic value to be displayed in a manner such that it is visible to outsiders."

In summary, the policy-makers described a rational model of policy-making, but eventually discussed how and why this model was not followed in practice. Selznick noted that "the most important thing about organisations is that, though they are tools, each nevertheless has a life of its own" (Selznick, 1949, cited in Scott, 2001, p. 64). While Selznick (1949) acknowledged the rational view that organisations are designed to attain goals, he noted that the formal structures can never conquer the non-rational dimensions of organisational behaviour. Individuals do not act purely based on their perception of formal roles and structures; rather, individuals bring other commitments to the organisation that can restrict rational decision-making. The organisation strikes bargains with the environment that can restrict its current goals or limit future possibilities (Scott, 2001). Hence, organisational structures are

adapted based on individual actions more so than environmental pressures which has been highlighted where such rules and structures are not always followed to attain or achieve the end result. Also, legitimising their processes was important for the respondents as legitimacy cannot be taken-for-granted; any solutions to prevailing problems has implication for legitimacy that must be considered (Hanberger, 2003), for this reason policy-makers paid more attention to the interplay of the enterprise policy process and the elements of legitimacy.

The next section looks at how enterprise policy is in fact formulated in practice.

6.3   Formulating Enterprise Policy: The Reality

This section discusses the formulation of enterprise policy in practice. The data for this section was gathered shortly after the policy-maker interviews were conducted. I had the opportunity to work as a civil servant at BIS allowing me to witness and participate in the formulation of enterprise policy, discovering that the process of formulating enterprise policy was not as rational, linear or as formal as had been explained. In contrast with the prescribed model of policy formulation, the observed process suggested a lack of transparency and uniformity. Six stages were identified throughout my participant observation at BIS: area of policy interest, briefing, collecting evidence, clearing, announcing and implementing. Each stage is discussed in detail.

Stage 1: Area of enterprise policy interest

From the participant observation, it was evident that policy in the area of policy interest relied heavily on those who had the power to make key decisions, i.e. government ministers. For example, from the data, interest in women's enterprise had received coverage and the attention of certain ministers. The Labour government's interest in female entrepreneurship resulted in setting up the Women's Enterprise Task Force in 2006 to highlight the need to focus more attention on the promotion of women's enterprise. Female entrepreneurship also dominated BERR's

publication, '*Enterprise: Unlocking the UK's Talent*' (2008a) further fuelling the notion that the Labour government had decided to take a specific interest in raising awareness of and support for female entrepreneurship. Table 6.1 illustrates the various initiatives and the respective Labour ministers in charge when reports were commissioned or work was undertaken with respect to women's enterprise.

Table 6.1: Government's interest in female entrepreneurship

Title	Summary	Year	Government	Minister	Secretary of State
Greater Return on Women's Enterprise - The UK's Women's Enterprise Task Force's Report and Recommendations (WETF, 2009).	This report sets out the economic case for women's enterprise and advises partners and stakeholders how to achieve a greater economic return from investment in women's enterprise.	2009	Labour	Mervyn Davies	Peter Mandelson
Assessing the Effectiveness of Different Forms of Support for Women's Enterprise: The Regional Women's Enterprise Initiatives (BERR, 2008b).	The aim of the evaluation was to capture the value (including knowledge, understanding and good practice) of a set of small scale initiatives seeking to test different approaches and develop practice.	2008	Labour	Shriti Vadera	John Hutton
Women's Enterprise Task Force	Supporting the government in increasing the quantity, success and scalability of women's enterprise in the UK.	2006	Labour	Margaret Hodge	Alistair Darling
Women's Business Ownership: Recent research and policy developments (Carter & Shaw, 2006).	This report provided a current assessment of recent research investigating women's business ownership.	2006	Labour	Margaret Hodge	Alistair Darling
Women's Enterprise Strategic Framework. Sharing the vision: a collaborative approach to increasing female entrepreneurship (DTI, 2003).	This was developed to provide a collaborative and long-term approach to the development of women's enterprise in the UK.	2003	Labour	Nigel Griffiths	Patricia Hewitt
Women's business ownership: a review of the academic, popular and internet literature (Carter et al., 2001).	The objective of this review was to present a detailed analysis of the research and popular literature on female entrepreneurs.	2002	Labour	Nigel Griffiths	Patricia Hewitt

A number of factors influence ministers in building an interest in a particular policy area: votes, money, ideas that lead to good actions which in turn lead to good publicity, and information and feedback from voters, specifically as ministers' roles rely on being elected or re-elected. In saying that, the interest may be due to a genuine desire for change and equality rather than assuming reasons of votes, money or publicity. As Table 6.1 suggests, ministerial support for female entrepreneurship has surfaced in no consistent manner over the years during Labour's administration. This was highlighted by PM5:JM who commented that:

> *"In the early parts of 2001, 2002, we specifically looked at women's enterprise from a strong push from our minister, Patricia Hewitt. In addition to all of the work that was being done broadly around small business and enterprise, she wanted us to look at women's enterprise. That led to another strategy document being published in 2003, which was the first women's enterprise strategy document. I think that was first the UK government had ever had."*

Once Patricia Hewitt left office it took three years for a government document to appear which would highlight the importance of female entrepreneurship. The publication of '*Women's Business Ownership*' (Carter & Shaw, 2006) gave an overview of the landscape of research and policy development with respect to female entrepreneurship in the UK. Regardless of such government commissioned reports, civil servants were very aware of the ministerial imperatives bestowed upon them and their role in formulating enterprise policy. One policy-maker commented:

> *"I think a lot of it depends on ministerial interests, I mean looking at the topic I've been working on over the last few years* [women's enterprise] *there has been a noticeable difference in support depending on which minister is in post at any given time"* (PM3:JM).

However, discussions with civil servants about policy interests revealed that they did not always necessarily originate from the minister themselves. CS1:JM and CS2:JM both referred to a fellow senior civil servant as *"planting seeds"* in the minister's mind to encourage and support female entrepreneurship. The senior civil servant (CS3:SM) in question was keen to promote role models for women in the hope of tackling equality issues as well as raising the profile of female entrepreneurs.

This clearly indicates that formulating enterprise policy was not in line with the ROAMEF cycle as it seemed to be conflated with individual interests in the form of ministers (Patricia Hewitt) or in the form of civil servant interests or priorities (CS3:SM). PM3:JM stated:

> *"So I think it is important to actually work with ministers, in particular private offices to raise the profile or the agenda, that's the part of the job of any good civil servant: to bring to the attention of ministers, topics which need development or which could bring benefit."*

Ministers want their civil servants to be proactive and politically aware, bringing in new ideas and coming up with new solutions. But this idea of discussing policy ideas and their origins with ministers was carried out because:

> *"I think pretty much of it* [policy formulation] *is ministerial interest"* (PM4:MM).

To add to these powerful actors feeding into the initial stages of policy-making, highly ranked civil servants and Private Secretaries to government ministers acted as ministerial gatekeepers. These gatekeepers are regarded by more junior civil servants as an elite force within the civil service. Private Secretaries yield power that controls areas of the ministerial agenda, and their more junior colleagues perceive the need to build good working relationships with them in order to access resources and influence agendas. The

Private Secretary interviewed claimed that they were often able to influence ministerial decisions. The Private Secretary often made decisions on the behalf of the minister, controlling the minister's appointments and schedules, and could withhold or share information with the minister because of their close working relationship. The Private Secretary argued that they often knew of the minister's political ambitions and desires, allowing them to make decisions on their behalf.

Ministers such as Lord (Peter) Mandelson, Baroness (Shriti) Vadera and Lord (Mervyn) Davies played a prominent role not only within BIS but in the field of politics by showcasing their broad reach and power. Enterprise interests and ideas or political decisions made by ministers can be improved and widely accepted if delivered by these charismatic and powerful 'talented actors'. These individuals are media savvy and are industry leaders, and have the ability to sell the policy interest to the public and gain their support. For example, Lord Davies often voiced how he had "*mates in the industry*" who may have had influence on enterprise interests, benefitting their individual businesses rather than benefitting the SME community as a whole. Government selects these individuals as:

> "*They co-opt people who have a particular interest in a particular field of work to help us to shape in more detail those particular areas of activities*" (PM6:JM).

On a wider level however, more talented actors were recruited out with the political sphere to shape and refine policy interests. This group of individuals included Alan Sugar, James Caan and Peter Jones who played a fundamental role in championing enterprise on the behalf of government. They co-operated with government to provide legitimacy and media attention to the policy interests and ideas generated by ministers and civil servants.

Given that legitimacy is an endorsement of an organisation by social actors (Deephouse, 1996), it was clear that this group of talented actors were involved in the process in order

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to help bring legitimacy to the department. The actors were generally viewed as trustworthy, reliable and reputable which contributed to the legitimacy of the individuals themselves and in turn to the legitimacy of the policy interests. However, these individuals were dominant decision-makers which exhibits 'dominance hierarchy' (DiMaggio & Powell, 1983) or "dominance order in which a few groups of actors operate at the apex while others survive on the bottom" (Rao, Morrill, & Zald, 2000, p. 262). Institutional entrepreneurship highlights that "institutional change is thus a political process that reflects the power and interests of organized actors" (Maguire et al., 2004, p. 658). The evidence suggests that policy interests emerge from individual values and the political beliefs of the government, framed in such a way as to gain wider support. There was virtually no evidence to suggest the policy interest came from evaluations, justifications (e.g. market failure) or evidence (e.g. commissioned reports), rather it was often left to individual personalities and interests at the cost of institutional structures, drawing attention to the paradox of embedded agency.

Stage 2: Briefing

The civil servants involved in the briefing stage were often a group of individuals within a team at the fore of enterprise policy within the department; the purpose of the briefing stage was tasking the assigned team to refine the policy interest into an achievable, deliverable and legitimate idea. The briefing stage involved meetings which were held to allocate tasks and keep the selected team updated on the progress of the specific policy interest.

The briefing stage meetings were very much embedded in the everyday work culture of civil servants. However, more often than not, these meetings concentrated on how the minister in charge could achieve a strong media presence, increase electoral support and strengthen their reputations. The meetings were centred on ministerial announcements with respect to the policy interest, leading to an abundance of meetings which were common practice within the department. Often meetings had little obvious importance

and were excessively time consuming. I often left meetings with nothing to add to the work I was undertaking other than a date for the next meeting. This meetings culture played a role in conditioning organisational activities, which is the particular forte of new institutionalism in sociology. This view argues that culture and cognition to be linked as "internal interpretative processes that are shaped by external cultural frameworks" (Scott, 2001, p. 57). The current emphasis is on shared knowledge and beliefs, earlier concepts emphasised shared norms and values (Scott, 2001). As Bawn (1993, p. 965) argues "political institutions are explicit products of social choices." The briefing stage was dominated by the meeting's agenda, adhering to the emphasis on shared knowledge and beliefs within the team at BIS.

One of the key themes that arose from the meetings was the importance placed on ministerial announcements rather than on the actual content of the work being undertaken. Announcements were often discussed at length with little or no discussion with respect to the availability of resources required to formulate or implement enterprise policy.

The meetings culture in BIS can be attributed to the need to strengthen the internal legitimacy of the process of formulating policy. Civil servants were refining and reinforcing the political interests of their minister as well as nurturing credibility and acceptance in the work they were undertaking. Despite the lack of structure and progress made at these meetings, it was generally accepted that attendance at them was obligatory and this contributed to the overall process of the formulation of enterprise policy. Appendix 6 is an indication of the number of meetings that I attended at BIS and the dominance of the announcements agenda throughout. It illustrates an overview of meetings, meeting topics, attendance and the contributions of the meetings. The time available in the briefing stage was overwhelmingly dominated by the volume and regularity of meetings. This, coupled with a lack of structure and objectives, resulted in meaningless meetings which were counter-productive.

The briefing stage also included organising and involving external stakeholders who then became part of the formulation process. The notion here was of external legitimacy which rests on an understanding of the important roles that organisational audiences, external stakeholders, and outside referees play in influencing the actions of the focal organisations (DiMaggio & Powell, 1983). During my time as a civil servant I closely worked with two key external stakeholder, namely, the Ethnic Minority Business Taskforce and the Women's Enterprise Task Force whose role was to advise government of practical steps to accelerate the start-up and growth rates of businesses owned by ethnic minorities and women in the UK, and also to provide lobbying to raise the profile of the enterprise agenda. Both Task Forces engaged in the process of stakeholder consultation as a way to relieve frustrations of the SME community and catapult ethnic minority and female entrepreneurship into the domain of enterprise. The Task Forces were made up of strong characters and were populated by members including business people, academics, RDAs and banks. Task Forces are traditionally heavy-laden with memberships drawn from 'the great and the good' and, in effect, reflect attempts to enlist for the legitimacy that members possess by virtue of social identities and status (Polsby, 2001).

However, an observation amongst the civil servants was that the consultations with the Task Forces would not have any real impact on enterprise policy. This view was held because the Task Forces were seen as merely symbolic rather than as government advisors for the enterprise agenda. It was apparent that BIS did not always take into account the Task Force recommendations to government when formulating enterprise policy and its initiatives. From the data gathered, the two Task Forces presented their reports and recommendations after three years of consulting and researching. A discussion amongst the civil servants on whether both Task Forces should have access to the government responses to their recommendations and access to the minister's speech for the 'Celebrate Diversity in Business' event[25] was considered inappropriate. It was

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[25] The 'Celebrate Diversity in Business' event was the launch of the government responses to both the Task Forces reports – 3rd November 2009 at Lancaster House.

believed that this would only lead to conflict and acrimony amongst all involved. The government responses were weak and it was anticipated that they would not be received positively by the Task Forces. BIS did little to give direction to either of the Task Forces, hence certain individuals from each of the Task Forces came to 'own' the work and dominated the task at hand, often excluding BIS and other members of their Task Force from the work being undertaken. This rocky relationship did very little to support enterprise policy.

BIS largely ignored the recommendations delivered by the Task Forces by providing non-committal responses but aligning the responses to popular attitudes of stakeholders and society to promote the legitimacy of its enterprise agenda. However, the Task Forces' involvement in the process exerted external legitimacy in the work involved in enterprise policy by demonstrating external collaborations even though BIS often ignored their stakeholders.

Despite the intensity and regularity of meetings at BIS, often the stakeholders involved in the process such as the RDAs and the Task Forces were excluded from the meetings. For example, any meetings concerning the recommendations and responses to the Task Force reports were held amongst civil servants and not between civil servants and the stakeholders. This was largely due to a lack of trust caused by the unclear direction given to the stakeholders, supported by the fact that BIS did not share information with their stakeholders nor did they accept the information provided to them by the Task Forces. The relationship between BIS and the Task Forces can be attributed to the fact that the aims of BIS and the aims of the Task Forces for this particular case were different and often incompatible. BIS saw their relationship with the Task Forces largely as symbolic rather than practical. Task Force members however assumed they were contributing to actual policy formulation, where they were given broad objectives to interpret. Control was key to civil servants and this was evident in the distant relationship that existed between the Task Forces and the civil servants. Civil servants were keen to keep control of who was involved, how intensely they were involved and

how policy would be formulated. The Task Forces were therefore excluded and only exposed to the responses to their recommendations.

Therefore the briefing stage highlights that by selecting a committee it provided a symbolic device for introducing policy interests and proposals into the public arena for discussion, a domain not always dominated by civil servants or ministers. Also, BIS were seen to be involving stakeholders via the Task Forces in the process for guidance and information, whereas in reality the Task Forces were excluded from the day to day involvement of the policy discussions and meetings in which civil servants were seen to progress the policy interest.

In summary the second stage of enterprise policy formulation was hindered by meetings and superficial symbolic relationships. Rather than strengthening the policy interest and process with the help and support of the Task Forces, the opposite occurred and the relationship between the Task Forces and civil servants was strained.

Stage 3: Collecting evidence

Once the policy interest was identified and briefing meetings were underway, the next stage identified in the formulation of enterprise policy was the gathering of data. The data was gathered by civil servants to support and justify the proposed policy interest.

'Evidence-based policy' has become a mantra for the government's approach towards policy-making in relation to the machinery of government. The policy interest for the setting up of the WETF came from the government commissioned report, '*Women's Business Ownership*' (Carter & Shaw, 2006) which formed the evidence base for the setting up the WEFT. This outlined the research investigating women's business ownership and the role and contribution of policy developments. However, throughout the participant observation, this report was not acknowledged or explicitly referred to by

the civil servants with respect to refining the recommendations in response to the report '*Greater Return on Women's Enterprise*' (WETF, 2009).

Ministers were often at the mercy of civil servants in that the latter were responsible for gathering the relevant data to support a policy interest when requested by a minister. Repeatedly, the minister accepted information provided by civil servants without questioning its validity and reliability. Thus, ministers were reliant on civil servants to fill large knowledge gaps with updates and supporting documentation to any announcements they may have to make with respect to the policy interest. Ministers have a minimal knowledge base and only have access to headline information that they use to make decisions or announcements. Understandably ministers are not expected to undertake background research on their policy interest but often only narratives were provided to support policy interests. One policy-maker was quoted saying:

> *"I'm not an expert in this area so this is more anecdotal"* (PM7:JM).

Not only was the policy-maker wary of not being an expert in the field of enterprise policy but they were also aware of the story-telling that came with collecting such evidence. The data and information often gathered by civil servants was predominantly collected from events known as 'road shows'. Whilst trying to understand what road shows entailed, I was unable to accumulate knowledge of how such information was collected other than:

> *"We did a set of road shows to come up with ideas where we visited every region in the country"* (Policy-maker, 3).

> *"We made use of anecdotal evidence from these road shows as well as having formal research and our own analysis evidence. PM2:JM had the job of pulling together all the transcripts from all these road shows and doing an analysis of what people were saying"* (PM1:SM).

Uncertainty arose as to how aware ministers were of the evidence as opposed to what they were told and what they wanted to hear when formulating policy or making announcements. In other words, evidence was dependent on trying to fit a story around the ministerial interest. PM5:JM commented that:

"I think where there's political will, things happen. Sometimes all the evidence in the world is irrelevant depending on what political leadership wants to do."

I was advised that reliance on data gathering or providing evidence was at times not viewed as essential to the policy-making process, as evidence in any case often became obsolete in a short period of time:

"The robustness of our evidence, especially on finance related issues to all our groups, was negated and we had to find new ways of gathering data quickly and often it was not robust…" (PM1:SM).

Due to time pressures much of the analysis and information can be "*up in the air*" (PM1:SM). An example can be given regarding the '*Enterprise: Unlocking the UK's Talent'* (BERR, 2008a) where a lack of robust evidence was highlighted:

"We didn't have time to do proper research, we had to be more innovative in the kind of resources we used, we drew heavily on other people's surveys that might not always be representative to try and get a balance of what was happening" (PM2:JM).

This indicated policy formulation was subject to competing vested and political interests, and driven by pressures to act quickly to solve headline-grabbing problems (Campbell, Benita, Coates, Davies, & Penn, 2007). This has been a common problem in policy-making. As far back as 1999, the White Paper

'*Modernising Government*' (Cabinet Office, 1999, p. 15) set out that the government must:

> "Produce policies that really deal with problems; that are forward-looking and shaped by the evidence rather than a response to short-term pressures; that tackle causes and not the symptoms."

The government has attempted to address the issues that civil servants have faced with the quality of information over the years. The introduction of the SBS (which has since been dismantled and replaced with the Enterprise Directorate) had an influential role in promoting and developing evidence-based policy. However, this does not necessarily mean that the process of the collection of evidence to formulate and articulate enterprise policy has improved. Despite this push by the government, policy-makers have remained unaware of research, by not capitalising on previous and current (rigorous) research accessible to them. Indeed, the lack of utilisation of available evidence was prevalent in the female entrepreneurship context. Female entrepreneurship literature has spanned a period of 30 years, with one of the earliest government commissioned papers undertaken by The Department of Employment in 1985. But it then took the government over twenty years to release the next official document which was published by BIS in 2002. To make matters worse, there has been no consistent government approach to female entrepreneurship. The landscape of the SME sector has largely remained stagnant in the UK over the last decade. Few enterprise policies have been based on the best available knowledge (one example would be the Aspire Fund). This adds to the challenges faced by policy-makers as government often has a need for speed.

In terms of speed, ministers can be said to regularly have to make important decisions very quickly, with deadlines which are often dependent on what might be happening in the world. For example, when the economy started to decline due to the recession, many ministers, especially in BIS, began to make decisions at high speed.

A clearer example of the speed in which ministerial decisions with a lack of supporting data was the '*Enterprise: Unlocking the UK's Talent*' (BERR, 2008a). PM5:JM explained the speed of the decision taken to present this White Paper to the government:

> "*It was put together as most of these things are, very quickly. We had a change of ministerial team here within BERR[26], probably, it was in the summer of 2007, so John Hutton coming in, new Secretary of State and he was questioning what do I want this department to be doing? Where are my priorities for the department for small business and enterprise? How am I going to make the greatest impact on this? What I want is for a fresh look to be taken. This whole area set us the target probably around, August, September time last year (2007) that they wanted to have a strategy. So quite short time scales and in effect looking at 6 months for something which would normally take, probably over, at least a year.*"

A key to ministerial performance is how ministers respond to rapidly changing events. The economic climate, however, may not always be of major concern at first. Ministers may initiate changes in the department by introducing policies or looking at areas that may gain them wider audiences, votes and appeal. At the individual level this highlights institutional entrepreneurs pursue goals related to the realisation or enhancement of their own interests and values (DiMaggio 1988; Beckert 1999). These motivations include deriving value from their transactions with others (Leblebici, Salancik, Copay & King, 1991), shifting power and control to their own group and imposing their own vision change (DiMaggio, 1991).

The results from the data gathering stage have meant poor policy, wasted public resources and a less effective economy (Curran & Storey, 2002). Mulgan (2005, p. 219)

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[26] The department was still known as BERR when the interviews were undertaken.

supports this theory when he stated that, "in many governments, the ability of civil servants to be intelligent users and customers of different disciplines has fallen behind."

In summary, collecting good evidence was not a prominent priority in the process of enterprise policy formulation. The idea of fitting anecdotal evidence into the policy interest was key and the practice of collecting evidence was simplified and encouraged civil servants to settle upon evidence to 'fit' the purpose rather than for informing decision-making.

Stage 4: Clearing

The fourth stage identified in the formulation process was the 'clearing' stage - a term that I heard being discussed numerous times at briefing meetings. A senior member of my team explained that 'clearing' was the process that had to be undertaken before any information or responses from the department could be released to the Task Forces, to the media or to the public.

Clearing began with consultation involving key senior civil servants within the department on draft documents such as government responses to reports, guidance and publicity statements. Once the consultation process was undertaken, officials across government who were involved in the specific policy area would have to agree the final documentation internally before it would be passed to the department's in-house legal team for approval. If the document was to have any media attention it would also have to be cleared with the press office. At times the economists and the finance director may have to be involved if financial resources were required in implementing the policy. With respect to the document, the Cabinet Office may also have to clear the document and once it had been approved at this stage, it was only then that the department could contact the relevant ministers (e.g. those on a particular Cabinet sub-committees) to seek formal clearance (amending the document accordingly to their comments and feedback). Finally, only when formally approved by the relevant

ministers could the document be published and, in effect, become available to the wider civil service, stakeholders, the media and the public.

The clearing steps were carried out during the drafting of the Task Force responses and were laborious and time-consuming, however they provided the legitimacy that was required not only within the department but also across government. Publicly, the clearing procedures were not common knowledge. Institutional theorists have helped to illuminate and frame the legitimacy-building approaches used by new ventures (in this case policy interests) by pointing out that organisational structures, procedures and personnel may be used to build and demonstrate an organisation's acceptability to key constituencies (DiMaggio & Powell, 1983).

However, the internal workings of BIS meant that they confined themselves to secrecy to the point that they lost the possible advantage of having greater openness; internally within the department and externally with those groups who can help bring legitimacy and solid, useful information to the policy-making process. This was most obvious with Task Force members who were not aware of the clearing procedure and were frustrated at the lack of direction and information provided by BIS. In general, BIS were very reluctant to divulge information and share processes which may have led to better productivity and joined up commitment to the goals of the enterprise agenda. I also found that BIS lacked the necessary leadership skills to direct the Task Forces on tangible outcomes and were blasé and non-committal about their work. No attempts were made to educate the Task Force members in respect of the clearing process which may have strengthened rather than strained the relationship. The relationship could have also been strengthened by encouraging the sharing of information, regular meetings, and acknowledgement of actual working practices and procedures. This highlights that intrinsically internal and external legitimacy are related, a strong sense of internal legitimacy tends to create external legitimacy (Boulding, 1972). Conversely, if external legitimacy declines, for example if an institution becomes less acceptable to people in its environment, this then affects internal legitimacy where it will decline in accordance.

Stage 5: Announcements

The announcement stage was given priority in the process and was often the most talked about stage amongst the civil servants. My first meeting at BIS was centred on discussing in detail the announcements that could be made in response to the recommendations both Task Forces had provided in their reports. The emphasis was placed on the announcements which Lord Mandelson would be making at the 'Celebrate Diversity in Business' event. It was decided that talented actors (as discussed under the first stage) would make the announcements. In this scenario, Lord Mandelson, who was once styled the 'Sultan of Spin' by the media, would make the announcements, and thereby create an air of importance and priority for the policy area. This would ensure that the reports of the Task Forces and the responses of the department would receive the legitimacy and public acceptance that the government department required. According to Fligstein (1997, 2001) only socially skilled actors (such as Peter Mandelson) are able to reproduce or contest systems of power and privilege. Thus such skilled institutional entrepreneurs can relatively quickly build up a social capital and design their institutional arrangements, as well as negotiate other actors to create a common identity which allows co-operation.

However, the civil servants often felt that the announcements being made were superficial and at times lacking in substance:

> *"There is sometimes a need to announce things which would make departments and ministers look good without any particular evidence or substance – announcements first and then details after. An announcement is all well and good and sorting it out afterwards but three months later they want a new announcement, so sometimes I think this kind of glory of an announcement is the focus to get themselves out of certain situations"* (PM8:SM).

The lack of transparency in the enterprise policy formulation process was detrimental to the legitimacy and power of the department. It is however not legitimacy per se that was the important focal point, but the process by which legitimacy was created as an effect of good government - and this is only important if legitimacy then helps to create and stabilise good government (Levi, 2005). Precedence was given to making over-hasty announcements rather than creating good government, and in doing so, the main priority of civil servants was the:

"Need to make announcements so that everyone is happy" (PM3:JM).

During my time at BIS, the announcement agenda was clearly seen as an important factor in the formulation of enterprise policy. On several occasions, the requirement by the civil servants to provide a response to recommendations put forward by the Task Forces was brushed aside for discussions on announcements that would be made to the press and the Task Forces. The announcements superseded the requirement to respond fully and realistically and no questions were asked around whether these responses were feasible to deliver. PM1:SM was aware of the precedence of announcements over evidence and feasibility:

> *"We've got a couple of announcements before the PBR* [Pre-Budget Report]
> *and several in the PBR but we didn't have time to do proper research."*

BIS did not explicitly discuss the legitimacy of their work and their roles. Instead there was a general sentiment that part of the formulation of enterprise policy was viewed as getting the right 'product' to sell, the right announcements to make, selecting the right people to sell the product and the right place to promote the product.

Stage 6: Implementation of the policy or White Paper

The final stage of the process involved the department deciding whether the proposed policy measures were financially feasible (by doing a cost-benefit analysis) and practical to deliver. BIS could implement the desired policy initiatives by allocating resources, setting specific objectives, demanding evaluations and monitoring the process, or making announcements and publishing a White Paper.

The day before the 'Celebrate Diversity' event to launch government responses to the both Task Force recommendations, various meetings were held in order to finalise the guest list and the announcements, prepare publication of the reports, fine tune Lord Mandelson's speech and discuss the general risk management of the event. The briefing document sent to all civil servants involved in the government responses and the event emphasised that *"we* [BIS] *have not given any commitment and suggest that you remain in listening mode."* This suggested officials had their "mouths bandaged and their minds switched off" (BBC, 2009). The evidence indicated a structured and hierarchical culture, i.e. those in senior positions would challenge decisions they thought were not appropriate but junior civil servants were often in fear of making mistakes, saying too much or too little, and therefore never questioned senior colleagues or communicated their own thoughts. In short, there was no desire to challenge existing practices, norms and beliefs.

However, from my time at BIS, it was unclear how any policy initiatives being announced would be implemented, monitored and evaluated given the lack of formal procedures to formulate and implement enterprise policy. No documentation or models such as the ROAMEF cycle were consulted in relation to the formulation of enterprise policy during the period I was a civil servant.

It was evident that the policy initiatives which were announced were needed simply to appease stakeholders and formally acknowledge their work. Appendix 7 illustrates the

WETF recommendations and the corresponding government responses. Each government response to the recommendations shows no promise of tangible resources or commitment. The general view of the government responses was that they were filled with empty promises and general acceptance of the Task Forces work.

Throughout the observations at BIS there were many meetings and discussions with respect to enterprise policy but there were no evident outcomes. BIS could not explicitly substantiate how enterprise policy was formulated. With regard to my three months as a civil servant, the ROAMEF model was never mentioned, sought or exploited. There was virtually no evidence of any such formal guidance of formulating enterprise policy; rather the department had its own model of formulating enterprise policy. This resonates with institutional theory which insists on the importance of cultural and symbolic dimensions and research on institutional entrepreneurship on the way actors can use intangible resources to impose their institutional projects (Leca et al., 2008). For the stages of the formulation of enterprise policy and linking with existing research, three such resources, namely, social capital (talented actors), legitimacy and formal authority (those within the governmental department), enabled the institutional entrepreneurs to be taken seriously amongst stakeholders and thereby influence relations between themselves and other actors (ibid).

6.4   Formulation of Enterprise Policy: A Critique

The subsequent section gives an overview of the stages discussed. Figure 6.2 illustrates the stages of enterprise policy formulation in practice. This is followed by a critique of issues that arose during my participant observation of the formulation of enterprise policy. The participant observation (and interviews) highlighted that the formulation of enterprise policy was a much more complex process that initially envisaged.

Figure 6.2: The stages of enterprise policy formulation

Stage			
Stage 1	Area of enterprise policy interest	→ Announcements →	Interest to whom?
Stage 2	Briefing	→ Announcements →	Who needs to be involved? When and where will meetings take place?
Stage 3	Collecting evidence	→ Announcements →	What evidence supports the justification for the policy? How was it collected?
Stage 4	Clearing	→ Announcements →	Who needs to be involved and informed within government?
Stage 5	Announcing	→ Announcements →	What announcements and by whom?
Stage 6	Implementing	→ White Paper →	Are there resources?

As a first step, an area of enterprise policy interest is created to captivate the audience (civil servants, stakeholders and the public). The policy interest may come from numerous sources, such as a ministerial interest, where there may be a need to be doing something (or be seen to be doing something) or from senior civil servants. Once ministers and civil servants have the policy interest, they allocate a team, assign duties, and discuss which stakeholders will need to be involved, and set deadlines, often with 'briefing' meetings providing updates. Data and/or evidence to substantiate and justify the area of interest are then sought. The team writes a formal report after conducting research followed by a 'clearing' process involving numerous individuals across government who provide comments and feedback. Following this, there is an 'announcement' agenda involving repetitive meetings, brainstorming, and the gathering

of stakeholders to gauge their views, ideas and attempts to involve as many 'high profile' actors as possible. The main issue in the announcement stage is who will announce and what will be announced to attract media attention and to appease stakeholders. The announcing facet begins at the briefing stage and follows throughout the procedure, at times overtaking the real matter at hand. The desired policy initiatives may then be implemented either by allocating resources, setting specific objectives and demanding reviews or by publishing a White Paper. The former Prime Minister Harold Wilson defined a White Paper as "essentially a statement of government policy in such terms that withdrawal or major amendment following consultation or public debate, tends to be regarded as a humiliating withdrawal" (cited in Polsby, 2001, p. 11).

The following critique highlights observations made from working for three months as a civil servant; it outlines areas which were brought to my attention throughout the research.

Ministerial Interest

Ministerial interest was present in numerous stages of the enterprise policy formulation process during the time I spent at BIS. Specifically, the evidence in the first stage illustrated ministerial interest and powers. Ministers are involved in the formulation of policy-making when they initiate changes in enterprise policy by introducing interests and promoting areas that may attract wider audiences and support from the public (expressed in terms of approval and votes). Due to the pressures of the latter factors on ministers, ministers and taxpayers frequently want large scale policies to be delivered effectively and with great speed, leading to decisions being taken quickly. For instance, as PM5:JM explained previously quick pace was given to the decision that was taken by a minister to present the publication of the White Paper '*Enterprise: Unlocking the UK's Talent*' (BERR, 2008a).

PM1:SM commented on the same report by saying:

"The whole strategy wasn't based on a sudden firm rationale that we ought to be doing something in terms of enterprise rather than building new roads or what have you. It really started off with the feel 'should we be refreshing what we've done before?'"

Policy interests based on desires to capture the news agenda or generate headlines lead to hasty announcements and poor implementation. For example, the Coalition government launched StartUp Britain which went from conception to launch in a matter of weeks. Critics accused it of only offering marketing deals for large corporations, directing visitors to an American-designed site, and getting the message totally wrong about the government's involvement. In short, critics accused StartUp Britain of being a load of hot air (Hesse, 2011)[27].

The consequences of such speedy decisions raise further concerns with respect to ministerial interest in the formulation of enterprise policy. PM7:JM indicated that over the course of the last two years there had been a high turnover of ministers and this resulted in less continuity and a loss of momentum in the area of enterprise policy. In the last Labour administration, several ministers came and went (refer to Table 6.1). MR (RDA) stated:

"I think inevitably when we talk about enterprise policy it's going to be subject to the comings and goings of particular ministers."

Different minsters (whether in the same party or as a result of a change of government) will have different interests and manifestos and will place varying levels of importance on their agendas. For example, Margaret Hodge originally introduced the WETF in November 2006 but by November 2009 both the recommendations from the Task Force

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[27] It has been reported that StartUp Britain has received positive feedback, with statistics from Experian showing that following its launch, online searches for start-up advice rose by 25 per cent (Hesse, 2011). However, such statistics do not prove the direct impact that has been delivered directly by the website.

and responses from the Labour government were trivial and unfeasible to say the least. It was common knowledge amongst civil servants that Hodge was a campaigner for women in business and that she introduced the WETF as a result to raise awareness of women's enterprise both within the government and with the public. After Hodge's departure in 2008, no other minister in the Labour played such an eminent role in women's enterprise in the UK. Therefore, ministerial interests, a high turnover of ministers and a change in government following an election highlights a lack of commitment and continuity placed on enterprise policy. Research shows that the background, experience, and social capital of individuals can influence whether they will engage in acts of institutional entrepreneurship (Dorado, 2005). For example, a leader who migrates from an organisation that has implemented a particular practice will be more likely to implement that practice in his or her new organisation because that individual possesses the appropriate expertise and the cognitive reasoning to deem that practice as appropriate (Kraatz & Moore, 2002).

Knowledge of enterprise policy

During my time at BIS, I decided to undertake a questionnaire with the department's civil servants, i.e. the 'policy-makers'. I eventually had to abandon it due to the restrictions imposed, albeit permission was granted from the government department to send questionnaires to all those employed at the department. Numerous preconditions were set: all questions were to be cleared by a senior civil servant, the questionnaire was to be short, it was to be anonymous, and no 'controversial' questions were to be asked. Those who would be asked to complete the questionnaire would be working within the enterprise field and would presumably therefore have knowledge of enterprise policy. I accepted the requests but the first question, "What do you understand by the term *enterprise policy*?" had to be removed from the questionnaire. It was understood by the senior civil servant who was involved in clearing my questionnaire that many of the civil servants who would be completing the questionnaire would not understand or articulate the term 'enterprise policy.' This would have been of little use to the research. The

questionnaire was then dismissed because it was unlikely to add value to the data already collected from the interviews and the participant observation, and by removing the first question it would have had a detrimental effect on the remainder the questionnaire. A grave lack of knowledge was seen amongst the department with respect to their core functions.

From the interviews undertaken with the policy-makers it was clear that they generally understood that there was some sort of a framework in place for the development of enterprise policy. However, when asked to define enterprise policy, although the understanding was basic, there did appear to be some degree of knowledge. It was considered overall that everyone saw the definition and understanding of enterprise at two levels, as PM7:JM explains:

> *"I look at enterprise in its broadest sense, not just around business start-up, about being enterprising, about being creative, about being innovative in the work, not necessarily in the work but it could be innovative and exciting things happening in the community. But most of my role does tend to be however then aligned into business start-up and business growth and for me it is about how government wants to achieve their objectives around enterprise which tends to be from a business perspective. What are the key drivers? What are the key segments that they want us to focus on? So I have both national level policy and regional level policy in sight and somewhere along the line we have to translate the national to the regional policy and then into delivery."*

Although all those interviewed had a general idea of what enterprise policy was and what it entailed in its most basic sense, there was some discomfort in defining the notion of enterprise policy. The quotes below illustrate the level of understanding of enterprise policy:

"*At an educated guess, enterprise policy is targeted at small companies in the UK to boost competitiveness, the economy, skills, regulations, access to finance etc*" (PM8:SM).

"*Enterprise for me is not about starting up businesses, enterprise, enterprising in its widest sense. It's having an idea, taking an idea and developing that idea into something that may have a commercial benefit, be that a social commercial benefit or be that for profit*" (PM6:JM).

"*We are talking about anything that an individual or a business can do to establish themselves, help themselves grow through enterprising activity, that's kind of our definition. It's not enterprise as in business start-ups, it's the whole spectrum and on policy we're looking at ways which market interventions, activities that could be done to ensure that we close the output gaps through enterprise, looking at developing methodologies, systems, programmes, projects which partners can then deliver to ensure that we can achieve our high end objectives*" (DH, RDA).

"*I probably understand little if I'm honest. To me it is the framework within which I would expect our RDA to be setting our priorities and therefore the framework within which we are operating...the extent to which all of what I've just said is true but I'm not entirely confident of but that's my expectation*" (KG, Business Link[28]).

"*I understand that from my point of view that it's something that's developed through consultation, by government with an aim of making the UK a more enterprising place but it's putting in the structures, the policy part puts the structures and the framework in place*" (AR, Local Agency).

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[28] In the findings chapters Business Link is seen as a local agency but has been named as it still remains anonymous with respect to the region.

"To encourage a culture of entrepreneurship that will lead to a steep change in the economy" (JW, Local Agency).

There are considerable differences in the interpretations of what everyone understood with respect to enterprise and enterprise policy. Surprisingly, the policy-makers were unable to provide a clear and succinct understanding or definition of enterprise policy. MR (RDA) raised the concern of those working within the enterprise arena of having a lack of knowledge. MR (RDA) believed that enterprise policy overall was not a unified process, and that the players/actors involved in the formulation of enterprise policy were not informed of how enterprise policy objectives were translated into outcomes and outputs, which in turn meant they were excluded from the bigger picture. Furthermore, for a unified process:

"Enterprise policy has to be co-ordinated, coherent and consistent with more flexibility and transparency in the process" MR (RDA).

This reflects the views of Stanworth and Gray (1999) and Storey (1994) who have made consistent complaints regarding the ad hoc and piecemeal approach taken to policy-making, which ultimately results in a lack of coherence and co-operation amongst those concerned.

In contrast, the local agency staff was able to define enterprise policy in a much more purposeful manner. PH (Local Agency) highlighted that although the government worked with numerous individuals, often the expressions or terms 'enterprise', 'entrepreneur', 'entrepreneurial' and 'entrepreneurship' were used interchangeably and there was no clear definition to follow. This was not surprising, since what defines an entrepreneur is a continuing debate in the academic field where the term is often referred to in a number of different ways; self-employed, small business owner, small business manager and entrepreneur (Lundstrom & Stevenson, 2005).

The confusion of definitions and terms by no means justifies misunderstandings surrounding the definition of enterprise policy, but it does raise concerns as to the inconsistency in the use of, and confusions associated with the terms. Depending on how individuals within the government (whether at regional or local level) interpret the word(s), there is an effect on the implementation process as it becomes tailored accordingly to individual definitions. Each individual delivers the policy initiatives in accordance to their definition of what enterprise means to them, which may vary from individual to individual and is therefore inevitably different in every region.

The lack of a coherent definition and the government's nervous apprehension of such direct questions being asked, conforms to a well-founded, popular impression of policy-making in general, "that modern government is run by political apparatchiks who have no real clue what they are doing beyond trying to cover up massive incompetence and deceit" (Johnston, 2010). The interests of the country are always considered to be of secondary importance to those of the party in government. These are, of course, fictions. But because they contain more than a hint of truth, as the data has illustrated, they feed into the wider cynicism about how the country is governed.

Once the interviewees had defined what they believed enterprise policy was, it was important to gauge what objective such a policy would have. The objectives stated by the policy-makers were broad. Whilst undertaking the ethnographic element of this research, CS2:JM [29] confirmed that the aims and objectives of enterprise policies were often obscure and hazy, and argued that this was often due to policy-makers and politicians not wanting to be held accountable for a failure, or a lack of effective policy initiatives. Thus, by consciously convoluting enterprise policy aims and objectives, everyone would be satisfied with the outcome as it would be more difficult to identify if or when the policy had failed. Further down the chain of command, both the RDA (DH) and Business Link (AW) highlighted that there was a detachment of enterprise

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[29] Informal meeting with CS2:JM (05/10/09).

policy and its aims. They felt that the government would announce specific aims, but regional and local agencies often delivered to their own agendas:

> *"I think sometimes there's a degree of disconnect between policy and what actually happens at the coalface and I'm quite happy that our role is largely a delivery one..." (AW, BL).*

The general objectives of enterprise policy are highlighted by some of the interviewees:

> "*The main objective for enterprise policy is to recover from the economic recession at the moment*" (PM8:SM).

> "*At the moment we've still got very much an enterprise for all approach, this is for anybody that wants to consider enterprise should have every opportunity to do so; to start their business, if they want to grow their business, to be able to choose to do so*" (PM5:JM).

> *"It's to simply get economic activity"* (MR, RDA).

> "*More businesses to start, more businesses to survive and give them the right information needed at the right time*" (JL, Local Agency).

> "*They are basically all about developing enterprise culture in the UK, also increasing the skills and ambitions and there's a third one that I can't remember, skills and ambitions…it will come to me…for people within the UK towards entrepreneurship*" (AR, Local Agency).

Numerous descriptions of the objectives of enterprise policy were given, including encouraging an enterprising culture in the UK and recognising that attitudes need to be changed. There was also an indication that the aims of enterprise policy were to increase

employment, competitiveness and economic growth. However, only two policy-makers, one RDA interviewee and one local agency regarded sustaining economic growth as an objective. There were notable variations in what the interviewees described as the objectives of enterprise policy, illustrating an overall lack of direction which in turn may lead to confusion and ineffectiveness in the delivery of the policy initiatives.

SC5:MM argued that the government had two main goals with respect to enterprise policy. The first aim was always to boost the economy or, at present with the economic recession, to work towards economic recovery; this he called the "*standard government line*." The second aim was:

> *"To be seen to be 'doing something' that is very often for political gain…very often political gain skews the impacts of what we are trying to do."*

However, research has continually emphasised that the aims of enterprise policy in the UK have been difficult to pin down (Curran, 2000). This was reinforced by the policy-makers within BIS when they stated that:

> *"From our perspective the overarching objectives of enterprise policy are around productivity and growth but that's not to say you don't interpret that as employment growth as well"* (PM1:SM).

> *"I think everyone's objective at the highest level is the same which is to boost economic enterprise in the UK"* (PM9:SM).

Overall, the responses by the interviewees were inconsistent and provided no detailed answers as to what they understood to be the objectives of enterprise policy in the UK. The wide and inconclusive perceptions of the aims of enterprise policy amongst the

policy-makers, the RDAs and the local agencies allow each individual to perceive the aims in any manner they wish to do so.

Role of policy-makers in the formulation of enterprise policy

Regardless of the interviewees' lack of knowledge and understanding of enterprise policy and its aims, the role of policy-makers are nevertheless important in the policy-making process. They are the individuals who have the expertise to formulate and deal with ministerial interests and public demands, as well as to deliver the objectives (as vague as they might be) from government to the delivery agencies. PM4:MM highlighted that, often, enterprise policy-making was about having the right policy-makers with the right attitudes in the right places.

However, policy-makers were (and are) frequently working '*under orders'* and regularly had to *'please'* the minister in charge. A common perception was that policy-makers were:

> *"Subject to chopping and changing at the whim of whoever seems to be at the head of things" (PH, Local Agency).*

With the pressures of being a civil servant, they also often felt undervalued and underestimated by their stakeholders (such as the Task Forces), and were under immense pressure, with heavy workloads and tight deadlines. PM9:SM argued:

> *"I can only do what ministers are prepared to do."*

PM5:JM described his job as *"challenging"* and expressed frustration when ministers often changed the goalposts of enterprise policy:

"You put money in, you set up the infrastructure, put impact measures in place and then somebody comes along from a ministerial perspective or a policy perspective and says actually that's not the right area. So that's the biggest challenge that we have, and a lot of it is outside our control from the people from our department as we are behest to the ministers."

This skilfully summed up the extent to which policy-makers were often chained to whoever the current minister in the government department was at the time. There were discussions with CS2:JM on how civil servants were in fact public servants who had no responsibilities to the public. They were responsible to their minister and their promotion prospects depended upon the service they gave directly or indirectly to their minister. This control was further exacerbated by policy-makers budgets being determined by their department which, again, was under the control of the minister.

Furthermore, there was often a heavy reliance on civil servants both at national and regional levels, to see the process of policy-making through from start to finish (PM4:MM). This led to criticism from the RDAs and the local agencies about the high number of policy-makers involved in formulating enterprise policy. Bennett (2006) also criticises the number of policy-makers involved in designing policy. He argues that rather than simplifying it, it becomes complex and overflowing with minute details which may not be needed. AR (Local Agency) stressed that:

"Sometimes BERR get too involved in the detail rather than focus on what they are supposed to do. Sometimes they want to get involved in the detail and … I think that's a mistake, they are policy-makers and they have never been involved in business. I think that's where we have problems."

These concerns over policy-makers' roles were further highlighted by policy-makers themselves. PM5:JM, who was at the heart of formulating enterprise policy at BIS, raised concerns about their role. PM5:JM was aware that despite all the effort and

money that the department fed into enterprise policy there was still a divide between theory and practice. He questioned:

> *"How do you get a mass of voices to have an influence over what happens for policy-making and what the ministers are doing?"*

PM5:JM was conscious of the lack of understanding that policy-makers had with respect to formulating enterprise policy. PM9:SM, who occupied a senior and elite position, also commented that they did not have any enterprise knowledge or have an enterprise background before their current post. This comment reinforced some of the criticism that civil servants and policy-makers receive from the academic arena and the business world, that those who hold positions of power in the formulation of enterprise policy have very little knowledge of what happens at grassroots level. This point was reinforced by PM8:SM who acknowledged a lack of skills and expertise in formulating enterprise policy with respect to meeting the needs of the SME community.

Policy-makers are under immense pressure from ministers, their departments, stakeholders and the public to fulfil the demands of achieving vague objectives. It was clear that they were very aware of the criticisms they faced and the issues that should be addressed to help improve their roles in the policy-making process. Policy-makers were trying to find a balance between pleasing their minister and working to improve the enterprise policy process.

Structures in the enterprise policy arena

Structures for government departments are important as they can either facilitate or cripple departmental workings, depending on their effectiveness. Without a structure, a department will always lack a joined up approach to policy-making. Within BIS there were several teams of civil servants who were working on different enterprise areas within the same department, the purpose of the structuring of the department was to

ensure effective interaction. However the structure remained weak and the reality of the department was that organisational structures were affected by personalities, perceptions and politics.

For example, in December 2009, SC4:SM was seconded to another department. SC4:SM was seen as the most experienced person and somewhat of a specialist in the field of enterprise policy. During his secondment, two senior members of the department had to share SC4:SM's role until he returned. This led to a loss of knowledge, expertise and institutional memory as various time consuming meetings were set up to determine the existing team's role. This had consequences for the enterprise policy process. Through no fault of their own, individuals are moved from their jobs, and this simply does not allow the capacity to build the necessary expertise and on-going knowledge in the department. The changes in Whitehall, under Margaret Thatcher, John Major, Tony Blair and Gordon Brown, have been primarily concerned with improving management. There has been little concern with improving the quality of advice which civil servants give to ministers. This also highlights that civil servants themselves are not willing to raise concerns such as the loss of knowledge and expertise and moving departments at such short notice. Uncertainty arose around whether such moves were a resource issue rather than a politically motivated issue. The data suggests that regular job rotation among senior civil servants has consequences for the process of enterprise policy. Certainly, there was little evidence of a deep-seated capacity to build and retain the necessary subject expertise within the department. The lack of subject expertise among senior civil servants also made it difficult for them to rein in the more exuberant demands of government ministers.

Furthermore, there was a sense that, at times, senior staff in the department wanted things to work in a more informal and friendlier way. For example, at the time the newly appointed Minister for Trade, Investment and Small Business Lord Davies' Private Secretary gave a speech on his behalf to the department (8th October 2009) with respect to Lord Davies being a people person rather than a minister. The Private Secretary sold

the minister as one who enjoyed football, Tottenham Hotspur F.C. being the love of his life, and suggested that everyone should call him by his first name unless in official circumstances. The minister was raising his profile and popularity via his Private Secretary. Selling ministers' personalities to civil servants via Private Secretaries was the norm and reinforced the concept of organisational 'character', in which institutional theory employs the metaphor of human personality applied to the organisation (Selznick, 1957).

An organisational chart of the senior positions within BIS and the department was clearly visible in lifts, notice boards and hallways. Unlike Scott's (2008) argument indicating the possibility of having a bottom-up approach in the formulation of enterprise policy, the department was clearly top-down in its structure and its authority. This top-down approach was most clearly visible where ministers wanted 'quick-fix' policies and expected civil servants to follow without questioning their authority. Hardy and Phillips (1998, p. 219), for example, have argued that "formal authority, the control of critical resources, and discursive legitimacy" are important sources of power for institutional entrepreneurs. There was no evidence indicating that the process at work was driven by a bottom-up approach.

 CS2:JM argued that senior civil servants often raised weaknesses or warned that such quick policy changes or initiatives were not feasible. This insight into how power is socially constructed showed that more powerful actors are able to shape the views and needs of other, less powerful actors (Lukes, 1974). In doing so, the nature of the dynamics of power within the organisation, and even within BIS, leads actors to believe that acting in the interests of more powerful actors is consistent with their own interests. Governmental regulations have traditionally been depicted as forms of coercive power, imposing conformity on affected actors, whether they are individual or collective. Policy formulation was led, then, by a powerful, elite group of people rather than being a process of consultation.

Lack of communication amongst civil servants

The participant observation illustrated that there was a lack of communication and trust amongst the civil servants within BIS itself. The department I worked in consisted of researchers, economists and social scientists, all of whom had information which was vital to the formulation of enterprise policy. However, many civil servants in the department were unsure as to what information the statisticians, economists and researchers held or had access to and could feed into the process.

There was often unwillingness by senior civil servants to share the work undertaken by the statisticians, economists and researchers. The analytical team within the department illustrated the preciousness of the work their team undertook. They held a wealth of data and information, yet evidence or information from the Labour Force Statistics for example, was often based on generalisations, educated guesses and anecdotal stories from the team members. At a meeting that was held to discuss evidence-based policy (8th December 2009), I raised the question of whether the team were aware of the statistics available to them. Only two civil servants from the team knew the purpose the analytical team served and what information could be provided by them. In this meeting, I suggested that the team should attempt to understand and become informed about the databases, and be given access to the data to allow wider use of such information. In response to this recommendation, SC4:SM raised the concerns that this may lead to those in the analytical team becoming redundant and that the data may be used in ways which may lead to inconsistencies and irregularities. However, a breakdown of communication and lack of coherence amongst both teams sitting in the same department held much concern to SC4:SM. SC4:SM was adamant that he would work to change this because it would be beneficial if both teams adopted a more open approach in working together rather than working in isolation.

Policy-makers within the same team also raised communication concerns. For example, I was asked by CS2:JM to create a database with details of entrepreneurs, businesses,

stakeholders and advisers. The database's purpose was to filter out specific advice and information that could be sought from individuals. I was told by the Communications team at BIS that they already had a similar database and they also informed me that a member of my own team had an identical database. A lack of communication between the teams within the department was therefore clearly visible. This example shows that there was duplication of work and an on-going waste of resources which delayed the process of formulating enterprise policy by disregarding expert information which in turn burdened policy-makers who had to 'work in the dark' – something which could only have a detrimental impact on the quality of the overall policy being formulated.

Devaluing stakeholders in the formulation of enterprise policy

As discussed under the reality of formulating enterprise policy, BIS often withheld information and gave little direction to Task Forces regarding the work they were carrying out. From my discussions with various members of the Task Forces and civil servants, there were personal motives and disagreements amongst them. As a result, Task Force recommendations were poorly received by BIS and in retaliation so were the government responses from BIS. CS7:JM was working within the department and dealing with the press release and media relations for the responses was very harsh and abrupt to the recommendations from both of the Task Forces – CS7:JM commented they were "*crap and hilarious*" (15th October 2009). The main concern for CS7:JM was the reaction the government responses would receive from the Task Forces, the media, local agencies, external partners and the public. It was advised that the responses be made wider rather than as specific as they were initially set out, emphasising that if the responses were much broader then no individual could be held accountable and no specifics could be pinned down.

Furthermore, due to a lack of funding and resources available, there was little the government could implement and little influence or impact could be achieved from the

responses. This highlighted that institutions set boundaries on rationality by restricting the opportunities and alternatives that could be perceived. What CS7:JM and the Communications team wanted was to ensure that the substantive contents of the government responses were aligned with the dominant attitudes of stakeholders and society to promote the legitimacy of its specific agenda (Wallner, 2008). In other words, recommendations should to some extent meet the expectations of stakeholders, even if they are woolly and unfeasible.

The stakeholder approach for policy-making, planning and management is expected to yield two positive outcomes: realistic, more effective policies and plans and improved implementation (Sen, 2000). However, this was often not the case, civil servants devalued the role and work of the Task Forces as a result of them responding to proposals for enterprise policy on the basis of their own goals and interests. Examining the context of government-stakeholder relations, the Task Forces revealed 'classic policy dialect' (Schön & Rein, 1994, p. 19). With authoritative decision makers setting the policy agenda within the broader enterprise sector, stakeholders were responding to the proposals influenced by their own goals and interests. For example, certain individuals on the Task Forces were more concerned about their public and business reputations and/or their standing in senior civil service/ministerial circles. They had their own personal interests, one member wanted to gain a post in the senior civil service (for which they had been previously rejected), while another was trying to gain government contracts for their business, and still another was very open about wanting a Knighthood from BIS in return for their 'work'. Task Force consultation and engagement became a process of accommodating stakeholders' ambitions rather than a process of providing guidance to the department and assisting them in helping to meet the needs of the business community.

Stakeholder consultation and engagement in this situation became a process of accommodating the stakeholders in certain circumstances, rather than a process of gaining the insight of the frontline workforce and adapting proposals to better meet the

needs of the consumer, customer, voter or taxpayer (Haldenby, Parsons, Rosen, & Truss, 2009). As rational actors, stakeholders are rarely willing to support policies that do not fit with their substantive objectives. As Meyer and Rowan (1991, p. 53) state "organizations fail when they deviate from the prescriptions of institutionalizing myths: quite apart from technical efficiency, organizations which innovate in important structural ways bear considerable costs in legitimacy."

Task Force members should have realistic expectations of their roles and not be misled into believing that they are involved in a cooperative or consultative process, when in reality their role is merely symbolic (Sen, 2000). Annan (1981; cited in Polsby, 2001) argues that commissions such as Task Forces, once enforced, begin to take on a politics of their own and are therefore capable of recommending policies which are not anticipated or even welcomed by the government who, in turn, is free to ignore them, which proved true of the recommendations made by both Task Forces.

6.4   Conclusion

The theoretical formulation of enterprise policy was perceived to be very different to the reality. The reality of enterprise policy formulation was inherently embedded in the interests of those in elite positions. There were many flaws, including abundant yet ineffective internal meetings, superficial involvement of stakeholders, and a crucial lack of evidence to support the proposed policy interest. Too much emphasis was placed on the announcement facet. Throughout the three months of participant observation at BIS there was little work done towards formulating enterprise policy. Instead much of the work was centred on announcing a proposed policy interest and trying to stabilise stakeholder relationships.

The government can try to instigate public policy through civil servants and policy-makers in order to influence society in a politically desired manner that would in turn

stimulate the economy (Henrekson & Stenkula, 2010). However this was not the driving force for BIS. The announcements agenda, internal conflicts, external stakeholders vying for attention and a lack of substance in the work being undertaken were the prevalent features in the formulation of enterprise policy. There was no acknowledgement of what SMEs wanted or how to address any issues. There was emphasis on how:

> *"We have a completely different driver, we have a political driver and ministers want to be re-elected…"* (PM3:JM).

Many of the environmental forces on organisations are not based on efficiency or effectiveness but on social and cultural pressures to conform to a given structural form. Government policy shapes the institutional environment in which entrepreneurial decisions are made and hence, can influence the allocation of entrepreneurial activities (Baumol, 1990). Thus, it has been argued that the institutional environment can effectively create or destroy entrepreneurship in a country (Aldrich & Wiedenmayer, 1993). Governments and states can encourage or impede economic activity through regulations (North, Smallbone, & Vickers, 2001; Scott, 2008a). They can also foster industry creation as well as entrepreneurship by putting enabling institutional structures in place (Busenitz et al., 2000).

The influence of policy ideas and institutional entrepreneurs depend heavily on the economic and political circumstances of the time, which are conditioned by the institutional framework within which they operate (Bakir, 2009). The institutional context of policy-making can contribute to the explanation of policy change as well as continuity (ibid). Policy-makers were generally preoccupied with creating good images of their institutions and policies rather than learning how policies work in practice (Hanberger, 2003). A fundamental flaw in the policy-making process within BIS was the announcement agenda which overshadowed the legitimacy of their work.

Suchman (1995, p. 571) observed that legitimacy "is an anchor-point of a vastly expanded theoretical apparatus addressing the normative and cognitive forces that constrain, construct and empower organizational actors." Legitimacy can only be upheld by actors who understand the consequences of their actions and processes. The role of actors, institutional entrepreneurs had an interest in specific institutional structures and commanded resources which can be applied to influence institutionalised rules (Beckert, 1999). The reality of the formulation of enterprise policy was fundamentally flawed and the process was neither transparent nor legitimate; it was led by ministers and civil servants who lacked any knowledge and expertise of enterprise policy. The ROAMEF cycle did not exist in the formulation of enterprise policy and it was clear that there were no formal structures in place to guide the department in their process; rather, the department had its own model by controlling the goings on of their work and alienating stakeholders.

CHAPTER 7

IMPLEMENTATION OF ENTERPRISE POLICY

7.1   Introduction

The primary aim of this chapter is to explore the process of enterprise policy implementation. This chapter highlights how enterprise policy interests translate from procedure into practice. Figure 7.1 illustrates the framework of how enterprise policy initiatives are assumed to be implemented, taken from the conceptual framework and seeks to address the second research question, "How is enterprise policy implemented and what contributing factors lead to its success or failure?" by examining the data gathered from 23 in-depth interviews with policy-makers, RDA staff and local agency staff.

Figure 7.1: The implementation of enterprise policy
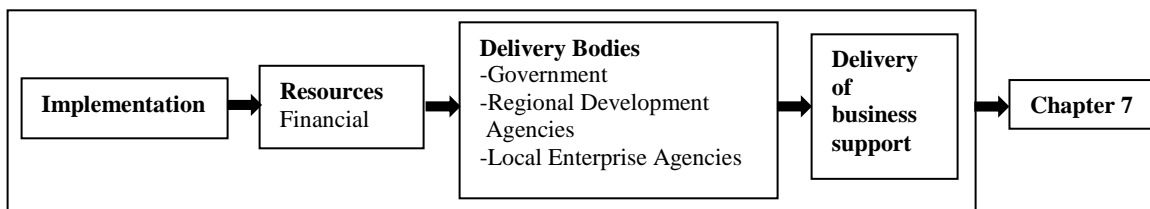
Chapter 6 illustrated the reality of enterprise policy formulation, the final stage which discussed whether the policy would be implemented or relegated into the form of a White Paper. The previous chapter explained that policy areas are very seldom implemented due to the lack of resources available, but publishing a White Paper is viewed as a strategy which is indicative of the initiatives that can be implemented for those who wish to do so. It can be said that once a policy interest has been formulated by a government, policy initiatives will be implemented and the desired results of the policy will be those expected by the policy-makers.

With respect to the implementation process, four key findings arose from the in-depth interviews in respect to the implementation of enterprise policy. Firstly, the government was as ambiguous in implementing enterprise policy as it was in formulating it. Government naivety and the lack of attention given to stretched financial and human resources were apparent. Secondly, relationships between national, regional and local actors were fragmented and fraught with power conflicts, and as a result emphasis was placed on fulfilling contractual duties rather than delivering high quality business support and advice. In other words, contractors tended to follow the letter rather than the spirit of the contract. Thirdly, measurement and evaluation of the impacts of enterprise policy initiatives was rudimentary and there was no evidence of in-depth evaluation. Finally, business support and advice was seen as an afterthought, and little importance was placed on the businesses and their owner-managers; instead, more importance was placed on meeting targets.

In this context institutional theory offers a suitable interpretative framework for highlighting the acquisition and maintenance of power within organisational fields which requires that dominant organisations, such as BIS, continually enact strategies of control, most notably through either the socialisation of newcomers into a shared world view or via the support of the state and its rules and regulations (DiMaggio & Powell, 1991a). Not only does institutional theory highlight power in this chapter but institutional theory brings attention to the relationships among individual beliefs and actions, the organisations within which they occur, and the collective social structures in which norms, rules and beliefs are anchored (Shadnam, & Lawrence, 2011). The following section discusses the ways in which implementation of enterprise policy initiatives was undertaken and sets out the various actors views on the delivery of enterprise policy initiatives.

7.2 Implementation of Enterprise Policy: Convoluted and Confusing

The implementation process is an important segment of enterprise policy as formulation and implementation of enterprise policy is assumed to be interconnected. Government insists that the policy framework is clear and explicit but the data gathered indicates a different story. With respect to the implementation of enterprise policy initiatives, the delivery was discussed at national, regional and local levels.

Of the policy-makers who were questioned about the implementation process, their views were all somewhat disconnected on the process, PM1:SM commenting:

> *"We've got a well-defined project plan for implementing the enterprise strategy which has got an analytical strand, it's got a communication strand, and it's got a policy delivery strand. In our analytical strand of implementing enterprise strategy we're developing detailed objectives and have monitoring and evaluation plans for each, not every single little initiative within the enterprise strategy but for the most important ones."*

Whereas a second policy-maker commented that:

> *"There's various mechanisms like the Enterprise Directors forum who meet on a quarterly basis so a lot of the messages are brought down through that level and there's various specialist groups like the Women's Enterprise Leads group, there's the Young Enterprise Leads group etc., so there's lots of ways to communicate. I think probably what's true is there's not that one key influencing mechanism there might be and a lot of the stuff going on is not in any way formalised or communicated well"* (PM4:MM).

From the policy-makers descriptions of the implementation process, it seems to be disjointed and in no way connected with the formulation part of the policy process.

There was also mention of a Regional Economic Strategy which set out how RDAs prosper in growing their regions and delivering policy initiatives:

> *"They* [RDAs] *get a large sum of money and they have something called Regional Economic Strategy, an economic strategy which enterprise is a part of. So there's a high level statement of what they've got to do and then they have some specifics under that. That's the main mechanism"* (PM9:SM).

> *"The high level of context set by central government in each region is a thing called RES, the Regional Economic Strategy, at a higher level context, it needs to be reflected in the economic strategy and beneath that there will be implementation. So that's more or less the delivery method"* (PM3:JM).

Both explanations were not forthcoming or helpful in how enterprise policy was implemented. Rather it seemed that they knew of the RDAs fulfilling their commitments to their Regional Economic Strategies, but did not know in detail how these obligations were translated into business support and advice.

The RDA interviewees gave examples of policy implementation from their experiences with the '*Enterprise: Unlocking the UK's Talent'* (2008a):

> *"I think it was just launched. I don't think there was any communication. I think it was just publicly launched and at the next chief's meeting it was discussed how RDAs could take it forward but nothing more than that. Then our boss came back and said we have to do some of these things"* (DH, RDA).

> *"It was just the document and then off you go. My boss and the Corporate Director went to a meeting who were being micro managed at that stage. It was a basic case of no more resources; it wasn't a new intervention, just get on and*

do it. A lot of things have fallen by the wayside because they were just ideas that were never thought out properly" (DH, RDA).

"Central government will give RDAs targets and RDAs are the contract holders. They are told you have got to support this many businesses and this is what we want and then RDAs put out a tender...then those work streams are given to those who can be successful bidders for delivering and then they deliver. Then they say this year we are going to support so many businesses and we are going to deliver this service...they deliver that either themselves or with partnerships with delivery intermediary organisations" (MR, RDA).

Each RDA interviewee commented on the different approaches to implementation. By and large, it was clear that their feedback did not indicate the framework for delivery, how guidelines were to be provided, nor was there any awareness of the implications of the delivery of policy initiatives. The data illustrates a lack of governance and lack of knowledge transfer for implementation to be effective.

Lastly, the final group involved in the implementation of enterprise policy are those known as the street-level bureaucrats. This group make the final transition of enterprise policy into deliverable outcomes and their views on their role in the implementation process was that:

"It's like Chinese whispers, it starts off very pure and by the time it gets to the local level or to a commissioned organisation in a local level I'm not sure that the purest intent is followed. I'm not sure that the government produces a paper and consults on it. I just think maybe that reflects the difficulty of governance" (PH, Local Agency).

"If there are new initiatives as far as enterprise contracts are concerned anyone can get involved, I would be notified on the supply2gov website, so it's not

necessarily through Business Link. Although Business Link have some information on their website but it doesn't necessarily get sent to everyone" (SB, Local Agency).

"I think its translated quite well actually because of the Business Support Simplification Programme and that's given a clear focus of each step and how it should be" (JW, Local Agency).

The transition of policy initiatives into deliverables from BIS and the RDA to local agencies was more complicated than had initially been thought. At the outset, the local agencies found it difficult to gather information on what was being implemented. Implementation was, alarmingly, interpreted differently by each individual and these individuals were responsible in delivering the initiatives to SMEs.

There was also a general feeling that there was no national framework to keep local agencies abreast of the developments and current deliverables of enterprise policy:

"There's monthly updates, a lot of things on the website, difficult to navigate, there are events which you can participate" (SA, Local Agency).

Local agencies, as the data indicates, had to a manoeuvre around different websites and other information sources in order to understand what was going to be implemented and how they could deliver such initiatives. Individuals at national and regional levels did not have a policy framework or a reporting mechanism to implement policy initiatives. In other words, what was being delivered was by no means structured or monitored:

"As soon as the policy is out they want the support to be in place straight away and when you look at the nature of the beast in delivery and look at the different regions, different agendas, you can't do that. You have to have an element of time" (AR, Local Agency).

The national, regional and local bodies all adapted policy initiatives in various ways and had very different ideas of how to deliver. At the national level it was assumed that implementation was a formal process, at the regional level implementation was dependent on being seen to be 'doing something' and at the local level difficulty in establishing clear knowledge of what and how to deliver was evident. The data illustrates that the implementation stage of enterprise policy was just as ad hoc as the formulation of enterprise policy. There were no formal procedures or guidance in place indicating the implementation process. At each level the implementation of policy initiatives was confusing and convoluted.

This section highlights the theme of power which often shapes behaviour, where efficiency-seeking or legitimacy-seeking behaviour may not be the only causes for an institutional change in an organisational construct. Actions may be driven by the desire to maintain power or to appear legitimate in the eyes of those who control resources. Though institutional theorists do discuss power, the central force to date has emphasised cultural factors rather than interest and power as had the 'old institutionalism.' Some institutional theorists as well as critics of institutional theory believe that a viable institutional theory must resurrect the focus on interest and power, not just culture (Brint & Karabel, 1991; DiMaggio, 1988).

Although Scott (2001) argues that power certainly matters in supporting legitimacy processes as in other social activities, however it is not the absolute arbiter. Indeed Scott's (2001) argument resonates with the research findings, where power becomes an important theme but does not become the main focus of formulating and implementing enterprise policy. Nevertheless, power was strongly associated with the legitimacy, actors and culture of the phenomena that was being explored. Giddens (1979) theory of structuration, which was embraced by institutional theorists, emphasised that the process of construction is continuous and that social structures are reproduced and modified by the on-going actions of social actors. Institutional processes operate not only in a top-down, but also a bottom-up direction according to Scott (2008a).

The following section discusses the roles of each player in the implementation process and their relationship with the other actors, how these relationships and roles affected the implementation process.

7.3   Relationships Between BIS, the RDA and the Local Agencies

The implementation process of enterprise policy was complex, fragmented, unpredictable and weak. There were no direct procedures, funding or reporting mechanisms in place which might have allowed for a linear and transparent method of delivering enterprise policy. The tension between the different groups of actors emphasised the difficulties created amongst the different bodies when implementing enterprise policy.

These relationships were based on contractual agreements from BIS to the RDA and the RDA to local agencies. This meant that no matter how and what was to be delivered, the targets set at the national level had to be met by the RDA and the local agencies. Not meeting targets would be detrimental to the funding of the RDAs and the local agencies. At times BIS enforced RDAs to implement specific initiatives that they themselves chose and decided upon in respect of their Regional Economic Strategies. The RDA then imposed the same pressures and restrictions on local agencies to meet the set targets. The demands of delivery were therefore placed on the RDAs and the local agencies without discussions of whether the implementation of certain initiatives were feasible or realistic:

> *"More often than not at the moment they* [BIS] *will expect us to utilise our existing budgets to deliver. We're not given additional budgets. All RDAs have got a Business Link so it will be influencing how Business Link delivers through their delivery contracts with us. So they are funded subject to implementing certain aspects of those plans"* (DB, RDA).

Implementing initiatives with inadequate resources was common procedure, where policy-makers commented that:

"There is a set of KPIs [Key Performance Indicators] *which they* [RDAs] *have to adhere to but it's so broad that the RDAs are left up to their own devices. There's almost an emotional blackmail aspect where the RDAs are threatened if they don't do anything…they will lose such and such. It's not a good way of operating"* (PM4:MM).

"The challenge at the moment is that there is a mismatch in the way government hand down those messages to regional government and how they then enforce them and because government has pulled resources away from Regional Development Agencies a lot of the RDAs are not spending what they need to spend on enterprise" (PM4:MM).

The relationships with respect to enterprise policy implementation indicated trade-offs, compromises and an absence of guidance. As one local agency illustrated:

"I'm not sure how good the dissemination on the ground is when it comes to delivering the policy" (SA, Local Agency).

This introduction to the relationships between the actors offers an insight into the dynamics amongst those involved in implementation. It builds a picture of the different and complex relationships. The relationships were often distant and reserved, at times awkward and very much top-down from government to local agencies as the following section highlights.

7.3.1 BIS: The Leader of Enterprise

The frictions produced by power were substantial with regard to who leads who on the enterprise agenda. BIS tried to steer regions in order to have national impacts but RDAs often had regional objectives. Those implementing policy need the capacity and opportunity to adapt it to local or changing circumstances, BIS did not acknowledge regional diversity. However, in this context it should be that national policy aspirations are inherently different from regional targets, therefore, the way in which policy aims are translated from national to regional to local level remains obscure. Furthermore, the communication from national to regional and local levels was dysfunctional rather than being connected, leaving gaps at important stages of the process.

PM4:MM believed that BIS were very dependent on RDAs in setting performance indicators and taking forward enterprise policy and its intentions:

> *"It's certainly always been the case that the relationship between central government and the RDAs has been a difficult one because of the power struggle, RDAs need to use the funds allocated by the government that they think they believe suit the circumstances of their own region and sometimes regions will prioritise one policy over another. So it's not an easy relationship and I think it works better in some regions than in others."*

At the same time, policy-makers were aware of the power RDAs wielded over them, to the extent that:

> *"They* [RDAs] *like being given a huge amount of money and doing what they like with it"* (PM9:SM).

Policy-makers believed that their relationships with the RDAs and local agencies were well established and they listened to feedback from agencies. PM6:JM assumed that:

> *"BIS do listen to what is and what is not working on the ground and are happy to take comments, feedback and criticism on board."*

In terms of involving RDAs and local agencies in shaping the policy process and outcome, policy-makers assumed there was an inclusive approach, when in reality there was virtually no role played by either and this is apparent from the comments of PM6:JM who stated that:

> *"Top-down does work but I think bottom-up works equally well and I think we do both."*

PM10:MM was aware that government had intentions to involve those at grassroots level, but that this was not evident in the policy process, and more often than not the policy process was very much top-down which does not support Scott's (2008a) claim to processes also being supported from a bottom-up approach:

> *"It's become very top-down and their* [local agencies] *required to do so much to meet contractual needs of RDAs and also the needs of government."*

Government acknowledged that there was a lack of communication between central government and their delivery partners and also between central government and the SME community:

> *"I think you could definitely see better communication between central government and RDAs across the whole. I often wonder why there isn't some sort of formal mechanism for doing that"* (PM9:SM).

Although policy-makers were aware of the recurring problems, such as lack of communication in the implementation phase, there was no indication that there were any plans to change and alleviate this in the near future. However, PM9:SM argued that the

relationships and communication between the government and RDAs had improved over the years:

> *"I think the RDAs have few friends which I find in one sense quite odd and I suppose you know if you… do it centrally I would wonder whether you run the risk of it being even more generic and unlikely to meet the actual needs of somebody."*

Fom examining the formulation process of enterprise policy previously, it was clear that RDAs and local agencies were not involved in formulating enterprise policy nor were they considered crucial (or perhaps even relevant) in the implementation process. What was important was that targets were met, otherwise funding would be jeopardised. BIS saw their relationship with the RDAs and local agencies through rose tinted glasses at times but as the following sections highlight, the relationships were far from ideal.

7.3.2   RDAs: The Middle-Men

The RDAs can be seen as the middle-men with respect to having direct links with both BIS and the local agencies. The RDAs keep an open communication channel with them and it has been said some of the RDAs act like middle-men passing money from the government down to organisations (Chapples, 2011).

However, the general sentiment within RDAs was that they were emotionally blackmailed into implementing and delivering enterprise initiatives whereby DB (RDA) commented that:

> *"Quite a lot of money comes from BERR and what you tend to get is officials in BERR looking for RDAs to take on more of their national initiatives because the minister will see something in one region and think 'that's great let's do that all over the country'. So you will get BERR then saying to all nine regions, 'we*

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would like you to do this'. But perhaps that doesn't fit what we are doing in our region."

DB (RDA) was also keen to point out:

"It's not too difficult to create policy as such but then to take it the next stage is a big problem and can take time, going through all the different mechanisms and processes to get something before we can do a project or a programme. So sometimes by the time something gets off the ground it can become outdated."

The comment by DB (RDA) highlights the lack of interaction experienced with BIS when formulating enterprise policy. Implementation was seen as separate from formulation rather than a combination of the two within the same policy process. The deliverables are just as important as the formulation, but the relationship with BIS and the RDA concentrated on quantifiable objectives:

"We've then got quite a lot of work to do to come up with mechanisms for making sure that at the highest level the government gets the figures that it needs" (DH, RDA).

Emphasis was placed on targets rather than the quality of support and advice being delivered:

"I think they [BIS] *pay too much attention to targets. I don't think they make the connection between outcomes, process and context. So what I mean by that, they say for example that there is not enough start-ups. We want X number of start-ups, but do we really need more start-ups and what kind of start-ups? How do you generate those start-ups? What are the processes by which you're going to encourage start-ups? I don't think that metric, that kind of thinking through is sufficiently explicit or robust. So for me the actual process of implementation*

leaves a lot to be desired and also whether those targets are the right targets or the right outcomes you want to know" (MR, RDA).

In terms of Business Link, the RDA argued that they are a national programme bound by national target definitions which was trapped in the *'old regime'* (DB, RDA) where emphasis was placed on quantitative data rather than qualitative data. However, RDAs were also very much target based with respect to meeting their contractual needs for BIS. For example, if Business Link did not meet their targets:

"*We have the ability to go in and reduce their contracts and there's penalties that we can impose*" (PR, RDA).

The local agencies who did not meet their targets would have their funding cut and this would reflect the RDAs, in turn jeopardising their funding. As JL (Local Agency) highlights:

"The funding is dependent on the targets. So if you miss the targets you don't get the funding."

The dominance of meeting targets and funding was of more importance than effective implementation and meeting the needs of the SME community:

"No policy can be completely ignored by the RDAs because it is accountable in terms of its funding" (PM3:JM).

Furthermore, the RDA argued that the government wanted all enterprise work to be undertaken via Business Link but they felt that individuals and businesses lacked awareness of the brand. In addition, Business Link was output driven rather than impact driven which caused tensions between the RDA and Business Link. The RDAs felt that Business Link was a "*waste of money*" (DH, RDA). They argued Business Link was

only a brand and that the RDA could manage the delivery element of the policy measures themselves because they already have the contact centres, operations management and subject knowledge in place. However, times are changing and both the RDAs and Business Link are under fire. With recent proposals to abolish RDAs as part of cost-saving plans outlined in the June 2010 emergency UK Budget, the new administration formed Local Enterprise Partnerships (LEPs)[30] to undertake some of the RDA functions. Business Link has not been left unscathed either, as the decision to abolish the regional business adviser programs run by Business Link leaves only the website. Any improvement to the delivery of business support and advice remains to be seen with such changes underway.

7.3.3   Local Agencies: The Front Line

The local agencies are the street level bureaucrats in this case, because policy implementation ultimately comes down to the people who actually roll it out and deliver it to the public (Lipsky, 1980). Their relationships with BIS and the RDA are important in the process because links can be traced from the macro-level to the micro-level with respect to enterprise policy implementation. The relationship described by Business Link and the local agencies with their RDA was one that was said to be strong and positive. Their relationships and the work carried out was seen as very proactive and a two-way affiliation, suggestions and feedback came as a direct result of implementation and working with clients. Regardless of the good relationships that were described, the underlying tone was that these relationships were contractual; delivery of enterprise agendas must be achieved or funding would be cut.

Local agencies provided information to BIS and ministers via the RDA. Business Link had very little contact with BIS and expressed a feeling that this was the best way of operating:

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[30] LEPs are expected to be implemented in April 2012.

"We have very little contact with central government and indeed I wouldn't expect to do so" (AW, BL).

Business Link was restricted in their actions and not always able or willing to take back suggestions made by local agencies to the RDA because of their own targets. They were pressured by the RDA with respect to meeting targets and often there was a clear distinction between the contractors and the contract holders.

The local agencies argued that they should be given greater autonomy to control their own budgets in delivering enterprise advice and support within their local communities. As mentioned, the Coalition government introduced LEPs, where joint local authority-business bodies will promote local economic development. This is to allow local agencies to move away from top-down targets and have greater autonomy to influence the advice and support being delivered within their regions.

SB (Local Agency) believed that there was a divide between the local agencies and the RDAs. Local agencies saw themselves as outsiders as far as the contracts were concerned. When local agencies were asked about their communication and links with BIS, SA (Local Agency) responded:

"I think there's a fundamental disconnect. Whatever is thought up in BERR and what happens on THE GROUND is very different. If they want real intelligence they should talk to us but they go through the traditional channels, they will go to the RDA which is a good agency but they don't connect with the people, especially with those on the frontline."

Table 7.1 highlights some of the quotes from the local agencies with respect to the relationships between the different groups of organisations involved.

Table 7.1: Local agency relationships with RDAs, Business Link and BIS

Initial	Role	Relationship with BIS	Relationship with RDA and Business Link
		Not quoted in the text	Not quoted in the text
JL	Local Agency	"Only the fact that we are an approved enterprise agency under the National Federation of Enterprise Agencies (NFEA) through BERR but no relationship exists. But would like to..."	"They [Business Link] don't always listen but that's part of their constraints they have from XXX[31], but very positive and no real problems. I value what they try to do, it's just I think the way the funding comes down is perhaps more difficult than we envisage."
JW	Local Agency	"We do talk to them but they normally talk to us to ask our views, usually what we think of XXX but we do try to talk to them about policy."	"I think with XXX and with Business Link it's a good business, a good professional relationship, I don't think we're too cosy with them but I don't think we're nasty to them either. It's a professional relationship."
SB	Local Agency	"No relationship with BERR."	"Our relationship with XXX is that we haven't really got one because they're just the people providing the money for the contracts. Our relationship with Business Link is quite a close one, its constant contact."

From Table 7.1, there were clearly mixed views about the relationships between the local agencies, RDAs and BIS. When probed further, many of the local agency representatives argued that there was little room for negotiation with RDAs about the targets. A widely held view was that RDAs were a barrier; they imposed a further layer of bureaucracy that was not required. Before the RDAs were created, the relationship between central government, particularly BIS and local agencies was one of direct engagement - but now the imposed top-down structure was rigid and it was often "*follow the money, follow the contract*" (PM10:MM).

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[31] Denotes a specific RDA.

It is clear then, that there was a need for a more proactive relationship between BIS and the regions, especially at the local/street level. BIS argued that they would like to see a formal relationship with the local agencies to better understand the work being undertaken. Local agencies also showed interest in becoming involved in the policy-making decisions and with this in mind, the government seems to be too rigid with too many constraints prohibiting local agency involvement. PH (Local Agency) commented:

"I would look to central government to set a framework and then I would let the interpretation of that framework happen and now I just don't think it's done as well as it could be. Whether that's to do with too many constraints, or whether the government is too prescriptive, whether there isn't the talent locally to do that, I don't know but I think it's the fact that everybody is so busy down here and trying to respond to every policy document that we actually all lose sight of what we are doing."

However, the spending cuts to the public sector and the abolishment of RDAs will impact on the relationships and change the dynamics; until then funding is critical to the implementation of enterprise policy:

"I think funding keeps a pretty tight grip but it's the detail that gets lost, they do the broad brush stroke and the on the ground agencies don't take a lot of bloody notice and fiddle and faff about to get the money. I think there's a fundamental disconnect. Whatever is thought up in BERR and what happens on the ground is very different" (SA, local agency).

Not only does funding dominate how and what is delivered, it also creates animosity amongst the local agencies:

"Yes we're forced into competitiveness when we would rather work in partnerships and that's because of funding" (SA, local agency).

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Furthermore, Business Link saw themselves as a powerful intermediary, and as a bridge between government (to ensure they get what they think they are paying for and what they receive) and the regional agencies. They also translated policy objectives in a way that the regions understood because "*government language and business language often differed widely confusing all parties concerned*" (AW, BL). Business Link argued that they were the middle-men that kept the government and the RDAs working together, regardless of the 'language' barriers.

A constant concern of many interviewees at the local level was the contractual element of their relationships. At the time, due to the general elections, the status of funding and contracts had been put on hold. Disgruntled contract holders were not happy with the contracts, the targets or what was expected of them:

> "*It comes from BERR and its seems very straight forward to me that there's very little room for manoeuvre, I think possibly the RDA could do some of that better with us, they could apply BERR's requirements more consistently and it's probably just an accident of history that the original contract we got two years ago didn't have some of the disaggregated targets in it which they should have put in, so they still don't now and won't in the future because we're renegotiating our contract*" (KG, BL).

Regardless of the UK being hit with the recession, the government did not amend targets in accordance to what could be realistically delivered. Thus, the contracts to deliver targets remained the same despite the economic climate. Business Link argued that the targets set by the RDA were inconsistent, sporadic and ad hoc; also the targets were not aimed or directed at any diverse groups. The RDA and BIS believed they wanted diversity targets to be met and measured but the outputs doubled over a three year term within the same value of financial contracts (KG, BL). Yet funding was dependent on targets being met. Therefore, there was a fundamental gap between what was needed and what was delivered because the focus of government was the achievement of headline

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figures. The RDAs and the local agencies were driven by volume and the delivery of advice and support became almost secondary because they were focussed on fulfilling contractual targets.

The RDA advised local agencies to introduce different measures in capturing the data but could not afford to support these changes contractually. Business Link also argued that they wanted to provide more comprehensive and customised support (which was needed) but again, because it was not contractually supported, little could be done.

The local agencies had some degree of freedom in how they achieved their outputs but the targets set remained the same. In turn, the RDA had the ability to reduce contracts and impose penalties if targets were not met. The process was often seen as a box ticking exercise where the actors often lost sight of what they were trying to achieve:

> *"The problem is that you can spend your life ticking boxes and achieving outputs when the real issues are with the clients"* (JL, Local Agency); and

> *"Business Link can tick the box it's working with minorities but it's not achieving a good outcome from ethnic minority businesses, so to some extent there might be similar issues with gender and other diverse groups as well"* (MR, RDA).

In summary, the local agencies had a confusing and often volatile relationship with BIS and the RDA. The onus was on delivering to meet difficult targets instead of delivering to meet the needs of the diverse SME community. The concerns of local agencies were to ensure targets were met and funding was provided, and recent changes will be hard to ignore meaning the structure will only become more fragile than it is already with respect to the implementation of enterprise policy. It can be said that "institutional change is a political process that reflects the power and interests of organized actors" (Maguire et al. 2004, p. 658), whose goal is to

reconfigure power relations and distributional outcomes (Fligstein 1997; Greenwood and Suddaby 2006; Lawrence and Phillips 2004). The evidence indicates that those goals were decided by the contract holders BIS, and in accordance to meeting the targets within the contracts resources allocated.

7.4   Measuring Enterprise Policy

There is extant literature which is highly critical of the evaluation of UK's small business policy which has been described as being surrounded by 'woolliness' (Gibb, 1993; Curran & Storey, 2002, 2003). Given the academic criticisms of enterprise policy evaluation, this seems to have gone unnoticed by government, and more specifically by BIS.   PM5:JM highlighted that there were no substantial ways of determining the success or the failures of enterprise policy as they had limited resources to gather evidence. The ROAMEF cycle explicitly states an evaluation stage but this has been ignored; there was no development from the theoretical framework to practice. There were no official mechanisms or individuals responsible for measuring impacts, but it was certain that:

> *"We've then got quite a lot of work to do to come up with mechanisms for making sure that at the highest level the government gets the figures that it needs"* (DH, RDA).

In terms of measuring and gathering data, the government argues that there are those measures set against strategies which include measures at all levels; national, regional and local and, there are measurements that are based around what the RDAs deliver in their regions. The measures for RDAs are based on their frameworks aligning their Regional Economic Strategies, their targets, the effectiveness of their delivery of strategies, how they are performing, value for money and where they are making investments in terms of changing the business landscapes in their regions.

All these targets and measurements are reported back to BIS on a monthly basis to justify their funding from the department. BIS have a monthly tracking spread sheet and all regions are required to complete the data and track their progress, it was not a formalised or sophisticated way of measuring policy initiatives. Once targets are reported back to BIS, BIS establish the key areas that have been identified and use these as indicators to shape future policy, potentially setting the agenda for informing future policy decisions for the next few years (PM5:JM). The government wants evaluation and measuring to be stringently undertaken in accordance with a formal framework (which they failed to provide), instead in practice, *"measuring in a kind of ad hoc way"* takes place (PM4:MM). Although BIS are trying to co-ordinate a more structured and coherent method of measuring and collecting enterprise data, it was clear that:

> *"One of our objectives is to get them* [RDAs and Local Agencies] *to buy-in to this evaluation. Get them to recognise that there's value in it for them as well so that they can learn from it. If you think about the system of an RDA or a delivery partner, there's often a fair bit of scepticism or unease about being evaluated. They might see it as a burden in terms of collecting management information and collecting data to feed into the monetary end. I think sometimes they feel quite threatened, somebody saying this is what you want to achieve and we're going to have a close look at how well you've achieved; not everybody is comfortable with that"* (PM1:SM).

BIS did not have the power to enforce extensive monitoring and evaluation on those implementing enterprise policy initiatives but hoped that the RDAs would value it themselves to achieve a better understanding of how enterprise strategies and policies were working on the ground (PM1:SM). Ultimately, BIS wanted RDA involvement in measuring and evaluating enterprise policies to minimise the burden on them and maximise value of measuring impacts of enterprise policy:

"We haven't got the power in BERR to enforce monitoring and evaluation and if we can pay for some of the headache for them because then we've got more chance to get them to buy-in" (PM1:SM).

BIS also have Public Sector Agreements (PSA) in place which allows the Treasury to demand that in return for the monies spent by BIS they provide measureable key indicators and targets. This was one of the reasons for the pressures on RDAs and local agencies to meet their targets set by BIS. BIS are accountable to Treasury just as the RDAs and the local agencies are accountable to BIS.

The RDA, Business Link and the local agencies took responsibility for evaluating and measuring initiatives because of their need to meet key indicators to track their progress for reporting and funding purposes. DB (RDA) believed that there were two reasons to measure and learn from evaluations:

"Firstly to continuously to improve our activities and secondly, to demonstrate to paymasters our effectiveness."

Concerns were raised around whether local agencies could measure what was required and expected of them in the very short time scales set by BIS:

"Measurement of activity as a proxy for outcome is relatively easy to do and easy to achieve and easy to give them the numbers. And then they can be satisfied that we are achieving the volumes of activity but that really isn't the benefit, the benefit invariably lags the activity by 12 or 18 months, maybe longer. Unfortunately, for government that's too long a lag and they want to know what we're doing with their money and want their returns in a relatively short period of time. Therefore, you're forced to measure that return by short-term activity measures as opposed to longer term economic benefits" (DB, RDA).

The measurement of enterprise policy initiatives was volume based - survival rates, start-up rates, jobs created, and the overall primary measure of success was GVA. There was a desire to meet targets rather than necessarily provide the fundamentals of enterprise policy to those who required the assistance:

"So we go through a number of tests, a number of questions and then arrive at the net benefit and what we do is convert that into GVA. GVA is our primary measure of success effectively and you can do that through looking at increasing profit or turnover, increasing salaries etc." (DB, RDA).

The onus was therefore, on headline grabbing figures without much concern regarding to how, when and where evaluation would take place:

"The focus of government is all achievement of large numbers and government communicating headlines. So this is a sound bite world and I understand why that's the case and it's certainly the case in the business support world but it doesn't leave much opportunity to be able to focus on the delivery of measurable outcomes for the businesses we work with" (AW, BL).

It can be argued the processes that are not evaluated rigorously, or that are in a vague or ceremonial manner eventually become a 'taken-for-granted' quality that helps ensure an organisation's (in this case BIS) survival (Bastedo, 2004). Numerous complaints about the anomalies in the data collected were raised. Local agencies indicated that the data collected was not extensive enough. For example, there was very little diversity data collected in the different regions. The diversity data collected was poor and there was no consistent approach, meaning that little, if any impact of enterprise policy on the different groups of entrepreneurs could be measured:

"We haven't really collected diversity data to any extent in the past but that's becoming a focus for us now. Our database has something in the

region of a quarter of a million businesses in it but even though we've got
about a quarter of a million businesses, the depth and the breadth of
information we have on them like the diversity data has been pretty poor and
we are building that all the time" (AW, BL).

The reporting measures were based on surveys and questionnaires, with monthly spread sheets and quarterly reports. DB (RDA) argued that within the methods employed in evaluation, there was still a lack of understanding about what it meant to monitor and evaluate programmes within the public sector. JW (Local Agency) gave an example of this:

"In my view it's not evaluated and it's not measured and it's not tracked and
it's not monitored effectively, I don't know what the plans are for those
things…there are always two fatal flaws, no monitoring and no follow-up
but also no resources."

Table 7.2 highlights some key quotes from policy-makers, the RDA and local agencies made in respect of the measures in place for reporting enterprise policy initiatives.

Table 7.2: Measuring enterprise policy

Initial	Role	What are the policy measures in place?
		Not quoted in the text
	PM1:SM and PM2:JM	"We've developed a policy appraisal model which you could argue we should have done before, it's quite complex, it shows for example if it gets more people thinking of going into business that translates to deadweight, displacements, how many businesses that might start up converts that to GVAs, different business sizes…so that will give us a better idea of the likely impacts of some of these things against which we can measure the final result."
	PM8:SM	"I'm not sure that there are any measurements in place."
	PM3:JM	"So there are mechanisms in place to make sure policies are effective, there are always reviewing periods and assessment measures in place but these days are devolved to Regional Development Agencies. So reporting structures in terms of new policy intervention, impact in terms of local economy, impact in terms of the community, that's all fed back up and monitored centrally."
MR	RDA	"I think in a fairly crude way, number of businesses started and the gross value added and all these strategic added values, again I think you know how those measures get translated is not a process that's been thought through that well because do we want X number of business starts, what about the quality of those businesses, what about the sustainability of those businesses?"
AW	Business Link	"There are requirements for a national score card and those definitions are provided by BERR."
KG	Business Link	"What we have to do, penetration and the intensive support that we offer to business is another measure and GVA is a measure, a current measure of impact is in there but there isn't a consistent approach to the impact we have on women, ethnic minorities, young people, 50+…"
JL	Local Agency	"We look at year on year plan, how many businesses started, whether that's increased or decreased and the reasons for it. We also look at within those business starts...there are different targets within that but we do have general targets, numbers of people starting up. After that there are survivals, another key target measure and we try and look at least 75% survival..."
PH	Local Agency	"There are reporting processes monthly and quarterly."
SB	Local Agency	"Month by month because we have to, when we've done the work Business Link pay for doing the work so we have to input all our activity into their database and then at the end of each month we invoice them for the work we've done so we know exactly how we're performing at any given day. So we've got a database of our own and we can keep a check on it day by day."

The data above suggests that the policy-makers claim to have frameworks and models of evaluation and monitoring in place, although one policy-maker clearly was unsure of any such existing measures. The RDA and the local agencies highlighted that a simple spread sheet is used to report business starts, GVA and other targets. A majority of the interviewees indicated that there was some sort of measuring criteria (even if it was at the most basic level) in place. The method of evaluation was inconsistent as everyone had their own methods for capturing the data but a majority of the interviewees knew that measurement and evaluation was of importance to their funding and saw this as very much GVA based.

Since enterprise policy has only recently become the subject of much discussion in the policy domain not only are the aims of enterprise policy woolly and the approach to policy-making disjointed, but it is not surprising that efforts to measure impacts and identify appropriate performance indicators have not been well developed. Governments are in the process of identifying appropriate measures of performance, the UK being one of the most advanced in this, but from the data this lacks conviction. It remains difficult to acknowledge the effectiveness of enterprise policy as there is a lack of understanding in formulating enterprise policy in the UK and importantly, a lack of common agreement on what specific objectives it is aiming to achieve. The evaluation and monitoring is part of the formulation and the implementation process, but neither are considered or seen as an important part of the overall framework of the enterprise policy process. It indicated that such procedures play a ritualistic role in such poorly structured settings as BIS as the contract holders, which are looking to find, conform to, and demonstrate for their constituents some form of rationality in order to gain legitimacy (Meyer & Rowan, 1977).

7.5 Business Support and Delivery: The Aftermath

Business support and delivery was not intentionally left until the end of this chapter, nor was it merely an afterthought in this research. It was simply an observation made throughout the study that business support and delivery, which should be seen as one of the most important aspects of the process of enterprise policy, was in fact the last thing on the interviewees' minds as well as their actions. Institutional theory supports the general outcome that an institution will not make significant changes in its structure, but rather will create the illusion of change to outside constituents in order to gain legitimacy.

One of the main issues that arose in terms of business support was how national aims and objectives were interpreted, and how this subsequently influenced the delivery. For example, PM4:MM argued that the delivery of business support was not very effective, citing the White Paper '*Enterprise: Unlocking the UK's Talent'* (2008a) as an example in which the RDAs and the local agencies were asked to download the White Paper, interpret it and implement *something and anything* from the Paper before reporting back to BIS with their decisions.

The local agencies (SA and AR) showed their frustration at initiatives from the White Paper because many of them had already been tried and tested without much luck. DH (RDA) emphasised duplication and waste of business support resources because the White Paper announced initiatives that were already being carried out in regions. It was unclear whether there was a need for this White Paper and how much of it brought 'newness' and effectiveness to existing support. However BIS argued that the White Paper was:

> *"Really where a lot of focus from our perspectives had been around trying to make sure that people are better informed, they understand where the help is,*

where the support is and the things which they might need to develop themselves" (PM5:JM).

PM9:SM raised the issue of wasted skills and resources with the current system leading to poor delivery. Also, AR (Local Agency) argued that the funding agreed for business support often did not reach people in the right way. JW (Local Agency) went so far as to say that there was corruption in delivering business support:

"I think you know in terms of cutting a lot of waste, there's a lot of corruption going on with business support and I think the government is right to say we have to stamp out the corruption because a lot of public money is being wasted and people playing the system."

"I think that a lot of the money that goes to some of the delivery agents with regards to supporting businesses doesn't necessarily get to the right people in the right way" (AR, Local Agency).

Business Link (AW) argued financial support should be given to those who want to start a business, specifically for businesses likely to grow and develop. Many academics are in favour of such an approach to these 'gazelles' but they provide little practical advice to policy-makers of how to move forward with supporting gazelles (see Mason & Brown, 2011). The majority of the local agencies disagreed with funding small businesses and argued that advice and support is what SMEs need, not financial incentives to start or grow their business as:

"Entrepreneurship is about being entrepreneurial and finding the solutions themselves and that's not to say that they don't need backing or some sort of finance but I think just giving money is not the answer because I think it breeds lazy business people" (AR, Local Agency).

Furthermore, PR (RDA) raised the issue of business support being fragmented in terms of delivery where it did not have the desired impact wanted by government. He also argued that very little had changed over the last couple of decades - there were more business support programmes available and more delivery organisations, but little impact was evident. The support had obviously not captured the audience required to make an impact as wide and as far as government had hoped.

The ineffectiveness of enterprise policy in the UK has been attributed to the fact that:

> *"It could be that what you're doing just doesn't appeal to the people that are not using the services or that they know about them, they don't like them, they will never come forward to use them as they have a perceived or a reality that they're rubbish and that they don't want anything to do with them"* (PM5:JM).

These comments from PM5:JM highlight the issues surrounding the business support which need addressing; however, how and when this happens remains to be seen. The data shows that business support was seen as a clinical procedure:

> *"It's not about taking someone through a life changing journey it's about giving them an …'on request' piece of information or advice"* (PM10:MM).

> *"I think that the majority of government programmes are output driven, (rather) than having any impact"* (PR, RDA).

Business support is assumed to be built in aiding small firms to start, grow and prosper by delivering business support to the SME sector. Yet with no formal process of policy formulation and implementation, coupled with no formal framework and funding this has left the SME sector suffering with inadequate business support and advice.

7.6 Conclusion

The lack of effective formulation of enterprise policy has resulted, to an extent, in the poor execution of the policy initiatives and the elements of power at play within the organisations and amongst the actors involved. Institutional theory within chapter has engaged with power and highlighted the importance of power in changing institutions and its structures. The dominance of power has led to the ineffective implementation or badly executed policies can be blamed on the policy itself being defective at the stage it was formulated on inadequate information, poor reasoning and/or unrealistic assumptions. Nevertheless, the data shown in this chapter suggests that while these are in fact true where policy initiatives have been ineffective, there was a sharp disconnect between the formulation and the implementation of enterprise policy which may be attributable to the two pronged process whereby BIS formulate the enterprise policy whilst the RDAs and local agencies are expected to deliver it.

Thus, there was a fundamental separation between the policy-makers and those implementing the policy. The relationships between the policy-maker (BIS) and the organisations implementing and delivering enterprise policy (RDAs and local agencies) was virtually non-existent, linked and bound only by contracts and meeting targets at the expense of providing quality support to the business community. The planning and actions of those involved was often lacking in communication and collaboration, resulting in a detrimental effect to the implementation and delivery of enterprise policy measures.

The findings highlight that the relationship between information, policy formulation and implementation was not strong at all. The need to form a relationship between the information, the policy process and the interpretation, translation and implementation of enterprise policy is vital, suggesting "at what point should the institution move from piecemeal revisions to consider changes in basic policy design?" (Linder & Peters, 1990,

p. 71). The findings show the reality of the piecemeal and dysfunctional process of formulating and implementing enterprise policy, whereby:

> *"You go out now and you see very cynical and jaded people who are given top-down directives and have no control over their work and their delivering enterprise support"* (PM10:MM).

In other words there were no formal structures of building relationships with key players which was required given the that implementation was being provided by different bodies, measuring and evaluating enterprise was of little value and the delivery of business support was often an afterthought. The emphasis was on fulfilling contractual commitments where a White Paper was seen as a formality which could be discarded by local agencies.

In order to successfully implement enterprise policy, there is a need for long-term commitments from those involved at national, regional and certainly local levels. It has been repeatedly highlighted that enterprise policy formulation and implementation are interdependent and this should be key when the formulation stage is undertaken, intrinsically linking both. Formal relationships need to be fostered if the formulation and implementation of enterprise policy is to remain embedded between these actors who often act independently of each other within the same process. Currently, enterprise policy only seems to exist at macro-level; by the time it becomes available to local agencies to implement at the micro-level, only targets exist. This has led to poor enterprise policy, wasted money, and a disillusioned community of small businesses who see such government support and advice as nothing short of a waste of taxpayers' money.

CHAPTER 8

PERCEPTIONS AND EXPERIENCES OF THE USERS OF ENTERPRISE POLICY

8.1   Introduction

This chapter seeks to address the final question posed by this study: "How is enterprise policy perceived and experienced by the users?" The chapter concentrates on evidence gathered from the interviews undertaken with the eleven female entrepreneurs. It begins by illustrating reasons the women had for starting their own business and their experiences in relation to their previous employment. Following this, the chapter outlines the support used by the women in starting up their business and their plans to grow. Further to the support they used, this chapter then describes their perceptions and experiences of enterprise policy. Finally, it highlights the views of the women on whether or not women need separate business support from men.

The findings of this chapter illustrate that female entrepreneurs were no different in starting or growing their own business from other entrepreneurs. Minimal effect of using enterprise policy initiatives was acknowledged and the women interviewed argued that they did not want separate policies; rather they preferred the idea of aiming for a higher quality of business advice and support. Also the barriers alluded to in the female entrepreneurship literature (finance, networking and social and cultural) were either overcome by the women or the barriers did not exist in the first place.

Institutional theory has been specifically singled out as a fruitful theoretical lens in the context of female entrepreneurship research (Baughn et al., 2006). Institutional factors are an important influence on the nature and extent to which entrepreneurship can develop. On the one hand female differences have been identified as inter alia, management experience, firm performance, industry sectors, and access to resources,

genuine gender differences may be more apparent than initially thought. That is, rather than being directly and intrinsically linked to gender, any issues that do arise may be more properly associated with underlying structural or societal considerations (Robson et al., 2008).

Figure 8.1 illustrates the micro-level of the overall process within enterprise policy, eventually reaching the female entrepreneurs. This chapter makes the final linkage in the overall policy process and brings together the last strand of this research.

Figure 8.1: Perceptions and experiences of enterprise policy
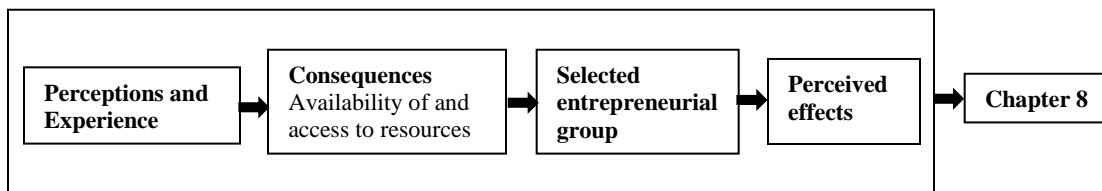
8.2   Becoming an Entrepreneur

This section discusses the reasons why women started their own businesses and seeks to explore their previous professional lives with respect to their businesses. Exploration of these motivations may explain why women often establish smaller businesses with little emphasis on profit and growth. The data collected indicates whether the women were 'pulled' or 'pushed' into self-employment.

Pacheco et al. (2010) argue that institutional theory literature acknowledges the importance of an array of motives and conditions that allow entrepreneurs to start their business. Their research leads them to believe that there are four areas that the literature concentrates on; firstly, the types of *external pressures* that influence the inception of institutional change; secondly, the *power and legitimacy* mechanisms that drive institutional action; thirdly the effects of the *structure* of the organisational field in

promoting change and lastly, the *characteristics* that entrepreneurs must possess to transform institutions (Ibid).

Institutional theory acknowledges external pressure such as functional, political and social forces that challenge existing institutional structures (Oliver, 1992). For female entrepreneurs, functional pressures arise when individuals perceive issues associated with the performance derived from existing institutions (Pacheco et al., 2010). An example of this is the competition that small businesses face both from each other and from multi-nationals. Whereas, political pressure is concerned with changes in power, such as the new government coming into power and changing policies that allow them to be seen as more legitimate than the previous government. Social pressures are concerned with and arise from changes in social norms and expectations from social conflict. For example, the Women's Enterprise Task Force was a collection of talented individuals who had diverse beliefs, experiences and assumptions that created discussion and debate surrounding women entrepreneurs, which may have led to fostering institutional change (Zilber, 2002).

Table 8.1 illustrates various reasons as to why the women interviewed started their own businesses, from avoiding unemployment to trying to harmonise their public and private lives. The majority of the women were pushed into self-employment for reasons that involved their private lives, or hardships from their working lives. However, the main reason for starting their own business was self-fulfilment and primarily not for profit and growth. In other words, they were both pushed and pulled into self-employment, like many others who choose to become entrepreneurs.

Table 8.1: Reasons for starting a business and their ideal-typical profile[32]

Respondent	Why did you start a business? (Not quoted in the text)	Push/Pull Factor	Ideal-Typical profile
AAP	"I suppose because of my personal circumstances I was disillusioned with my previous employer and I really didn't want to go back into the corporate area because of that and a lot of trust was lost."	Push	Radical
AC	"Because my children are getting older and more independent and I was looking for something that I could build up and generate enough income to cope without benefits."	Push	Returner
BP	"I was contracting at a large automotive company, due to the economic climate the automotive trade was hit badly. My contract ended in December."	Push	Aimless
CBD	"I was a shop manager for 4 years, up until the lady retired and because I had built up a clientele I then decided to open up my own business."	Pull	Success oriented
IE	"I really liked England and I visited my sister in London, I visited a couple of times and I just really liked it. So I'm a ceramic artist and found Stoke-On-Trent which is called the Potteries."	Pull	Dualist
JS	"My husband is disabled. About 10 years ago when our daughter started school they got a computer in the classroom and we didn't know anything about computers so we retrained in different courses."	Push	Dualist
KR	"I was the only female in that whole department and became a bit of a scapegoat for a lot of things and there was a bit of bullying going on."	Push	Radical
LB	"I've always done my job and done other jobs like voluntary jobs and was constantly working. I then decided it was time for me to help other people in my area or field."	Pull	Strongly success oriented
SB	"I didn't want to be unemployed."	Push	Aimless

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[32] See Chapter 4 for details of the profiles by Bruni et al. (2004b).

SM	"I was probably doing 1,300 to 1,400 miles a week and I was doing 12 or 13 hours every day. My daughter was 12 at the time and I was worried that she would think that her mum was never home."	Push	Dualist
SV	"I had a year HR contract and when that came to an end I started thinking about my own business…my parents both had their own business."	Push	Traditionalist

The ideal-typical profile of the female entrepreneurs highlights the heterogeneity of the small sample of female entrepreneurs interviewed. Although none of the female entrepreneurs initially cited profit and growth as their main motivators to starting a business, there was evidence that economic motives were important. Four of the female entrepreneurs wanted to grow their businesses; SM was already looking at more premises to rent for her second retail shop, while three others wanted to build their existing business before venturing further afield.

Power also played an important role in women starting their businesses, as Beckert (1999) argues those agents in possession of superior resources, knowledge or strategic social network positions are better able to use their political power to shape institutions in their favour. Thus, powerful actors can shape the institutional environment in either direction depending on their particular interests (Lawrence, 1999). For example, senior civil servants or politicians at BIS can exert authority in making changes as they see fit for women's enterprise. Legitimacy was also prevalent amongst female entrepreneurs whether they recognise this or not. Female entrepreneurs started their own business, chose areas of their experience and inherent thinking, even subconscious thinking leading them to choose businesses in areas that 'other women' are already occupying. Reinforcing isomorphism, starting businesses in the same sectors, same areas as other women to legitimise themselves as business owners as well as creating an industry that does not challenge institutional structures.

"An organizational field evolves recurring social interactions across members, which produce mutual understandings and common practices that characterize the institutional environment of that field" (Pacheco et al., 2010, p. 986). This argues that entrepreneurs can either acquire stable structures (mature markets) i.e. the service industry or they are more vulnerable to institutional changes. According to institutional theory, as the process of organisational change occurs, firms become more similar. Greenwood and Hinings (1996) argue that institutional theory suggests that firms change to align themselves with other organisations in their environment (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Meyer & Scott, 1983). This type of behaviour is a conscious effort by the firm to obtain legitimacy and is referred to as post conscious institutionalisation (Roberts & Greenwood, 1997). Legitimacy of an organisation in the eyes of society provides support from other organisations, thereby increasing the likelihood of survival (Pfeffer & Salancik, 1978). Institutional theory fits well with the patterns of female entrepreneurship, with the service industry being the "breeding ground" and the structures of the organisational field supporting isomorphism within women's enterprise.

The data highlights the dominance of female entrepreneurs in the tertiary sector (Table 8.2); a majority of the women interviewed had worked in the service industry before starting their own business. None of them had a background or began their business in any other sector.

Table 8.2: Experiences of female entrepreneurs

Respondent	Experience	Description of Business
AAP	After her A-levels, she went into the banking industry - managerial positions. Whilst working in the bank she did her banking exams.	Retrained in permanent cosmetics where makeup is tattooed on. Also, had training to hide scars and cover disfigured skin with the tattooing procedure.
AC	Trained as a dental nurse and then was out of the job market for nearly 15 years as she was a housewife.	A foot health practitioner for the elderly.
BP	Worked as an office administrator for 25 years and recently took a three year course in holistic therapy.	A business in holistic therapy.
CBD	Qualified as a carer for the elderly and then worked as a shop floor manager for 4 years.	Retail - clothes and accessories.
IE	A ceramic artist but saw this as more of a hobby. Worked in a call centre and in a factory for several years.	Retail - ceramic art.
JS	Worked in a bakery and learned to use a computer.	Designs posters for companies.
KR	Lectured photography at a college.	Photographer.
LB	Qualified as a fashion student and then went into retail.	Trained as an image consultant. Based mainly in the voluntary sector and the social enterprise area.
SB	Recently graduated from university in sports therapy.	Sports therapist.
SM	Worked in sales for 11 years and then moved to designing work wear catalogues and selling merchandise.	Retail - selling work wear.
SV	Worked in Human Resources.	Retail - clothes and accessories.

Five of the women had started their businesses in different areas of the service industry from their professional experience, and two had retrained. This indicates industry

mobility and path dependency of female entrepreneurs where they are using previous expertise to move into a new business. This brief overview of the female entrepreneurs who make up this study suggests that the data confirms academic female entrepreneurship literature that women are dominant in the service industry. Stereotypically, women business enterprises are considered as the "neighbourhood beauty parlour" (Bates, 2002, p. 315) which are reflected in the findings. Also from an institutional theoretical perspective, legitimacy was essential for successful entrepreneurship as "legitimate organisations become self-replicating, requiring little on-going investment in collective mobilisation" which is hugely reflective of the current state of female entrepreneurship. While the legitimacy of an organisational type will strongly shape its frequency, increasing numbers of an organisational type will constitute a force in raising its legitimacy (Aldrich & Fiol, 1994). A woman's knowledge of another entrepreneur therefore is a strong predictor of her involvement in starting a new business (Minniti et al., 2005), and thus links to institutional theory's widely acknowledged concept of isomorphism. Since organisations, in certain environments tend to model each other, in the mimetic processes they generate isomorphism in the way they manage firms (DiMaggio & Powell, 1991b). Meyer and Rowan (1977, p. 340) set forth the mechanics of isomorphism:

> "Organisations are driven to incorporate the practices and procedures defined by prevailing rationalised concepts of organisational work and institutionalised society. Organisations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures."

These findings suggest that institutional pressure leads organisations to adopt the same organisational form (Greenwood & Hinings, 1996), evidence suggests that women monopolise the service industry, just as advice and support for women is typically the same for all women, this reinforces procedures and practices becoming taken-for-granted as well as homogenous. DiMaggio and Powell (1983) add that the rate of

institutional isomorphism is increased when firms are highly dependent on the institutional environment, exist under high uncertainty or ambiguous goals and rely extensively on professionals.

8.3   Business Support Used by the Female Entrepreneurs

Women's enterprise is based on efforts to understand the client group to support female entrepreneurs. Hence in this study all of the women interviewed had contacted a local agency in some shape or form and discussed the support they took advantage of with respect to helping them start or grow their businesses. None of the female entrepreneurs interviewed were aware of the enterprise support available to them directly; they only became aware of the business support available to them through their networks, the council or intermediaries such as their accountants. Once enterprise support was pursued, five women obtained information from the female only agencies and of those five women three were advised to go to these female only agencies by either Business Link or LEGI, with no alternatives given. Of the two female entrepreneurs who approached female only agencies, one did so by word-of-mouth and the other actively looked for a female only agency. This could be construed as the local agencies not being interested or engaged with female entrepreneurs, or that they could not provide the advice and support suitable for them. At the same time they may have felt that women who start their own businesses were not as legitimate as their male counterparts or, as KG (BL) argued:

> *"You know women only support we can't afford it…we can't afford to run it…we've just been looking at our numbers and our achievement is just as good as you could expect given that we don't do special things* [for women]*."*

Furthermore, with many programmes aiming to bridge the enterprise gap, specifically aimed at women, surprisingly relatively little was known about the business support and

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advice on offer. The lower reported usage of support agencies was found to be due to a lack of understanding of and doubt about the relevance of the services being offered and a lack of confidence and trust in the agencies (Ram & Smallbone, 2001).

From those interviewed, five of the women went to more than one agency, either because they were recommended to do so or to find further information and advice for their business. For example AC went to three different agencies for advice on different areas of her business; LEGI for business advice, the local council for benefits advice and Business Link for support and mentoring. There was a plethora of agencies available for advice and support for business start-ups, albeit the Business Support Simplification Programme trying to align what was available to those seeking advice and support, it could be argued there is still too much available leading to confusion. Institutionalists have a strong theoretical basis for the analysis of situations in which taken-for-granted rules suppress interest and uncertainty prevents actors from identifying rational strategies (DiMaggio, 1988). Thus, leading to inconsistent, numerous and duplication of advice and support for small businesses that is available on the market.

Table 8.3 shows the agencies the women approached and the advantages and disadvantages they perceived in approaching them.

Table 8.3: Advantages and disadvantages of contacting a local agency

Respondent (Not quoted in text)	Agency contacted	Advantages (Not quoted in text)	Disadvantages
AAP	JobCentre Plus, LEGI and a female only agency	"Good for sort of motivational things but I have to be pushed into things and it's not something that I am going to get up and do myself so that can be difficult."	"I think just the initial, getting hold of them and…finding out whether I was going to actually qualify for help."
AC	JobCentre Plus, LEGI and Business Link	"I would say it was the benefits lady and the tax course that we went on."	"They also gave us little mini day courses that we could go on, how to advertise and all this sort of jazz…which actually were awful. Also our first visit to see the business adviser, she hadn't read the business plan, we sent her the business plan a week or so before so she could read it, why we're coming and what I wanted to do. She hadn't read it had she? Other times we would go in and tell her how we would be getting on and she would tick some boxes and that would be it."
BP	Business Link and female only agency	"I did use their template and I just tweaked mine to fit theirs. It was helpful as it made me think about things that I hadn't thought about before such as insurance, I was aware of health and safety but they made me look at risk awareness with people coming into my home that I hadn't thought of. It did make me step back and think more in-depth and about the practicalities."	"I only had the one meeting with them; they didn't give that much advice going through my business plan. As a complete novice it would have been nice to have more information on the business."

CBD	Business Link and Prince's Trust	"They helped you with the template and that was really good but apart from that you could basically do it all on your own but the beautiful thing about it was having the external support that gives you that extra motivation."	"I think that's the hardest thing about being self-employed because everybody works for somebody else and when you work for yourself it's totally different from sitting behind a desk and giving out advice."
IE	Business Link	"Probably the best thing I got from Business Link was the practical things and it was a confidence boost...the marketing section went in small detail, it was good and it was really helpful."	None.
JS	JobCentre Plus	"It's hard to say because it was all of it, the advice and the support as well. The 3 days that we did at the beginning had to do marketing and finding out your strengths and weaknesses and doing the business plan, there was stages in the business plan that they told us we had to do that we hadn't thought about. I mean we actually did NVQ level 3 in business start-up when we were doing the six month test trading with their backing, you know so we were trading but we were still learning as we were doing the certificate."	"The only thing that bugged us was having to go and report every week for six months because it just seemed like signing up. I think it could have been done on a less strict weekly basis or it could have been 'if you need us then come in and see us' and also if we needed them in between along with a monthly meeting. I think the weekly visits were a bit of a pain."
KR	Female only agency	"I think the positivity was the best bit for me and I think the structure helped me launch the business."	None.
SB	Local agency	"They help you out with everything from your business plan to your health and safety guidelines and anything that confuses you; you just go and ask them. They set up appointments with solicitors and accountants	"I got messed about when I first went and was given the wrong information. Because I went and saw them and they said I couldn't do the course because I didn't have the right postcode and then it turned out to be that my

		for you and for free of charge so I found it quite useful, if I was confused or didn't understand then they would explain it to me."	postcode was the right postcode."
SM	Female only agency	"The support I think knowing that somebody if I had a problem or didn't know an answer was there and even if they didn't know there were lots of women they could ask."	"It would have been good to have a business adviser that had knowledge about everything in regards to small business. For example, I'm not VAT registered and I'm a limited company etc…I was helped but very brief and in passing and they didn't actually explain the massive amount of paperwork and the importance of that."
SV	LEGI and female only agency	"It's nice that there's someone there and someone can help if needs be."	None.

Table 8.3 highlights the advantages and disadvantages of approaching the local enterprise agencies, as expressed in the interviews. All of the women believed that the agencies they approached received them well and offered some positive responses with respect to business support and advice. The main disadvantage mentioned by the interviewees was that the business support being offered was not of a high enough quality and there were specific issues, such as not being offered comprehensive advice, or the agency being unable to provide the right information to the women. From the data gathered a majority of the women felt they would still have set up their own business regardless of contacting a local agency. Little or no usage of the enterprise policy was a serious issue where the advice and support provided to female entrepreneurs was falling sideways, because when asked if the women would have pursued starting up their own business without the support and advice they gained from the agencies they explained:

> *"I think I probably would have still done it. I think they gave me the right push in the right direction in a positive way but I think that was important to me and I think the other things I could have worked out myself but I think it would have taken much longer. I would have made many more mistakes doing it. They definitely made a difference to what I was doing but I think most part of it is the general support" (KR).*

> *"I think I would have, I think them being there helped…Yes I would have done it but I would have struggled more" (SV).*

> *"I think I would still be at where I am now without them to be honest. Would I use them again? Yes probably because they gave me £500 to start off and they did refer me to some useful points" (AC).*

> *"I really never needed them for the skills or whatever…I was on the right lines but in that sense it was about the support" (CBD).*

The majority of the women wanted moral support more than the advice and information being offered. Many of them were in the process of starting up their business before getting in touch with the agencies. They felt that the agencies provided a sounding board:

"I met with my adviser once every two weeks and she gave me advice and topics to think about before launching. She has been great for a sounding board and a good person to go talk to and a positive influence as she has seen so many other businesses and she says the right things" (KR).

"I knew most of it anyway but they were a sounding board, I knew I was doing the right thing..." (SM).

"It wasn't advice but reassurance that I was looking for…It was more to bounce off ideas" (AC).

The agencies were described as a sounding board by the female entrepreneurs with respect to discussing ideas, issues and any problems which is consistent with the work of Tillmar (2007) and Fielden and Hunt (2011). Only BP felt that she could not have started her business without the help of the local agency:

"I worked in a corporate environment but that was working in an already established organisation and I didn't have the knowledge in terms of how to start a business or have my own business account or anything like that. I was quite a novice really."

She felt she did not have the confidence to run her own business:

"It's taken me out of my comfort zone and I tried to do some cold calling and going into some businesses, this is me and this is what I do, and I just

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wasn't very good at it. Because I was so nervous I wasn't saying what I needed to say...And also I felt that I shied away from possible sales opportunities because I felt uncomfortable doing it" (BP).

The remaining female entrepreneurs, however, were very secure and self-assured about their ability to start their own business:

"I went out there to take on the world so I never really feared anything" (CBD).

"It's challenging all the time and when it's about art…if its produced by yourself you must find an outlet and you must gain confidence in yourself about getting out and talking to people, so you must have some confidence" (IE).

Nonetheless, IE admitted:

"Probably the best thing I got from Business Link was the practical things and it was a confidence boost."

The majority of the female entrepreneurs reaffirmed their confidence and were positive about their abilities in starting up their own businesses; only one mentioned that they had administrative issues with a female only agency where:

"They would say that they would come back to me and no-one would come, so I had to literally go back through Martin (from LEGI), as I said 4 or 5 times until someone came back to me and said that they have got me an appointment…someone could have been put off, I wasn't only because I didn't do everything straight away. Martin said 'what do you mean no-one came back to you? That's not right', you know obviously he was chivvying it

up. But someone could just say that they couldn't be bothered with it"
(AAP).

Academic literature demonstrates that women tend to have a lower degree of self-confidence in their entrepreneurial abilities than men (Kirkwood, 2009). Yet in this study, ten of the women were confident in themselves and in their ability to start-up their own business. Nevertheless as Kirkwood (2009, p. 121) points out, "evidence supports the notion that self-confidence increased with the time an entrepreneur is in business", and all the women interviewed had been in business for more than a year.

In light of this data, inconsistency and fragmented advice and support existed across numerous agencies. There is a strong argument amongst policy-makers, RDAs and local agencies, that it is better to design mainstream programmes which are sufficiently sensitive to women's needs, making explicit women's support provision only where explicit needs have been clearly identified. The problem however was that these explicit needs were not identified when policy was formulated, which made the quality of mainstreamed enterprise policy poor, it may be that if the right kind of support is available from the right source, it will be received much more positively and performance and outcomes will be enhanced (Viswesvaran, Sanchez, & Fisher, 1999; Fielden & Hunt, 2011). Consequently, it can be deduced that services supplied by institutions do not fit the demand for assistance on the part of new entrepreneurs, thus BIS offering support measure to female entrepreneurs are too dependent upon the political cycle leading to policies, programmes and services that place more emphasis on political interests rather than efficiency and effectiveness (Veciana, Aponte & Urbano, 1999).

8.4   Women's Views: Mainstream versus Targeted Enterprise Policy

There is a debate surrounding the issue of whether women require or even need separate business support and there are mixed views as to how policy-makers should tackle this debate. This section highlights the views of the female entrepreneurs regarding whether they want or need separate business support.

The five female entrepreneurs who contacted more than one agency were forthcoming in their views of whether enterprise support should be mainstreamed or gender specific with respect to their own experiences. Their views on enterprise policy with respect to the different agencies used for business support and advice have been highlighted.

AAP used different agencies, both an agency for women only and also one that was available to everyone. She explained her experiences of both:

> *"There was no difference in treatment and I didn't feel disadvantaged. No, I wasn't treated any differently because I was a female."*

The data gathered highlighted none of the women interviewed felt or acknowledged any disadvantage in being female when they started up their business or when they sought advice and support from their local agencies. Furthermore, AAP felt that being female helped rather than hindered her business:

> *"I mean if I wanted to come into this business as a man I probably think there would be disadvantages."*

There were others who shared AAP's thoughts:

"Within holistic massage and therapies I think a male probably would have problems…a lot of women are aware that it can be difficult if you're male in the industry" (BP).

"In some ways because photography is generally a male industry…I think that's a benefit [being female] *because I offer something different especially for brides, and family portraits. People do feel more comfortable if your female"* (KR).

"I think women can have an easier relationship with clients, a more trusting one"(SM).

Due to the nature of the businesses that the women had started none experienced, or felt that they were disadvantaged because of their gender. Three women however did mention that they felt disadvantaged against due to their relatively young age by those offering advice and their customers who explicitly commented on their young age with respect to starting their own business. Therefore, rather than being disadvantaged due to their gender, some believed that age was a factor.

The data demonstrates a consensus amongst the female entrepreneurs towards the advantages of mainstream enterprise business support and advice rather than offering 'special' services to women only. The arguments put forward for mainstreaming comprised of treating women as business owners and not as women. As a counterpoint, though, women did note that female only agencies could provide an understanding of women's public and private lives and provide support and advice accordingly. Table 8.4 indicates that nine of the female entrepreneurs felt that there was no need for separate advice and support services for women, but many of them were sympathetic towards women who may need women-only offerings. There were two women in the study who sought out the female only agencies and both were of the opinion that women helping other women would be best for them and their business, as a female-focused adviser(s)

would be able to understand their lives. Table 8.4 illustrates the views expressed by the female entrepreneurs with regard to female only advice and support.

Table 8.4: Female entrepreneurs perceptions of female only advice and support

Respondent	Perceptions of female only support and advice (Not quoted in text)
AAP	"I'm not that sort or thinking that you should have a separate thing for women as I don't believe women's things being separate but I guess women probably have or they can be dealing with a lot more complications like children. So you probably do need tailored advice on that sort of thing."
AC	"I think if you're going to go into business then you will have to mix with men and women so you're going to have to get used to chatting to men but not being men."
BP	"Not really, I think…why I'm hesitating is because the line of business I'm in is female oriented but generally in business it shouldn't matter whether you're male or female really."
CBD	"To put a woman in a separate category from a man it's like saying one is greater than the other and I believe that everybody should be judged as one, if you need the help it should be equally given on your circumstances. To have charities dedicated to women, that service can be providing excellent service to a man as well but because he is a man he might lose out. You're excluding men."
IE	"I don't think it's important to separate, its good if there is an agency but there is enough agencies for mums, for single parents, but in business I don't think so...That's what I'm saying there is enough organisations out there to support mothers and single parents...But what about a man who is shy or who lacks confidence…or what about people from Africa, should they have agencies for Africans? I think there is enough agencies out there but I don't think in business it's important. I think it's the person, human and who you are."
JS	"I suppose it depends on what sort of business you do because different businesses need different policies. So you need a policy that's relevant to your business, not necessarily relevant to you just because you're a woman."
KR	"I specifically looked for a women only agency, I think business is generally, or perceived as male dominated and not just in my industry and I think there's always going to be that feeling that it's still a man's world and to be surrounded by women I think it's a little bit easier."
LB	"I never found it awkward talking in front of a room full of men or being in a training session with one, I've never found that hard because I've just gone with the determination of why I am there and what I want from it."

SB	"I think it should be for everybody because I think if you were to have one just for men then there would be uproar so I think you should have the same for women. I understand that some women find it harder to speak to men and find it easier to talk to women but I found that if you wanted to speak to a woman adviser they would put you in touch with a woman adviser and it was women running the courses anyway."
SM	"I think it's a good idea because speaking to women they can understand and when men might think 'oh she is talking about the kids again or the shopping.' It would be nice if they were mixed but I don't think there could be because men are a different breed. Men don't have the same worries as women; women have not only got a business to run, so only another woman would understand."
SV	"I think they should be treated the same. I'm just fortunate that I'm confident to do what I want to do whereas there are some ladies that need that extra help don't they, so I think for them it's nice to have that extra help. I mean when I contacted LEGI I wasn't aware that I was going to be put into a women's only agency."

Not only did the female entrepreneurs believe in mainstreaming enterprise policy, the policy-makers themselves and RDA also shared this view. It can be argued that effective institutional and a culture supportive of entrepreneurship make it possible for economic actors, in this case female entrepreneurs to take advantage of perceived opportunities (Sautet & Kirzner, 2006). Mainstreaming policies and initiatives work to cater for women's needs, it would be necessary to:

> *"Only mainstream it if there's enough flexibility in the standard offer to meet the key needs of some of the neediest groups"* (PM1:SM).

> *"There should be a person on the ground who would bring businesses into the mainstream business support and that's an idea now, sounds very simple, but it's not being replicated throughout the regions. Champions within areas who can get businesses to access mainstream support are needed"* (DH, RDA).

The approach to the delivery of enterprise support needs to be reflected in the diversity of all business clients in social and cultural terms rather than having separate focuses or a 'one size fits all' approach. It has been recognised that in some quarters, institutional effects became equated with superficial conformity (Meyer and Rowan, 1977). In other words, there has been very few resources allocated for women's enterprise but the notion of providing business support for them was part of conforming to an extent of what is expected of BIS. This demonstrates that legitimacy standards are not always conducive to efficiency (Meyer & Rowan, 1991).

8.5   Assumptions of Enterprise Policy for Female Entrepreneurs

As Chapter 4 discussed, the extant literature illustrates that female entrepreneurs face three reoccurring barriers. These are access to finance, networking, and social and cultural barriers. The female entrepreneurs who were interviewed either did not experience the barriers or overcame them with support from their families. The major

concern highlighted was the need to juggle all the different roles which the women undertook. The prominent barriers in the research literature are often what policy-makers think they are addressing with respect to female entrepreneurs. As a consequence decoupling occurs which includes management's reliance on professionals, setting vague goals, making inspection and evaluation ceremonial, and encouraging human interactions rather than formal rules to get the work done (Meyer & Rowan, 1991). Decoupled organisations will embark on displays of confidence and ceremonial inspections to demonstrate conformity with legitimising standards (ibid).

An example of such decoupling was where DB (RDA) argued the uncertainty of a policy lead was other than for box ticking and superficial reporting purposes which involved overseeing women's enterprise. Such roles were not pragmatic and often highlighted for no other reason than to gain legitimacy and affirm that work on women's enterprise was being undertaken:

> *"Well not most but half of the RDAs have women policy leads but I'm not convinced…it needs to be part of the whole mainstream…I think when you have a female policy lead, it tends to be an RDA ticking a box saying we've created this job, we've got this person focusing on women's enterprise and that's that but that poor person is not really involved in any of the mainstream enterprise policy and business support and usually just there to fill a role" (DB).*

Policy-makers face harsh criticism from those who deliver enterprise support to women:

> *"Over the last four or five years we keep reeling out the same old stuff, so when we look at enterprise policy we are still talking about women's barriers all the time, and actually you know, it's not making the difference so we should be moving onto something new"* (AR, Local Agency).

This highlights the change in direction that could take place if policy-makers opened their communication channels to local agencies delivering business support and to female entrepreneurs. The following section discusses the three barriers with respect to the female entrepreneurs in this research.

8.5.1   Financial Barriers

In this research, women did not view banks as a barrier – however it should also be noted that they did not view banks as lenders either. Only one female entrepreneur borrowed from a bank; SB went to the bank to "*get turned down*" because the Prince's Trust would have lent her money to start her business only if she was unable to get a loan from the bank. Nevertheless, to her surprise when she approached the bank, the bank offered her a loan:

> *"I bought some of the equipment myself, so I didn't need to have as much from the bank because I already had some savings" (SB).*

Moreover, CBD was happy to go to the bank if she was unable to find funding from elsewhere:

> *"I would have been fine because I have been with Barclays since I was 12 and getting funding from the bank wouldn't have been a problem. I would have asked for the same amount of money that I got from the Prince's Trust but because the interest was cheaper with the Trust it worked out."*

However, not all of the women were confident in approaching the banks. BP found that her business was unable to support her and she had to go back to work rather than go to a bank to ask for a loan:

> *"I was having a lot of trouble trying to generate my business to support myself so I had to go back to do some more contract work."*

SV had not realised how high the start-up costs would be and struggled as a result, but did not consider borrowing from the banks as an option:

> *"I couldn't understand why I needed that much money to start-up and how I was going to go about getting the cash and that was one thing that made me think whether I was going to be able to open up."*

Table 8.5 demonstrates that on the whole, the women started their businesses by using their own savings and other personal sources i.e. family support, and not via funding through lending from the banks.

Table 8.5: Finance for starting-up the business

Respondent	Financial support
AAP	Redundancy money and a £500 grant from a local agency
AC	Borrowed money from her parents and a £500 grant from a local agency
BP	Savings
CBD	Savings and Prince's Trust
IE	Savings
JS	Savings
KR	Savings and borrowed money from her parents
LB	Savings
SB	Savings and bank loan
SM	Savings
SV	Savings, family loan, a loan from Prince's Trust and £500 grant from a local agency

From the data presented in the table, it is evident that all of the women in the study invested their own money to start their business, with some receiving additional financial support from other sources. The sectors chosen by women to set up their business tend to be those where less start-up capital is required and which offers greater flexibility to work outside normal office hours (Barclays Bank, 2000). Those interviewed demonstrated a reticence of applying for bank loans as they either had negative experiences or lacked awareness as to what the bank could offer them.

When asked if they would borrow from a bank, there was trepidation in even thinking about borrowing from the bank. SM, amongst others, commented:

> *"I've never had any debt, the only debt that I have in my life is my mortgage. I don't do credit cards or anything like that. I never have done and never will."*

> *"I did get a business account and went to see the bank and they asked me how I was funding it and I didn't really want to start off in debt, I wanted to start the business off small so it paid for itself" (BP).*

> *"I didn't want to involve banks because of the repayment on that would be much greater on what I would have to repay to family" (SV).*

> *"You're not guaranteed to get income and so if I got a loan I don't think I could have paid it. I'm not stupid to put myself into a position where I can't pay. I had some money to start up and it's cost me £12,000 to £13,000 to train"* (AAP).

KR was not very happy with the service she received or how she was treated by the bank when she inquired about loans and business accounts:

> *"They* [the banks] *didn't seem that interested in a lot of ways, well some of them didn't…we were going to go with RBS as they put us into an office straight away and that was really great and we saw somebody straight away but when I ended up on my own I ended up going to Lloyds and they did the same but I was a little rushed as she was about to see someone else and just managed to fit me in."*

Also, at times, the bank did not provide the right information for business start-ups, as AAP experienced:

"This was a bank that was affiliated with the women's agency and they basically said to me that you had to have an accountant before you could open a business account. I told them it was only to pay my funding in. They said I had to get an accountant. I told them I worked in a bank for 20 years and I didn't need an accountant, I can do my own books and I'm happy to do my own books and I'm not big enough for someone else to look at them. Actually I told Michelle, my business adviser, and they changed their tune, so it's obvious someone has told them that at the main branch...I didn't go back as it put me off."

The female entrepreneurs indicated that they did not find access to bank loans to be a barrier to their business start-ups; rather, they did not approach the financial institutions, and a majority of them did not want to get into debt and preferred to use their own money (savings and borrowing from family and friends); only one had accessed a bank loan. The data collected also shows perceptions of rejection, which highlights strong links to the 'discouraged borrower theory'. It could be argued that, although some of the women had interacted with the banks, it was not necessarily for funding purposes. In addition, the banks were not as informative as they could have been towards the female entrepreneurs. It should be noted that this may be because they have a lack of knowledge with respect to lending services to SMEs rather than being labelled as gender-related issues.

8.5.2   Network Barriers

It has been argued that women suffer from a lack of networking opportunities, which in turn has detrimental effects on their business. This could disadvantage them in the initial stages and throughout the course of their business start-up and growth. The policy angle looks to address this barrier by seeking to set up workshops and meetings exclusively for women where female entrepreneurs can come together to build their networks. However, among the women interviewed, five started their business in the same area in which they had previously been employed. They took their skills, knowledge and experience and began their own business. For example,

SM introduced a work wear catalogue at her previous job before starting her business, but she took that experience and idea with her when she opened her own business in the same industry. She knew her suppliers and customers through her previous employment and she incorporated her past contacts into her own business. The example of SM illustrates that women may not require extensive networking depending on their background and employment experience.

There did not seem to be an issue of networking barriers among the interviewees; if anything, they were offered networking opportunities which they did not take advantage of:

> *"I mean they do networking events which I don't take advantage of and in terms of room for improvement it's on my part probably" (KR).*

Those who did attend the networking events were positive about them:

> *"They are very good… It's a good opportunity for me to network" (BP).*

> *"…it's thanks to the networking which is very very important" (IE).*

> *"Because there are loads of women at the networking events that have different businesses, so you know if the agency doesn't have the answer someone will have the answer" (SM).*

The women generally had a close network of family support and friends which they relied upon and the interviewees' evidence indicates that there was no perceived issue of networking barriers. If anything, they were offered networking opportunities which they did not take advantage of, as often they did not have time for networking, particularly formal networking due to family commitments. AC was very much reliant on her father's support and advice; she felt that she would have not got her business started without him. Although she did get advice from the agencies, she argued she would have been treated differently had she been on her own:

"If I had gone in on my own and said I have no business plan, I want to do this and what do I do, it could have been completely different. They would have helped me with a business plan but because we had it all set up and all we wanted was advice and confirmation that we were doing it right and everything was legal so they saw us slightly different from someone who didn't know what they were doing" (AC).

This suggests that the main support apparent from the interviewees' data on starting up their businesses came from family and friends. It would therefore appear more likely that by choosing a familiar business activity and by relying on a network of family and friends, women were perhaps subconsciously minimising the risk of the new business venture (Brindley, 2005). The female entrepreneurs commented:

"Of course it very important to have family support, family is very important" (IE).

"Basically what we did was consolidate everything and tie up any loose ends before I gave up my job. We've got a lodger who sort of covers my side of what I used to pay and my husband basically covers the mortgage and food, so you know no holidays or any of that at the moment" (KR).

"I have a very understanding husband" (LB).

With regard to support systems, evidence from the female entrepreneurs indicated that they tended to have strong supporters, in particular a spouse or a significant other, and supportive family members. Extant research suggests that women do not identify strongly with existing formal networks such as business associations or clubs, preferring to seek advice from family and friends (Robinson & Stubberud, 2009). The reasons for joining a network were mainly based around sharing experiences and life stories rather than building up a customer base or increasing their profits.

8.5.3   Social and Cultural Barriers

The dominant social and cultural barrier for women in self-employment was the family, also highlighted in the extant literature; family played an important role with the female entrepreneurs in this research. The conflict between the female entrepreneur's family (i.e. their role and responsibilities within it) and their business life became intertwined rather than being seen as separate entities by the women interviewed. Five of the interviewees were mothers and four of these mothers decided to start their business as a result of their family commitments. Children were their main reason for starting their own businesses, and spending time at home with their children was imperative for the female entrepreneurs. Three of the mothers were however single mothers and this may have been another push factor for them rather than a choice in becoming self-employed:

> *"The benefits for me personally are that I am 2 minutes away from home, I am 2 minutes away from my daughter's school and I am 2 minutes from my mum. But I find that working for myself my work-life balance has increased massively"* (SM).

> *"I had the shop but then my aunt had terminal cancer and then I was unable to have the business and look after her because family to me comes before money. So I stopped the shop and I took a year out, saved and restarted back in October of last year and its going really good"* (CB).

> *"I find that because I'm a single mum that people were telling me that I was taking on too much"* (CB).

Three of the women interviewed had chosen to set up their own business to achieve a better work-life balance as they believed that their children were their incentive in becoming self-employed. All three were happier in setting up their own businesses where they could intertwine their public and private roles together, gaining flexibility which more conventional employment may not have been able to offer them.

The informal institutions described by North (1990) include the cultural norms that determine the extent of and roles for, female entrepreneurship where the general values are placed on societal attributes to female employment and to the family. Welter and Smallbone (2008) argue that the informal institutions reflect the responsibilities and the workload that female entrepreneurs would have to cope with as well as any assistance from their environment they might expect when setting up their own business. Thus, in many countries in the world, women continue to be primary caregivers for their children and family dependents, even if they work outside the home (Amine & Staub, 2009). By defining women primarily through their roles associated with family and household responsibilities female entrepreneurship is then implicitly ascribed with lower legitimacy and institutional attitudes are affected, resulting in constraining women-led start-ups. In addition, many female business start-ups are centred on family lives where enterprise policy and its measures have failed to address this important issue as there is still no demarcation or unification of women's roles in their family and work lives.

8.6 Conclusion

These findings suggest that while governments are placing an emphasis on increasing female entrepreneurship, enterprise policies that inform and influence women are absent, indicating structural or societal considerations. The key findings of this chapter suggest that in fact, female entrepreneurs were not inclined to contact female-only agencies to provide them with business support, and this is reflected in the current enterprise support and the very few changes seen in the landscape of women's enterprise over the last decade. Therefore, what happens at the macro-level has been detached from the understandings at micro-level. In addition, the barriers faced by female entrepreneurs were either overcome or they simply did not experience them. Having said that enterprise policy measures were irrelevant, it would seem surprising given the setting up of the WETF to shape policy for female entrepreneurs was seen as a way forward for women's enterprise. The explanation lies in the composition of the Task Force and their aims, and also the importance (or lack of) given to them by civil servants.

Allen and Truman (1988) argue that entrepreneurial ideas and adherence to conventional gender roles are not appropriate for the analysis of female entrepreneurial behaviour. The socio-economic reality of women's life and different types of female subordination (social class, marital status, ethnic origin) should be considered. A local agency in this research was working on the proposition of looking at those starting up their business on the basis of their socio-economic categories, segmenting them to understand that not all individuals within a group i.e. women, are homogenous. The emphasis on homogeneity is a shortcoming of institutional theory (Welter & Smallbone, 2011) as entrepreneurs, including women respond to external pressures in different ways.

Government's aim to increase the quantity and quality of female owned businesses demands greater recognition of women at the grassroots level rather than from the 'great and the good'. Furthermore research and policy-makers often view women as a homogenous group struggling at the peripheral edge of the economy with little efforts made to differentiate between groups of women (Carter & Marlow, 2003). By identifying the heterogeneity within this group enterprise policy can meet their diverse needs. Thus policy-makers must champion female entrepreneurship by strengthening their communication channels, improving legitimacy and advocating a transparent and feasible institutional infrastructure to support women's enterprise.

CHAPTER 9

CONCLUSION

9.1   Introduction

Enterprise policy has increased in significance over the past three decades in the UK and elsewhere. This is reflected in government spending and the extensive range of initiatives provided for the SME sector. Yet, there is considerable criticism that it has not been effective in creating an entrepreneurial economy. The aim of this thesis has been to examine why this is the case. This thesis did so by focussing on the policy process. Looking first at, a) the formulation of enterprise policy at the government level, b) an exploration of the implementation process of enterprise policy by an RDA and local enterprise agencies, and c) an analysis of the perceptions and experiences of the enterprise policy users. The three research areas all aimed to contribute to an overall understanding of the contribution and the role of enterprise policy to the entrepreneurial economy, given that the review of the relevant literature indicated that there is limited knowledge on the formulation of enterprise policy.

This final chapter draws together the key issues and the conclusions that arose throughout the study and subsequently provides an overview of the findings, which contribute to the entrepreneurship field as a whole. It then outlines the theoretical and methodological contributions of the study. Recommendations for future research are put forward and the limitations of the study are revisited. The chapter closes with some concluding remarks.

The conceptual framework in Chapter 1 and the concepts within the framework which formed the relationships, guided the enquiry. The findings were based on the empirical evidence gathered through 34 interviews, from policy-makers, RDA staff, local enterprise agencies and female entrepreneurs, and from the participant observation. The relationships between policy-makers, the enterprise agencies and female entrepreneurs were intrinsically linked to one another, to the extent that each

of them played a role in the policy process which affected the other. Figure 9.1 provides an overview of the findings, summarising the conclusions.

Figure 9.1: Overview of findings

Legitimacy	→ **Environment**	→ **Actors**	→ **Institutionalisation**

Formulation → Interests (ministerial and civil servants) → Institutional entrepreneurs → **Structure of formulation**
-Policy interest
-Briefing
-Collecting evidence
-Clearing
-Announcing
-Implementing / White Paper

Implementation → Power conflicts Contractual → -Institutional entrepreneurs -Regional Development Agencies -Local Agencies → **Outcome** Ineffective business support and advice

Perceptions and experiences → Pushed / Pulled → Female entrepreneurs → **Actual effects** Minimal

9.2 Contribution to Theory

This thesis has built on the work of recent scholars who have begun to examine the subtle ways in which organisations affect rules and policies through processes of perception, interpretation, negotiation and enactment (Dacin et al., 2002). An institutional perspective allowed for interpretations into how BIS formulated and implemented enterprise policy and how the actors within such an institution behaved. Given that legitimacy is an endorsement of an organisation by social actors, the best way to understand this process was to define its key actors embedded in the formal insitution (Deephouse, 1996). It has been argued that if entrepreneurial efforts are to be allocated to productive activities, policy strategies with respect to entrepreneurship need to be tailored to the specific institutional context (Wagner & Sterberg, 2004).

Scott's (2001) three pillars of institutionalism (regulative, normative and cultural-cognitive pillars) laid the groundwork for the research, allowing it to bring together both new and old institutional ideals: "the kinds of information and knowledge required by the entrepreneur are in good part a consequence of a particular institutional context" (North, 1990, p.77). The study attempted to reconcile old and new institutionalisms by exploring both the process and those involved in the process, highlighting how institutional structures influence the outcomes of enterprise policy. In this regard, the study addresses a criticism of institutional theory which acknowledges the lack of attention given to the role of actors in creating and disseminating innovations (Lounsbury & Crumley, 2007). Encompassing the regulatory pillar, it emphasises the role of actors in initiating the change processes and illustrates the power exercised by institutional entrepreneurs in shaping the internal environment to suit their needs while introducing change to their social context. Drawing from institutional theory, this study focussed on the dynamics of the enterprise policy process both at a macro and micro-level of analysis with respect to how institutional entrepreneurs played an instrumental role in the formulation and implementation of enterprise policy.

A contribution of this study has been the identification of the process in which enterprise policy is formulated and implemented through the actions of institutional entrepreneurs. Few studies identify the individuals in the process, otherwise known as institutional entrepreneurs (Battilana, 2006). The process of enterprise policy formulation was documented in detail with the identification of six stages, illustrating the importance of institutional entrepreneurs as powerful actors who took an interest in a particular institutional arrangement (ul Hassan & Vosselman, 2010). The first stage was primarily centred on ministerial interests, although at times civil servants also had their own interests to promote. The second stage involved bringing together a team of civil servants to refine the ministerial interest and to commit time and effort in legitimising the policy interest. Stage three was concerned with collecting evidence to justify and substantiate the interest of the minister, often anecdotal evidence was presented. Stage four was the clearing stage which allowed involvement and departmental cross-cutting within government to ensure the policy interest was accepted and acknowledged, welcoming comments and feedback from individuals. Stage five involved ensuring a prestigious individual was leading the announcement agenda. The final stage involved the decision of whether the initial ministerial interest would become a deliverable and feasible policy or whether it would be published as a White Paper. More often than not, ministerial interests were prioritised and the reliance of the minister on civil servants and Private Secretaries was evident in the formulation of enterprise policy, highlighting the lack of informed policy-making that existed in BIS. Ministerial interests appeared to play a significant role throughout all six stages of the policy formulation process. This highlighted the power of institutional actors who imposed their policy interests and dictated how policy would be shaped and who would be involved in the process; their interests lay in the announcement agenda rather than building coherent and feasible enterprise policy to support the SME sector. The actors deployed resources at their disposal to create and empower arrangements which suited their ideologies and policy interests. They also brought about change whilst advancing their own agenda (Mizruchi & Fein, 1999; Dirsmith, 2007). This study returns to the 'coalface' of institutions by drawing attention to the importance of key actors, such as the civil servants, policy-

makers and the ministers themselves who are involved in the formulation of enterprise policy (Barley, 2008).

The study highlights the key role of individuals actively engaging in processes of institutional creation, maintenance, disruption, and change via the enterprise policy process (Lawrence, Suddaby & Leca, 2011). This was an on-going activity whereby actors reflected on and strategically operated within the institutional context where they were embedded. The lack of structure and taken-for granted routines enabled actions of individuals which became increasingly important and potentially more influential. It opened up considerable space for agency where self-interested actors can take action to influence the formation of rules of interaction and shape them according to their needs, interests and perceptions (Battilana, Leca & Boxenbaum, 2009).

A further contribution of this study highlights the importance of power which is clearly implicated in the political contestation to reshape institutions, but rarely examined explicitly (Levy & Scully, 2007). The data draws attention to the actors less powerful in terms of resources or legitimacy or hierarchical positioning who were excluded from the collaborative processes or were co-opted by more dominant parties or individuals (O'Toole & Meier, 2004). With the introduction of actors and agency, power became prominent by illustrating influential institutional entrepreneurs shaping processes and policy outcomes, which in previous research have been less important (Huxham & Vangen, 2005). The data reveals that the power of institutional entrepreneurs and the relationships between the actors involved in the formulation and the implementation of enterprise policy dictated the processes. The study emphasises the role of powerful institutional actors, such as ministers, civil servants and policy-makers in establishing new practices and illustrating the "potential of actors to leverage a variety of forms of power", such as influence tactics, agenda setting and "power embedded in social and technical systems" (Maguire et al., 2004, p. 675-6).

The limits, instruments and structures of power vary institutionally, but little has been acknowledged in the institutional literature with regard to this oversight. The importance of power, an aspect neglected in earlier studies of institutional theory, became apparent much more recently when institutional entrepreneurship theory re-emphasised agency during institutionalisation (Delbridge & Edwards, 2007). It became apparent that institutions appear to be rational to avoid social censorship, minimise demands for external accountability, improve their chances of securing necessary resources and raise their probability of survival (Scott, 1983). BIS were confined to *appearing* rational with the process of formulating and implementing enterprise policy, the internal workings of BIS (day-today activities), the actors and the policy process not clearly projected to the stakeholders. The lack of structure and taken-for-granted routines made the actions of individuals more important and potentially more influential, opening up the debate for agency where self-interested actors can take action to influence the formation of rules of interaction and shape them according to their needs, interests and perceptions (Battilana et al., 2009).

It was important to understand who was empowered to implement enterprise policy and to what degree they can implement it. As with the enterprise policy formulation process, there was little transparency or formal procedures within the implementation process. No structures or national frameworks were in place to guide the RDAs or the local enterprise agencies with respect to what would be delivered, how it would be delivered, or who it would be delivered to. Priority was given to fulfilling contractual needs to ensure future funding for the RDA and the local enterprise agencies. Little thought was given to the heterogeneity of the SME sector or whether the business support and advice being delivered was effective or of high quality. The implementation of enterprise policy was seen as a separate process rather than being joined up with the formulation process. It was exclusively dominated by achieving contractual targets rather than providing satisfactory business advice and support to increase the quantity and quality of entrepreneurs. There was very little, if any, collaborative processes of formulating and implementing enterprise policy, particularly in fulfilling contractual elements which were not objective,

predetermined structures but were themselves instilled with interests and power (DiMaggio & Powell, 1983).

A final minor contribution, but nevertheless a contribution to theory, comes from the study's emphasis on isomorphism. Institutional theory assumes behaviours as obvious practices among female entrepreneurs, not taking into account the heterogeneity of this specific group. The data draws attention to female entrepreneurs who cannot be labelled as homogenous in their behaviours and actions. Isomorphism within the group of female entrepreneurs highlights that certain formal institutions have not been modified in meaningful ways to account for the new status women occupy within the entrepreneurial economy, and suggests that their range of acceptable role behaviour is severely restricted. Although institutional theory attends to the deeper and more resilient aspects of social structures (Scott, 2004), it is often "in danger of forgetting that labelling a process or structure does not explain it" (Zucker, 1991, p.106). Thus, there is a link with gender and formal institutional structures with an increasing awareness that structures are gendered. This brings a significant advancement to the view reported by Ahl (2002, p. 103) that, "several studies report discrimination, but it seems to be related to structural factors rather than gender *per se*". Within institutional theory there has not yet been a conversation which discusses institutional factors relevant to female entrepreneurship or the loss of a power perspective and an acceptance of the present subordinate status of women to men (ibid). Research findings have established some significant gender differences in certain determinants of entrepreneurial activity which seem likely to be associated with the quality of institutions. Future research may wish to consider the gendering of structures that influence enterprise policy (Estrin & Mickiewicz, 2009).

Furthermore, female entrepreneurs did not place a high value on enterprise policy with respect to their own experiences. The use of enterprise policy was seen to make little, if any, difference to their business start-up, their performance or their future growth. However, they did argue that local agencies had in some ways acted as a sounding board in starting their business. Policy-makers did not recognise this element because they placed more emphasis on institutional structures than on

policy. Rather than a matter of collaboration, the relationship between government and female entrepreneurs was predominantly perceived as a matter of lobbying and pressure politics from those actors embedded within the formal institution (Hillman, Keim & Schuler, 2004).

To conclude, this research affirms the relevance of institutional theory to the study of enterprise policy process, and argues for further research using this theoretical lens to understand the intricacies of such processes, structures and actors. Previous institutional research has focussed on how institutions operate, are structured and relate to each other at the macro-level, but the experiences of the actors, and specifically the connection between experiences and institutions that structure and are structured by it, has been somewhat lost within the theoretical ideologies (Lawrence et al., 2011). The theoretical contribution of this study was to explore the processes identified at the macro-level (the formulation and implementation of enterprise policy) used to explain processes and outcomes at the micro-level of analysis (the behaviours and actions of actors).

9.3   Methodological Contributions

Researchers are coming to realise that the domain of entrepreneurship is "ripe for methodological innovation and development" (Corner & Pavlovich, 2007, p. 291), and many have argued that positivist approaches are no longer sufficient to capture the richness and complexity of the phenomena (cf. Coviello & Jones, 2004). Hence, a qualitative approach was used to examine individual experiences and behaviours and to undertake a study which was exploratory and aimed to discover information on a relatively new topic (Ghauri & Grønhaug, 2005). Ethnography was chosen as an appropriate methodology in order to get closer to participants in naturally occurring settings and everyday contexts (Atkinson, 2001; Brewer, 2000; Hammersley and Atkinson, 1994). An ethnographic approach views political institutions as *organisations*, and can be used to understand how they work and how they might shape political behaviours (Busby, 2011). Hence, an ethnographic approach had

much to offer by exploring everyday functions and the way organisational culture sustains groups and practices.

The methodological contribution of this study lies in capturing the mundane, the routine, and the taken-for-granted processes. Ethnography provided depth and nuance to official accounts of policy-making, which has hitherto been unexplored in the entrepreneurship field. Rather than assuming that policy is a linear and stable process as advocated by the *'Green Book'* (HM Treasury, 2005), the data allowed for an in-depth, accurate and realistic approach to understanding how enterprise policy is really formulated. The aim of the study was to produce an 'insider' oriented account through the active involvement of the researcher within the organisation (Hammersley & Atkinson, 1995). The focus therefore, was on understanding processes which captured "the full range of data nuances and conditionality", especially when decisions were actually being made (Mason & Rogers, 1997, p. 31). Few empirical studies have approached policy-making as a practice and little is known of the daily lives, choices and practices of the individuals involved. Following Bevir and Rhodes' (2003, p. 82) insight that governing institutions themselves are products of the "diverse beliefs and actions" of their inhabitants (members), this research employed in-depth interviews and ethnography to understand the realities of civil servants and policy-makers within a government department. Ethnographic approaches enabled insights into the daily working lives, patterns, cultures, personalities and priorities of those who were at the heart of enterprise policy-making. Ethnography allowed for rich explorations of the everyday and apparently mundane practices of civil servants, to give a 'bottom-up' account of how policy is formulated and implemented. Participant observation uncovered some of the tacit knowledge which would have otherwise remained unknown and unobserved.

An ethnographic approach enabled the discovery of insider perspectives on political and social life and ground-level processes involved therein (Bayard de Volo and Shatz, 2004). As such, an insider perspective on processes and actors contributed to this research in three ways. Firstly, because of the importance placed on actors and

agency, ethnography allowed the researcher to uncover, rather than assume individuals' motivations and behaviours, highlighting their influence on the policy process. Secondly, insider viewpoints explained behavioural outcomes. This was seen when the daily interactions of policy-makers and civil servants framed their policy interests and policy goals with stakeholders. Finally, insider accounts allowed the exploration of the actors' interests and how these influenced behaviours (ibid). Ekanem and Smallbone's (2007) study undertook insider accounts where empirical evidence was gathered from repeated interviews, giving an insight into the *process* of investment decision-making. The focus on processual issues was replicated in this study which sought to explore the *process* of enterprise policy. As this study was based within a formal institution, the behaviour of entrepreneurs was influenced and shaped by the appropriateness and operation of formal institutions (Welter & Smallbone, 2011). In conclusion this study has brought attention to the ethnographic method for the domain of entrepreneurship, specifically for the policy arena. It holds potential to offer new insights in interpreting and gaining a greater understanding of the processes and the actors involved at both the macro-level and the micro-level in the field of enterprise policy.

9.4   Recommendations for Future Research

From a broad perspective, this research recognised that there was not a formal enterprise policy process and the existing ad hoc processes were poorly understood not only by those involved in the formulation, but also by those who then implemented and experienced enterprise policies. Policy-makers need to showcase their processes not only for feasibility and validity reasons but also to increase the levels of awareness and legitimacy that enterprise policy requires.

Furthermore academic literature and government materials are mainly focussed on the impacts of the policy initiatives. Areas of the process of policy formulation have been discussed by some authors (Peters, 1986; Linder & Peters, 1990; Parsons, 1995), but it is vital that research continues to try and understand the formulation of enterprise policy in a context that allows the research to examine the institutional

structures and capabilities, as this still remains an underdeveloped area of analysis. To build on this body of work and build on the research, longitudinal research should be employed, ideally using ethnographic methods to capture the social meanings of policy-makers, local agencies and entrepreneurs. This allows real-time study of samples of emerging policy activity (Davidsson, 2003), and allows policy-makers to become more reflective in their processes, as well as in their reporting mechanisms. The following section sets out numerous recommendations for government.

9.4.1   Formulating Enterprise Policy (Regulative Pillar)

Scholars and policy-makers of enterprise policy focus on the implementation and measurement of policies, yet the formulation of enterprise policy has received little attention. Government is called upon to argue their case (strongly) and with evidence to support the need for such policies. The formulation of enterprise policy must be laid bare to the public, not in accordance to how enterprise policy *should* be formulated but how it *is* formulated.

Rather than adding to the 'patchwork quilt' of policies, definitions of enterprise policy should be outlined in a government document such as a strategy paper or a White Paper to explicitly define key terms and objectives (Storey, 2005). This will allow for those involved to follow guidelines and adhere to specific policy objectives, rather than tailoring enterprise policy in accordance to individual interpretations.

The current formal process for formulating enterprise policy is non-existent; therefore what is needed is a holistic approach where greater integration of government departments and alignment of objectives is encouraged. This can be achieved by mainstreaming enterprise policies where active support and involvement from the delivery partners is required and a clear link between government provision and support of advice and information is demonstrated.

Accountability needs to be recognised as this can ensure the effectiveness and capabilities of the policies being formulated. This can be achieved by ensuring that ministerial responsibilities are transparent and allow ministers to seek advice and information out with their Private Secretaries and civil servants. Academic scholars need to be accepted within government departments at a much more sophisticated and higher level and work with and between departments in a more proactive manner. Civil servants must also be held accountable for their arguments and actions; where there are conflicting, unclear and confusing objectives, these can be clarified by knowledge exchange and creating better relationships with stakeholders at a more formal level. The creation of formal structures of communication with key stakeholders such as the Confederation of British Industry and the Federation of Small Businesses is of increasingly vital importance as RDAs no longer exist. In addition, lack of communication leads to misunderstandings as to what enterprise policy consists of, what it looks like and what it is constituted by. Key individuals from each organisation should be tasked with formally building and networking with each other.

Policy-makers need to address the issues related to fostering entrepreneurship within a realistic and coherent framework. The need to identify the key factors driving entrepreneurship, with the view of making enterprise policy more efficient and effective, is crucial. There is also an increasing amount of robust empirical data (i.e. Business Register and Employment Survey[33], Labour Force Survey) of firms involved in the economy; a step forward would be to link the development of new theoretical approaches to empirical observations (Massey, 2006), for which the data is readily available. Government also needs to strengthen their evidence base by using information available to them. Information from financial institutions, other government departments and the academic arena is available and setting targets and aligning business support and advice from such information will help their efforts in formulating enterprise policy. There is the potential for policy decisions to be better informed by available evidence than has often previously been the case.

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[33] The Business Register and Employment Survey (BRES) replaces two existing surveys, the Business Register Survey and the Annual Business Inquiry - Part 1.

Ministers, senior civil servants and various high level entrepreneurs drafted in by government need to reflect on what their input to formulating enterprise policy actually is and how they intend to make an impact. Making the process transparent will allow those involved to legitimise and publicise their role and responsibilities in formulating enterprise policy.

The issues of social equality and economic efficiency give rise to enterprise policy concerns of how to develop strategies to counteract any identified gender disadvantages. Therefore, effective enterprise polices and support initiatives require greater communication between policy-makers and the target population (Forson, 2006). There is very little (if any) evidence of a bottom-up approach to formulating enterprise policy and there needs to be a vital link between those formulating enterprise policy and those who are essentially the end-users (female entrepreneurs). Lobbying groups and membership bodies exist who voice the concerns of the small businesses, but there must be a direct link if enterprise policy is to make any noticeable differences in raising the numbers and success levels of female entrepreneurs.

9.4.2   Implementing Enterprise Policy (Normative Pillar)

With respect to recommendations for implementing enterprise policy, it is of utmost importance that a national framework for the delivery of policy initiatives is outlined. The delivery of business support is highly dependent upon achieving contractual obligations and preserving funding, rather than on the quality of business support. A national framework would assist enterprise agencies to deliver to their best capabilities in accordance to their local SME community, and not only deliver to meet targets set at national level.

Regular monitoring and evaluation of policy initiatives is required, not only to develop a better understanding of their influences and impacts but also the need to benchmark and to assess the wider impacts. Formal measuring and evaluating mechanisms are required and should be incorporated at the formulation stage.

Mechanisms should be able to measure short-term, medium-term and long-term objectives, indicating the effectiveness of the policies.

Devolving power to local regions should also be considered to allow civil servants to gauge a better understanding when formulating and implementing enterprise policy. Responsibilities and more power will allow for a wider understanding and higher quality of delivery of enterprise policy if local level stakeholders are allowed the flexibility to deliver what is needed in their local area instead of what government *thinks* is needed in general.

9.4.3   The Users of Enterprise Policy (Cognitive Pillar)

As the literature indicates, there has been very little change in the number of women business owners in the UK over the last 20 years; there are also very few women starting or growing their businesses. A new direction is needed, where advice and support should be made readily available and to suit the individual entrepreneur.

Government should provide quality support and advice and encourage female entrepreneurs to see themselves as business owners and strengthen legitimacy. This can be done by a reconciliation of family and business commitments by providing care facilities such as cheaper, more accessible and high quality services for children to encourage women to start and expand their businesses. This would allow flexibility in the workplace where they will be able to concentrate on their businesses. Also, policy-makers need to view female entrepreneurs as a heterogeneous group, taking into account the different factors as seen in Chapters 4 and 8, influencing women's experiences and decisions with respect to their business start-ups and growth.

More female entrepreneurs could be promoted in the media; positive images of female entrepreneurs can bring the diverse nature of their businesses into the public arena. The enterprise culture amongst women needs to be strengthened by

encouraging a greater sharing of information and experiences among female entrepreneurs as well as amongst support agencies.

9.5   Limitations of the Research

While this study makes some useful contributions as with any empirical research there are inevitably limits. There are three key limitations of this research. Firstly, the background of the senior policy-makers could have been researched, questioned and incorporated into the interview – a step which would have been feasible in hindsight. This would have allowed the researcher to understand how the policy-makers were previously informed about enterprise, allowing linkages to be made with their prior knowledge and understandings with their present positions. Secondly, female entrepreneurs who did not seek advice or support from local agencies could have been interviewed as a 'control' context and a comparison to those female entrepreneurs who had used the available advice and support from their local agencies. This would have allowed a wider scope for understanding whether there were any major differences or similarities as to how they set up their business in the same region. Lastly, the small sample size of the entrepreneurs did not allow for generalisations to be made. However, the limits of the study as stated here did not affect the development of theory or the rich data gained.

9.6   Concluding Remarks

The efforts generated from this study contribute to an increased understanding of the process of enterprise policy. The data have indicated that enterprise policy is formulated and implemented in an ad hoc manner. Throughout the thesis it has been impossible to ignore the issues of the primacy of announcements and ministerial interest which set the environment for formulating enterprise policy. This in turn led to poor execution of enterprise policy initiatives with little influence of such policy on the users. Shibata (1998, p. 4) argues that for effective policy to succeed "policy

choices need to be based on realistic thinking – starting from what can be done and fixing the fundamental problems."

Even with the publication of the '*Bigger, Better Business: Helping small firms start, grow and prosper*' (2011) promising important changes to the way advice and support is provided, very little is known how government brought this paper together, what evidence was used and how the initiatives will be delivered and measured, highlighting the same obvious problems as their predecessor. If the government wants to achieve their aims of closing the productivity and enterprise gap with for example, their American counterparts, current enterprise policies need not only to be continually examined, renewed, revitalised and discarded (if necessary), but also to be harnessed from the very early stages. At the very least, government must make entrepreneurship rewarding and easy to pursue (Acs & Szerb, 2007).

While many critics have focused attention on the ineffectiveness of enterprise policies introduced over the past decades in the UK, this thesis has focused on the relatively unseen 'back-office' function of policy formulation and implementation. Focusing attention on the 'back-office' processes and actors formulating policy provides a fresh view as to why so many enterprise policy initiatives have proven to be ineffective. Concentrating attention on the process of formulation of enterprise policy and not just on evaluation will help ensure greater transparency and hence, ultimately improve the effectiveness of enterprise policy. This thesis has highlighted the intricacies of the enterprise policy process and also how this process is then perceived and experienced by the users. But the findings echo Acs and Szerb's (2007, p.112) point that there is "no such thing as entrepreneurship policy per se – only *policy in an entrepreneurial economy.*"

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APPENDICES

Appendix 1: Enterprise Policy in the UK 1930s – 2000s

Year	Action	Description	Funding (if known)
1930s	Industrial Transference Board (1928)	Relocate unemployed workers to more prosperous areas in the UK	
	Special Areas Act (1934)	Sought to alleviate the plight of 4 depressed areas (Clydeside, South Wales, Durham and Tyneside and West Cumberland)	
	Special Areas Reconstruction Association (SARA)	Loan fund designed to support small enterprises	£2 million
	Nuffield Trust (1937)	For businesses that were seeking to create employment in depressed areas	£2 million
1940s	The Beveridge Report (1942)	Proposed that all people of working age should pay a weekly *national insurance* contribution	
	The Barlow Report (1944)		
	Nationalisation	Airlines (1946)	
		Telecommunication and coal (1947)	
		Electricity, buses, ports and railways (1948)	
		Gas (1949)	
	Government attempts to redress evident regional imbalances in the UK.	Manufacturers were told where to locate	
		Providing tax allowances on capital depreciation to encourage investment	
		Setting up schemes to support small businesses (Industrial and Commercial Finance Corporation)	
		Setting up schemes to support large businesses (Finance Corporation for industry)	
1950s	Government intervention	Launching Aid	Support provided to the aircraft industry

		Reconstruction aid to help rationalize the industry i.e. cotton industry	£747 million
1960s	Regional policies	Nine new towns introduced	
		Increase in sectoral subsidies	
		Employment premiums designed to subsidies jobs in depressed areas	
		Investment incentives	
	Expenditure towards 'civilian projects'		
	Picking winners	Spatial specialisation and rationalisation in particular sectors (e.g. steel and chemicals)	
	Merger activity was intense		
1970s	UK government starts to deregulate the economy		
	The Bolton Reports (1971)	Recognised small business and the disadvantages that they face	
	Small Firms Service	Centres set up to signpost and support information needs of post start-up enterprise	
	Wilson Committee (1979)	Investigate, amongst other things, mechanisms for bridging the 'finance gap' through provision of loan guarantee and investment incentive schemes	
	Confederation of British Industry	Set up a scheme to support former steel workers into self-employment	
	Council of Small Industries in Rural Areas (CoSIRA)	Set up a scheme to support former steel workers into self-employment	
	Department of Industry	Set up a scheme to support former steel workers into self-employment	
	British Steel	Set up a scheme to support former steel workers into self-employment	
1980s	Enterprise Allowance Scheme (1983)	Unemployed people were given a benefit of £40 a week for a year	£1,777 million
	Small Engineering Firms Investment Scheme I (1982)	To stimulate the investment by small engineering firms in the UK in certain types of advanced capital equipment.	£30 million
	Small Engineering Firms Investment Scheme II (1983)	To stimulate the investment by small engineering firms in the UK in certain types of advanced capital equipment.	£100 million

		Urban areas in which capital tax allowance and development tax relief was offered	£301 million
	Enterprise Zones		
	Small Firm Loan Guarantee	Overcome finance gaps	£271 million
	Business Expansion Scheme	To give full qualifying tax relief on investments in new unquoted companies	£543 million
	Consultancy Initiative	Increase the use consultancy services by SME owners	£275 million
1990s	Managing into the 90s	Sought to improve the provision of business services to smaller enterprises	
2000s	Enterprise Grants	Introduced in England	£112 million (2000/04)
	Selective Finance for Investment for England (Scotland and Wales)	This scheme replaced the Enterprise Grants	
	SMART/SPUR	Replaced Research & Development grants	£570 million (2000/04)
	UK High Technology Fund	Venture capital fund	£126 million
	Regional Venture Capital Funds		£74 million (2004)
	Early Growth Fund		£8.5 million
	Higher Education and Innovation Fund		£178 million (2007/08)
	Improving opportunities for disadvantaged groups	Business Volunteer Mentoring	£0.9 million
	Phoenix Development Fund		£30 million
	The Community Development Finance Institutions		£43.5 million
	Introduce the aim that 25% of government contracts will be awarded to Small and Medium sized Enterprises (SMEs)		
	Enterprise Finance Guarantee for the next four years		£2 billion

Source: Adapted from Greene et al. (2007).

Appendix 2: Interview Guides

POLICY-MAKERS

Objectives, Policies, Programmes and Structure

1. What do you understand by 'enterprise policy'?

2. What is your enterprise policy development process? Is there are a formal process in place? Ad hoc process? Who oversees the process from start to finish?

3. What is the structure in the government for identifying enterprise-oriented policies? How is responsibility delegated within the departments? How is co-ordination managed?

4. Do you have specific policies in place to encourage people to become entrepreneurs (or self-employed)?

5. What are the major policy objectives? What are the major programme elements?

6. What are the major policy measures? How do you measure the impact of your policies, programmes and approaches? What are the performance indicators? How and who determines what are the most important indicators? How do you collect performance data? What is the reporting mechanism?

7. What in your opinion would be the ideal structure for developing and delivering the SME and entrepreneurship agenda in the country and within regions? What would the key success factors be, based on your experience and knowledge?

Entrepreneurship Focus

1. How important is the creation of new business to the economy? Or to the government agenda?

2. How much government policy and programme focus is on strengthening existing as opposed to encouraging people to become entrepreneurs and to start new businesses?

3. What, according to you, are the major economic benefits and spin-offs to a high level of entrepreneurial activity in the economy (i.e. to a high business start-up rate)? What are the major drawbacks (if any)?

4. How was the White Paper, 'Enterprise: unlocking the UK's talent' (2008a) put together?

5. How do you think that the White Paper, 'Enterprise: unlocking the UK's talent' (2008a) will assist entrepreneurs and the economy? Is there an effective way to measure the outcomes of this White Paper? If so, how will the recommendations be measured?

6. What are (what should be) the major elements of a policy orientation towards the development of an entrepreneurial society?

Gender Focus

1. Is gender seen as a distinct element in formulating enterprise policy?

2. What specific methods or activity is carried out to include gender in the formulation of enterprise policy? How does gender play a role in policy-making?

3. How is policy for women developed? Do you find enough disaggregated data on female businesses/entrepreneurs to make sound policy-making decisions?

4. How important is communication between policy proponents and the target population? How is communication made and maintained?

5. How is support developed by the enterprise policies for women?

6. How are gender-based policies and support initiatives evaluated?

7. Should enterprise policies and support for women be explicitly provided as a separate programme or mainstreamed as part of standard enterprise policies and business programmes?

Implementation

1. What is the primary structure for delivering these policies and programmes to RDAs?
2. Do the original aims of enterprise policy differ from the aims that are delivered by RDAs?
3. How will the White Paper be delivered to the RDAs?
4. Who communicates enterprise policy to RDAs?
5. How is the implementation overseen and by who?

REGIONAL DEVELOPMENT AGENCY

Objectives, Policies, Programmes and Structure

1. What do you understand by 'enterprise policy'?
2. Are standard category definitions of enterprise policy, entrepreneurship policy and SME policy adequate from your understanding?
3. What is your enterprise policy development process? Is there are a formal process in place? Ad hoc process? Who oversees the process from start to finish?
4. What is the structure in the government for identifying enterprise-oriented policies? How is responsibility delegated within the departments? How is co-ordination managed?
5. What are the major policy objectives in the RDA? What are the major programme elements?
6. What are the major policy measures in the RDA? How do you measure the impact of your policies, programmes and approaches? What are the performance indicators?
7. How and who determines what are the most important indicators nationally, regionally and locally? How do you collect performance data? What is the reporting mechanism?
8. Does policy pay too much attention to ends and outcomes and too little to the limitations imposed by resources and attainability in the RDAs?
9. What in your opinion would be the ideal structure for developing and delivering the SME and entrepreneurship agenda in the country and within regions? What would the key success factors be, based on your experience and knowledge?

Entrepreneurship Focus

1. How important is the creation of new business to the economy? Or to the government agenda?
2. How much government policy and programme focus is on strengthening existing as opposed to encouraging people to become entrepreneurs and to start new businesses?

3. Do you know how the Strategy Paper, 'Enterprise: unlocking the UK's talent' (2008a) was put together?

4. How do you think that the Strategy Paper, 'Enterprise: unlocking the UK's talent' (2008a) will assist entrepreneurs and the economy? Is there an effective way to measure the outcomes of this White Paper? If so, how will the recommendations be measured?

5. What are (what should be) the major elements of a policy orientation towards the development of an entrepreneurial society?

Gender Focus

1. Is gender seen as a distinct element in formulating enterprise policy?

2. What specific methods or activity is carried out to include gender in the formulation of enterprise policy? How does gender play a role in policy-making?

3. How is support developed by the enterprise policies for women?

4. Do you find enough disaggregated data on female businesses/entrepreneurs to make sound policy-making decisions?

5. How are gender-based policies and support initiatives evaluated?

6. How important is communication between policy proponents and the target population? How is communication made and maintained?

7. How do most people affected (or your delivering agencies) perceive enterprise policy?

8. Should enterprise policies and support for women be explicitly provided as a separate programme or mainstreamed as part of standard enterprise policies and business programmes?

Implementation

1. How is enterprise policy translated and understood from central government to RDAs?

2. What is the primary structure for delivering these policies and programmes to RDAs? Who communicates enterprise policy to RDAs?

3. Do the original aims of enterprise policy differ from the aims that are delivered *to* RDAs from central government and *by* RDAs to local agencies?

4. For example, how was the Strategy Paper delivered to the RDAs?

5. How do those who you work with to deliver enterprise policy value existing enterprise policies?

6. How is the implementation overseen and by who?

7. What constraints operate within the RDA to inhibit how policy is implemented?

8. Are there policies of other bodies or departments that conflict in practice or in principle with enterprise policy?

9. Can policy be generated from existing notions of what should be and what is desirable, for example from the bottom-up rather than always from top-down?

LOCAL ENTERPRISE AGENCIES

Objectives, Policies, Programmes and Structure

1. What do you understand by 'enterprise policy'?

2. Are standard category definitions of enterprise policy, entrepreneurship policy and SME policy adequate from your understanding?

3. Do you understand the enterprise policy formulation process? If so, could you please talk me through it?

4. What are the major policy objectives in the agency? What are the major programme elements?

5. What are the major policy measures in the agency? How do you measure the impact of your policies, programmes and approaches?

6. What are the performance indicators?

7. How and who determines what are the most important indicators nationally, regionally and locally?

8. How do you collect performance data? What is the reporting mechanism?

9. Does policy pay too much attention to ends and outcomes and too little to the limitations imposed by resources and attainability in the local delivery agencies?

10. What in your opinion would be the ideal structure for developing and delivering the SME and entrepreneurship agenda in the country and within regions? What would the key success factors be, based on your experience and knowledge?

Entrepreneurship Focus

1. How important is the creation of new business to the economy? Or to the government agenda?

2. How much government policy and programme focus is on strengthening existing as opposed to encouraging people to become entrepreneurs and to start new businesses?

3. Do you know how the Strategy Paper, 'Enterprise: unlocking the UK's talent' (2008a) was put together?

4. If so, how do you think that the Strategy Paper, 'Enterprise: unlocking the UK's talent' (2008a) will assist entrepreneurs and the economy? Is there an effective way to measure the outcomes of this Strategy Paper? If so, how will the recommendations be measured?

5. Has the Strategy Paper had any impact on your agency?

Gender Focus

1. Is gender seen as a distinct element in formulating enterprise policy?

2. What specific methods or activity is carried out to include gender in the formulation of enterprise policy? How does gender play a role in policy-making?

3. How is support developed by the enterprise policies for women?

4. Do you find enough disaggregated data on female businesses/entrepreneurs to make sound policy-making decisions?

5. How do the women perceive the business support that you provide?

6. How are gender-based policies and support initiatives evaluated?

7. How important is communication between policy proponents and the target population? How is communication made and maintained?

8. Should enterprise policies and support for women be explicitly provided as a separate programme or mainstreamed as part of standard enterprise policies and business programmes?

Relationships

1. How would you describe your relationship with your RDA and Business Link?

2. Do you have any contact with BERR?

3. What improvements if any in communication could be made?

Implementation

1. How is enterprise policy translated and understood from central government to RDAs to you as a delivery agency?

2. What is the primary structure for delivering these policies and programmes to local agencies? Who communicates enterprise policy to local agencies?

3. Do the original aims of enterprise policy differ from the aims that are delivered *to* RDAs from central government and *by* RDAs to local agencies? For example, how was the Strategy Paper delivered to the RDAs?

4. How do those who you work with to deliver enterprise policy value existing enterprise policies, especially the females?

5. How is the implementation overseen and by who of these programmes and policies?

6. What constraints operate within the agency to inhibit how policy is implemented? And then in turn support delivered?

7. Are there policies of other bodies or departments that conflict in practice or in principle with enterprise policy?

8. Can policy be generated from existing notions of what should be and what is desirable, for example from the bottom-up rather than always from top-down?

FEMALE ENTREPRENEURS

Female Background

1. Name?
2. Age?
3. Area?
4. Education?
5. Marital Status?

Business Background

1. What year did your business start trading?
2. Was your firm established as:

    - A spin-off from an existing business?
    - A management buy-out?
    - A merger with, or purchase of, existing firm(s)?
    - A completely new start-up?

3. Who is the majority owner/shareholder of your business?
4. How many employees do you have?
5. Why start a business?
6. Are you happy with your business?
7. What are the future plans for your business?
8. Which management qualities do you regard as most important in successfully running a small independent business?
9. Have you experienced any particular difficulties/challenges in starting a business?
10. Do you feel you have experienced any disadvantages in starting and growing a business because you are female?
11. Do you feel you have experienced any advantages in starting and growing a business because you are female?

Advice, Support and Funding

1. Did you contact anyone when you were trying to set up your business? If so, who did you contact?
2. How did you find out about them?
3. What advice, support or funding did they provide?
4. How involved were they in assisting you to start up your business?
5. In hindsight could you have done without their help?
6. If you needed advice, support or funding now or in the future, would you go back to the same agency?
7. What was the best part of what you gained by contacting an agency?
8. What was the worst part that you could have done without by contacting an agency?

Women's perceptions and experiences of enterprise policy and support

1. Do you know of any government policies or programmes from the past or at present that are being provided for women who are starting up their business or are wanting to expand their business?
2. Should women have separate business support programmes to help them with setting up their businesses or expanding existing businesses? If no, why not? If yes, why so?
3. Should all programmes be mainstreamed and each individual taken as just that rather than being gender oriented?
4. What policies or programmes should be introduced by the government for people (especially women) who would like to start their businesses or grow their businesses?

Appendix 3: Consent Form

University of
Strathclyde
Glasgow

I volunteer to participate in fieldwork conducted by Norin Arshed from Strathclyde University. I understand that the study/research is designed to gather information about the formulation of enterprise policy.

1. My participation in this research is voluntary. I understand that I will not be paid for my participation. I may withdraw and discontinue participation at any time without penalty.

2. I understand that most interviewees will find the discussion interesting and thought-provoking. If, however, I feel uncomfortable in any way during the interview session, I have the right to decline to answer any question or to end the interview.

3. Participation involves being interviewed by Norin Arshed from Strathclyde University. The interview will last approximately 60 minutes. Notes will be written during the interview. An audio tape of the interview and subsequent dialogue will be made.

4. I understand that the researcher will not identify me by name in any reports using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.

5. Faculty and administrators from my campus will neither be present at the interview nor have access to raw notes or transcripts. This precaution will prevent my individual comments from having any negative repercussions.

6. I have read and understood the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.

7. I have been given a copy of this consent form.

Please print your name: _____

Signature: _____

Date: _____

For further information, please contact me or my Supervisor:

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Appendix 4: Diary Abstract

7th October 2009

The day started with a very early meeting of the Olympics event in December. This meeting was with the local agencies involved in helping to deliver the conference – I was unsure what to expect as I had not yet met with the BIS team dealing with the Olympic conference and was sent to the meeting with very little information. The meeting was informative and very specific as to what the local agencies were wanting from the conference. My next stop was a meeting at BIS with SC5:MM and SC6:JM who were leading on the Olympic event. I updated them both on my previous meeting with the local agencies and then asked to be updated as to BIS's objectives and plans for the conference. SC5:MM and SC6:JM have a very different idea to what this event will look like and who it will target, I suggested that a meeting should be set up with the leading local agency to discuss what was expected of me for the conference, what the objectives were, who the target audience was and what the plan of action was - agreed by both SC5:MM and SC6:JM and will go back to my desk to set up the meeting ASAP.

Commentary

My day was spent trying to understand what was expected of me in regards to the Olympics event, trying to get people together for a meeting along with trying to get my head around what the conference was about for whom. All I gathered today was that both ODA and BIS have very different ideas as to what the Olympic conference will be about and who the target audience will be. BIS are financing the conference so therefore should be taking a lead role, my job role has been established as the co-ordinator and planner for the event. Basically, SC5:MM and SC6:JM will take a backseat, let me run the show and if there are any problems they will get involved. I did manage to draw up a to-do-list with them and allocated what needs to be done and who will be doing what which they both seemed happy to run with.

8th October 2009

Today there were very high tensions in the team because stakeholders are getting a little frustrated and calling the team in regards to Mandelson's speech for the Lancaster House event where they want to know the responses to the Task Force reports. The stakeholders are keen to know what is in the speeches so that they are not surprised at any of the announcements made by Mandelson – they want to know so RDA's aren't made to look stupid, as I was told by a senior civil servant. But overall, the people at BIS so far seem to be co-operative and more than willing to help, assist in tasks and jobs concerning the Lancaster House event, even with the stakeholders constantly calling and being aggressive towards some of the civil servants.

Commentary

I had difficulty in understanding why the stakeholders and agencies have such bad manners and aggression towards the civil servants. BIS is their paymaster but what I am seeing is that the civil servants having very little respect from the stakeholders and agencies. Also, I was unsure as to how 'announcements' or recommendations for reports was taken forward, after asking CS1:JM I understood that there is a 'clearing' procedure.

The process for responding to recommendations/reports -

- answer/correct them
- internally clear them
- Minister's office and Minister clears it
- other departments then clear it via Cabinet Office
- published
- public domain

Tree Node	Sources	References
Accountability	3	3
Aspire Fund	5	6
Business support	25	42
Local agency support	10	20
Worst part of contacting agency	6	7
Repetition of advice and support offered	4	6
Support versus funding	11	13
Thoughts on business support	9	18
Thoughts on women only business support	7	10
Word of mouth for local agencies	4	5
Central government	34	76
Confusion and uncertainty of outcomes	3	4
Constraints	4	7
Contracts	21	41
Contradictory	4	4
Culture	7	9
Deadweight	2	2
Different regions, different interpretations	6	7
Enterprise education	6	7
Entrepreneurs	5	8
Existing businesses versus Start-Ups	16	30
Female Entrepreneurs	174	227
Financial pressures	2	4
Funding	22	33
Gender aspect	63	108
Language barriers	3	3
Legitimacy	1	2
Lip service	2	3
Media influence	3	5
Ministers	24	39
Money versus deliverables	2	2
More information needed	4	6
Networks	6	8
Outputs	11	12
Policy formulation	50	110
Policy measures	42	83
Positive feedback for agencies	1	2

Tree Node	Sources	References
Power struggles	52	86
Relationships	70	120
Social enterprise	3	3
White Paper (March 2008)	6	9
Targets	18	27
Task Force	4	10
Transparency	4	6
US comparisons	4	11
Women's Business Development Agency	6	17

Appendix 6: Meetings at BIS (October 2009 – December 2009)

Date	Time	Meeting theme	Meeting description	Additional information
05/10/2009	1600	Celebrate Diversity in Business event EMBTF and WETF	Discussion on announcements for the 'Celebrate Diversity in Business' event - data aggregation, barometer for ethnic minorities, talk of negative press, involve Harriet Harman for positive influence and encourage bank participation. Lord Mandelson should sound positive and non-patronising.	Brain storming of what announcements could be made. No discussion on the recommendations to link with responses.
06/10/2009	1500	Follow up meeting for Celebrate Diversity in Business event - EMBTF and WETF	Announcements to include procurement, data, finance and representation of businesses. Question of what the narrative and style of speech - committed, empowering people, BIS implementing the responses?	Box ticking as to what should be covered in the announcements.
07/10/2009	0930	Olympic Diversity event	Meeting with local agencies (women's organisations) to set objectives of the event, how the event run will, who should be invited, who will lead the event, speakers for the event, what databases will be used to send out invitations and what is the top line message being announced.	Brain storming of what the event should look like and the logistics of the event.
07/10/2009	1430	Olympic Diversity event	Updated SC5:MM and SC6:JM of this morning's meeting with the local agencies and allocated the tasks that need to be carried out.	Same event, two different objectives.
09/10/2009	1430	Teleconference with both RDAs - Celebrate Diversity in Business event	Teleconference with both RDAs in regards to updating them the event and responses.	Very little said by BIS as confidential information in regards to the responses and speech. BIS ensuring that everyone was 'singing from the same hymn sheet'.
13/10/2009	0900	Role models for enterprise	Discussion on whether a local agency can give information to BIS in regards to role models for Lord Mandelson's speech. Also, recommendation of enterprise ambassadors may be feasible to discuss further. Hartlepool is an area that Enterprise UK may want to focus on as this was Lord Mandelson's ex-constituency.	Mixed signals as to what BIS want from the local agency and what the local agency can offer BIS.

14/10/2009	1530	Core meeting - departmental meeting	Discussion on the 3 hot topics - BIS values, promoting innovation (working with the innovation team) and hot topics that the team want to discuss (pay, redundancies, department exclusion and HR/IT intranet).	General catch up with the 4 different teams within the department. Airing thoughts and views of the department and its work.
15/10/2009	1000	Teleconference with both RDAs - Celebrate Diversity in Business event	Both RDAs want the responses to the recommendations, they have also changed the recommendations that were given to BIS so want responses to be changed as well. Adamant that they need to know the responses to prepare their CEO. They also wanted to know who would implement these responses and measure their impacts.	RDAs adamant that they should see the responses and alter the recommendations accordingly or vice versa. CS1:JM reiterated that they cannot release any information at this moment in time and no changes to the responses will be made as the responses have been finalised and cleared.
15/10/2009	1100	Olympic Diversity event	Catch up discussion.	
15/10/2009	1600	Celebrate Diversity in Business' event	Communications team want as little media attention for this event as possible due to the lack of tangible responses being delivered by government. Communications team wants to push ahead with the media picking up on the Prince's Trust event which will be held the same night as the 'Celebrate Diversity in Business' event. The Prince's Trust event is more media and public friendly.	Communications team very harsh with their views on the government responses, want the responses to grasp a wider scope as they are too specific at the moment. Also, Communications team feel that a targeted press will be a more effective way of releasing the information - women's press coverage, trade magazine, ethnic minority press and cater more for regional press releases than national. They want to avoid as much attention as possible.
16/10/2009	1530	School Gates Employments Support Initiative	Update from the leads - followed by discussion on what the event should look like and drafting of a press release.	No objectives were discussed rather the logistics of the event seemed more important.
19/10/2009	1000	Flying Start event	Discussion on the background on the National Council for Graduate Entrepreneurship (NCGE) and the event that would be taking place. Given contact details of NCGE to offer help and to find up-to-date information about the event and its organisation.	Not sure as to my role in this event was but they want a BIS 'official' to be overseeing the event - that BIS 'official' became me.

21/10/2009	0930	Speech for Lord Mandelson - Celebrate in Diversity event	Set the context of the event for Lord Mandelson's speech and discussed time limit. Speech writer needs all the key points, the wider theme of the event, recommendations and a draft of what we would like Lord Mandelson to convey on the night.	Arranged a meeting with Lord Mandelson's private secretary to brief him and discuss any points he may raise. Also, need to send a list of 'inflammatory' people to both the speech writer and the private secretary.
21/10/2009	1000	Celebrate Business in Diversity event	Stakeholder management team updated on the context of the event and talked through the EMBTF and WETF reports and recommendations.	To allow the Stakeholder Management team to provide strategies for 'controlling' the crowd.
21/10/2009	1430	Olympic Diversity event	Update on event, agenda outlined, invites finalised, feedback forms and logos to be prepared.	Allocation of workloads and deadlines set for work to be done.
22/10/2009	1000	Teleconference with both RDAs - Celebrate Diversity in Business event	Same discussion where both RDAs demanded to know the responses and Lord Mandelson's speech. CS1:JM and CS2:JM spent 30 minutes letting both RDAs know that because they had not submitted the final WETF report they may have to be excluded from the event - RDAs are in no hurry to get the report to BIS and a further 30 minutes was spent in them justifying why they cannot get the report to BIS until after the weekend. Both CS1:JM and CS2:JM stopped the teleconference as they were getting nowhere and felt that both RDAs were wasting their time.	Time wasted with the same discussion at the last two teleconferences. The teleconferences are of little use to anyone as BIS cannot give the information that RDAs want and the RDAs are not willing to abide by deadlines set by BIS.
22/10/2009	1300	Celebrate Business in Diversity event update	Discussion on formalities such as badge names, reports, video of event to be organised and announcements to be finalised.	Ticking boxes.
23/10/2009	1100	Teleconference with both RDAs - Celebrate Diversity in Business event	RDA was reminded that WETF report must be submitted to BIS by end of play tonight. Also, they were informed that co-chairs can have a read through of the reports - ONLY the co-chairs no-one else and discussion on RDAs communication contacts were exchanged.	BIS were exerting some power.

26/10/2009	1600	Celebrate Business in Diversity event	Communications team wants an update as to the responses, the report and the event. Also, risk managing one of the Task Force's as they 'may cause trouble'. The other Task Force are laid back therefore no problems envisioned. Discussion on enterprise champions needed for women's enterprise and for women in business to engage with government.	Over sensitive on the issue of negativity from those attending the event.
28/10/2009	1600	Celebrate Business in Diversity' event	Update on announcements - enterprise champions, procurement, EMBAN, banks issuing a statement and role models. Unsure exactly what angle with each announcement but general idea. Vox pox, questions etc. for those being interviewed at the event – expenses of videos, camera crew discussed. Discussion on Q&As, briefing, speech etc. Also, everyone decided it would be a good idea to invite Maria Eagle (MP) to appease the WETF.	Last minute panic to make sure everything was covered deadlines met.
03/11/2009	1345	Celebrate Business in Diversity' event	Pleasantries of the event discussed i.e. shaking hands with Lord Mandelson. Discussion of the press releases to be made about the Task Forces and their work, Lord Mandelson's announcements discussed very vaguely and FSB publishing women's report today which the Financial Times ran an article on, clashes with the Task Force responses.	Last and final update on the 'Celebrate Business in Diversity' event and everybody trying to keep calm and make sure the event runs as smoothly as possible.
05/11/2009	1400	Flying Start event	Updated CS7:JM on the lack of communication from NCGE. No response to my emails and telephone calls/messages.	Emailed NCGE with CS7:JM cc'd and ask for agenda, invites, communications plan and briefing.
12/11/2009	1100	Ethnic Minority Employment Task Force (DWP)	Information in regards to the Ethnic Minority Employment Task Force - their objectives and board members. Resonated with the work of the Task Force, set up within BIS.	Task Forces are rife in the civil service, duplication of research being carried out and lack of funding for Task Forces limit their achievements.

23/11/2009	1600	Women's National Commission	Meeting to try and increase women in employment and business, especially in the science and technology industry.	Little learnt from this meeting, did not understand why this meeting was held, the facts were known about women in the science and technology industry and there was no new light thrown on the argument or why they wanted the meeting. They just seemed to want to talk at BIS officials about the state of women in employment/enterprise.
30/11/2009	1630	Meeting with Small Business Forum	Having a productive roundtable discussion with members of the Small Business Forum on the issues of business crime, agree outputs and next steps to be actioned. There was also discussion a need to gain real time information on current economic conditions.	Issue of showcasing success rather than the doom and gloom of the economy should be a priority for the federations, membership bodies etc. with the hope of banks encouraging this move was the general feel.
03/12/2009	0930	Olympic Diversity event	Update on the logistics of the event, deadlines set for final agendas, finalise delegate packs, IT to check slides etc. and check all BIS details such as food, badges etc.	Last minute checks.
08/12/2009	1500	Team meeting	Discussion on what everyone in the team are doing in terms of projects. Also, engaging conversation in regards to the knowledge of evidence-based work done by the team.	More awareness of what each member does and how much the team lacks in evidence such as everyday stats than can be applied to their projects to gain legitimacy.
10/12/2009	1130	Roundtable with Lord Davies	Breakfast meetings and day visits wanted for Lord Davies to familiarise himself with the department and what topics he should champion.	Those attending the breakfast meetings should be small businesses but the names being suggested are those government are in touch with already and do not require or seek assistance etc.
10/12/2009	1500	Intern meeting	Discussion on the good and bad of workings of BIS.	Recommendations were made by the interns.
16/12/2009	1130	Intern feedback	Discussion on the recommendations and documenting thoughts of working at BIS.	Submitted to the department. Did not hear back whether this feedback was worthwhile.

Appendix 7: Government Response to WETF Recommendations

RECOMMENDATION	GOVERNMENT RESPONSE
1. Companies House add a tick-box to their form to capture the gender and ethnicity of directors, to make disaggregated analysis simpler and easier.	The feasibility of making better use of existing data sources will be explored prior to further consideration of this option.
2. Gender disaggregation of all publicly funded business and enterprise research must be enforced under the auspices of the Gender Equality Duty (GED).	In line with GED, all public bodies will need to revise their gender equality schemes by 2010. They must assess the impact of new policies on women and men to ensure that there is not a disproportionate effect and must remedy any such effects found. Here BIS has made significant commitments, including introducing and monitoring gender equality impact assessments for policymaking procedures, such as business and enterprise research.
3. Government should conduct a study looking into the feasibility of creating a women's enterprise research centre, catering for public and private sector needs, to inform policy development.	To be pursued through the private sector this will determine whether there is a business case for a centre to be funded through that sector.
4. Existing women's enterprise support must be better marketed in two ways: (a) Business Link (BL) should raise the take-up level of their services by women-owned businesses through an engagement strategy that includes an assessment of its effectiveness; (b) UKTI should encourage women to trade overseas through awareness raising of the opportunities and support available.	(a) All RDAs should work with BL to influence women's participation levels in the support offered. Where this is not already happening they should develop a strategy for doing so. (b) UKTI packages and markets its services so that they are widely accessible. They have been reviewed in the light of the economic downturn to ensure the access criteria are as flexible as possible. Specific initiatives are also undertaken with female entrepreneurs.
5. Government should undertake a brief study to learn from successful networks (both women-only and mixed), especially local and online initiatives, in order better to inform mainstream business support and in order to address women's demand for mentoring and coaching.	Most regions have business networks in their regions tailored to members' needs, but resource constraints can limit opportunities. Other calls on Government and RDA budgets will determine the extent to which research studies can be undertaken.
6. At least one Advisor in each JobCentrePlus office should be trained and accredited to SFEDI4 standard in order to sensitively and proactively promote self-employment to women as a route off benefits.	Government endorses the sentiment. JC+ advisers refer clients interested in self-employment to BL, whose advisers are accredited to SFEDI standards. These are being reviewed to better reflect quality and diversity issues.
7. Government should set up an accreditation standard for expert investment intermediaries to bridge women entrepreneurs to sources of growth finance.	Government will work with Financial Services Authority to ensure specialist advice does not disadvantage women. The BL Financial Intermediary Service will also review cases where businesses feel they have been unfairly treated by their lender on account of gender or other factors.
8. The Enterprise Finance Guarantee (EFG) scheme and Innovation Investment Fund must contain a commitment to diversity, including collecting gender-disaggregated data. Tying in with NINJ, emphasis should be placed on fund deployment that will help innovative women-owned and led businesses gain the capital they require.	The gender of the business owner is not appropriate to funding decisions for either the scheme or the fund. Disaggregated data is not collected under EFG but best endeavours will be used to collect such data under the fund, but its operational structure means that this cannot be guaranteed. Fund deployment will naturally gravitate to NINJ industries.
9. The management of The Aspire women's co-investment fund should be put out to the private sector. Any return on investment (ROI) under the fund should be	Capital for Enterprise Ltd remains best placed to continue to manage the fund, building on the traction it has established in the market and the progress it has

RECOMMENDATION	GOVERNMENT RESPONSE
rolled back into it; government should work closely with investment channels to access deal flow; its impact should be evaluated to determine future best practice; and a second round of funding should be considered.	made in deal flow. CfEL will continue to work with investment readiness programmes and business networks to further increase deal flow. Decisions on any subsequent ROI will be taken in the context of wider demands on public finances. It is too early to determine the impact of the Fund, but the evaluation framework will inform decisions on future support.
10. Government should encourage high net worth women to become business angels and continue to raise awareness of the benefits for small businesses of accessing business angel investment.	Government and RDAs are funding a British Business Angels Association campaign that, amongst other things, seeks to address this recommendation.
11. Government should enable women-owned businesses to benefit from public procurement opportunities through the implementation of the Glover Review and Equality Bill recommendations**.**	All the Glover Review recommendations are being implemented, opening up opportunities for women's and other enterprises. The Equality Bill, when enacted, will allow duties to be placed on public authorities to further equality through procurement.
12. WETF endorses a single access procurement portal and recommends that CompeteFor (the procurement model developed by RDAs for 2012) should be used as a model for this.	Government is working with stakeholders to develop the specification for the procurement opportunities portal recommended by Glover. As part of this, it will consider the benefits of the CompeteFor and other procurement portal models.
13. Government should support the growth of female-owned businesses by providing business support which takes into account the opportunities presented by procurement. Additionally, publicly funded finance opportunities (such as the Aspire Fund) should be linked with high quality procurement readiness support.	Government is reviewing the support available to SMEs looking to supply the public sector with a view to widening its scope to make the public procurement process more accessible to women's and other enterprises.
14. BIS, working in partnership with the private sector, should establish and consult regularly with a national network of experts on women's enterprise to advise on national policies and activities. This network should be integrated into Government's main sources of business and enterprise advice, such as the National Business Council.	There is a continuing need to bring together expertise on women's enterprise. This should be led, funded and managed by the private sector.
15. The Government should retain women's enterprise representation on the membership of the Small Business Finance Forum and the Small Business Forum.	Government accepts this recommendation. Recognising the importance of ensuring that these forums continue to have a membership that can offer expertise and insight into issues impacting on all small business, including those led by women.

Source: Adapted from BIS (2009).