



The origins of policy ideas: The importance of think tanks in the enterprise policy process in the UK☆☆☆



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ABSTRACT

There is no doubt that enterprise policy has become a popular choice for governments seeking to enhance economic growth, despite criticisms of its ineffectiveness. The purpose of this study is to understand the ways in which think tanks and their ideas shape the enterprise policy-making process: how enterprise policy ideas originate, who is involved, what sort of relationships exist between the stakeholders and how these relationships affect the overall process of enterprise policy-making. The application of institutional theory provides a detailed theoretical understanding of the process, the environment and the actors. Interviews with representatives from eight think tanks revealed that the ideas presented by think tanks to government have no formal process and are dominated by the relationships and informal channels of communication between key actors, allowing for an alternative focus on the origins of policy ideas as a possible explanation for the ineffectiveness of enterprise policy.

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1. Introduction

Enterprise policy has become a popular way for governments to meet social and economic challenges (Wright, Roper, Hart, & Carter, 2015). However, despite being hailed as a saviour that enhances economic growth, creates jobs, drives innovation and increases competition (Dennis, 2011), there is little evidence to indicate that enterprise policy has in practice raised business start-up rates or enabled growing firms to make a greater contribution to employment and economic growth (Beresford, 2015; Huggins & Williams, 2009). There is consequently a growing debate about the effectiveness of enterprise policy and the role of government intervention (Pickernell, Atkinson, & Miller, 2015).

More recently enterprise policy formulation and the enterprise policy process itself has become prominent amongst scholars in understanding why enterprise policy is seen as ineffective (Arshed, Carter, & Mason, 2014). However, the focus has been predominantly centred on the implementation and evaluation stages of enterprise policy (Arshed, Mason, & Carter, 2016; Lenihan, 2011). The policy process is often seen as a 'black box' where the origins of policy ideas remain opaque, yet there is a discernible trend in policy-making towards opening up this 'black box'. A growing recognition as to how policy ideas are

an important element within the policy process has emerged but little attention has been afforded to the origin of such ideas (Radaelli, 1995). Lundstrom and Stevenson (2006) suggest that enterprise policy ideas can come from a wide range of policy influencers, including: political parties, politicians, lobbying groups, voluntary organisations, public opinion, public consultations, the media, banks, consortia, business leaders and think tanks.

This study responds to the call for the opening up of the black box by seeking out one set of policy influencers and investigating the role they play in the UK's enterprise policy process (Arshed et al., 2014). It concentrates on think tanks as a starting point not only because of the importance in understanding the networks in which they provide ideas and assumptions in shaping how government tackles economic and social challenges, but also subsequently "think tanks in Britain have been credited with considerable influence on government policies since the 1970s" (James, 1993, p. 491). Furthermore, Mulgan (2006, p. 147) has argued that the civil service is "poorly designed for original thought" and little is known about how these "non-governmental components" of the policy advisory system operate (Craft & Howlett, 2012, p. 80).

Drawing on institutional theory, the study seeks to understand the processes by which structures become established as authoritative guidelines for social behaviour (Scott, 2001). As people go about their work and implement policies and plans, these structures may change and the processes themselves may evolve (Burch, 2007). Institutional theory is the most commonly used approach to understand organisations (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011), the actors who shape these organisations and the processes within (Leca, Batillana, & Boxenbaum, 2009). Institutional theory allows us

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to understand how enterprise policy ideas originate in think tanks whereby institutionalisation (process), environment (political) and actors (relationships) are of importance.

In-depth interviews were conducted with eight senior policy researchers and advisers from leading think tanks in London. By using their narratives, this study aims to examine the role of think tanks in the origins of enterprise policy ideas to reveal whether such ideas are a potential underlying cause of enterprise policy ineffectiveness.

Following this introduction, Section 2 presents the literature review on enterprise policy and think tanks, Section 3 discusses the theoretical framework, Section 4 details the research method and Section 5 presents the findings. Finally, Section 6 highlights the conclusions, and addresses the limitations and implications of the study.

2. Understanding enterprise policy and think tanks

2.1. Enterprise policy in the UK

The policy process follows Kingdon's (1984) conceptualisation which comprises of four distinct stages: influence, formulation, implementation and evaluation (Fig. 1). This study concentrates only on Stage 1 – the policy influencers (specifically, think tanks) – because it aims to explore the starting point of the enterprise policy process. The purpose of this study is not to establish a relationship between policy ideas and policy outcomes but to look at the congruence of think tank ideas and policy outcomes in the hope that this will allow us to make cautious observations about the relevance of think tanks to the enterprise policy process and their impact on its ineffectiveness.

For the purpose of this study, enterprise policy encompasses both entrepreneurship policy and SME policy. This is because in the UK “enterprise policy has centered on business start-ups and support for small-business growth” (Huggins & Williams, 2009, p. 21) as a way of stimulating individual and societal economic development (Blackburn & Ram, 2006). The idea of enterprise policies was introduced to the UK in the 1970s with the publication of the Bolton (1971) Report which highlighted the need for government intervention to address the lack of advice and support available for entrepreneurs and SMEs

(Blackburn & Schaper, 2012). The following decade saw the focus being placed on the creation of new businesses and jobs with potential entrepreneurs and SMEs being offered financial incentives such as the Enterprise Allowance Scheme and the Loan Guarantee Scheme (Greene, 2002). The 1990s saw a shift towards ‘softer’ forms of support such as advice, consultancy, information and training, which were offered to SMEs through organisations such as Business Link (Greene, Mole, & Storey, 2004). More recently, the UK has taken a balanced approach where the emphasis has been on improving productivity and promoting social inclusion (Greene & Patel, 2013).

It is estimated that in the period 2003/4 to 2007/8, the UK government spent more than £12 billion on policy initiatives to promote an enterprising society, with £2.4 billion being spent on direct business support schemes in 2003/4 alone (Richard, 2008). More recently, Firpo and Beevers (2016) highlight that, even during a period of government austerity, an estimated £9.8 billion was spent on supporting businesses in 2013/2014. Given the economic downturn (2008–2013), the government introduced spending cuts to many departments. The largest government department affected by the cuts at the time was Department for Business, Innovation and Skills (BIS), with administration costs being reduced by £400 million, and abolishing twenty-four quangos as part of the money saving scheme (HM Treasury, 2010). This led many think tanks discussing austerity and advising government in addressing the challenges. Right-leaning think tanks were more focused on international and European politics, the left more focused on the political consequences of austerity (Anstead, 2015). Perhaps, think tanks were influential in government policy-making throughout this period but their specific involvement in enterprise policy tends to be overlooked.

Nonetheless while the vast amount of spending directed towards enterprise policy has led to over 800 different sources of support for small businesses in the UK (Greene & Patel, 2013), this has only served to make the business support system harder to “navigate, evaluate and manage” (Centre for Cities, 2013, p. 1), and questions are being asked as to why so many enterprise policy interventions have achieved so little demonstrable impact (Minniti, 2008). The academic debate suggests that the major issue here is not so much the wider question of whether start-ups and SMEs should be supported at all, but whether current

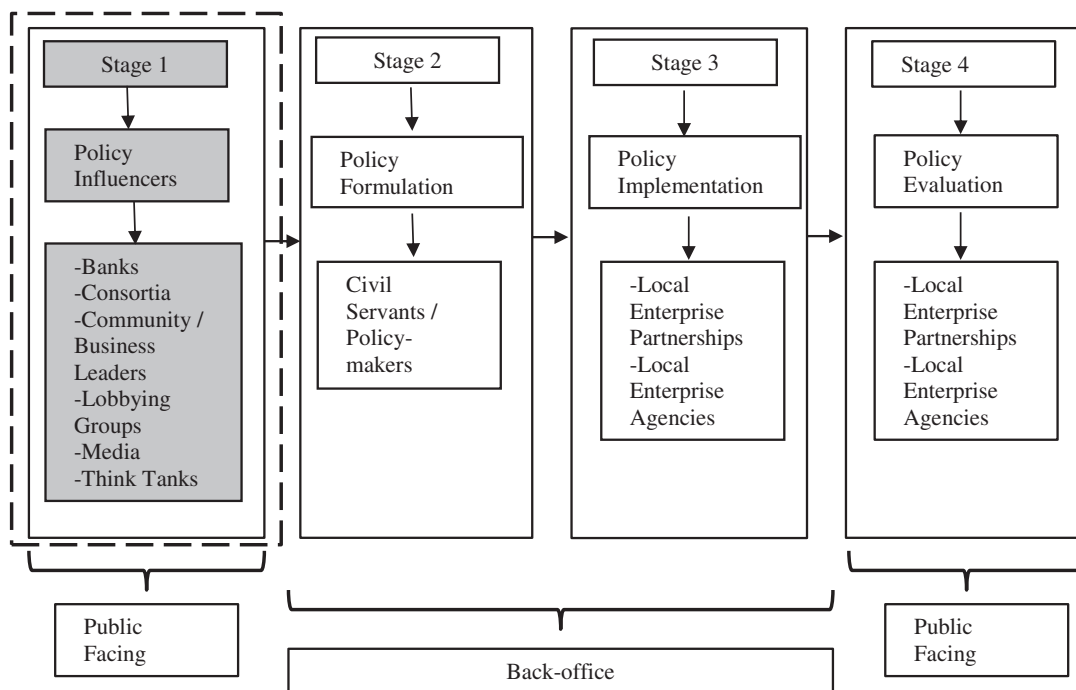


Fig. 1. Conceptualising the policy process in the UK. Source: Adapted from Arshed et al. (2014, p. 646).

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