

## ***'Whose Business Growth hub is it anyway?' Co-producing a new approach to Business Support for the North of England?***

Rob Wilson, Mike Martin and David Jamieson

Newcastle Business School, Northumbria University, Newcastle-upon-Tyne, UK

Rob.Wilson@northumbria.ac.uk

### Introduction

This chapter briefly outlines the literature relating to business support, presents a case study which explores the initial response of a Local Enterprise Partnerships (LEP) to the challenge of providing a 'Business Growth' hub. It then reports on a project the authors were engaged in which applied co-production approach to a sociotechnical system framing approach to development and change of a 'Growth Hub' and suggesting that Higher Education Institutions (HEIs) have a key part to play in the shaping of SME support programmes to meet the challenges of a post-BREXIT business environment.

The challenge to be addressed concerned the engagement of a core set of stakeholders in a co-production process, with a local LEP and other stakeholders, to work with the 'installed base' of business support activities in a region of northern England. The approach we adopted supports long-term planning based on the interests of the members of the wider network, rather than on the often narrow prescriptive, understandings and interests of the policy makers or of the organisations enacting programmes. The proposed model seeks to contribute to the current debate on the role of Higher Education Institutions (HEIs) in strengthening regional economic development and business support by enabling and facilitating changes in the role of the supported businesses from that of mere customers and recipients to potential co-producers of advice and services, based on shared vision and a common infrastructure.

### A 'recent' history of Business Support

Business Support Programmes involve the combined efforts between national and local government, industry, universities professionals and businesses in interventions intended to contribute to the growth and economic development of a Region. Literature about Business Support Activities (BSA) is heterogeneous due to the variety of programs that have been developed and implemented as well as the range of different institutions promoting and delivering them (Storey 2003, Mole et al, 2006, Mole et al 2009). While the most representative term used to study these programs is 'Business Support' (Sivaev, 2013) other terms, such as Local Economic Initiatives (LEI) (Eisenschitz and Gough, 1998) have been used. The identification of the terms and the field helps to provide a theoretical framework to understand and analyse the different initiatives proposed for business support, as well as to propose new alternatives to the current programs. Many authors talk about the type of activities traditionally offered to Small and Medium Enterprises (SMEs) through these programs. These consist in a variety of financial aids, information and signposting services, training support and practical planning advice. In addition, the Business Support programs have included training and development of skills identified as important to the existing large industries of a region or as strategic factors for future development (Curran 2000, Storey 2003, Mole et al 2006, Cumming and Fischer 2012).

Founded in 1992 Business Support programs, in England, were promoted, by different governments, under the broad banner of Business Link (Curran 2000, Bennett 2008). Latterly these were organised regionally, in their final form based on the nine areas of the Regional Development Agency's (RDAs). The approach culminated in the Information, Diagnostic, Brokerage and Transaction (IDBT) model under the auspices of Regional Development Agencies (RDAs). The implementation of the Business Link programs followed a more or less consistently top-down approach (Bennett 2008, Mole and Bramley 2006, Mole et al. 2009). A key part of the activity was the provision of information and signposting services. This included information necessary to identify and access a range of resources such as companies with similar or complimentary interests, prospective partners, supply chain members or providers of support services, as well as information about the range of programs and aids provided by public and private institutions. Practical assistance often included a higher level of engagement and longer-term involvement such as business incubation, the preparation of applications for grants or the development and facilitation of export plans and initiatives.

One of the success factors identified in these programs is associated with the activities of cohorts of business advisors (Curran 2000, Mole et al 2002). However, the dependence of the programmes on the skills of advisors was proven to be a risky strategy, given the mobility of these employees and the lack of continuity of the funding to retain them in post. In addition to the vulnerability associated with the mobility of business advisors, there is a further risk associated with continuity of funding, which traditionally comes from government, limiting the life span of these programs to the budget timeframes and success criteria assigned by the sponsors. The perceived efficacy and trustworthiness of the relationship between business advisors and their clients has been shown to be sensitive to continuity and their specific nature; accountants and bank managers, for example, are seen as trusted brokers to support and sources of advice. These considerations resulted in a preference for a more infrastructural and longer term personalised approach in the approach to business support be adopted, but the precise detail and implications of this remain unclear (Storey 2003, Mole et al 2009, Mole et al 2011, Cumming and Fischer 2012).

After the change of Government and the formation of the Coalition in 2010, there was a short gap when the entire future of business support service was in significant doubt. This was partially due to the scepticism about the efficacy of the then current programme of Business Support outlined in Richard Report to the Conservative Party Shadow Cabinet (Richard 2008). Of which a significant part was subsequently implemented by the then government department of Business Innovation and Skills under the *Local Growth* agenda (BIS 2010). The new policy and approach involved disbanding the RDAs and regional Business Links in 2011. Business Support services were delivered via a national website and call centre until 2012 and this transitioned into a section of the wider Gov.uk site (Mole et al 2014). The regional Government Office's and RDA's, were partially replaced in 2012, by Local Enterprise Partnerships (LEPs) in England (albeit on a different geographical footprint) and a new programme for Business Support was initiated. Three areas of strategic activity were defined as the initial priorities for LEPs programmes of development and support: these were Skills, Training and Labour Market support, the sponsorship of Innovation networks and the creation and deployment of Business Growth Hubs, in the context of regional Smart Specialisms (usually based on established business sectors in a LEP area). In all of these cases, there seems to have been an element of constructive ambiguity in the articulation of policy resulting in both national level and local explorations and discussions about the approach to be taken. It is in the context of the exploration of what a Regional Growth hub could mean and how it could be procured, by stakeholders and interested parties, that the work we now describe took place.

## The Methodology of Co-Production

The notion of co-production is rooted in the work of Ostrom (1973) who developed the concepts in the context of seemingly intractable breakdown of community-police relations. After a long hiatus, the approach has become popularised mostly in the context of developing new approaches to services for, and with, those with complex needs (Brandsen et al 2018)

Co-production has been defined as the 'joint production of public services between citizens and state (Mitlin 2008). Pestoff and Brandsen (2007) identify three dimensions or levels of co-production – co-production with service users, co-management with user groups and co-governance. For us this expands the canvas of co-production as a means of bridging the conversation between 'stakeholders' in the process of designing and enacting sociotechnical responses to the challenges of implementing policy programmes (Wilson et al 2012, McLoughlin and Wilson 2013) in this case the context of 'Business Support'. Engaging explicitly in bridging or 'boundary spanning' processes (Aldrich and Herker 1977) with policy and practice communities is an essential role for Universities in response to an environment where the sector are increasingly challenged to account for their wider contribution to the economy. For instance the 'Impact Case studies' in the Research Excellence Framework exercise of 2014 and the newly proposed Knowledge Exchange Framework (KEF). The Newcastle Business School at Northumbria University is highly successful in these terms recently achieving the accolade of Business School of the year, holder of the Small Business Charter and the work of Business Clinic (where SMEs work with Students on consultancy projects). Our work situates the role of the higher education institutions beyond these orthodox 'boundary spanning' work of specific academic entrepreneurship, research, consultancy and continuing professional development provision and proposes a space for innovative form of activity in the mode of 'boundary shaking' of the existing assumptions and relationships of a system (Balogun et al. 2005).

In the case of the work being discussed here (between 2013-2014) the research team adopted a co-production process with the representatives of the LEP to work with the wider 'ecology' or 'installed base' of business support networks and activities in a northern region of England. Specifically it was aimed at engaging the stakeholders in an approach which supports long term planning based on the interests of the members of the network, rather than on often narrow prescriptive interests of the policy makers or the organisations enacting such programmes (Wilson et al 2012). This was initiated with the specific aim of working in collaboration to shape a future (based on a sociotechnical architecture including complimentary collaborative and technical elements – see Cherns 1987, McLoughlin and Wilson 2013) which would potentially outlast the current generation of LEP structures (which in England at that point appeared relatively unpredictable). This work was conducted through a series of co-production workshops with engagement initially scoping views from a range of public and private sector stakeholders (including businesses, businesses providing support services and business networks) of the challenges of business support. This was followed analysis of the findings to inform the second stage of work with the representatives of the LEP and stakeholders to co-produce a high level or reference architecture of a local Growth Hub for a subsequent procurement.

## Our Findings

An initial workshop/focus Group event, involving 40 or so participants in a loosely guided discussion, explored the concept and experience of Business Support Services. It revealed that the concept of Business Support was contended among the different stakeholders both in terms of what counted as support, which channels of support/advice were useful and appropriate and what constituted a high quality experience. Unsurprisingly, perhaps some of those providing private sector services argued that 'people only value information if they pay for it' from trusted sources. Whereas others

maintained that government could be the only point of 'truth' about certain legislation and schemes to incentivise innovation or encourage the growth of businesses albeit in a context where many stakeholders felt the situation was unstable and 'always changing'. Networks of peers and professionals were valued as they were more likely to understand the problem and local contexts and individual businesses had varied experiences and found their previous encounters with the state supported Business Link service both helpful and unhelpful in equal measure.

The role of Digital channels was widely accepted to be pervasive and a key element in finding information although there was a common issue of there being 'too much information - disorganised and without clear quality'. Digital was also key to maintenance of relationships particularly for those running dedicated business networks but stakeholders remained sceptical about the potential of automation without significant investments in 'form filling' which in their experience rarely profiled businesses in useful ways rather it being for the benefit ('meeting KPIs') of those collecting the information.

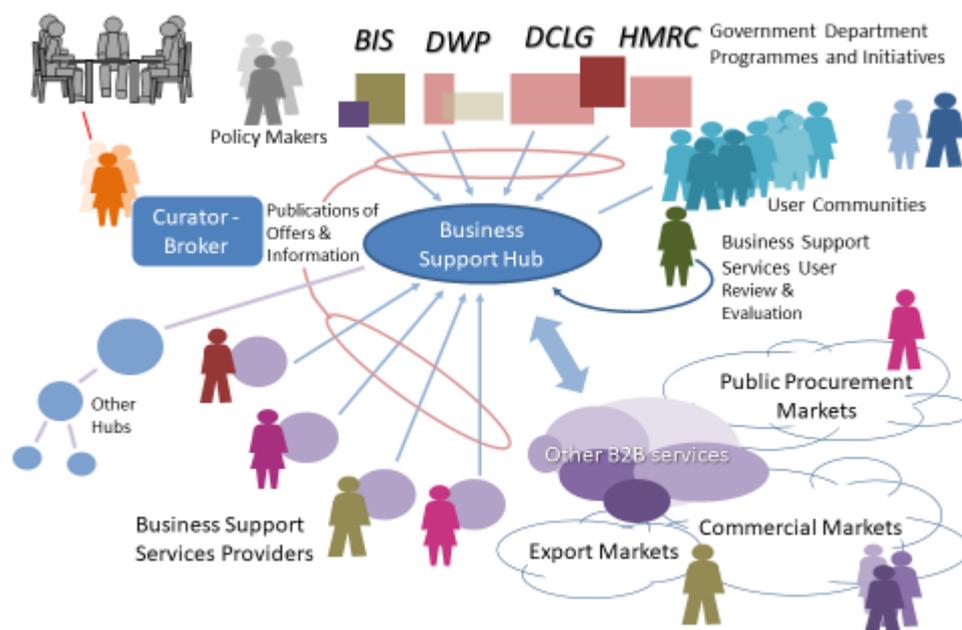
It became clear in these and subsequent discussions about the future of Business Support that there was a wide range of conflicting opinions, a high level of scepticism and mistrust, particularly about continuity, specificity and neutrality of a service in particular the context of Government sponsored business information and support services. Much of the rhetoric was negative and this had been exacerbated by the decision to shift the channel to an almost exclusively online means of delivery. One typical response to the digital channel approach that was then being proposed by the LEP was "Not another \*\*\*\*\* web site!"

We held a subsequent workshop, with a smaller number of participants, half of whom had attended the previous discussion, and all of whom were seen in the LEP area to have some role or stake in the procurement of a "Business Growth Hub". In this session we adopted the strategy of encouraging the exposure of the paradox and scepticism which pervades the lived experience and literature (both policy and academic) about business support and which characterised our first session. By signalling that criticism and doubt were admissible, we were able to validate the analysis that we had made of the current situation and surface the various positions in the room. In order to move the co-production process forward, we concluded this first part of the session, with some carefully selected rhetoric which was designed to be useful and positive intervention, providing a vocabulary of terms that, if adapted and adopted, could move the discussion forward in a constructive way. The first example of this involved exhibiting the headings: "Sustainable Diversity, Dependable Governance, Effective Curation" which were a direct response to the problems outlined in the first workshop. We then invited the participants to discuss what these terms could mean in the context we were discussing. These were then further elaborated, again as the triggers for discussion rather than the assertions of a presentation, which included:

- A safe space for encounter, discovery, conversation and transactions.
- Actors can be reliably recognised or be appropriately anonymous.
- All content has a clear provenance.
- There is a clear and trusted point of recourse.

The response to these provocations from the participating stakeholders varied ranging from those who engaged in collaborative debate opened up by this shift in rhetoric and terminology while some remained sceptical wedded to their prevailing views about the ways and means of delivering business support.

In the second part of the workshop session we iteratively built a model which we called a “Reference Architecture” (RA), explaining this concept as a vision of where we may be going as our longer term target (see Figure 10.1 below). The model itself represents the ‘Growth Hub’ at the centre, neither as an exclusively ‘digital’ or ‘analogue’ space of engagement. The ‘Hub’ (below) is represented instead as a publication and service transaction space with the intention of foregrounding a sociotechnical perspective (McLoughlin and Wilson 2013). Taking this approach, which explicitly recognises the inherently distributed and multi-agency character of an endeavour such as business support, scaffolded the potential for an enriched deliberative occasion (which in this case moved the debate beyond the usual arguments about the provision and nature of business support services).



The Business Growth Hub: Reference Architecture

Figure 10.1 Business Growth Hub: Proposed ‘Reference Architecture’

At the top of the RA model it included the channel(s) to central government services from different Departments, which was seen the main purpose of the ‘Growth Hubs’ as seen from the Central Government perspective, namely as a platform for dissemination and uptake of initiatives. We also represented local services (business support providers), users and user communities. The diagram also signifies the relationship between the hub and the service it offers and the wider world of other ‘Growth Hubs’, B2B services, commercial home and export markets and to the public sector and its procurements.

The iconography of the “Reference Architecture” figure is carefully selected to provoke observations and questions such as, ‘Who is that?’ ‘I’m one of those!’. Particular attention was paid in the discussion to the questions ‘Who are ‘those’ people, the curators and brokers?’ ‘Who are the governors of this hub and who might they be in the long term?’ ‘Should we be attempting to make an investment that will outlive the current programme and policy to create some longer lasting infrastructure?’ Finally, there remained the question of the relationship between our hub and the hubs of other LEPs: with questions posed such ‘Did we have anything to offer them?’ ‘Were we interested in any of their offers?’.

A version of ‘Reference Architecture’, and an overview of the questions and issues it raised, was subsequently included in the ‘Growth Hub’ procurement documentation and impacted on the

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language of the LEP and the potential providers who demonstrated their level of engagement by the attempts to respond by positioning their bids in relation to the architecture. Latterly it also had impact on the strategic thinking within the LEP about the relationships between the Business Growth initiatives and to other strands of the portfolio regarding skills, innovation and a regional observatory. Unfortunately, perhaps the vision, which emerged from the co-production process, which required the emergence of the 'Growth hub' as an infrastructural community asset operating under a collective governance model has yet to be achieved. This was perhaps inevitable in the context of the continued centralised control and sporadic funding of the 'Growth hubs' which emphasise short term tactical achievements and measurements (such as the number of businesses registered to the hub). The key aim for exploiting the 'hub' was the adoption of a longer term strategy aimed at generating sustainable public value via targeted engagements aimed at supporting the existing critical mass of users working with the 'installed base' of business community networks in the region.

### Conclusions

This chapter reports on a process which applied a systemic framing of the problem by utilising a co-production approach to change to long-standing issues in the government support of business organisations. The intervention approach that is described makes a contribution to the current debates on business support by proposing a conceptual change in thinking of the role of the businesses from mere recipients (customers) of services to potential co-producers within a wider network of communities (of both place and interest) hosted on a sociotechnical infrastructure. To succeed such a vision needs to be underpinned by a movement towards a shared vision of infrastructure for the delivery of business support which enables heterogeneous agents and institutions to contribute to governable and sustainable progress.

The co-production approach applied in this case has the added benefit of moving beyond reductive notions of 'what works' or 'making changes because we must show we differentiate from the previous policy' by providing a lens by which to focus on the sociotechnical infrastructural and human/social capital aspects of such a hub. This opens up spaces for further co-production discussions to enhance the possibility of reuse and repurposing in the face of changing policies and economic conditions. Thus, it supports the development and diversification of regions and localities and the agents and institutions involved. This in turn supports differentiation and meaningful participation in a long-term local governance process for the ongoing innovation of relationships (Wilson et al 2012) in order to meet local business and community needs rather than merely responding to the inevitability of sporadic investment in overly generic programmes initiated by national government.

With the impending changes that BREXIT will bring beyond 2020 we are in a context where business support programmes will be subject to significant pressures as the challenges and opportunities of a new environment emerge. With many business support programmes coming to a conclusion as European funding is withdrawn, new approaches are needed to reflect on what business support is, what is needed, how we will work together and apply this learning to the co-production of new programmes which will come on stream after 2020. We along with the other authors in this book would strongly advocate for the Public and University sector in the North to co-operate in shaping these programmes as commissioners, participants and providers to meet the challenges ahead. Equally important from our work is the mutual engagement in the cultivation of the supporting eco-systems for 'joining-up' (in this case a 'Business Growth hub') through the sort of 'boundary-shaking' co-production outlined here. HEIs are in a unique position to provoke, challenge and unleash the creative thinking between stakeholders, which the present situation demands, in order to make

sense of, re-shape and respond to the changing dynamics of local and regional economies. In parallel to also work on the information infrastructures for addressing multi-agency challenges, such as business support, on which resources which promote sustainable diversity, dependable governance and effective curation are essential (McLoughlin and Wilson 2013).

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