Implementing the knowledge-based economy:

Market devices as policy instruments

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Abstract:

We chart the rise and fall of Business Link as a policy instrument for furthering the knowledge-based economy, while also examining how it was implemented by one particular Business Link Operator in Southern England. We zoom in on the specific policy objective to encourage SMEs to adopt e-commerce, which was singled out by the Blair government as a key innovation that marked a competitive "knowledge-driven economy." Drawing on qualitative data and analysis (including policy documents, media reports and interviews with Personal Business Advisers), we undertake a socio-material description of Business Link's enterprise support activities. We found that the implementation of Business Link by successive UK governments required the construction and operation of socio-technical devices to perform a variety of market functions to address a perceived market failure that was thought to impede the rate of SMEs' adoption of managerial and technological innovations. We show that the effectiveness and efficiency of these *market devices* depended on their particular design, composition, and mode of deployment, and that after the Labour government's 2005 reforms broke the original market devices, Business Link actors created new ones to perform those market functions and fulfil the policy objectives, sometimes in contravention of government rules.

Contents

Glossary

BERR	Department for Business Enterprise & Regulatory Reform
BLO	Business Link Operator
BLS	Business Link South*
CEC	Commission of the European Communities
DTI	Department of Trade and Industry
EU	European Union
EBS	e-commerce business services
ICT	Information and Communication Technology
IT	Information Technology
IDB	Information, Diagnostic and Brokerage
NHS	National Health Service
PBA	Personal Business Advisor
quango	quasi-independent non-governmental organisation
RDA	Regional Development Agency
SBS	Small Business Service
SME	small and medium-sized enterprise
SMS	Supplier Matching Service
UK	United Kingdom

* Names of persons, organisations, and locations marked by an asterisk when first mentioned have been anonymised to preserve confidentiality

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1. Introduction

1.1. Economic and political controversies

In this paper we examine the implementation of a Central Government policy that was intended to address a perceived market failure in the United Kingdom's business support market for small and medium-sized enterprises (SMEs) between 1993 and 2011, as a plank of the industrial strategy to turn the UK into a globally competitive "knowledge-based economy," which had also become a broader policy objective of the European Union for all its member states, e.g. as part of the so-called Lisbon Agenda (DTI 1994, EU 2000). The UK market failure in question concerned, on the supply side, the lack of management consultancy services readily available to SMEs, and on the demand side, SMEs' reluctance to contract external sources of management advice, which was thought to negatively affect their rate of adopting both managerial and technological innovations (DTI 1994, Bennett 2008). This problem was expected to become increasingly more acute in the face of an anticipated global proliferation of information and communication technologies (ICTs), the adoption and mastery of which—especially by SMEs, as major contributors to both national economic output and employment—was one of the cornerstones of the vision of a knowledge-based economy (DTI 1994, EU 2003).

In 1993, John Major's Conservative Government began to roll out a national business support network that in England came to be called *Business Link*, and which for the next 18 years had become the dominant provider of business support services to SMEs, especially to micro-enterprises and start-ups. At its height there were 89 regional Business Link organisations operating 240 local outlets employing 1,600 Personal Business Advisers (PBAs) across the country, at an annual cost of between £150 and £190 million a year (DTI 1998a, Bridge 2010). Despite the support of both the Conservative Major government and the Labour governments that ensued in the next 13 years, Business Link's status as a taxpayer-funded quasi non-governmental agency intervening in the SME business services market was a source of ongoing political controversy. Certain sections of the public, industry, and the press objected to Business Link, whether on ideological grounds, or because they perceived it as a competitor, or because they found it ineffectual (Forte 2011).

In response to the various criticisms, subsequent governments had repeatedly reorganised Business Link's governance and its service delivery model, in the process also substantially changing its fundamental focus. Business Link was eventually abolished by David Cameron's Conservative-led coalition government in 2011, as part of the measures to reduce the budget deficit left behind by the 2008 global financial crisis, but also as a response to the aforementioned criticisms (Richard 2008). The rise and fall of Business Link, as a large scale government intervention into what could be described as a "knowledge market," offers an opportunity for raising some practical questions about the optimal design and implementation of such "knowledge economy" policies. It is also a good test case for examining the intended and unintended effects of Central Government-led organisational changes on the ground, at the coalface of service delivery.

1.2. Theoretical controversies about "knowledge" and the "knowledge economy"

At the same time, there are also some theoretical controversies associated with the notion of the *knowledge-based economy* and its cognates. To some social scientists, the idea of an economic order that is fundamentally defined by the centrality of knowledge-driven activities was a *prediction*, an exercise in sociological forecasting. An early example of this is Schumpeter's (1942) extrapolation to envision the final stage of capitalism where innovation becomes rationalised and monopolised by corporate R&D departments, and a later example is Bell's (1973) prediction of a *post-industrial society* where economic production would shift from the industrial sector to the service sector with less tangible (knowledge-based) forms of inputs, processes, and outputs. UK and EU policy documents of the early 1990s treated the notion of a *knowledge economy* both as a prediction and as a policy objective to deal with the anticipated fulfilment of the prediction (CEC 1993, Chancellor of the Duchy of Lancaster 1993, DTI 1994), and then increasingly also as a fact of an emerging economic reality (DTI 1995). For Giddens (2007), for instance, by the mid-2000s history had confirmed the existence of the "knowledge/service economy."

Gadrey (2003) argues, however, that it is important to make a distinction between scholarly analyses of new developments in economic organisation (such as Castells' (2000) work on the *information economy* and *network society*) and the political discourse of the 'knowledge economy' that masks certain ideological agendas. According to Gadrey much of the talk about the 'new economy' by politicians and the mass media during the so-called dot.com bubble at the turn of the millennium was a normative discourse, aimed at promoting a neo-liberal economic ideology based on a selective interpretation of the American economic model. He finds evidence of this in the agenda of the March 2000 Lisbon Special European Council (EU 2000), which set out the ambition for the EU to become the leading "knowledge economy," "digital economy" and "information society" by 2010. Barry (2001) similarly sees the "technological society" as a political preoccupation at the heart of the EU's political machinery, in pursuit of the Lisbon goals.

In Giddens's view (2007) the Lisbon Agenda, as an effort on the EU's part to emulate the US economy, was correct to focus on the changes summed up by the "knowledge economy" concept. At the same time, he agrees with Soete (2006) that the general failure of the EU to accomplish its Lisbon aspirations (with the exception of the few of the more developed member states that were already well on their way towards becoming "knowledge economies") had to do with an incomplete definition of knowledge upon which its policy instruments were based. Another set of controversies around knowledge economy policies therefore concern theoretical debates about the very definition and role of knowledge, especially in relation to technology and innovation. In Giddens' and Soete's assessment, the EU's Lisbon Strategy was based on an outdated definition of knowledge as industrial R&D (reminiscent of Schumpeter's and Bell's narrower conceptions of innovation and knowledge) thought to take place within national innovation systems (formal relationships between firms, universities, and government). This definition missed out, in their view, on 'softer' aspects of knowledge activities such as creativity, experimentation, and marketing in loosely organised dynamic networks (that were thought to be behind US entrepreneurial success stories).

Barry (2001) takes a methodologically more self-conscious and agnostic position, arguing against an *a priori* separation of notions of knowledge, technology and politics when undertaking a study of the "technological society" as a "specific set of attitudes to the political present" (rather than a stage of economic or political history). The definition of knowledge that emerges from his study is socio-material and situated, where innovation has more to do with creating new social arrangements with technical artefacts than just inventing them, and where innovation can just as well be used for 'conservative' purposes to cement existing social relations as for 'progressive' social change, thus raising doubts about the generally implied ameliorative character of the "knowledge-based economy"—in line with Gadrey's concerns about the ideological ambitions behind the "myth of the new economy."

1.3. Our aim and approach

In this paper we adopt Barry's (2001) agnostic approach to the notions of knowledge economy and the relationship between knowledge, technology and innovation, and trace the story of the practical implementation of Business Link, as one particular Central Government policy in pursuit of turning the UK into a "knowledge-based economy," in line with the EU's Lisbon Strategy. This line of inquiry has been extracted from a larger research study conducted by one of the authors (Erdélyi 2015), which concerned itself with developing an ethnographic description of the emergence of a regional e-commerce market in the South of England (as part of the broader diffusion of the innovation of online retailing in the developed world), based on data collected over a four-year period, between December 2006 and January 2011.

More specifically, we will trace the emergence and functioning of Business Link as a policy instrument, by examining how it was implemented by one particular Business Link licensee operating in two neighbouring southern English counties. Our aim is to identify, analyse and evaluate the performance of the specific socio-material arrangements that constituted the implementation of Business Link as a central government intervention to correct a market failure in the SME business services market, and to develop some recommendations to policy makers and market makers considering such interventions in the future. This will allow us in the Conclusion to develop some answers to some of the questions raised by the practical and theoretical controversies concerning the knowledge-based economy and the nature of knowledge.

We will examine the implementation of Business Link in three steps. First we will chart the birth of Business Link using primarily government documents and media reports, from the arguments for its existence to its first iteration put in place by a Conservative government, and then the subsequent reform by the Labour government that followed. In the second step, we trace the consequences of Labour's reform of Business Link, also including the accounts of Personal Business Advisors who were at the receiving end of those changes. Finally, in the third step we will examine more closely the specific socio-material instruments that were tasked with performing the market that was thought not to be functioning, and the ways in which these instruments were themselves changed as part of Labour's reforms, through the accounts of PBAs, SME clients, and media reports.

Names of persons, organisations, and locations marked by an asterisk when first mentioned have been anonymised to preserve confidentiality. Names and dates in parentheses after quotations mark the name of the interviewee and the date when the given interview was conducted.

2. A short history of Business Link

2.1. The origins of Business Link

Business Link was not the UK government's first attempt at intervening in the SME sector: Business Link had replaced a network of 82 Training and Enterprise Councils (TEC) in England, which were led by 750 volunteer employers to provide strategic direction over the dispensation of £1.8 billion of public money for vocational education, training and enterprise (DTI 1994). Still, given the scale and ambition of the Business Link project (with its chief aim of being able to reach every SME in the UK and affect their management skills), this form of government intervention was highly unusual in Britain, especially for a Conservative Government that succeeded Margaret Thatcher's large-scale privatisation of state-owned enterprises and deregulation of industries (DTI 1994, Cortell 1997).

Michael Heseltine, who was the President of the Board of Trade (i.e. Secretary for the Department of Trade and Industry) within John Major's Conservative Government between 1992 and 1995, and who is credited with developing the vision for Business Link and overseeing its launch, himself often acknowledged that his project was and remained ideologically suspect in the Conservative Party and among some of the industry bodies and the right-leaning press (Forte 2011). For Heseltine and his government, Business Link was a way of making both SMEs and the British version of a capitalist economy more competitive, by matching the industrial strategies of other national economies within the framework of global capitalism (Forte 2011).

Besides having won the argument against sceptics within his party, Heseltine's project also garnered broad political support: all three main political parties in Britain have included the idea of a "one-stop shop" business advice centre for small businesses and start-ups in their 1992 election manifestos (Forte 2011). Following the Conservative Party's election victory, the first Business Link opened in Leicester on 27 September 1993, and 79 regional Business Links had been established with 222 local offices by May 1996 (Forte 2011). Eventually a total of 89 Business Link organisations had been set up with 240 local "one-stop shops" across the country (DTI 1998a). In Scotland they were called *Scottish Business Shops*, in Northern Ireland *Local Enterprise Development Units*, and in Wales *Business Connect* (Forte 2011).

2.2. The case for Business Link: micro-macro competitiveness

The Major Government presented the case for Business Link in the 1994 cross-departmental White Paper (led by the DTI) entitled "Competitiveness: Helping Business to Win," by which time the setting up of the national network was well under way. The argument was based on the concept of *competitiveness*, which drew a parallel between the (micro-level) competitiveness of individual firms and the (macro-level) competitiveness of the nation in a world characterised by dramatic political and economic change (DTI 1994). The historical changes that heightened the sense of competition had to do with the effects of the end of the Cold War in 1989, which brought an end to the isolated planned economies of the Soviet bloc, leading to an expansion of global markets and supply chains and the appearance of new threats and opportunities (DTI 1994).

The UK economy thus was facing a host of new competitors. The post-communist countries had just entered the world economy. The single European market was about to expand eastwards, bringing in a well-educated and cheap labour force. East Asian economies, the so-called "Asian Tigers," had emerged not only as low-cost competitors but also as leading manufacturers of high-tech equipment. New technologies, especially ICTs, were thought to be on the brink of revolutionising the way business was done: "The pace of technological change in coming years will be dramatic. New developments will spread rapidly around the globe" (DTI 1994). These were concerns shared across the EU economies, as also expressed in the European Commission's own White Paper a year earlier (CEC 1993).

Against this backdrop of the threat of heightened international competition, the Major Government had felt that a number of important sectors of the UK economy were in a state of decline (some for as long as a hundred years), and that the UK had performed poorly in areas that were newly emerging, such as the development—or even adoption—of innovations like ICTs (DTI 1994). There was poor growth in manufacturing productivity, the rise of living standards lagged behind those of other European countries, as did the UK's industrial R&D expenditure as a proportion of GDP, the UK's share of US patents, remuneration of holders of technical qualifications, and the adoption of new technologies and exploitation of inventions (DTI 1994).

2.3. Market failure in the SME knowledge market

The Major Government saw primarily two main reasons for this disappointing state of affairs: one was the lack of a proactive industrial policy similar to those of other European and Far Eastern nations it saw as its main competitors, and the other was a general lack of modern management techniques among UK companies, especially SMEs (DTI 1994). Given the growth of SMEs under the Thatcher Government as a share of employers and GDP output, this deficiency in management skills was seen as a major impediment to the competitiveness of individual firms, and consequently to that of the UK economy as a whole: "…overall national performance is determined not by the standard of the best but by the average. It is here that the UK lags behind competition" (DTI 1994). One evidence cited for firm-level management problems was a 1993 survey, which found that UK managers appeared to have an overinflated sense of the quality of their own management skills, when compared to how it was perceived by managers in other European countries (DTI 1994). Considering that competitiveness in the new global situation was expected to be based primarily on the basis of knowledge, this was seen as a major hindrance towards the UK becoming a "knowledge-based economy," especially as start-ups and small firms were seen as important sources of innovation (DTI 1994).

The government cited two reasons for the management skill gap in SMEs. One had to do with the intrinsic characteristics of small firms: "They are by nature independent, and may be reluctant to seek outside help and doubtful about its quality and relevance" (DTI 1994). The other reason had to do with the nature of the business support market: "Many services are available but they are of variable quality and there is no common access point" (ibid.). As a result, if managers of SMEs “decide they want help they frequently do not know where to go” (ibid.). This situation describes a *market failure* in the management consultancy market for small firms (Bennett 2008). While medium-sized and large firms are prepared to hire management consultants for advice, in the case of start-ups, micro-enterprises and small firms, accessing external knowledge becomes more difficult. This perception of a market failure in private sector business support for SMEs was not newfound: since 1988 there had been a scheme in place (until it was replaced by Business Link in 1993) called the Enterprise Initiative, which had provided SMEs with funding to take on external consultants from a list approved by the government (Forte 2011).

Business Link was thus created to become a single point of contact, a ‘one-stop shop’, through which multiple public and private sector initiatives, programmes and resources could be made available to every SME in the country. The local outlets were operated on the basis of three-year rolling contracts by not-for-profit and later on also for-profit regional subcontractors called Business Link Operators (BLOs), who were commonly referred to as “franchisees” (although according to Bennett and Robson (2004b) technically speaking they would be more correctly defined as licensees) (Irwin 2001). The national network of local Business Link offices had become a communication and distribution channel for the Central Government of the day, for instance to encourage the adoption of specific innovations in management techniques (e.g. benchmarking) or technology, (e.g. ICTs and e-commerce), by offering grant money.

In order to address the perceived market failure in SME business support, the provision of one-to-one consultancy through Personal Business Advisers became the central plank of Business Link’s service: “They will take responsibility for giving advice on customers’ problems, not just refer them on to someone else if they do not have an immediate answer” (DTI 1994). This was going to be achieved by also having some in-house specialists, such as e-commerce advisers or export counsellors (Forte 2011). When no in-house expertise was available, PBAs or specialist advisers would make referrals to external private sector suppliers, thus fulfilling a market making function by providing a brokerage service (Forte 2011).

In a matter of three years, Business Link had grown to become a large-scale socio-economic experiment, an innovation in its own right, aiming to reach straight inside small firms and attempt to affect their management practices across the entire country.

2.4. Labour's reshaping of Business Link

2.4.1 Centralisation and devolution

After their 1997 election victory, the Labour Government under Prime Minister Tony Blair continued to support the then 4-year old Business Link network, but it had also decided to drive through a number of changes. Firstly, it began to put a greater emphasis on using Business Link more directly to encourage the diffusion of ICT-based innovations, especially e-commerce, as the importance of these emerging technologies for national competitiveness had become increasingly more apparent by the turn of the millennium (DTI 1998b, DTI 2004). The 1998 White Paper entitled "Our Competitive Future: Building the Knowledge Driven Economy" had made explicit commitments to "ensure that, by 2002, the UK provides the best environment in the world for electronic trading" and to "launch new support services aimed at helping one million UK businesses to get wired up to the digital market place by 2002" (DTI 1998b).

The lack of consistency in the quality of service delivered across the 240 advice centres, as well as the complexity of administering Central Government policy from London all the way to the point of delivery at a local outlet, were ongoing causes for concern and sources of controversy during the 18 years of Business Link's existence, and consequently the subjects of several restructurings by subsequent governments (Bryson and Daniels 1998, Bennett 2008, BERR 2008b, BERR 2008a). To address concerns about the variable service quality of regional Business Link partnerships, the Labour Government initially centralised its control over them by bringing them under the newly established Small Business Service (SBS) within DTI in 2001 (Robson and Bennett 2000).

However, by 2005, as part of its agenda to devolve decision-making power to the regions, Blair's government had decided to put Business Links under the auspices of Regional Development Agencies (RDAs) (regional non-departmental public bodies also known colloquially as *quangos*: quasi-autonomous non-governmental organisations), which were charged with developing and implementing regional economic strategy (Pearce and Ayres 2009, Forte 2011). Typically, an RDA would be responsible for targeting hundreds of thousands of SMEs in its region. For instance, the East of England Development Agency (EEDA) had identified 215,835 VAT-registered SMEs in its region, out of which its Business Link service had reached 33% (71,335 businesses) by 2005 (Chatterjee and Ash 2005).

2.4.2. Introducing “Information, Diagnostics, and Brokerage” (IDB)

The transfer of control over regional Business Link services from Central Government to RDAs in 2005 was accompanied by arguably one of the most radical changes to Business Link’s service offerings. From April 2005 onward, Business Link was to act primarily as a *market making broker*: “Rather than providing all the advice and help itself, Business Link will fast-track its customers to the help they need” (Business Link 2006).

The provision of one-on-one consultancy advice by Personal Business Advisers was a core feature of the service design from the start, to add value on top of ‘mere’ signposting to other providers (DTI 1994). This, however, had invited the ire of some private sector management consultants who had felt that Business Link was either taking business away from them or not sending enough business in their direction (Forte 2011). Although most (62%) of Business Link offerings were free of charge (at times subject to some eligibility criteria on the part of SME clients), Business Link also had some paid-for services, as by design (between 1993 and 2001) it was obligated to aspire to earn up to 25% of its income on its own (DTI 1998a, Bennett and Robson 2004b).

Consequently, from time to time, Business Link had been accused of a conflict of interest when it came to referrals, especially by private sector consultants who did not feel they were receiving a sufficient volume of business from Business Link’s brokerage service (BERR 2009, Forte 2011). Some SME clients were also concerned about the possibility of biased referrals. At the same time, many were negatively disposed towards paying for a public service (Bennett and Robson 2004a, BERR 2009). For this reason Business Link operators were reluctant to charge for their services, despite the obligation to raise income (Priest 1999). Since the raison d’être of Business Link was to correct a market failure in the provision of SME consultancy, being perceived as competing with existing private sector consultants became a source of discomfort for Business Link and the government.

To remedy this situation, the Labour government made a crucial change to Business Link’s delivery model when it handed its management over to the RDAs in 2005: it removed Business Link’s direct consultancy service entirely from its product portfolio (Chatterjee and Ash 2005). Instead, Business Link’s core service offering was redefined as the “Information, Diagnostics, and Brokerage” (IDB) model:

> The fundamental principle of the Business Link model is that it *does not offer direct advice* to businesses. Instead, via a process known as information, diagnostics and brokerage (IDB) it analyses a business's individual requirements and introduces the business to a range of organisations and information that can then help them to find solutions to their specific needs. (England's RDAs 2008) [our emphasis]

"Informing" consisted of making information available via websites, telephone, face-to-face meetings, and events. "Diagnosing" was conducted either in the form of a "structured self-assessment," e.g. via the Business Link website, or by way of a "structured assisted diagnosis" in one-to-one meetings between PBAs and clients (this was also known as "intensive assistance"). The "brokering" service worked by providing "intensively assisted" customers "with a *referral to at least three quality-assured solution providers* (where possible) who are most appropriate to provide the expert support needed to achieve the business objectives identified in the Action Plan" [our emphasis] (Yorkshire Forward 2010).

3. Consequences of Labour's reforms

In this section we will examine more closely how the various policy changes under the Labour Government affected Business Link's ability to fulfil its market function, by paying particular attention to the consequences of their IDB policy on the emergence of the regional e-commerce market in two Southern English counties, Downshire* and Midsomer*.

3.1. 'Targetitis'

The introduction of IDB was not the only radical change to affect the way Personal Business Advisers went about their daily business. Upon taking over from the Conservatives, the Labour Government also felt compelled to respond to another persistent criticism coming from a variety of stakeholders who claimed that Business Link was not good value for taxpayer money (BERR 2009). The Government aimed to address these doubts about efficiency and effectiveness by introducing contractual performance targets for its franchisees, the Business Link Operators (DTI 2004).

Initially, the Small Business Service—the Central Government office in charge of Business Link between 2001 and 2005 at the DTI—had imposed three primary measures: 1) a penetration target (number of users accessing Business Link services); 2) a target for one-to-one consultancy by PBAs ("intensive assistance"), and 3) a target for customer satisfaction

(Forte 2011). Under the aegis of SBS, market penetration had subsequently increased from 14% in 2001-2002 to 24% by 2003-2004 (Forte 2011). When in 2005 the responsibility of managing the Business Link network was devolved to the Regional Development Agencies, targets became even more important levers of control for Central Government, to be administered via a complex and long chain of delegation: Central Government imposed targets on the Regional Development Agencies, the RDAs in turn imposed targets on the Business Link Operators, and the BLOs imposed targets on individual business advisers (Pearce and Ayres 2009).

The devolution of power from Central Government was accompanied by some centralisation on the ground, as the number of Business Link operators in England was reduced, in several steps, from 89 to 15, leaving only one back office per region (BERR 2009). The penetration targets (and, consequently, workloads) for Personal Business Advisers had doubled, in some cases trebled, as a result of this consolidation and increasing demand (Forte 2011). Ray Holford*, e-business adviser with Business Link South between 1999 and 2010, recalls:

> the target kept being increased every year, in quite a step change from the regional development agencies: 'You need to see more businesses and with the same or reduced numbers of staff.' So you … couldn't pick and choose who you dealt with. …Whoever walked through that door, you had to see, because you needed the numbers. It became a numbers game. (5/11/2010)

By 2008, RDAs reported a 29% increase in penetration, a 73% increase in one-to-one consultancy, and the achievement of a 90% customer satisfaction rate from the time they took over (Forte 2011). A case was made to Parliament in 2009 about Business Link's performance improvements (Business and Enterprise Committee 2009).

However, as Hood (2006) argues, the reporting of the achievement of targets is not necessarily evidence for the actual achievement of targets, as reporting managers may engage in "gaming," i.e. various forms of strategic behaviour aimed at achieving targets at the cost of sub-optimal actual performance. Also, the achievement of excessive targets may mask a redistribution of resources that may disadvantage other stakeholders elsewhere, undermining the quality of the given service in ways that may go underreported because they are not measured by targets. Indeed, Business Link franchisees began to report that the ever-increasing focus on targets had a negative impact on the service they provided:

> With those levels of targets you can't do hand holding. This is a shame as it leaves action plans unimplemented. (…) The chase after large numbers of intensive assists

> has caused demoralisation amongst staff and detriment to the service. What clients really value is the time they get to spend with an impartial advisor. (cited in BERR 2009)

In the experience of Ray Holford, the assistance targets set for him and his immediate colleagues by the RDA were impossible to achieve through the usual means:

> Our target was … 3000 a year between two of us, to do two hours of customer [visits], which wasn't physically possible. (…) In the first two years we failed our targets. They were just so huge, that me, on my own, doing one and a half thousand businesses, it's just ridiculous! No way [laughs] that was even gonna work! (5/11/2010)

The Labour government's approach to public management through the extensive—and according to its critics, excessive and counterproductive—use of targets has been nicknamed 'targetitis' in the British press (Sylvester 2002, Telegraph View 2002, BBC 2003). According to Hood (2006), by the mid-2000s the UK government under Tony Blair "took the centralized target approach to public service management further than any other in recent times;" and its reported rate of performance improvements was approaching that of the Soviet Union of the 1930s.

3.2. 'Mere signposting'

Thanks to the IDB policy, the PBAs' relationship with their clients had changed fundamentally, even if they had the luxury to spend more time with them. PBAs were no longer tasked with performing the consultancy and supplier referral services directly by themselves, using their own intellectual and social 'capital.' In their mission to overcome the market failure in the SME business support market, they were now only allowed to act as neutral intermediaries pointing their clients to more or less randomly selected independent third-party suppliers from the private sector instead. One government report defined the essence of this model as "a market-making approach to business support" (BERR 2009).

But this had also been interpreted by some of the RDAs in more simplistic terms as "*signposting* the region's enterprises to the most appropriate source of support to address their needs" (SWERDA 2006) [our emphasis]. While this change had removed one of the causes of constant criticism (without direct consultancy there was no more disparity in the quality of advice offered by individual PBAs from office to office, and region to region (Bennett, Robson et al. 2001)), it had replaced it with another: Business Link was now criticised for becoming a 'mere signposting service' (the very thing its creators in 1993 vowed to avoid) (Bridge 2010). It stopped offering specific advice to address the problems its PBAs would continue to diagnose in "intensively assisted" SMEs. In the words of Ray Holford, the IDB model

> took us away from charging for our services and just giving information, going in, diagnosing business problems, and then referring out, brokering out to suppliers, which is where some of the criticism [came from] then of course a couple of years down the line…: "You don't do anything. You go in, the business owner says, 'Oh, we've got a problem.' You say, 'Yes, you have. Go and find a consultant.'" (5 November 2010)

This situation caused discontent on the part of both the "intensively assisted" businesses and the PBAs (BERR 2009). SMEs, many of them unaware of the policy change, found it surprising and possibly frustrating that after having been "diagnosed" they were no longer advised but pointed to third party suppliers that did not come with the adviser's personal recommendation. Some PBAs also felt frustrated and ineffective for being unable to go the next step and provide the consultancy advice they felt would have been appropriate. According to Holford, the IDB process—in combination with the new focus on chasing penetration targets—had made the diagnostic process very superficial:

> you go in, undertake a diagnostic under these little areas—and I've got two hours of time that I can give them some basic advice—and then I've got to get out of there and write up the action plan. (…) You may have enough time to spot these issues but you don't have enough time to actually help them... And that's where I think it's a let-down, a dumbing down. And over the years I think the service has dumbed down quite a lot. (5/11/2010)

3.3. Impartiality and irrelevant referrals

3.3.1. The problem of adviser bias

The IDB model was also designed to address Business Link's "partiality" problem in the brokerage process. As Elliot Forte (2011)—a PBA from 1996 to 2011 at two different Business Link franchises—had observed, there were a number of reasons why PBAs tended to be partial to a relatively small pool of suppliers in their referrals to SMEs. Firstly, as individual consultants, especially when they were new in their jobs, PBAs would only have known a few suitable suppliers. Depending on the positive or negative experiences of the SMEs with the recommended suppliers, over time PBAs would be inclined to stick with the ones that had proven themselves to be reliable, especially as dissatisfaction of the client would reflect negatively on the PBA's and Business Link's customer satisfaction target achievements.

Over time, PBAs would inevitably develop personal relationships with the best performing suppliers, which could introduce an additional element of positive bias to the brokering process in favour of providers with a proven track record. Prior to the introduction of the IDB model, local teams of PBAs would have developed their own databases for their region or specialism. At Business Link South, the team of five specialist e-commerce PBAs (set up in 1999) had built their own list of e-commerce business service providers in an Excel spreadsheet for their own internal use:

> in the early days we just had a little spreadsheet of contacts that we knew of, of local [web] developers, and we had seen some examples of their work, who's fine, and we knew clients weren't going to get ripped off if we said, 'Oh, go and have a chat then.' (Ray Holford, 5/12/2010)

In their recollections, former PBAs would admit that there had been attempts on the part of suppliers to corrupt PBAs in order to be "brokered" more often; but they would deny witnessing actual corruption. "There were kickbacks on offer, but I don't know anyone who took them. But [whether] that was the case for all regions and all areas, I don't know," said Ray Holford (5 November 2010). Elliot Forte (2011) expressed a similar view: "Personally, I never witnessed any adviser act without integrity and [not] in the best interests of customers. That isn't to say categorically this didn't happen on occasion."

3.3.2. Devolving supplier referrals

Nevertheless, accusations of bias and corruption must have been sufficiently troubling for the government to introduce—as part of the IDB policy—a ban on PBAs making their own recommendations, and to delegate the task to regional co-ordinators who would be managing the supplier database behind a "Chinese wall" (BERR 2009, Yorkshire Forward 2010). Ray Holford recalls:

> Business Link was getting more stick at the time from people we weren't recommending. It was like, 'Well, you're paid by the government, it's unfair, you're giving competitive advantage to others not us.' So then that was brought in as a mechanism to quell that uprising at the time. (5/12/2010)

In Eastern and Southern England, the *Supplier Matching Service* (SMS)—developed earlier by Ngage, the Business Link franchisee in Buckinghamshire—was adopted to fulfil this function (other regions had their own versions, such as the *North East England Service Provider Register* or the *Select Supply Supplier Database* in the West Midlands) (Business Link 2007). SMS consisted of a website (where suppliers could register by subjecting themselves to a light-touch approval process) and a group of regional co-ordinators (who PBAs could contact on behalf of their "intensive assistance" clients to run database queries for potential suppliers). The supplier registration was free of charge, and it required suppliers to have a 3-year plus trading record, list three skills, and provide three testimonials from their customers (Business Link in the South East 2010). By 2010, SMS had over 3000 service providers from the South of England in its database (Business Link 2010b).

The PBAs' market role was restricted mainly to help identify and articulate a buyer's purchase requirements, advise the buyer on how to assess sellers and their offerings, initiate the devolved brokerage transaction with the regional supplier matching service, and follow up with the buyer concerning their experience with the chosen seller (Yorkshire Forward 2010). In Ray Holford's words,

> when there was a need for a supplier, we would do a referral to the co-ordinator that ran the database in each area and say, 'we need suggestions of suppliers, this sort of day rate, this sort of skill, in this sort of location.' And then the database would be searched and it would spew out three results, which would get e-mailed out then to clients along with the supplier profile and the supporting testimonials. (5/12/2010)

3.3.3. The cost of impartiality

According to a 2009 study commissioned by BERR , the IDB model had succeeded on the "impartiality" front, as clients (both buyers and sellers) by then had perceived Business Link's service as being more impartial than it was before. However, the achievement of this perception of impartiality came at a cost. The impartial but random search results (within the provided parameters of location, expertise, and cost) could produce a list of suppliers that turned out to be wholly irrelevant or unsuitable for the given SME client's highly specific needs, as Ray Holford observed:

> when I've spoken to businesses again, they said, 'Oh, yeah, we phoned and didn't like any of them, we went with somebody else.' And the results that I saw going out, where you would get copied in, I wouldn't have chosen any of those myself. They were just wrong. (…) And I've heard of people who did take up one of the suggestions from that database and had a bad experience. So, yeah, it certainly wasn't the panacea that it was supposed to be. (5/12/2010)

Moreover, the service quality of the suppliers and the accuracy of the data they provided about themselves in the supplier matching database were not reviewed sufficiently over time. Even when suppliers' relationships with the clients that provided the original testimonials in the database had soured later on, those testimonials would have continued to be used. To help them avoid "cowboy" suppliers, Ray Holford advised his SME clients to

> 'make sure you get the testimonials and ring these people up' because quite often I would have seen developers using examples, and the client has fallen out with them. They don't want to be their testimonial and never gave them permission to use their testimonial. (5/12/2010)

The shortcomings of the "light-touch" registration process, which allowed suppliers to be listed in the SMS database without a great deal of assessment (other than the initial one-off cross-checking of referrals) was also common knowledge among SMEs, as exemplified by the following comment by a member of the 4Networking online community in 2008:

> So far I have found Business Link SMS a total waste of time. They don't bother to check how good the people are or aren't, that they recommend. They go completely on references which can be fiddled. (4Networking 2008)

The IDB process thus had shifted the task of assessing the quality and value of the referred sellers' service offering almost entirely onto the buyer, who may have lacked the skills to carry out sophisticated assessments (which was indeed considered to be one of the sources of market failure and part of the justification for setting up Business Link (DTI 1994)). Under those circumstances, a PBA's inability to give explicit consultancy advice or a firm recommendation of a tried-and-tested supplier had exposed the Business Link service to charges of ineffectiveness (Bridge 2010, Tyler 2010).

3.3.4. Rogue adviser behaviour

The restrictions that the IDB model put on PBAs, coupled with the expectations of SME clients who demanded help with the evaluation and selection of suppliers to resolve the diagnosed problem, had led to some "rogue" behaviour on the part of the advisers, despite the fact that one of the aims of the policy was to standardise adviser service quality by eliminating idiosyncratic advice. Simon Jacobs*, e-commerce adviser at Business Link South between 1999 and 2006, deliberately bent the rule on referrals that were supposed to be impartial:

> There is the way to do it by the book, and there is a way that mavericks like me would do it. ... I wouldn't beat about the bush, and say 'Look, that's the only company I know, I've never heard anything bad about them, talk to them.' But that was not the way it was supposed to happen. And I would be reprimanded if it was found out that I had done that. (10/9/2007)

His colleague, Ray Holford, similarly admitted to a loose interpretation of the impartiality rule: "I always said, 'If any quotes you get, send them to me, and I'll talk you through what my impression of the quotes [is],' …but that wasn't the required part of the service" (5/12/2010).

If one of the goals of the IDB model was to standardise PBA behaviour, then the above examples show that by forbidding direct consultancy advice and qualified personal referrals the government had introduced a conflict into the adviser-client relationship, as PBAs were forced to choose between strictly following company policy or exercising what they considered to be their professional duty—to fulfil the clients' needs and expectations to correct the market failure. The IDB policy had reclassified a key element of their original PBA job description as "rogue behaviour."

Business Link managers in southern England must have been aware of some of the aforementioned problems with the brokerage model: they closed the Supplier Matching Service down on 25th March 2010, promising to replace it shortly with an "improved service" that was in the process of being implemented (Business Link 2010a). Nothing came of that in the end, as a new Conservative-led coalition government was elected two months later, which had a radically different plan for Business Link: to shut it down altogether, alongside the Regional Development Agencies.

4. Business Link's market devices

4.1. A tale of two market devices

4.1.1. What is a market device?

In the previous section we have identified a number of instruments that have been deployed as part of the government intervention to fix a perceived market failure in the SME consultancy market in England by way of the Business Link network. We use the term 'instrument' here both literally and figuratively, as these apparatuses—designed to perform a variety of market functions—consisted of heterogeneous elements that included human beings (the PBAs), a network of institutions (from the SBS to RDAs and BLOs), intangible policies (the IDB model), and physical artefacts (the Excel spreadsheets with a PBAs' own databases of qualified suppliers, the IT systems, buildings, and vehicles used to deliver the Business Link service). Following Callon et al. (2007), we will call such instruments *market devices*, to emphasise the fact that they were implements specifically designed and deployed to construct markets and facilitate the performance of market functions.

According to Callon, a market device, which he also refers to as a *market agencement*, is "a combination of material and technical devices, texts, algorithms, rules, and human beings with their various instruments and prostheses" (Callon 2007) that fulfils the function of a market, which can be defined as "the conception, production and circulation of goods, their valuation, the construction and subsequent transfer of property rights through monetary mediation, exchange mechanisms and systems of prices" (Muniesa, Millo et al. 2007).

We will argue that the introduction of the IDB model—by disabling Business Link's main market devices (PBAs and their informal databases for making qualified referrals of providers)—had, on the one hand, undermined Business Link's market making function, sowing the seeds for the criticism that was eventually used to justify shutting it down (Richard 2008, Bridge 2010, Tyler 2010), and, on the other hand, contributed to the increasing prominence of Business Link events as alternative ways of performing the function of market-making. This latter development could be conceived of as an intrapreneurial response on the part of some of the frustrated PBAs to the challenge posed by the government's limitation of their professional competencies and the imposition of unrealistic performance targets, which were both perceived to stand in the way of delivering Business Link's market making mission.

4.1.2. The Conservatives' market device

Two different iterations or configurations of Business Link's primary market device have emerged from our description in the previous section. The first configuration was the model put in place by Heseltine when setting up the Business Link network, and which was in operation roughly between September 1993 and March 2005. The second configuration was the market device that emerged after Labour's reform, which was based on the IDB model, and which remained in place from April 2005 until Business Link's closure in November 2011.

At a fundamental level, Business Link's primary function under Major's Conservative Government was to create a market supply of management consultancy at a subsidised price to SMEs. This first iteration of a Business Link market device therefore centred on qualified PBAs empowered to provide their own consultancy advice. A second function of this initial Business Link market device normally came into force as an output of the consultancy process. The diagnostic activity of reviewing the constituent elements and business processes of an "intensively assisted" SME would in many cases result in the identification of areas of the organisation that would either need to be replaced or restructured, which in turn would require the use of specialist expertise that the regional Business Link organisation would be unlikely to possess.

In these cases the PBA's assistance to the given SME would have consisted in articulating the SME's need as a buyer in the relevant supplier market (e.g. for management consultants, marketing agencies, or web designers), providing them with qualified recommendations to suppliers from the PBA's own informal database (such as the aforementioned Excel spreadsheet used by the e-business advisers at Business Link South), and guiding the SME through the supplier selection, hiring and control process. These would not have been impartial recommendations: but their value—when they resulted in successful relationships—lay exactly in the fact that they were *pre-qualified* by the PBAs, meaning that they were made on the basis of the PBA's prior experience with the given supplier.

Business Link's market devices were specific to each case of performing, and whether they succeeded in their function depended on the particular circumstances of their deployment, as well as on the appropriateness of their design. While Central Government decisions could (and did) make or break a market device, local implementations could also provide differing results. Regional Business Link franchises differed in their particular implementations of the national guidelines, as they had some leeway to decide on certain aspects of local service provision. For instance, some Business Links focused on reaching a large number of clients with lighter-touch assistance programmes, while others decided to concentrate on providing intensive, one-on-one assistance to a smaller set of selected firms (Mole, Hart et al. 2011).

4.1.3. Labour's market device

The reforms introduced by the Labour Government had gradually weakened both of the above market-making functions. The introduction of the absolute ban on direct consulting and qualified personal referrals had eliminated the very policy that enabled Business Link to operate the aforementioned market device (the socio-technical network of humans, policies and artefacts that had resulted in the output required by the SME clients, namely, relevant consultancy advice and qualified recommendations of suppliers). At the same time, all the other elements of this socio-material assemblage remained in place, such as the offices, the PBAs with their vehicles that allowed them to visit individual businesses, and their informal databases of tried and trusted suppliers.

Business Link's resource base—including its ability to supply subsidised consultancy and qualified brokerage—was intact: but it was prevented from being deployed legitimately; and the increasingly ambitious and onerous performance targets even made the illegitimate provision of those market functions difficult to undertake in practice, although, as we saw in the case of the e-business advisers at BLS, some PBAs chose to resolve the conflict between the new rules and their sense of professional duty by engaging in rogue behaviour in order to fulfil the fundamental mission of Business Link to overcome the market failure in the SME business support market.

The introduction of regional supplier matching databases (such as the SMS) was an attempt to create a new market device dedicated to perform the brokerage function previously carried out by PBAs and their informal databases. However, due to their various design faults discussed earlier, these supplier matching services left the key stakeholders frustrated, which included the advisers (as intermediaries), the suppliers (as sellers), and the SME clients (as buyers).

4.2. Educational events as market devices

The introduction of the IDB model, accompanied by the restructuring of Business Link's governance and the increasing reliance on management by targets had some positive effects as well, besides causing frustration and encouraging rogue adviser behaviour. In this new situation, Business Link events organised and promoted as "educational" and "learning" occasions, such as seminars, regular meetings of facilitated peer-groups (clubs with more or less stable membership), and conferences, had begun to take on a more prominent role: both as means for advisers to achieve their performance targets, and as market devices in their own right, enabling the meeting of buyers and sellers of entrepreneurial services.

4.2.1. The effects of 'targetitis'

While the provision and dissemination of information in the form of public events such as seminars had always been part of Business Link's remit, the changes introduced under the Labour Government—especially the increase in penetration targets for PBAs and the shift away from qualified supplier recommendations to impartial (but unqualified) brokerage under the IDB scheme—had increased the attractiveness of organising seminars and conferences to PBAs greatly. Each participant at such a seminar counted towards some of the performance targets, which means that the larger and better attended an event was, the more valuable it became to the organising PBAs.

For example, to meet the increasingly ambitious "light-touch assistance" performance target (as opposed to intensive, one-on-one assistance), advisers at Business Link South would resort to organising workshops:

> when … vast numbers you needed to deal with, you try a workshop with 10-12 people in, run them through a standard type of 'this is how you develop a marketing plan, here you go.' And that was your numbers dealt with. (Ray Holford, 5/11/2010)

The implication of Holford's observation here is that the use of workshops in pursuit of performance targets contributed to the "dumbing-down" of Business Link that he had commented on earlier.

But this was not necessarily always the case. Simon Jacobs, one of the five specialist e-business advisers at BLS, developed a reputation for delivering a high quality service to his SME clients, while coming up with creative ways to tick the performance target boxes:

> Simon was always famous for his bending his rules and coming up with the easy solution to it. He would probably see 300 without blinking, from that sort of approach. But that was fine because his end of stuff, the e-biz [e-business] stuff, they did get quality advice. (Ray Holford, 5/11/2010)

Eventually Business Link events became the main way for the e-business team at BLS to meet their performance targets: "towards the end we started to get up in the near thousand [of clients per advisor], through putting on events and seminars and stuff" (Ray Holford, 5/11/2010).

4.2.2. Jacobs's market devices

While Jacobs's larger-scale events were partly prompted by the pressure of the targets that had been increasing since 2001, they were also addressing needs that e-business PBAs spotted in the emerging local e-commerce industry. In 2002 "I realised that there was a major market opportunity," relates Simon Jacobs:

> the ICT sector, with which I had very good connections, were really good technically but crap at sales and marketing. I said, 'right, what I would do, have a seminar that's about sales and marketing for ICT companies.' So, a hundred people turn up from different companies and we lay on a series of talks and workshops about selling, marketing. People loved it! (2/3/2009)

Following the success of the first event, the day-long *e-Suppliers' Forum** turned into a series. Jacobs organised seven of them at Business Link South between 2002 and 2004.

After having helped local e-commerce business services (EBS) providers—the supply-side of the regional e-commerce market—develop their marketing and sales skills for several years, Jacobs's next move was to facilitate the encounters between EBS buyers and sellers with a two-day event called the *Business Link e-Fair** in March 2006. He booked an entire floor at a major business expo in Elsbridge*, an industrial and commercial hub in the South of England. Forty EBS providers were selected as exhibitors, who would also deliver "clinics, exhibitions, workshops, presentations and demonstrations" (as the text of the invite said) in their topic of expertise in seminar rooms around the floor. In Ray Holford's recollection, the seminar format was particularly amenable to the needs of timid SME buyers:

> it was more casual, the 'learney,' 'networky' type environment that people go along [to] because they want to learn. And they bump into somebody who knows what they're talking about, can strike up a relationship, and it's up to them if they want to then follow that up. (…) [T]hose sort of events are much more powerful from a business support aspect then your exhibitions and your 'all right, these are three people that are going to come in and quote.' They get to know them a lot better that way. (05/11/2010)

Holford's account suggests that the market failure attributed to SMEs' unwillingness to take on external management advice partly stems from the difficulties involved in evaluating service providers. Bennett and Smith (2004) call this the problem of "ex ante evaluation," and they also find it prevalent among SMEs in the UK. Jacobs's e-Fair event (under Business

Link's brand) provided opportunities for SME buyers of e-commerce services to evaluate the competences of sellers in a way that allowed the causes of the market failure to be overcome. This was achieved by enabling buyers to assess potential sellers in a social setting, through sampling their service offering, which is what effectively a seminar or workshop was.

In such a relatively neutral, quasi-educational setting, prospective buyers were able to interrogate potential suppliers without the fear of being subjected to a "hard sell." They were also able to benefit from the answers given to the questions of others. Participating sellers had subjected themselves to a public test, through which some of their qualities became apparent to the buyers in the audience, which then made any future exchange transactions (sales) more likely. This approach to creating opportunities for the evaluation of the sellers and their offerings would become a standard element of the events organised by Simon Jacobs and his colleagues at BLS.

4.2.3. Jacobs's clandestine intrapreneurship

In addition to small seminars (with typically 15 to 20 participants) and larger conference-type events such as the e-Fair presentations (with up to 80 participants) and the e-Suppliers' Forum (with around 100 participants), Jacobs also developed a third type of format: regular peer-group meetings for e-business entrepreneurs. These could be described as clubs, but they were also referred to sometimes as "networks" in Business Link lingo. Jacobs named these monthly gatherings of entrepreneurs the *Compass Groups**.

The first Compass group started out in Walmington* in 2001, and was born out of an informal dinner at a hotel to which Jacobs, out of his own initiative, invited some IT and EBS entrepreneurs he knew. He recalls:

> before I knew, I had a dinner group going. And that group was so popular, people wouldn't leave. Then I had to start a second group. (…) I was then asked if I would start a Compass group in Downshire by one of the members who was commuting… So I opened one in Downshire; that was the third group. Then I was approached by two women and they said, 'Would you start a Compass group for women?' So I started a Women's Compass Group; that was number four. (10/9/2007)

By December 2006, when Jacobs left Business Link to set up his own enterprise in executive education, he had five Compass groups running.

Despite the popularity of the Compass Groups among regional start-ups and SMEs, initially they were clandestine operations: “all of this was going on under Business Link’s radar really,” admitted Jacobs: “it was definitely not part of my job description” (ibid.). However, in the end, his Compass peer-groups came in very handy for meeting the ever-more ambitious “intensive assistance” targets imposed first by SBS and then the RDA:

> eventually, Business Link woke up to the fact that this was going on and fortunately that coincided with the point where they realised that I was their highest performing adviser, in terms of delivery of the ticks in boxes that they needed for their meeting the targets. And the reason I was so successful was because of these groups! Everyone in these groups was a tick in the box and I had 60 of them by this stage. I was like, ‘Wow! I could deliver 60 of these before I’d start the year!’ sort of thing. (Ibid.)

Thanks to his novel service delivery method, Jacobs was able to achieve the highest “intensive assistance” target at the regional BL office: “I produced 101 in a year and that was 30 more than the next best result.” In the end, Jacobs and his colleague Holford would even stop recording their achievements for the sake of maintaining friendly relations with other PBA colleagues in the office: “We just dealt with clients and we didn’t even log on the system because it made others look too stupid” [laughs] (Ray Holford, 5/11/2010).

Jacobs described his intrapreneurial approach within a bureaucratic organisation governed by targets as a strategic form of rogue behaviour: “I would start something rolling. By the time it was going, it was so successful, people couldn’t stop me. It’s like being a corporate guerrilla” (ibid.). Eventually the running of seminars, conferences, fairs and peer group meetings become the mainstay of his work, despite the fact that they were entirely unorthodox ways of delivering the PBA role: “Officially, my job was to work one-to-one with businesses to advise them on their IT and e-commerce, e-business stuff. I in fact did very little of that. I would say that less than 25% of my time was spent on that” (Ibid.). Instead, he managed to convince his line manager to include his event organising activities in his job specification: “My annual objectives would have things like ‘Run two e-Suppliers’ Forums or run an e-Fair, and continue to run the Compass groups’” (ibid.).

5. Conclusions

5.1. Market devices as policy instruments

In our empirical description, we identified three different types of market devices: the original Business Link model, the IDB model, and the educational event-based model of Business Link South. It was the specific configuration of Business Link's market devices as socio-technical assemblages that made or broke the market-making functions of its various market devices in each case. When specific policies, organisational structures, qualified human beings, and artefacts such as the informal Excel databases were aligned in a way that it was possible to deliver the market function of supplying management consultancy and the brokerage of qualified referrals (as was the case under the Major Government), then, in the given instance, Business Link (and, ultimately, the government) was capable of correcting, or at least mitigating, the market failure. However, when elements in this socio-technical chain were misaligned or disconnected (e.g. by the introduction of the IDB model, the targets culture, and the devolved supplier matching databases), the market making function became either impaired or ceased to exist, unless this misalignment was clandestinely adjusted by rogue advisers, in contravention of their policy brief and job description (but in the interest of their clients, their own sense of professionalism, and the overall policy aims to correct a market failure).

The breakdown of formerly functioning market devices had also led to Business Link's educational events—such as seminars, conferences, peer-group meetings and exhibitions—taking on a more prominent role as informal marketplaces. This however required that the franchisee tolerate "rogue" i.e. intrapreneurial behaviour on the part of their advisers and adopt their innovations when they turn out to be successful and useful for Business Link's overall mission and reporting requirements. Such events are not simply auxiliary phenomena that support the emergence of markets: they can be considered as actual marketplaces in their own right. Our argument supports the point made by Miller and O'Leary (2007) that events such as conferences can be central to the operation of "mediating instruments" (their term for market devices) that contribute to the making of markets. The emergence of Business Link events as such marketplaces was to a large extent due to the Central Government intervention that had disabled PBAs' consultancy and brokerage functions and inserted the arm's length supplier matching databases into the seller-broker-buyer relationship, thus breaking the formerly functioning market devices and frustrating all the market participants involved.

5.2. Revisiting the political and theoretical controversies

What does our investigation say about the political and theoretical controversies concerning the definitions of knowledge and the "knowledge economy?" To some extent the concerns that we have described on the part of Central Government do testify to the existence of a "knowledge economy" or "technological economy" in the form of a political discourse that Gadrey (2003) talks about or a political preoccupation with the present (but also with the impending future) that Barry (2001) observed. However, the aspirations behind Business Link as a policy instrument are quite inconsistent with the neo-liberal ideology that Gadrey identifies in the Lisbon Agenda. Rather than promoting a free market economy orthodoxy, policy makers were more concerned with correcting a failure of the "free market" by way of a massive government intervention targeting the heart of any willing small business, with a multiply devolved and delegated representative of Central Government (the PBA) literally walking onto the premises and intervening into its operations, although at the request of the enterprise manager, and connecting it with knowledge and technology markets that otherwise were difficult to access, while also equipping the client with market-related skills of how to evaluate suppliers such services.

It is worth pausing for a moment to appreciate what a radical and unlikely an innovation Business Link had been, introduced by a post-Thatcherite Conservative Government that normally would be expected to be diametrically opposed on ideological grounds to such large-scale interventionism (there was significant resistance to it within the Conservative Party at the time), especially in a business market, targeting the management practices of individual SME owner-managers in the style of what Conservative politicians like to call derogatively a 'nanny state'. While much smaller in scale (in terms of budgets, resources and the people involved), there are a number of parallels with that other Great British innovation introduced by a Labour Government after World War II, the National Health Service. Just like the NHS aims to provide universal health care to everyone, so was the aim of Business Link to reach every single SME in the country. Personal Business Advisors, not unlike General Practitioners, provided diagnostic services and handed out 'medical advice' in the form of consultancy, and referrals to tried and tested specialists (third-party suppliers) for further ‘medical treatment’ (services required).

Our study also provides some evidence of the kind of knowledge activities in England that Giddens (2007) and Soete (2006) found lacking in the broader Lisbon Strategy. Business Link, as a radical large scale innovation, was itself an example of creativity, and it facilitated the emergence of experimental and loose networks, such as Business Link South’s and Jacobs’s various fairs, conferences, seminars, workshops, and peer learning groups, although as we saw, not directly at the behest of Central Government, but in an effort to correct Labour’s reforms that broke the original market device, even if it meant engaging in rogue behaviour.

Does the “knowledge economy” exist? We are not in a position to make general pronouncements about the entire economy of England and the United Kingdom on the basis of examining one government policy and in one regional setting. But we can observe that the activities that Business Link as whole, its Personal Business Advisers, and its clients engaged in were often discussed and promoted in educational terms, as seminars, workshops, conferences, and peer learning groups, where the content of the activities were very much concerned with developing a shared understanding of new technologies and new management practices. However, these knowledge activities were always embedded in the specific socio-technical arrangements that each SME client’s firm constituted, and which one way or another were concerned with continuing to construct those entities and connect them to various markets.

The UK is probably one of the EU member states that came the closest to achieving the Lisbon ideals, at least in the area of e-commerce. In the first decade of the 21st century the share of online sales grew to over 10 per cent of total retail sales in the United Kingdom, and the UK had become the largest e-commerce market in Europe (Centre for Retail Research 2015). How much difference 18 years of Business Link intervention in this area had made is would be difficult to express in concrete figures, but it was certainly a significant actor in the field. As Lord Heseltine, the “father” of Business Link put it: “The scale of the enquiries reveals the demand was there” (cited in Forte 2011).

5.3. Recommendations for future research

Our story suggests that there very well may be a positive relationship between the availability of sophisticated, well-designed business market devices for entrepreneurial markets, and the rates of enterprise formation and innovation adoption by entrepreneurs that engage with such markets. It would be the task of future research to ascertain that. Whether Business Link was good value for taxpayer money and an effective source of entrepreneurial market making services is probably an impossible question to answer in hindsight, partly because the performances and outputs of the various business market devices—and the resulting benefits for the SME users—were not quantified and measured (instead, PBAs were busy chasing other targets). It might therefore be worthwhile for future research to identify the key performance indicators of business market devices, which could serve as a basis for developing measures for the performances of similar market-making services elsewhere. It would also fall to future research to examine whether the vacuum left behind by the disappearance of Business Link's market devices was filled by private sector market makers, and whether these changes had any impact on the rate of new venture formation, innovation adoption by SMEs, and start-up and small business survival rates in the UK.

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