



## Ecosystem over enterprise: addressing the gaps in scale-up policy

### Executive summary

Scale-up has become a critical concept in growth policy, but its scope is often limited to individual firms. The problem here emerges in speculating on which firms will grow whilst not recognising the role of non-growth firms. A more effective and sustainable growth policy may be scaling up diverse ecosystems, which offer a flexible structure to support institutional discourse, specialism, resources, and relationships and achieve a more democratic and resilient system.

#### Reviewing scaling-up policy discourses:

Scale-up policy seeks employment and productivity growth in firms, favouring competitive over collaborative models. A systems approach to the business environment is thus rarely considered. We argue that scaling ecosystems over firms may offer greater value and effectiveness.

**Prioritising growth or development?** Not all firms grow, or want to grow. That does not prevent development potential. Many firms can fill important roles that facilitate growth in the ecosystem whilst remaining small.

#### Evidence on ecosystem vs. firm growth:

Evidence from the manufacturing, the creative, and the green sectors suggest growth can occur through diverse integrated support and network ecosystems. Shared best practices, access to innovations, and lower fixed costs can here aid productivity.

**Ecosystem scale-up:** An ecosystem scale-up policy would focus on generative discourse, connectivity, and collective access to resources, knowledge and services, avoiding more singular, firm-level approaches and the failings of 'picking winners' strategies.

### Policy recommendations

1. **Redefine scale-up and its measures:** Policy should be guided by new scale-up measures favouring impactful interactions over outputs, focused on added value, development, diversity and resilience.
2. **Embed more productive and collaborative discourse in ecosystems:** [Generative institutional discourse \(GID\)](#) aids ecosystem governance, moderating a shared vision and strategic relationships for productive and collaborative dialogue.
3. **Support collaborative scaling:** Ecosystems can more effectively position support organisations as dynamic value enablers than individual companies, engaging actors with limited internal scaling ambitions to collectively contribute.
4. **Promote inclusivity in scale-up:** Inclusivity over competition can create scale-up opportunities, enabling new or small ventures key to resolving problems in both traditional industries and more freelance-based contemporary sectors.

### About the research

Two main pieces of research were used for this policy paper. The first originates from studies on the traditional manufacturing, the creative, and the green sectors in the UK, considering their regional and national contexts. The second reflects on British Council-funded projects in Central Asia exploring the new creative entrepreneurship ecosystem and its stakeholder tensions, growth ambitions, politics and governance.

***The case of the manufacturing sector***

Challenges within the UK's more traditional industries are well documented, with shifting spatial production patterns leading to ongoing decline. Behind these shifts is evidence of adaptation within organisations as they reposition themselves and refine product portfolios. [Firms such as those in Staffordshire](#) have transformed production networks through considering the value of their specialism and expertise over their products. Rather than traditional growth, this adaptation reconfigures existing resources, whilst challenges around embedded skills, dispersed networks, and navigating internationalisation mobilise external resources.

***Sectoral growth in the creative industries***

The creative industries is a major growth sector. The relevance of scale-up here is however questionable, with growth rooted in [the number rather than size of firms](#). The nature of the industry – high-intensity creativity, short-term projects, variable resource requirements – means growth here is interpreted by platform, profile or demand linked to project size and budget, scaling the organisation a secondary consideration [against creative or artistic objectives](#).

Access to resources and network capital however remain critical. In the absence of internal slack the sector is highly dependent on an appropriately scaled ecosystem.

***Addressing resource issues in the green sector***

Infrastructure and support are also relevant for the growing green sector, where firms address resource limitation and environmental impact simultaneously through new business models replacing [negative impacts with enhanced value](#).

With the technical specialism required for such processes, capability in developing new products, processes and [governance techniques is important](#). Similar is the interpretation of growth, focused on the development and dissemination of new practices for the social and environmental

mission beyond the firm, [prioritising problem resolution over profit generation](#).

**Conclusions: Ecosystem research for policy-making**

Scaling-up as a policy objective has its roots in a sound principle. Our argument is that the tendency toward scaling the firm over a more system-based approach may be counterproductive, restricted by firms' willingness to grow and capacity to address wider economic and social challenges.

In place, we propose focusing on scale-up ecosystems, enabling more productive [discourse for policy-making](#) in a space of changing markets and practices across traditional and contemporary industries.

Such discourse has scope to address the failings of preceding scale-up policy, specifically the misguided principle that all organisations seek to grow, and thus create increased employment. The risk here is that we oversimplify the challenges organisations face in growing, apply selective criteria for identifying and supporting firms, and replicate ['picking winners' policy failures](#) not fit for purpose in a world of transforming production practices and occupational structure.

As such, we propose scale-up should itself be rescaled to focus on encouraging ecosystem growth rather than firms, establishing greater potential for distinctive production systems, for collaborative local economies, and for the democratization of state investments.

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