

Small Business Image in Australia

Rolfe Peacock, Chapter 2 appendix A, *Understanding Small Business: Practice, Theory and Research* (2nd edition, 2004).

For the general public we would only say again that what we have been studying is not merely a collection of statistics but something highly personal – their friends, bosses, trades people, local councillors, fellow members of golf or tennis clubs – a great part of the fabric of all our daily lives. There is no doubt that the quality of life would suffer severely and in ways we cannot now foresee if the small firm were to disappear. Fortunately, the sector has shown its resilience in adverse conditions and its ability to survive neglect and disinterest. We believe it will continue to do so whatever problems may arise, but we trust that in future it will be with the greatest possible encouragement from public opinion and understanding from Government. (Bolton Inquiry 1972)

The Committee recommends that the Commonwealth Department of Employment, Education and Training liaise with State education authorities to establish small business management education as part of the curricula for all secondary education and apprenticeship training. (Beddall Inquiry 1990)

This is an overview of research into the image held by Australians of small businesses in their country. Although there are positive aspects, an overall consensus is a negative picture.

Three research projects conducted in 1993, 1997 and 2000 are examined and a rationale is sought for the findings of the researchers. Recommendations for change have been made by two major Federal Government sponsored Inquiries. Solutions however are not easy and relate to the concept of an enterprise culture for Australia.

Enterprising Nation: Renewing Australia's Managers to Meet the Challenge of the Asia-Pacific Century (1995)

An Industry Taskforce on Leadership and Management Skills was established by the Federal Government to investigate the leadership and management skills of managers in Australia. The subsequent report titled the Karpin report (after the chairperson) was published in 1995.

Much of the analysis and recommendations of the report were directed towards supervisors and managers of SMEs, because at 1994, of the 646,000 non-farm managers in Australia, 334,000 (52%) were in small businesses (less than 100 employees) and 106,000 (16%) were in medium size businesses (100 – 499 employees).

It was believed that inadequate management skills were the major contributor to the failure of SMEs and were responsible for lower economic contribution and productivity than was otherwise possible. Although not specifically discussed, inadequate management skills in the SME sector also reduce the possibility of the successful transition of growing small firms to the formal management needed for large firms.

A major recommendation of the Karpin committee was that all businesses, small and large, should attain 80% of world best practice by the year 2010. Ten areas of best practice in Australia were compared to those of other countries. The largest gap was found in "management development" and the second largest gap was in "positive community attitude". It was claimed that there was a poor small business culture in Australia: community attitudes toward small businesses were at best ambivalent and often negative, in contrast to the more positive attitudes in contrasting countries such as the US, UK, Japan and Germany.

Information regarding the small business image in Australia was provided to the taskforce from research carried out by Mozell and Midgley (1995), which is now discussed.

Community Attitudes to Small Business (Mozell and Midgley)

Because Mozell and Midgley (M&M) found that the existing small business literature contained no information about public opinion covering the small business sector they could not provide a conceptual basis for their research. Instead, an omnibus survey comprising seven open-ended questions was carried out over the telephone between market researchers and 1200 respondents nationally in December 1993.

Question 1: *Thinking now of different types of business organisations. What type of businesses do you think of when I say small business?*

The image of the small retail shop predominated, with 78% of respondents giving one or more examples of a small retail shop (eg. 48% said "corner shop"). Categories of size such as number of employees or turnover were rarely suggested.

Question 2: *How would you describe what it would be like to be in a small business?*

People definitely had an opinion about what small businesses are like, predominantly negative. "Running or owning a small business is just not an attractive picture to the public" (M&M p. 258). Negative comments comprised 84% of responses and women and older people tended to be more negative. Negative responses tended to be made regardless of the type of business mentioned. No one type of business was treated more positively.

Question 3: *Thinking of what might be the benefits and drawbacks of being a small business owner. Firstly, what might be the benefits of being a small business owner?*

Only 21% responded "none / don't know" and the most popular benefits were "being your own boss (50%); "control over time (20%); "financial independence (12%); and "opportunity to make money (12%). Despite the negativity of answers to Question 2, people tended to understand also the benefits, and these generally centred on independence of some sort.

Question 4: *And what might be the drawbacks of being in small business?*

Provided details included "long hours" (29%); "competition" (20%); "lack of finance / capital" (15%); "government regulations" (15%); "sole responsibility for decisions" (14%); and "financial concerns / going bankrupt" (11%).

Question 5: *Would you encourage or discourage your children to go into small business?*

If encourage Is that strongly encourage or partly encourage?

If discourage Is that strongly discourage or partly discourage?

Question 6: *Why do you say that? Why else?*

The answers to Question 5 by themselves seemed surprisingly positive, despite the negative views expressed for Questions 2 and 4. Half of the respondents would encourage their children to go into small business; 26% of respondents would strongly encourage and 24% partly encourage. However, after taking into account the responses to Question 6, M&M (pp. 260 –261) said:

These responses say 'it's really up to the kids to do what they want'. Thus if small business was what the children were interested in, then the parents would encourage them, as they would do anything their children were keen to do. The actual career interest is not the issue at all.

All in all, M&M felt that the results consistently reflected more negativity and disinterest in general in small business as a specific career path, either for the present generation or for the next.

The over riding impression of the study is that community attitude is negative about small business. Although retail operations predominated in the mind of people, no other business

type created a more positive image. It seems that all types of small business are similarly “tainted in the minds of the public” (M&M).

Older people were usually more negative, reflecting perhaps for some, scepticism and criticism of the world in general. Females also were more inclined towards negative responses, but the researchers felt that this was likely to have stemmed from “thinking that the demands of small business are hard on a family”.

A major conclusion from the study is that the responses did not emanate from ignorance. Rather the issue for small business is image which is seen as poor.

The Perception of Students, Parents and Teachers (including Career Advisers) Australia Wide, of the World of Small Business (Goddard and Ferguson)

In late 1997 the secondary school sector was surveyed by Goddard and Ferguson (G&F) regarding perceptions of the “world of small business in Australia”. Of particular interest to the researchers was the attitude of the school population and parents towards employment in the small business sector, both as owner-managers and as employees.

By means of two surveys and data from 36 focus groups the views were sought of 170 high school students (aged 14 – 16 years), 139 parents and 139 teachers (including career advisers). The study was stratified by States and by public / private schools,

A consistent impression of students about small business “was of a corner store” – a business in the retail area, a shop, and one individually or family owned. As with the M&M survey, the far wider variety of the types and sizes of small business was not known.

There was strong agreement in the data from 60% or more of all groups on the upsides and downsides of small business (1). On the one hand, small business

- *Is where you can create new ideas.*
- *Is a good place to work.*
- *Is a place where you're the boss.*

However, small business

- *Is tiring and worrying.*
- *Has long hours of work.*
- *Is very risky.*

Also, people strongly disagreed that small business

- *Gives poor quality service ie. it gives good quality service.*
- *Is great to own, not to work in ie. it is not great to own, but it is good to work in.*
- *Does not pay well to work in ie. the earning level is at least adequate.*

Students were more inclined to see small business as a good way to make money, and as less risky, less likely to go bankrupt, less tiring and worrying, than parents and teachers. Despite these differences, the attitudes of students tended to align more closely with the attitudes of parents than of teachers, suggesting that parents have a greater influence on students than school staff.

Some clear impressions were conveyed in the focus groups regarding the role of small business in the “world of work”. Starting a business and self employment were not a real consideration for the vast majority of students:

.... very few students spoke in any way of starting a business.
 for many, not even a question of an idea in a longer term sense.
 re self employment, It was an immediate option for very few.
 A few students showed interest in self employment and in being enterprising. The few students who had a good idea in this area cited independence as their reason.
 There were students interested in the medical profession and law, but no sense they were looking beyond qualifying and joining a large firm. It seemed they either did not know, or did not want to know, that a doctor or lawyer in his or her own practice was a small business. Again, the main sense was of a far-off dream for the vast majority.

Students exhibited some fear about owning a business. In particular, two groups of post year 10 students “gave the impression of being scared of the prospects of small business”. The researchers felt that this seemed to be a result of parental expressions, of the conservatism and caution of teachers, and of information students received in other quarters – “so many small businesses go bust, and you see a lot about the number of small businesses that fail”.

Pathways to employment were examined in the study. Small business and self employment were regarded by students and staff as the lowest priority work avenues or training grounds for youth leaving school. “The pathway to work is as it has been promoted for the past two decades – finish school, get a tertiary qualification and then get a job” (p. 81).

Parents clearly implied that small business provided an option if there were no other work available. But small business was not a preferred option for their children. They needed to gain work experience and become financially stable, but just the same small business was not a secure place to work.

A number of important findings came from G&F, including the following:

- Overall, there was a reasonably positive attitude to small business from the data

While people see it as risky, hard work, and tiring and worrying, the sense of opportunity to create and be your own boss had considerable appeal. There was little agreement that small business offered a low quality of service ... (p. 80)

- Small business can be an appealing avenue for youth to become employees. It is a “good place to work” and “the earning level is at least adequate”.
- Small business ownership (self employment) is not appealing.

..... Australians seem to look to the future of work in a dependent way – to be ‘employed by someone’ rather than be ‘employed doing something’. This view arises because the majority of students, parents and teachers do not see creating a new enterprise, self employment, or some aspects of small business as priorities. They feel this despite evidence that suggests traditional employment patterns have changed and will continue to change. (p. 88)

Yellow Pages Global Entrepreneurship Monitor (GEM) Australia 2000 (Hindle and Rushworth)

The Global Entrepreneurship Monitor project brings together annually academics around the world to study relationships between entrepreneurship, economic growth and national prosperity. 21 countries (including the UK, US, Canada, Ireland, Israel, France) participated for 2000 including Australia for the first time.

The term “entrepreneurial sector” used in the project refers to “emerging enterprise, start ups and new firms”. The research that is conducted within each country is concerned with “new firm creation and growth”. **(2)** A working definition of entrepreneurship was used in the GEM Australia 2000 report:

Entrepreneurship is the creation and management of a new organisation designed to pursue a unique, innovative opportunity and achieve rapid profitable growth. (Hindle 1999)

Whereas the studies of M&M and G&F were concerned with the whole small business sector, GEM is concerned with the “entrepreneurial” section only.

The GEM project in Australia used three methods:

- random population survey of 2000 typical adults,
- face to face interviews with 36 experts (“key informants”) on various aspects of entrepreneurship, and
- use of selected national eco-data.

Although not intended to explore the whole small business sector, the GEM findings include some relevant issues regarding small business image (at least from 2000 adults and 36 experts).

Australia was found to be strong in the start up of new enterprises with 8% of the adult population involved in starting a business at any one time. This ranked Australia third of the 21 GEM countries for 2000. The majority of starters were aged between 25 and 44 years. The participation of males was much higher than that of females across all age ranges.

The rate of participation (start up) decreased sharply between the 35 – 44 and 45 – 54 year age groups, especially for men.

The start ups were grouped according to the number of employees expected in 5 years time. Seven per cent of start ups fell into the high growth category of 50+. Australia ranked fourth, equal with Ireland and just ahead of the USA.

Although “Australians start a lot of companies(they)..... do not keep them alive for very long....” (p. 22). It was found that 3.3% of the population owned all or part of a business established for less than 42 months (ie. established in 1975 or later). Australia ranked fifth of the GEM countries in “new firm participation”.

Most start ups failed to come to profitable fruition in the GEM study for 2000. Research has shown that of OECD countries (excluding Australia), 34% fail after three years and 46% after five years on average (OECD 1998, p. 44). Pinfold (2000) showed that 57.5% of New Zealand businesses failed after five years. A more pessimistic picture was shown by the national longitudinal study started in 1973 in Australia by A. J. Williams (1987). On the average nearly one third of start ups failed in the first year. 62% failed after three years and 75% failed after five years (Peacock 1999, pp. 314 – 315).

50% of the population personally knew someone who had started a business, but in general this did not engender confidence in an ability to do the same. Only 29% thought there would be good opportunities to start in the next 6 months, and 36% said that they would be deterred from trying to start a business because of the fear of failure. This fear, also found by M&M and G&F, has to be one of the most negative aspects of the Australian small business image.

Although starting a business seems acceptable, becoming the high flier entrepreneur is not seen as a desirable career choice. There is a negative attitude towards entrepreneurship in Australia where entrepreneurs are “not accorded a high level of status and respect” (p. 31). 80% of the surveyed people respected those who started a business, but 78% felt there was a lot of resentment towards those who made a lot of money from it. This attitude was not confined to Australia, but was found in all countries except Brazil.

Despite the apparent respect for starters by people, the tenor of the GEM report is that there is a lack of status for starting a business and for self employment in Australia. According to the experts “Many people do not see starting a business as a respectable career path” (p. 33). In Part 4 of the report (What Directions Should Policy Take) the researchers state that “..... starting a business was felt to lack status – working for a major accounting, consulting or law firm commands respect – starting your own business does not” (p. 41). This impression is remarkably similar to that found in the school sector by G&F.

Rationale for the Poor Small Business Image

The three reports have specifically suggested or hinted as to the key reasons for the poor small business image and poor attitude towards entrepreneurship in Australia.

1. M&M believed that small business had the image of being arduous, suggesting that the overall rewards gained did not equate to the work and risks involved. They suggested that there could be three factors leading to this perception (p. 264):

- a low risk tolerance of people in general,
- a lack of entrepreneurial spirit within Australian culture, and
- a “particular work ethic”.

2. G&F found some positives in two senses. There was some satisfaction with the quality of service provided in the small business sector. Also, students, parents and teachers believed that small business is, and will continue to be, viable for employees. However, negatives were strong, particularly relating to being a small business owner-manager. There was “fear in the general community” about the riskiness of such independence, long hours and hard work.

G&F nominated some major issues leading to the negativity towards small business.

- “In a general sense Australians appear to be more dependent than independent” (p. 9). The researchers found a constant reference to “working for someone” rather than be “employed doing something”.

The majority of students, parents and teachers do not see creating a new enterprise, self-employment or some aspects of small business as priorities even though a majority in each group indicate a willingness and desire to be employed in small business. (p. 111)

These views are held despite evidence that suggests that traditional employment patterns have already well and truly changed and will continue to do so. (p. 88)

- The dependency outlook is perpetuated by parents.

G&F found that the greatest influences on students were “my own interests” and “parents”. The data showed that parents exerted a much greater influence on students than schools, teachers, subjects or content of courses/subjects. Parents were also far more influential than the media, friends, role models, various career information sources or work experiences.

Parents almost unanimously want their children to “do better” than they did. Given that they are negative towards self employment as a career, dependency is perpetuated.

- There is a critical deficiency within the community because it is believed that “a good education equals a good job” (p. 83).

It is always important to “stay on at school” rather than leave say after year 10 and gain employment. G&F found considerable evidence in the strong belief that “academic knowledge and credentials are a priority over practical knowledge and experience” (p. 83); “..... schools and teachers continue as they have for generations, with educational attainment being a priority over ‘nouse’, common sense and street-wise skills and knowledge” (p. 4).

Such a view overlooks the student for whom a “good education” does not lead to a job. It also overlooks the major present and impending changes in the world of work requiring enterprising attributes - “working doing something” rather than “working for someone”, and “self created, generated and managed employment which is becoming more common in an

age of technological advancement, downsizing and outsourcing in both public and private sectors (p. 3).

- Small business owner-managers themselves contribute towards the overall poor image of small business.

There is, in these data, a strong sense that the world of small business is its own worst enemy. Publications abound with information about the hardships faced by small business. It is material used to appeal to government for greater support for small business, and in some cases, by small businesses seeking consultancies to support the sector. Those who hear the "doom and gloom" material are actually being turned away from supporting it. (p. 64)

There remain large gaps in the perceptions, knowledge, communication and flow of information about the world of work and small business, between small businesses themselves and the schools and parents. Small business owners create very little public and personal recognition of the abilities, skills, knowledge and successes in their firms. It can be argued that the owners need to promote themselves, that the small business sector should establish sound links with all education sectors, and demonstrate the causality from "being enterprising", to self-managed employment, to self employment, to the growth of small business and entrepreneurship.

The reports from both G&F and M&M reflect a lack of knowledge and correct information in the community about small businesses. The image of the "corner store" (or a retail establishment) fails to portray the variety and vitality of the small business sector.

3. According to the GEM project, "Australians start a lot of businesses, but survival and growth rates are too low". Despite knowledge of start ups and general acceptance of them, Australians in general do not regard these as role models to follow. Moreover, the high flying entrepreneurs are not at all respected. Also, Australia's performance is poor "on several key drivers of entrepreneurial activity".

A number of key issues were raised by the interviewed experts as possible reasons for the findings.

- "Education was the single biggest issue raised in the interviews" and the dominant concerns related to education in primary and secondary schools.

A main concern was that schools (and universities) do not encourage independence, creativity and a questioning approach to life. Conformity was preferred and diversity was undervalued. Exposure to "entrepreneurial concepts" was virtually unknown. It was argued that schools and universities prepare students to be employees ie. GEM confirms the dependency issue found by G&F.

- Aspects of the Australian culture (cultural and social norms) were blamed for impeding entrepreneurial activity.

Failure carried a stigma and was not tolerated, and the value of learning from past mistakes was not recognised. "Contrast was drawn with the US where having a failed business was almost a badge of honour" (p. 41).

There was little capital for new ventures because of the investment attitude of many people. On the one hand, the Australian love for gambling results in money placed into very high risk, high return, short-term 'investments'. On the other hand, 'serious' money is placed in very safe long-term investments, leaving little in between.

Because many Australians have a "she'll be right" attitude and a lack of ambition, they do not have the drive to build large firms. A business providing a comfortable living may be all that is really desired.

There is a lack of understanding of entrepreneurship and a negative view of entrepreneurs. We have a lack of entrepreneurial role models, in contrast to an abundance of sporting heroes. The portrayal of entrepreneurs by the media is extremely limited and tends to focus on the 'villains' rather than the success stories. The experts did not rate Australian big businesses as very entrepreneurial, adding to a misunderstood or poor role for entrepreneurs in general (p. 33).

4. M&M (low risk tolerance, lack of entrepreneurial spirit, particular work ethic) and GEM attributed the poor small business image to questions of the Australian culture. G&F and GEM claimed that the education system (especially schools) was particularly critical to this.

These views are in line with those expressed by the Karpin task force in 1995. It believed that the small business image was part of a larger problem in Australia, the lack of a positive society attitude towards enterprise. The title of the Karpin report was *Enterprising Nation* because a challenge for Australia is creating an enterprise culture.

Solutions

G&F and the GEM project provided specific recommendations to improve the overall image of small business and its entrepreneurial sector. The earlier Karpin report claimed that Australia needs to create an enterprise culture in which there is positive community attitude towards the creation of wealth, and the development of enterprising and entrepreneurial skills.

The word "enterprise" within the term "enterprise culture" does not mean "firm" or "business". Rather it refers to the exercise of certain attributes by persons in any task or environment, not confined within or relating necessarily to a business. Gibb (1993) argues that enterprising people are adventurous go-getters with a self-reliant approach to life. Their attributes can include initiative, flexibility, creativity, independence, leadership and hard work (Gibb 1987). "They tend to exhibit behaviour ranging from persuasion and problem-solving to independent action, and these are supported by a collection of skills and attributes" (Bridge, O'Neill and Cromie, p. 216).

Each person will have a different mix and strength of enterprising attributes and these can be exercised in a wide variety of organisations of all shapes and sizes. However one of the strongest tests of enterprising attributes is in the formation, development and management of a small business:

But independent business ownership is likely to force development of a number of the attributes by the nature of the task structure. Which of these attributes might be developed, and how greatly, will depend on the nature of the business and the changing environment in which it operates. (Gibb 1987).

It has become common for people, especially politicians, to limit the term "enterprise culture" incorrectly to only the SME context. The Karpin committee retained the wider meaning of the term by referring to a society attitude towards the development of enterprising and entrepreneurial skills.

If "enterprise" in terms of attributes could be placed on a continuum, most people would be placed on it ie. most of us have some degree of creativity, persuasiveness, or some other form of enterprising attribute. However, at one extreme would be "entrepreneurs", the high-fliers with a marked use of attributes indicating a strong need for achievement, need for affiliation and for power (McClelland 1961), and a strong internal locus of control (Rotter 1971).

Where would the non-high-fliers, the non-entrepreneurs, who are small business owner-managers, fit? "Casual observation of the characteristics of those who run small businesses would lend some support that small business activity embraces a wide variety of people who do not look remarkably different from the rest of the population as a whole" (Gibb 1987). In other words, many may not be further along the continuum (towards the entrepreneurs) than many people who have never run a business. Others will be further along because they tend to exercise more enterprising attributes. The Australian who sets

up a business to replace a job is less enterprising than the person who creates a product, finds a market niche, or sets out to maximise a capital gain from a business idea.

The Karpin committee put the question of a poor small business image within the larger context of three aspects;

- enterprise attributes of people,
- small business owner-managers and their firms, and
- entrepreneurs and their organisations. **(3)**

Bridge, O'Neill and Cromie (1998) have developed a model **(4)** outlining the areas of intervention needed to create a positive enterprise culture, including a positive image of small business and entrepreneurs, and an impetus to the development of small and entrepreneurial firms. The model incorporates two broad approaches which are not mutually exclusive.

- One approach concentrates on the creation of a favourable environment for business creation and growth.
- A second approach provides direct assistance to individuals and businesses.

ENVIRONMENT

The business environment affects the performance of all firms of whatever size, but is crucial to a healthy small business sector, including entrepreneurship. Improvement of the business environment involves six categories.

1. The economy. Most governments aim for stable growth, low interest rates and a steady rate of exchange which can assist businesses to plan ahead.
2. Fiscal policy, including tax incentives for business angels and venture capital investors.
3. Skills. Small businesses, especially growing ones, have difficulties increasing skills, and have problems in dealing with the "formalities and legalities of recruitment in an increasingly sophisticated environment" (Bridge et al p. 244).
4. Infrastructure. This includes transport systems and networks, communication networks and an adequate supply of business premises appropriately located. A competitive financial market is needed, including adequate venture capital for growth businesses.
5. Regulations. Intervention on behalf of small enterprises can remove disadvantages compared with large firms with regard to red tape and bureaucracy of government.
6. Societal Attitudes. In providing reasons for the poor small business and entrepreneurship image in Australia the three research projects have focussed on societal attitudes, the most difficult aspect of the environment to change. The position of most governments is that they support and encourage positive attitudes in the community towards enterprising attributes, small business and entrepreneurship, and the phrase commonly used for this position is "creating an enterprise culture". "Certainly, the language of enterprise has never been more popular in politics, economics and business" (Bridge et al p. 246).

However, a macro approach to create an enterprise culture requires social engineering. Gibbs (1987) has outlined the following key circumstances that would be needed:

- *Circumstances under which some of the feelings of being independent and some of the entrepreneurial attributes associated with this might be developed from an early age, even though this experience might be simulated;*
- *the means for acquiring knowledge, understanding and, importantly, insight into the independent business process;*
- *means for more work experience and training within the small firm sector, particularly for young people;*
- *the means for a wider range of opportunities for everyone, but particularly the young, to develop networks of acquaintances and contacts necessary for business initiation, and*
- *status for the entrepreneur in society, and successful role images in a positive manner.*

To the extent that any attempts have been made by governments to create an enterprise culture, they have concentrated on the narrow approach of business enterprise (small business) and entrepreneurship. However the Karpin committee recommended a major long-term initiative in a community education program aimed at raising the profile of enterprise, as well as small business and entrepreneurship. There is little evidence that government has taken this wide macro program seriously.

INDIVIDUALS AND BUSINESSES

In addition to intervention at the macro level, intervention to promote the enterprise process is needed at the level of the individual business or the person preparing to start a business, "albeit there is no clear division between where one approach ends and the other begins". Rather than target all people or businesses, the idea is to target

..... segments of this population categorised by age, by stage of development, by business sector, by geographic region, by market area, by type of ownership, ... (by) unique sets of problems and/or opportunities..... (Bridge et al p. 248)

These could include the following.

1. Pre-start-up. Intervention can be made to assist people thinking about, or preparing, a business start-up. This is commonly business skills training, but can also include:
 - sourcing, identifying and development of business ideas,
 - assistance with market research, and
 - using the insight of business people in assessing the commercial feasibility of innovations and inventions.
2. Start-Ups. Non-discriminating support to all start-ups should be avoided because of their high failure rate. Rather, policy emphasis tends to be placed on quality start-ups such as those with growth-oriented or exporting potential. Intervention can include:
 - provision of business incubators,
 - mentoring,
 - networking,
 - training,
 - financial assistance, and
 - information, advice and counselling.

The 1990 Report by the federal House of Representatives into small business in Australia (Beddall Inquiry) recommended that the Department of Industry, Technology and Commerce provide a “heightened awareness campaign to potential small business startups to drive home the value of business management training before commencement”.

3. High-Tech Businesses. Most countries have a range of schemes to assist starting businesses in the high-tech category. Milton-Smith (2001) has argued that Australia has a relatively weak innovation system with regard to the role of SMEs, despite an upsurge of business incubators and industrial parks.
4. Exporters. Increasing support has been provided by banks and the public sector to small exporting firms. A variety of incentives have been offered including information-based assistance such as subsidised market research, travel and trade show subsidies and export credit guarantees.
5. Population Subgroups. To help lead societal attitudes towards more positive enterprise attributes, specific programs can be addressed to subgroups within the community.

These include young people in the education and training sectors. In 1990 the Beddall Inquiry recommended that small business management education become part of the curricula for all secondary education and apprenticeship training. The second major long-term initiative recommended by the Karpin Inquiry in 1995 was the introduction of enterprise, small business and entrepreneurship into school, vocational and tertiary education with three aims:

- *to give individuals the necessary mindset and skills to recognise opportunity, manage risk and mobilise and manage resources (and to develop) the qualities which a person needs to tackle problems, take initiatives, persevere and be flexible,*
- *to promote the wealth and job creation potential of small business, and*
- *to provide some exposure to the skills needed to be a small business manager.*

One consultant told the Inquiry that young people lose 70% of their enterprise skills between the ages of 7 and 16 “due to the highly structured and ideological nature of the school system”.

Enterprise education in high schools was the focus of G&F. Australia has progressed somewhat along these lines since 1997. With federal and state government encouragement an increasing number of high schools, and to a lesser extent primary schools, have incorporated into curriculum and school activity the “world of work” including the small business world.

G&F made 9 recommendations regarding schools and the negative perceptions and beliefs about small businesses held by teachers, students and parents. In particular they stressed the urgent need for study materials and events that articulate the role and place of small business. As “..... school principals are either the main catalyst for change or the main obstruction to it in schools” they are integral to the needed changes and should be the prime recipients of the study materials.

G&F also stressed the need for small business owner-managers to become involved in sponsoring their businesses and in encouraging and supporting schools and school leavers:

The small business sector must promote itself as a strong, viable alternative sector through its strengths and successes. It should establish strong links with education and demonstrate that “small business” grows from self-employment, self-employment grows from self-managed employment, and self-managed employment grows from “being enterprising”. (p. 8)

Australia lags behind many countries in small business and entrepreneurial studies within universities (refer to Chapter 2). According to the GEM 2000 Executive Report relating to all GEM countries, "If the level of participation in post-secondary education were the only factor used to predict entrepreneurial activity, it would account for 40% of the difference between GEM countries".

Research in South Australia has indicated that 1 in 4 graduates of the University of South Australia have become small business owner-managers at one stage in their lives (Peacock 1997). However less than 15% undertook one or more small business subjects in their university studies. Breen and Bergin (1999) studied the current offerings in small business and entrepreneurship education in Australian universities in 1998. Only 10 universities provided specialist courses, mostly at post graduate level. Although 29 of the 39 universities taught individual small business or entrepreneurship subjects, the largest under graduate enrolments were only 730 (Curtin UT), 498 (University of Newcastle), 389 (University of Technology Sydney) and 325 (University of South Australia). Less than 1% of students enrolled in business and management courses were exposed to small business or entrepreneurship studies.

In only the last few years have there been signs of increasing interest in the universities in entrepreneurship type subjects and in the commercialisation of ideas/inventions arising in non-business faculties and research centres. There has been no apparent major growth or interest in studies or research into the wider small business sector.

The Australian GEM project argued for initiatives to increase the participation of women in entrepreneurship, and for the involvement of people younger than 25 and older than 44 in the entrepreneurial process. These are examples of groups that are under-represented in the small business sector or that may "share common problems or disadvantages." Means of targeting such groups are needed, such as special programs that raise awareness and start-up seminars and training.

Conclusion

A major reason for the Report of the Committee of Inquiry on Small Firms (Bolton Inquiry) in 1990 in the UK was the belief that the small business sector was in decline. (5) There was a fear that "something highly personal" could be lost to the community and that the "quality of life" could suffer if the small firm were to disappear. This image of small business is in contrast to that currently in Australia. Three research projects have indicated a poor small business image and a "dependency" rather than an "enterprising" outlook in the economy, particularly highlighted in the education sector.

Because the small business image is a reflection of societal and community attitudes, policymakers indicating solutions need to wrestle with the larger concept of the enterprise culture. Although piecemeal solutions have commenced and will continue, these need to be seen within the larger model suggested by Bridge, O'Neill and Cromie (1998) dealing with both the environment, and with direct assistance to individuals and businesses.

NOTES

1. People were asked to respond to a list of 22 closed statements about small businesses, on a five-point scale.
2. There is no agreement on the meaning of the concept of "entrepreneurship", but this approach can be termed the "new venture approach" because its emphasis is on an image of new ventures (Timmons 1994),

Such an approach to entrepreneurship would be regarded as unduly narrow by some because it overlooks entrepreneurship as a particular form of behaviour. "Entrepreneurship takes innumerable forms and appears in small and large firms, in start-ups and established enterprises, in the formal and informal economy, in legal and illegal activities, in innovative and traditional concerns, in high-risk and low-risk undertakings, and in all economic subsectors" (OECD 1998, p. 36). According to Gibb (1987 p. 35) "Entrepreneurs can exist in all walks of life and can display their entrepreneurial mixes to different degrees".

3. Organisations need not be restricted to business organisations.
4. Their model is diagrammatically expressed in Figure 12.1 and called Small Business Policy and Analysis Framework.
5. In fact this was no longer the case when the Inquiry started. The reemergence from decline had started in the UK and many other countries.

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