

DOCTOR FLORIST
ELECTRICIAN
PLUMBER ARCHITECT
MUSICIAN CHEF
PERSONAL TRAINER

COMMUNITY PERCEPTIONS OF SMALL BUSINESS



CENTRE FOR TOURISM AND SERVICES RESEARCH



**VICTORIA
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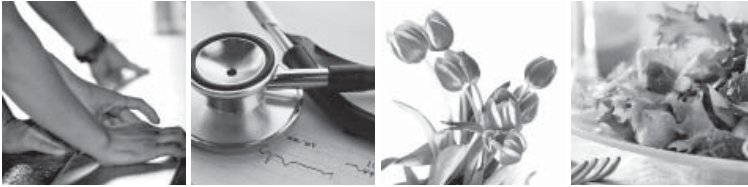
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HOSPITALITY
AUTHOR GARDENER
LOGISTICS

EXECUTIVE SUMMARY

In 2010 the community still views small business as predominantly retail, despite it representing only 20% of all small businesses

Small business is often described as the engine room of the economy, yet a 1995 study found that the community thought that small business was hard work, long hours and risky. A survey was conducted to ascertain if the community perceptions had changed in the 15 years since that study.

In 2010 the community still views small business as predominantly retail, despite it representing only 20% of all small businesses. Three quarters (74%) of the community think of a small shop when asked for their image of small business.

Overall the public has very negative views of small business with 78% of the public reporting some form of negative perception of what it would be like to be in small business. They indicated that the long hours and the lack of capital are the major drawbacks of being in small business.

On the positive side, the community considered independence through being your own boss as the major benefit of being in small business. This was reported by 50% of respondents, the same number as in 1995.

Despite the negative perceptions, parents in the main are happy to let their children make up their own mind with slightly more than half of the public (54%) indicating they would encourage their children to go into small business. The main reasons for encouraging their children into small business were that it provides an opportunity for success and for financial reward. On the other hand the main reason for discouraging their children from entering small business was that it was considered risky.

Overall the community views can be summarised as follows:

- Small business is small, it requires long hours, it is risky, but it allows you to be independent;
- If you get it right you can be successful and it can be financially rewarding;
- There is a need for greater skill in small business and tax benefits would help them; and
- The negatives outweigh the positives but most would let their children make up their own mind.

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The negatives of small business overwhelm the positives and the community perception is that it is too hard

Compared to the 1995 study there has been very little change in community views about small business over the last 15 years. Slightly more would encourage their children to enter small business - previously it was 50%. Today access to finance is seen as a bigger difficulty for small business compared to 15 years ago.

Despite these perceptions, the reality is that small retailers only make up 20% of small businesses and the number of small businesses continues to grow. There are almost 2 million small businesses in Australia today. It is considered a risky vocation and many studies on the sector have cited the need for greater skills among operators. Small business operators do have their independence and many do make money. So why is the public perception so poor?

Small business can be a tough vocation. It is spread across many industry sectors and is represented in a range of business formats and hence the small business voice is fragmented, uncoordinated and ultimately, lacks authority. Even in the government the Ministers representing small business are generally not part of the cabinet and more often than not they have multiple portfolios and do not concentrate solely on the small business constituency.

The general lack of recognition, the lack of a cohesive and representative voice, and the reality of small business, means the perceived negatives of small business overwhelms any positives; resulting in this community perception that 'small business is too hard'.

The consequences of this poor perception is that small business is not viewed as an attractive vocation, particularly among those with the right attributes to make it a success, that is, true entrepreneurs. This raises two further concerns that need to be considered. Firstly with fewer true entrepreneurs getting into small business it means that there are more operators who are less suited to business resulting in more failure, further perpetuating the current negative perception. Secondly, having more non-entrepreneurs results in more business 'survivors' rather than business 'growers' (entrepreneurs), again perpetuating this current community perception.

A further concern about this lack of attraction for small business is the significant impact it can have in regional areas. Here small businesses provide the economic lifeblood of the community by supplying the majority of jobs and most of the economic activity. They also provide intangible benefits such as leadership (e.g. clubs and charities) and philanthropy to their local communities. Improving community perceptions of small business in regional centres would result in better suited business operators and therefore more successful local businesses. We argue that this in turn would result in more vibrant and sustainable regional communities where younger generations are less likely to want to leave because their local community is able to offer jobs and opportunity.

ACCOUNTANT GRAPHIC DESIGNER FINANCIAL ADVISOR

Regional areas which are dependent on their small businesses for their employment and economic vitality

The ideal state of affairs is where:

- Small business and entrepreneurship are highly valued and celebrated within the community.
- Entrepreneurial types suited to business are attracted to small business as a vocation. This will result in a more vibrant and successful small business environment and culture.
- Regional areas which are dependent on their small businesses for their employment and economic vitality will benefit from having the 'right' entrepreneurs making a career out of business, being successful and enjoying the flow-on benefits to their respective communities.

In order to achieve this scenario it is recommended that various levels of government work to:

1. Raise the profile of small business:
 - o By celebrating their successes to improve the overall image of small business in the community.
 - o By having a better representation of small business in government and the community.
2. Take a proactive approach to build entrepreneurial capacity in the community.

A series of more detailed recommendations are set out in the concluding chapter.

1. INTRODUCTION

The term “small business” is used by many different groups in the community and in most cases it has a positive interpretation. Politicians love small business as it tends to be associated with the Australian ethos of ‘having a go’ and being ‘fair dinkum’. They regularly describe it as the engine room of the economy and are attracted by their ability to create employment. The media like to present examples of successful entrepreneurs who have started from nothing and created a successful business. Small business operators themselves tend to be very positive about their position in life and industry associations like to remind government of the importance of small business.

An Australian study conducted in late 1993 found that not everybody was so positive about small business. Mozell and Midgley (1995) reported that the community response to what it would be like to be in small business was overwhelmingly negative with responses like tough or tough economic times. They considered small business disadvantages to be the long hours, competition and lack of capital. Further only half of the respondents would encourage their children to go into small business.

In 1995 the community response to what it would be like to be in small business was overwhelmingly negative.

The research formed part of what became known as the Karpin Report and on the basis of the research a number of recommendations were made with the main objective of improving the enterprise culture within Australia. Some of the recommendations included embedding in education at all levels the value of enterprise and entrepreneurial behaviour. Major community education programs were also recommended to promote an enterprise culture and they were expected to have an impact by 2010. Furthermore, there were several recommendations that aimed to strengthen the management capacity of small businesses.

Given that 2010 was mentioned as the point in time when there should be some result from the recommended actions, it is timely to once again check the current state of community perceptions of small business. To this end a broad based survey was undertaken in April 2010 to replicate the questions asked in the earlier study. This report describes the community perceptions of small business as they are today.

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2. THE STUDY

APPROACH

In order to allow for legitimate comparison between the 1995 and 2010 results, the 2010 survey methodology mirrored the approach undertaken in 1995, that is through an omnibus survey. An omnibus survey is a quantitative market research method where typically data is collected on multiple topics in the same interview. On this occasion the survey was undertaken by Roy Morgan Research using their CATI omnibus survey known as CATIBUS which interviews a nationally representative sample, stratified by area with quotas controlled by sex and age.

Seven questions were included in the survey instrument, based on the questions used in 1995, in addition to demographic related questions. The questions followed an open-answer and unprompted structure, apart from one question (Question 5). This process was critical to maintaining consistency and capturing the full range of perspectives in the community, rather than probing participants using a set scale. Like the 1995 survey, this is where the value in the survey lies, that is the ability to identify the broad associations held by the community towards small business.

In total, 652 people nationwide participated in the study. The data was captured via telephone interviews conducted in late April 2010. In order to gather a representative picture, the sample breakdown by state, age and gender was purposely built to reflect the characteristics of Australia. Data analysis was undertaken using coding and as a starting point, the codes identified in the 1995 report were used as a basis to facilitate comparison. Where necessary additional codes were identified and applied. Initial descriptive analysis has been undertaken in SPSS. In some of the analysis we have separated out the responses from small business owners to provide a picture of their attitudes to the particular questions in order to identify where they differ from those of the general community.

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THE SAMPLE

The sample distribution of the 652 respondents is as set out in Table 1 below.

Table 1: Sample distribution according to region

Region	Number	Percentage
Sydney	133	20.4
NSW Country and ACT	86	13.2
Melbourne	114	17.5
Victoria Country	41	6.3
Brisbane	57	8.7
Queensland Country	65	10.0
Adelaide	40	6.1
SA Country and NT	18	2.8
Perth	59	9.0
WA Country	21	3.2
Tasmania	18	2.8
Total	652	100.0

*Omnibus survey
undertaken by Roy
Morgan Research*

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The survey included a number of demographic questions which provided data that allows for further analysis according to the various demographics. The representation of these groups within the sample is set out in Table 2 below.

Table 2: Demographic representation in the sample

Gender	Male	50%
	Female	50%
Location	City	62%
	Regional	38%
Marital Status	Married	54%
	Not Married	46%
Age	< 50	54%
	> 50	46%
Household Income	< \$100k	61%
	> \$100k	39%
Education	Up to Secondary	60%
	Tertiary	40%
Occupation	White Collar	51%
	Blue Collar	42%
	Small Business Owner	7%
Employment Status	Employed	62%
	Not Employed	38%

The representation of these groups within the sample is generally consistent with their representation in the total population and allows for meaningful analysis of the data across the various groups.

SMALL BUSINESS MOTOR MECHANIC CELEBRANT

3. THE RESULTS AND DISCUSSION



WHAT DO YOU THINK OF WHEN I SAY SMALL BUSINESS?

In 2010 most people in the community view small retail shops as their main image of small business. In response to a prompt about what they thought of when small business was mentioned, respondents reported a variety of responses and often provided more than one example. Most respondents (74%) indicated small shops of varying types.

Table 3: What do you think of when I say small business?

	2010	1995
Small retail shop	74%	78%
Other food shops	32%	26%
Owner operated	29%	11%
Tradespeople	26%	20%
Service industry	20%	7%
Size or turnover	13%	Negligible
Corner shop	12%	48%
Professional practices	8%	4%
Family owned	6%	7%
Small manufacturing	3%	13%

Numbers do not add to 100% as respondents were able to provide more than one response.

While in academic and industry circles small business is referred to by number of employees, here the most common responses reflected individual's reference to types of business services. Apart from the emphasis on small retail firms, there is strong recognition amongst the community of tradespeople (26%) and the service industry (20%) as representing their image of small business.

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FINANCIAL ADVISOR MOTOR MECHANIC DOCTOR

In this study there were also some other types of recognition of small business apart from industry based examples that were more prominent this time. Almost one third of respondents (29%) reported owner operated business as their image of small business, while 13% referred to some level of firm size or turnover. While retail is still seen as the most prominent image of small business with three quarters of respondents describing some example of a small shop, there seems to be a broader understanding of small business in 2010 with references to trades, services and the professions and others who indicated definitions using firm size and ownership criteria.

Retail is still seen as the most prominent image of small business

COMPARISON WITH 1995 RESULTS

Table 3 above shows these responses have changed very little in the past 15 years and are quite consistent with the findings of the previous study undertaken in 1995. While the overall emphasis is still on small shops there has been some change in the type of retail establishments that were identified. There was less recognition of the corner shop (12%) and more recognition of food shops (32%). These results are consistent with the retail landscape of today with fewer corner milk bars in residential areas and increased numbers of food and take-away shops.

A breakdown of the frequency of use of the term 'corner shop' by age of

Table 4: Reference to Corner Shop According to Age

Age Group	Corner Shop
18 – 24	9%
25 – 34	9%
35 – 49	11%
50 – 64	15%
65 +	18%
Total sample	12%

HAIRDRESSER CREATIVE INDUSTRY CELEBRANT

These vastly different levels of recognition across the services and the manufacturing sectors in the last 15 years mirror the changes in the level of prominence that these industries have gone through over this period

In effect the change in the level of usage of the term 'corner store' is not one of a change in perception over time, but of a change in the use of language over time.

Both tradespeople and the service industry categories have increased in recognition since the previous study, with a significant change in the level of recognition of the service industry from 7% of respondents in 1995 to 20% of respondents in 2010. There was also recognition of professional practices as a representation of small business by 8% of respondents, which is double the level of recognition described in the previous study.

Among the industry sectors that were recognised, small firms in the manufacturing sector have declined in prominence with only 3% of respondents identifying them as an example in this study, whereas they were cited by 13% in the 1995 study. These vastly different levels of recognition across the services and the manufacturing sectors in the last 15 years mirror the changes in the level of prominence that these industries have gone through over this period. While manufacturing industry is in decline, the services sector is growing significantly.

As in the 1995 survey, there are differences between responses dependent on location of the respondent. For example, people in Sydney were more likely to mention service sector related types of business, where as Melbournians were more likely to mention small shops. Further analysis of the responses to this question revealed that restaurants and cafes were more recognised by those in Melbourne (23%), but less by those in Adelaide (10%) There was a strong reference to corner stores by the non urban respondents in NSW (19%) and WA (25%). The major difference according to age were that the younger respondents (under 25) were less likely to identify with retail (29%) or corner stores (9%) or tradespeople (6%) Younger respondents were more likely to identify family business (11%). It is hard to determine causality here.

FURTHER ANALYSIS

An interesting basis for comparing the perceptions held by the community is using the reality in Australia, that is, the industry breakdown of small business. In Australia, roughly 20 percent of small businesses are retail or wholesale operators, 8 percent are small manufacturing, 9 percent are service sector and 25 percent professional practices¹. This suggests that the perceptions of small businesses held by the community are disproportionately associated with small shops. This may be due to the physical visibility of these businesses within the community.

¹ http://www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/C639A01ED725ADABCA256C54000336D1/SFile/13210_2001.pdf

E BUSINESS PERSONAL TRAINER CELEBRANT

The data has been further analysed using the range of demographic variables that are set out on page 13. The analysis found that those respondents who reside in the City (35%) are more likely to refer to *food shops*, while those in regional areas (27%) are less likely to use that analogy. *Tradespeople* was more frequently used as a small business reference by males (28%), those married (28%), those older than 50 years (30%), and those with lower household incomes (30%). The *service industry* was more likely to be identified by those in a white collar occupation (25%) and less likely to be identified by those in blue collar occupations (17%). A reference to *owner operator* was more likely to be used by white collar workers (33%) and those on higher incomes (34%).

There were more frequent references to *professional practices* by those on high incomes (12%), those with tertiary level education (10%) and those in white collar occupations (11%). This makes sense as these are some obvious characteristics of those more likely to be involved in professional work.

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>>> WHAT WOULD IT BE LIKE TO BE IN SMALL BUSINESS?

In order to gauge a further view of what the community thought about small business, respondents were asked to provide an opinion of what it would be like to be in small business. The overwhelming message was that it would be difficult with more than three quarters of the responses describing negative aspects.

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Figure 1: What would it be like to be in Small Business?

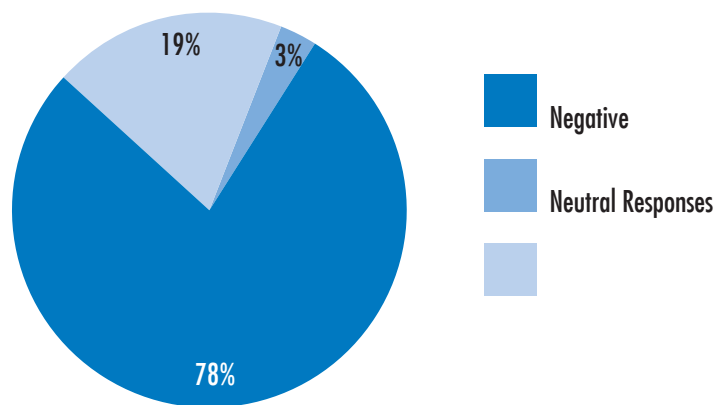


Table 5:

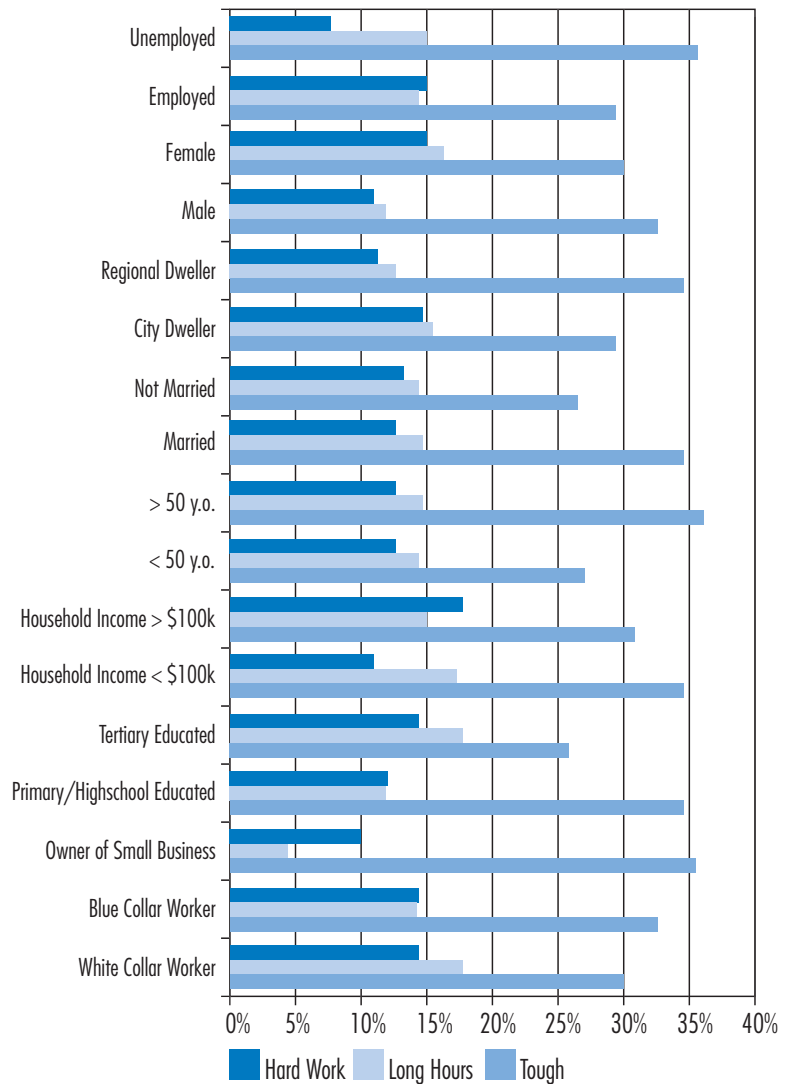
	2010	1995
Tough	30%	41%
Long hours/time consuming	14%	
Hard work	13%	
Good exciting challenging	11%	12%
Uncertainty/risky	10%	
Tough economic climate	7%	34%
Being ones own boss	3%	5%
Independence/control destiny	1%	8%

Numbers do not add to 100% as respondents were able to provide more than one response.

FINANCIAL ADVISOR MOTOR MECHANIC DOCTOR

In 1995, positive responses increased with the level of education

Figure 2: Proportion of people by demographic group that identified small business as Hard Work, Tough and involving Long Hours.



FURTHER ANALYSIS

Several groups are more negative in their response to what it would be like to be in small business. These groups include females (83%), those who reside in regional locations (82%), those who are married (84%), and those who are over 50 years of age (85%). Those who are more positive are those under 50 years of age (24%), those who are employed (24%) and those with tertiary education experience (22%). As in 1995, positive responses to this question increased with the level of education. Perhaps the increased levels of education provide for a greater understanding of the opportunities provided by small business.

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WHAT MAY BE THE BENEFITS OF BEING A SMALL BUSINESS OWNER?

Survey participants were queried on their perceived benefits on being in small business. The results are set out in table 6 below.

Table 6: Benefits of being a small business owner

	2010	1995
Being your own boss	50%	50%
Control own time	25%	20%
Financial independence	13%	12%
Opportunity to make money	13%	12%
Greater Flexibility In Work/What You Do	13%	
Sole Responsibility For Decision Making	12%	
Set Own Goals	8%	
Success/Failure Own Responsibility	8%	
Don't know	6%	21%

Numbers do not add to 100% as respondents were able to provide more than one response.

While the previous section revealed a negative perception, when asked specifically what the benefits may be, participants provided a range of responses: being your own boss (50%) and control own time (25%) feature quite heavily, and these related themes suggest a strong image of independence as the main benefit of being in small business.

In fact, the remainder of the factors focused on autonomy, self-reliance and flexibility. Only two responses: financial independence (13%) and opportunity to make money (13%) suggest that there are economic benefits associated with small business.

COMPARISON WITH 1995 RESULTS

There is little variance from the 1995 study, which can probably be explained by these factors being well established hallmarks of small business ownership. One difference noted was there were more respondents (21%) in the 1995 sample who indicated they did not know of benefits of being a small business owner. In the current survey only 6% of respondents indicated they did not know of any

Independence through being your own boss is seen as the major benefit of being in small business

SMALL BUSINESS SOFTWARE DEVELOPER BUILDER

Some of the survey respondents were actual small business operators themselves and it is interesting to compare their views to the rest of the community

FURTHER ANALYSIS

The data indicates that when prompted, the community is able to offer benefits associated with the ownership of a small business. While these can be described as typical, there was some variation amongst certain demographic groups. Respondents on higher incomes (55%) are more likely to report being your own boss as a benefit of small business ownership. Younger respondents (28%) are more likely to appreciate the benefit of controlling your own hours. Males (16%) are more attracted to the opportunity to make money, while older respondents (9%) are less appreciative of flexibility. Those who reside in households with higher incomes are more likely to report the benefits of setting own goals (13%) and taking responsibility for success or failure (11%).

Some of the survey respondents were actual small business operators themselves and it is interesting to compare their views to the rest of the community. As a group they strongly believed that controlling their own time was a benefit (45%), so too was flexibility (30%) and having sole responsibility for decision making (19%), and being your own boss (53%). These responses clearly indicate that small business operators see control of their own destiny as a major benefit of being a small business owner, more so than any financial rewards.

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WHAT MAY BE THE DRAWBACKS OF BEING A SMALL BUSINESS OWNER?

To complete the picture about the perceptions of being a small business operator, participants were asked to consider the drawbacks of being in small business. The responses are set out in Table 7 below.

Table 7: Drawbacks of being a small business owner

	2010	1995
Long hours	30%	29%
Lack of (finance)/capital	20%	15%
Competition	15%	20%
Sole responsibility for decisions	13%	14%
Government regulations	12%	15%
Access To Skilled Staff	9%	
Being Seen As A Small Player	7%	
Financial concerns/going bankrupt	6%	11%
Don't know	3%	12%

Common responses were long hours (30%), lack of finance/capital (20%), competition (15%) and government regulations (12%). The response of long hours is interesting, given that 25% of respondents in question 3 indicated that controlling ones own time is a benefit of being in small business. Lack of finance/capital suggests that there is a perception of the difficulty in gaining access to capital, however, again what is surprising is that inadequate income does not feature as a negative aspect (or indeed a positive aspect). Other common responses such sole responsibility (12%), access to skilled staff (8%) and being seen as a small player (6%) suggest some understanding of the difficulties face by small business.

HAIRDRESSER MOTOR MECHANIC CELEBRANT

*'Lack of capital'
available to small
business is currently
a major issue in
the media in the
aftermath of the
global financial crisis*

COMPARISON WITH 1995 RESULTS

The only significant changes since the previous study in 1995 is in the higher level of response for the drawback of 'lack of capital' and the lower level of response for the drawback of 'competition'. 'Lack of capital' available to small business is currently a major issue in the media in the aftermath of the global financial crisis and the apparent subsequent limitation of credit access. It is understandable that the community perceives this as a drawback in this environment. It is less clear why there has been a change in the level of recognition of 'competition' as a drawback. A new drawback that was reported in this survey is 'being seen as a small player' and this is perhaps another way of describing the competitive environment. If the two responses of 'competition' and 'being seen as a small player' are combined then there is very little difference in the response levels across the two surveys.

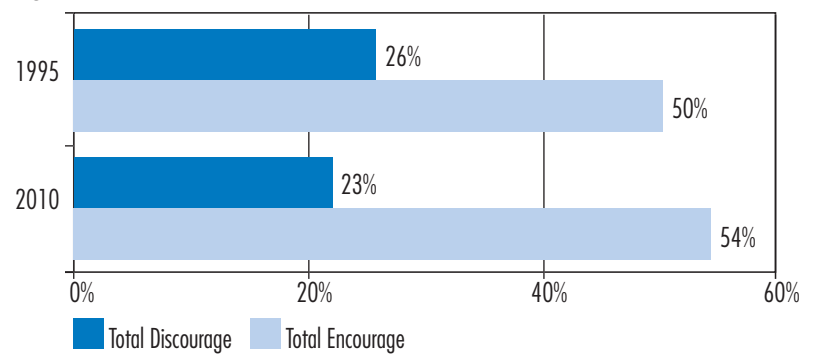
FURTHER ANALYSIS

As in the case of the responses to the benefits of being in small business, the responses concerning drawbacks of being in small business are instructive when broken down by demographic sectors. Those from higher household incomes (36%), those in white collar occupations (36%) and those married (36%) were more likely to nominate the long hours as a drawback. The unemployed respondents (20%) were more concerned with the level of competition, while the older respondents (18%) were more concerned with the level of government regulation as a drawback. On the other hand younger respondents (8%) and blue collar workers (8%) were less concerned with government regulations, perhaps indicating less interaction with government agencies. The small business operator group felt strongly that government regulations were a drawback (26%), while they were less concerned about long hours (23%), competition (6%), and having sole responsibility for decisions (2%). In fact having sole responsibility for decision was seen as a benefit rather than a drawback by the small business operators.

>>> WOULD YOU ENCOURAGE YOUR CHILDREN TO GO INTO SMALL BUSINESS?

This question prompted respondents on their propensity to encourage their children to enter small business. This is a critical question in the context of a robust and functional small business sector.

Figure 3: Encourage or discourage?



Just over half of the public would encourage their children to go into small business

Overall, the figures indicate that slightly more than half of the respondents (54%) would encourage their children to go into small business, while almost one quarter (23%) would discourage them. Table 8 below outlines the full set of responses to

Table 8: Level of encouragement

	2010	1995
Strongly encourage	23%	26%
Partly encourage	31%	24%
Neither	23%	24%
Partly discourage	11%	11%
Strongly discourage	12%	15%

While the majority of respondents would encourage their children to go into small business, the largest group (31%) indicated their level of encouragement as only 'partly encourage'. A smaller group (23%) indicated they would 'strongly encourage' their children to go into small business. This shows a propensity to encourage children into small business ownership, despite the articulation of the range of negative associations provided in the earlier questions.

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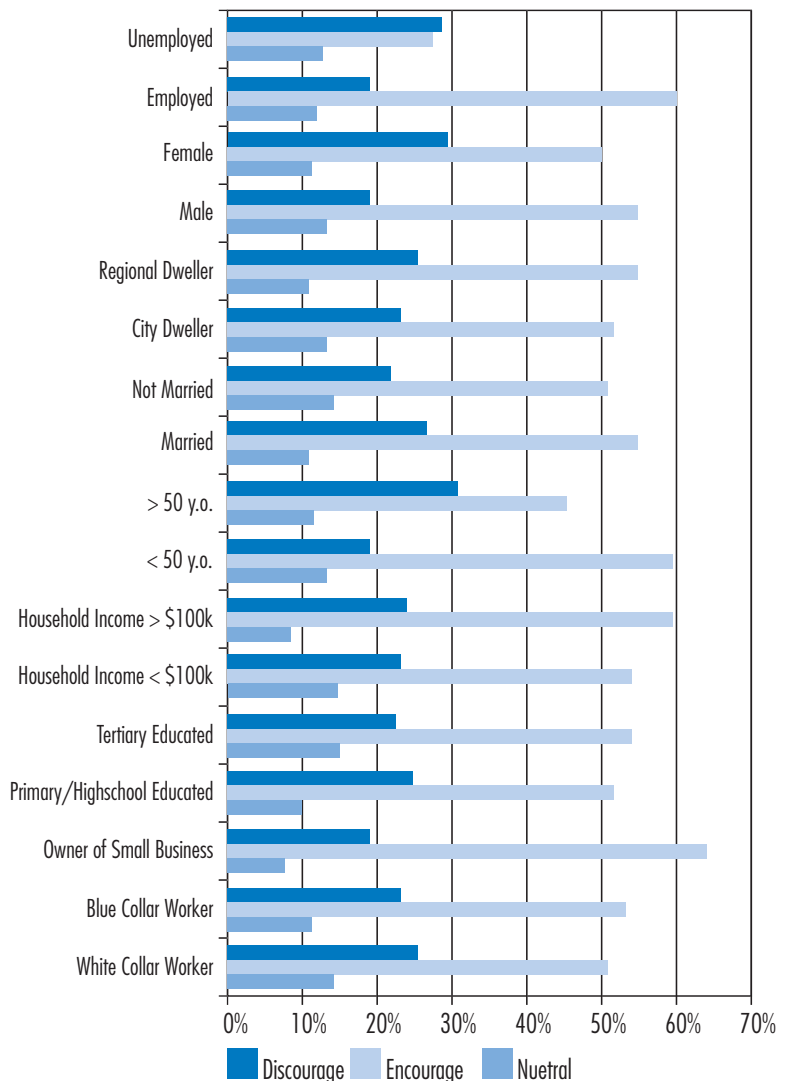
Compared to the 1995 results, there are fewer who would 'strongly recommend' small business to their children, while there are significantly more who would 'partly recommend' it

COMPARISON WITH 1995 RESULTS

While a slightly higher number of respondents would encourage their children into small business compared to the 1995 results, the strength of the recommendation has changed. There are fewer who would 'strongly recommend' it, while there are significantly more who would 'partly recommend' it. One further change is that today there are fewer who would 'strongly discourage' their children from going into small business. This group is down to 12% of the population.

It is interesting to note that while these figures indicate a strengthening of the level of encouragement in Australia, they are vastly different from the case in the UK, where 76% would encourage a friend or relative to start a business (Shurry et al. 2002). This difference provides an interesting basis for cross-cultural discussion and analysis.

Figure 4: Proportion of people by demographic group that would encourage child to enter small business



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>>> REASONS FOR ENCOURAGING OR DISCOURAGING CHILDREN ABOUT SMALL BUSINESS

Respondents were asked to provide reasons for their choice of either encouraging or discouraging their children into small business. The table below provides the responses for those who indicated they would encourage their children into small

Table 9: Reasons for encouraging children into small business

	2010	1995
Its up to them	21%	18%
Own boss	16%	11%
Would depend on their attitude	15%	12%
Opportunity to be successful	13%	10%
Good experience	13%	14%
Independence	7%	13%

Greater number of respondents relying on the positives of 'being your own boss' and the 'opportunity to be successful' as reasons to encourage their children into small business

Where respondents indicated that they would encourage their children to enter small business the major impetus for doing so was that it was up to child (21%), however, this does not necessarily reflect a disposition to encourage small business ownership, but rather a desire to be supportive of the child's decision. The response it would depend on their attitude (15%) falls into the same category. The more focused responses tended to closely reflect the responses given to the earlier question concerning benefits of being in small business. These included 'own boss' (16%), 'good experience' (13%), 'opportunity to be successful' (13%) and 'independence' (7%).

COMPARISON WITH 1995 RESULTS

More respondents would leave it up to the child to determine if they should enter into small business compared to the previous study in 1995. The current study also saw a greater number of respondents relying on the positives of 'being your own boss' and the 'opportunity to be successful' as reasons to encourage their children into small business. Fewer respondents reported independence as a reason, however independent thinking is reflected in the response 'it is up to them'.

FLO RIST ELECTRICIAN

Those respondents who live in regional areas are also less likely to report that small business provides an opportunity for success

FURTHER ANALYSIS

The frequency of the response 'it was up to them' had clear differences according to age of the respondents. Those younger than 50 years (26%) were much more likely to report this response than those who were older than 50 years of age (12%). The benefit of 'independence' was reported quite differently according to the household income levels of the respondents. Those on higher incomes (11%) were much more likely to report that independence was a reason for encouraging their children as compared to those on lower household incomes (6%). There were clear differences according to gender among those who reported being your own boss and the opportunity to be successful. Males (18%) were much more likely than females (12%) to refer to these benefits as an encouragement for their children to enter small business. The suggested benefit that small business provides 'the opportunity to be successful' is perceived very differently according to the educational level of the respondents and also according to the location of the respondent. Respondents with tertiary levels of education (8%) are less likely to see small business as an opportunity to be successful. Perhaps this group believes that higher levels of education will be a better avenue for success. Those respondents who live in regional areas (10%) are also less likely to report that small business provides an opportunity for success. This response may be based on their experiences of regional small businesses that struggle as economic circumstances in regional areas change. The small business operator cohort were no different from the total population apart from their response of 'it would depend on their attitude' where 27% indicated that response. This suggests that operators feel that attitude is an important pre-condition for entry into small

HAIRDRESSER MOTOR MECHANIC CELEBRANT

RESPONSES FROM PEOPLE THAT WOULD DISCOURAGE

Table 10: Reasons for discouraging children from going into small

	2010	1995
Hard Work/A Hard/Difficult/Demanding Life	22%	
Best to have security of a job	10%	15%
My Own Business Failed/The Business Of Someone Close To Me Failed	9%	
Too many go bankrupt	8%	12%
Too much competition from big business	7%	12%
Risky/ May Lose Money/May Not Succeed/ May Not Be Profitable	7%	
No Security/Not Assured Of Regular	6%	
Too hard in this economic climate	4%	24%
Risk of losing everything	2%	12%
Too much pressure on family life	1%	24%
No government support		11%

The most common response was hard work /difficult life, reflecting a continuous theme of negativity associated with small business ownership

A range of reasons were given concerning why people would discourage their children from entering into small business. The most common response was hard work/difficult life (23%), reflecting a continuous theme of negativity associated with small business ownership. Following this, best to have a security of a job (9%), previous experience with business failure (9%) and competition from larger businesses (7%) were popular reasons for discouraging children from entering small business.

MORTGAGE BROKER DENTIST

The responses suggest that in 2010 the predominant reason for discouraging people from entering small business, is the hard work factor, whilst in 1995 economic, family, and risk reasons were predominant

COMPARISON WITH 1995 RESULTS

At first glance there appears to be a significant difference in the responses to this issue between the two surveys. The responses suggest that in 2010 the predominant reason for discouraging people from entering small business, is the hard work factor, whilst in 1995 economic, family and risk reasons were predominant. However the economic reason mentioned in 1995 is also about the hard work factor, with the economic climate simply being the environment that exacerbated the general issue of hard work. Similarly there are several specific risk factors mentioned in 2010.

The two issues where there are clear differences across the two surveys are 'pressure on family life' that was mentioned by one quarter of respondents in 1995 and is hardly mentioned today and 'the lack of government support' is also not an issue considered in 2010.

FURTHER ANALYSIS

The need for the 'security of a job' was more likely to be reported as an issue for discouraging entry to small business by males (14%) rather than females (6%); white collar (13%) rather than blue collar employees (3%); and by those in households with high incomes (17%) rather than those with lower incomes (5%). Those more likely to be see *hard work* as a deterrent were older (27%) rather than younger respondents (18%); those on lower household incomes (29%) rather than higher incomes (20%); and white collar (27%) rather than blue collar employees (19%).

Older respondents (12%) and those with lower levels of education (12%) were deterred by the level of *competition* likely to come from big business. Those more concerned with the *level of risk involved* were younger (12%) rather than older (3%); those on higher household incomes (10%) rather than lower incomes (5%); and those with a tertiary education (10%) rather than those without tertiary education (5%). Small business operators did not see *competition* or *risk* as issues of concern. There were no responses from this group that indicated either of these issues as a reason to discourage their children from entering small business.

HAIRDRESSER MOTOR MECHANIC CELEBRANT

>>> WHAT KIND OF PROGRAMS OR INCENTIVES DO YOU THINK WOULD BE EFFECTIVE IN ENCOURAGING THE SUCCESS OF SMALL BUSINESS?

Participants were asked to suggest programs or incentives to foster successful small business. These responses are of interest given some on the negativity surrounding the operation of small business articulated in previous questions. One quarter of respondents either did not have a view or did not think any program would be useful in encouraging the success of small business.

Table 11: Programs or incentives to help small business

	2010	1995
More training for small business owners	24%	19%
Reduce taxes/introduce tax incentives	21%	23%
Government based financing	13%	12%
Better quality training for small business owners	12%	13%
Reduce government regulations	10%	11%
External/Specialised Consultancy Support	9%	
None/Don't know	24%	39%

More training and tax relief were the suggestions made to improve the success of small business

More training (24%) was the most frequent response following by reduced taxes (21%). Several of the recommended programs or incentives relied on government support, for example 21% of respondents mentioned tax relief or tax incentives, while 13% of respondents were interested in government based financing, and a further 10% felt a reduction in government regulation would provide an encouragement for small business success. Interestingly, better training (12%) also featured as a common response, bringing the total for training related responses up to nearly half of the total responses.

SMALL BUSINESS TENNIS COACH ARCHITECT

COMPARISON WITH 1995 RESULTS

These responses are quite similar to those recorded in the earlier study in 1995. Interestingly, tax levels did not feature as a negative/discouraging factor in the earlier questions, yet it is seen as an issue that needs to be addressed to improve small business. It is most likely a standard community response to the question of incentives, most people would prefer to pay less tax. Two items that are different from the 1995 study are the suggestion of providing consultancy support for small business and the lower number of respondents who did not provide a response, down from 39% in the 1995 study.

FURTHER ANALYSIS

Those strongly in favour of reducing taxes are those with higher levels of education (26%), those in white collar occupations (25%) and those employed (25%). Each of these groups are probably paying more taxes than their counterparts and so taxation reduction would be a personal issue for them. Younger respondents (16%) were more likely to suggest the provision of more government funding compared to the older respondents (8%). Those respondents located in regional areas (11%) were more likely to recommend using external consultants compared to their city located counterparts (7%).

The more highly educated respondents (28%) were more likely to recommend more training for small business. This group obviously has a belief that education and training can make a difference and so it is reflected in the data. Two groups are keen to see government regulation reduced. They are older respondents (13%) and those who are tertiary educated (15%).

The responses from the small business operator cohort are most instructive here and point to a clear difference from the views of the general public. They were much stronger in their views that there should be lower taxes (32%) and reduced government regulations (30%). The concern about the level of government regulation on small business is a perennial issue for the small business sector. While the general population recommends that more training and better training be available to help small business, this view is not as strongly supported by the small business operators. The small business operators report their support for more training (21%) and better training (9%) at levels below those of the whole community reported in this study. This is consistent with research that finds that small business operators tend to only use training when they have an urgent problem and most do not see it as a strategic activity.

While the general population recommends that more training and better training be available to help small business, this view is not as strongly supported by the small business operators

4. CONCLUSIONS AND IMPLICATIONS

Despite the positives, the media portrayal of small business generally concentrates on the difficulties and the 'bad news' stories as opposed to highlighting the successes

A small shop is the predominant image of small business according to the public who were surveyed for this study. In fact three quarters of the community identified a small shop when asked for their image of small business.

The public has negative views of small business, with 78% of the respondents reporting negative perceptions of what it would be like to be in small business. The long hours and the lack of capital are considered the major drawbacks of being in small business. On the positive side independence through being your own boss is seen as the major benefit of being in small business.

Just over half of the public (54%) would encourage their children to go into small business, although many indicated they are happy to let their children make up their own mind. The main reason given for encouraging their children into small business is it provides them with a chance for success. On the other hand the main reason to discourage children from entering small business is that it is considered risky. Respondents identified more training and tax relief as suggestions to improve the success of small business.

Overall the research highlights a poor community perception of the small business. In summary the views are:

- Small business is small, it requires long hours, it is risky, but it allows you to be independent;
- If you get it right you can be successful and make money;
- There is a need for greater skill in small business and tax benefits would help them;
- The negatives outweigh the positives but most would let their children make up their own mind;

There has been very little change in the community views over the last 15 years. It was considered as tough, with long hours and high risk in 1995 and that is the same perception today.

Despite these perceptions, the reality is that small retailers only make up 20% of small businesses and the number of small businesses continues to grow. There are almost 2 million small businesses in Australia today. It is considered a risky vocation and many studies on the sector have cited the need for greater skills among operators. However small business operators do have their independence and many do make money. So why is the public perception so poor?

ACCOUNTANT GRAPHIC DESIGNER FINANCIAL ADVISOR

There is a lack of a cohesive voice representing small business

There are several probable causes of this poor perception. Firstly there is a general lack of recognition of small business by governments and by other interested parties such as the media and businesses that depend on the small business sector. This suggestion of a lack of recognition may seem a bit misplaced given the regular suggestion by politicians that small business is the engine room of the economy. However this is mainly rhetoric and it does not match the reality. There is a lack of representation of small business in the forums that count – while there are Ministers representing small business, they are not part of the cabinet and more often than not they have multiple portfolios and do not concentrate solely on this constituency.

Secondly the business reality is that it does involve hard work, there is failure, and small business is risky. However there is a significant upside, the potential rewards are high, small business does provide employment, it generates economic activity and is a key ingredient of community leadership. Despite the positives, the media portrayal of small business generally concentrates on the difficulties and the ‘bad news’ stories as opposed to highlighting the successes.

Finally, there is a lack of a cohesive voice representing small business. Because small business is spread across so many industrial sectors and so many different business formats the voice is fragmented and ultimately lacks authority. The result of this lack of recognition, the lack of a cohesive voice and the business realities is that the negatives of small business overwhelm the positives and the community perception is that it is too hard.

The consequences of this poor perception is that small business is not attractive as a vocation for those with the right attributes to make it a success, that is true entrepreneurs. This has two further outcomes that need to be considered. Firstly with fewer true entrepreneurs getting into small business it results in more failure, perpetuating the current negative perception, and secondly there are more business ‘survivors’ rather than business ‘growers’, again perpetuating the current community perception.

A further concern about this lack of attraction for small business is the significant impact it can have in regional areas. Here small businesses provide the economic lifeblood of the community by supplying the majority of jobs and most of the economic activity. They also provide intangible benefits such as leadership (e.g. clubs and charities) and philanthropy to their local communities. Improving community perceptions of small business in regional centres would result in better suited business operators and therefore more successful local businesses. We argue that this in turn would result in more vibrant and sustainable regional communities where younger generations are less likely to want to leave because their local community is able to offer jobs and opportunity.

E BUSINESS PERSONAL TRAINER CELEBRANT

*Raise the profile and
celebrate the successes
of small business to
improve the image*

The ideal scenario is that:

- Small business and entrepreneurship are highly valued and celebrated within the community.
- Those with entrepreneurial talent and suited to business are attracted to try small business as a vocation. This will result in a more vibrant and successful small business environment and culture.
- Regional areas which are dependent on their small business for their employment and economic vitality will benefit from having talented entrepreneurs making a career out of business, being successful and the flow-on effects for their respective communities.

In order to get to this ideal situation it is recommended that various levels of government work to:

- Raise the profile and celebrate the successes of small business to improve the image of small business in the community and to help make small business an attractive option for those with real entrepreneurial talent.
- Take a proactive stance to build entrepreneurial capacity in the community.

The next section of this report sets out a number of specific recommendations for each of the three levels of government.

SMALL BUSINESS GRAPHIC DESIGNER FINANCIAL ADVISOR

*Take a proactive stance
to build entrepreneurial
capacity in the
community*

RECOMMENDATIONS

Commonwealth Government

Raise the Profile (to Improve the Image of Small Business)

- Small Business Minister in Cabinet;
- Fund a set of roadshow caravans to travel around the country promoting small business opportunities;
- Develop and Coordinate national awards that celebrate small business success (include awards for entrepreneurs, the young, and school based).

Proactive Engagement (Build Entrepreneurial Capacity)

- Dedicate funding to develop and deliver entrepreneurial learning activities in regional areas;
- Provide funding for each local government municipality to have an official with dedicated responsibilities for small business;
- Create projects that can be linked to the high speed broadband roll out in regional and rural areas to promote online business opportunities;
- Develop a Website and other Social network activities to promote entrepreneurial development.

State Government

Raise the Profile (to Improve the Image of Small Business)

- Develop case studies of Small Business Stars;
- Appoint a Minister for Small Business as a stand alone portfolio;
- Work with the commonwealth to deliver awards;
- Develop an award program for the most entrepreneurial community;
- Develop and publicise case studies of good examples of
 - regional community vitality;
 - regional support for entrepreneurial business operators.

SMALL BUSINESS GRAPHIC DESIGNER FINANCIAL ADVISOR

Proactive Engagement (Build Entrepreneurial Capacity)

- Deliver an entrepreneurial leader's program in selected regional locations;
- Select two regions to trial proactive engagement activities as part of the recently released regional development initiatives;
- Create a pilot project for two secondary schools to be known as entrepreneurial schools;
- Deliver an Entrepreneurial Development Program for teachers.

Local Government

Raise the Profile (to Improve the Image of Small Business)

- Develop a set of priorities for the small business officer role;
- Make it a priority to know and promote the successful non-retail small businesses in their region;
- Organise small business award programs in their region;
- Link tertiary level students with small businesses to help them prepare their entry for award programs;
- Highlight entrepreneurial local businesses on the council website.

Proactive Engagement (Build Entrepreneurial Capacity)

- Promote regular meetings between secondary school principals and local entrepreneurs
- Establish networks that link local business associations to schools
- Deliver programs that promote creativity in the local community
- Deliver an entrepreneurial development program for managers of local community groups

SMALL BUSINESS TENNIS COACH ARCHITECT

5. FUTURE RESEARCH

Perhaps it is the propensity to think of the 'small' in small business that drives the negativity in the community

Despite the negative perceptions there is continuing growth in the number of new small businesses. Perhaps it is the propensity to think of the 'small' in small business that drives the negativity in the community. Using different terminology such as 'new business' or 'entrepreneur' may have greater resonance with the community. This uncertainty with terminology leads to the first research question that deserves further consideration.

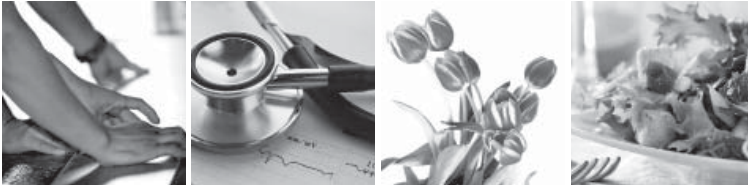
- *Is the term Entrepreneur more palatable than small business operator?*

The findings of this research raise the question about the reality of operating a small business. The issue of small business being 'hard/work', 'difficult' and involving 'long hours' while providing insignificant financial and social rewards deserves further research.

- *What are the small business operator's views about being in small business?*

The future perceptions of small business depend on the views of the next generation, so it would be useful to conduct research into their thoughts about small business.

- *What are the views of young people about the small business sector?*



ABOUT US

The Centre for Tourism and Services Research (CTSR) was established in 1994. Our primary objective is to produce high quality applied research that underpins the sustainable performance of industry.

The Small Business Research Group (SBRG) forms a key program of the CTSR to undertake applied research on a range of issues related to small business and entrepreneurship. We do this by:

- conducting industry focused research and business development activities;
- communicating and sharing knowledge on research regarding small business with the business community, government, and business service providers;
- facilitating partnerships with industry, government, education institutions, and business support providers to improve the activities and performance of small business;
- developing a range of benchmarking tools for small enterprises to enable them to implement strategies to improve their performance;
- delivering high quality research that is relevant and practical.

SOME EXAMPLES OF WHAT WE DO

Small Business and the Community: With small businesses comprising 96% of all businesses and being a key driver of employment growth they have a significant impact on communities. The SBRG is investigating the importance of the entrepreneurial capacity of a community in generating local economic activity.

Home Based Businesses: This sector makes up over 60% of small businesses and makes a significant contribution to Australia's economic and social well being. The SBRG investigates their growth capacity, and the role of technology in supporting such growth, and their ability to provide local employment opportunities. Further work will examine sustainability issues in the sector.

Small Tourism Enterprises: This program aims to better understand the learning and information channels used by small and medium sized firms in the tourism sector, thus facilitating increased engagement with Governments and industry associations. Learnings from this program will be transferrable to most other industry sectors.

Business Harvesting And Exits: Business exits have the potential generate billions of dollars of activity each year, though many small business operators do not receive the full value of their business when they exit. This study investigates the process and the contributing factors for SME owners to successfully exit their businesses.

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