

The Very Big Concerns of Small Business: A Qualitative Study

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ABSTRACT: This paper presents insights from a qualitative study of small business owners across Australia. The findings identified four key themes that emerged from the discussions. The first focuses on regulation and examines small business owners' views on the nature of workplace regulation. The second theme identified that small business owners view success as a trade-off between structural quantity and functional quality. The third theme focused on owners' perceptions of their business and its role in their personal and professional life. The final theme examined the future of the Australian workplace.

BACKGROUND: The literature on the interface between small business and regulation consistently suggests that workplace regulation system can be difficult for small business owners to negotiate, particularly if they lack specialist knowledge (Hodges & Bond, 2014; McKeown, Mazzarol, Lazaris, & Gilles, 2016). It is not just whether the small firm complies with workplace regulations, but the owner-manager's ability to understand what they need to do in order to comply (PC, 2015). In general, terms, the Australian Workplace Regulations (WR) system is structured around a dichotomy in which employers and their employees are separated into two distinct and often adversarial groups (Perry, Meredith & Cunnington, 1988). However, within the SME workplace, this separation is often blurred. The smaller the size of the firm, the more informal workplace relations and systems become.

Throughout the world, government policy and interest in SMEs is broadly focused on their ability to grow, and by doing so generate new jobs and economic output. The small business sector is typically viewed as “the engine of the economy”, and there is an assumption that growth is really only measured in terms of jobs created (ILO, 2015). While SMEs are viewed as a source of job generation, only a relative few firms actually choose to grow at a significant level. High growth young firms have been labelled “Gazelles” due to their leaping rate of expansion, and while they do contribute to net new job creation and economic growth, such firms are rare (Birch, 1987; Neumark *et al.*, 2011; Hendrickson *et al.*, 2015). This type of firm is unlikely to represent more than 1 percent by employment or 2 percent by annual turnover of all firms in a national economy (OECD, 2010 & 2016). There is recognition that the majority of SMEs are not growth oriented and if growth is considered it is modest and incremental in nature.

Further, most Nano (non-employing), and micro (1-4 employees) firms are not seeking to grow in a manner that would see them employing more people (Perry, Meredith and Cunnington, 1988; Moran, 1998). This does not reduce the contribution they make to the economy as SMEs contribute around 70 percent of all employment in Australia, and just under 60 percent of all industry value added (ASBFEO, 2017). There is recognition that SMEs, regardless of their growth orientation, positively sustain or even increase investment and often operate as key sources of knowledge exchange and transfer and of innovation. This provides an indirect but powerful mechanism that assists larger organisations’ growth and investment.

METHOD: Qualitative research methods provide an opportunity for a systematic, in-depth examination of questions and ideas that may not be easily answered through quantitative methodologies (Barr, 2004). This study use it to provide deeper understanding of the everyday realities of workplace regulation to question how they are really practiced. Focus groups and depth interviews were used as while interviews are one-on-one and involve an in-depth

exploration of the interviewee's thoughts, feelings, focus groups allow a trained moderator to lead the discussion amongst a group who share a similar interest in a topic. The data from these discussions were audio recorded and subsequently transcribed as this preserves the nuances of the interview and initially examined using a manual thematic analysis involving a review of each transcribed document. Data collection took place in metropolitan and regional areas as shown in Table 1

INSERT TABLE 1 HERE

FINDINGS: The results are presented in summary form through the aid of a Leximancer analysis (refer Figure 1) along with extracts from the transcript text to support the conclusions and recommendations made. It is worth noting that all these concepts, when examined together form a single major theme “**business**” that reflects the holistic nature of the small business owner-manager’s world in which there is little if any separation of work from personal life, or the person from the business. The most important theme illustrated in Figure 1 is “**work**”, a complex construct encompassing several concepts that relate to the workplace, its characteristics, how decisions are made within it, plus the person and the job roles that they undertake. Key issues that emerge within this area are the growing flexibility of work, which can be undertaken almost anywhere due to contemporary computer-based, information and communications technologies. However, this flexibility also result imposes significant time burdens on the small business owners who receive increasing amounts of information, as well as growing demands on their limited time. They need to either do the work themselves, or find someone to whom they can delegate this work. Hard work is recognised and accepted as necessary by small business owners, even those who thought they were pursuing a small business opportunity for lifestyle purposes.

The second most important theme and concept is “**business**”, which is closely connected to “**work**”, but also connects to “**time**” and the concepts of “doing”, “stuff” and “making”. As

shown in Figure 5, the relationships between the business and doing “stuff” is a reflection of the owner-managers’ general goals and objectives for their businesses, and the things they need to do in order to fulfil their dreams. They express a strong motivation and passion for these things and it was common to hear them talking about wanting to change the status quo and bring about disruptive change.

Insert Figure 1 Here

Related to “business” is the issue of “time” and “making things work”. Here the pattern that emerges is one of an often busy and overworked, time poor small business owner who is under pressure from both a lack of time and money. The regulatory systems that they are required to navigate are often complex and they strive to understand them so as to avoid making mistakes. Closely associated with “work” and “time” is the issue of “**people**”, a theme and concept that encompasses the owner-managers’ frustrations and achievements in relation to the employment, motivation and management of people. Without this employment of people, the workplace cannot become a “company”, although the concept of “company” is not directly connected to the concepts “staff” or “job”, even though they fall within the theme “**company.**”

Finally, the theme of “**working**” is comprised of the concepts of “working” and “community”, which reflects the way in which many owner-managers achieve their goals by collaboration and working within a community. This social and strategic networking is a key aspect of their ability to innovate and grow their businesses, as well as simply getting things done.

Summary: A clear finding from this study is the intensely personal nature that small business has for many owners. Key issues that emerged were the amount of time and effort many business owners put into the business – with notions such as vigour and dedication emerging strongly. Similarly, the notion of innovation arose strongly. There were also two key areas of concern which merged, namely the tendency for work life balance to be something small

business owners were good at considering for their employees – but very poor at for themselves. Seemingly related to this was the issue of “role creep”, where the need to assume multiple roles within the organisation due to the inability to hire specialist staff appears to produce situations where it is actually hard for the small business owner to identify what their role is (and where it stops). This personal nature of the small business and its owner-manager also raises the issue of how we should seek to measure and assess “success” in such firms. The small business owner’s very personal identification with their business carries through into the way they see, measure and attach value to success. The desire to have a good job/ person fit and to offer flexibility when and where it can be provided do seem to be a genuine feature of the small business environment.

An important result from the study is that SMEs are dealing with many of the issues, which confront larger businesses – but often without the presence of specialist staff to help manage either the external compliance demands of regulation, or the day-to-day practicalities of business operation. This returns us to the issue of ‘voice’, which was the reason for this phase of the research project. One key finding the addition of the small business voice makes to the wider literature is the notion of scalability – the rules and regulations, from employment through to workplace health and safety, are generally written for medium to large organisations employing speciality staff to understand, implement and enforce them. This is often simply impossible and even self-defeating for small business where the majority of firms (60%) do not employ anyone other than their owner-manager (ASBFEO, 2017; DIISRTE, 2012).

The last theme related to the future of the Australian workplace as perceived by these owner-managers. While most small business owners saw the future of work for themselves as one of excitement and change, this excitement was tempered by a more general doubt focussed very heavily on the role of government policy, and a perceived inability by government to provide leadership. This was particularly focused on the application of technology in a way

that will allow the small business sector to flourish through smarter regulation and a levelling of the playing field.

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