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# **An Emotional Business Ventures out Into the Big Wide World: What Chance Government Ever Getting to Grips with the Small Firm Market?**

In this paper the authors argue that the way in which the UK Government, through its various departments and quangos approaches interventions designed to approve the effectiveness of the small business sector, is based on a flawed understanding of how small businesses actually operate. We argue that this naïve, over-simplistic understanding of the motivation of those in the small business sector means that many Government interventions that are made, are blunt instruments destined to fail, given the limited understanding shown of the complexity of the small business market.

We present evidence from two recent studies amongst small firms; a series of large-scale qualitative studies undertaken for a blue chip company and a mixed study on the Business Link network. Explaining exactly how small businesses operate. The emphasis is based on - using qualitative research - getting to grips with the emotion, ambiguity and complexity that characterises this market.

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## **Introduction**

This paper is in four parts. First we discuss the basis for government definitions of the small firm and its market. We then move to argue that much UK government intervention (especially at the information provision level), designed to help improve the effectiveness of the small firm sector is based on a flawed understanding of how small firms actually operate. We then move to describe how this naïve, over-simplistic understanding of the motivation of those in the small firm sector means that many interventions are inevitably blunt instruments destined to fail, given the limited understanding shown of the complexity of the small firm market (Bennet and Robson, 1998; Keeble, 1994; May and McHugh, 1991; North and Smallbone, 1995; Storey, 1994). Finally, we offer recommendations for improving the interventionist process, based on leading edge qualitative research (Martin and Turner, 1986).

Two key pointers are embedded within the various parts of this paper. These are based on findings from two recent studies amongst small firms; a series of large-scale qualitative studies undertaken for a blue chip company and a mixed study on the Business Link network. First, the authors will demonstrate the way in which leading edge qualitative research is able to burst the myth that small businesses are simply scaled down versions of large enterprises. Second, we will indicate how such research is able to capture the emotion, ambiguity and complexity that characterises this market (Stacey, 1995; 1996; Noble and Aram, 1997; Dexter and Smith 1991) – features which quantitative approaches alone (and any intervention based on their findings) struggle to accommodate.

These observations will be helpful to those - both in commercial organisations and government departments and quangos - interested in making effective interventions in the small firm market (Payne and Skelcher, 1997; Stanworth and Stanworth, 1990).

### **Defining the Small Firm Market**

1970 saw the government of the day form the Bolton Committee with the objective of examining the role of the small firm in the British Economy. This committee was established despite a generally held view that, as a contributory factor, the small firm was of little significance in determining the nation's standing on the world economy (GLC, 1983; O'Farrall, 1988; Rannnie, 1991). Whilst the Committee did not suggest that the small firm was otherwise, the findings did raise the question, 'what then is the role of the small firm?'

On a wider scale, through analysing international trends in small firm activity Bolton established one fact in particular. The rate of market share (in terms of economic activity) of the small firm was in steeper and faster decline in the UK than in other developed economies:

*We believe that the health of the economy requires the birth of new enterprises in substantial numbers and the growth of some to a position from which they are able to challenge and supplant the existing leaders of industry. We fear that an economy totally dominated by large firms could not for long avoid ossification and decay... This 'seedbed' function, therefore, appears to be a vital contribution of the small firms sector to the long-run health of the economy. We cannot assume that the ordinary working of market forces will necessarily preserve a small firm sector large enough to perform this function in the future. (Bolton, 1971)*

Ever since Bolton's findings were reported political parties, academics, trade bodies and lobbyists have argued over the importance of the sector. However, social scientists (in particular) have tended to concentrate on the macroeconomic side of the argument. For example, the impact of the small firm on employment levels (Storey, 1987; North & Smallbone, 1995), VAT receipts (Chittenden, 1996; Deverouz, 1991; Sandford, 1989), GDP (Keeble, 1989; Bancock, 1991; Cosh, 1996) and export levels (Kaufmann, 1995; Storey, 1982) which in turn are often linked directly to a specific public policy targeted at the small firm market. However, recent evidence (Hill & McGowan, 1999) does suggest that small firms and entrepreneurship do play a major role in the world economy (Timmons, 1994) and that they do constitute the bulk of enterprises in all economies in

the world (Storey, 1994). But, what do we actually mean when we refer to the small firm market?

## Defining the Small Firm

There is no single definition of a small firm due to the wide diversity of businesses.

Perhaps the best description of a small firm remains that used by Bolton which suggested that, a small firm is an independent business, managed by its owner or part owners and having a small market share.

In turn, the Report adopted a number of different statistical definitions, intimating that size was relevant to sector. For example, a firm of a given size could be small in relation to one sector where the market is large and there are many competitors. Alternatively, a firm of similar proportions could be considered large in another sector with fewer (generally smaller firms) players.

In government the norm has been to measure size according to numbers of full-time employees or their equivalent. Section 249 of the Companies Act of 1985 states that a company is "small" if it satisfies at least two of the following criteria:

**Table I: UK Definitions Of SMEs**

<b>criteria</b>	<b>Small firm</b>	<b>Medium firm</b>
turnover	not more than £2.8 million	not more than £11.2 million
balance sheet	not more than £1.4 million	not more than £5.6 million
employees	not more than 50	not more than 250

For statistical purposes, the Department of Trade and Industry (DTI) usually works with the following definitions:

- micro firm: 0 - 9 employees
- small firm: 0 - 49 employees (includes micro)
- medium firm: 50 - 249 employees

- large firm: over 250 employees

However, in practice, DTI products and services targeted at the sector adopt a plethora of working definitions depending on their own particular aims and objectives (Culkin, 1998). It is not difficult to see the potential ambiguity in which government both defines and measures the small firm. Nor can Britain ignore the European dimension. In February 1996, the European Commission adopted a communication setting out a single definition for the SME. The Commission sought to apply this across all Community programmes and proposals. The communication also included a (non-binding) recommendation to Member States, the European Investment Bank and the European Investment Fund encouraging them to adopt the same definitions for their programmes.

The communication allowed members to use lower threshold figures, if they so wished. However, existing SME definitions in Community programmes were allowed until 31 December 1997; after when the single definition came into force.

**Table 2: EC SME Definitions**

EC SME Definitions			
Criterion	Micro	Small	Medium
Maximum number of employees	10	50	250
Maximum annual turnover	-	7 mecu	40mecu
Maximum annual balance sheet total	-	5 mecu	27mecu
Maximum % owned by one, or jointly by several, enterprise(s) not satisfying the same criteria		25%	25%
NB: To qualify as an SME, both the employee and the independence criteria must be satisfied and either the turnover or the balance sheet total criteria			

### **The Small Firms in This Research**

The results are based on findings from two recent studies amongst small firms; a series of large-scale qualitative studies undertaken for a blue chip company and a mixed study on the government sponsored services. The research for a major UK telecommunications PLC included the running of eight focus groups with the owners of small firms right

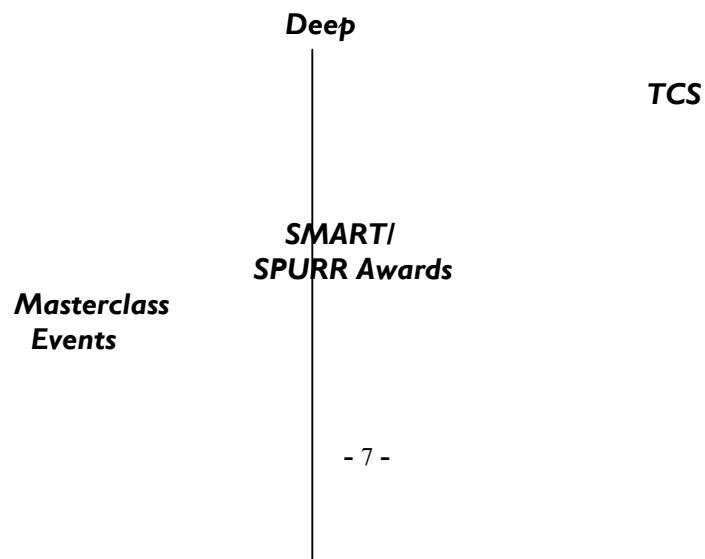
across the country, the target audience was segmented in terms of turnover (starting at circa £50,000 and rising to over £1 million).

The mixed study involved users and non-users of government business services in Government Office Eastern region (GOER). Two focus groups were run (one composed of eight owner/managers with no experience of government sponsored services, and an identical group with direct [and recent] experience of government sponsored services); this was followed by a telephone survey of over 250 owner/managers. Interviews were spread over a three-month period and the structured interview lasted on average 15 minutes.

### **Small Firms: Some Myths and Realities**

We now move on to discuss the way in which many UK government interventions, designed to improve the effectiveness of the small firm sector is based on a flawed understanding of how small firms actually operate and what motivates them to act in the way that they do. Figure 1 shows some of the range of services offered by government, we categorise these services as either shallow or deep (targeted solely at an individual or intra-firm) and short and long (over time).

**Figure 1: Interventionist Activities**



**Short**

**Long**

**Business Link  
Information Service**

**Personal Business  
Advice (PBAs)**

**Shallow**

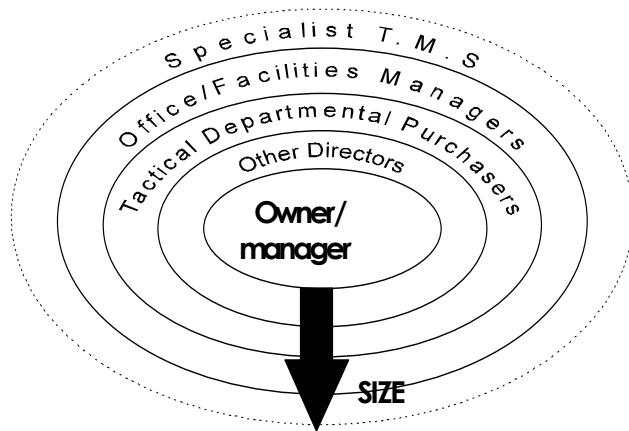
It is interesting to note that whilst the TCS programme was first introduced in 1973, it has taken until the publication of the government's white paper (DTI, 1998) on competitiveness to recognise that this deep intervention is extremely successful. A two-year partnership between a graduate, a university and a small firm, in part subsidised by the DTI (amongst others) is probably the sharpest instrument in the interventionist toolkit is set to double in size under this new administration. Unfortunately, the Trade & Industry Minister accredited with this foresight resigned within weeks of the paper's publication.

As we go down the scale of size, the number of businesses rises rapidly (DTI, 1997). However, subtle complications in the small business sector make life even harder for the budding interventionist. Specifically, small businesses simply do not behave in the same way as larger organisations. Larger organisations are inherently more complex in their structure, their organisation and the level of departmentalisation and specialisation within the company. This leads to, on the surface, increasingly complex decision making criteria. However, although small firms may be regarded in one very valid sense as relatively "simple" units in terms of their attitude, behaviour and decision-making, they have complexities of their own.

Classic business-to-business understanding claims that in any particular organisation there will be a range of individuals involved in a purchase decision (Sheth, 1973; Hague, 1993). These can range from 'key influencers', to 'gate keepers' of information, to 'purchasing specialists', and so on, up to a final decision-maker who will sign off a purchase. But equally, this varies widely by the size of the organisation under consideration. Whilst a

typical corporate customer may very well operate in this mode, the heart of the small business decision making unit is essentially the owner/manager, and it is this owner/manager position that raises several layers of complexity for the interventionist. As a business grows, typically the first step will be for other directors of the business to become involved in decision making. This may then lead, with increasing size, to tactical relationships being undertaken at departmental level. Specialist managers then come into play as the business evolves through a sufficient level of size and complexity, as can be seen in figure 2 below.

**Figure 2: layers of the decision making unit**



In this way one may think it would be reasonable to make two basic assumptions about smaller businesses. First, they are relatively simple in structure. Second, very few individuals - usually - are involved in decision making. Third, their needs, technically speaking, are more straightforward than those of a larger business. As a result, the small firm can be treated as a neat rational economic unit (Swartz and Boaden, 1997). Therefore, the market ought to be relatively simple to research and straightforward to market to (in terms of intervention processes). In fact, the reverse is true.

Larger businesses may, indeed, have more complex decision making units with diverse personnel involved, various influences on purchase decisions, and so on. But it is true that in larger businesses, decision making is taken in a structured, hierarchical way around defined roles for those involved in the decision. Thus, although the structure of the organisation and its decision-making units may be complex, attitudes and behaviour will often tend to be more "rational". So although many individuals may be involved in a

particular decision, the way they process information (Betts-Grey and Edwards, 1997), build attitudes, and take decisions could be arguably in itself, more straightforward (Brown, 1996; Andrews and Smith, 1996).

Smaller businesses - although they have simple structure - often exhibit highly complex attitudes and behaviours. First, of course, there is an alarming variety of small firms who are particularly difficult to categorise. Secondly, they will often be "personality driven" in a way that larger organisations are not. In other words, understanding the context, attitudes and behaviour of the individual small businessperson becomes equally as important as understanding their business. For example one respondent in research (a group discussion amongst small firm owner/managers) asked the question:

*I work long hours, day in day out, in what this government thinks is a 'not cool' industry but I supply blue chip companies who don't have many other places to go....so who's the important one in this relationship and when will they (the DTI) recognise my value in all of this?*

Three further quotes from the group discussions reveal the anxiety felt by many in this position:

*If the DTI really understood what the world was really like they wouldn't send me a bunch of failed consultants to advise me on how to run my life*

*They (the DTI) think all we have to do is turn up to a seminar, fill in an application form for a such and such award and we'll be world class companies...as if....*

*I was on the verge of a major breakthrough with a new line when the bank put the squeeze on...had I been Glaxo I bet they wouldn't have thought there was a problem...the DTI were also nowhere to be seen*

This represents a particularly awkward barrier to overcome in terms of generating a bond and a relationship between government (and large companies) and small firm customers. Without an appreciation for the personality involved, the intervention process with its rational pursuit of all things 'world class' will remain in exile in the small

firm community. To understand the small firm, government interventions must place significantly more emphasis on understanding the context, and the individual person who is the decision-maker.

### **Contextualising the Small Firm Operation: Happy Families**

This simplistic understanding of the motivation and complexity of those living in the small firm sector leaves government intervention in danger of remaining the blunt instrument destined to a life on the bookshelf rather than a force in the boardroom. In understanding small businesses, interventionists therefore need to firstly take into account some key contextual issues.

The first is about ownership. Unlike decision-makers in many larger organisations, our small firm decision makers often, if not usually, are owner/managers and, as has been seen, the business is inextricably tied up with their life and identity. Thus, while managers in large organisations have responsibilities, small businessmen literally own any decisions that they take.

*My youngest son thinks we should be going onto the world wide web...every night  
this week its been 'when are you going to get on the 'net, dad?'*

The second contextual issue is the fact that in a small firm there is frequently no place for specialists. Certainly small firms may take advice and soundings from outside their organisation, but it is rare that they have the resource or the expertise to take complex technical decisions through a specialist channel (Darby, 1997). The small firm owner/manager will, unlike his counterpart in a larger organisation, need to be taking decisions about banking, technology, communications, credit facilities, office equipment, whether to buy a new radio for the factory floor, to the kind of stationery to order (Brooksbank, 1996). Recruitment alone is a major headache for many small firm owners as our research uncovered:

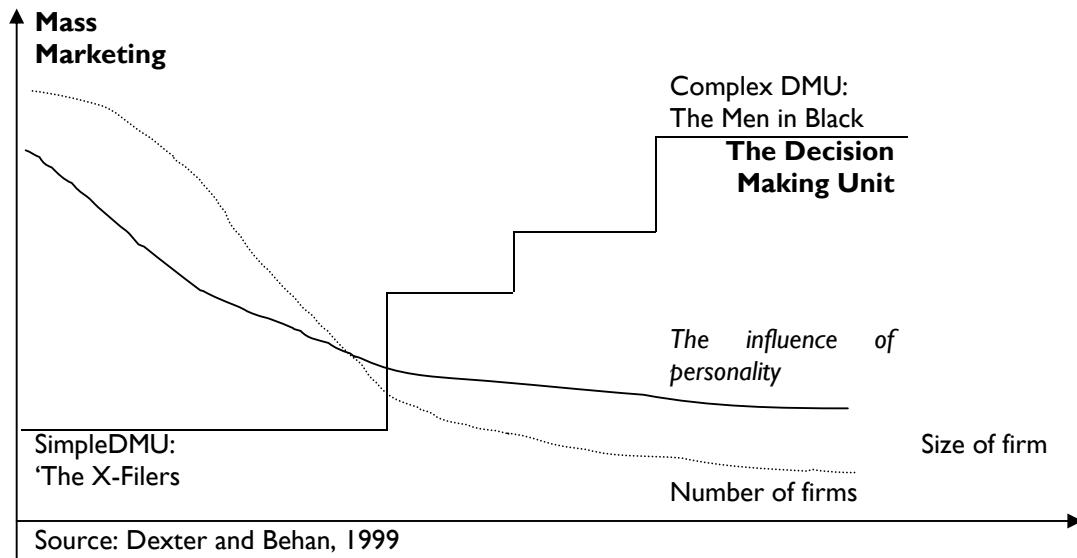
*I loose sleep over getting wrong again...I promised people in the office I'd get  
someone in to help...within six weeks they had caused so much unrest I had to let*

*them go...I'm getting in a Feng-Shui expert next week to try and help create some harmony in the office..you can't realise the effect this has on me...*

The next contextual issue is that small firms - through the intensity of their involvement with the business – as identified in our two research projects regularly falls back on the argument that they are unlike any other company. This idiosyncratic view of the world means that they are often unable to deal with broader concepts that might affect “all small firms” i.e. they tend to fall back on specific examples from their own experience (Crant, 1996; Nielsen, 1997 and Wright and Ashill, 1998). Thus, small firms often exhibit what we call the ‘Alamo syndrome’ an intrinsic suspicion of all large “monolithic” suppliers; these firms are fighting in a hostile world where everybody is against them. Thus we might characterise the spectrum as shown in Figure 3 below: at the large end, complex DMUs inhabited by the ‘Men in Black’; at the small end, the mass market of personally driven ‘X-filers’. As one of our respondents (only half tongue in cheek) suggested:

*Just because I'm paranoid doesn't mean that they're not out to get me!*

**Figure 3: The Interrelationship Between Complexity And Personality**



We suggest this means that understanding small businesses is very rarely a straightforward task, from the small firm perspective, how can a very large organisation

(like a high street bank or a government department) really understand what it is like to run a small business?

*How can they (the DTI) possibly understand my needs?*

However, although they often describe themselves as operating on their own in a ‘cruel world’, small firms as we confirmed have an extensive support and information network (Bennet and Robson, 1998, Dibb, 1997) which may include:

- ❖ **Professionals**, e.g. accountants, solicitors, financial advisers, and so on;
- ❖ Their **peer group**, other small businesses operating in the area;
- ❖ Their **suppliers**, whether large or small;
- ❖ Their **staff** (in cases where they have staff);
- ❖ Their **customers**;
- ❖ Interestingly, their **competitors** (a surprising amount of dialogue goes on between small businesses that are actually in competition with one another in a particular area);
- ❖ **Contacts from their personal life**: friends, relatives, acquaintances, and so on.

It is encouraging to note that support for these general insights exists from other European countries - for example Nielsen (1997), in an unpublished presentation at a recent seminar, reviewed the Danish Technology Institute’s experience of work in this area, saying:

*SMEs need the same level of knowledge and technology as large corporations, but their capacity to receive and adapt is weak.... they perceive themselves as lone wolves but learn best with other companies.*

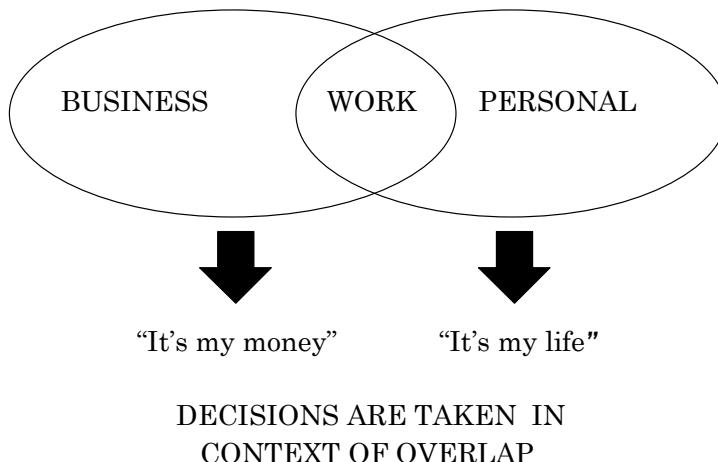
Interestingly, a recent ESRC sponsored survey of SMEs revealed that 38% had sought business advice from business friends / relations. This compared to 27% seeking advice

from Business Links and 23% talking to Chambers of Commerce (Bennett and Robson, 1998b). All of these contextual influences (friends and families) will play a supporting role where complex decisions need to be taken. Tony Blair is a well known advocate of E-commerce but no doubt it will be the children of owner/managers who push their parents into the 'net.

### **The Business/Personal Overlap**

For the small businessperson, work subsists at the boundary between their business and their personal life. All money in the business belongs to them, and they control, in many cases, a steady income. Their income is inextricably related to the ebbs and flows of business. In many cases, they will identify with, and be identified with, their business in a way that is not true in a larger organisation. Equally importantly, and set against this backdrop, we must be aware of the boundaries between what constitutes their job and the rest of their lives.

**Figure 4: The Business/Personal Overlap**



Small firms (and as a consequence the owners own personality) suffer from a range of conflicting pressures which, although to some extent also affect decision makers in larger organisations, impact significantly less strongly in understanding buyer behaviour (Culkin and Cox, 1997; Simons and Davila, 1998). The pressures that exist in the world of small firms' means they have to be flexible; to meet customer demands they often do not differentiate between "work time" and "personal time". In many cases, they feel they

have to be available to their customers at all times. And of course, in many cases, they do not have others to delegate to, and do not have backup to the main people involved in the business (Li, 1997).

*Letting off steam in the office was good therapy when I work for Company A (a large multi-national), but its just not an option these days*

But at the same time, it is true that - emotionally - many small businesses would like to separate the world of work and the world of leisure. Like everybody else, they have families; like everybody else they are looking for a balance. They can feel trapped by their business, not always finding it a joy.

### **Understanding The Immediate Family Ties**

Whilst acknowledging that various approaches can be taken to segment the small firm market, it is the authors view that there exists a number of value-based segments which are almost universal in their application to this market; segments that policy makers interested in opening a dialogue the small firm sector would do well to acknowledge.

- ❖ **The undisputed head of the household:** difficult, self important, often aggressive individuals. These small businesses really see themselves battling against the odds. It is the Alamo syndrome writ large. They usually have an exaggerated view of their own capabilities in a business sense. Most of them seem to be labouring under the illusion that they are running ICI. And they are often easily irritated by what they perceive as the failure of large suppliers and indeed customers to recognise their abilities, visit them, give them their due etc.
- ❖ **Married under sufferance:** the second type tends to dwell exclusively on the hardships rather than the motivations and joys of business life. They are highly introspective types with an inward focus. And when you ask them for their priorities, no matter what the subject, they are mainly concerned with reducing costs, avoiding risks, and defending an entrenched position. They are not outwardly oriented. They have a very limited appetite for new marketing

opportunities and change generally. If the business is struggling, it will tend to be due to factors that they perceive to be beyond their control.

- ❖ **DIY husbands:** what we call the DIYers are, in fact, extremely expert in the nuts and bolts, the practicalities of their core skills - the “doing” part of the business. But they do tend to have very limited business and financial skills. They are often rather unworldly and get by on instinct and luck. They often do not see themselves really as businessmen or entrepreneurs, and they will tend to lack confidence in business matters.
- ❖ **Enlightened partners:** by contrast, what we call the enlightened partners will take a much more progressive, outward position vis-à-vis their business. Usually they are entrepreneurial types who are keen to market and develop their business, expand into new areas, find different USPs for their customers, and so on. We usually find that they are relatively well educated and often, interestingly, have previously been senior employees in larger organisations.

Typically, the DIYers and the married under sufferance types highlighted in our research came to business for one of the following reasons:

- ◆ Family tradition
- ◆ Couldn't think of anything else to do.

The enlightened partner, by contrast, was highly motivated and skilled at business in general, as well as their core craft.

- ❖ **Married with a roving eye:** Many small businessmen claim to work all hours that God sends. However, the lifestyler is quite different. His emphasis is simply to do enough work to pay for the lifestyle that he wants and then stop. So in contrast with many, being a businessman does not necessarily define this person's identity. It is merely a tool to generate an income and a lifestyle. In reality, this means that although they may pay lip service to competitive pressures and the stresses of

running a small business, they will tend to avoid challenges until this has a direct effect on their ability to live in the way that they want to live.

Understanding the psychographics and motivations of the small firm owner/manager therefore becomes crucial; especially in the case of the policy maker who is responsible for the investment of not inconsiderate amounts of public funds in an effort to improve the competitiveness of firms operating in this sector.

### **Establishing the Framework for Helpful Interventions in the Small Firm Community**

In our experience therefore, in attempting to open a dialogue with the small firm market one should take a dual approach (Culkin, Fletcher and Smith, 1999). Thinking purely of the business side of that overlap, any interventionist (public or private sector) will always needs to understand what is the nature of the business in the usual (rational) sense (de Ruyter, 1996; Denis, Lee and Czellar, 1997; Zaltman, 1997).

- ❖ Its turnover?
- ❖ How many employees it has?
- ❖ What technology is in place and what are the plans for technology?
- ❖ What kind of customer base it has - is it a high street business with many transient customers, or does it rely on a few large, regular customers?
- ❖ Is it growing or shrinking?

But at the same time, there needs to be an understanding of the personal perspective of the small businessman (Steyaert, 1997) it is often their business after all. Issues that can affect the way that the small firm takes decisions - particularly with regard to communications and marketing - include:

- ❖ Age;
- ❖ Gender;
- ❖ Their level of educational attainment;

- ❖ Their previous employment - were they involved with a large company and decided to set up on their own, or have they always been self-employed?
- ❖ Their general attitudes - small businessman are notoriously cautious but clearly some are more at the early innovator end of the spectrum than others;
- ❖ Their business philosophy – inward or outward focused;
- ❖ How do they manage their time, particularly in terms of the overlap and space between work and play?

Overlaid on this, we often find broad themes about the vision and culture of the business. The first relates to the kind of management style that is in place within the company – which, as we have demonstrated, can range from the rational to the emotional. Secondly, what are the goals for the firm? It is possible to classify some of the issues discussed above into a range of categories. There are those issues that a customer will tell us are important in an overt (rational) way, and then there are those issues, which seem to have a greater or lesser impact on their overall warmth towards a particular supplier (covert, or sub-rational issues). This may not be expressed in quite the same way. So we have developed a view of issues that revolves around plotting key attributes of a supplier along the overt and covert importance dimensions. Key loyalty issues will include:

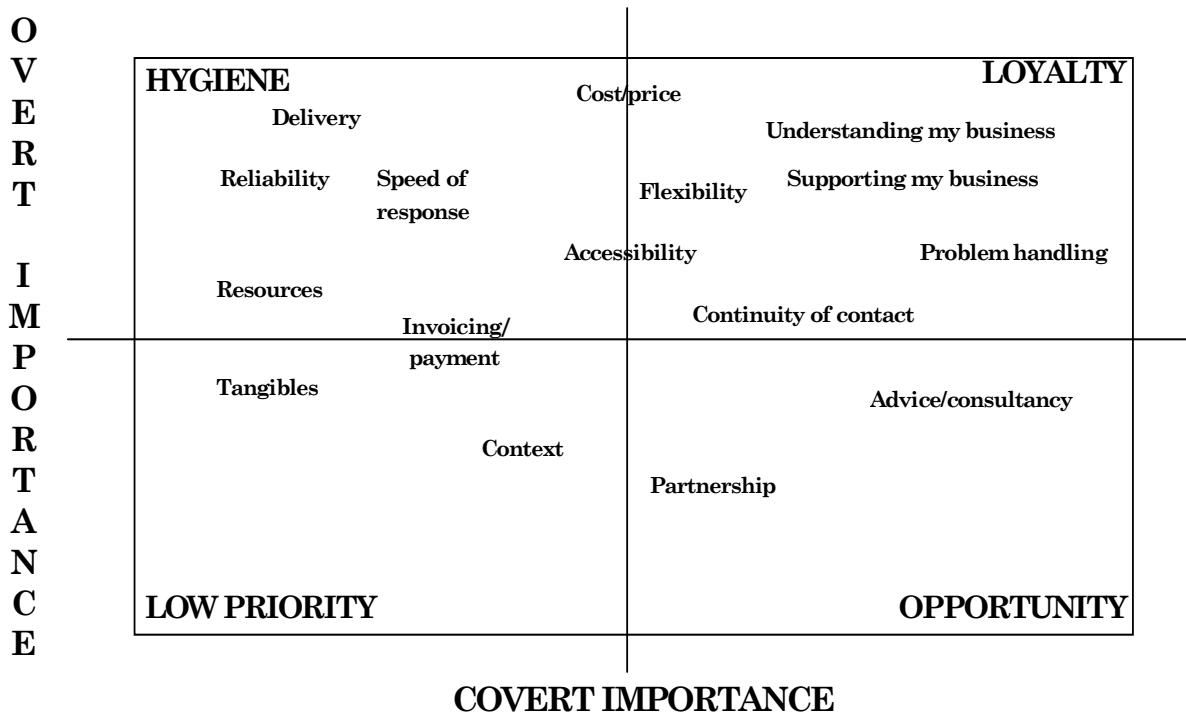
- ❖ Understanding my business;
- ❖ Supporting my business;
- ❖ Continuity of contact;
- ❖ Flexibility;
- ❖ The way that problems are handled;
- ❖ Accessibility.

Cost and price often straddle the boundary between a hygiene issue (the ‘there or thereabouts is good enough’ opinion) and a loyalty issue (this can make the difference between engaging with the intervention process or not).

**Hygiene issues** - those issues on which an organisation is expected to deliver but where no extra warmth is gained for particular excellence - include:

- ❖ Delivery issues;
- ❖ Reliability;
- ❖ Speed of response;
- ❖ Approach to invoicing and payment;
- ❖ The resources behind the supplier (government department or high street bank).
- ❖

**Figure 5: The Generic Small Business Priorities**



**Lower priority issues** - that are generally considered not to be important in the decision making process - will include tangibles such as office premises, office environment, certain types of written communication and presentation, and so on.

However, they can have an important background or contextual effect on attitude, and thus decisions that are taken (Gilmore and Carson, 1996; Carson and Coviello, 1996). Of course, different segments will generate a different map of priorities.

### How the Intervention Process Can Be Improved

The small firm market is constantly bombarded with different sources of information and advice provision. We believe that there still remains a large question mark over whether those responsible for synthesizing and presenting business support packages at government level are providing this information service actually helps the small firm (DTI, 1996; Mercer, 1996).

It is worth noting that many Business Links' have installed sophisticated Client Information Systems which hold a wealth of data at individual small firm level; how well they use this intelligence must remain open to question.

*Why do they keep sending me this expensive drivel? Its very professionally produced [details of the Business Link's seminar programme] but it still heads for the bin with the rest of the junk we get from the DTI.*

There needs to be people below (and incidentally, at the level of) the policy maker who can assemble the 'jigsaw' of available information into a sensible, meaningful picture. The National Audit Office (1999) has recently suggested a major overhaul of the way in which ONS (Office for National Statistics) markets information, the implication being that ONS was not delivering a quality service or adequately exploiting the data that it managed.

There are, of course, pockets who remain in the 'we know best' straightjacket.

Nevertheless, over the past five years, there is evidence of considerable progress.

Although somewhat piecemeal, there are support service providers who do operate in a more eclectic way than in the past; drawings on, and weaving together, evidence from the UK and overseas (Stacey, 1996 and de Koning et al, 1992), in order to design sensitive and long lasting intervention packages.

*I was very skeptical at first but on my second visit I started to understand what they [Business Link] were all about...I now call them whenever I need them*

Such enlightened interventionists have realised that, in essence, all support is qualitative in the sense that they need to be interpreted in context, with the full appreciation of where the support comes from, its strengths and its weaknesses. They have accepted

that support from several sources is likely to provide a more reliable guide for decision making than support from a single source (Duan, 1997).

Given the plethora of support services now available (Garrick, 1996), it is increasingly important that evidence presented to the decision-maker is kept to a manageable proportion. Specifically, it is important for policy makers to demonstrate an approach - an analytical framework - with which they operate, from the outset of the intervention.

Of particular importance here is sorting out how different government departments at the development stage present the problem. Too often policy makers will come at the problem by listing possible outcome measures (how many delegates can we attract to this event?). Whereas there is an urgent need to communicate the problem in terms of intervention objectives (what is the customer's overall level of satisfaction with the standard of support service?). With interest in the Internet (Berthon, 1997), as a global (never mind a regional) communications medium burgeoning, it is possible to understand how things might be in the future with regard to the sheer volume of information available to the small firm (Rowan, 1997; Denison and McDonald, 1995). However, the question remains for the policy maker as to whether *their* information is presented (by some form of government sponsored intervention) in a form - at a level of specificity and depth - that makes for better decision making amongst users in the target audience (Antoniou, 1997).

Policy makers must be alert to the different ways in which the problem may be initially expressed and, using all these different 'languages of definition', must work towards the design of an intervention that is targeted and manageable. If the policy maker is allowed just one question at the outset of the development stage(s) it should be, 'on completion of this intervention, what value do I anticipate the small firm owner/manager to place on this intervention?' (Tammo, 1996).

Going beyond the credibility of the intervention development process, one must examine the way in which the decision-maker scrutinizes the voracity of the 'package of support' which they are invited to inspect before making a decision. Much has changed in the 'hot house' climate of the small firm sector in recent years. Today it is no good policy makers

falling back on the DTI rulebook in trying to explain the robustness of their offer. The policy maker must be prepared - whether they like it or not - to ensure that their offer is seen by the owner/manager as believable and relevant (DTI, 1996). Support services offered to the owner/manager must be directly for them. In a business environment there is enormous emphasis on measuring exactly what benefits flow from what action (Myung-Sul, 1997). In a small firm setting the pressure is, in turn, for the policy maker to produce intervention in a more competitive based style. Thus, the owner/manager is looking for the policy maker to identify, for example, three key issues that underpin the offer, and for the evidence to be presented in such a way that it helps them decide how to interpret each of these five issues.

## **Conclusion**

Our objective was to provide an understanding of the decision-making processes used by different types of owner/managers in the small firm sector. We sought to show that leading edge qualitative research has now burst the myth that small businesses are simply scaled down versions of large enterprises; with examples from recent research we explained how small firms actually think and behave. For the benefit of the policy maker, we also addressed the question of, whether the information needs of those engaged in decision making in the small firm sector are being satisfied?

We know that today's policy maker (sixteen Tory ministers in less than twenty years at the DTI; Labour is already on its third!) may be in a post for a comparatively short period of time. It therefore becomes important for the policy maker, to concentrate on what is achievable in the market and not necessarily for their personal career (Mercer, 1996). Of course, the idea that there can be a clash between the individual goals of a Minister and the goals of the party is hardly a new observation. Nevertheless, the authors would argue that pressures placed on a policy maker in recent years have

brought this issue into sharp profile. Thus, an individual - knowing they must produce results in the short term to keep a career on line - tend to associate themselves with projects and tasks that are achievable within reasonable time-frames (Saunders, 1996; Abratt, 1994). There is less interest in projects with wider and longer-term pay-offs. We suggest that this has resulted in the launch of many (small firm) interventions which has addressed the career of the policy maker, not the target audience.

It is well documented that with regard to new services, there is a leading edge 'early adopter group' who are first in to the new service offer (McDonald, 1996). At the other end of the spectrum, a group of 'technophobes' who feel uneasy about embracing anything new. In between there exists the owner/manager who will keep a watching brief - neither committing to, nor rejecting the offer. Given this often large, 'watching brief' category, good qualitative research practice dictates that we need to unpack this mindset, rather than simply accept it (for example, the authors highlighted the critical issue of the business/personal overlap). For instance, it is reasonable to assume that certain individuals' attitude towards a government offer (e.g. Business Links and TECs) will be a function of his/her own individual beliefs and attitudes. It will also be the function of the individual's perception of what they think others think about the brand. In the light of this insight, the interventionist can start unpacking this 'watching brief' category by exploring the wider context of respondents' perceptions of what others currently think and may be about to do. For instance, the interventionist could start by exploring the extent to which an individual's willingness to embrace the brand (Business Link) would be changed - triggered - by external events, such as learning that a key competitor was now embracing the offer. Thus, putting their own business at a competitive disadvantage. By providing a model that explained this 'watching brief' category, one is able to provide the policy maker with insights that will enable them to interpret how other market sectors might take up the offer.

Concerning for example, the Business Link brand, research evidence (Culkin, 1998) indicates that as a mass (SME) market product is not the 'green light' winner Michael Heseltine may have originally envisaged (Culkin, Fletcher and Smith, 1999). However, certain sectors and businesses are highly receptive. The longer-term strategy (and there

does need to be a long-term strategy) must address weaknesses identified if the service is to be used wider afield.

Policy makers can only achieve this by demonstrating a real empathy with the target market and factoring in the business leader's own intuition and prior knowledge on the subject. In addition, by helping set support services in a wider analytical framework context, together with helping improve the quality of the small firm offer policy makers may yet win the case in the arena in which the service must be compete.

Looking to the future, as we enter a world with more and more information sources (online and database), the authors would argue that many of the issues raised above will come into even sharper focus. One can envisage increasing calls from small firms for information from different sources, which they require piecing together. In the face of an overwhelming amount of information service provision, small firms will place more emphasis on concentrating on what is achievable, and making sure that the outcomes are entirely actionable. There is also likely to be increasing demand amongst the target audience for assurance about the applicability of the information and advice source that has been assembled.

The authors believe there is also going to be a competitive advantage to the policy maker who, at the outset of the intervention process, can help define the problem in a manageable way, whilst at the end of the intervention helping the decision maker through the decision making process. The government (through the Business Link network) is in the right position to take advantage of the opportunity but does the policy maker have the vision to make it so!

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