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First Impressions: A Preliminary Report on A Research into Small Business Policies in Britain

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The enthusiasm for small business

From April 1986 to September 1987, I had the opportunity to study in Britain, thanks to the sponsorship of Komazawa University. My main objectives were to know the economic situation and to investigate the policies to accelerate the revival of small businesses in Britain.

In this first report on my research, I give my brief conclusions and impressions. *1

If the Japanese are rather bored with the word "small business", it has been enthusiastically re-discovered in Britain and other Western countries. Many British academics and businessmen attended the 13th International Small Business Congress, held in London in October 1986. Professor Miyashita, Professor Iwashita and I were the Japanese participants at the 9th National Small Firms Policy and Research Conference at Sterling which was also very lively and informative. Academic researchers into small business policies and problems in Britain include Professor J. Stan-

worth, Professor A. Gibb, Dr. D.J. Storey and Dr. J. Curran of Kingston Polytechnic who has written an authoritative book reviewing the development of small business and small business studies in Britain over the fifteen years since the Bolton report.*² Some universities and colleges have started research centres for small business, and many colleges of higher education have courses in small business management.

The theme of small business has been taken up by economists, journalists and politicians. Small business is favoured by Mrs. Thatcher who considers it to be part of a new people's capitalism which will finally defeat Labour's socialism. In a less partisan way, Prince Charles emphasises the necessity of small business which he declares can play an important social and economic role. As he has repeatedly talked about the importance of encouraging small businessmen/women to revive the declining British economy. He is the patron of several charitable bodies which help young businessmen/women and give assistance to expanding business.

There is a wide ranging debate on the present role and future prospects of small business in Britain. Opinions differ considerably; at one extreme some believe that small business is the key figure for British economic revival, and, at the opposite extreme, others argue that small business is being idealised and such expectations are unreasonable. We can agree with Mr. Yukio Watanabe of Keio University who has observed that, whatever the prospects for small business, prospects for small business researchers and journalists are good.*³

The British approach to small business policy; the policy for job generation?

Modern discussion of small business policies in Britain begins with the publication of the Bolton Committee Report in 1971. Small business policies have since been developed in a variety of areas. The main emphasis is on the promotion of new business start ups and the reinforcement of managerial capability of existing individual enterprises. Financial assistance schemes and technology or management guidance schemes have been adopted, along with schemes for industrial estates and premises, economic deregulation to reduce paperwork and government procurement policies favouring small firms together with some measures for marketing development and information.

Japanese policies are rather different, because in Japan main emphasis is on the modernisation of industries and the development of small business management. In Britain there is more emphasis on encouraging individual enterprises and managers, regardless of the differences between, and the circumstances of, individual industries. Another difference is that, in Britain, there is little consciousness of the distinction and the relationship between the big business sector and the small business sector; this topic is hardly mentioned in current books on how to manage small enterprises successfully, as well as in academic texts. British policy has not addressed the issue of the domination of small business by big business and of its disadvantage; though we should note there has been a recent initiative to palliate "the late payment problem" facing small suppliers and shopkeepers in Britain.

Much of the enthusiasm for small business policy can be explained by Britain's continued economic decline in the 1980s. After Mrs. Thatcher's victory in 1979, she called for "the revival of powerful Britain". But the performance of the British economy has continued to be unsatisfactory. Although GDP is currently growing at a level of 5 % per annum, annual output of production is now barely exceeding its peak of 1979 by 3 %. Manufacturing output has only recently recovered its 1979 level and the balance of payments is deteriorating alarmingly. The Conservatives make much of the recent fall in unemployment, but that improvement represents only a minor recovery from a trough level of more than 3 million unemployed. In these circumstances, it is quite natural that the government is looking for ways to improve the economic situation, without changing fundamental policies. Understandably, small business, which was formerly neglected in Britain, has moved towards the centre of the economic policy stage.

In 1985 responsibility for small business policy was transferred from the Department of Trade and Industry*4 to the Department of Employment. By 1987 there were new initiatives which aimed to encourage new business start-ups and expand employment in small businesses. Above all, the government pinned its hopes on the Enterprise Allowance Scheme (EAS). This scheme provides allowances which encourage unemployed individuals to start a business. It therefore reduces the number of the unemployed, as well as stimulating the small business sector. Those who are eligible, by virtue of having been unemployed more than certain months, can, subject to certain conditions, claim an allowance of £40 per week for 1 year if they start a business. A pilot trial of

the EAS started in 1983 and the number enrolled in the scheme has since increased each year to reach a total of 110,000 in 1987.

Whatever the impact of the EAS or other schemes, it is certain that the most of the new jobs in Britain has been created in the small business sector. This emerges clearly from the available statistical analyses. *⁵ Besides that, the number of self-employed people has expanded considerably in recent years. The Employment Statistics shows that there are now more than 2.7 million self-employed persons in Britain, and their number increases by 50-100,000 each year.

Along with allowance schemes and loan guarantee scheme, various measures have been adopted to promote management education and give guidances or advice to prospective small businessmen and women all over the country. The Department of Employment runs Small Firms Centres, official regional bodies which give information and financial assistance. While some branches of the Manpower Service Commission (now the Training Commission) have been providing assistance to help those who wish to start up a business as well as unemployed people.

The efforts of central government are backed up by local governments and independent organisations which have a wide range of programmes to encourage new start-ups and, more generally, provide assistance. Above all, big private companies, banks, public enterprises and local authorities jointly sponsor more than 300 Local Enterprise Agencies (LEAs) which give counselling, education and guidance to the new businessmen/women. Business in the Community (BiC), an independent charity fund headed by Prince Charles, now coordinates the work of LEAs. The Prince's

Trust, as well as other voluntary organisations, is also active in promoting start-ups by young people. These voluntary sector helps disadvantaged groups, such as ethnic minorities, women and the handicapped, to acquire the skills and business knowledge which can make them independent.

I visited some of these organisations to learn about their activities. In LEAs, charity bodies and Local Business Centres the main emphasis was on the education of systematic bookkeeping, business planning and management control. They also provided counselling and advice following detailed interviews and group discussions so that first ideas could be developed into feasible and robust plans with confidence for starting businesses which would not fail. The reactions of those who used these facilities appeared to be positive and they generally believed they were getting useful training and advice.

Evaluating the results

What have the EAS and other schemes achieved? What kind of business have been assisted and under what conditions do they survive and prosper? Various official follow-up reports have been published. With the cooperation of the Department of Employment, the Essex Business Centre and Project Fullempley, I was able to carry out my own research project on new start-ups. The research was based on 25 interviews with businessmen/women and a postal survey of about 400 people carried out through the Department of Applied Economics, University of Cambridge. *6

My first impression was that self-employed people in Britain

and Japan face strikingly similar working conditions and difficulties. In both countries self-employment is often motivated by the desire to escape from low wage jobs, owner-managers often work with family workers in one body and working hours are considerably long. Equally, there are common fears about the firm's ability to receive new orders and about financial difficulties and risks. The entrepreneurs I met were not part of a "prosperous middle class" and they were not the gifted "new entrepreneurs" whom Mrs. Thatcher idealises.

Naturally, there are some differences between Britain and Japan. First of all, British small businesses are relatively isolated and dispersed, because they usually do not have close relationships with fellow traders and their customers and because there are no industrial associations organising small businesses in related areas. Official reports have shown that there are many fewer start-ups in the manufacturing industries than in the service and transport sectors. Small manufacturing firms in Britain, which lack a vertical link to a parent company, or a horizontal link to fellow traders, are not a part of a well-organised and deliberate social division of labour. As a result, although they can keep their 'independence', it is difficult for them to afford crucial new and large investments, and such businesses do not seem to secure or expand their market easily.

With regard to job creation and relief of the unemployed, it is too early to say whether the EAS and other schemes have helped unemployed people to find their way out of the dole queue and allowed them to become independent businessmen/women. Most of the successful new starts were by individuals who had a back-

ground of skills in their present business and good prospects of viability. Sometimes successful businessmen/women took advantage of skills and knowledge acquired through their hobby activities. Those whose main qualification was to have been long-term unemployed was realistically unable to hope to escape from the misery of unemployment through starting a business. In most cases such individuals lacked essential skills and knowledge, and did not have a good business plan but a casual idea alone. Many reports show that the survival rate of new business was rather lower than average among young people, who had suffered prolonged unemployment and had little experience of employment. *7 In addition, the requirement that the EAS applicants raise up to £ 1000 or more by themselves is a substantial obstacle for many of the long-term unemployed. Conversely, there must be a suspicion that some applicants arranged to draw unemployment benefit for a few months, just to be eligible for the EAS. All of this suggests that the EAS offers little to most of the long-term unemployed but may help those who are already near to starting up a small business, with stimulating their business ambition.

New start-ups are also encouraged through schemes for the provision of premises and workshop space. Publicly managed workshops have been built in many areas under the government's aegis. Local governments and LEAs have bought old factories and converted them to small collective workshops which new firms and small businesses can rent at low cost. In the North East region, where economic depression is severe, I visited several workshop complexes subsidised by central government and the European Commission, as well as local authorities. They provided

not only space and common facilities but also management and technical advice. Some individuals started businesses without their own production equipment, relying on communal machines which the administrators provided. This kind of supportive environment has not always provided a basis for cooperation to develop wider business activities. Businessmen/women may be under the same roof, but they still rely on underdeveloped networks of informal friendship and the casual exchange of information.

The service sector should be the main field for new start-ups with limited funds and preparations. But, such new types of business are unlikely to survive for many years unless they live in exceptionally favourable circumstances. Typical of the marginal new businesses was the one started by an ex-researcher who had been made redundant by the technology institute of a big company after many years' service. He had started up a craft workshop in which he was producing hand-made wooden toys and decorations with his wife*⁸. Both the loss of his professional career and the precariousness of his family's future showed me how Thatcherism imposes high and irretrievable social costs.

The social and political attitudes of the self-employed vary considerably. When I made my visits mainly just before the 1987 general election, I found some self-employed people supported the Conservative Party, while others supported Labour or Alliance with their different political philosophies. Attitude to unionism and organised labour are complex. The owner-manager of one small printing company had kept up his membership in a trade union after he had been sacked, but his workforce was not unionised. Another small printer was also a member of the NGA

who made a forced start-up after the long industrial dispute over the movement of 'The Times' to Wapping. The influence of trade unions is still considerable partly because small businesses have no independent industrial organisations.

Some large trade unions are now changing their policies on the self-employed and are actively trying to recruit them, along with part-time workers and contract workers. This is an understandable response to the present difficulties and the declining membership of British unions.

It is not yet clear whether the increasing number of self-employed people means more than changing figures in the employment statistics. The rise of self-employment may also have a structural impact on the British economy, or, at least, promote a 'cultural' change which alters British attitudes to job opportunities, working life and business activity.

Local economic revival

The activities of central government in promoting small business to revitalise the British economy are well published. Less well known are the new local initiatives to reconstruct local economies and to expand job opportunities which have attained significant results in several regions and cities. Labour-controlled local authorities and their allies in other social organisations have taken the lead in these initiatives. Most notably the Greater London Council (GLC) and the West Midlands County Council (WCC) with wide support and cooperation from local trade unionists and community groups were active in developing new industrial poli-

cies and employment initiatives.

In London, the decline of traditional urban industries and the exodus of big factories created serious problems of increasing unemployment and deteriorating living conditions and environments in the inner city areas. To solve these problems, the GLC launched a series of new schemes in the 1980s, based on three key ideas: (a) first, use 'alternative policies' to build a new economic system and to reorganise the industrial structure in the interests of peaceful and socially useful production, along with workers' rights and popular participation; (b) second, expand job opportunity for most social groups and safeguard the role of public administration and the public welfare in local economy; (c) third, promote the economic role of small firms and encourage real productive activity in the Greater London area, based on its real economic structure.

To carry out the GLC's industrial policy, the Greater London Enterprise Board (GLEB) was established in 1982. Its brief was to implement 'industrial strategies' which would be formulated after detailed projects of industrial research. GLEB initiated imaginative policy measures which included direct investment and takeover of core companies which could stimulate declining but indispensable local industries, support for the development of new technology in the interests of socially useful production, and promotion of local cooperative movements.

Cooperatives were identified as useful means which could be used to avoid factory closures and dismissals, as well as promoting the social participation of disadvantaged groups, such as ethnic minorities.

Local authorities and the Cooperative Development Agency (CDA) have been active in Britain in promoting workers' cooperatives, partly as a means of maintaining jobs for redundant trade unionists. In London there is an association of eleven cooperatives in printing and affiliated trades which were all supported by the GLC. In the North East, another cooperative, Newcastle Printers Incorporated, was established in 1985 by union members who had lost their jobs as a result of factory closure. With assistance under the EAS, CDA credits and Regional Development Grants, a secure and moderately successful enterprise has been established. Manager members, however, were having to work hard to get more orders and to improve financial results.

I was also able to visit Standard Bookbinding Co. Ltd. This firm is not organised on a cooperative basis, but is well known as one of GLEB's success stories. The company had been the largest bookbinder in London but went into a rapid decline as a result of merger and failure to replace out-of-date technology. GLEB, in association with the printers union, SOGAT 82, took the company over to prevent its closure which would have damaged the London printing industry and destroyed jobs. Even after its liquidation and reconstruction under GLEB's control, the new management found it extremely difficult to control operating loss. Last year after the appointment of a new managing director, some job loss and investment in new technology, the company for the first time made a profit. The investment was then facilitated because GLEB had an engineering office subsidiary which was able to take responsibility for designing and producing new equipment at low cost.

In the cooperatives, as at Standard, all the work force were involved in the effort to improve managerial skill and raise labour productivity. These results were underpinned by rules about "all member participation" and democratic decision making as well as by flexible working practices in workshops where there were few demarcation restrictions and considerable emphasis on job enrichment or diversification. The advantage is illustrated by the way in which, at Standard Bookbinding, a skilled manual worker with 17 years service was promoted to the job of production manager; this kind of promotion is rather unusual in Britain. In all of these cases, the key point is that the new work practices and improved relationship between workers were obtained after a life or death crisis for the company, under the aegis of left-wing local authorities and with the cooperation of union members. A compliant work force is, however, not the only precondition for success. Competent management and the dedication of worker-directors as well as ordinary cooperative members are equally indispensable.

The GLC was abolished by the Tory government in an act of political vindictiveness. Nevertheless, the success and failure of the GLC remain a valuable experience and lessons of this experience are still debated on the left. The GLC's full scale plan, "*London Industrial Strategy*", published in 1986*⁹, is variously seen as a polemical text or a bible for left wing activists. For Japanese researchers, however, what the GLEB did on a small scale does not seem to be so different from the stereo-typed nationalisation policies of the postwar Labour governments. Others take different views. The GLC strategy has been criticised from somewhat

rigouristic leftists' angles. It has been also praised as a proof that the technical paradigm of flexible specialisation is applicable under all circumstances. Without getting drawn into these debates, we do not believe the GLC succeeded in formulating a small business strategy which was adequate to the problems and in building solidarity amongst working people which was necessary if they were to resist the pressures of big business, financial capital and the Thatcher government. The large volumes of strategy did not contain proposals for general assistance to existing small firms or proposals for the encouragement of business organisations and associations. In the nature of things, local government "alternative strategies" applied in a single region cannot regulate or change the activities of large financial capitals which operate across national frontiers and exercise huge economic power. *10

Whatever the merits or demerits of local initiatives, the task is made more difficult because Mrs. Thatcher is determined to curb the powers of democratic local government which she suspects providing a political base for the Labour Party. Several of the local enterprise boards and other organs, including GLEB, have been kept alive by financial aid from some borough councils. But the abolition of the GLC and the Metropolitan Councils has made it substantially difficult to organise local initiatives for the reconstruction of the local economy and job creation. On the other hand, the "success" of London Dockland Development Corporation has encouraged the Tory government to promote 'development corporations' which take over functions that have hitherto been the responsibility of local councils. The needs of ordinary community residents and their democratic rights are not considered

by the new corporations. It is hardly an exaggeration to claim that the Tory Party is now in favour of democracy except where it produces results which are politically unacceptable.

Despite the obstructions of Thatcherite 'right-wing reformism', the City speculation and poor industrial performance, many local authorities, which are still mainly controlled by the Labour Party, persist with a variety of schemes to maintain local employment and to reconstruct declining local economies, through initiatives such as job training and business start ups among young unemployed people. Policy continues to be re-thought and reformulated at a local level. For example, some local authorities have changed their policy of encouraging super stores and out of town shopping areas. There is a new realisation that small shops maintain the local employment base, provide an important community amenity and help to sustain the fabric of commercial areas. *11

The real achievements of local initiatives are seldom reported abroad, or even in "quality" British papers. If only the statistical record is considered, Mrs. Thatcher's government is likely to claim the credit for any improvement which may be achieved through local initiative. Nevertheless, local government and community action remain the best hope of resistance to the Tory's hard elitism and victimisation of working people and their local communities.

Japanese management and Japanisation in Britain

'Japanese management' and Japanisation have become cults in Britain. Last September a conference on Japanisation in Cardiff

attracted a large group of academic participants and was widely reported in the press. *12

Interest in Japanese management has grown as Japanese companies have established production bases in Britain and Europe. Japanese management in Britain has introduced 'single union' agreements, joint consultation schemes, abolition of demarcation restrictions and quality circle programmes. *13 Some large unions such as the EETPU and AUEW see the arrival of Japanese managements with such policies as an opportunity; they are making "strike-free agreements" with Japanese employers and hope to thereby expand their membership. Japanisation in British owned and managed firms is another important trend. Some British managers wish to imitate Japanese management practice; there is much interest in 'flexible patterns of work' and cooperative and collaborative labour relations.

After visiting Japanese and British managed firms in Britain and talking some workers, my impression is that most workers are not necessarily hostile to Japanese management and Japanisation. In their experience, the Japanese system was rather better than anticipated and had some positive advantages because this system could check management prerogatives and help to build better work places. 'Lifetime employment' and 'seniority-linked promotion' rules are valuable privileges for workers accustomed to British management's policy of easy mass sacking during recent recessions. Single status policies which abolished separate management toilets and dining rooms pleased most workers. Quality circle programmes were spreading with few obstacles.

In the sphere of supplier relations, Japanese management prac-

tices are also being introduced. Before moving into off-shore production, Japanese manufacturers were concerned about whether or how they could find or train capable and cooperative foreign suppliers and subcontractors. They are now developing 'Japanese-style' supplier relations in various industries in Britain: preferred suppliers get renewed purchasing orders, technical guidance and management advice. Even some British companies, such as Plessey and Austin Rover, have introduced similar practices, such as designation of preferred supplier factories, joint studies of quality or productivity improvements with their suppliers.

When I visited some 'preferred suppliers' in Britain, they were getting larger and more secure orders and their management was confident about capability and competitiveness. But, when I made the comparison with average standards in Japan, I was not so convinced of their manufacturing superiority. Above all, British suppliers did not generally specialise and concentrate their efforts on the development of specific product lines and processing techniques. One British supplier, who enjoyed a high reputation with Japanese customers, was stamping domestic kitchen ware and pressing precision parts for electronics machines.

The relation between British preferred suppliers and parent customers is much looser and less cooperative in Britain than it is in Japan where suppliers operate under the parent companies' tight control of purchasing management. Any British suppliers only want to exploit the fact they have been selected by Japanese companies in Britain as a way of expanding their business with other customers.

Much of this performance can be attributed to one underlying

cause, weak competition in many sectors of British manufacturing. The number of firms in metal processing and mechanical engineering, as well as other industries, is much smaller than in Japan or other advanced countries. Under these conditions, competition between British suppliers does not promote a strong commitment to their customers' production policies, strenuous efforts to cut costs and to keep quality standards, or strategy directed to ensuring long and stabilised demand from a single customer. Some managers of Japanese firms complained that their British suppliers often delivered late, and, at every opportunity, asked for higher unit prices. This kind of behaviour would be hardly acceptable and imaginable in Japan.

'Japanese management' in Britain is an innovation which is still being introduced. Naturally most Japanese companies which are experimenting with the new style and techniques, want only to show the positive, acceptable face of Japanese management. They are involved in a public relations exercise and want to prevent any strong reaction against Japanese management.

In supplier relations, for example, mutual cooperation between the parent company and its suppliers is emphasised. Understandably, Japanese companies do not publicise the fact that in Japan, big companies often request their suppliers to cut costs to the very limit each year or each month under a very stiff competition between their suppliers. They also put the responsibility for high quality onto their suppliers and, if necessary, ruthlessly cut off orders to their marginal suppliers immediately after slack sales in the market or after a change of their production policy.

In industrial relations also, the unacceptable face of the Japanese

system has not been highlighted by Japanese managers and Japanese journalists. British politicians, journalists and even trade unionists are desperate for Japanese new plants which create jobs and are willing to turn blind eyes to the unacceptable face. The myth of 'pastoral relations between Japanese employers and workers' is assiduously propagated at the expense of the facts. These facts about the Japanese at home include elimination matches and pitiless survival races among the workers within big companies, despotic and totalitarian labour management in big companies which often forces a political view or support on their workers, creation of tame and collaborating company unions which cannot protect individual rights and jobs, and poor, insecure and under-privileged working conditions for temporary and part time workers in Japan.

Ignorance and preconceptions about Japanese society also prevents the British from seeing the truth as it is. British academics are sometimes ill informed. For example, I was told that some believed Japanese women are still tied to the home and unpaid domestic labour, so that barely 50 per cent of adult women have paid employment. In fact, the proportion of labour force out of adult women is nearly the same in Britain and in Japan.

But academic and popular interest in Japan and Japanese society is now steadily increasing. One index of this is the popularity of TV documentaries on Japan, such as "The Japan Week" series broadcasted last September. Thanks to this kind of programme, many British workers know something about the social customs and living conditions in Japan: long working hours, poor housing conditions and soaring land prices, poor public recreational

facilities, environmental pollution and underdeveloped social security. Perhaps, the most common reaction of British working people is “How can they supply high quality manufactures despite living in poor conditions?” or “However efficient Japanese management may be, we British need not imitate the Japanese way of life!”

Concluding remarks: British society and Japanese society

The British way of life and social priorities must still be attractive for Japanese people. In the London suburb where I lived, I was surprised to find the barbers' shop was closed for more than one month so that the owner could take a long summer holiday. The individuals who had started up new businesses were generally too busy to worry about holidays and private insurance, but they were all much concerned about the amount of time they could spend with their families.

Japanese nationals working for Japanese firms in Britain seemed generally well pleased with the quality of life in Britain for themselves and their families. They enjoyed comfortable lives with enough spare time to spend with their families, well cared public spaces and parks, cheap or free public services and social benefits. When they leave Britain, their experience of Britain will show them the benefits of a mature industrial society.

There are many striking contrasts between social provision in Britain and in Japan. In Britain it is generally accepted that poor citizens have a right to claim low cost government (council) housing, even if there will be some delay before a house or flat is

offered. In Japan where soaring land prices encourage new building, elderly people are evicted from small flats without any official intervention. Or again, in Britain, an economically advanced but relatively declining country, every individual regardless of background has a right to a decent minimum with dignity from social security when sick, handicapped, old or unemployed. In Japan, a prosperous society with the second largest GNP of any country in the world, last year at Sapporo a woman starved to death after social workers rejected her claim for livelihood protection benefit.

If Japanese citizens, or the managers of successful Japanese companies, boast of their high economic growth and prosperity, they should realise that their social standards are low and their social stocks are poor in comparison with those in other affluent societies. Economic success in a market framework does not necessarily, or automatically, create an equitable, compassionate and sound society. At least the Japanese could learn a lot from the British traditions and common sense about mutual aid, independence of thought and opinion, respect for tradition and pluralist concepts of social values.

Even if British managers, bureaucrats and politicians have to learn from our experience to revive their economy and to increase employment opportunities, they must not sacrifice the social priorities and values which they have developed over many years. In Britain and in Japan, the common challenge is to build a vital, productive economy and a humane, fair society. All of us must try to find the answer, however difficult it may be.

[NOTES]

1. This report is based on an article in Japanese, which was published in *Keizai*, No.289, May 1988.
2. Curran, J.: *Bolton Fifteen Years On: A Review and Analysis of Small Business Research in Britain 1971—1986*, Small Business Research Trust, 1986.
3. Watanabe Y.: The trends of small and medium sized manufacturing firms in Britain, *Mita Gakkai Zasshi* No.2 Vol. 80, 1987; —: On recent British small business policies, *Shoko Kinyu* No.8, 1987 (both in Japanese).
4. In 1988, the Secretary of State for Trade and Industry, Lord Young, announced that the DTI will launch a new scheme, Enterprise Initiative, which is to help individual successful small and medium-sized companies.
5. Ganguly, P.: U.K. *Small Business Statistics and International Comparisons*, Harper & Row, 1985; Doyle, J. & Gallagher, C.: *The Size Distribution, Potential for Growth and Contribution to Job Generation of Firms in the U.K., 1982—84*, Univ. of Newcastle-upon-Tyne, 1986.

Nevertheless, criticisms on the above-mentioned studies, too, should be taken notice of. D. J. Storey and S. Johnson are on negative lines as regarding the view that small firms have been generating most jobs in Britain. They conclude 'there is no clear evidence to support the view that economies with more small firms "perform" better in terms of job creation than those dominated by large firms'.

See Storey, D.J. & Johnson, S.: *Are Small Firms the Answer to Unemployment?* Employment Institute, 1987; —: *Job Generation and Labour Market Change*, Macmillan, 1987.

6. The main report on the empirical survey in Britain is forthcoming. See Appendix 1.
7. Gray, C. & Stanworth, J.: *Allowing for Enterprise: A Qualitative Assessment of the Enterprise Allowance Scheme*, Small Business Research Trust, 1986; Allen, D.: *Enterprise Allowance Scheme Evaluation*, Manpower Service Commission, 1986; Research Bureau Limited: *Enterprise Allowance Scheme Evaluation*, RBL, 1987.
8. Naturally his business should be classified as a manufacturing establishment, if relying on the official Standard Industrial Classification. It can not be, however, seen one of very traditional manufacturing businesses or craft trades.

9. Greater London Council: *The London Industrial Strategy*, GLC, 1985;—: *The London Labour Plan*, GLC, 1986; —: *The London Financial Strategy*, GLC, 1986.
10. It is my impression that 'British socialism' can be criticised for its narrow parliamentarism. The role of trade unions is to provide financial and physical aid to the Labour Party in elections, while they ironically continue to pursue their narrow economic interests; the aim of the Labour Party is to win votes at each election so as to gain a parliamentary majority and form a government which adopts hurried reforms from above, just relying on the power of majority seats. The unions and the Party have no strategy for organising all the working people into a coalition which includes not only trade unionists, but disadvantaged workers, self-employed people and others. There is, therefore, no basis for a popular campaign organised around common demands, formulated in a programme which has unshakable majority support.
11. Sheffield City Council: *The Retail Revolution: Who Benefits?*, 1987; Southampton's 'Stop the Shops' campaign, *Local Work*, No.4. 1987.
12. Conference on the Japanization of British Industry, UWIST, Cardiff.
13. The question whether Japanese managers are now seeking a collaborative company union as their partner or trying to build a non-union territory in their factory in Britain can be arguable. Here I do not refer to this critical question, leaving it to further debate.

APPENDIX 1

Survey of New Start-ups and Small Firms under the Government's Schemes and Assistance

(An independent research project)

Part 1: A postal survey (1987)

Part 2: Individual visits and interviews (1987)

△Part 1:

Samples; the people who attended business course classes or who received guidance at the Essex Business Centre in 1986 and 1987.

Among 526 people, 400 were chosen through random sampling.

Questionnaire; sent by mail, self-completed and sent back by mail.

Questions are mainly about their background, former and present jobs, reasons for start-ups, business conditions, business prospects and working life.

Valid returns; 80 (20.0%).

*Questionnaires were posted in August 1987 and collected by the end of December 1987, in care of the Department of Applied Economics, University of Cambridge.

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Fig. 1 Present conditions of the people who gave returns to the questionnaire.

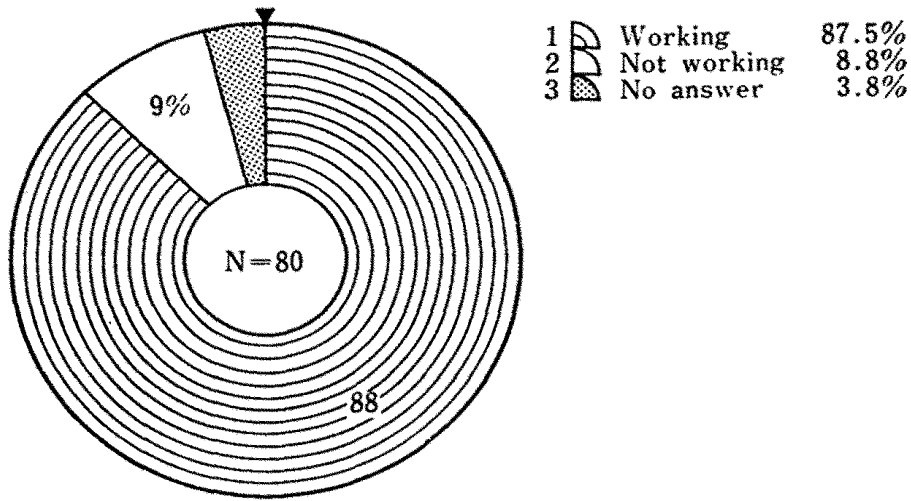


Fig. 2 Present types of work of the working persons

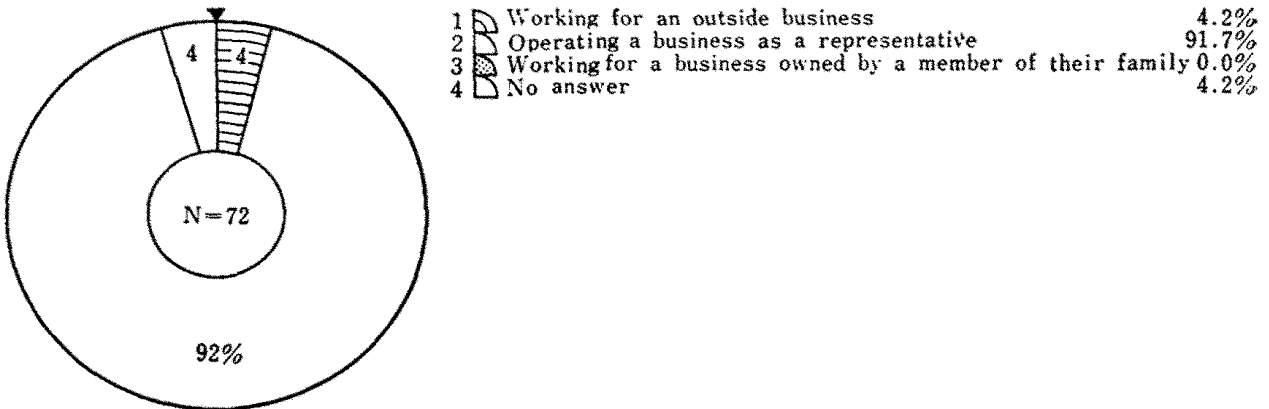


Fig. 3 Whether getting the EAS or not

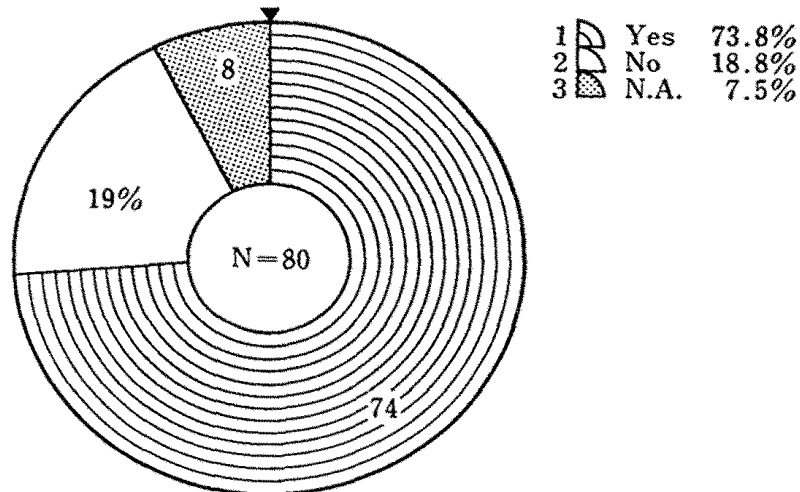


Fig.4 Whether getting the EAS or not
(working persons)

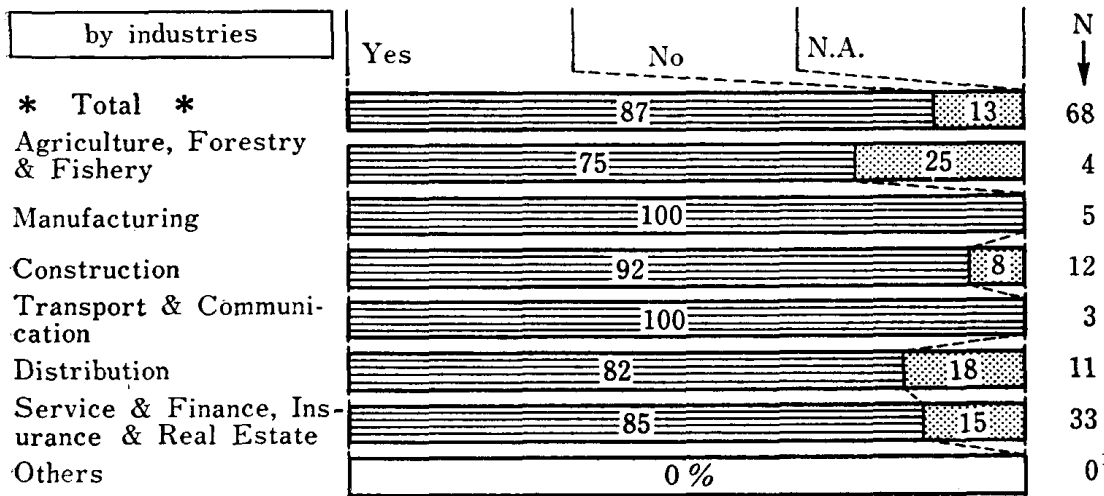


Fig.5 Industrial sectors of their businesses by their present age

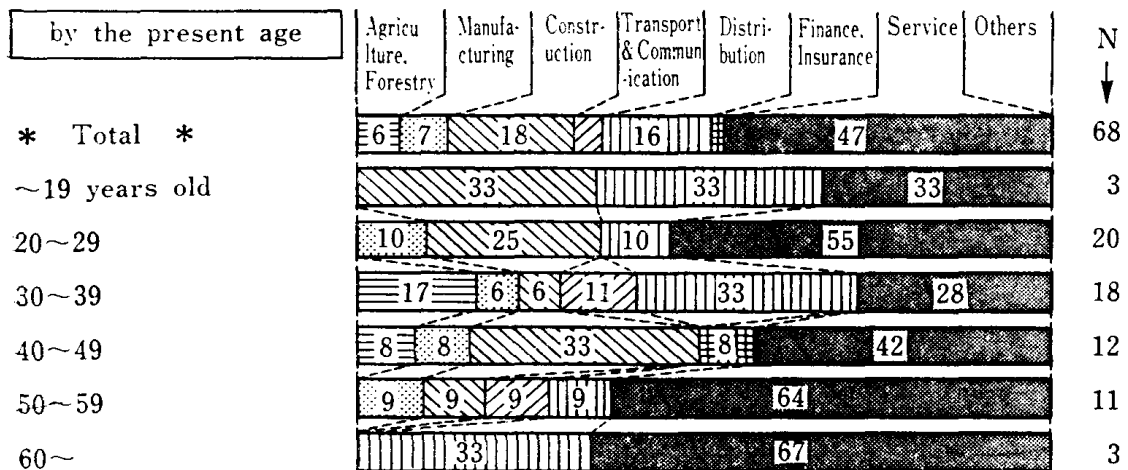
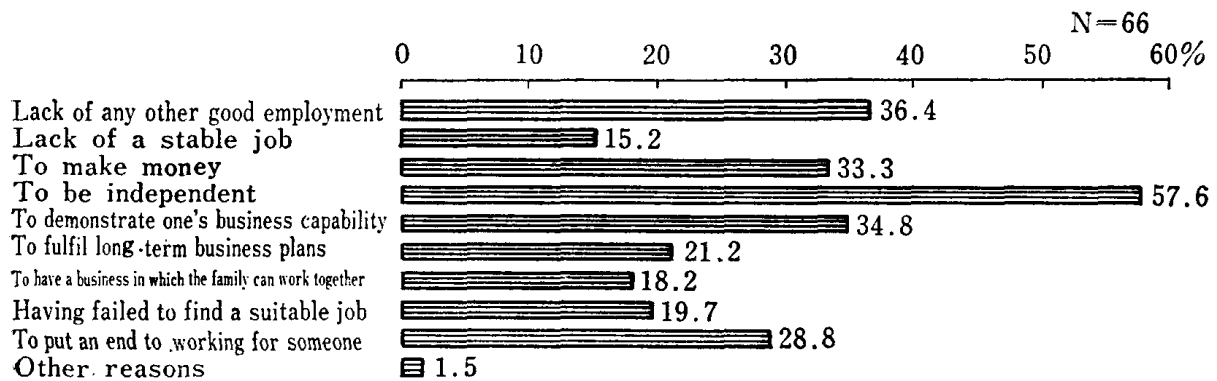


Fig.6 Reasons for having decided to start up business (MA)



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Fig.7 Reasons for choosing a particular type of industry (MA)

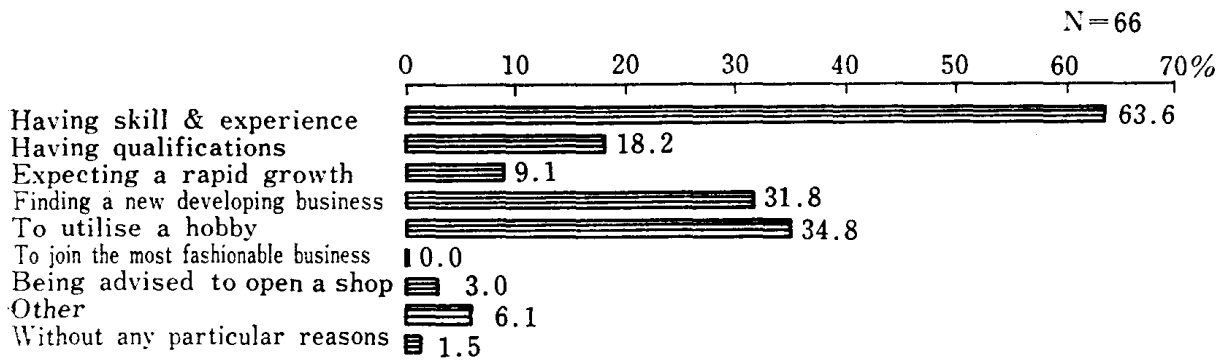


Fig.8 Reasons for becoming unemployed by industries

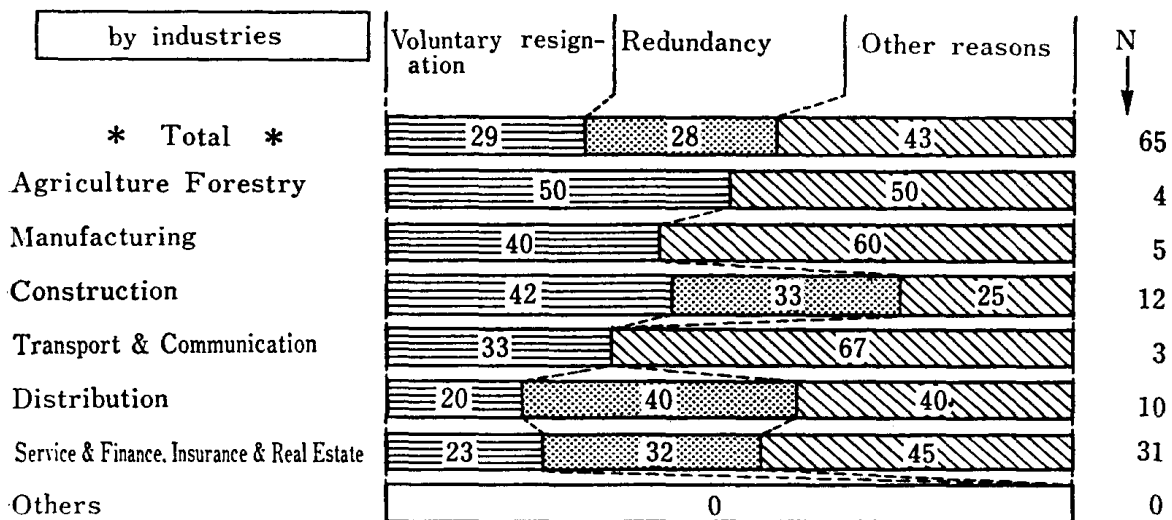


Fig.9 The amount of investment for starting business

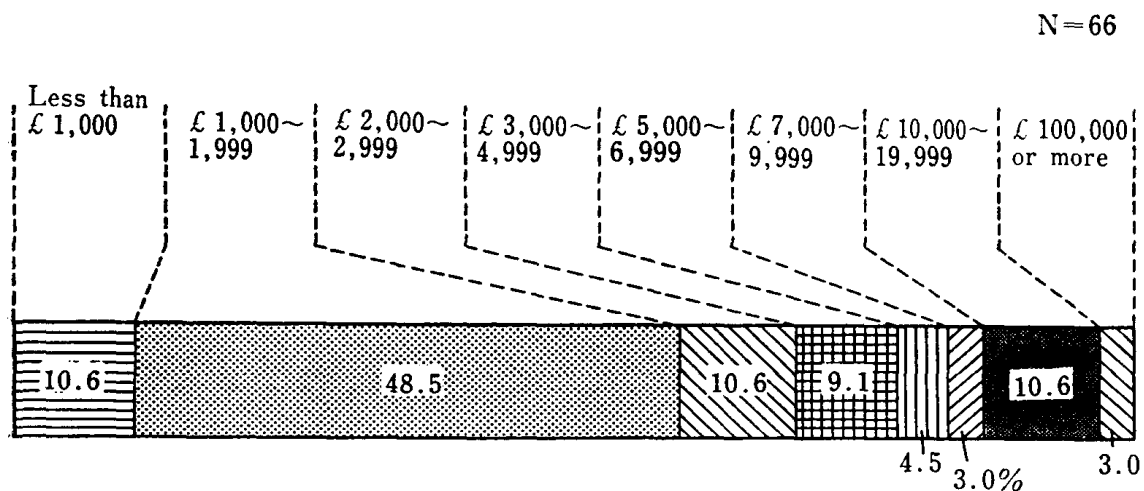


Fig. 10 The ways to raise the necessary funds (MA)

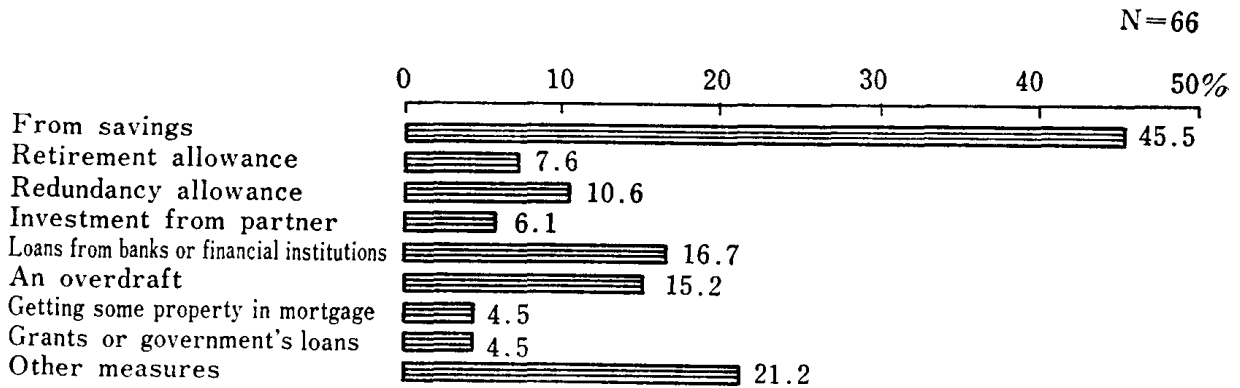


Fig. 11 The number of the people engaged in the business

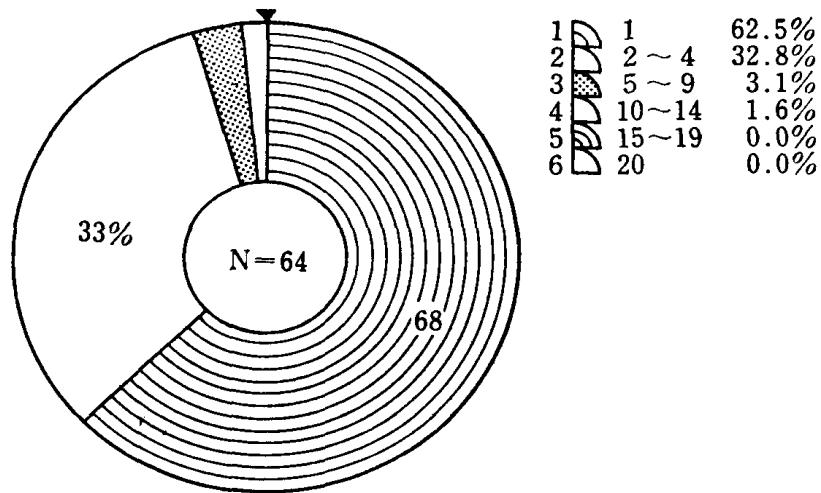
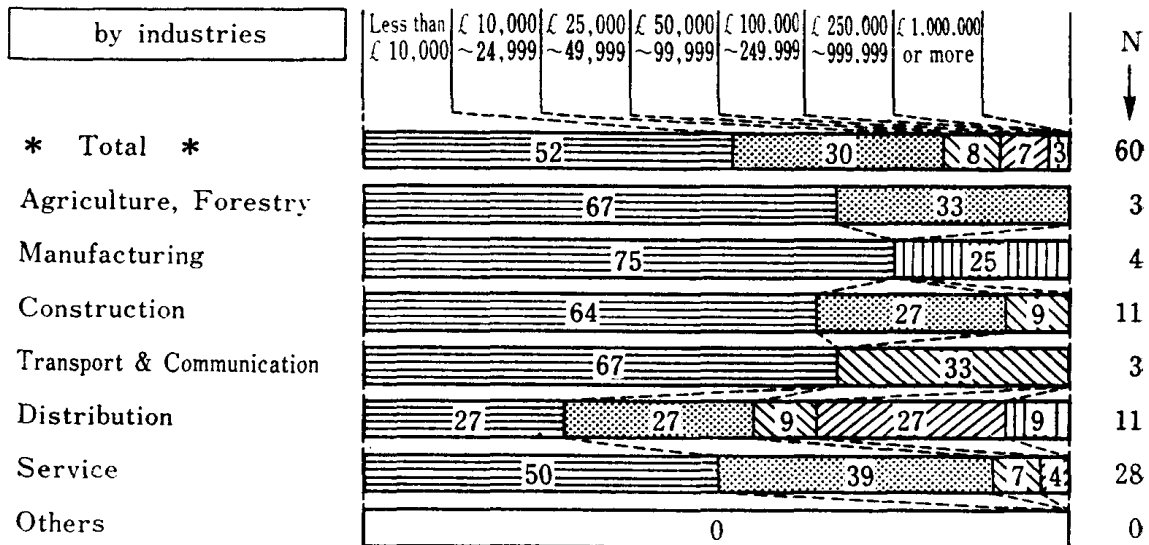


Fig. 12 Annual turnover (1986) by industrial sectors



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Fig. 13 Weekly net takings (after meeting normal business expenses)

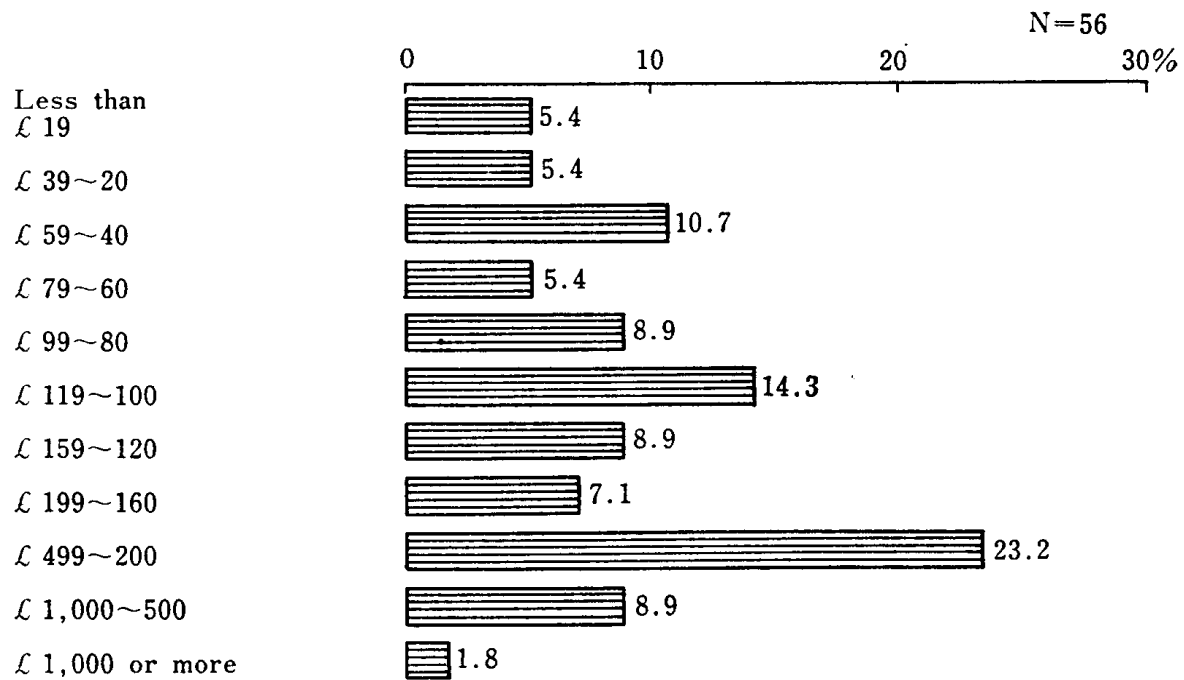


Fig. 14 Usage of earning from the business

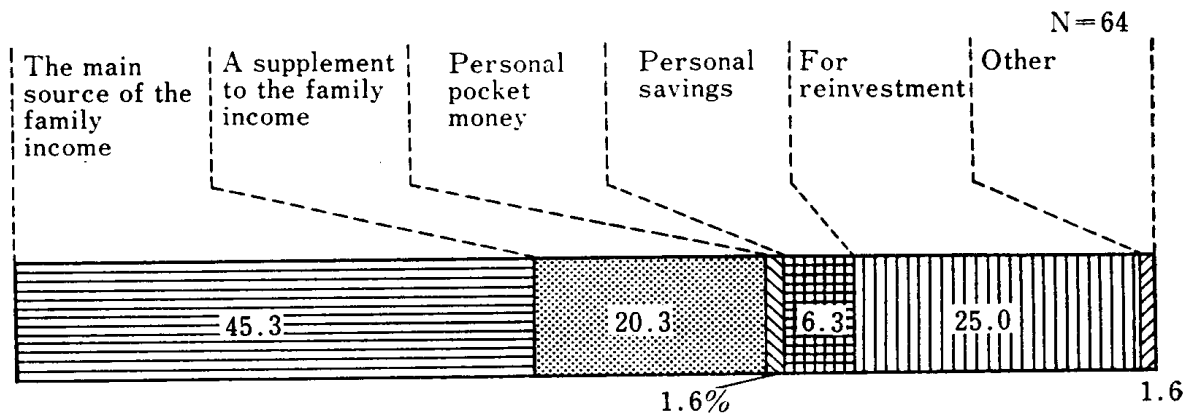


Fig. 15 Cooperating relations or joint activities with business associates or enterprises

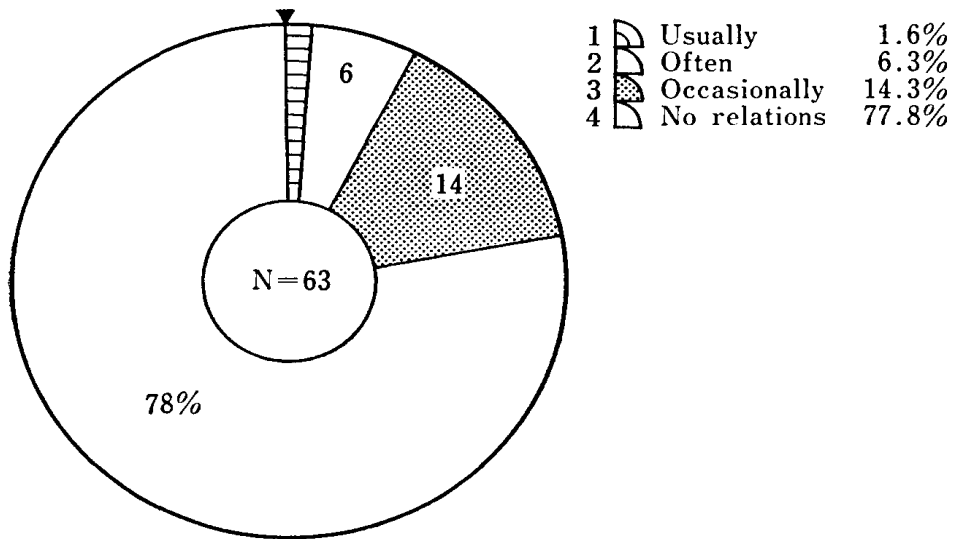


Fig. 16 Regular weekly working hours

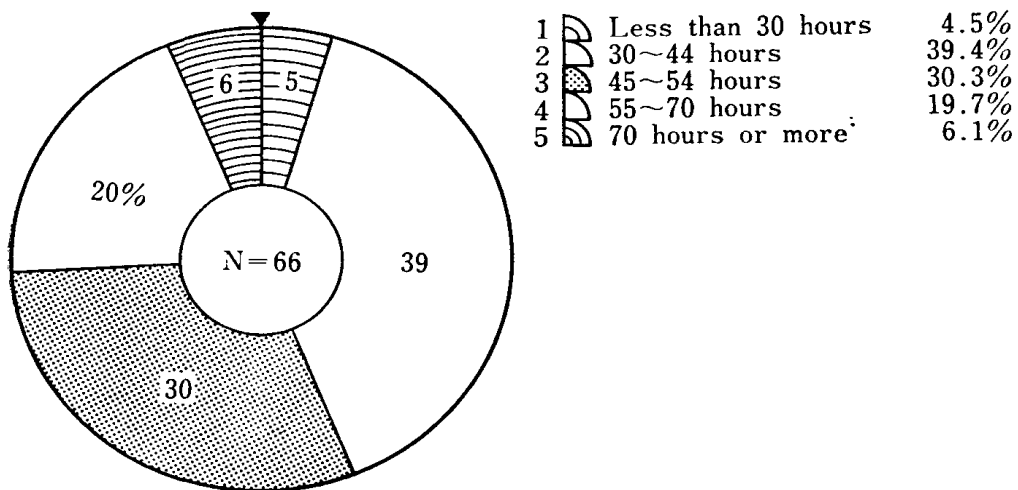
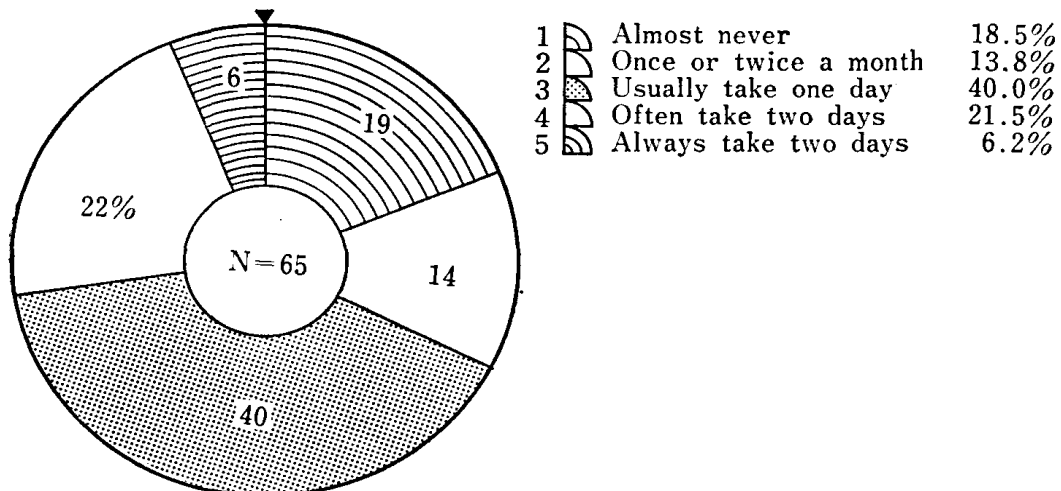


Fig. 17 Regular off days at weekends



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Fig.18 The most important problems facing the business (MA)

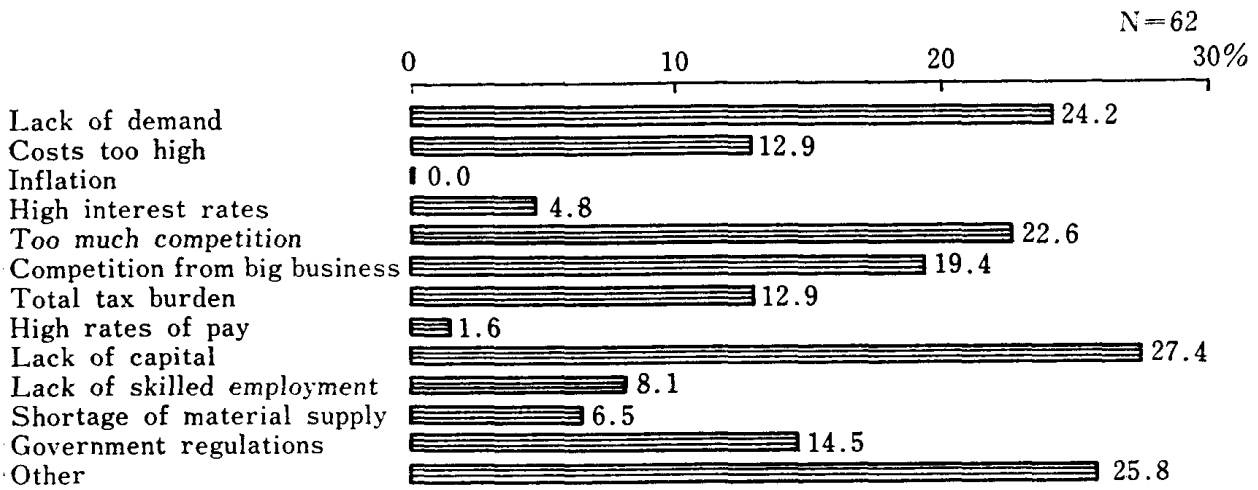


Fig.19 The most urgent requirements to operate the business (MA)

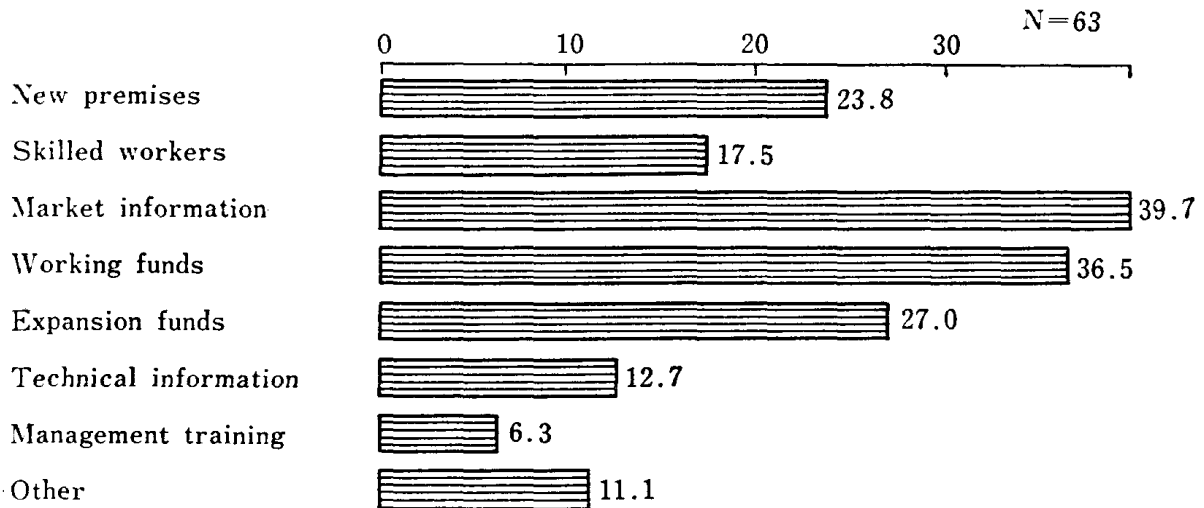


Fig.20 Prospects of the business

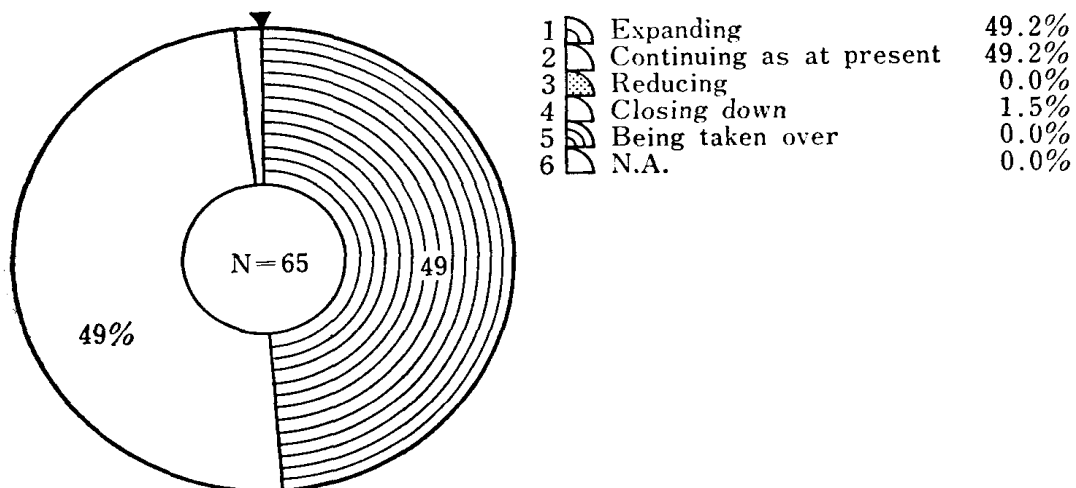


Fig. 21 Whether continuing managing the business for several years or not

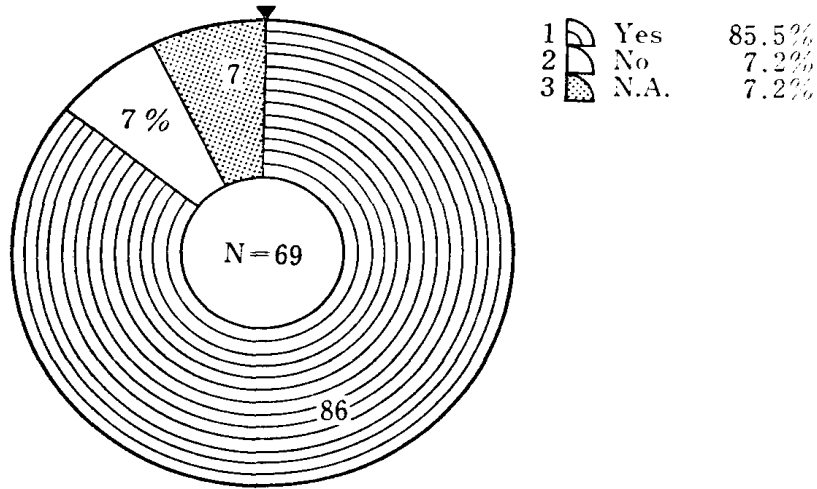


Fig. 22-1 Degree of satisfaction with the present business by age

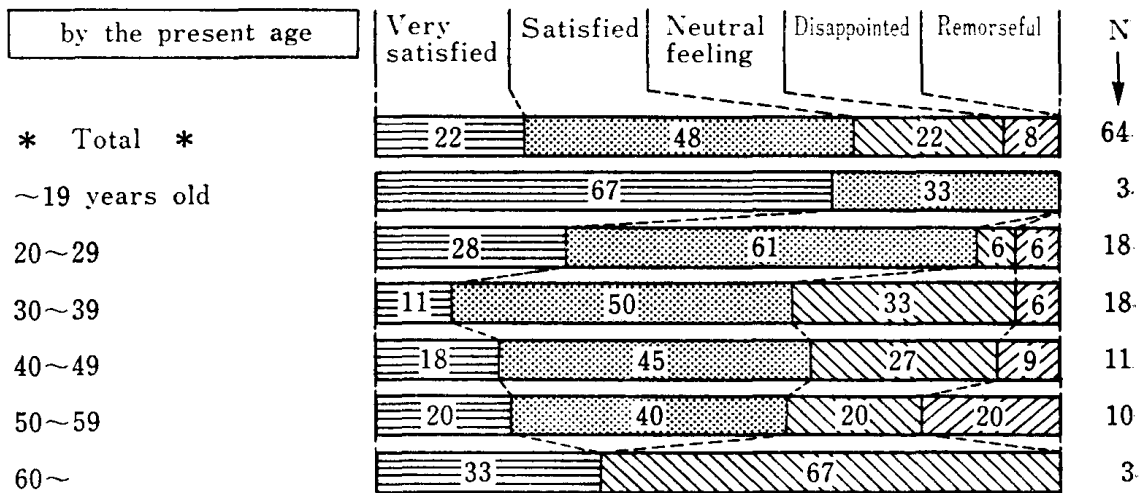


Fig. 22-2 Degree of satisfaction by the length of being unemployed

