

# **SMALL BUSINESS JOB QUALITY FROM EMPLOYER AND EMPLOYEE PERSPECTIVES**

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## **ABSTRACT**

Job quality is usually assessed in terms of objective criteria such as wage levels, employment status (full-time, part-time, contract, casual etc), the provision of a skill-based career structure, provision of training, work environment, payment of benefits, and formal opportunities to participate in decision making. However in this paper we use an approach that takes into account structure and agency or the contexts (structures) within which people (agents) make decisions and take actions and therefore look beyond just objective measure of job quality. This paper addresses the question of ‘what is a quality small business job?’ from the perspective of small business employers and employees. We report on the results of a mail survey of 1000 (randomly selected) small business owners (or managers) and semi-structured interviews with 28 small business employers and 30 employees. The research was conducted in the Latrobe Valley, an old industrial area in south east Victoria, Australia where there has not been a vibrant small business culture due to a reliance on large industry centred around electricity generation. We conclude that subjective criteria are important in any assessment of job quality which is informed by prior experience as well as the history of the place in which the jobs are created.

## **INTRODUCTION**

Small business job creation is high on the Australian policy agenda and has been over the past decade. Yet the issue of job quality was only raised with the release of the report *Small Business Employment* (SEWRERC, 2003). This is surprising given that job quality is high on the EU’s agenda (Cowling and Storey, 1999; EFILWC, 2002; 2003; 2004; ILO, 1999; 2001). Part of the reason for Australian neglect is because the conciliation and arbitration system sets in place minimum standards of employment through industrial awards. Although at present there is widespread debate in Australia about the setting of minimum standards for employment, and with the federal Coalition government’s control of both houses of Parliament to take effect in July 2005, then we can expect radical change in this area.

Job quality impacts on individual and organisational performance, and has broader implications for business sustainability and growth but it is a difficult concept to measure and assess. As a result the findings about small business job quality are contradictory. That is, when job quality is measured in terms of objective criteria such as wage levels, employment status, job security, skill level, employment conditions, and training and career development opportunities, then small business jobs are found to be low quality jobs (Revesz and Lattimore, 1997). But when subjective measures, such as job satisfaction or quality of work life are used, then many small business employees are found to value the flexibility of their employment, the ability to see how they

contribute to the firm's performance, and the 'local' nature of their job (for example Considine and Callus, 2002).

The purpose of this paper is to address the question of 'what is a quality small business job?' This question will be examined from employers' and employees' perspectives and we will focus not only on the different attributes people perceive to make a quality job, but also the attitudes to work and employment of those who create the jobs and those who work in the jobs. This is an important task as it has been argued by Curran and Blackburn (2001) that very few studies of small business employment go beyond the question of 'what' ('what are the characteristics of the jobs?' or 'what are the characteristics of the small business employers and/or employees?') to ask 'why' ('why do small business employers create the jobs they do?', or 'why do people choose to work in small businesses?'). These 'why' questions are under-researched, even though they have implications for how the employment relationship is structured and managed, the quality of work life and sustainable economic development policy.

These 'why' questions about job generation and small business employment can be addressed using an analytical approach that takes into account structure and agency: that is the contexts (structures) within which people (agents) make decisions and take actions (Barrett, 1999; 2001; Barrett and Rainnie, 2002). This is important as it is this dialectical interaction of structure and agency that produces perceptions of job quality. Such an approach is supported by others such as Wilkinson (1999), Ram, Abbas, Sanghera, Barlow and Jones (2001) and Ram and Edwards (2003) who argue that employment relations are not only influenced by conditions in general and specific business environments but also by the employers' choices and actions as well as the employee's actions and interactions at the workplace and beyond. This paper utilises this approach to examine job quality and in doing so overcomes some of the theoretical and methodological problems inherent in many other studies of small business employment and employment relations (see Barrett and Rainnie (2002) and Ram and Edwards (2003) for an overview of these arguments and counter arguments). In particular this approach addresses the issue of small business heterogeneity and rather than resorting to size determinism and therefore this paper makes a contribution to understanding job generation and job quality on the basis of 'place': in this case the Latrobe Valley.

Restricting the analysis in this manner is essential as the history and socio-economic context of a region affects the way that people view themselves and their position within the labour market (Peck, 1995; *Labour and Industry* 13: 2, 2002, particularly Herod, 2002). As a result the type of small businesses that form, and the jobs created within them, differ between regions with contrasting socio-economic climates (for example metro v. rural or favored v. less favored regions). The Latrobe Valley has an interesting history being a small region with significant reserves of brown coal. The region has been dominated by the electricity generation industry (with strong, well organised and militant trade unions) but during the 1980s-90s the Latrobe Valley underwent massive industrial restructuring as the open cut brown coal mines and power stations were privatised (see Gough and Pullin, 1996; Fairbrother and Testi 2002; Fletcher, 2002; Pullin and Gough, 1996; Rainnie, D'Urbano, Barrett, Paulet and Grobelaar, 2005). The region now has a significant small business (less than 20 employees) population and, in 2001, 92.8% or 2,632 of the 2,835 businesses that operated in the area were small (Snell, D'Urbano and Cunningham, 2002).

The paper is structured as follows. In the next section we address the issue of job quality in more detail and explore subjective and objective criteria in assessments of job quality. We then outline the research methodology and some of the results of our survey of small business employers and interviews with small business employers and employees. In the final section of the paper we discuss our findings and make some conclusions about job quality in a place such as the Latrobe Valley. In the final section we also address the contribution that this study can make to understanding small business and particularly to knowledge about job generation, job quality and the nature of work and employment in small business more generally.

## SMALL BUSINESS JOBS: QUALITY AND QUANTITY

Small business job quality is an important issue given that the 'small is beautiful' myth continues to be prevalent in the thinking underpinning small business policy. This is despite a widespread acceptance in the academic community that that neither 'small is beautiful' nor 'small is sweating' (bleak house) characterise small business employment relations (see for example Barrett, 1999; 2001; Barrett and Rainnie, 2002; Chapman, 1999; Holliday, 1995; Ram, 1991; 1994; 1999; Ram, Abbas, Sanghera, Barlow and Jones, 2001; Ram, Edwards, Gilman and Arrowsmith, 2001; Ram and Edwards, 2003; Wilkinson 1999).

Job quality is also an important issue given the resurgence of interest in small business employment. For example, the downward trend in Australian small business employment that emerged in March 2001 (Priestly, 2002) had led to a serious consideration of how small business jobs can be stimulated. Policy has focussed on structural conditions conducive to job creation and removing barriers to employment. In particular in Australia the focus has been on exempting small business from unfair dismissal provisions in the *Workplace Relations Act 1996* (Cwlth) as this is said to be the major barrier to further employment growth. While it is highly questionable as to whether unfair dismissal actually does stop growth (see Barrett, 2003), the debate is effectively over. The federal Coalition government takes control of the House of Representatives and the Senate on 1 July 2005 and they have made clear in the media that one of their first steps will be to exempt small business from these provisions. They will then undertake a series of more radical workplace relations changes in the name of further stimulating employment, business and productivity growth more generally.

This interest in small business job generation is in part a response to the continual rhetoric about small business job generation, which was fuelled by Birch's (1979) seminal work on job generation in the United States showing 80% of new jobs were created by small business. This research was highly controversial, particularly as it relied on a dynamic, Schumpeterian view of capitalist markets rather than the more widespread static view associated with general equilibrium theory (Kirchhoff and Greene, 1998). Nevertheless, this research came at a time when increasing unemployment was beginning to concern many governments and therefore it was widely welcomed and continues to resonate through many small business policies.

The problem with such a policy interest is that research has produced inconsistent or diverging results about small business job generation (see Storey (1994) for analysis of UK research; Parker (2000; 2001); Revesz and Lattimore (1997) for Australian overviews). Kirchhoff and Greene (1998) illustrate the problem when they outline the differences between a comparative static analysis and a dynamic analysis of small business job creation, explaining that the use of the

former shows large businesses generate jobs and the use of the latter showing that jobs are generated by small businesses. Their conclusion is that although these methodological arguments are interesting they distract policy makers from small business economic development.

These methodological arguments also distract policy makers from the issue of job quality. Job quality is usually assessed in terms of objective criteria such as: wage level; employment status (full-time, part-time, contract, casual etc); provision of skill based career structure; provision of training; work environment; payment of benefits; job security; and formal opportunities to participate in decision making. Further, research mostly relies on sophisticated quantitative analyses of (usually) national level small business data (such as Baldwin, 1998; Cowling and Storey, 1999; Handel, 2005; Hohti, 2000), often with the intention of creating a job quality index (see [www.jobquality.ca](http://www.jobquality.ca) for example or Burgess, 2003). Job quality is high on the EU's agenda (Cowling and Storey, 1999; EFILWC, 2002; 2003; 2004; ILO, 1999; 2001). For example, the report by the European Foundation for the Improvement of Living and Working Conditions *Towards a sustainable corporate social responsibility* highlights the need to focus on issues such as job quality (EFILWC, 2003). *The Annual Review of Working Conditions in the EU* report 2003-2004 further emphasises the link between the improvement in job quality and the objective of raising employment levels (EFILWC, 2004). This supports the central goal of the *Social Policy Agenda* that is to achieve more and better jobs (EFILWC, 2004). However, the focus is largely on the objective aspects of the job quality.

Despite this, interest job quality is only beginning to gain attention in Australia (Burgess and de Ruyter, 2000) with the increasing incidence of non-standard employment arrangements. Part of the reason for Australian neglect is because the award system has set in place minimum standards of employment, although this is likely to change in the federal Coalition government's reform of industrial relations. However, despite minimums existing this does not necessarily mean these standards are met in small business and anecdotal evidence suggests they are likely to breach employment laws (see Kitay and Sutcliffe, 1989).

Studies that employ only objective measures to define or measure the job quality are often undertaken to claim that the quality of jobs has either declined or improved on various objective dimensions (see Handel, 2005 for an overview). But it is important to understand how employees themselves perceive the quality of their jobs and not to ignore the subjective dimensions of the employees' perceptions towards job quality. Few studies consider job quality from the small business employee's perspective and those that do primarily focus on job satisfaction (for example Blackburn, 1990; Curran and Stanworth, 1979; 1981a; 1981b; Goss, 1991). However, job satisfaction has an array of antecedents (Locke, 1976) including the individual's values, which are derived from an individual's socio-economic background as well as their geographic location (Rosenthal, 1989). The result is that individuals perceive situations differently, meaning two people doing the same job with the same pay and conditions may not both think their job is a quality job. This issue of values brings into question how useful studies relying on 'objective' criteria alone are to understanding job quality, and it is for this reason Cowling and Storey (1999: 73) argue that attempting to construct an "all encompassing index of job quality is fraught with danger". At the same time, however, if studies do not incorporate this information then the myth of small businesses being 'better' places to work, because of the closer and more personal relationships between the employer and employees and the employee's ability to see how their work contributes to the whole production process, will continue to remain pervasive, especially

in policy circles. This is why this paper examines job quality from both the employee and the employer perspective. In the next section of the paper we outline the research methodology for the study.

## **RESEARCH METHODOLOGY**

A mail survey was sent out to 1000 (randomly selected) small business owners (or managers) in the Latrobe Valley to collect the information required, which included data on the owner's background, previous business and employment experiences, education, motivations to establish or operate a small business, general business intentions, perceptions of local economic conditions, hiring intentions, recruitment practices and attitude to work and employment. The survey had a 21% response rate and was followed up by semi-structured interviews (Fontana and Frey, 2000; Lee, 1999) with 28 small business employers to examine the particular circumstances of their business in the context of the broader structures in which they make employment decisions. The interviews also explored employers' motivations to employ and the processes they used to recruit, select and manage employees.

As existing research generally neglects employees' perceptions of the quality of their jobs especially the subjective dimensions, we also conducted semi structured interviews with 30 small business employees. These employees were generally employed in the businesses run by the employers we interviewed (above). The purpose of these interviews was to understand why these people came to be working in the business, what they thought about their job and the quality of their job, why they thought that, what reference or comparators they used and whether these were based on direct experience or not. These interviews therefore covered: employee's background and previous experience; expectations of work generally and of this job in particular; perceived advantages and disadvantages of working in a small business; and job related attitudes (satisfaction, commitment, loyalty). An effort was made to explore in detail the subjective dimensions of the perceptions of employees towards the job quality as far as working in small business is concerned. In effect the purpose of the interviews was "to see the research topic from the perspective of the interviewee, and to understand how and why he or she comes to have this particular perspective" (King, 1994: 14).

## **FINDINGS AND DISCUSSION**

The survey sample characteristics are as follows. Of the respondents 28.3% employed no-one in the business other than themselves and 61.3% employed fewer than five people (including the owners) working in the business. The average firm size was 4.8 (standard deviation of 4.6). Most (91.3%) of these businesses were not part of a larger business and in the majority of the cases (68.8%) the business owner had started the business themselves rather than bought the business from someone else. The average length of time the current owner has been running the business was 21 years. Some 84.2% had total sales revenue for the last financial year of less than A\$1 million.

The majority (75.6%) of the respondent firms operated in the service sector, with retail traders the largest (29.6%) of the service sector groups. The small businesses operated under a range of legal forms with a private company structure being the most prevalent (41.6%), followed by partnerships (26.2%) and sole proprietorships (23.8%). The high incidence of private company

structures is associated with the degree of agreement with the firms being considered a family business – 59.3% of respondents indicated that their business was a family business with at least one (31%) to two (45.6%) members from the same family owning the business.

### **Business Practices**

By and large the respondents were not planners. For example, as Table 1 shows, only 36.5% had a business plan and only 22.2% had a staffing plan.

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Table 1 about here

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The questionnaire also addressed the existence of various policies covering employment matters and the results are shown in Table 2.

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Table 2 about here

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The questionnaire had a series of questions dealing with the employment practices of those businesses that either employed staff and/or intended to employ more staff in the next 12 months. Ninety nine respondents (57.6%) were intending to employ new staff: in 41.4% of cases this was because the business was expanding while in 35.4% of cases this was to replace another employee. Another 28 respondents also commented on their firm's employment practices as these employers had not made a conscious decision not to employ more staff.

Of those 127 respondents employing staff or planning to employ new staff over the next 12 months, the following employment (HRM) practices were used. There was a preference for recruiting new staff through referrals (77.5%) or using an agency (42.3%). While 73.9% of the 127 respondents used a list of skills and qualifications to recruiting, only 46.9% had job descriptions for all their staff. Interviews were used by 95.6% of the 127 employers to select new staff and 79.5% undertook reference checks.

In 45.5% of cases wages and conditions were set by the relevant federal award<sup>1</sup>, while another 29.5% used individual contracts and 17% used a verbal contract. Only 31.6% of employers regularly conducted a formal performance appraisal. In order to keep valued staff in the business the majority (95.7%) used praise and recognition followed closely by a salary increase (81.7%). Informal on-the-job training was offered in 67% of cases.

Respondents were asked about a range of possible concerns they had in relation to employment and these are rated on a 3 point scale of 1 (Not concerned), 2 (Concerned) and 3 (Very Concerned). The mean and standard deviation are shown for the different items in Table 3 in order of most to least concerned.

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Table 3 about here

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## Job Generation

A number of themes emerged from the survey and interviews and our initial analysis of this data provides some insight into the issues small business owners feel impact on their businesses and their ability to employ. For example, the problem of being unable to employ the 'right people' was thought to be made worse by the unfair dismissal regime and the shortage of skilled personnel in the region, obsolete school curriculum and a decreasing number of students taking up apprenticeships.

For example when it came to unfair dismissal employers were often confused about the application of the legislation. In the interviews a number of employers made it clear that they tend to avoid employing a new person unless it is really critical for the business. One business owner put it this way, "*It's just, it is a fear when you employ people, and I guess it's one you tend to try and avoid, I guess that is why you tend to employ people you feel you can relate to because you can perhaps communicate more with them*". As a result employers relied heavily on referral methods to recruit new staff. Others made it very clear that they had systems in place to ensure they did not fall foul of the law when dismissing staff. For example one said,

*We have this three month probation, we go through a pretty lengthy induction with them when they start and we give them a copy of what we call our own induction papers, which we go through with them. We then say 'take it home and talk about it with your wife or your partner or whoever and if at the end of the day you think this looks really good, this is the sort of organization I would like to work in, terrific, fill in the application and send it back. But if you think 'oh yeah right', well just don't bother' because that will do us all a favor then'.*

Another made the point that being a small business he has the capacity to make sure the fit is right. As he said,

*Being a small business means I can sit down with a lot of these people. I wouldn't say bluff them or drive them or anything, but you tend to give the staff member an opportunity to resign, because that's their best opportunity to get re-employment, and most people are aware of that now, if they get sacked, it's very difficult to get that next job. And if it comes to the point where... we've had one guy not so long ago, he understood that he wasn't going to get a job if he got that letter of 'see you later,' there was a lot of grounds that had records of, you know we tried to keep as much records as we could, Retail Traders Association gives us a lot of help with that, um, but we always give the person the opportunity. Probably out of the last ten years, five of those guys have taken up that option and have actually handed in a letter, so that's quite simple. Yeah, but it's always ugly if it goes down that line.*

In terms of skill shortages a recent report released by the Productivity Commission highlights the growing skills shortage in Australia (DEST, 2004). In our study a number of employers expressed the view that the region faces a shortage of skilled workers. Their belief was supported by their inability to find the 'right person' or in some cases even the 'right applicants' for a particular job that they had recently advertised. When asked about the staffing issue in the mail survey 48.8% respondents mentioned they were 'very concerned' about finding the 'right' staff and 42.4% mentioned they were 'very concerned' about finding the skilled staff. The inability to find the right person for a particular job is very disturbing for the businesses. A number of factors were perceived as being behind these shortages. For example there was a view that academic

institutions such as TAFEs and Universities should work very closely with industry to ensure the curriculum met their needs. A shortage of skilled staff was particularly felt in the trade professions such as plumbing and building. One view as to why there was this shortage was a lack of encouragement on part of the government for apprenticeships. Employers expressed concern about the ageing workforce and the lack of young people taking up the apprenticeships so that the country in general and region in particular has a viable workforce when baby boomers retire. One of the employers put it this way,

*We used to put an Apprentice on every year, but they're getting hard to find. We used to get work experience kids, but I've been told the government have stopped that because they [school work experience students] might be injured, so they can observe but not work. And they've just dried up.*

Another employer said,

*Yeah, it's hard to find skilled people.... and it's pretty hard to get kids. Like I've had some kids that can't even hold a drill, they don't even know the risks of a hammer drill jamming in a brick wall or something... they're just not taught how to use those sorts of things anymore, so it's very hard to get young kids that are good....*

All respondents were asked to indicate their level of concern about a range of external business environmental issues. The mean and standard deviation for their responses are shown in Table 4 where 1=Low, 2=None and 3=High.

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Table 4 about here

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In interviews employers identified over-regulation generally, high work-related insurance premiums, and the Victorian government's payroll tax regime as issues which could stall their business growth and hence their ability to employ. Many suggested governments should provide them with financial incentives to stimulate job growth. Table 4 shows that the GST and new tax system and high cost of public liability insurance were considered as having the most impact on the businesses. Many suggested governments should provide them with financial incentives to stimulate job growth.

As far as the infrastructure in the Latrobe Valley itself employers were generally satisfied with it although expressed the opinion that it could be improved with, for example, the fast rail link. Businesses expressed concern about the bickering between towns as a result of the amalgamation of the local councils during the 1990s. Employers were of the opinion that council could better serve business interests with a coherent investment and development policy. In general however, business owners are very positive about working in the Latrobe Valley. They agreed that the region had an 'image problem' but they were positive about the marketing programme for the Latrobe Valley to 'sell' it to outsiders and therefore, uplift its image.

### **Job Quality**

When asked about job quality, employers used objective and subjective criteria to define job quality in their business. As one employer said, "*job quality to me sort of goes into lifestyle and part of your whole life sort of thing*". This employer went on to argue

*It is not just a case of looking after people because they are people, it makes good business sense too. That is one of the things I am a bit surprised about with some of the new big companies that they talk the talk a lot but don't do too much walking at times. They seem to think that because they pay heaps so therefore they should have your soul. I don't think anyone could pay enough money for a soul anyway.*

However, many employers had limited capacity to offer incentives such as higher wages or other improved employment conditions, and they leaned towards subjective criteria to define job quality for employees. For example employers felt they were creating a good quality job when there was a good relationship between them and the employee, the employee lived close to the workplace and when the employee had flexible working hours. As one employer said,

*We have always, everybody has deaths in the family, everybody has births in the family and we have always just said to them 'right you just go, sort yourself out and when you are ready we'll cross that bridge', and hopefully they have been appreciative of that.*

Employees defined job quality using many of the same criteria as employers. Our analysis of the interview data suggests that employees were not necessarily motivated by wages and hours to work in a small business. For them these may be counted among the prime motivators but they were not necessarily the only motivators. As one employee put it,

*Money comes into it, because you can't work for nothing. But I think next would be appreciation. Promotion doesn't worry me much any more. I just enjoy my work now.....Don't get me wrong, money is... to be paid well to do a job is a good thing, but I don't always see money as being the ultimate.*

Another employee explained what a quality job meant to them.

*For me a good quality job is keeping busy, being happy, which is the main ones, get along with everybody..... I don't come around the corner and think, oh god, here I go again. I enjoy coming here. It's a laugh and you go home and to me that's a good quality job. I remember there was times when I worked at the [Name of large] Bank, I'd lie in bed in the morning and think, 'oh no, I just don't want to go'. Now to me that's when you shouldn't be there.*

Employees gave importance to having a close relationship with the 'boss', a flexible work schedule, 'not being just a number in the organisation', and, in some cases, short travel times to work. As one said, "I'm sure to get like road rage or something if I was stuck in an hour of traffic every single day." For another the close proximity to the boss was what made a quality job.

*I find it easier to go to someone like [Boss' name] and say 'have you got a problem,' or something. Whereas if you don't know someone in a large firm, you tend to not even bother, and then you'd feel 'well they wouldn't want to know or help,' or something, sort of thing. So I prefer the small group, the family type thing, instead of the big lot of people. You're more noticed and you're more welcome.*

In many cases the opportunity to stay within a particular geographical region close to friends and relatives was also cited as a motivator. For example one employee said:

*I love the Valley. You're in the middle of everything. It's only an hour and a half to Melbourne, I love the country feel. I live in a country town on an acre and, you know, it takes me 10 minutes to get to work and, I've got the best of both worlds.*

These subjective criteria were seen as measures to describe a 'quality job', for many fulfilling their aspiration to have a particular lifestyle that revolved around being close to friends and family.

Many of the employees we interviewed had been working since they had left secondary school and had not experienced employment in anything other than a small business. In most of the cases the employees were happy working for a small business, however there are limited opportunities in the Latrobe Valley to work in larger firms. Very few employees expressed any desire to leave their current employment.

## CONCLUSION

Politicians are in agreement that small businesses play an important economic and social role, particularly in terms of employment. Moreover, this role is significant to the functioning of rural and regional economies and communities. There is also agreement that 'something' must be done to boost small business employment and reverse the recent downward trend in employment growth. In the Senate report, *Small Business Employment*, there is an acknowledgement that not only must jobs be created but these must also be quality jobs. This is the case as the quality of any job has implications for workers' health and the long term sustainability of workplaces, communities, regions and the economy.

It is this dialectical interaction of structure and agency that produces perceptions of job quality. An analysis that takes into account both structure and agency to understand the job quality means three issues have to be addressed.

- a) The first is the process of small business job creation, which requires an examination of the structural conditions within which decisions are made to create jobs (employers) and to take jobs (employees);
- b) the second is to understand what small business employers perceive as being a quality job, which requires an examination of the attributes of new small business jobs in addition to the attitude of small business employers to work and employment; and
- c) the third is to question why people choose to work in small business, which requires an examination of what employees think about their jobs, their perception of that job's quality and what reference or comparators they use to make these decisions.

In this paper we have attempted to address these three issues. The study we report on incorporates both employer and employee perspectives of job quality as well as employer perspectives of the issues that help or hinder them create new employment. The study specifically focuses on one region, and a region that has had an interesting industrial history dominated by a single employer – the State Electricity Corporation (SEC) – until the 1980s.

The study highlights that a shortage of skilled workers and an inability to recruit the 'right' workers holds back employment growth. While there are not any statistics available on the extent of a skills shortage in this particular region, there are a growing number of reports in the national media highlighting the problems in regional areas. However, small business employers contribute to this problem by not planning or recruiting widely. This study shows that in a majority of businesses we surveyed, practices such as staff planning are seldom used. Further by using

referrals as the main method to recruit new staff, small business employers are losing out on a big pool of talent.

Over regulation is an area that has to be dealt with if governments want to give small businesses a chance to survive in the current environment of fierce competition from big businesses. Small businesses do not advocate scraping regulations but do want Government to look into areas where employers feel they are being unnecessarily over burdened. For example, in the area of workcover insurance, the premium charged to cover an employee who is at a substantial risk is same as the premium charged to cover an employee whose risk level is low. Such issues need to be addressed and streamlining such areas would go a long way in bringing some relief to the small businesses.

In terms of job quality, objective dimensions such as wage levels, employment status, and job security are not the only motivators for attracting and retaining staff. Subjective criteria play a critical role and these can be used by small business to attract staff and complement the basic objective motivators. In the regional context these subjective motivators may, for example, prevent the exodus of skilled people towards the cities.

A study of job quality using the approach outlined in this paper can assist policy makers in two key ways. First, the findings can help them to understand what people perceive to be a quality job and therefore what minimum employment standards and social welfare measures are needed to ensure small business employees are not disadvantaged because they work in a small business. Second, such a study sheds light on the process of job creation and therefore highlights the type of information, support, assistance, advice, mentoring and counselling arrangements needed by small business employers to create new jobs.

Finally, a study using the approach outlined in this paper benefits the academic community as it acknowledges small business heterogeneity and takes into account a) the contexts within which agents make decisions, and b) the actions and decisions of agents themselves within those contexts and how they impact on the quality of jobs created. In so doing a more general approach to analysing small business work and employment, which does not resort to size determinism, is the result.

## ENDNOTES

1. An award contains a range of terms and conditions of employment (no more than 20) and generally covers an industry sector. Federal awards are determined by the Australian Industrial Relations Commission, which is a statutory body set up under the *Workplace Relations Act* and as a result, awards are legally enforceable
2. Australia is one of two OECD countries, along with the USA, that does not provide paid maternity leave as an employee right.
3. The GST was introduced in July 2000, and increased the frequency and level of reporting to the Australian Taxation Office (ATO) (Dyt, 2003).
4. Public liability insurance has been problematic and increasingly expensive in Australia following the corporate collapse of the Australian insurance company HIH.

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## TABLES

*Table 1: Business practices in use*

	Yes (%)
Regular income/expenditure reports	66.5
Budget forecasting	38.3
Have a formal business plan	36.5
Formal networking with other business owners	25.7
Staff planning	22.2
Benchmarking of business performance	21.6

N=167

*Table 2: Written policies in use*

	Yes (%)
Occupational health and safety	59.1
Employee discipline policy	41.8
Employee grievance policy	41.3
Written policy on overtime	42.7
Equal employment opportunity policy	33.0
Written policy on drug and alcohol usage	31.8
Written policy on bullying or harassment	29.1
Written policy on flexible hours	23.6
Affirmative action policy	21.1
Written policy on Internet usage at work	18.2
Paid maternity leave policy <sup>2</sup>	16.5

N=110

*Table 3: Employment concerns*

	M	SD	N
Concerned about finding the 'right' staff	2.62	0.60	113
Concerned about finding skilled staff	2.44	0.72	112
Concerned about increasing labour costs	2.25	0.69	112
Concerned about the high administrative cost of employment	2.23	0.74	113
Concerned about absenteeism	2.07	0.85	113
Concerned about the ability to retain good staff	2.16	0.78	113
Concerned about the increasing cost of redundancy	2.06	0.81	112
Concerned about the high cost training	1.73	0.74	113
Concerned about the ability to dismiss staff	2.02	0.79	113
Concerned about the ageing workforce	1.51	0.69	113

*Table 4: Business environmental concerns*

	M	SD	N
Concerned about Goods and Services Tax and new tax system <sup>3</sup>	2.12	0.93	169
Concerned about the high cost of public liability insurance <sup>4</sup>	2.08	0.91	169
Concerned about high local unemployment	1.95	0.78	169
Concerned about rising interest rates	1.82	0.84	169

Concerned about the increasing value of the Australian dollar	1.79	0.76	169
Concerned about increasing global insecurity	1.72	0.57	169
Concerned about the increasing ease of borrowing funds	1.68	0.64	169