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SMALL BUSINESS PERFORMANCE: A UK TOURISM SECTOR FOCUS

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ABSTRACT

Discussion and analysis of small businesses tends to work on generalised, popularised understanding and knowledge of what their motivations are and how they behave in a business environment. The need to explore below these generalisations into the submerged variables and relationships is argued in this paper if academics and policy makers seriously want to interpret and induct theory and practice from the key actors within their natural habitat. Thus, this paper provides a conceptual framework relative to small, urban tourism business performance, which is used as an analytical framework to guide the interpretation of qualitative research undertaken with small businesses in the City of Glasgow. Specifically, discussion and conclusions focus on the complexity and multi-dimensional nature of small tourism business performance, aspects pertaining to competitive advantages, and the enterprise development issues arising from the prioritisation of lifestyle objectives over those of a more explicit economic nature. Conclusions are drawn relative to research, managerial and enterprise policy implications.

Key words: *small business performance, lifestyle, tourism*

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RESEARCH, MANAGERIAL AND POLICY IMPLICATIONS

There are three key implications arising from this paper:

- There is confirmation of the benefits of researching beyond the general to the particular as, in this case, provided through a movement into the more private domain of the organization, and an industry sectoral focus within a specific type of location. It guards against partial insights, and allows for the surfacing of submerged variables and relationships. This has the potential to induct theory, policy and practice from an enriched understanding and knowledge of the social and economic processes and actions that evolve within the small business's personal, organizational and sectoral contexts.
- Management of the majority of small tourism businesses defies economic logic as, facilitated by low barriers to entry, family and lifestyle are literally accommodated alongside that of the commercial enterprise. Idiosyncratic individuals buy into a romanticised lifestyle notion, often finding that the lifestyle ends up owning them as the demands of a seven-day a week, twenty-four hour a day service operation severely challenge management capabilities and social order in their lives.
- Policy makers charged with the management of urban tourism destinations are faced with a considerable challenge in the co-ordination of such a heterogeneous, irreverent, and fragmented sector. For as Middleton and Clarke (2001: 41) emphasise: 'At the leading edge, they [small tourism businesses] embody the entrepreneurial spirit and vitality of places...at the trailing edge many exist on the fringes of the industry damaging the environment of the destinations in which they are located, reducing visitor

satisfaction and perceived quality of the overall visitor experience.’ Therefore if enterprise policy is to be effective, formulation needs to be fully cognizant of complex business and humanistic impediments to the accomplishment of the commercial pursuit of enterprise as viewed through the eyes of the small tourism business owner-managers who collectively contribute a significant critical mass within this industry sector.

INTRODUCTION

It is frequently generalised that the business performance of many small service sector businesses suffers from, what is termed, human and financial ‘resource poverty’ operating at the margins of profitability (see for example, Lovelock, 1991; Storey 1994; Morrison, 1998; Ogdens 1998). Welsh and White (1981) identified this feature to represent a major distinction between large and small businesses. The two key overarching contributors identified are managerial inefficiency and under-capitalisation (Kuratko and Hodgetts, 1998; Boer, 1999; Cameron and Massey, 1999). However, it is argued in this paper that this reflects an overly simplistic approach, as small business performance is more deeply complex, representing an intricate weaving of the internal and external, objective and subjective, rational and irrational, and as such warrants closer investigation. Furthermore, it is proposed that interpretations of what constitutes ‘resource poverty’ may differ according to the nature and characteristics of particular industry sectors.

Thus, this paper and the empirical research reported therein seek to explore submerged variables and relationship within the context of one industry sector, that of tourism. This sector has been selected as the vast majority of tourism businesses round the globe are deemed to be small, belong to the indigenous population, and are family run (Main, 2002; Morrison, 2002). Furthermore, their collective critical mass

is of importance as they provide the bulk of the essentially local ambience and quality of visitor experiences at tourism destinations on which the future growth of overseas and domestic markets depend (Middleton and Clarke, 2001). Thus, understanding the contributors and obstacles to small business performance and enterprise development as represented by academic literature is firstly investigated. This is followed by a detailed account of the applied empirical research methodology. Primarily qualitative research methodologies were implemented to explore the social milieu in which the small business owner-managers are embedded, within the context of small tourism businesses located in the City of Glasgow, offering accommodation. By definition such businesses typically supply less than 50 rooms, employ less than 10 people, and operate in the lower reaches of the market (WTO, 2000). Findings are generated pertaining to indicators of business performance employed by the owner-managers, and contributors of import within their internal and external industry sector specific contexts. Analysis reveals a set of obstacles to business performance relative to the sample of small tourism businesses researched. Discussion reflects on the significance of these findings for understanding motivations and business behaviour, and the research, managerial and policy implications. It is concluded that while human and financial resource poverty does have important bearing on small business performance within the tourism sector, so do other 'human' aspects including the motivations, goals and lifestyle aspirations of the owner-managers that vary in their negative and positive business performance and enterprise development consequences.

DEFINING SMALL BUSINESS PERFORMANCE

The performance profile of small businesses is a complex matter and multi-dimensional in scope and character (Scase and Goffee, 1984). It embraces a

convergence of: owner-manager motivations, goals and capabilities; internal organisational factors; region specific resources and infrastructure; and external relationships (Storey, 1994; Mitra and Matlay, 2000; Shaw and Conway, 2000). These in turn will undoubtedly impact on the quality of the product and services within the small businesses. Furthermore, Beaver, Lashley and Stewart (1998:160) emphasise that: 'competitive advantage in small businesses is an elusive concept. It is fashioned by the actions and abilities of the principal role players, and owes much to their personal perception of satisfactory performance and business direction'. Furthermore, the traditional image presented of small tourism business orientation is that, for many, maintenance and protection of a certain lifestyle will be prioritised over a commercial focus on profit-maximisation (Dewhurst and Horobin, 1997; Morrison, 1998; Andrews, Baum and Morrison, 2001). However, this viewpoint contrasts with the findings of Buick, Halcro and Lynch (2000) who intimate the 'death of the lifestyle entrepreneur' in their study of Scottish hotel proprietors. Clearly, lifestyle is an extremely elusive and qualitative concept, determined by the values and expectations that small business owner-managers largely select for themselves (Drucker, 1992; Sherwood *et al*, 2000).

Thus, from literature it is possible to identify a range of obstacles to small business performance and the achievement of competitive advantage as summarised in Table 1. These are concerned with interacting and overlapping variables relative to human, financial and physical resources that have their origins in both the internal and external contexts in which small tourism businesses are located.

(take in Table 1 here)

THE RESEARCH METHODOLOGY

The empirical research undertaken in this study was of a qualitative, exploratory and interpretative nature into the complex relationships between small tourism business owner-managers, their internal organization, external environment, and consequences for business performance and enterprise development. It represents an approach deemed appropriate by Goffee (1996), and is supported by Frohlich and Pichler (1996) and Buick, Halcro and Lynch (2000). This is on the basis that it facilitates deeper analysis of more submerged variables, such as the owner-manager's orientation to business, their management capabilities, personal qualities, and social/transactional relationships, representing a move into the 'private' domain of the small business. Hill and McGowan (1999) argue that to fully comprehend these variables and the relationships between them it is imperative to embark on in-depth research, which not only is qualitative but also manifests much of the ethnographic tradition. Thus, while quantitative measurements have a place in comprehensive survey work such as that carried in the National Survey of Small Tourism and Hospitality Firms (Thomas *et al.*, 2001), the findings can be limited in their communicative capacity in comparison to qualitative exploration (Gibb, 1997; Shaw and Conway, 2000). Furthermore, a qualitative approach serves to recognize the integration of the objective and subjective factors to guard against only partial insights (Gorton, 2000), and aims to yield a rich understanding of the key issues which actually affect and may even determine the small business's potential for enterprise development (Hill and McGowan, 1999).

The study focused on the urban small tourism business sector. A sampling frame was constructed from the Greater Glasgow and Clyde Valley Area Tourist Board's

directory of tourist accommodation with a total population of 66. All businesses that conformed to the sample selection criteria of size of operation (4-50 bedrooms), independently owned and not part of a corporate group, and city centre location were telephoned, to ascertain their willingness to participate in a face-to-face interview. A sample of 22 was secured, of which hotels accounted for 50 per cent, guesthouses 45 per cent and bed and breakfasts 5 per cent of the sample, and 73 per cent had 20 rooms or less. The sample can be divided into two categories: owner-managers who accounted for 86 per cent; and 14 per cent of employed managers. Thus, it can be said that a judgemental sampling method was adopted, as random sampling was not possible given the relatively small size of the total population (Wright, 1996), and the aim was to obtain a robust sample from which inferences about the population could be drawn (Gummesson, 1991). This approach is considered to be appropriate to exploration and theory development, where the research's aim is to generate theory and a wider understanding of social processes or social actions. Thus, the representativeness of the sample may be of less importance and the best sampling strategy may be focused or judgemental sampling (Marshall and Rossman, 1989).

Semi-structured in-depth interviews involving closed and open-ended questions were administered to each small business in the sample. In the majority of these businesses there was either one owner-manager or a dominant owner-manager and this was the person interviewed. Questions pertained to their individual, social and economic contexts, within which they were encouraged to formulate their own responses. This is recognised as having considerable advantages over quantitative surveys in facilitating responses and data in depth and overcoming individual interviewees' reservations concerning confidentiality (Wright, 1996). Interviews were tape-recorded, fully transcribed and the content systematically analysed, interpreting

patterns that revealed similarities and differences in meanings, actions and/or contexts from the grounded empirical data (Stenbacka, 2001). Thus, data collection and analysis worked from an interpretative approach, involving induction of research categories and frameworks from the interviews, and subsequent refinement until an informative comparative theory about small, urban tourism business performance emerged from the data (Hill and McGowan, 1999).

RESEARCH FINDINGS

The findings from the study are now reported, starting with an investigation of business performance within the sample. This is followed by information that explores the internal and external contexts in which the small tourism businesses operate in order to gain a sense of the submerged variables and relationships that may be interpreted and analysed to contribute to explanation of business performance.

Business Performance

Primary business performance indicators employed by owner-managers are bedroom occupancy rate, annual revenue, break-even point, and guest satisfaction. Specifically, bedroom occupancy rates were found to vary from 60 to 80 per cent on average throughout the year, with summer occupancy averaging at approximately 100 per cent. In addition, an insight into applied economic indicators of such businesses is reflected in the following discourse: *'We would probably need to operate at 25 per cent occupancy to cover our costs. It depends on how you look at that, my wife doesn't take a wage, neither do I...when we make a profit at the end of the year we take that – its our reward for all the hard work'*.

For 54 per cent, the length of time in business ownership was less than 5 years, 18 per cent less than 10 years, and 18 per cent less than 20 years. Table 2 provides an indication of growth within the sample over the period 1999-2001, the validity of

which is perhaps inflated by its self-reportage nature, however, it does indicate a relatively healthy balance skewed away from the 'decrease' category. Generally, owner-managers (60 per cent) were optimistic regarding the future prospects for their business 2001-2003, 27 per cent forecast that it would be static, and the remainder did not know. 36 per cent had expanded their business in the previous three years, and the remainder reported no changes. 36 per cent reported the intention to expand, and a further 36 per cent indicated the intention to upgrade facilities within the existing confines of the organization, while 28 per cent declared that they deliberately wanted to keep the business the same size.

(take in Table 2 here)

Internal and External Contexts

It would appear logical to argue that the small business performance profile presented in the previous section may be a consequence of the milieu arising from the internal and external contexts. From the study, Table 3 provides a summary of the range of internal and external contextual factors that were found to impact on performance in the small tourism businesses.

(take in Table 3 here)

The information presented in Table 3 emphasizes the complex commercial 'marriage' of the owner-manager to the business, and that they are inescapably linked to, and cannot function in isolation from, the external socio-economic environment. The framework presented in Table 3 is employed to organize and discuss the findings in this section of the paper.

Owner-manager

68 per cent of owner-managers were in the 41 to 60 year old bracket, 82 per cent were male and 18 per cent female, relatively few (59 per cent) had formal education related

to the tourism industry and those individuals do not see the need for formal qualifications or training for starting a business in this sector. The remaining 41 per cent had university degrees, 33 per cent of which were related to catering or hospitality management. Respondents perceive tourism as a sector where practical experience is more relevant than formal education. As one stated: *'the basic business is pretty straightforward. We don't do evening meals, we only do B&B, so it is very simple'*. Another said that: *'my wife had the financial skills and I the marketing skills – what more do you need to run a hotel?'* Only 32 per cent of the sample had worked in the field before initiating their own business. Some had obtained experience working professionally in the field of tourism, while others had more limited experience of part-time work in hotels, bars, catering and restaurants during their time in formal education.

Business entry motivations reflect a mix of personal and business considerations and circumstances, and are dominated by those associated with family (32 per cent). For example: family involvement in the real estate business facilitated identification and purchase of property; a father offered to sell his son one hotel from a small family group; and on the retirement of parents a son succeeded them in the business. The provision of tourist accommodation was selected as an activity particularly in that as for many the business represented an extension of the domestic environment child-care could be accommodated alongside making an income. Typical responses relative to this motivation are: *'I had a young family. I needed to make money and not leave home. My husband was too old to get employment, so I started the B&B'*; and *'We like the area, the children have their school, we are making a very good living out of it, and neither of us is desperately ambitious to climb the corporate ladder. The main concern is our children's education and we will stay here until that is finished.'*

Business opportunity came second (21 per cent) as a business entry motivation, taking the form of identification of niche markets: '*...the market is there in Glasgow for not a high class but an above average B&B that is affordable*'; and '*we saw a demand for something in between a guesthouse and a more expensive hotel – that is where we are positioned*'. The third most mentioned motivation was that of ownership or acquisition of property that had the potential to be converted to a commercial tourism operation (20 per cent), and the remaining included past experience/qualification in tourism (16 per cent), previous experience as a user of tourist accommodation (6 per cent), and people skills (5 per cent).

The majority of the owner-managers found it difficult to separate personal from business goals due to the long hours associated with operating tourist accommodation businesses. This was particularly relevant to the 36 per cent of respondents working in bed and breakfasts or guesthouses where the owner-manager lives on the premises. For example: '*They [personal and business goals] are absolutely together... the hotel is a 24-hour business and I am always on call*'. Others view the achievement of business goals as a means to the satisfaction of those of a personal and family nature: '*It is a dream come true. I had always wanted to have my own horses and to own a hotel - now I have both. I've worked hard for it, long hours, extra days but it's worth it when you see what you can provide for your children and how nice our lifestyle is with the horses*'. There was a small group of owner-managers that attempted to keep their business and personal lives separate due to prior negative experiences: '*It has been a problem for me. It brought about my divorce*'; and '*too much personal involvement in your business brings worries and pressures. I went through that in my previous career – now I am not interested and make sure I have the freedom to enjoy my personal life*'.

Managerial capabilities that are dependent on the focal owner-manager are challenged due to difficulties and pressures arise out of the 24-hour nature of the work. For example: *'You don't really have a personal life because you are here the whole time. My husband and I don't get out together, one of us has to be here to answer the door, the phone or the guest if they need something'*; and *'Holidays? We usually take a week or two weeks at the beginning of January to go on holiday. We close. We have never found anyone who we can trust to run it the way we want it run, so we close for one or two weeks'*. Furthermore, this managerial resource constraint influences attitudes towards enterprise development: *'I think we are operating at the limit of our time and abilities. To have more rooms, more customers, it would mean more staff, more facilities laundry etc..'*; and *'10 rooms are fine. I don't have the ambition anymore. I did 10 or 20 years ago but not now...growing bigger gives you more worries and I don't want that. I am quite happy as it is.'*

Business

The organisational structure of the majority of the sample was that of family businesses with partnership shared among spouses, immediate and extended family members. Family members are active in the owner-managed businesses, taking on roles such as general management, supervision, accounting, cleaning and catering. Organizational structure tends to be simple with percentages accounting as follows: owner-managers with no employees 9 per cent; owner-manager-staff 55 per cent; owner-manager-supervisor-staff 32 per cent; and owner-general manager-team leader-staff 4 per cent. Thus, in many cases it is a husband and wife team that takes all decisions and deal with the majority of the work assisted by very few staff, most of who were part-time. Owner-managers involved in other business activities amounted to 58 per cent. These were in related fields, such as, restaurants and student

accommodation, and others such as real estate and property renovation, and boarding of horses. Some owner-managers (15 per cent) split their time between the tourism business and part-time employment in, for example, nursing and insurance.

On a day-to-day basis, the management of employees and their skills was indicated to be the most challenging, and concerns were expressed about training and staff quality. Problems include absenteeism, communication and internal conflicts, which were seen as real concerns as: *'On a day-to-day basis, it's purely down to people management. Staff is probably one of our main problems...dealing with them, making sure they turn up and do the job. It is also making sure that you've got enough staff there to satisfy the demand that just walks through the door – customers that come by chance and not prior reservation.'*

The confines of size represent a significant characteristic of the small businesses researched. Lack of physical space within an intensely built urban environment, and planning restrictions act as an external block on business expansion, even if the owner-manager had the motivation. There are also concerns relative to market potential, and any resultant loss of the distinctive differentiating features associated with 'smallness': *'We would like to expand, but we would have to be sure that we could fill extra rooms.... there is always the danger if we expand too much, we will no longer be able to keep the coziness of the hotel.... we would become like a Days Inn.'*

From a managerial perspective size protection is related to human and financial resource poverty: *'It's big enough for us to handle and anyway we couldn't afford to finance expansion...these things restrict us.'* The owner-managers agreed that although it was relatively easy to raise borrowed funds for expansion, paying them back was difficult and added an additional financial pressure to running an already demanding business. To a certain degree such wariness reflects recent increased

investment and presence of hotel chains in the City, which has dampened some owner-manager's enthusiasm for expansion. Thus, in combination, these physical, human and financially derived factors retard enterprise development and protect and conserve the status quo of smallness.

External

The small businesses operate within the aforementioned intensification of the competitive environment through corporate activity in Glasgow that has seen a 20 per cent increase in tourist accommodation in the period 2000-02 (<http://media.seeglasgow.com> 29/09/2002). Within this environment owner-managers perceive their top four competitive advantages to include: personal service and customer care (90 per cent); location (68 per cent), particularly proximity to museums, art galleries, hospitals, universities and other tourist visitor attractions in the City; small size and flexibility of service (27 per cent) contributes to the potential for rapid change in comparison to corporations; and the relation of price to quality (18 per cent) is made in that owner-managers believe that they provide a sound quality of tourist accommodation that has distinctive local character, augmented by the personalized service of family-run businesses. Specific reference was made that the small businesses represented an antithesis to the anonymous, standardized branded large hotel in the form of a more 'authentic' tourist accommodation: *'...we concentrate on getting to know our clients and helping them with their stay in Glasgow. We don't just sell rooms, we are offering hospitality for our guests, providing them with local knowledge and guidance is part of our service'*. In addition, there is evidence of collaboration with competitors in their immediate vicinity, in the form of cross-referral of guests to another tourist accommodation provider when one small business has achieved 100 per cent bedroom occupancy.

It would appear that the majority of the respondents in the study are embedded in the local community, in that 80 per cent were born in Scotland, and 55 per cent were local and knowledgeable of the local social and economic environment. Their location represents a central urban, geographic location, within a relatively stable micro and macro political climate. Furthermore, with the advent of Scottish devolution there has been a resurgence of support for national identity that has an attraction for international tourists. The micro-economic situation of the City is relatively favourable, however, the macro-economic situation of a strong pound means that poor foreign currency exchange rate is leading to a downturn in tourists from Europe, Australia and North America in particular. Glasgow has a well-developed tourism infrastructure and resources, and is recognized as an industrial, retail, conference, cultural and educational centre. This results in a diverse client mix and constant demand for the owner-managers that tend to dilute seasonality effects, although client composition does reveal seasonal patterns with leisure tourists favouring the summer months. In 2001 the United Kingdom was hit by a natural disaster in the form of the Foot and Mouth epidemic. In general, it led to a downturn in tourism within and to the UK, however, in Glasgow a displacement of tourists from rural destinations to cities contributed to a slight upturn in tourism demand. A difficulty in attracting quality human resources from the local environment was recognized especially since Glasgow has become a popular home for telesales call centres, in part due to the availability of graduate and non-graduate labour: *'.... a lot of the young people who normally came into this line [hospitality] of work are going there because it pays more'*.

Obstacles to Business Performance

Thus, from the foregoing it is possible to identify a number of positive contributors to business performance including: an urban location that benefits from strong tourism demand patterns, infrastructure and resources; and niche market positioning that suffers limited seasonality effects and is relatively protected from the activities of corporate groups. However, it is also possible to interpret and isolate a powerful range of obstacles to small tourism business performance. Table 4 summarises these key findings, and augments those identified from literature as presented in Table 1.

(take in Table 4 here)

DISCUSSION

Three key concepts were identified in literature pertaining to small business performance as: complexity and multi-dimensional nature; lifestyle; and competitive advantage. These are now discussed within the context of the research findings. Firstly, working from a literal, Oxford Dictionary, definition of ‘obstacles’, ‘business’, and ‘performance’, the following definition can be crafted: ‘impediments to the accomplishment of the commercial pursuit of enterprise’. From the foregoing it can be seen that this may be subjected to multiple dimensions and interpretations. These are more complex and humanistic than the acceptance of any straightforward causal relationship between human and financial resources, and business performance. Specifically, the following propositions can be formulated:

- Certain impediments to accomplishment may be self-inflicted, consciously accepted and maintained by the owner-manager, while others are out with their control.

- Evaluation of what constitutes accomplishment will vary dependent on the socio-economic reference frame used by various stakeholders including owner-managers, policy-makers, academics, and support agencies.
- For many owner-managers the commercial pursuit of enterprise is a necessary sustenance for, but subordinated to, the pursuit of socially driven lifestyle aspirations.
- The tourism sector is characterized by relatively low professional, skill and financial barriers to entry, that readily accommodate a family/lifestyle business model, as such it is perceived as an attractive mode for those individuals seeking life change.

Secondly, findings deny the ‘death of the lifestyle’ feature traditionally associated with ownership of small tourism businesses. Indeed, its vitality has been endorsed. Motivations associated with family lifecycle, rejection of the corporate way of life, and the general pursuit of a work/life balance drove the majority of the small businesses studied to initiate and configure enterprises as appropriate to satisfy personal and family goals. Finally, lifestyle prioritized over business may be interpreted as sub-optimal in rational economic terms. Conversely the consequential, deliberate protection and conservation of ‘smallness’ may represent an important contributor to the achievement of competitive advantage. Operating in a distinctive niche market, with economies of size, within the owner-manager’s capabilities, that allows for personalized service, indigenous people provide a product and service that tourists may deem to represent an attractive and authentic experience. Thus, enterprise develop could potentially negate the very competitive advantages endowed through being small.

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Table 1: Obstacles to small firm business performance

INTERNAL: OWNER- MANAGER	<ul style="list-style-type: none">• lack of ambition, vision and inclination to increase production• constrained resources to solve gaps in managerial competencies• perceptions that enterprise development would negatively impact on product/service quality• anti-business ‘hobbyist’ approach• quality of lifestyle protectionism
INTERNAL: BUSINESS	<ul style="list-style-type: none">• multi-skilling in every category of staff is needed• limited resources and capacity available to narrow skill gaps• physical constraints curtail expansion
EXTERNAL	<ul style="list-style-type: none">• weak power position within the industry sector and markets as an individual unit• high dependency on externalities

Sources: EC (1998); Lynch (1999); Morrison, Rimmington and Williams (1999); Sherwood *et al.* (2000); Heffernan and Flood (2000)

Table 2: Small Hospitality Firms’ Growth (1999-2001)

	Increase (%)	Static (%)	Decrease (%)
Turnover	55	28	17
Profits	41	34	25
Occupancy rates	36	36	28
Employment	30	55	15
n = 22			

Table 3: Internal and external contextual factors

INTERNAL

Owner-manager:

- socio-demographic profile
- business entry motivations
- personal and business goals
- management capabilities

Business:

- family involvement
- ownership and organisational structure
- length of time in operation
- involvement in a range of business activities
- staff and skills
- confines of size

EXTERNAL

- Competitive environment
 - Degree of embeddedness in community
 - Demand and seasonality
 - Geographic location
 - Human and financial resources
 - Infrastructure and business support
 - Micro/macro economy
 - Micro/macro politics
 - Natural disaster
-

Table 4: Small hospitality firm obstacles to business performance

INTERNAL: OWNER- MANAGER	<ul style="list-style-type: none">• Middle-aged, limited formal education or experience directly related to the hospitality industry• Low professional and financial barriers to sector entry• Perceptions of a ‘simple’ business to operate• Managerial constraints, limited capabilities and constrained resources to solve gaps in managerial competencies• Business entry decision driven by personal and family related considerations to the subordination of business• Meshing of personal and business goals may lead to profit-satisficing, and/or an unhealthy work/life balance• Limited ambitions and vision, and protection of lifestyle over business expansion
INTERNAL: BUSINESS	<ul style="list-style-type: none">• Family involvement may lead to sub-optimal efficiencies and masked financial viability• Simple organizational structures mean that decision-making is embodied in few individuals, and management resources are strained• Involvement in multiple income generation activities may detract from commitment to the small firm• Failure to attract and manage quality, skilled human resources could impact negatively on the quality of the product and service• Size negates economies of scale, has consequences for financial viability, is physically contained, and deliberately constrained for reasons of product and service differentiation and lifestyle protectionism
EXTERNAL	<ul style="list-style-type: none">• Industry restructuring to favour the economics of the larger corporation• Weak power position, vulnerable to the micro and macro economic and politically environments and natural disasters• Dependent on local human resources that are deficient to satisfy needs• General high dependencies on externalities
