

ENCOURAGING ENTERPRISE IN NORTHERN IRELAND: CONSTRAINTS AND OPPORTUNITIES

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Abstract

The Enterprise Initiative set out in the Department of Trade and Industry White Paper in January 1988 clearly demonstrated the commitment of the present U.K. government to new and small firms as part of their strategy to promote enterprise and reduce unemployment. Within Northern Ireland the Department of Economic Development produced a document in 1987 which reported the progress of its new economic development strategy called "Pathfinder". One of the central elements of that strategy was the stimulation of a more positive attitude towards enterprise in an attempt to overcome the dominance of the employee mentality in the region and thus create the basis for "self-reliant" economic development. The purpose of this paper is to evaluate the constraints and opportunities inherent in adopting such a policy in Northern Ireland by presenting some summary results of a research project into the attitudes of 16-18 year olds to self-employment as a career option. An analysis of the career aspirations among this target group, and comparisons with the results from a similar study among English school leavers, should reveal the extent to which new enterprise creation can realistically form the basis for economic development in Northern Ireland into the 1990s.

Introduction

Although the relative importance of small firms within the U.K. labour market has exhibited a steady increase since the early 1970s (Johnson 1990), and overall there has been a rise in the number of new business start-ups (Curran and Blackburn, 1990) it is only since 1979 that there has emerged a clear principle within which these trends are set, to the extent that "the discourse of the enterprise culture has become one of the major articulating principles of the age" (Burrows 1989). The policies of the Conservative government over three terms have sought to promote the enterprise culture by heralding it as the guiding principle for all sectors of the economy. Furthermore, against the background of major economic, social and political change in Britain in the 1980s the proponents of the enterprise culture have sought to present it as an antidote to these de-rooted restructuring processes. The justification and validity of this connection has yet

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to be adequately debated, yet it remains at the forefront of government policy for the 1990s (Burrows, 1989).

The Department of Trade and Industry White Paper of January 1988, announcing the Enterprise Initiative in Great Britain, clearly articulated this thinking and indicated that the encouragement of enterprise was to become one of the major economic goals of the Government as it seeks to revitalise many sectors of the economy (DTI, 1988). Within Northern Ireland the Department of Economic Development produced a document in 1987 which reported the progress of its new economic development strategy called "Pathfinder" (DED, 1987). In essence, this document concentrated on the ways in which indigenous potential can be harnessed in the regeneration of the regional economy. "Pathfinder" established a number of taskforces to find new and better ways of achieving economic growth in the Province. In particular, the proposals included the stimulation of a more positive attitude to enterprise; changing attitudes to competitiveness; encouraging export activity, exploiting the strengths of the public sector and the better targeting of public funds.

Arising out of the "Pathfinder" process the Enterprise Taskforce produced a major initiative in the fostering of a more positive attitude to enterprise in Northern Ireland. This Enterprising Northern Ireland Campaign was launched in July 1988 with the task of promoting and developing enterprise and the enterprise culture by adding to the current level of entrepreneurial activity, and targeting in particular perceived underdeveloped sources of enterprise ability. Funding of £350,000 was made available from the International Fund for Ireland, with further unspecified funding coming from LEDU, the small firm development agency in Northern Ireland. The campaign has been targeted at four main groupings: young people, women, people in employment and unemployed people. It is against the background of the Enterprising Northern Ireland Campaign that the research for this paper has been carried out.

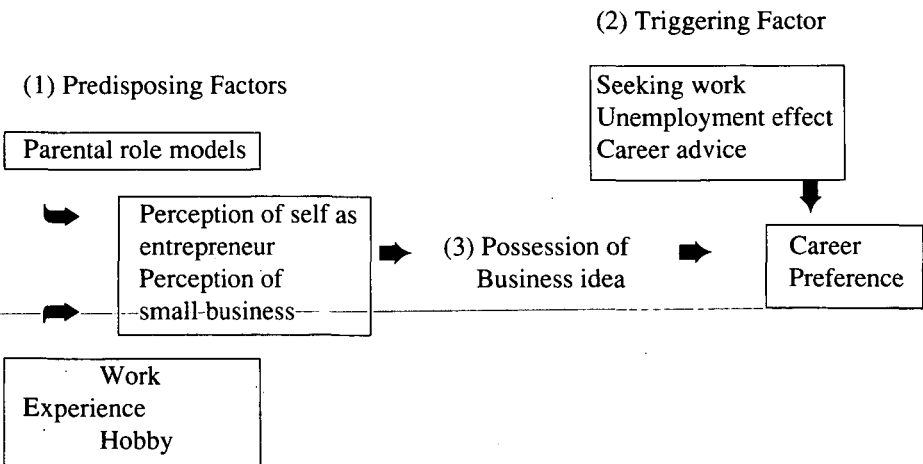
Attitudes to Enterprise in Northern Ireland

The claim that Northern Ireland lacks an "enterprise culture", and is dominated instead by an employee dependency culture, underlies the development of a number of new policy initiatives. However, although this lack of an enterprise culture may be inferred from the lower rates of new business formation in Northern Ireland compared with other regions (Hart, 1989), there is no systematic evidence on the nature of the enterprise culture, and on attitudes to enterprise in particular, in the region. One of the main purposes of the research reported below, therefore, is to assess current attitudes to enterprise in Northern Ireland among a number of target groups, chosen to reflect both the emphasis of the Enterprising Northern Ireland Campaign on targeting programmes to specific groups, notably young people and those in employment, and to tie in with previous and present research on enterprise and career choice (e.g. Curran and Blackburn, 1989; Rosa et al, 1989; Scott and Twomey, 1988).

Four specific target populations have been included in this analysis. First, reflecting the considerable recent interest in the stimulation of graduate enterprise (Scott and Twomey, 1988; Rosa et al, 1989), this project explores the entrepreneurial tendencies and business formation plans of university undergraduates across disciplines and years of study. Second, picking up on a theme identified in the Pathfinder report (DED, 1987), this project includes a survey of managers within the private business sector to discover the extent to which there is a potential pool of entrepreneurs within the managerial population, and to identify the respective roles of the positive attraction of venture formation and the negative push or stimulus of career blockage and dissatisfaction. Third, to provide a reference point for the assessment of attitudes to enterprise we are surveying the personal profiles, job histories, family backgrounds and attitudes of a sample of owner managers.

Finally, and the subject of the present paper, we have surveyed attitudes to enterprise among school pupils (in the 16-18 age range initially). In particular this research is designed to discover if and how business formation and self-employment is perceived by school leavers as a potential career choice. As Figure 1 indicates, individuals choose occupations on the basis of the information they have about potential employment, their perceived aptitudes for the job, their social backgrounds and the outcomes they seek from work. Of particular interest in the context of the present research is the role of predisposing factors, such as parental or other family role models and experience, in shaping school leavers' perceptions of small business formation and ownership as a career option.

Figure 1: Main Factors Influencing Career Aspirations



To explore these issues a survey was undertaken in early 1989 among school pupils in the penultimate (Lower Sixth) year of education. Overall, 1411 usable questionnaire returns were obtained from 29 schools throughout Northern Ireland. The schools chosen for inclusion in the survey were designed to be representative of the full range of environmental and socio-economic conditions in Northern Ireland. Broadly, therefore, the schools were representative of religious group (Catholic/Protestant) and location (urban/rural; sector within Belfast). Lists of schools were obtained from each of the five Education and Library Boards in Northern Ireland, which also indicated whether they were Voluntary or Maintained; Grammar or Secondary.

Of the 29 schools included in the survey 18 were Protestant (15 Grammar and 3 Secondary) and 11 Catholic (9 Grammar and 2 Secondary). Ten schools were drawn from the Belfast Education and Library Board area with the rest being taken equally from the other four Board areas: North-Eastern, South-Eastern, Southern and Western. These sub-divisions of the overall school sample broadly reflect both the religious breakdown of the population in Northern Ireland and its geographical distribution.

The questionnaire used in the survey was divided into seven sections and collected information on personal details, post-school plans, work experience, family background, views on employment, awareness of enterprise schemes and attitudes to enterprise and self-employment. In this paper we present the preliminary results of the analysis of the attitudes of school pupils in Northern Ireland as a whole to business ownership and self-employment. Subsequent papers will explore in more detail the existence of religious denominational differences and inter-generational/family role model effects in attitudes to enterprise. In due course the results of this survey will be integrated with those from a similar survey of school pupils throughout England (Curran and Blackburn 1989), to add a comparative dimension to this research.

Business Ownership

Almost half of responses (45.6 per cent) expressed a positive desire to run a business of their own eventually. Fewer than twenty per cent definitely rejected the idea with the remaining 35 per cent uncertain (Table 1). Over half of those responding positively had already given the idea some consideration or a lot of consideration, and very few had not given any thought to running their own business, although expressing the desire ultimately to do so. In other words, almost one quarter of the 1411 respondents in the sample have given some or a lot of consideration to establishing their own business. This compares favourably with estimates of 25 per cent for 16-19 year olds in England: although these figures are higher than would be expected on the basis of the prevalence of self-employment in the economy as a whole, they are lower than reported in previous studies among industrial workers (Curran and Blackburn 1989). However, over half of those expressing a positive desire to run their own business (54 per cent) were not sure what kind of business they would like to own. Of the remainder, businesses in non-manufacturing, particularly service, trades dominate. For a significant minority of respondents the professions (accountant, solicitor, etc.) are cited as avenues into eventual self-employment.

Table 1: Desire for Eventual Business Ownership Among Sixth Form Pupils in Northern Ireland

BUSINESS OWNERSHIP	PER CENT OF RESPONDENTS
Yes	45.6
A Lot of consideration	7.7
Some consideration	16.3
A little consideration	16.3
No consideration	5.0
Uncertain	35.7
No	18.7

N = 1,411

In general, respondents indicate a high degree of realism in their business plans. Very few of those expressing a desire to set up their own business viewed this as an immediate prospect: the average age at intended start-up is around 28 years. Although this is slightly below the national average age for first time founders (Curran and Burrows, 1988), it does nevertheless suggest a high degree of realism among young people contemplating self-employment and business start-up. It also raises questions about the efficiency of targeting initiatives such as the Youth Enterprise Scheme, Livewire and the Enterprising Northern Ireland Campaign at the 16-25 age group as an immediate source of new founders. For the majority of respondents independence was the major motivation for the desire to own their own business. The desire for independence and being your own boss was cited by 58 per cent of respondents, with related motivations such as “not being ordered around” and “prefer working to own standards” also cited. The element of challenge (and by inference the willingness to accept the risks involved - see below) was mentioned by eight per cent of respondents, only eleven per cent of pupils referred to the financial rewards as their main motivation.

A variety of reasons were offered by students to explain why they did not want to run their own business. “The responsibility” was the most frequently reported reason (21%) followed by “risk and lack of security” (15%) and “the pressures and demands” of running a business (13%). Just under nine per cent stated that running a business or self employment was not suited to their career plans or chosen profession. Fewer than five per cent of respondents mentioned uncertain financial returns or the cost of starting up as the primary reason to explain why they do not like the idea of having their own business.

Attitudes to Enterprise

The school pupils were presented with seventeen Likert type statements on attitudes to employment and self-employment to which they were asked to respond on a five point scale. The statements used in this analysis are included in Table 2 together with the five point response scale and the percentage distribution of responses.

Although the context for the survey is a high unemployment peripheral regional economy the response to Statement 1 indicates that almost half of school pupils in the survey do not think that they will have difficulty in finding the kind of job they want, and a further sixteen per cent have no opinion on the subject. However, this does not necessarily imply that respondents expect to satisfy their job aspirations within the Northern Ireland labour market, as net outmigration has been a long-standing feature of the Northern Ireland economy (Cambridge Econometrics, 1988). From Statement 2 it is clear that the maximisation of pecuniary rewards is not a main consideration in career choice for the majority of respondents.

In terms of career choice respondents are indifferent as to whether they work for a large firm or small firm (Statement 3). Of those who expressed an opinion, the majority (33% as opposed to 24%) indicate a preference for working for a large firm. Although the response to Statement 3 indicates a lower preference for employee status in a small firm, from Statement 4 there is a clear preference expressed for self-employment. Just over twelve per cent of respondents strongly agree, and a further 26 per cent agree, that they would rather work for themselves compared with only three per cent who strongly disagree. However, over one-third of respondents were unable to offer an opinion. This response profile corresponds closely with the earlier response to the question on desired business ownership: 46% expressed a desire to own their own business at some point in time (see Table 1). Statements 5-9 address the perceived work experience of self-employment vis-a-vis employee status. The relative preference for self employment among the respondents does not reflect their desire for increased status in the eyes of others: the sample is more or less evenly split between those who view higher status to be associated with owner management compared to management in larger organisations (Statement 5). Equally, respondents are more or less equally divided on the respective future career prospects of self-employment vis-a-vis working for a large organisation (Statement 6). This is despite the apparent advantages of the latter in terms of remuneration, conditions of employment, job security and career advancement.

The relatively strong preference for self-employment in the sample is not, however, based on idealistic view of self-employment encouraged by the government's promotion of the enterprise culture. Although a clear majority of respondents view self-employment as more exciting than working for somebody else (Statement 7), respondents also very strongly acknowledge that self-employment will involve harder work and higher risk than other career choices (Statement 8 and 9). In particular, almost 80% of respondents believe that self-employment is a higher risk career option.

Table 2: Attitudes to Work and Enterprise in Northern Ireland

1.	“I will have difficulty finding the kind of job I want when I have finished my full-time education.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	7.6	41.3	16.2	31.9	3.0
2.	“My main aim in life is to be happy even if I do not make a lot of money.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	2.9	12.0	6.4	49.6	29.1
3.	“I would rather work for a large firm than a small firm.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	3.4	20.6	42.9	25.3	7.8
4.	“I would rather work for myself than somebody else.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	3.1	23.3	35.4	26.1	12.1
5.	“People look up to those who run their own businesses more than those who are employed as managers in large firms.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	6.5	34.6	21.5	30.7	6.7
6.	“Working for a large firm would offer me a better future career than running my own business.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	5.6	29.2	29.8	31.2	4.3
7.	“Working for yourself is more exciting than working for somebody else.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	1.9	12.4	28.9	43.8	12.0
8.	“Working for yourself would be harder than working for somebody else.”				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	3.2	23.8	15.6	48.6	8.8

9.	"Working for yourself is more risky than working for somebody else."				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	1.6	8.8	11.6	52.0	26.1
10.	"It is easy for anybody to start their own business".				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	27.5	58.1	7.0	6.6	0.9
11.	"You have to be born with the right talents to run your own business".				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	5.7	38.7	16.0	34.3	5.3
12.	"You need a lot of luck to be successful in running your own business."				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	4.6	30.8	20.4	38.6	5.6
13.	"You need special training to run your own business."				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	1.9	24.1	17.9	46.2	9.9
14.	"You need a lot of money to start your own business".				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	1.9	21.1	12.1	51.3	13.6
15.	"The government will help anybody who wants to start their own business."				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	5.3	23.8	22.1	41.4	7.3
16.	"The local council would be helpful if I wanted to start my own business."				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	5.3	18.5	46.6	27.5	2.2
17.	"Should I ever want to start my own business, I think that my experience at school has helped me."				
	Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree
	10.0	25.4	17.8	38.0	8.8

Statements 10-14 cover pupils' perceptions of the requirements for starting up business. In general, responses to these statements confirm the view that respondents have an extremely realistic view of the start-up process. For example, fewer than eight per cent of respondents agree that it is easy for anyone to start their own business compared with 58% who disagree and 28% who strongly disagree (Statement 10). From Statements 11 and 12 it appears that the sample is slightly more inclined to the view that you do not have to be born with the right talents to set-up a small business but that you do need a lot of luck to be successfully self-employed. This lack of a strong belief in the crucial role of innate abilities, and the only slight tendency to emphasise the role of fortuitous external circumstances is reinforced by the high level of agreement with the need for special training to run a business: over 56% of respondents agree that special training to run a business is required (Statement 13), and only two per cent of respondents strongly disagree with this statement. There is also general agreement that access to finance is a critical prerequisite for starting a business: only 23% of respondents disagree (Statement 14).

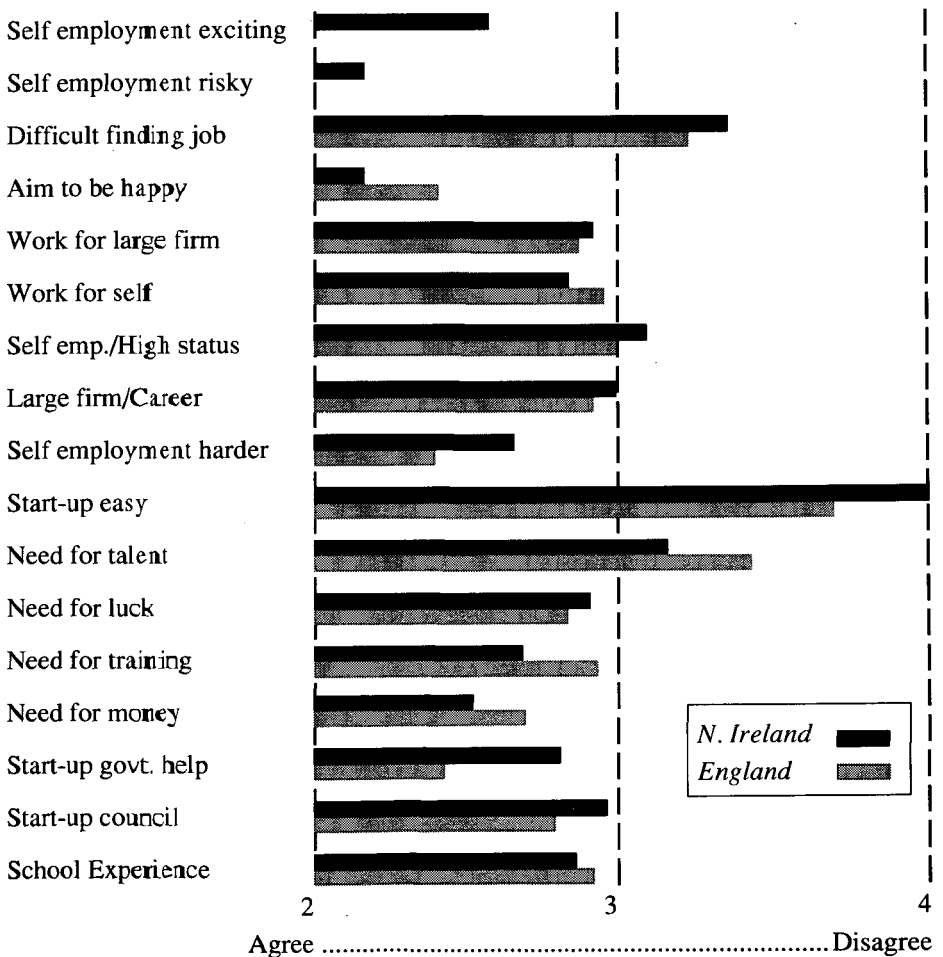
Given the substantial commitment of regional and local agencies to small firm start-up and enterprise development in Northern Ireland it is not surprising that almost half of respondents agree that the government will help anybody who wants to start their own business. However, almost 30% of respondents have a negative view of the role of government in assisting the start-up processes (Statement 15). A similar balance of opinion emerges with respect to the role of local councils (Statement 14). However, almost half of respondents are unable to offer an opinion on the role of local councils. This in part reflects the fact that local councils have a much more limited range of functions, including those in the economic/enterprise development field, than their counterparts in Great Britain. It also indicates however, that there is not a widespread perception of the role and involvement of local councils in the local enterprise network of enterprise centres in Northern Ireland (Harvey, 1989).

Finally, given widespread concern regionally and nationally about the extent to which the school curriculum prepares young people for the world of work and enterprise, it is interesting that almost half of respondents do feel that their experience at school, through participation in enterprise and related schemes, work shadowing and other curriculum activities, will be of help in starting up a business (Statement 17). Again, however, a significant minority (35%) do not think that their school experience will have been of value in preparing them for potential business start-up or self-employment.

On their own these figures do not adequately indicate the strength or weakness of the enterprise culture in Northern Ireland. Figure 2, therefore, compares the attitudes to work and enterprise among school leavers in Northern Ireland with those expressed by similarly aged school pupils throughout England (Curran and Blackburn 1989). For comparative purposes Figure 2 presents the mean scores for each group on each statement. These have been calculated as weighted averages of the responses on a

scoring system where one equals “strongly agree” and five equals “strongly disagree”. A mean score of 3.0, therefore, indicates that respondents neither agree nor disagree with the statement; the lower the score the stronger the degree of agreement. Overall, for the 15 statements presented to respondents in the two surveys (the statements on risk and excitement were not asked in the English survey) the responses of the English and Northern Ireland students are remarkably similar: while more detailed analysis of the responses of various groups within the Northern Ireland sample has yet to be undertaken, these similarities do not provide immediate justification for the belief that attitudes to enterprise in Northern Ireland are significantly different from those elsewhere, and therefore call into question the identification of “unfavourable” enterprise attitudes both as a major factor underlying the poor performance of the regional economy and hence as a priority target for policy and action.

Figure 2: Attitudes to Work and Enterprise in Northern Ireland



However, within this broad similarity between the response profiles of the two samples there are some interesting differences of emphasis. For example, respondents in Northern Ireland are rather more likely than their English counterparts to agree that their main aim in life is to be happy, that they would prefer self-employment to employee status (perhaps because of the excitement and in spite of the acknowledged risks involved), that innate talents and abilities are required to run a business, that there is a need for specific training and that a lot of money is required to start a business. Related to this Northern Ireland respondents are less likely to consider that self employment would be harder than working for someone else. This may, of course, reflect a deep-grained response to more adverse economic conditions in Northern Ireland, with self-employment appearing relatively more attractive because of the lower prospects of obtaining paid employment in a high unemployment regional economy (Harrison and Hart 1983).

Despite this generally stronger preference for self-employment among Northern Ireland students, they are much more inclined to emphasise the difficulty of actually starting up in business than are the English respondents. This apparent gap between the preference for or orientation to self-employment and small business ownership and the perceived difficulty of actually realising this preference is emphasised by attitudes to the role of government expressed in the two samples. Although in both the English and Northern Irish samples there is widespread agreement that government will help in the start-up process, Northern Ireland respondents have a much more negative view of the role of Government. Given the range of schemes, programmes and initiatives to support the start-up process in Northern Ireland, many of them targeted at the 16-25 age group, this response is surprising. While further more detailed analysis of these respondents is required, this difference between the two groups may reflect the failure of respondents in Northern Ireland to identify agencies such as LEDU and the local enterprise agencies as publicly funded bodies, the impact in England of the Enterprise Initiative media advertising campaign, which clearly identified enterprise with the Department of Trade and Industry (but which did not strongly feature the small business/start-up situation), or the failure of the small business support network to adequately market and promote itself within Northern Ireland. In connection with this last point, for example, only 31% of respondents identified LEDU as a primary source of advice and information on start-up and almost no respondents identified Local Enterprise Centres in this context. In the context of public policy, therefore, the problem with the enterprise culture in Northern Ireland, or the lack of it, may not be in the orientation to enterprise as manifest to attitudes to self-employment and business start-up (which is at least as strong as in England on the basis of the evidence of Figure 2). Rather it may lie in the provision and, in particular, the improved awareness and effective delivery of the institutional infrastructure to facilitate the enactment of that orientation through the provision of appropriate training and financial packages to meet the identified needs of potential entrepreneurs.

Conclusion

There is now widespread concern about the impact of an increasingly constrained labour market nationally, and in the South-East in particular, as the supply of 15-19 year old labour market entrants dries up, on the regional Northern Ireland labour market: "We are keen to establish an enterprise ethos at school level so youngsters will at least consider going into business for themselves alongside the other options and help us to grow the industries that will keep the skills here" (Alasdair MacLaughlin, Director, CBI (NI), October 1989). However, the preliminary results of this research on attitudes to enterprise among school pupils in Northern Ireland reported above call into question the value of concentrating attention on this particular group of individuals as a particularly fruitful source of new entrepreneurs. For those students in our study expressing a desire to set up their own business at some time the average age launch window is around 28 years, and they are fully aware of the risks, pitfalls, rewards and training and personal development needs involved in the start-up process.

More specifically, the Pathfinder report (DED 1987) has identified the lack of an enterprising tradition in Northern Ireland (defined as the propensity of people to create jobs, for themselves and others, by engaging in and developing a legitimate activity which will earn them a living) as a major constraint on the regional economic development process. In particular, the report identified two major attitudinal constraints. First, "there is a general attitude in Northern Ireland that working for oneself rather than for an established company is somehow second best". Second, "self-employment is often seen as impractical or necessarily risky; not as legitimate or socially desirable as other employment". From the analysis presented in this paper, however, the validity of both these statements can be questioned on the basis of both the responses from over 1,400 16-18 year olds in Northern Ireland and a comparison with the results of an equivalent survey of over 800 young people in England (Curran and Burrows 1989). In particular, 16-18 year olds in Northern Ireland are no less likely than their counterparts in England to have a positive view of self-employment and new business formation. If Northern Ireland does have an employee rather than an enterprise culture, as the Pathfinder document argues (DED 1987), this does not reflect underlying attitudes but the process of converting attitudes to action. In this respect, therefore, much more attention should be given, from the perspective of both academic research and public policy development, to understanding the process of entrepreneurial follow-through (Katz 1990) and to thereby identifying the barriers, constraints and facilitating factors between attitudes and actions. In the development of public policy for the encouragement of enterprise in Northern Ireland one of the most significant impressions to emerge from this research, as in the parallel English study, is of the realism of respondents' attitudes to enterprise and self-employment: "young people show little indication of having become starry-eyed about the "enterprise alternative" or having been seduced by the often over-positive support for self-employment and small business ownership ... Rather they show

a down to earth appreciation of self-employment and its pluses and minuses which might be argued to auger better for the future of the small business in the 1990s and beyond, than any over-romantic view which understates the seriousness of the decision to opt for the enterprise alternative” (Curran and Blackburn, 1989).

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'PRICE': TIME FOR A SUBTLE SHIFT IN STRATEGY

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Introduction

Much literature advocates the use of strategic planning in organisations as a fundamental ingredient for success (see, for example, McNamee (1988), Porter (1980), Ackoff (1970) and Ansoff (1965)). Strategic planning is universally directed or limited by the manner in which the consumer base has been defined and can be used to achieve competitive advantage; however, to be effective, it requires close screening of customer segments and the identification of any behaviour changes within target groups. In turn, it is essential that the company has the necessary resources, culture and vision to incorporate such changes into effective new strategies.

This paper seeks to highlight some of the strategic changes which have occurred in food retailing over the last three decades, and to explore more recent developments within our society which are affecting behavioural changes in consumers. Some of the findings from a recent survey on female food shopping behaviour in Northern Ireland are presented, which suggest that price is not the primary factor influencing the purchasing decisions of food shoppers and should not, therefore, be the primary competitive weapon. Thus it would seem that this is an opportune time for a subtle shift in food retailing strategy.

Strategic Changes in Food Retailing

In the last 30 years British and Irish food retailing has witnessed the meteoric rise and market dominance of large multiple corporations. This has been accompanied by the demise of many other forms of food retailing - particularly middle sized supermarkets. Small independent retailers and contractual chains have been able to survive by focusing exclusively on either 'top up' purchasing or specialist purchasing requirements. It would seem that large food multiples with their greater working capital and advantages achieved from economies of scale have suppressed the ability of smaller sized organisations to compete on low costs; thus, as a viable alternative, they have sought niches in the marketplace. Many medium sized firms have been caught in the middle and have found themselves unable to compete successfully with larger multiples on low cost, and smaller firms on flexibility or specialisation; thus, they have experienced difficulty in finding a defensible position within the food retail industry.

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Why have these changes occurred in food retailing? Guy (1980) suggests that the development of modern forms of shopping has been determined by a complex interplay of social, economic and political considerations. The changes which have occurred may be classified into three major categories, i.e. retail distribution, consumer behaviour and the external environment. Each of these is considered briefly below.

Changes in Retail Distribution

In Britain and Ireland, since the 1950s, the large supermarket chains have achieved market dominance through an increased share of the food retail market. To illustrate, Martin (1990) reports that in 1989/90, out of a total household food and drink bill worth £72bn in Britain, the two largest trading groups - Sainsbury and Tesco - were reported to share 30% of the total market. In Ireland, up until 1988, the overall trend was similar with the two largest players - Dunnes Stores and Quinnsworth - controlling 50% of the £2.2bn Irish grocery trade. However, more recently, their share has declined and now stands at around 46% (Irish Independent 1989).

Traditionally, the basis of competition between the large multiples has been viewed as price-based, with few chains being perceived as competing primarily on the basis of 'quality'. Today, however, in Britain such perceptions are somewhat misguided, with a number of larger chains pursuing strategies of differentiation which enables them to command premium prices for goods and services. Indeed, many food retailers are choosing to combine low cost plus differentiation, either through advocating high quality by virtue of brand name or by improving services to customers, hence the well-known slogan "good food costs less at Sainsburys".

To date in Ireland the basis of competition remains largely unchanged. However, the authors of this paper argue that the subtle changes which are taking place within our society provide a number of signals for strategic change in Irish food retailing. This view is supported by a recent report in the *Irish Independent*, which indicates that Dunnes Stores, one of the leading players in Irish food retailing, is embarking on a new marketing campaign which aims to focus on store and product features other than price (*Irish Independent* 1991).

The fundamental high growth strategy adopted by the large multiple corporations has contributed to their capacity to dominate the food retail sector. The strategy, which is characterised by major store expansion programmes, emphasises the importance of good site acquisition and store location policy. Ghosh and McLafferty (1987), who highlight the significance of location strategy as an integral part of overall corporate strategy, suggest that good locations allow ready access, attract large numbers of customers and increase the potential sales of retail outlets. It would seem that the importance of location strategy has been acknowledged by a number of major corporations, who recognise that successful expansion and achieving competitive advantage means acquiring the best sites.

Evidence for the current success of fundamental high growth strategies adopted by the multiple corporations is provided by increased sales and profit figures. For example, the profits before tax of Dunnes Stores in Northern Ireland increased from £3m in 1986 to £6.8m just one year later. This dramatic rise was partly attributed to an 11% increase in turnover to just under £90m.

In Britain, Martin (1990) reports that similar trends have enabled Sainsbury and Tesco to expand at an ever increasing rate, with new stores opening at the rate of one every nine days. It would seem that this trend is set to continue as an increase in sales, achieved by internal investment in superstores coupled with increased productivity, has allowed these firms to raise their net margins above the industry average. Evidence for this is provided by Sainsbury's 7%+ margin in 1989-90, which is markedly higher than the industry average of 2.1% for 1987-88 (Corporate Intelligence Group Research).

Changes in Consumer Behaviour

Major transformations have also occurred in consumerism during the last two decades, which have important implications for food retailers and the development of food marketing strategies.

Changes in residential location, which have resulted in widespread suburbanisation of the population and the concomitant reduction in the numbers of people living in the inner city, are also influential in shaping retail location policy. Indeed, in many regions, population shifts to outlying residential locations have been accompanied by changes in the spatial pattern of retailing, involving the growth of new suburban shopping centres and a commensurate decline of inner city provision.

The growth in female employment, which has occurred throughout Europe, has major implications for food retailing strategies. In Northern Ireland, the economic activity rates of females have risen from 36.8% in 1971 to 44% in 1988 with projected figures of 48.1% for the year 2000 - that being nearly half of the female population (General Statistical Office 1990). Albeit at a slower rate, similar changes have occurred in Eire. These changing work patterns provide additional incomes for many households, which increases their purchasing power and renders them less price sensitive. This view is supported by McCall (1977), who suggests that the convenience aspect of shopping is becoming so critical for the 'workwife' in particular, and the working woman in general, that the function of price is less significant.

It is argued that to successfully achieve competitive advantage, continual in-depth analysis and monitoring of consumer behaviour is imperative. Until recently the female consumer market has been segmented along traditional lines. However, in the last decade American research indicates that consumer characteristics differ significantly between working and non-working women. McCall (1977), who has examined five areas of 'work wife' consumer behaviour, concludes that food shopping patterns differ significantly among working and non-working wives. Working women, who experience

a number of critical time constraints, tend to shop less often and prefer to shop in the afternoon, evening or at the week-end. Additionally, for the working wife the two most important factors in selecting food stores are convenience, coupled with quality or assortment of products; price tends to be of much less importance. The reduced importance of price and the increased prominence of convenience shopping as factors influencing retailer choice, have also been highlighted by Martin (1990) who reports that, to-day, price has been completely overtaken by factors such as freshness of food, variety, convenience in food products and in parking, cleanliness and staff politeness.

Thus, it is argued in the context of this paper that, if women's work changes them as consumers, then some redefinition of women as a marketing segment is required. As food retailers have historically viewed women as the chief customer group, any changes which may sub-divide this target group will have implications for the strategies which organisations choose to pursue. This view is supported by Hellnig *et al* (1988), who point out that the career woman's new buying patterns, i.e. how she shops, when she shops, where she shops and what she shops for, have changed the marketing game. It would seem to be the case therefore that working women, as a group, can be classified as cash rich, time poor citizens who have a range of new shopping needs which must open a window of opportunity for the sensitive retailer.

Changes in the External Environment

The institutions which govern the activities of retailers and consumers have become more significant in shaping the development of retailing in the last few decades. One example of this is town planning control over retail development and land use in Northern Ireland. However, the softening of planning policy in the mid 1980s has allowed modern out-of-town superstore developments to take place, especially in food retailing, thereby satisfying consumer demand.

Thus, the rise of large food multiples has transformed the shape of food shopping and the retail sector. To date, the large multiple corporations have achieved dominance through fundamental high growth strategies characterised by expansion programmes. The importance of good location has been acknowledged and acted upon, thus permitting these companies to reap substantial financial rewards. However, it is now time for the forward thinking strategist to identify and exploit *new* opportunities. One such opportunity would appear to be the working woman with her new shopping requirements.

Food Retailing in Northern Ireland

Since the mid 1960s Northern Ireland has witnessed a series of changes in retail structure, with the majority of out-of-town superstores and hypermarkets being dominated by Irish food retail multiples such as Wellworths, Stewarts and Dunnes. Additionally, in the late 1980s, the British based chain, Marks and Spencer, has pursued a policy of

extending its operations to include peripheral locations.

Although companies such as Marks and Spencer and Wellworths both locate stores at prime sites on the periphery of provincial towns and cities, they tend to pursue different generic strategies. To use the typology of Porter (1980), it can be said that Marks and Spencer pursue a focused generic strategy, whereby their value platform has been created to service a specifically defined customer segment where buyers are willing to pay premium prices for the goods and services provided.

By comparison, companies such as Wellworths and Stewarts pursue a strategy of cost leadership, whereby profits achieved are the result of high volume and fast stock turnover on lower margins.

Also, in Northern Ireland there are a small number of well located independent out-of-town supermarkets which pursue a generic strategy of differentiation. These stores achieve competitive advantage by stocking a vast array of products and brands, many of which are specialist, and providing a range of services for which customers are prepared to pay premium prices.

The research project upon which this paper is based investigated the food shopping behaviour of 300 women at three out-of-town shopping centres in Northern Ireland. The findings reported represent a selected portion of the analyses which highlight the new shopping requirements of the working woman, thus providing food retailers with subtle signals for strategic change.

Methodology and Sample

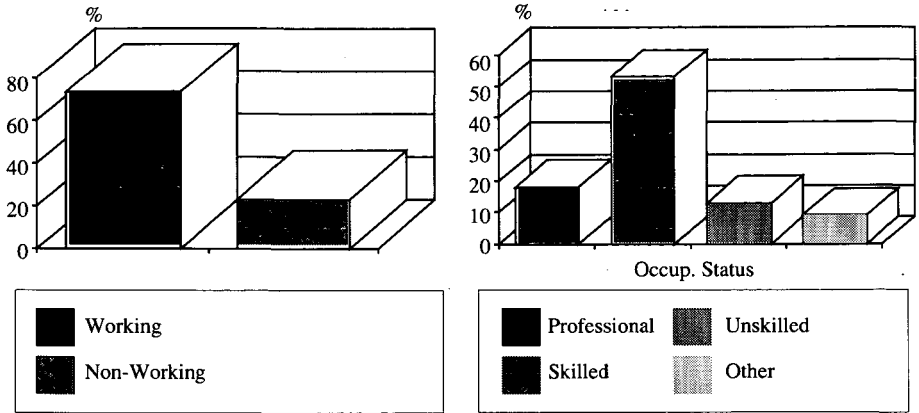
For the study, a total of 300 interviews, based upon a standard questionnaire, were carried out in the car-parks of three out-of-town supermarkets in the greater Belfast area. The females who participated in the study were approached as they emerged from the store, having completed their shopping. One hundred interviews were carried out at each of the supermarkets which are typical of the types of store found in most UK cities and large provincial towns.

The supermarkets included:

- a national chain pursuing a focused strategy *Marks & Spencer*
- a regional chain pursuing a cost leadership strategy *Wellworths*
- an independent supermarket pursuing a differentiated strategy *Supermac*

The sample was chosen randomly, with the days and times of the survey interviews being varied over a 2-week period so as to reflect typical shoppers in the morning, lunch-time, afternoon and evening on each day of the week. The structure of the sample is shown in Figure 1.

Figure 1: The Sample Structure



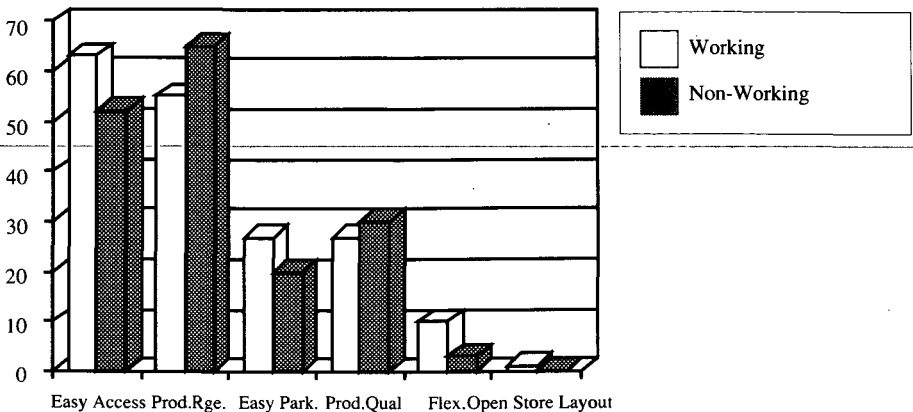
The Findings

The survey findings indicated that the shopping behaviour of the working woman is characterised by a sense of *time urgency*. Compared to her non-working peers, she devotes less time to shopping, visits stores late in the evening and ‘manages’ shopping so that it fits in with ever pressing work commitments. Consequently it would seem that such individuals would choose to shop in stores which offer a number of time saving facilities, are easily accessible -either to their places of work or home - and might also suggest that they would require different types of food products to women who do not work.

To test the validity of these views, survey participants were asked:

- What factors influenced their choice of retailer?
- What types of products they purchased?

Figure 2: Factors influencing choice of retailer

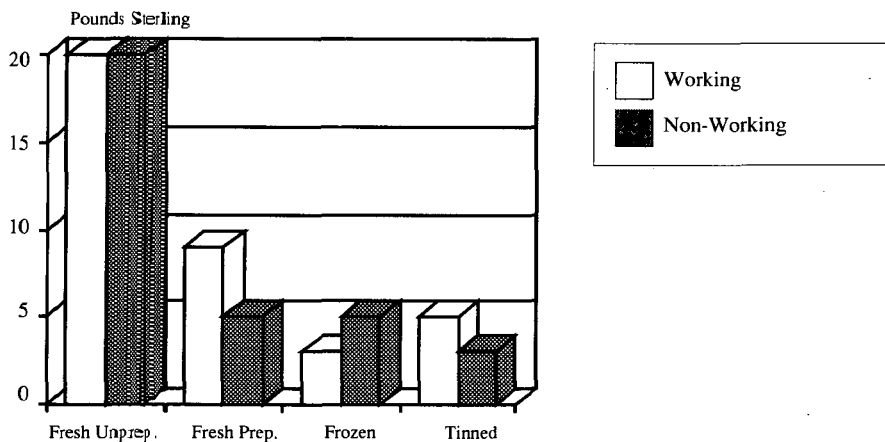


Considering the stores chosen for this investigation, it was expected that easy access would be cited by many as a major factor influencing choice of retailer. However, it is interesting that the remaining factors which may be considered time related, i.e. easy parking, flexible opening and store layout, were viewed as being more important by working women. Product range and product quality are not specifically time related, and it is significant that working women cited these factors less frequently than their non-working counterparts.

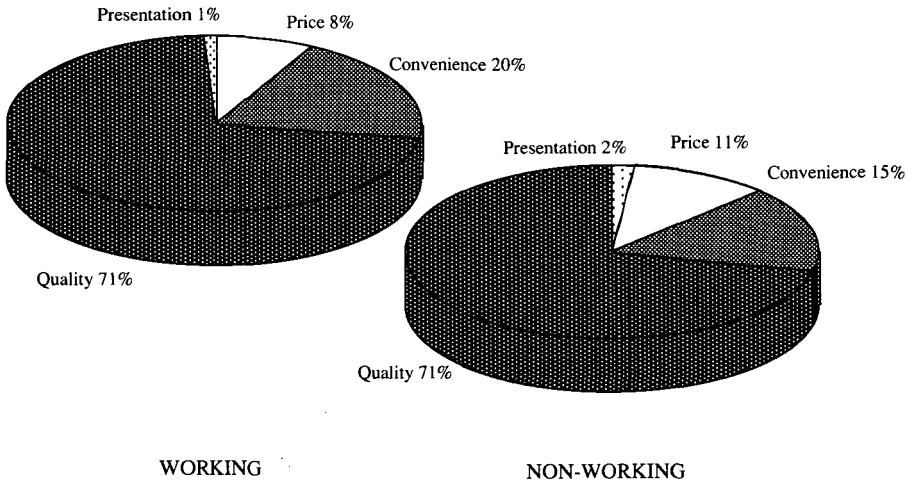
Types of Products Purchased

As mentioned previously, due to work commitments, many women have less time to spend on domestic activities such as shopping or cooking. Thus, as suggested by Reilly (1982), it would seem that the time pressures experienced by working women should be reflected in the products which they purchase. This assumption was put to the test by finding out the modal amounts of money spent on various food product categories and the reasons for purchasing particular product types. The findings are shown in Figures 3 and 4.

Figure 3: Modal Amounts of Money Spent on Each Food Category



All women participating in the study spent substantial amounts of money on fresh unprepared foods, but working women tended to spend much more on time saving convenience, fresh prepared or tinned products than their non-working counterparts.

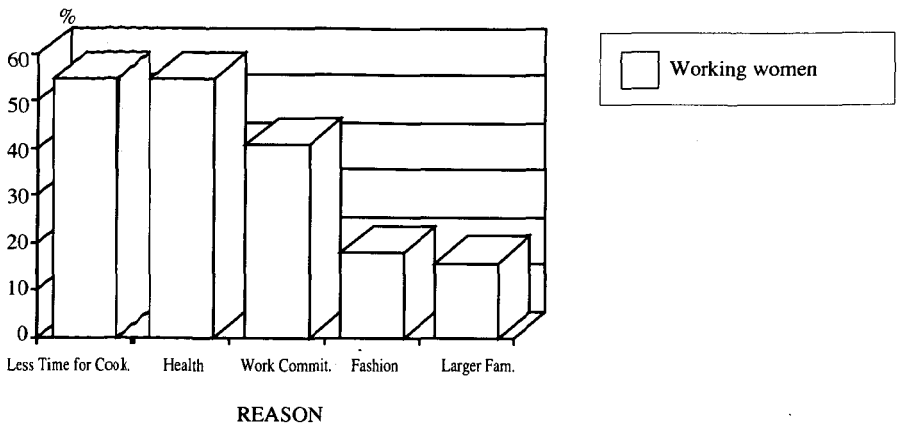
Figure 4: Reasons for Purchasing Products

Guy (1980) suggests that a consumer's criteria for choice is likely to be based partly upon price. The findings presented above lend some support for this view. However, it is significant that 'quality' rather than 'price' was regarded by most women as the primary factor guiding food purchases. Such results are consistent with Martin's (1990) comment that to-day's food customer is willing to pay premium prices for high quality products, thus indicating that this is indeed an appropriate time for a subtle shift in food retailing strategy. 'Quality' aside, however, 'convenience' was cited as the next most important factor influencing product purchases, and this was particularly true for working women. Comments made by people associated with the food industry would seem to indicate that a large proportion of quality food products have an inbuilt convenience factor (see, for example, McNamee and McHugh 1990). Thus it would seem that the results shown in Figure 4 may indeed understate the importance of convenience, since 'quality' and 'convenience' are not mutually exclusive concepts.

Changes in Products Purchased

While 'quality' is acknowledged as being the primary factor influencing food purchases, it is important to note the place of 'convenience' as a priority for working women. Further support for this view is provided by the survey findings, which indicate that 70% of 'working' participants have experienced changes in product purchases over the last five years. Fifty four per cent of respondents reported that they now purchase increased amounts of fresh prepared foods.

Figure 5 presents the reasons given by working women for changes in product purchases.

Figure 5: Main Reasons for Changes in Products Purchased

As shown in the figure above, the most frequently reported reasons for changes in product purchases among working women were 'Less Time for Cooking', 'Health' and 'Work Commitments'.

Thus, these results further emphasise the point that working women, who now represent a most important customer group, are much more concerned about product quality and convenience rather than price. These individuals have a range of shopping requirements which are different from those of the traditional food shopper, and which represent a host of opportunities for sensitive retailers and marketers.

Conclusions and Implications

It would seem to be the case that an increased proportion of food shoppers are working women whose buying behaviour differs significantly from non-working women.

To date, strategic change within food retailing has occurred with the growth and dominance of the large multiple corporations, many of which have located superstores at prime out-of-town, easily accessible sites. The concept of one-stop-shopping permitted by these stores has struck a chord with a very large number of customers and is a reflection of changing lifestyles within our society.

However, a note of caution is necessary. To date, the success of the large food multiples can be attributed to the pursuit of fundamental high growth strategies characterised by major expansion programmes. Based upon past experience this would appear to have been a successful strategy. However, such expansion cannot continue indefinitely and markets will soon reach saturation point (Skeel 1991).

In Ireland it is argued that the market has already reached saturation point, making it exceedingly difficult for the key players to increase their market share. Indeed, it was recently noted in *Irish Business* (November 1989) that there are very few new sites where it would be profitable to erect a supermarket. This, in turn, has given

way to intense internal rivalry, focusing on price based competition within the industry, thus eroding company profits. It could be further argued that the recent remarkable turnaround of the independent and group trade in Ireland will continue to reduce the dominance of the large multiples. This intensification of competition makes it imperative that sensitive food retailers now identify and exploit new opportunities which will ultimately bestow sustainable competitive advantage.

To date, a factor which has paled in significance, but which is bound to have numerous implications for food retailers in future, is the growth in female employment. The authors of this paper would argue that the working woman represents a market segment which is growing in size. Thus the growth in female employment, which has created additional incomes for many households, will also mean a number of new time constraints for a major customer group. For the sensitive food marketer, these new found constraints present a number of key messages which concern all aspects of the marketing mix. It would therefore seem fair to suggest that the way is now paved for strategic change.

For many working women, the time available for food shopping and cooking has been substantially reduced, thus suggesting that time is now a critical dimension in the *shopping* and *cooking cycles* of a major customer group. The concept of time in the *shopping cycle* refers to the speed at which:

- customers can reach their chosen retailer;
- purchase their goods; and
- arrive at their destination.

The significance of time for today's shopper, however, extends beyond the shopping cycle to the *cooking cycle*. The concept of time in the cooking cycle refers to the speed with which:

- food can be prepared; and
- food can be cooked.

Time constraints imposed by the workplace mean that many women now require food products with substantially reduced cooking cycles. Food products which have an inbuilt convenience component and thus contribute to such reduced cooking cycles are set to become a major customer requirement. Although some of the larger stores have already noted this development and taken appropriate action, it would seem that further development of the convenience food market is necessary to keep abreast with changing consumer demand.

Thus it would seem that recognition of the importance of 'time' in all respects is one of the keys to competitive advantage for food retailers in the next decade. This view is supported by Peters (1990), who suggests that "time obsessed competition" is one of the major challenges facing industry in the '90s and beyond. Although Peters refers to 'time' in the context of product development and manufacturing cycles, the

authors of this paper would argue that the concept is also valid from the perspectives of food retailers and consumers. This is supported by recent comments in the *Irish Times*, which indicate that the relative importance of time - as distinct from price or service - has contributed to the renewed growth of convenience stores (*Irish Times* 1989).

The views outlined in this paper are intended to provoke action from all forward thinking retailers and marketers. The large multiple corporations have, to date, been extremely successful in transforming the structure of food retailing. The strategies adopted by these companies have demonstrated a unique sensitivity to market changes, seen through the growth of well located superstores. This sensitivity has been rewarded by a large growth in profits. However, to ensure continued growth and sustained competitive advantage, it would seem certain that these companies must now revise their strategies so as to take cognisance of the working woman's shopping requirements. The latter have been partially satisfied through the provision of stores which are easily accessible and which offer a range of facilities, for example, superior parking and late night flexible opening. Such provision does ease *some* critical time pressures. However, it would appear that this provision is too limited and it is now necessary for sensitive retailers to broaden their outlook in strategic planning and marketing, so as to pay increased attention to all time related elements of the food shopping and cooking cycles. The findings of the study reported above suggest that the shopping and cooking behaviour of the working woman is characterised by a sense of time urgency.

Thus, in conclusion, a subtle shift in food retailing strategy is required, which is characterised by a heightened sensitivity and responsiveness to customer requirements with regard to:

- all time related elements of the food shopping and cooking cycles, reducing 'time expenditure' wherever appropriate;
- flexible opening hours, perhaps even Sunday opening;
- the provision of an increased variety of 'quality' convenience products; and
- the provision of an increased range of product sizes so as to cater for individual or family consumption.

The far sighted retailer might even consider opportunities for teleshopping. For those time poor customers who no longer view food shopping as a leisure activity, this might be a very welcome development. Additionally, it is a pre-requisite that new efforts are made to target advertising towards working women, so that the attentions of a most important customer group are captured.

How many retailers have the vision to effect these changes?

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