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The Facts About Small Business and the Real Values of Its 'Life World':

A Social Philosophical Interpretation of This Sector of the Modern Economy

By BART NOOTEBOOM*

ABSTRACT. According to a line of European *social philosophers* from *Marx* to *Habermas*, the development of society is characterized by a process of rationalization, accompanied by *alienation* and *objectification* of *labor* and *human relations*, and more generally a degradation of what *Jürgen Habermas* has called the person's "life world." But the facts about small and medium-sized business, as disclosed by empirical investigation, offer a different picture, one of *small and medium size enterprises* (SME) with a number of attributes associated with *social organization* on a small scale, of *e.g., personality* and *independence*. These can provide a counterweight to its disadvantages and limitations and therefore can be seen as values from a social philosophical point of view. Economically the same attributes make SME vulnerable to the *market power* and *competition* of *big business*. The new *technology* offers threats to SME, but also opportunities.

I

Social Philosophy and Societal Development

SOCIAL PHILOSOPHERS such as *Marx*, *Weber*, *Lukacs*, *Horkheimer*, *Adorno* and *Habermas* give an analysis of societal development as a process of rationalization, accompanied by alienation and objectification of labor and human relations and more generally a degradation of the "life world" (*Habermas*) of mankind¹. Perhaps the most interesting thing about *Jürgen Habermas* is that he does not base his views on a consciousness theory of the individual subject, as philosophers before him did, but on a communication theory in which intersubjectivity is central and primary, and is needed for the formation and self identification of the subject.² That point of view, when carried through, will explode the methodological individualism that lies at the basis of mainstream economic science. For *Habermas* rationality is not the rationality of the atomistic individual, his

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goal, but rather the giving and the expectation of arguments for the support of claims to truth, moral justice and sincerity of pronouncements, in a striving for a shared view of reality.

For such argumentation one must be capable of the distinction between subject and object, thing and idea, self and other, individual and society, fact and value. The understanding of these distinctions is not self-evident and must be acquired at the cost of considerable effort. Infants don't have it, nor do societies we call primitive. Such understanding grows from interaction between the self and things, and between the self and others, and it forms the basis for further development of intersubjectivity through communication and argumentation.

That gives the basis for rationality as intended by Habermas. But it also gives the basis for the process of rationalization as defined by Max Weber. Habermas discounts Weber's thesis that rationalization issues from the Protestant ethic, and does not consider the negative effects inevitable. He sees in "communicative action" a source of potential opposition and change. Habermas does concede that in fact rationalization has been attended with a degradation of the "life world."

In the "life world" one seeks the unity of experience of the true, the good and the beautiful on the basis of communicative action. Rationalization, however, leads to an increase of complexity of economic and bureaucratic systems in the form of ever more differentiated markets, production systems, laws and regulations. The complexity is far too great to be borne by communicative action. For the coordination of actions "media" (Weber) are required, such as money and state power, in order to compensate for the insufficient capacity for communicative action. Because there is a market price, we do not need to debate the value of a good at each transaction. Because there are laws, we do not need to debate the legitimacy of each action. It appears to be a fundamental law that higher levels of material prosperity require ever more intricate and complex patterns of production and exchange. To cope with this, we need to disengage part of our limited capacity for deliberation by surrendering control to impersonal media for the coordination of a multitude of more elementary activities of exchange.

Also, we cannot achieve the requisite complexity without specialization and division of labor. But the outcome is that a growing share of daily life is excluded from the domain of communicative action: people are carried away in the systems. Specialization yields fragmentation of the true, the good and the beautiful. The true is more and more the domain of science, the good of politics and the beautiful of artists and their professional critics.

This raises the level of performance in each field of specialization, but reduces participation. Increasingly, there is outstanding performance with most people

standing outside, as spectators rather than contributors. This is said to impoverish the life world of the individual.

Perhaps the picture of society is painted too darkly by some European social philosophers such as those from Marx to Habermas. Against degradation of the life world there is not only an increase of material prosperity, but also of democracy, openness and scope for communication. And perhaps those social philosophers have failed to appreciate the cognitive, normative and expressive need for change and dynamics in technology, economics and society. But perhaps this only lends some nuance to a diagnosis that is largely true.

The present article asks two questions:

1. how do small and medium enterprises (SME) relate to this analysis?
2. where are we going as a result of technological change?

II

Characteristics of SME

IN HOLLAND, SME is defined statistically as all private enterprises, outside farming and fisheries, engaging fewer than 100 persons. This embraces 43% of total employment in private enterprises, or 58% of employment in private enterprises excluding farming and fisheries. In other countries the boundary of SME is sometimes located not at 100 but at 200 or 500 persons engaged, which tends to increase the share of employment yet further. This statistical definition does not tell us much more than that the total volume of small business is large. But firm size is associated with characteristics that tell us more. Large size almost inevitably goes together with less personality and less independence. When considering small scale businesses, one should distinguish between the scale of the production unit or establishment, and the scale of the enterprise (which can consist of one or many different or similar establishments). The scale of the establishment or production unit is of primary importance for a consideration of the structure of the labor force and the process of production: productivity, division of labor, labor conditions, labor relations, content of labor. The scale of the enterprise is of primary importance for a consideration of entrepreneurship.

The independence of a small enterprise refers to self sufficiency in decision making and limited accountability. This independence is seldom complete, however, due to legal restrictions and restraints from suppliers of capital. As size increases, so does this dependence. The crucial point about small business, however, is that the entrepreneur himself determines the aim of the business and generally also the choice of product, production process, market and location.

That allows for unorthodox forms of rationality. According to standard (neo-classical) economic theory, the entrepreneur seeks to maximize profit. The argument is that under perfect competition he is compelled to do so. According to the theory a "situational determinism" obtains³: survival only permits maximum attainable profit.

In reality, the theory does not apply, particularly in SME.

Firstly, survival of a firm is not sharply defined by a zero point of profit. Profit from the firm forms one residual of firm operation, together with the generally unpaid reward for the labor of the entrepreneur and his family. Hence negative profit can coincide with a combined income which, though modest, may suffice for survival.

Secondly, perfect competition in fact seldom or never obtains even approximately. Most competing products and services show differences in perceived quality, appearance, distribution and in their linkage to other goods and services, in packages of different composition and price structure. This limits the perspective for rational choice by consumers⁴. If these differences between competitors are not already there, the entrepreneur will create them. Thus there is room for other goals than profit maximization.

For the small entrepreneur his independence or freedom is often a goal in itself, or the maintenance of personal relations or the exercise of skill and craftsmanship. The small entrepreneur is often more oriented towards a way of life or a way of work than towards the material result, which often only takes the role of a side condition. One does not always undertake the life of an entrepreneur for the income it yields, but in the process one will have to acquire an income for the sake of that life⁵.

In social philosophical terms: in SME there is less goal rationality and more value rationality. The entrepreneur of SME also has a strongly personal and practical orientation, which is generally attended with a low level of abstraction and a manifest dislike of administrative activities, figures, formal procedures and bureaucracy. The operation of the firm is often more intuitive and ad hoc than planned. More technically, the entrepreneur's attitude is less cognitive-instrumental and more practical-expressive. Or in Habermas' terms less "Verfügen" and more "Handeln." Action is less "systemic" and more inspired from the "life world." Less imposed by impersonal forces of markets and rules and procedures, and led more by "communicative action." Less oriented towards supply and demand, and more towards quality and value of a product or service. In so far as one can speak of business ethics, it is less a bureaucratically instituted rule of conduct and more a matter of personal assessment.

Relations inside the firm and between firm and environment are more personal and less organized. The entrepreneur is often personally involved in the pro-

duction process and the contacts with customers and suppliers. Commercial contacts often arise ad hoc, more or less by coincidence and on the basis of personal relations. The use of informal, loosely structured, local networks of personal relations is an effective solution to one of the major problems facing a small firm. That problem concerns the acquisition and evaluation of external information on markets of inputs and outputs, competition, technical opportunities, finance, government regulations, etc.

The small entrepreneur cannot afford specialized staff in this (or any other) area, and he or she lacks the time, and often the proper level of education, to collect, grasp and evaluate all the information. The solution is to tap information further down the line, from one's bank manager, accountant, suppliers, customers, colleagues, local administrators, public figures, etc. There the available information is already digested and tailored to one's specific needs. In the course of daily business he or she needs to interact with these people anyway, and from these sources information is generally free. To a small entrepreneur, the development and maintenance of the network represents an important asset⁶. It does, however, bind one to the local community.

In SME labor is less fragmented and less specialized, and yields a greater integration and variation of tasks. The reason is simply that a large number of tasks has to be assigned to a small number of people. As a result the employee is offered more variation and more scope. More room for improvisation, because less is arranged and fixed. In social philosophical terms: less alienation and loss of significance, and more room for communicative action.

It is true that in small business there are few prestigious staff jobs and employees rarely make weighty decisions concerning business policy, but given the level on which one functions, the work is more attractive in terms of integration of tasks, variation and scope for initiative and improvisation.

In several areas there is a blending of private and business concerns. The mixing of profit and reward for the entrepreneurs' labor has already been mentioned. The personality of contacts leads to a blending of time spent on private and on business matters. We also see it in capital structure, where the private capital of the entrepreneur or of his family or friends is employed directly or used as collateral for loans from a bank.

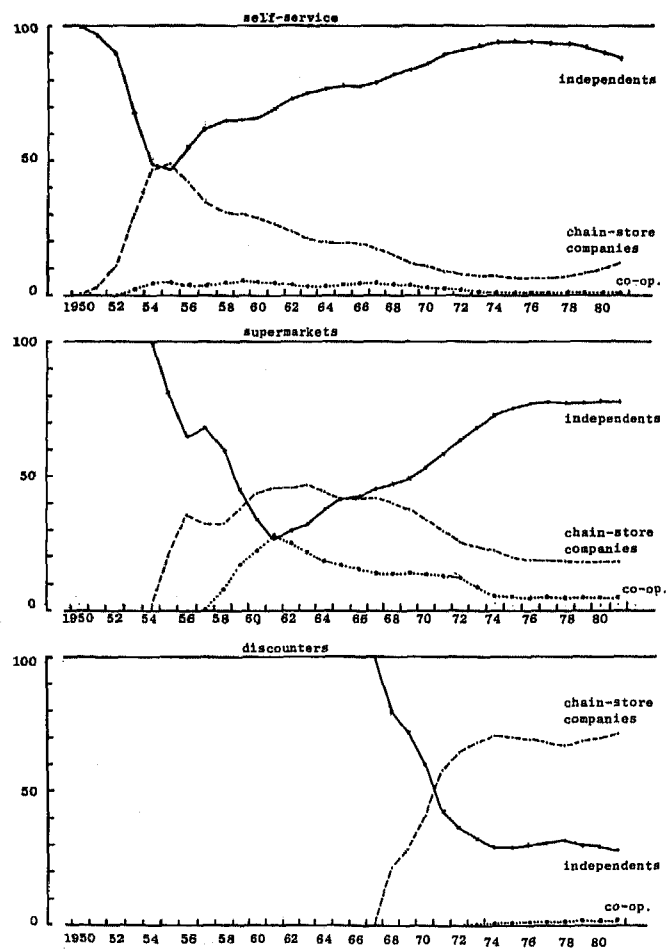
In the view of the social philosophers mentioned before, the characteristics of unorthodox rationality and personal involvement in labor, capital and commercial relations may be interpreted as a partial withdrawal from the economic system and the medium of money. The looser organization, lack of procedures, resistance to bureaucracy and regulations of the State may be interpreted as a partial withdrawal from the system of the State and the medium of power and regulations.

III

Values of SME

FROM A SOCIAL philosophical point of view, SME appears to provide a counterweight to the process of rationalisation and its attendant alienation, objectifi-

Figure 1. Shares (%) in the number of shops in the Netherlands by type of enterprise.



Source: Nielsen, adapted by Economisch Instituut voor Het Midden-en Kleinbedrijf.

cation, fragmentation, loss of liberty and loss of significance. SME appears to yield more scope for the life world.

Does this provide a utopia to guide our policies or personal efforts? Let us consider the values of SME more closely. SME is important for both the dynamics and the stability of the economy; for the size, composition and quality of employment; for the quality of life more in general; for the socio-political structure.

For the dynamics of the economy it is important that a part (a small minority of between 10 and 20%, in fact) of SME take the lead in certain types of innovation. Not so much the innovation of new processes to produce existing products more efficiently, but the innovation of new products and services. Not the large scale basic innovations that require large financial reserves and teams of specialists. Such large scale basic innovations are spectacular, and they hit the media. Less spectacular, but ultimately of greater importance for economic growth, is the broad diffusion of basic technology in countless innovations of application. And there SME is strong⁷.

An illustrative example is the introduction of self service in retailing, in the Netherlands⁸. In the available data one can discern the successive emergence of simple self service food stores, then the supermarkets and then the discount stores. Each of these was started by a small number of small independents. Large retail business followed, in each case, after the first proof of success. The majority of SME followed later in the lifecycle, after the process of increasing scale was well under way. The developments are illustrated in Figure 1⁹.

In 1950 independents started with self service food stores, so that their share was 100%. In the next years, up to 1954, the share of independents declined as the share of large chain store companies increased. After 1954, the share of independents started to increase again, while the share of chain store companies started to decline. At that point, independents started the new innovation (supermarkets).

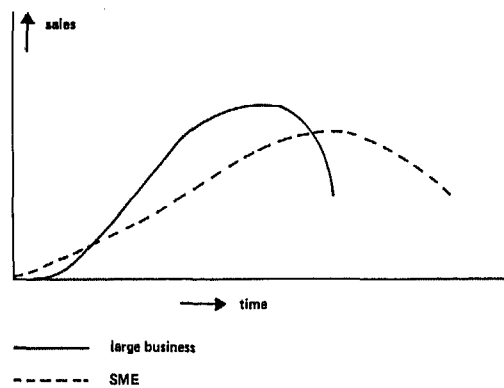
But independents also kept entering the older class of simple self service stores. The next innovation (discount stores) was also started by independents, in 1967. But even at that time independents were also still entering the class of simple self service stores, which by then had passed the stage of saturation and had entered the stage of decline. In other words: small independents were the first, but also the last. This is illustrated in a different manner in Figure 2. The appearance of SME in the phase of decline is subject to conflicting interpretations: a favorable and an unfavorable one. The favorable interpretation is that, at the end of the lifecycle, small independents yet find further improvements to the product, or a residual market that is still viable. The unfavorable interpretation is that small independents are entering too late, into activities that have lost all opportunity and perspective.

However that may be, the fact is that SME by their late entry contribute to the stability of the economy. In unfavorable phases of the business cycle also SME often hang on longer to unfavorable positions, simply because they have no alternative. This might be called the "tenacity hypothesis." Stabilization also arises from the fact that in small business the risk of failure is spread over a large number of different enterprises in different markets and in different locations.

Finally, in times of unemployment SME provides a refuge for the unemployed attempting self employment. This is the "refuge hypothesis." The refuge and tenacity hypotheses explain the fact that employment is more stable during business cycle swings than employment in large business. This is illustrated in Figure 3, which shows that fluctuations in the development of employment are greatest in large business, followed by medium-sized business and then by small business.

Concerning the composition of labor, SME is especially important as a source of employment or self-employment for groups that find it difficult to obtain employment elsewhere: the young, women and ethnic minorities. For the quality of labor it is important that work in SME is often less specialised and segmented, with a combination of tasks in one person. Earlier I interpreted this as more

Figure 2. Small and medium-size enterprises (SME) and large business in the Netherlands in the life cycle of goods and services.



scope for communicative action (in Habermas' sense). A drawback of SME for employees that should be mentioned is that there are fewer career opportunities inside the firm, security of work may be less, there are fewer training facilities, and wages may be lower. In the end, however, and from the point of view of wellbeing, the advantage of less fragmentation and greater variation of work may be greater than these drawbacks.

There are indications that in general job satisfaction is greater in smaller firms¹⁰. This manifests itself indirectly in a lower level of sick leave. For the quality of life generally, it is important that SME provides less uniformity, more diversity and variation, greater spatial spread and more personality in production, services, labor and relations with customers. A greater spatial spread is favorable for living conditions in town and country, and yields lower costs of infrastructure (roads, parking facilities). For the sociopolitical structure it is important that SME provides a buffer against concentrations of power in markets of products and production factors; in institutions; in local and national government.

IV

Values and Realities

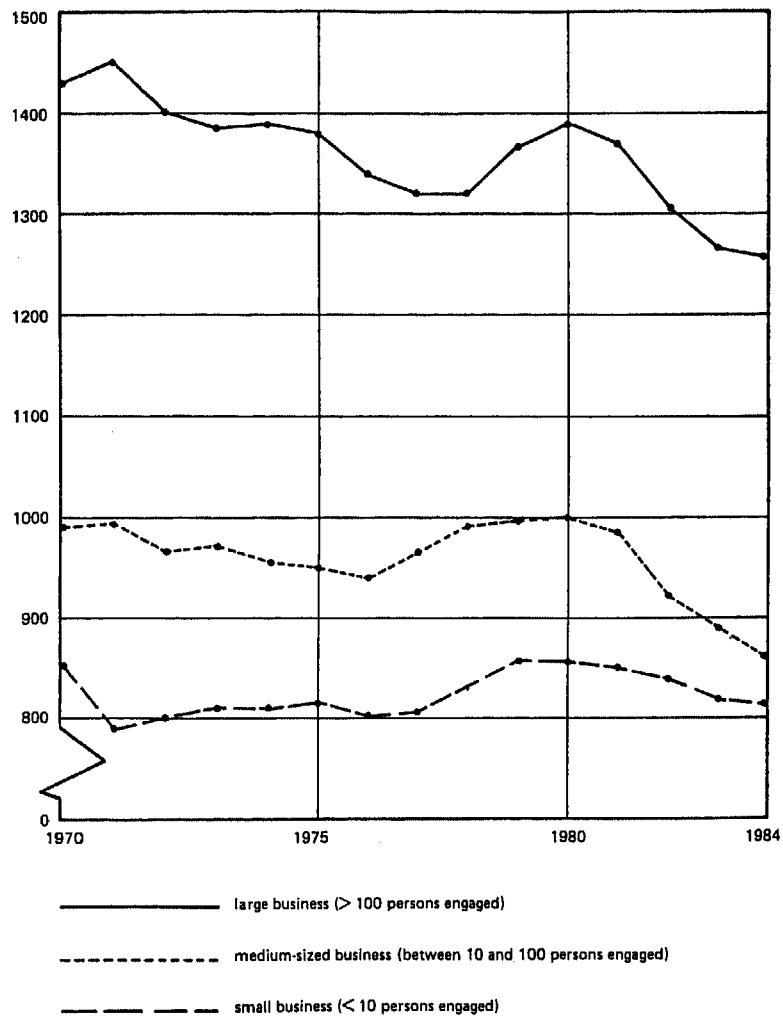
THE PERSPECTIVES FOR SME, and hence for its values, are threatened by: unorthodox forms of rationality, economies of scale combined with intense price competition, lack of knowledge and information in conditions of increasing complexity and uncertainty, concentration of power in markets, and economies of scale in the implementation of government policies. In the discussion of these points we are faced with problems in standard economic theory.

The occurrence of deviant rationality in SME has already been mentioned¹¹: aimed not at maximal profit, but at independence, a style of operation, a way of life, personal relations. It was indicated that competition is not so perfect as to preclude such unorthodox rationality. That does not, however, eliminate the point that in competition it can be disadvantageous not to give precedence to profit and efficiency.

The occurrence of economies of scale is granted by economists, but yet they tend to disregard it, or to suppress it, because it disrupts the elegant logical closure of established theory. Politicians also dislike hearing about it because of the ideological or normative implications. Automatic optimality in economics requires a perfect market. But perfect competition is difficult to reconcile with economies of scale. Thus it is convenient to ignore economies of scale. But they are there. In manufacturing economies of scale arise from indivisibilities of capital goods and restricted opportunities for division of labor and specialization in small scale production. In service industries they arise from indivisibilities of personnel capacity and statistical properties of customer arrivals as described by queuing theory¹².

Especially in industries where small scale production and services arise, price competition is intense, whereby the price can offer no compensation for disadvantages of small scale production. The result is increase of scale. This process of increasing scale is reinforced by the fact that price depends on average costs, and thereby on average scale, so that increase of scale leads to a narrowing of net profit, which gives a further impulse to the increase of scale¹³.

Figure 3. Employment (per 1,000 persons engaged) in the private sector of the Netherlands economy, excluding farming and fisheries.



Source: Central Bureau of Statistics.

Earlier it was proposed that small business plays a role in innovation. Now the proposition is that after small scale innovation increase of scale occurs, so that smallness does not yield ongoing profitability. For profit, the small must seek the new again and again. With government regulations and measures such as subsidies and facilities for finance, effects of scale arise due to costs of information, agency and transaction, which have an important fixed component.

For a state guaranteed loan, for example, a bank has to follow a screening and control procedure that is hardly more time consuming for a large loan than for a smaller loan to a small firm. The larger firm then is more attractive from the point of view of efficiency, even if we disregard the fact that the information from a smaller firm is often worse. This latter fact arises from the condition that the set-up and operation of an administrative system also has an important fixed component, which makes it relatively more expensive for a smaller firm.

Thus the administrative burden of a VAT (value added tax) system, for example, is also relatively greater, per unit of sales, for a smaller firm. In so far as measures to protect the environment require a provision which is available only from a certain size onwards, with excess capacity for the smaller firm, here effects of scale will arise as well.

As a result of the differentiation of markets, technological change and the complexity of government rules and regulations, information plays an important role. The opportunities for a small firm are restricted by limited opportunities for specialization, and the absence of staff services. It has already been mentioned that the setting up of an information system is relatively more expensive. Furthermore, the small independent often lacks the attitude, interest and skills required for the collection and analysis of accounting and other financial data, market data and information on government regulations. The will to independence often blocks remedies in the form of cooperation with others. Briefly: the entrepreneur wants to do everything on his own, but lacks the information and skills to do so. The assumptions, in orthodox economic theory, of full information and lack of uncertainty are hardly realistic here.

Differences in market power between large and small business follow from differences in sales volume, whereby a larger firm can bargain for discounts that can partly be justified economically. There probably is also unwarranted price discrimination, which cannot be justified on the basis of reduced costs. In the U.S. this is illegal by the Robinson-Patman act, but that law has proven to be ineffective and unworkable.

The smaller firm pays more as a customer for materials or goods because it has fewer escapes to other suppliers (*e.g.* by own imports) or to own production. A larger firm further has more opportunities for a spread of risks over different activities, whereby one activity can be temporarily subsidized internally by another. With this, a smaller competitor can be pushed out, or a weak product can

be sustained. A larger firm also has more opportunities and resources to buy patents and to block their use in production. Thus there are several factors that restrict the perspectives of small business. This can lead to a restriction of the perspective for small scale, personality and independence.

There are also contrary developments. These days we hear much about intentions within large firms to promote small scale, self sufficiency and personality. This will no doubt have some favorable effect, but to yield true independence, it has to take the form of a "spin-off", where a new firm is set up by an employee of a large firm. And so we are back at SME.

With the above I do not wish to suggest that there is only competition between large and small business. To an important extent there is also complementarity: small firms may be suppliers to large firms, for example, and relations of sub-contracting and co-makership are of increasing importance. And even in retailing large department stores and small specialized shops need each other to form attractive shopping centers. And of course some small firms develop into large ones, and often small firms form purchasing and marketing cooperatives. Nevertheless, the various effects of scale and differences in knowledge and power form a threat to small scale, independence and personality.

We saw earlier that from a social philosophical perspective the characteristics of SME yield promise. Now we see that these same characteristics are hardly strong points for survival in the economic system. For profit the small must ever again seek the new. To remain small in what is old yields only a meager wage. Only few firms grow to a large size. This appears to confirm the rather tragic view in social philosophy. The process of rationalization appears to have no end. On account of its characteristics SME should be able to offer some protection of the life world, but it is continually pushed aside. The crumbling away of small business, in several areas, can be seen as a manifestation of the process of rationalization. The question now is whether present technological developments will weaken or enhance that process.

V

Results of Further Technology

HABERMAS IS NOT AS PESSIMISTIC as some of the social philosophers before him: the life world is degraded by the systems of economy and State, but opposing forces are possible, and they do occur.

We see around us an increasing resistance to regulation and an escape into the "informal," "underground" or "black" economy. The first drive towards deregulation comes from resistance to the system of the State and its ubiquitous, anonymous power, and the escape into the underground economy comes from resistance to the system that arose from the merging of the market economy and the Welfare State. Incidentally: not all deregulation is good for small business

(some regulations were made to protect and facilitate small business), and the underground economy yields unfair competition to small business.

There are optimistic views of an end to the division of labor, and a tendency towards a reintegration of tasks and a requalification of labor as a result of automation. It will lead to job enrichment, some believe. There will be less management and more cooperation; less bureaucracy and more networks. But there are other views, and studies pointing in other directions.

There appears to be no technological determinacy. Modern information technology can be used for flexible production by reintegration of tasks on lower levels, but also for flexibility by complete central control. There are perspectives for the enrichment but also for the impoverishment of labor. In offices and factories intermediate (staff) functions can be reduced or abolished, whereby the lines of communication between management and shop floor can be shortened. That can be used for more scope and creativity or for a refinement of central directives. In the distribution of goods and information intermediaries can be eliminated in a direct exchange between producers and consumers. There appear to be possibilities for a direct interchange between government and voters.

Will all this be used for manipulation and control or for consultation and debate? We don't know, and opinions are divided.

Concerning the perspectives for small scale production there is good news and bad news. The smaller size and better quality of hardware, greater user-friendliness and greater scope of software and lower prices do lower thresholds for the automation of productive processes, whereby effects of scale can become less. That is the good news for the small scale.

Traditionally the merit of small firms was that they were oriented towards small series or job production for the supply of specialized market segments or residual markets. The increasing flexibility from automation makes it easier for larger firms to also produce more differentiated products. That may be bad news for the small scale.

There is a lot of small business in the trades (retail and wholesale), where a shake-out of intermediaries is to be expected in due course. A further problem is that automation generally requires a prior systematization and formalization of processes in the firm. "First organize, then automate" is the motto. And that is a problem for many small businesses, due to the more personal, ad hoc approach which is based more on improvisation and less on established rules and procedures. As a result, SME may be at a disadvantage.

And if for the sake of automation improvisation is replaced by systematicity, this will eliminate one of the characteristics that were seen as beneficial from a social philosophical point of view. It seems that the personal and the informal have to be pushed back to allow for automation.

In the older technology, information was merely passed on, while now it is processed and transformed. New technology is becoming communicative. The computer is becoming less mechanical and more linguistic. Will this enhance or replace communicative action of people? Communicative action between people is partly replaced by communicative interaction between people and computers. Is that value-neutral? Does it liberate or further repress the life world, to use Habermas' terms?

If the quality of the life world improves with an integration of the true, the good and the beautiful, only a further impoverishment appears to be possible. Technology goes fast, but not so fast that we can communicate with a computer in the way that we can with man, in the realm not only of facts but also of norms and feelings. An exchange with a bookkeeper of flesh and blood may include some office gossip, or some other exchange of social or philosophical relevance, but the computer screen is just facts and figures.

Plattel (1979) noted that the economic primacy of the concept of utility subordinates the me-you relation to the me-it relation, as Martin Buber saw it. If in communication people are now replaced by apparatus, isn't that a further replacement of me-you relations by me-it relations? Habermas somewhere describes a machine as "congealed mind." What is more like congealed mind than a computer program? Crucial for full fledged communication is the mutual adjustment that forms the basis of both individuation and sociation. The congealed mind of a computer is still far from such capability. What then will be the result if, for a significant share, communication between people is replaced by communication between people and computers? At best it will lead to an impoverishment of that part of communication. Could it yield the result that people start to communicate with each other as if the other were a computer? That would represent a new leap in the process of objectification.

If for the formation and ongoing development of identity and personality full fledged communication is necessary, will there be a danger of loss of identity? Thus there are considerations that appear to point in the direction of a further repression of the life world.

But perhaps it might still go the other way. For that, automation and informatics would have to be used not as a replacement but as an enhancement and a stimulus of communicative action between people; as a means for breaking through the impersonal systematicity of economy and State; for integration instead of fragmentation. I hope for this against my expectation.

VI

Conclusion

FROM A SOCIO-PHILOSOPHICAL POINT OF VIEW, SME has some attractive properties, as a counterweight to the systems of economy and State, and as an enhancement

of the life world. But at the same time those properties are weak points in the reality of the economic system, where they emerge as effects of scale, limited efficiency, lack of specialisation, lack of information and lack of power. As a result, SME is crumbling away in several areas. One can see this as a manifestation of an ongoing Weberian process of rationalization, and as a shrivelling of the life world. The process is deeply rooted in our systems of economy and State.

Government policies in favor of SME are far from useless but in this context they can be characterized as scratching the surface. Elsewhere I have argued that perhaps a basic income might yield a more fundamental solution¹⁴. But such an uncoupling of income and labor seems far too radical at this point. Meanwhile, opposing forces have arisen. The most important one is probably the escape into the "informal" or "black" economy. From a social philosophical point of view that may be justified or even applauded as a development that regenerates the life world by an escape from the systems of economy and State.

Perhaps that is what lies behind the benevolence with which many people view the "informal" economy. But it destroys the system, by a vicious circle: a narrowing of the basis for financing social security, hence a rise of the rates of taxes and social security contributions, hence a further escape into the black economy, and so on. Also, unfair competition from the black economy draws more (small) trade, crafts and services into the informal sector, which further increases unfair competition.

From this point of view, SME is very attractive as something that does not destroy the system and is yet beneficial to the life world. Thus it is necessary to keep on looking for measures that yield perspectives for SME.

Notes

1. The concept of the "life world" occurs repeatedly in Habermas (1982, 1984).
2. In this approach, Habermas is inspired by, among others, G. H. Mead, (the later), Ludwig Wittgenstein and Jean Piaget.
3. Latsis (1980), p. 16-17.
4. Nooteboom (1984a), p. 86.
5. Of course, some entrepreneurs do start up with the ambition to become as rich as possible as soon as possible, or to establish a firm with the fastest possible growth. The share of this type of entrepreneur in the totality of SME is estimated at between 10 and 20% (v.d. Tillaart *et al.* (1981), pp. 102, 155; Williams (1977)). The study by v.d. Tillaart *et al.* was based on an extensive survey of 758 SME in the Netherlands. They found personal relations, exercise of skill/craftsmanship and independence/freedom to be the three main motivating values for self employment (pp. 260-61). Many seek self employment because of unemployment or the fear of it. Others seek it because they cannot function in customary relations of authority, or because they are displaced persons and seek an escape from "social marginality" (Chell, 1986, p. 45; Shaper, 1975, p. 86). Entry into SME is often occasioned by some shock event (Shaper, 1975, p. 83). Some start up in order to realize some hidden potential or because of a passionate faith in some new product or service which they want to carry through. In an international survey of 2.5 thousand entrepreneurs in 9 countries, presented at the International Small Business Conference in Am-

sterdam in 1984, the main value attached to self employment was "opportunity to develop oneself." Some simply do as their parents did and take over the firm because that is what is expected of them.

6. Cf. Johannisson (1986), p. 20.

7. Cf. Rothwell & Zegveld (1982), p. 245.

8. Nootboom (1984b).

9. Taken from Nootboom (1984b), p. 29.

10. The results of research on this are not altogether consistent and clear. Satisfaction depends on expectations and aspirations; on age, phase of life, marital status, education, social background, experience, sex, etc. One should correct for all these factors, which is not easy.

11. In large business also, managers have varying motives, associated with the separation of ownership and control, which are feasible due to imperfections of competition. Cf. Marris & Wood (1971), for example.

12. Nootboom (1982), p. 166.

13. Nootboom (1985), p. 662.

14. Nootboom (1987).

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