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A study of business enterprise in the city of Wanneroo: Policy implications for the Wanneroo economic development association and the Wanneroo goes for jobs employment task force

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**A Study of Business Enterprise in the City of Wanneroo:
Policy Implications for the Wanneroo Economic
Development Association
and the
Wanneroo Goes for Jobs Employment Task Force**

**Report to the Chairman of the
Wanneroo Economic Development Association
&
The Wanneroo Goes for Jobs Employment Task Force
November 1993**

**Marc G Saupin
Department of Marketing Edith Cowan University
Joondalup Campus**

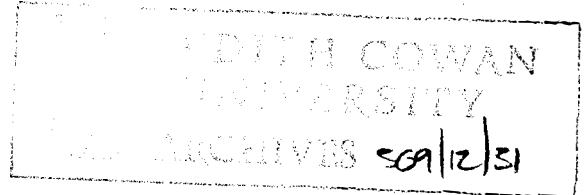


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29 November 1993



**Mr R Fawcett
Chairman
Wanneroo Economic Development Association
Davidson Terrace
Joondalup, WA 6027**

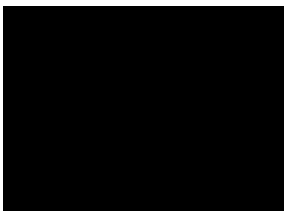
Dear Mr Fawcett,

We take pleasure in presenting our final report for the Wanneroo Economic Development Association and the Wanneroo Goes for Jobs Employment Task Force. It has been prepared in response to your request of February 23, 1993, that Marc Saupin from the Department of Marketing initiate a research programme to provide a better understanding of the industrial and economic base of the City of Wanneroo.

The scope of this report is broad, although the provision of a considerable amount of detail has been made possible by the approach adopted by the study team. This research uncovers a number of notable features of the region that are of fundamental importance to WEDA, and of interest to the sponsors of this study. Intrinsicly, the findings in this report contribute many valuable insights into programme development and in shaping effective mechanisms for programme delivery.

It has been our pleasure to undertake this research on behalf of the Wanneroo Economic Development Association and the Wanneroo Goes for Jobs Employment Task Force.

Yours sincerely



Marc G Saupin

Disclaimer

Whilst considerable care has been exercised in gathering, analysing and interpreting the information in this report Edith Cowan University and its officers can not be held responsible for any adverse interpretations arising from this report.

Executive Summary

In February 1993 the Wanneroo Economic Development Association (WEDA) with financial support from the Office of Labour Market Adjustment commissioned the Department of Marketing at Edith Cowan University to undertake a survey of business enterprises within the City of Wanneroo. The study commenced in March 1993 and concluded in November of the same year. The overriding objective of this study was to provide WEDA and the Wanneroo Goes for Jobs Employment Task Force with an empirical data base from which appropriate policies and programmes could be devised.

This report details the findings of this study highlighting the real need for WEDA to recognise the implications of an economic and industrial landscape characteristically embodying a high proportion of small firms from the retail and service sectors, low representation by wholesalers and a proportionately low number of manufacturers. The relative proportions of firms from the various sectors and the orientation of many manufactures accounts for the overwhelming lack of local purchases taking place from within the region.

The majority of firms are optimistic of their future but are reticent to transform this optimism into firm level growth strategies that translate into increased employment opportunities. This may be the result of inadequate business training or a desire to remain small.

In consideration of these tentative conclusions, there is a certain exigency for WEDA to become more proactive in its attempts to become and remain the primary business organisation in the region. The findings from this study suggest that the way to go about this is to improve the image of WEDA as a local business authority with demonstrated expertise to assist firms gain a strategic view of firm level growth.

This report raises several detailed policy implications for WEDA and the Wanneroo Goes for Jobs Task Force. On the basis of these, this report concludes with several recommendations.

**A Study of Business Enterprise in the City of Wanneroo:
Policy Implications for the Wanneroo Economic
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1.0 Background to the Study

The sources of regional economic growth and the link economic growth has with improved levels of employment are important issues. These links however, are often obscured by factors that make the task of gaining a clear understanding difficult. As a consequence, authorities at all levels of government have a partial role to play in regional economic growth. Government is cognizant of this and together with their statutory authorities, respond to the difficult challenge of gaining a better understanding of the issues associated with regional economic development. If government is to be successful however, a systematic approach is called for. The kind of approach can be conveniently described in three stages.

The first stage is for government to gain a better understanding of the determinants of economic growth and the factors that pose obstacles to firm levels of growth and development. The second stage is to develop appropriate programmes that help to improve the economic context in which small firms can prosper. The effectiveness of stage two will depend in part on the types and levels of resources brought to bear on the task coupled with the lessons learned from the previous stage. The third stage underscores the importance of openness and accountability in government. In principle, programmes devised by government must be subjected to independent evaluation so as to ensure that programme objectives are being achieved and that over time the mechanisms for delivery are appropriate.

The West Australian Government, through its departments and agencies and in conjunction with the City of Wanneroo, has embraced stages one and two by establishing and supporting the Wanneroo Economic Development Association (WEDA). WEDA, in turn, has adopted a pragmatic approach to understanding and dealing with the problems and issues of regional economic growth. Their approach, in the past, has been to develop and implement several programme initiatives, such as the "Buy Local Campaign", designed to invigorate both local business enterprise and as a corollary, stimulate local employment growth. Working alongside WEDA's suite of programmes is the Wanneroo Goes for Jobs Employment Task Force responsible for sourcing funding for the Wanneroo Business Retention and Expansion Programme.

The Federal Government has also been highly supportive of Local and State government initiatives as evidenced by the support provided by the Department of Employment Education and Training for the National Enterprise Incentive Scheme (NEIS) and substantial funding provided to WEDA by the Office of Labour Market Adjustment (OLMA) for the Business Retention and Expansion Programme. As a result, governments at all levels are responding favourably and sensibly to economic and employment issues at the local economic level. In many ways support of this nature is an explicit expression of government's commitment to ensuring sustainable levels of economic growth.

The broad purpose of this study is to provide WEDA, its sponsors, and the Wanneroo Goes for Jobs Employment Task Force with an empirical backcloth for the Wanneroo Business Retention and Expansion Programme. The express intention is to improve the levels of knowledge of the industrial and economic landscape of the City of Wanneroo. This study makes an important contribution to stage one outlined above by making available information critical to improving programme design and delivery mechanisms for WEDA and, in determining

the most appropriate role for WEDA in the economic growth process of the region.

This study was undertaken by the Department of Marketing, Edith Cowan University Joondalup. Marie Ryan Lecturer in Marketing research along with her students deserve special mention for the efforts in gathering and processing the data for this study. Also Paul Gerrans Lecturer in economics for his insightful comments on previous drafts. The study began in March 1993 and concluded in November of the same year. This research would not have been possible without the funding provided by OLMA.

2.0 Broad Objectives and Outcomes of the Study

From a large sample of firms from the City of Wanneroo the broad objectives of this study were to determine the types of businesses operating in the City of Wanneroo, the obstacles confronting small business in achieving firm level growth, including the constraints on employment growth, and the potential role of WEDA in assisting small business overcome these obstacles.

Arising from this study are several detailed recommendations framed in the form of policy implications for WEDA and the Wanneroo Goes for Jobs Employment Task Force.

3.0 Organisation of the Report

This report is presented in four parts. Part One details the methodology used in this study. Part Two presents the results of this study at a generalised level. Part Three provides a more detailed analysis of the data broken down by major industry sectors. Part Four concludes with detailed policy recommendations specifically for WEDA and the Wanneroo Goes for Jobs Employment Task Force but also having broad

implications for Local and State Government in the formulation of regional economic and industry policy.

PART ONE

4.0 Research Objectives

4.1 Major Objectives

- To establish an information base on business enterprises active within the City of Wanneroo;
- to improve the level of understanding of enterprise activity and impediments to growth in order to ascertain the possible roles of WEDA, City of Wanneroo, Landcorp, and other interested parties;
- to improve the effectiveness of the Wanneroo Goes for Jobs Employment Task Force.

4.2 Generalised Objectives

To provide information on:

- the type of businesses in the City of Wanneroo;
- business details - name address, phone number, size, number of employees, products and services;
- problems with running a business in the City of Wanneroo, including factors affecting growth;
- business enterprise future outlook and plans;
- labour market issues, including training needs;
- to determine the concerns of business;
- areas where assistance would be helpful.

5.0 Research Methodology

5.1 Survey Sample

The sample frame for this study was obtained from the Department of Planning and Urban Development (DPUD) by WEDA. Prior to sample validation, there was a belief that the number of businesses active in the City of Wanneroo was around 3,000. The sample frame however, included only 1825 recorded sites. After further verification, 119 sites (Table 1) were found unsuitable for survey giving rise to 1706 target firms.

Recreational Parks	4	
Drain age Sumps	2	
Car Parks	2	
Storage Facilities	22	
Libraries	1	
Community Halls	<u>4</u>	35
Government departments		
SECWA (sub stations)	8	
Australia Post	5	
Transperth Bus Depot	1	
Water Authority of WA	2	
Police/Fire Stations	3	
Wanneroo Hospital	1	
State Emergency Services	1	
Department of Community Health & Services	1	
City of Wanneroo Buildings	2	
Joondalup Development		

Table 1 Cont.

Corporation	1	
Skill Share	1	
TAFE	1	
WACAE Extension & Campus	4	
Political Party Offices	<u>10</u>	41
Banks/Building Societies/Instrumentalities etc:		
National Australia Bank	4	
Commonwealth Bank	5	
Rural & Industries Bank	8	
ANZ	4	
Challenge Bank	3	
Westpac Bank	3	
Home Building Society	1	
National Mutual Office	2	
Medibank	1	
TAB	12	<u>43</u>
TOTAL		<u>119</u>

5.2 Sample Summary

Student groups were instructed to interview 1706 commercial enterprises in the sample frame or the current business at the location on the list. Overall, 1706 businesses on the list were contacted or contact was attempted during March 1993 - July 1993. Several factors however, influenced the response rate to the survey shown in Table 2.

Table 2: Commercial Sites Not Surveyed or Poor Response

Duplication	100
Incomplete Questionnaires	10
Refusals	249
Manager Unavailable (Multiple contacts)	108
Business moved or non existent	96
Business Closed down No replacement	176
Total	739

Inherent limitations in the sample frame proved to be a major constraint on being able to reach all the business enterprises in the region. The business had either moved or was non-existent (96), or had closed down without replacement (176). Even without knowing the exact number of new enterprises commencing in the region, the number of closures amplifies the dynamic nature of the City of Wanneroo.

Of particular interest and of some considerable importance to WEDA are the reasons for non response, namely refusals (249). A content analysis of the responses revealed that the major reasons for the lack of interest by business in the study were:

- Students reported "lack of awareness of WEDA and the Wanneroo Goes for Jobs Programme" as one of the main reasons for refusals. The intended promotion of the survey came too late and was too limited. The Wanneroo Times articles did not have the required penetration into the local market;

- Comments were also made that "other surveys" had been conducted by the "local council" and/or government and nothing had been done. As a consequence, respondents did not see the benefit in spending the time to complete the survey;
- WEDA was linked at times with the "local council", and respondents were hesitant to give information to the council. This resulted in a significant number of refusals;
- Other refusals were not unexpected. Some respondents were too busy and would not make an appointment time to see the interviewers and others did not want to participate in the survey, even after reading the introductory letter;
- On a more positive note, those respondents who did complete the survey were mainly positive about the survey. Approximately one in five respondents requested immediate assistance or information and the details of these businesses have been passed on to WEDA for action.

IMPLICATIONS FOR POLICY

It is imperative for WEDA to broaden their marketing strategies in order to penetrate more effectively small business within the region. Along with the development of appropriate marketing tools, the effective communication of WEDA's mission must attach greater importance to integrating with local business associations with a demonstrated understanding of small business needs.

Contacts with the business community must be followed up by prompt and appropriate action. This will help to develop and maintain a sense of credibility within the business community, whilst allowing for the limitations imposed by scarce resources.

WEDA's communication strategy should inform the relevant stakeholder groups that although WEDA is funded and supported in various ways by Local, State and Federal Government, WEDA is an independent organisation. Communicating this message will improve WEDA's credibility within the business community but more importantly, allow WEDA the freedom to pursue issues of concern to small business where the actions of government are a source of contention.

5.2 Data Capture

The management of WEDA along with several other interested funding bodies played a key role in the development of the questionnaire for this study. As to be expected, each of the funding bodies had questions that would be of particular interest to their organisations. These questions were accommodated within the questionnaire.

The questionnaire was pre-tested to establish content validity to reduce the likelihood of problems that could have otherwise arisen during the course of administering the questionnaire.

This proved extremely worthwhile as a number of detailed problems were identified which predicated the need to make several changes to the questionnaire. All changes made were done so in conjunction with WEDA so that the intention of the questionnaire, ie, content validity was not effected in any way. At the same time the questionnaire underwent detailed coding procedures.

5.3 Data Qualification

On completion of data collection, the data were subjected to manual verification. This included cross checking of individual questionnaires for accuracy and consistency. 967 of the 977 questionnaires completed were useable (see table 2).

5.4 Data Processing

After data qualification and manual verification, survey responses were entered into SYSTAT data editor. Due to the size of the data base routine data processing such as frequency counts were time consuming which indicated that any further data manipulation could only be accomplished on a Macintosh Quadra.

5.5 Data Analysis

The first pass over the data was mainly to record internal consistencies within the data set and to provide a more descriptive interpretation of the sample population. This was achieved by generating simple frequency tables. Further analysis was performed at two levels. The first analysis was performed at the aggregate level by combining industry sectors (Part 2). The second analysis disaggregated the data into retail, wholesale, manufacturing and services industries (Part 3). The findings from the analysis are reported either in firm numbers for questions allowing for a multiple response or as a percentage of firms responding when only one response is called for.

Sophisticated statistical procedures were not possible because the data disallows non-parametric analysis.

PART TWO

6.0 Aggregated Findings

The Industrial Landscape

At the aggregate level, the industrial and economic landscape of the City of Wanneroo is predominantly comprised of retail establishments (45.3%) and services (30.9%) organisations (Table 3). In comparison to these sectors the manufacturing base of the region is small (13.2%). A notable feature of the industry base is the diversity of product and service offerings. Coupled with the dissimilar range of activities in the manufacturing sector, the industrial and economic base can be described as fragmented and truncated. The diversity noted in product and service offerings accounts in part for the former, and the lack of significant opportunities for backward and forward integration provides a partial explanation for the latter.

	(%)
Manufacturing	13.2
Services	30.9
Retail	45.3
Wholesale	7.8
Entertainment/ Recreation	1.9
Transport/ Communication	0.8
Rural/Primary	0.1

Unless manufacturing enterprises purposely reorientate their activities to allow for forward integration, few intersectoral linkages are possible. Consequently, the sourcing of manufactures and semi-manufactures from outside of the

region (discussed later) will continue to be a feature of the local economy. The major implication for regional development is that the basis of growth will be derived from income generated from outside of the region where the majority of value-adding activities take place.

In response to what may arguably be a constraint to local wealth creation, through value-adding activities taking place within the region, government can play a strategic role in fostering forward and backward linkages in industry. This can be facilitated by developing appropriate programmes that provide legitimate incentives to attract appropriate manufacturing organisations to the region.

In spite of the lack of significant inter firm linkages, especially between the retail and manufacturing sectors, there still remains a large retail and service sector within the region. Firms in these sectors require particular types of assistance especially when the majority are small and operating in what could arguably be described as a reasonably competitive market. Endeavouring to achieve firm level growth therefore, predicates the necessity to adopt a strategic view of the source of business growth. Implied in this view is the need to deal adequately with competitive pressures and other factors which restrict rapid growth.

To learn more about what types of assistance these firms need in the future it is incumbent upon WEDA to get nearer to these firms with a genuine interest in their problems coupled with a demonstrated competency to provide the right type of assistance in conjunction with a referral system which can be used to source the specialist business services required.

IMPLICATIONS FOR POLICY

It is important that WEDA policy, coupled with State Government policy, focus on redressing the balance between retail and appropriate manufacturing activities. It seems apparent that a strategic route towards achieving this balance is by attracting relevant manufacturing to the region as opposed to reorientating existing manufacturing capabilities.

WEDA should be cognizant of the wide range of enterprises by business classification and therefore, be capable of delivering services that reflect this diversity.

Given the large percentage of retail and services organisations, WEDA must gain a better understanding of the particular needs of these sectors and focus attention on developing specialist services tailored to meet their specific needs. Integration with relevant industry associations would facilitate this task.

The Buy Local Campaign needs to recognise the limitations imposed on their objectives by a manufacturing base uncoupled from the retail and other sectors within the region.

Through the various local business associations such as the Joondalup Business Association and the Wanneroo Chamber of Commerce, WEDA needs to get a more defined understanding of the needs of firms in the retail and service industries.

In view of the fact that the range of needs will be broad, WEDA need to identify and validate possible specialist individuals and organisations to provide the range of specialist business services to firms in these sectors.

Size of Firms

The frequency distribution of the size of firms measured by number of employees is shown in Table 4.

Employees	No. Firms	(%)
0 - 5	771	79.7
6 - 11	130	13.4
12 - 17	33	3.4
18 - 30	17	1.8
31 - 45	9	<1
46 - 90	7	<1
Total	967	

It can be seen that the firms are predominantly (79.7%) small employing five or less staff. A curious finding was the low number of firms (40) that did not employ any staff, ie, the owner operators. This low number however, may be an underestimation of the number of owner operated businesses working from the home. The sample frame did not include businesses operating from the home.

Firm Ownership

The structure of ownership is predominantly sole traders and partnerships which together accounted for more than 55 per cent of firms surveyed (Table 5). At the broad level, this finding accords with the general impression that small firms are more likely to be sole traders and partnerships, particularly in their early years of growth. There are however, some notable exceptions to this. For example, of the four printing firms surveyed three were companies and the other a

sole trader. The majority of firms in the hardware retail category and retail food outlets are also operated through company structures.

	Firms	(%)
Sole Trader	254	26
Partnership	89	29
Company	313	32
Branch office	46	4.7
Franchise	51	5.2
Registered Business	14	1.4
Total	967	100

In spite of these particular variations, over half of the firms surveyed were either sole traders or partnerships. This finding gives rise to certain strategic considerations. As firms grow and mature over time there is the need to accompany this growth with changes to the firm's legal structure. The transition from sole trader or partnership to a more sophisticated company structure is based on detailed financial and other strategic business considerations. For instance, for effective tax planning there is a real need to re-examine the entity's structure. This gives rise to the need for specialist services to advise on the best legal structure for the firm and the direction in which business owners should proceed to make the appropriate changes.

It is noteworthy that only 4.7 per cent of the firms were branch offices, franchises (5.2%) could also be included here, therefore the overwhelming majority (90%) of enterprises have their head offices located within the City of Wanneroo. This is a significant feature of the business population inasmuch as decisions are made locally.

Years in Operation

Table 6 shows the distribution of firms according to total years in operation, ie, those firms that commenced business outside of the region but had subsequently relocated to the City of Wanneroo, or had established a branch operation in Wanneroo; and years in operation in City of Wanneroo, ie, those firms that had commenced business in Wanneroo.

The average age of firms that had commenced outside of the region was 10 years, whereas those firms that had commenced in the City of Wanneroo the average age was around 7 years. As to be expected the larger firms were found to be the oldest. Moreover, it came as no surprise that the firms which had commenced operations outside of the region were also older. For example, no firms that had commenced and were now operating within the region were older than 40 years. Another feature of these data is that 49.6 per cent of the firms that commenced in Wanneroo were 5 or less years old as compared to 42.9 per cent of firms of the same age that commenced business outside of the region.

Table 6: Years in Operation

Years	(%)	(%)
<1	2.9	3.5
1	6.4	7.1
2	5.8	6.6
3	7.8	8.5
4	10.2	13.4
5	9.8	10.5
6	5.9	6.8
7	5.7	6.2
8	6.6	6.8
9	1.9	2.0
10 - <20	26.3	24.7
20 - <30	7.2	3.4
30 - <40	1.3	<1
40 +	2.2	

Further examination of the data shows that the critical period for small business is in the first five years of operation. The data clearly shows that there is an increase in the number of firms between the first and second years of operation, steadying over the next 3 years and then a decline in numbers from the fifth year onwards. This means that firms having reached their second year of operation then face the difficult task of getting to the fifth year of operation. Once over this period it appears that the future prosperity of the firms remaining in the industry is less problematic.

Unfortunately the reasons for this cannot be explained by the data because the questionnaire does not provide for such detailed inquiry. However, it is widely agreed that in the second year of operation a lack of clear strategic purpose and direction coupled with such impositions as provisional tax, which is often an unexpected financial burden on nascent firms, manages to force many small firms into early retirement.

Often associated with this is the crowding-out effect as some new entrants gain critical mass in the industry and develop competitive advantages early. Altogether, the first five years of industry growth is often characterised as a shake-out period as less competitive firms retire prematurely from the industry.

Experiences gained in earlier work suggests that firms going through this critical period are confronted by a learning curve which is considerably steep at the beginning but between the third and fifth years starts to become less inclined and after the fifth years less again.

Firms going through this critical period are in need of specialised services if they are to achieve a sustainable competitive advantage. Consequently, appropriate expansion strategies would appear to be high on the agenda for external business services beginning with a strategic focus on the sources of firm level growth and how this can be translated into effective strategies that improve the likelihood of firm level prosperity.

IMPLICATIONS FOR POLICY

The majority of firms have their head offices located in the region the implication therefore, is that decisions are made locally and a high degree of contact with business owners and thus, decision makers is possible.

Firm level growth is usually accompanied by the need for changes to the legal structure of firms. WEDA needs to be cognizant of the needs of firms going through this and be able to refer firms to specialist services accordingly. Firms need to be made aware of the legal and tax implications of firm level growth and company structure.

The critical period for small firms is in the second and fifth years of operation. WEDA needs to concentrate on developing and delivering the types of services that assist firms to overcome these critical periods. Strategies should focus on expansion and consolidation in firms going through these periods.

The services needed by small firms going through periods of expansion, or trying to consolidate following adverse economic conditions, warrants the development of specialist services consistent with the business intention of the enterprises.

Levels of Employment

The total number of staff employed on either on a full time, part time, casual or temporary basis was 7,958. As previously mentioned there are 40 sole owner-operated establishments included in this figure. Of the 7,958 employees there are 4,447 staff or 55.9 per cent of the total employed full time, 1815 part-time or 22.8 per cent and 1696 or 21.3 per cent recorded as casual or temporary. The mean, maximum and total numbers in employment are given in Table 7.

Table 7: Average number of employees (X), -maximum (Max) and Total by levels of employment

	X	Max	Total	(%)
Fulltime	5	90	4447	55.9
Parttime	2	100	1815	22.8
Casual or Temporary	2	210	1696	21.3
Total			7958	

Firms within the region employ on average 5 full time, 2 part time, and 2 casual or temporary employees. Although full time employment is a notable feature of the employment profile of the region, the maximum number of staff within these categories of employment vary considerably over the sample employment population with casual and temporary staff recording the highest and full time the lowest. The explanation for this lies in the fact that the 210 casual and temporary staff, 90 full time staff and 100 part time staff are mostly (92%) employed by the large retail food chains.

Detailed analysis of the broader distribution of employment reveals that in the majority of cases, staff are employed on a full time basis although the standard deviations recorded from the mean suggests that firms go through periods of expansion and contraction. Although it is difficult to tell from the data it is possible to suggest that the standard deviations account for Thursday night and Saturday retail trading for the casual and temporary staff and the deviations in full time staff employed due to seasonal variation in business activity.

Workforce Composition

Table 8 shows the distribution of employment by occupation. It should be noted that the total differs from that reported above due to the lack of detailed responses provided to questions 5a and 5b.

As to be expected, the number of staff in sales and personal service occupations dominate (45.1%) the employment spectrum. Trades persons accounted for 16 per cent and labourers and related workers 13.5 per cent. Professional and para-professional occupations were low, 4 and 1.4 per cent respectively and managers 7.7 per cent. Although the numbers employed in these categories are low compared to sales staff, a growing and maturing economic region tends to attract these occupational groups until a stage is reached when the level of professional services plateau. This provokes the need to gain a better understanding of when this actually occurs

Table 8: Distribution of Employment by Occupation

Occupation	Numbers	(%)
Managers and Administrators	525	7.7
Professionals	275	4
Para-Professionals	99	1.4
Trades persons	1089	16
Clerks	567	8.4
Salespersons and Personal Service Workers	3065	45.1
Mobile Plant Operators	255	3.8
Labourers and Related Workers	915	13.5
Total	6790	

Employment Outlook

The majority of respondents reported no expected change over the next three to five years in staffing levels over all classes of employment.

However, at the industry sector level and at the broad category of employment some variations were noted. These variations are detailed later in this report.

Training Needs in the Workforce

Because of the multiple responses allowed for this question it is difficult to give any specific weighting to the training categories nor is it possible to determine exactly how many individual staff require training. However, it can be said that there are some 9,111 places for training opportunities (Table 9).

Training Issues	Number Staff	(%)	No Firms Responding
Financial Recording	199	2.1	113
Business Mgt Training	551	6.0	129
Business Planning	230	2.6	107
People Mgt Skills	1108	12.2	202
Personal Development	1064	11.7	196
Marketing	710	7.8	226
Customer Relations	1870	20.5	360
Secretarial/Clerical	183	2.0	80
Computer Training	842	9.2	217
Occ Health & Safety	972	10.7	84
Total Quality Control	488	5.4	79
Total Quality Mgt	323	3.5	83
Industry Specific Skills	454	5	125
Other	117	1.3	39
Total	9111		

By broadly categorising the training areas reveals that people management skills, personal development, and customer service training account for the majority of perceived training needs - 4,042

training opportunities out of a possible 9,111. Computer training, occupational health and safety and marketing account for some 2,524 training opportunities. While business management training, business planning, financial recording account for a modest 980 possible training opportunities. As a category by its own, clerical and secretarial training achieved a response of only 183, however this is not to deny that these staff are not recorded elsewhere, ie, customer relations. In the "other" category only 4 firms responded with; merchandising management, sales skills, and training in a foreign language.

These findings need careful interpretation since they are one aspect of the data that has an important bearing on shaping the potential role for WEDA and the Wanneroo Goes for Jobs Employment Task Force in the City of Wanneroo.

First of all it is apparent that personal development and customer relations skills are foremost in the minds of business owners. This is to be expected in view that the majority of staff are employed in the retail and service sectors of the economy and that all staff in small firms have a high level of customer contact on a daily basis ie, salespersons and personal service workers. Thus, the high number of service and retail establishments predicates a need for proficient and effective customer contact skills. Computer training is also expected to be high inasmuch as the price of personal computers is becoming relatively more affordable for small business and thus, increasingly becoming an important tool in small business management. Similar comments can be made for the low response for training in financial recording inasmuch as small business owners invariably appoint public accountants for annual tax returns and for the provision for other business advice.

Closer scrutiny of responses to total quality control (TQC) and total quality management (TQM) training reveals a lack of awareness of the importance of these in general throughout the industry. This is a concern suggesting that there is a role for TQC and TQM specialist individuals and organisations to improve the levels of understanding

of these issues and demonstrate how they are inextricably linked to firm level growth

A further concern, although not unexpected with the region's population of managers around 7.7 per cent and the small size of firms, is the general lack of acknowledgment or recognition of the need for business planning and management training ie, those aspects of business training that foster a more strategic view of the sources of sustainable business growth. This is an important area of training although the expressed need for strategic planning, at the small business level, is characteristically low. There is little doubt that small firms are caught in between a lack of resources, able to commit the time to short, medium and long term planning issues, and the time needed to develop the skills to articulate the issues and constraints on firm level growth into a potent strategic planning agenda. Impinging upon this is that the nature of competition in the small retail and service sectors is predominantly driven by rationalising costs through either price cutting or by staff reductions. Given that these sectors of industry are propelled by what could arguably described as low levels of competitive behaviour suggests that overcoming the practice of rationalisation, which is unsustainable in the long run, is altogether a difficult challenge for small business owners and external service specialists alike.

The proportion of semi-skilled and unskilled staff (13.5%) requires closer scrutiny as opportunities must be made available for these occupational groups to upgrade their skills. Economically successful regions accept the need for training and education for all levels of skill. This view is amplified when the rate of technological change in industry and the need for a workforce rich in highly sophisticated skills is taken into consideration. Should technological change be accompanied by an inappropriately skilled labour force two outcomes present themselves. Firstly, the efficacy of the technologies to bring about productivity improvement, especially process technologies, is problematic. Secondly, there is an unmistakable and growing pool of long term unemployed as the gap between ambient levels of skill and new technologies that pervade all levels of occupations widen.

Recognition of these two broad outcomes implies that government must become more conscious of the need to raise the level of skill across the workforce and not concentrate on skill upgrades for the majority of workers in the semi-skilled, skilled and professional occupations. Similarly business owners must become more accustomed to the idea that providing training opportunities for all levels of employees is an efficient and effective strategy to develop and sustain long term competitive advantage.

IMPLICATIONS FOR POLICY

The responses to training needs varied widely over the training categories which suggests that the scope of training opportunities is indeed broad. Explicit in this is the necessity to take a broad view of the training needs of the region.

Almost half of the respondents saw interpersonal skills and customer contact skills as needing improvement. These areas of training are of particular relevance to firms in the retail and service industries due to the high amount of interpersonal customer contacts.

The lack of appreciation of training in strategic planning and related issues can only be overcome by helping firms better understand the source of competitive advantage and the systematic ways in which improved competitive postures can be achieved. TQM and TQC are two specific areas which need to consider appropriate for their operations.

Use of Training Organisations

Over the field of respondents 332 (34.3%) firms had used a training organisation over the last 12 months. Of those firms that had engaged in some form of training the sources of this training are shown in Table 10.

Table 10: Source of Training

	Number	(%)
TAFE	91	27.5
University	14	4.2
Private Consultant	109	32.8
Inhouse Training	118	35.5
Total	332	

It can be seen that by far the most reported source of staff training was in-house along with private consultants (68.3%). The data unfortunately, does not point to what amount if any of the in-house training was undertaken by consultants either in private practice, attached to TAFE or a university. Because of this, the level of contribution of organisations from the education sector may be underestimated.

The data shows that a significant 27.5 per cent of training was conducted through TAFE. Again, the questionnaire does not allow the nature of this training to be disclosed. For instance, the amount of training undertaken for trade qualifications is unknown.

In spite of a clear insight into the source of in-house training, a notable conclusion for the university sector is that university based training has not made a significant impact on small businesses within the region. The poor penetration of university based training reflects two aspects of a lack of university/small business interaction. On the one hand, it is arguable whether or not there are appropriate levels of knowledge in the small business community of the services capable of being provided by universities. And on the other hand, the need for universities to change their image, in particular Business Faculties, to one that is recognised by the small business sector as being open and relevant.

Table 11 provides a list of private consultants used by firms in the survey. For each organisation a frequency of 1 is recorded.

Table 11: Training Organisations Used

St John's Ambulance	Telecom
Galbraith	Reinforced Plastics Training
Subig Organisation	Network
Barry Urquart	Wimbush & Associates
BOMLA	Lotus Management
Beilby Management Services	Josco
Dale Carnegie	RAD
Landmark Education	Allan Pease
Intech Quality Assurance	Kinneys
Fitzgeralds	Noel Blake
Jenman	Burns Phillip
Murdoch University	
Further Education	WEDA

IMPLICATIONS FOR POLICY

The use of training organisations varied greatly over the sample, however TAFE was a significant source of training services. WEDA needs to integrate further with TAFE and access local university resources with a view to consolidating training options for the local business community.

Range of Products and Services

Respondents provided little detailed information as to the types of services and products offered. The main reason for this was the overwhelming response which showed that the range of products and services offered were so varied. Instead, survey respondents preferred

to aggregate their response to the industry level. The results accord with that for Question 1.

IMPLICATIONS FOR POLICY

The benefits to the business community of developing a detailed inventory of products and services is questionable in light of the diversity of offerings and in view of the likely costs associated with maintaining such an inventory.

Distribution of Markets

Valuable information was obtained as to the distribution of customers. Table 12 shows that the majority of customers (70%) of the surveyed firms are within the Wanneroo area but with a reasonable amount (21%) of customers spread throughout the metropolitan area.

Table 12: Location of Customers

Location	(%)	No Firms
City of Wanneroo	70	904
Perth Metro Area	21	704
Other WA	5	310
Outside WA & Within Australia	2	115
Overseas	1	98

The external orientation of only a few firms (8%) was evidenced from the survey. These findings are to be expected however, in view that the majority of enterprises are retail establishments servicing the local market. Nevertheless, those firms attempting to broaden their market coverage whether overseas or throughout Australia require a special type of assistance that focuses on export marketing, information on inter state and international distributors, competitive environments and demand states outside of the region. For small firms attempting to increase the scope of their market coverage, these issues are unarguably

difficult to accomplish. Specialist advice and assistance on how to capture the benefits from market expansion therefore, feature prominently

IMPLICATIONS FOR POLICY

Small firms face the difficult challenge of entering into export markets and therefore specialist assistance and training is needed. The Australian Institute of Export, Austrade, and the Department of Commerce and Trade as well as Business faculties within universities have expert resources which can be utilised for the benefit of small business. WEDA need to acknowledge these sources of expert assistance and through various strategies such as public forums raise the levels of awareness in the small business community of the types of export market assistance available.

Source of Purchases

On average 22 per cent of goods and services were purchased from within the City of Wanneroo. The influence of a relatively large retail sector in the region coupled with a lack of an appropriate manufacturing base would account for this relatively low level of purchases from within the region.

Reasons for Purchasing Outside of Wanneroo

The major reason accords with previous findings that the overwhelming majority of firms (72.6%) cannot source their products locally (Table 13).

Table 13: Reasons for Purchasing Outside of Wanneroo

	No	(%)
Buying Policy	63	6.5
Price	71	6.6
Quality	14	1.5
Availability	702	72.6
Delivery Time	2	<1
After Care Svc	31	3.2
Unaware of Local	14	1.5
Other	0	

It would appear that this has very little to do with levels of local knowledge as to what is available within the region (1.5%), nor other factors, for instance, buying policy (6.5%), price (6.6%) or quality (1.5%). The inescapable conclusion is that manufactures that would otherwise benefit the vast majority of retail and service enterprises within the City of Wanneroo are not present within the region. This comment reinforces those made earlier suggesting that there is a real need for government to give greater consideration to the ways of improving the manufacturing base within the region if the desired growth is to come about from locally sourced intermediate products.

The assertion that improvements to the manufacturing base of the region is needed, is made whilst recognising the criticisms that this is likely to attract from the majority or ratepayers. It would not be a case of conjecture to suggest that the population would disavow attempts to transform even parts of the region into light industrial although there are areas already assigned for this purpose. Nevertheless, conceding to the disapprobation likely to arise acknowledges the sensitive nature of the findings from this particular analysis

IMPLICATIONS FOR POLICY

The statements made earlier in regards to the lack of relevant manufacturing within the region are supported by these data. Therefore, WEDA should be encouraged to work with other government departments and agencies as well as the City of Wanneroo to develop appropriate incentives to attract manufacturing to the region. These efforts must be made in consultation with local business associations.

Business Outlook

These were by far the most positive results of the study. Table 14 shows that over 66 per cent of survey respondents held a more than optimistic outlook on the future of their businesses. Whereas, 24.6 per cent felt that tomorrows conditions would hold modest opportunities and less than 6 per cent were of the opinion that the future was not so promising.

Table 14: Business Outlook

	No	(%)
Very Good	280	29
Good	364	37.6
Fair	238	24.6
Poor	40	4.1
Very Poor	16	1.6
Don't Know	29	3

Business Intention

The optimism noted above however, is only partially reflected in firm level decisions to expand. Table 15 shows that 41.8 per cent of the

enterprises are seeking to expand whereas a significant 48.2 per cent report that there will be no change. In spite of this, the relatively low number of perceived closures (3.2%) gives some indication of the general robustness of most business enterprises to weather the most recent recession.

Table 15: Business Intention

	No	(%)
To Expand	404	41.8
No Change	466	48.2
Reduce	12	1.2
Close	31	3.2
Don't Know	54	5.6

There is some concern that the options and avenues for expansion may not be well known in small businesses. Very often small firms rely exclusively on increased sales and focus on increased profits as a source of enterprise growth. Generally however, this focus cannot be sustained without a measure of strategic attention being placed on other key aspects of the enterprise's operations. These include product innovation, better buying practices, better equipment and communication technologies and of central importance expansion of the market base either geographically or along innovative product and service lines.

Areas of Expansion

Table 16 shows the areas of growth for firms in the sample.

	No	(%)
Profit Margin	184	19.7
Sales	274	29.3
Product Range	167	17.8
Geographic Mkt	119	12.7
Number Employees	146	15.6
Other	46	4.9

These findings confirm the assertions made above. There is little doubt that the focus in industry is on sales and profit. This is problematic inasmuch as the strategic skills and intention of many of these firms may be questionable. One cannot deny that increased sales are a necessary ingredient to firm level profits but one cannot argue that, in all cases, increased sales is a forerunner to sustained levels of growth. Costs vary across industry and indeed across firms. Therefore, when the cost of sales are taken into account, it is questionable whether or not increased sales leads to greater profits across all industries and all firms. These costs will unarguable vary according to the firms external conditions and internal configuration including product range, factors influencing pricing strategies, access to capital, levels of debt, knowledge of external conditions and so on. That these profits become re-invested back into the company to improve strategic posture and hence prepare for long term growth is therefore problematic; particularly in the case of cash-starved small firms.

On the other hand, improvements in the product range (17.8%) and expansion of geographic markets (12.7%) appear to offer more long term strategies in the quest for sustainable firm level growth. Similarly, the increase in staff levels (15.6%) is another good indication

of economic optimism and a measure of firm's intention to accompany growth with real expansion as opposed to increased sales.

Within the category of "other" included: bigger and better premises (2.1%); improve service (1.9%); and increase client base (1%). Sustained profitability that leads to sustained growth and business expansion results, in today's highly competitive markets, from a commitment to product and service innovation, increased customer service, access to market and competitor information, and above all else cognizance of the importance of inter firm linkages particularly when overseas markets are a lucrative and tempting alternative to domestic sales.

Implications for Policy

The ability to translate business optimism into actionable marketing and business strategies appears to be a shortcoming of small business management. Almost half of the respondents admitted that their intention was to expand. WEDA needs to be aware of the particular difficulties facing small firms going through a period of expansion, particularly those firms reaching the third and fifth years of operation.

In view of this, WEDA needs to gain a better understanding of the particular needs of these firms and translate these into actionable strategies to assist these firms progress through what is often their most difficult years of operation. By helping firms adopt a more strategic focus on the source of firm level growth seems the most effective assistance WEDA can provide.

Business Faculties in universities as well as a number of recognised private consultants offer specialist services in strategic planning and training issues. WEDA needs to identify these expert skills.

Constraints on Expansion

At first glance, the data in Table 15 may seem to be at odds with Table 17 namely, in the proportion of firms seeking expansion. For example, in Table 15, 41.8 per cent of firms report that they anticipate some firm level growth whereas in Table 17, 12.5 per cent have no wish to expand. The difference can be explained by the wording of question 17. It appears that even when faced with a hypothetical situation only (12.5%) have no intention to expand. The optimism expressed in future business outlook does not foreshadow deliberate moves on the part of small business owners to expand their operations. As shown in Table 17, the major constraints on business expansion vary considerably.

Table 17 Constraints on Expansion		
	No	(%)
No Wish	155	12.5
Lack of Finance	183	14.8
Product Range	41	3.3
Market too Small	190	15.3
Too Much Competition	217	17.6
Problems Obtaining		
Skilled Employees	47	3.8
Franchise Restriction	17	1.3
Market Knowledge	15	1.2
Lack of Space	151	12.2
Other	220	17.8

Other includes: "Council" restraints, economic climate, backyard operators, government, location, uncertainty of tenure, store traffic, local and state taxes. Many respondents specifically saw the City of Wanneroo and State Government authorities, represented within the region, as having made decisions in the past regarding industry growth and economic development that were questionable. The policies and programmes struck a note of discord among many business owners as having been ineffectual in either communicating the intention of the

programme to the business community or having not given rise to tangible results.

An alarming feature of the responses under the category of "other" is the lack of regard by respondents to internal measures to overcome many of the constraints imposed by external conditions. For instance, the overwhelming majority suggested that their growth depended to a large extent on conditions in their external economic and political environment. To a point this assertion may have merit however, respondents gave little thought to the strategic options available to ameliorate those external factors having some bearing on firm level growth.

Further questioning sought a response to the factors affecting economic growth within the region. Respondents were critical of government policy (Table 18) and were more inclined to focus on local planning initiatives as a major constraint (124 firms).

Federal Government Policy	9
Better Planning	124
Decreased Rates and Leases	37
Increased City Assistance	55
Improved Shopping Centres	25
Decrease Shopping Centres	19
Other	
Improve economic Environment	26
Increase Local Building Development	88
Decrease Costs Associated with Financial Assistance	53
Increase advertising/Promotion/Education	251
Increase Population	34

Government Support for Business	24
Improve Facilities	19
Better Customer Service	17
Increase Business Networking Information	27
Increase Customers	11
Increase business Confidence	6
Increase Quality	6
Increase Competition	3
Raise Consumer Confidence	32

In view of the high percentage of retail and service firms within the region it can be said that attracting more households to the region is a prime concern of many small businesses, although only 34 firms considered this to be an issue. Nevertheless, this assertion is supported by the number of firms that saw greater education and promotion of the region to be a key issue (251) and as a primary mechanism to promote business growth. There also appears to be some concern over the growth of the infrastructural base of the region. For instance, better planning (124) and increase local buildings (88). As previously mentioned, there was some concern expressed over local government action, better planning (124), coupled with a range of issues detailed previously under 'other'.

It should be pointed out that the concerns raised by small business are valid, the extent to which they impact collectively on firm level growth however, is questionable. The intolerances of small business owners to bureaucratic processes is understandable but more often than not it is a different time agenda for action in government that gives rise to criticism from small business owners. The implications for WEDA is that their time frame for action must be consistent with the exigencies of small business otherwise the potency of response will attenuate at the risk of credibility.

Implications for Policy

WEDA need to be aware of the potential role it has for lobbying local, State and Federal Governments acting on behalf of the interests of small business within the region. Particular criticisms of government need to be evaluated in light of the overall efforts of government to remove the obstacles to firm level growth.

WEDA needs to be distanced from Local, State, and Federal Governments if it is to gain the endorsement from small business within the region and act on behalf of their interests in government forums.

The response time for WEDA to action requests for assistance needs to be made in consideration of the exigencies of local small business whilst acknowledging the limitations of resources. In view of this concern, WEDA must only promise what it can deliver.

Question 19 sought respondents opinion on having access to information on all business services within the City of Wanneroo (Table 19).

Table 19 Access to Business Services within the Region (Q 19)

	No	(%)
Yes	570	58.9
No	316	32.7
Maybe	81	8.3

The results show that over half of the firm (58.9%) are in some need of information services whereas slightly more that 32 per cent of respondents were not interested.

Implications for Policy

WEDA have a role to play in providing relevant and timely business information to local enterprise. As long as this information does not constitute a conflict of interest there is a legitimate reason to act as an information brokerage.

The responses to question 20 which asked respondents whether or not Wanneroo Goes for Jobs can assist businesses (Table 20).

Table 20 Assistance Needed from Wanneroo Goes For Jobs

	No	(%)
Yes	150	15.5
No	722	79.2
Maybe	49	5.1

The results are somewhat alarming with over three quarters of the survey respondents rejecting offers of assistance from the Wanneroo Goes for Jobs Employment Task Force. Although little interpretation can be put on this response, one perhaps could argue that WEDA's services have not been well communicated. Or, it could mean that the business community share the opinion of others that government has a partial role in economic development.

If this is correct then the future role of WEDA and even the name of the entity requires careful scrutiny. Both need to be shaped and further developed along the lines that accord with the expectations of local enterprise. This may foster the need to not emulate the practices of other quasi-government authorities and agencies instead provide WEDA with the opportunity to develop the model for how local authorities can perform a role in matters concerned with local economic development that is more effective and welcomed by small business owners as well as the broader community.

Implications for policy

The business community have a low perception of the advantages to be gained from using the resources of WEDA. Therefore, WEDA face the challenge of changing these perceptions by delivering quality service that makes a real difference to the way in which small firms compete and the rate of economic growth in the region.

PART THREE

7.0 Detailed Findings

The findings reported here are detailed at the industry level, namely retail, wholesale, manufacturing and services. Because of the low number of response (27 firms) encompassing Entertainment, Leisure, Transport and Communication, the responses are not included in this analysis. Where there are minor variations to be found between the results of this analysis and from those reported above appropriate comments are made.

Firm Ownership

Table 21 shows the ownership of firms according to industry sector. The pattern of ownership varies little from the aggregated industry findings above.

Table 21	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
	(%)	(%)	(%)	(%)
Sole Trader	28	12	22.7	28.8
Partnership	30	25	30.5	31.4
Company	28	44	42.2	29.1
Branch Office	3.7	14.7	2.3	5
Franchise	8.7	1.3	< 1	3.3
Other	< 1	2.7	1.6	2.3

Years in Operation

In terms of average age of the firms, the detailed findings in Table 22 accords with that reported above.

Table 22	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
Yrs in business	9	10	11	10
Yrs in Wanneroo	7	6	7	7

Workforce Composition

Table 23 shows the levels of employment across industry sectors giving numbers of firms and percentages in brackets.

Table 23

	Retail	Wholesale	Manufact	Services
Full time	1902 (44.5)	280 (70.7)	882 (82.7)	1264 (63.5)
Part time	1034 (24.2)	81 (20.4)	102 (9.6)	541 (27.2)
Casual	1330 (31.2)	35 (8.8)	83 (7.8)	185 (9.3)
Total	4266 (55.3%)	396 (5.1%)	1067 (13.8%)	1990 (25.8%)

It can be noted that whilst the retail sector has the highest number of employers across all employment levels (55.3%) the number in full time employment is less (44.5%) in relative terms than either manufacturing (82.7%), wholesale (70.7%) or services (63.5%). This finding supports earlier assertions that because of extended trading hours retail establishments need the flexibility of part time and casual staff. From a stable full time employment growth view point however, these data suggest that manufacturing, wholesale and service industries provide the greatest opportunities.

Employment outlook

Tables 24a and 24b show the perceived outlook for employment levels by category of employment over 12 months and two to five years respectively. The results show that business optimism is modest in terms of perceived employment growth over both the periods especially over the next twelve months.

**Table 24a Changes in Workforce Levels Over Next Twelve Months
(Number of Firms)**

	Significant Decrease	Decrease	No Change	Increase	Significant Increase
Managers	10	2	297	31	5
Prof	1	4	101	24	3
Para Prof	0	1	22	3	3
Trades	8	31	317	95	14
Clerical	5	8	248	48	2
Sales	35	35	617	120	25
Plant & Ma		4	63	13	3
Labourers	4	14	159	53	7
	119	99	1824	387	62

**Table 24b Changes in Workforce Levels Over Next 2 - 5 Years
(Number of Firms)**

	Significant Decrease	Decrease	No Change	Increase	Significant Increase
Managers	10	6	254	57	14
Prof	2	2	86	33	7
Para Prof	2	1	17	6	2
Trades	11	19	224	181	23
Clerical	4	9	192	92	8
Sales	39	28	492	226	38
Plant & Ma		2	50	26	4
Labourers	3	11	112	97	14
	71	78	1427	718	110

A comparison of the total figures given at the bottom of the tables shows a measure of optimism in terms of improved outlook in workforce growth over the next two to five years ie, an increase and significant increase are envisaged. An arbitrary examination of the distribution of responses across occupational classes sees a marginal increase in managers, para-professionals and professionals; a reasonable increase in clerical, labourers, plant and machine operators; and a more substantial increase in trades and sales occupations. The important statistics to focus on are the differences between the levels of "No Change" and "Increase" ie, 1824 - 387 and 1427 - 718 over the five years; and the changes between "Significant Decrease" and "Decrease" 119 - 99 and 71 - 78. These findings seem to suggest that there will be a net increase in employment.

Difficulties in filling Positions

The observed difficulties in filling the positions over the time (Table 25) agrees with the findings from the aggregated industry analysis that staff shortages does not appear to be a concern of business owners.

Table 25 (%)	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
Yes	9.5	13.3	17.2	14.8
No	86.6	82.7	75.8	80.5
Don't know	3.9	4	7	4.7

Training Needs

The approximate number of employees likely to need training in any one year by sector of industry are shown in Table 26a.

Table 26a	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
Financial recording	97	7	19	69
Business Mgt training	406	16	39	85
Business Planning	63	24	39	96
People Mgt skills	749	12	58	253
Personal dev/motivation	535	30	171	307
Marketing	328	46	81	240
Cust relations	1194	51	72	491
Sec/clerical skills	52	11	25	92
Computer training	446	67	82	208
Occ Health & Safety	733	23	96	110

Total Quality Control	278	10	118	80
Total Quality Management	107	31	47	113
Specific industry skills training (please specify)	161	19	130	134
Other	74	0	16	22
Sector Totals	5223	347	993	2300

Because the number of employees in the retail sector is much larger than that in any other sector of the economy, the training opportunities are accordingly much higher. Closer analysis of the data reveals a number of more distinguishing aspects. If some degree of ranking is attempted by taking the percentage of staff by training area the following key training needs for each industry sector are shown in Table 26b.

Table 26b	RETAIL	WHOLE SALE	MANUFACTURE	SERVICES
Financial recording				
Business Mgt training			39%	
Business Planning			39%	

People Mgt skills	14%	58%	11%
Personal dev/motivation	10%	17.2%	13.3%
Marketing		13%	10.4%
Cust relations	22%	14.7%	21.3%
Sec/clerical skills			
Computer training		19%	
Occ Health & Safety	14%		
Total Quality Control		11.9%	
Total Quality Management			
Specific industry skills training (please specify)		13%	

The picture that emerges shows the retail sector favouring customer contact skills, people management skills and personal development. Occupational health and safety is also given prominence attributable to the large numbers of staff employed, their youth, particularly in large

franchise supermarkets and fast food outlets, coupled with the nature of the work.

The wholesale sector appears more inclined towards customer relations and marketing as well as computer training. One explanation for the need for computer training is perhaps the relative emphasis on electronic inventory data bases and that all staff have close contact with tasks requiring keyboard training, basic file transfer, data entry and manipulation and so on. Whereas in the retail sector the need for these specific skills, apart from point of purchase data entry even though scanning technologies appear to have even reduced the need for skills in this area, are low.

The manufacturing sector responded strongly to business management training business planning people management skills, personal development and motivation, TQC and a range of trade related skills. It is interesting to note the high response to business planning and management. The conclusion to arise is that the majority of the manufacturing firms are small owner occupied enterprises with excellent trades or core activity training but with low levels of knowledge and skills in strategic marketing and business planning. The impression gained from the experiences of small manufacturing firms elsewhere around Australia supports this conclusion.

The service sector saw customer relations skills and personal development and motivation along with people management skills as major areas of training. Marketing was also a consideration emphasising the importance of effective services marketing strategies.

Implications for Policy

The emphasis on training expressed by different sectors of the industry point to the need for WEDA to acknowledge the different training objectives of organisations within the City of Wanneroo. Therefore, training programmes aimed at specific industry groups warrant greater consideration over the development of generic training and education programmes.

Specialist training and education providers need to be identified and encouraged to respond to the sectoral training needs in the region. WEDA have a role to play in identifying these organisations and establishing a referral data base.

Training in the Last 12 Months

The breakdown of training organisations used by industry sector is shown in Table 27 reveals minor variations to that reported above.

Table 27	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
Yes	33.6	33	30.5	29.8
No	64.4	65	69.5	69.9
Don't Know	2.1	1.3		< 1

Training Organisations Used

Table 28 shows the training organisations used by firms from the different industry sectors.

Table 28	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
TAFE	14.9	40	41.9	40.4
University	2.7	28		10.1
Private Consult	29.7	32	46.5	39.3
In-House	52.7		11.6	1.1

The notable difference to the findings shown in Table 28 to that in Table 10 above is the higher response from wholesale, manufacturing and service enterprises to TAFE training and the use of university based training by wholesale firms. The majority of training in the retail sector came from in-house sources. This may be explained by company developed training programmes particularly in large franchise supermarkets and fast food outlets. The use of private consultants is also a significant feature of this data set across all industry sectors. As mentioned previously however, further light cannot be shed on the nature of this type of training.

Range of Products and Services

The diversity noted at the aggregate level is reflected in the sectoral analysis.

Distribution of Markets

Table 29 shows the distribution of markets across industry sectors.

Table 29	Retail	Wholesale	Manufact	Services
COW	80	59	39	72
Perth Metro	14	28	43	21
Other WA	3	7	12	5
Outside WA	1	5	5	1
Overseas	1	0	2	1

It can be noted that the manufacturing sector is the most outwardly orientated within the industry with 62 per cent of its markets outside of the City of Wanneroo. As to be expected the retail and service sectors are the most regional in terms of market penetration with 80 per cent and 72 per cent respectively their markets found locally. The external orientation of manufacturing however, is not wide with only 7 per cent outside of WA and overseas. Nevertheless, manufacturing firms are generating income from outside the region manufacturing; a notable feature of the industry which should be critically examined in order to understand how this sector can be encouraged to expand.

Source of Purchases

Table 30 shows the level of purchases from within the City of Wanneroo.

Table 30	Retail	Wholesale	Manufact	Services
	20	15	20	28

As in Table 13, the general impression is that around 20 per cent of goods and services are purchased from within the City. The external orientation of the manufacturing sector coupled with the findings in this table supports previous comments regarding the need for greater interfirm linkages especially forward coupling in the case of manufacturing to local retail, wholesale, and service firms where feasible.

Reasons for Purchase

The findings in Table 31 are similar to that noted above in Table 13 except the concern for local prices appears amplified in these data.

Table 31	Retail	Wholesale	Manufact	Services
Buying Policy	9.5	5.3	2.5	4.8
Price	5.4	10.7	10	12.5
Quality	<1	2.7	2.5	2.2
Availability	79.5	76	82.5	73.5
Delivery Time	<1	0	0	0
After Care Svc	2.7	1.3	0	0
Unaware	11.7	1.3	2.5	4.8
Other	0	1.3	0	2.2

One way of interpreting this is that the lack of local manufacturing means that firms buying locally are compelled to pay additional costs to local suppliers. In other words when using local suppliers additional costs are incurred because the channel arrangement is less direct and therefore more channel members increases channel costs which are in turn passed on to end users.

Business Outlook

The findings in Table 32 are similar to those in Table 14 above.

Table 32	Retail	Wholesale	Manufact	Services
Very Good	28	36	28.	28.1
Good	35	24	41.4	43.1
Fair	26	30.7	25	20.4
Poor	4.8	6.7	3.1	3.3
Very Poor	1.6	1.3	1.6	2
Don't Know	4.1	1.3	<1	3

Business Intention

Table 33 shows on a sectoral basis the intention of business owners over the next twelve months.

Table 33	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
To expand	32.2	46.7	53	48.5
No change	57.3	41.3	36	42.5
Scale down ops	1.1	4	1.6	1.7
Close down/sell	3.6	8	5.4	1.3
Don't Know	5.7		4	6

The overall impression differs little from that shown in Table 15. However, the notable exception is the intention to expand by manufacturing services and wholesalers and the less that optimistic intention of retailers. The growing population countered by the growth in retail operations may account for this.

Areas of Expansion

There are no marked differences in the responses to the areas of expansion given in Table 34 to that reported above in Table 16

Table 34	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
Profit margin	76	10	26	66
Sales	114	26	41	83
Product range	67	19	27	51
Geographic market	37	11	21	43
Number of employees	46	12	20	63
Other (Please specify)	14	3	10	15

Constraints on Expansion

As shown in Table 36, some differences can be noted on the constraints on business expansion across industry sectors.

Table 36	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
No wish to expand	79	8	16	47
Availability of finance	73	13	32	58
Product range	19	3	5	12

Market too small	89	22	26	46
Too much competition	103	14	30	67
Problems obtaining skilled employees	9	2	10	26
Franchise restrictions	10	1	2	4
Market knowledge	3	3	3	5
Lack of space	86	10	10	37
Other (Please specify)	94	15	37	72

For instance, it can be noted that retailers are concerned with the level of competition a finding which supports the assertion made earlier that while population growth is steadily increasing so too are new entrants to the retail industry giving rise to the crowding-out effect. It is plausible that in the retail and wholesale sectors and to a certain extent in the service sector that the source of competition is local, ie within the City of Wanneroo. This finding makes it impossible to ignore the concern of firms in all sectors. The concern is that the size of the market coupled with the steadily increasing competition gives rise to low levels of relative growth.

In view of the finding that the overwhelming majority of purchases are made from outside the region coupled with the external orientation of manufacturers suggests that the source of competition for manufacturers is also outside the region. These firms are

competing with other manufacturers from around the state and indeed some are in competition with firms from around Australia and overseas.

The concern of some enterprises over the availability of finance is tempered by the lack of widespread agreement on whether to expand or not. The introduction of capital financed through either venture capital markets or the traditional banking sector are less needed when the decision to remain at the same level of capacity is made. However, the availability of finance was a concern for manufacturers resulting from pressures on those firms needing to upgrade equipment. In the case of service organisations and some retailers a lack of finance was proving an obstacle to achieve their desire to move to larger premises.

Under the category of "other" the responses for the individual industry sectors accords with the findings reported above.

Access to Information on Businesses

Table 37 shows that the response to access to information varied little from that reported above in Table 19.

Table 37	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
Yes	53.4	68	66.4	61.2
No	37.9	25.3	21.9	31.4
Maybe	8.7	6.7	11.7	7.4

Assistance Needed

The only notable exception to the responses in Table 38 from those in Table 20 is the slightly greater percentage of manufacturing firms in need of assistance. There appears little difference in responses for the rest of the industry sectors.

Table 38	RETAIL	WHOLE SALE	MANU-FACTURE	SERVICES
Yes	14.8	14.7	19.5	15.1
No	80.8	80	74.2	78.6
Maybe	4.3	4	6.2	6

PART FOUR

8.0 Recommendations

The findings from this study have given rise to a suite of policy implications as detailed throughout this report. These implications for policy provoke the need to make several recommendations for WEDA and the Wanneroo Goes for Jobs Employment Task Force (WGFJ).

SUMMARY OF POLICY IMPLICATIONS (p.10)

- Broaden marketing strategies
- Integrate with local business associations
- Develop and maintain a sense of credibility
- Maintain independence from Government
- Undertake a lobbying role on behalf of small business

Recommendations:

- 8.1 Develop a detailed strategic marketing plan for WEDA and implement.
- 8.2 Seek representation from local business associations on WEDA/WGFJ Boards.
- 8.3 Consult with business associations on a quarterly basis.
- 8.4 Publicise successes with the business community.
- 8.5 Advocate to Government of all levels, on behalf of local business to improve the operating environment.

SUMMARY OF POLICY IMPLICATIONS (p. 15)

- Redress the balance between retailing and appropriate manufacturing entities.
- Attract relevant manufacturing to region.

- Deliver services that reflect the diversity of business in the region.
- Integrate with relevant industry associations.
- Conduct seminars and workshops to address the above.

Recommendations:

- 8.6 Develop and implement an industry attraction campaign.
- 8.7 Implement a range of business services for the existing retail and service industries.
- 8.8 See recommendations 1.3 - 1.4, above.
- 8.9 Co-ordinate the delivery of relevant seminars and workshops.
- 8.10 Develop a list of specialist services that can provide business assistance (consultants register).

SUMMARY OF IMPLICATIONS (p. 21)

- Company growth should be accompanied by a change in the firm's legal structure.
- Firms in the region are relatively "young" and WEDA needs to utilise this information to provide an opportunity to develop a "sense of community" and pride in the region.
- Critical years appears to be second and fifth years of operation (strategies should target firms in this phase if assistance is required).
- Specialist services may be needed by local firms.

Recommendations:

- 8.11 Specialist services need to be identified and a register of such services made available.
- 8.12 Criteria for assistance to firms needs to include an assessment of the marketing of the business. Firms in years two to five may require additional assistance.

SUMMARY OF IMPLICATIONS (pp. 27 & 29)

- Scope for training opportunities among local businesses is broad.
- 50% of respondents focused on the need for the development of interpersonal skills/customer service.
- Methods of achieving competitive advantage needs to be promoted among local business.

Recommendations:

- 8.13 Co-ordinate business training through the training sub-committee of Wanneroo Goes for Jobs.
- 8.14 Deliver customer service programs to businesses within the Wanneroo Region in 1994, utilising "Aussiehost" or similar programs.
- 8.15 Wanneroo Economic Development Association maintain the "Business Grow North" program to inculcate methods of developing competitive advantage amongst local business.

SUMMARY OF IMPLICATIONS (p. 30)

A business and services directory is questionable and unlikely to be cost effective.

Recommendations:

- 8.16 WEDA/WGFJ - abandon the notion of developing a detailed inventory of products and services in the region.

SUMMARY OF IMPLICATIONS (p. 31)

Specialist assistance and training needed to access export markets.

Recommendations:

- 8.17 WEDA develops its role as a broker between businesses and funding bodies to "match-make" funding sources as well as improve the link between specialist export market assistance services and businesses.

SUMMARY OF IMPLICATIONS (p. 33)

The lack of a manufacturing base in the area is highlighted by the data included in the report.

Recommendations:

- 8.18 WEDA to link with other relevant agencies including the City of Wanneroo to develop legitimate incentives to attract manufacturing businesses to the region.

SUMMARY OF IMPLICATIONS (p. 36)

- The development of tools to assist small business to expand is imperative.
- An awareness is necessary of the problems experienced by small business.

Recommendations:

- 8.19 That WEDA develops a series of tools and processes to assist small to moderate businesses of the region expand.
- 8.20 That WEDA adopt a process of continual information update on the changing needs of business.

SUMMARY OF IMPLICATIONS (p. 40)

- A lobbying role is required on behalf of business to Local, State and Federal Government.
- The response time by WEDA to requests from small business must be appropriate while recognising the levels of resources within the Organisation.

Recommendations:

- 8.21 That WEDA develop its advocacy role through the Board.
- 8.22 That WEDA develops and maintains a program budgeting format in order to deliver a range of services to businesses.
- 8.23 To market **only** those programs and services that are adequately resourced.

SUMMARY OF IMPLICATIONS (p. 41)

- WEDA needs to provide relevant business information to local enterprises.
- To act as an information broker.

Recommendations:

- 8.24 Marketing the existing business advisory services.
- 8.25 Update business information services at least annually.

SUMMARY OF IMPLICATIONS (P.42)

- The business community has a low perception of WEDA and the potential of WEDA to assist small business

Recommendations:

- 8.26 It is necessary for WEDA to develop a detailed strategic marketing plan and an effective and efficient communication strategy.

SUMMARY OF IMPLICATIONS (p. 50)

- Training needs and objectives vary widely among business owners.
- Training should target specific industry groups.

Recommendations:

- 8.27 See previous training recommendations.

9.0 Conclusions

This study makes an important contribution to policy development for local, state and federal government authorities. The most evident conclusions relate to the shape of WEDA's policy and the Wanneroo Goes for Jobs Employment Task Force.

There is strong support for the assertion that WEDA's services should be shaped to accord more along the line of a brokerage service instead of attempting, through direct intervention, to meet the individual needs of business enterprises. This is not to suggest that the two are mutually exclusive rather, mutually reinforcing. This assertion strikes at the core purpose and intention of WEDA as a statutory government body. This accords with the widely agreed view that government has a partial role to play in economic development especially when government's close to market, non-profit intention, activities are indistinguishable from the more visible profit making activities.

There are also a number of factors, related to industry structure within the City of Wanneroo, that must be acknowledged when considering the most effective role for WEDA. For instance, the geographic spread of the industrial base, the fragmented nature of the industrial landscape, the relatively small size of business enterprises and the highly diverse needs within the business community sound a warning to any small organisation such as WEDA attempting to provide an effective coverage of services. The limited resources at the disposal of WEDA constrain effective programme development and delivery. It would be more beneficial to identify a range of appropriate providers of business consulting services.

To achieve a measure of impartiality when choosing external consultants a precedent has been set by the Department of Commerce and Trade in administering the National Industry Extension Service (NIES) consultant register. This may be a particularly useful model to emulate as well as a direct source of relevant consultants.

The strongest conclusion to arise from this study however, is that further inquiry should focus on only one sector of industry at a time. Given the relative importance of small manufacturing to the region it is suggested that this sector be the focus of detailed research to uncover the factors responsible for firm level growth and the efficacy by which firms from these sectors can bring about regional economic development creating employment opportunities along the way.

This conclusion has implications for a broader set of issues related mainly to the source of economic growth and the creation of wealth within the region. The much talked about technology park coupled with the idea of developing business incubators within the region are fundamental issues on the agenda for economic and industrial growth. The broad thrust of the recommendations arising from this study endorses these initiatives as part of an overall strategic approach to local area development. This means that in order for the City of Wanneroo to remain one of the fastest growing economies in Australia serious consideration must be given to the types of industry and commerce in the region and the provision of relevant infrastructure that will support these industries.

This study provides a deep and rich source of information to WEDA in the planning of the organisations role in the economic development of Wanneroo. The impact of this study however, will only be felt if the implications for policy provided throughout this report are actioned. This may require a refocus of WEDA policy to bring about the most effective course of action for WEDA to follow. The idea of reorientating WEDA in a direction supportive of the findings and policy implications in this report should come as no surprise in view of the relatively low levels of acknowledgment by the business community of the role and potential services WEDA has to offer. The process of reorientation makes sense given the findings in this study.

10.0 Further Inquiry

In order for WEDA to effectively carry out its responsibilities and duties, WEDA must have access to relevant and timely information. This can only come about from a regular update of the information gathered to date. It is recommended that instead of attempting to carry out a survey of all businesses within the region on a regular basis, that sectors of industry are targeted with the primary objective of determining key needs and following this up with action.

There is some concern that the expansion of the region's industrial base, ie, new businesses opening, fosters the need for these firms to be surveyed.

Moreover, there were several inherent limitations within the questionnaire discovered during and on completion of the study. For instance, whilst being able to capture a broad range of information the research questionnaire raised several questions prompting the need for further detailed inquiry. Moreover, the level and depth of analysis permissible was encumbered by the format of many questions. These problems have been noted and framed in terms of a number of implications for subsequent investigations.