The Politics of Small Business Owners:

Literature Review

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The proceeding project seeks to examine the policy preferences and politics broadly of the small business owner constituency, which is a field widely left untouched by the literature. A large collection of literature does, though, relevantly explore how other aspects of labor—including personal experiences with the labor market, characteristics of the work environment itself, and class structure and division within business settings—affect policy preferences. One branch of projects divides those with secure employment and those without into two buckets: insiders and outsiders, respectively. These terms first appeared in a 2005 paper by Oxford Lecturer David Rueda, which challenged the contemporary accepted “notion that social democratic governments represent the interests of labor.”[[1]](#footnote-0) Insiders, as defined by Rueda, are “those workers with highly protected jobs… sufficiently protected not to feel greatly threatened by high levels of unemployment.” Outsiders “are either unemployed or hold jobs characterized by low salaries and low levels of protection, employment rights, benefits, and social security privileges.”[[2]](#footnote-1) His analysis finds that outsiders strongly advocate for policies guaranteeing training and jobs for young people as well as promoting employment broadly, even if associated tactics imply increasing taxes. Insiders, Rueda finds, show much lower levels of support for these policy positions.

University of Southern Denmark Professor Paul Marx chose a particular subset of the insider-outsider framework—temporary workers—to investigate in a 2013 paper, which finds that “temporary workers are expected to support the ‘new’ left – that is, green and other left-libertarian parties. It is argued that this party family combines redistributive policies with outsider-friendly policy design.”[[3]](#footnote-2) Contrary to the general claims of related literature, which finds that many outsiders are unengaged politically and seldom considered by policy makers, “no signs of political disenchantment of temporary workers can be found” in Marx’s work.[[4]](#footnote-3)

A 2013 analysis from Columbia Professor Yotam Margalit analyzed findings in a similar vein, particularly “that the personal experience of economic hardship, particularly the loss of a job, had a major effect on increasing support for welfare spending.”[[5]](#footnote-4) How major? The loss of employment increased “the average probability of support for greater welfare spending by between 22 and 25 percentage points.”[[6]](#footnote-5) Margalit also finds that as time goes on and job losers find new employment opportunities, “their support for the expansion of welfare spending decreases significantly.” The implication here is that economic shocks (this paper was written under the contextualizer of The Great Recession) can indeed have sizable effects on individual welfare preferences, the effect is a provisional response to immediate and sometimes temporary need rather than a “reflection of a profound conversion in their political world view.”

Portions of his 2013 paper as well as a follow up 2019 paper see Margalit exploring the policy preference reactions to these economic shocks further, a plane of interest he traces back to Karl Marx’s *A Contribution to the Critique of the Political Economy*, which ideated that economic crises are strong stimuli for “change in people’s political consciousness and readiness.”[[7]](#footnote-6) In his 2013 work, Margalit verifies this by finding that experiencing economic shock leads to “a convergence in the welfare preferences of harmed individuals who prior to the shock held distinct political views,” especially among Republicans and Independents.[[8]](#footnote-7) His 2019 work focuses more on personal negative economic shocks (i.e., a layoff as opposed to a global recession) and finds that they increase support for more expansive social policy and redistributive measures. They also may erode trust in the political system and influence vote choice in the form of “increased support for the left, an embrace of anti establishment and populist parties (mostly) on the right, or an opting out from the electoral process altogether,” though these latter effects tend to be short-lived and dissipate over time.[[9]](#footnote-8)

Another plane of literature worth exploring is those works which investigate how particular characteristics of the work environment itself may shape the way people think about political matters. Political scientist Philipp Remm explores this from the lens of risk exposure in two papers from the mid-2000s. In a 2009 paper, Remm writes that “risk exposure fuels redistributional demand” and that these individuals do not feel this way merely “because they are poor” but explicitly because of their risk exposure.[[10]](#footnote-9) This risk exposure (measured through variables like skill specificity and occupational unemployment rates) is found significantly more impactful than industry level risk (like international competition or industry unemployment rates). His “results suggest that systematically testing the underlying micro logics of commonly used macro theories… pays off.”[[11]](#footnote-10) A 2006 paper by Remm and coauthors Thomas Cusack and Torben Iversen appears to be a precursor to Remm’s 2009 work, and shows empirically “that income and risk exposure are strongly negatively related, which leads left governments to react more aggressively than right governments to economic shocks.”[[12]](#footnote-11)

A 2008 individual-level analysis party support in Britain, Germany and Switzerland from Professor Daniel Oesch turns to an even more micro-level view or work settings. It discovers that high-skilled workers engaged in interpersonal work settings hold a liberation view of community; in cultural division from them, low-skilled workers occupied in “object-related tasks” hold an authoritarian view of community. They also find “salaried professionals in the social and cultural services to rally the libertarian left, while managers support parties on the right. Moreover, where a right-wing populist party alternative exists, it attracts disproportionate support from production workers and small business owners.”[[13]](#footnote-12) Small business owners, they find, are attached to cultural homogeneity and national demarcation, and are proven to have significant associations with a right-leaning party preference profile.

A similar 2013 survey of Swedish workers from Bengtsson et al. investigates in detail the relationship of class position (within the workplace hierarchy) to policy preference. They look at the significance of work-related factors on such things as “work autonomy, working in a team, a physically demanding job and a mentally demanding job,” but find “that work-related factors do not explain the class effects; however, a physically demanding job shows a unique effect.”[[14]](#footnote-13) Unsurprisingly, they find that, through a workplace framework, “[p]eople in different class positions sympathize with policies that benefit them economically,” which is in line with rational choice theory.[[15]](#footnote-14)

A 2014 paper from Herbert Kitschelt and Rehm also finds that “individual’s work experiences on the job play an important part in shaping attitudes.”[[16]](#footnote-15) Their paper clearly outlines logics of task structures within the workplace and associated political preferences in Table 2, which is found on page 1681. Examples of findings include that organizational professionals are “strongly pro-market and anti-redistribution” and are “center-right” in ideology, whereas this varies among professionals in technical and interpersonal fields. Unskilled vocational white- and blue- collar employees in all of their three structure fields (organizational, technical, and interpersonal) share policy preferences, like being “strongly in favor of redistribution” and falling “center to left” on their self-described ideological spectrum. Again, further insights can be gained from reviewing Kitschelt’s Table 2.[[17]](#footnote-16) Torben Iversen and David Soskice, in 2017, presented a theory in the same vein which argued that:

individuals who have made risky investments in skills will demand insurance against the possible future loss of income from those investments. Because the transferability of skills is inversely related to their specificity, workers with specific skills face a potentially long spell of unemployment or a significant decline in income in the event of job loss. Workers deriving most of their income from specific skills therefore have strong incentives to support social policies that protect them against such uncertainty.[[18]](#footnote-17)

Finally, a relevant body of work explores class conflicts and, more specifically, class politics. A different paper from Kitschelt and Rehm (2022) considers that education and income. Their findings show that:

Low-education/low-income (“working class”) voters generally hold left-authoritarian values while low-education/high-income (“petty bourgeoisie”) voters generally prefer right-authoritarian positions. The two high-education groups support libertarian positions on the second dimension but opposing views on the first dimension. High-education/low-income voters (“sociocultural professionals”) typically endorse left-libertarian values, while high-education/high-income voters (“business-finance-technical professionals”) prefer right-libertarian positions.[[19]](#footnote-18)

These findings are confirmed by Gethin et al. (2022), which conducts a large-scale empirical analysis of changing political cleavages within 21 western democracies across 1948-2020.[[20]](#footnote-19)

Two more papers examine these class differences across Western Europe. In 2018, Daniel Oesch and Line Rennwald find “that sociocultural professionals form the party preserve of the left, and large employers and managers the preserve of the centre-right.”[[21]](#footnote-20) Of relevance, Oesch also finds that the radical right is now beginning to compete with the centre-right for the votes of small business owners, which illustrates new patterns of class voting and conflict. For more on these changing class patterns, specifically in Britain, Geoffrey Evans and James Tilley’s 2017 book *The New Politics of Class: The Political Exclusion of the British Working Class* which argues that the changing shape of class structure since 1945 itself has forced the parties to change.[[22]](#footnote-21)

1. <https://www.researchgate.net/publication/228470215_Insider-Outsider_Politics_in_Industrialized_Democracies_The_Challenge_to_Social_Democratic_Parties> [↑](#footnote-ref-0)
2. Ibid. [↑](#footnote-ref-1)
3. <https://ejpr.onlinelibrary.wiley.com/doi/abs/10.1111/1475-6765.12027> [↑](#footnote-ref-2)
4. Ibid. [↑](#footnote-ref-3)
5. <https://www.cambridge.org/core/journals/american-political-science-review/article/explaining-social-policy-preferences-evidence-from-the-great-recession/AFA064F23C81B4DF4840A0148F4C2A64> [↑](#footnote-ref-4)
6. Ibid. [↑](#footnote-ref-5)
7. <https://www.annualreviews.org/content/journals/10.1146/annurev-polisci-050517-110713> [↑](#footnote-ref-6)
8. <https://www.cambridge.org/core/journals/american-political-science-review/article/explaining-social-policy-preferences-evidence-from-the-great-recession/AFA064F23C81B4DF4840A0148F4C2A64> [↑](#footnote-ref-7)
9. <https://www.annualreviews.org/content/journals/10.1146/annurev-polisci-050517-110713> [↑](#footnote-ref-8)
10. <https://academic.oup.com/oxrep/article/22/3/365/418918> [↑](#footnote-ref-9)
11. Ibid. [↑](#footnote-ref-10)
12. <https://journals.sagepub.com/doi/10.1177/0010414008330595> [↑](#footnote-ref-11)
13. <https://www.tandfonline.com/doi/full/10.1080/14616690701846946> [↑](#footnote-ref-12)
14. <https://pubmed.ncbi.nlm.nih.gov/24320072/> [↑](#footnote-ref-13)
15. Ibid. [↑](#footnote-ref-14)
16. <https://journals.sagepub.com/doi/10.1177/0010414013516066> [↑](#footnote-ref-15)
17. Ibid. [↑](#footnote-ref-16)
18. <https://www.cambridge.org/core/journals/american-political-science-review/article/an-asset-theory-of-social-policy-preferences/BBABCFE1767DD96FDB7F0D72F2D6C661> [↑](#footnote-ref-17)
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20. <https://academic.oup.com/qje/article/137/1/1/6383014> [↑](#footnote-ref-19)
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