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DEVELOPMENT OF GROWTH MODEL FOR SMALL BUSINESS

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Despite the shortcomings pointed out by the critics, knowledge about what facilitates and hinders growth of small business is still scattered and limited today. The same is true for insights into the process of firm growth. Apparently, the large number of empirical studies has not had a high yield of generalizable knowledge. To put the things in the right perspective, this study is to review some of the major academic approaches to the subject and endeavored to develop a comprehensive theoretical model to understand the factors influencing the growth of small business.

The overall purpose of this study is to develop a better understanding of the factors influencing the growth of the small business. A major hindrance to the study is the fact that none of the studies in the literature (highlighted in this study) produces a comprehensive theoretical model. This study concentrates upon a review of some of the major academic approaches to this subject and discusses their strengths and weaknesses. It begins with a brief review in the policy context viz. of works on the growth of small-scale companies through policy initiatives.

THE POLICY CONTEXT : PICKING UP THE WINNERS

In the last few years in the international plane, there has been substantial shift in the interest of policy-makers and in small business 'assistance' organizations towards a greater focus on the 'growing' company. 'Picturing and Stimulating Winners' has become a major concern of small firms assistance organizations. One important

reason for this is the sheer size in numbers and industry sectoral variety of the small firm sector in relation to the limited resources available to assist them. Identification of enterprises from whom 'best' returns can be obtained given limited inputs of support is a major concern. The shift in policy interest reflects a number of factors including:

- A change in emphasis from employment generation to issues to do with smaller firm contribution to efficiency (Nicholas, 1987).
- Interest in focus of small business in manufacturing and in the general health of the manufacturing sector (Mayes, 1987).
- Interest in tapping the potential benefits of relationships between large and small firms and the recognized dependency of large firms on the efficiency of their sub-contractors and suppliers (Gibb, 1988).

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