

TITLE

**CONCEPTUALISING A MODEL TO PROMOTE POST START-UP
SMALL BUSINESS GROWTH
IN SRI LANKA**

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ABSTRACT

The objective of this thesis is to determine whether it is possible to improve the adequacy of support to “post start-up” small businesses in Sri Lanka by making changes to the current support regime to encourage their growth. The interest in this issue stems from (a) previous research carried out which highlights the substantially lower contribution to employment growth from the small businesses in Sri Lanka as compared to what is observed in other countries, and (b) the increasing emphasis upon stimulating the small business sector to make a significant contribution to the national economy which is apparent in recent policy proposals in the White Paper presented by the Task Force for Small and Medium Enterprise (SME) development.

An examination of extant literature suggests that the understanding of the factors that influence the growth of post start-up small businesses in developing countries is limited. Knowledge is also limited on the type of support that is required to adequately address such factors. To systematically investigate the existing knowledge gaps in these areas a questionnaire survey was conducted.

Being cognisant of the reality that identified support needs should be client-initiated the survey placed emphasis upon understanding owner-managers’ evaluation of factors perceived to influence small business growth. Their views on how to further develop the existing support was solicited. In-depth interviews were also carried out with small business owner-managers and key employees of organisations providing small business support.

A variety of statistical techniques were employed to analyse the responses to the questionnaire survey. Overall the results indicate that the factors influencing the growth of post start-up small businesses are highly individual in nature. Results of the study also indicate that the employment growth in post start-up small businesses is very limited. Similarly the growth intentions of the majority of responding owner-managers are moderate to low.

The findings also indicate many “importance-adequacy support gaps” which show that the existing post start-up support to address perceived important factors is inadequate.

Negative support gaps were identified in relation to strategic activities such as planning, business management, and new product development. Sizeable support gaps were identified in relation to key functional areas such as marketing and finance.

Stepwise discriminant analysis was employed to determine the company, owner-manager, and strategic characteristics that are most effective in predicting the variations in employment growth amongst post start-up small businesses. The inconclusive results suggest that targeting support for post start-up businesses on the basis of easily measured characteristics (company, owner-manager and strategic) is not likely to be an effective approach to generate new employment.

The analysis of owner-managers' awareness, use and perceptions of post start-up assistance provides insights into the reasons for the failure of existing support to address the identified support gaps. Interview evidence identifies a number of weaknesses in the current support available to post start-up small businesses that act as constraints on growth. Proposals are made to improve awareness and access to support.

Drawing on the results of the research a conceptual model is proposed that suggests a holistic approach to the identification, evaluation and delivery of support to address the factors constraining the growth of post start-up small businesses. Recognising the variations in ambitions, capabilities and the needs of small businesses, the emphasis is placed upon a network-based approach with close cooperation between, owner-managers, support providers, banks, accountants, government officials and other interested parties to deliver individualised, practical support to prospective firms.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
CC	Chamber of Commerce
CEFE	Competency Based Economies through formation of Enterprise
CEO	Chief Executive Officer
DCS	Department of Census and Statistics
ENSR	European Network for SME Research
GCE	General Certificate of Education
GDP	Gross Domestic Product
GTZ	German Agency for Technical Cooperation
HRM	Human Resources Management
IDB	Industrial Development Board
IMF	International Monetary Fund
ITI	Industrial Technology Institute
ITO	Industry Training Organisation
JICA	Japan International Cooperation Agency
NGO	Non-Government Organisation
OECD	Organisation for Economic Co-operation and Development
SEEDS	Sarvodaya Economic Enterprise Development Services
SME	Small and Medium Enterprise
SMED	Small and Medium Enterprise Developers
SMESDP	Small and Medium Enterprise Sector Development Programme
UK	United Kingdom
UNDP	United Nations Development Programme
UN-ECE	United Nations Economic Commission for Europe
UNIDO	United Nations Industrial Development Organisation
USA	United States of America

CHAPTER ONE

INTRODUCTION

The objective of this study is to determine how the existing support to post start-up small businesses could be improved to enhance small business growth in Sri Lanka. This study is important to both academic research and policy development because of the significant contribution these businesses could make to economic development, the growth of employment and the generation of new innovations. In most parts of the world small businesses make a sizeable contribution to economic growth and are seen as the means to create jobs for the unemployed (Davidsson, Kirchhoff, Hatemi-J, & Gustavsson, 2002). Employment growth in the small business sector comes mainly from the expansion of enterprises that are less than five years than from the growth of old established businesses (Acs & Armington, 2003). This signifies the importance of providing support to early post start-up small businesses to realise their full potential.

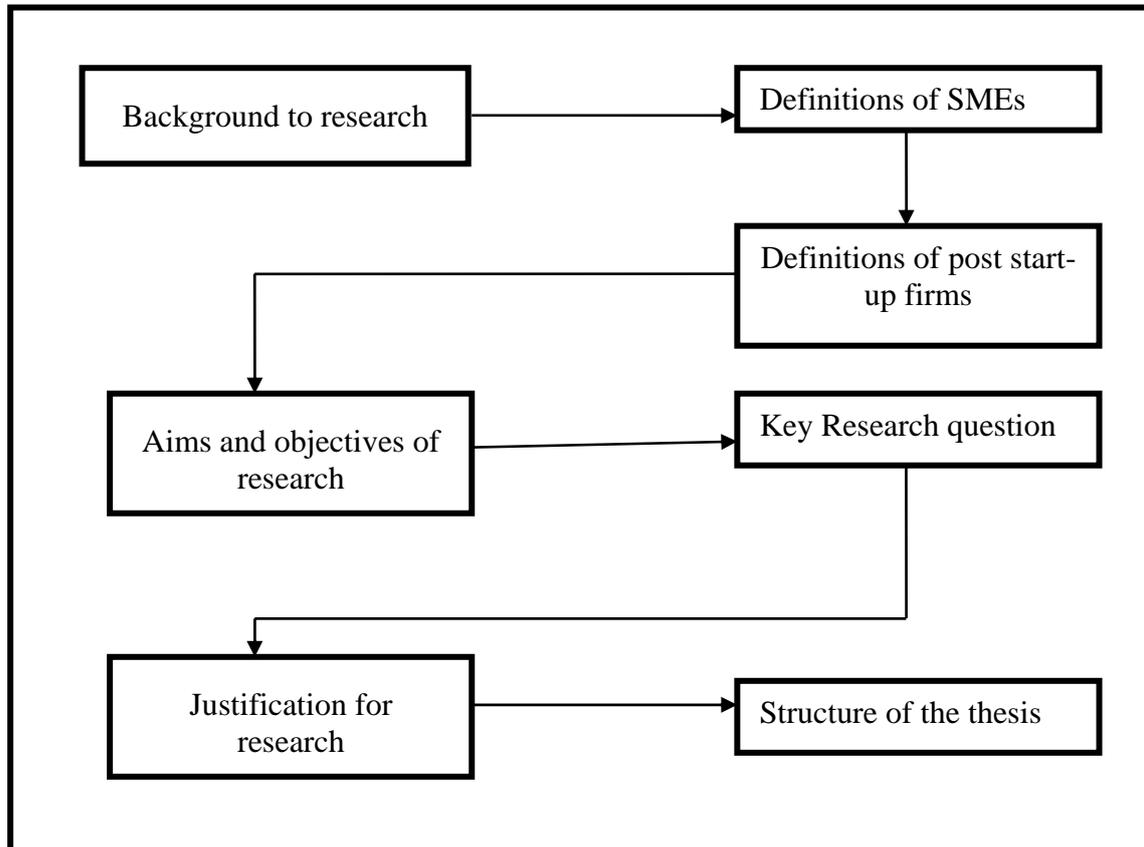
Small businesses account for a significant proportion of world businesses (Morrison, Breen & Ali, 2003). They constitute 95% of all businesses in the United Kingdom (Day, 2000), 96-99% of the total number of enterprises in the Organisation for Economic Cooperation and Development (OECD) countries (OECD, 2002), 97.3% of all enterprises in New Zealand (Schwellnus & Taylor, 2003), and 85.5% of all enterprises in Australia (Office of Small Business, 1999).

Small businesses in Sri Lanka heavily outnumber larger businesses. In 2003/2004, small businesses accounted for 92.4% of the industrial establishments (Department of Census and Statistics, 2006). However, their contribution to total employment and employment growth is substantially lower than in other countries. As a step towards remedying the relatively low employment in the small business sector in Sri Lanka, this study examined the adequacy of the available support from public and private sources to post start-up small businesses.

Based on the study's findings, changes are proposed to Sri Lanka's small business support framework. It is anticipated that the proposed improvements will enable early post start-up businesses to stay abreast of new developments in the market and make a

contribution to employment growth by capitalising on emerging new opportunities. The structure of this opening chapter is given in Figure 1.1

Figure 1.1 – Structure of Chapter One



1.1 BACKGROUND TO THE RESEARCH

Small businesses that are flexible and innovative in the provision of services and the manufacture of goods accounted for 55% of all innovations in the United States of America (USA) in 1998 (Day, 2000). Innovative small enterprises in the past have initiated products such as helicopters, air conditioning, personal computers, and the heart valve, all of which were later perfected by larger companies (Coy, 2003). The innovations produced per research dollar by small businesses were 24 times greater than those of the Fortune 500 companies (Doyle & Wong, 1996).

Governments that have understood the significant contribution made by small businesses endeavour to assist and nurture them as a significant component of their

strategies for economic development and employment generation (Day, 2000; Hill, 2001; Holmund & Kock, 1998; Kuratko & Hodgetts, 2004). For example, the Government of New Zealand, in May 2001, established a \$100 million fund to provide seed and venture capital to new entrepreneurial businesses (Hamilton & Dana, 2003). With the initiation of this fund, the government expected to attract further venture capital from the private sector to bolster the formation of about 150 to 200 new businesses in New Zealand.

The significant contribution of small businesses to employment growth is highlighted in research from many parts of the world (Coy, 2003; Leppee, 2003; OECD, 2002; Pichler, 2004; UN-ECE, 1997; Valery, 1999). Small businesses account for a disproportionate share of job creation in North America (Arend, Amit, Brander, & Hendricks, 1997; OECD, 2002) and in Puerto Rico (Hamilton & Rivera, 2003). While one in four people worked for a Fortune 500 company in the 1960s, that figure fell to one in fourteen in the 1990s (Soto Class, 2003). In the European Union, about 34% of the workforce is employed in businesses with fewer than 10 employees (European Commission, 2000). In OECD countries, small businesses provide the largest number of jobs in the service sector and 60-70% of total jobs in the manufacturing sector (OECD, 2002). In the Asia Pacific region, these account for between 32 and 48% of employment (UN-ECE, 1997).

Schreyer (1996) found a negative relationship between net job creation rates and the size of a business. Small businesses also provide a more stable employment base than larger businesses because they hold on to workers in hard times as they know the difficulties in replacing them when good times return (Coy, 2003). Further, the small business sector contributes substantially to sustaining employment levels in a country during periods of industrial restructuring. In Europe during the 80s and 90s, SMEs absorbed some 8,000 employees who were laid-off from large public sector industries (Pichler, 2004).

Small businesses are strategically important because they curb the monopolistic power of large enterprises and increase the competitiveness of the market. They also act as the seed beds for entrepreneurial skill development (UN-ECE, 1997). The contribution of these businesses to innovation, economic growth, and job creation in

most parts of the world is well documented. Thus, providing support to small businesses is a prudent approach to create new employment opportunities.

1.1.1 The Small Business Environment in Sri Lanka

Between gaining independence in 1948 and 1956, Sri Lanka followed a state dominated development strategy, using an export-import type economic model which ensured the free flow of imported goods. From 1956 to 1977, an import substitution policy was followed to improve the balance of payments position and save foreign exchange. Licensing, high import tariffs, import quotas, and restrictions on foreign currency payments were some of the policy instruments used to achieve economic sovereignty. To satisfy the political desire for self-reliance, the public sector was engaged in the establishment of medium and large scale industries, while the private sector was given incentives to set up small scale industries. During this period, even though there were no specific policies developed to support small industries, many institutions were set up to assist their promotion and development.

A market-oriented policy framework, introduced in 1977, transformed the inward looking export-import type economic model into a more outward looking export oriented economic model. This change encouraged the development of partnerships between the public and private sectors to accelerate economic growth. Following 1977, many institutions and even ministries were established by successive governments to encourage the expansion of the small business sector. However, the creation of a business-friendly environment that maximises the growth potential of small businesses has not been realised. Yet these small businesses have a crucial role to play in strengthening the flagging economy of the country. Supporting the growth of small business has also become critical as a means to provide employment to the vast number of educated unemployed in Sri Lanka.

Contribution of Small Businesses to the National Economy

The contribution of small businesses to the national economy in Sri Lanka is not noteworthy. Abeyratne (2005) reveals that in the year 2004, the small business sector contribution to the country's GDP is only 18.5%. In contrast, in neighbouring India,

the small business sector input to GDP during the period 1995-2002 has remained at an annual average of 33% (Manimala, 2003).

Small businesses in Sri Lanka heavily outnumber large businesses, but their achievements in terms of employment generation have not been as impressive as those of their counterparts in other countries. In the year 2003/4, small businesses that comprised 92.4% of the total establishments contributed only 27.6% of total employment (Table 1.1). In the same year, medium and large businesses that comprised 7.6% of all industrial establishments, contributed to 72.4% of total employment (Table 1.1).

Table 1.1 – Relative Size of Industrial Establishments: 1983 and 2003/4 (Per Cent)

Size Group	Census of Industry 1983		Census of Industry 2003/2004	
	Establishments	Employment	Establishments	Employment
Small	86.6	29.2	92.4	27.6
Medium and Large	13.4	70.8	7.6	72.4
All	100	100	100	100

Source: Department of Census and Statistics (1983; 2006).

The exceptionally low level of employment in the small business sector in Sri Lanka creates an urgent need to investigate the factors that affect the growth of small businesses, and the actions that can be taken to enhance their contribution to economic development and employment growth. To do so in depth, while keeping the scope of the study manageable, this study concentrated on small businesses in two of Sri Lanka's nine provinces.

Selection of Post Start-Up Small Businesses in Western and Southern Provinces

The employment in the small business sector in Sri Lanka is continuing to slide and was only 27.6% in the year 2003/4 (Department of Census and Statistics, 2006). This is far below what is observed in other countries. The employment growth rate in the Western Province and the Southern Province is lower than the national average (ADB/Sri Lanka, 2003). The above suggests that, while small businesses under perform across Sri Lanka, they do worse in the Western and Southern provinces. Thus, the impediments to employment growth among small businesses in Sri Lanka

are likely to be more pronounced in these two provinces. That, in turn, should make it easier to identify them.

Due to the smaller size of the country the nine provinces in Sri Lanka are relatively homogeneous. The Northern and Eastern provinces are inaccessible due to war and on-going terrorist activities. In addition to low employment growth rates in the Western and Southern provinces, these were selected for the study because they together, represent a significant proportion of the country's SMEs (59.8%) and 57% of the sector's total employment (ADB/Sri Lanka, 2003).

Many studies have observed that the obstacles faced by small businesses change at various stages of development (Kazanjian, 1988; Kuratko & Hodgetts, 2004; Moy & Luk, 2003; Olson, 1987; Smith, 1988; Walsh, 1988). They also stress the need to provide support to overcome obstacles to growth. However, firms that have survived the initial start-up phase have already shown the potential for success. Directing scarce government resources to these firms may thus have the potential for the greatest benefit. Hence, the current study investigates the importance of factors perceived to influence the growth of early post start-up small businesses.

1.1.2 Definitions of Small and Medium Sized Enterprises (SMEs)

There is no widely accepted definition of a small business. Gore, Murray and Richardson (1992) state that, though it is easy to recognise a small business when seen, these enterprises are difficult to define. Most frequently, small businesses are defined using objective measures such as sales turnover, profitability, and number of employees. These are all measures of size. Some object to the use of such measures, as these can lead to most businesses in a sector being identified as small businesses whilst in other sectors there will be no small businesses (Storey, 1994). Thus, alternative definitions have been sought.

Verhees and Meulenber (2004) defined a small business as one "that is run and is controlled under the direct supervision of the owner" (p.139). Glancey (1998) suggested the use of both qualitative and quantitative measures in defining a small and a large business. Simpson, Tuck and Bellamy (2004) stated that businesses in the

manufacturing sector have traditionally been categorised by the number of employees, and retail sector businesses by turnover. O’Dwyer and Ryan (2000) pointed out that government agencies and training providers tend to define small businesses on the basis of the numbers employed, while banks and other financial institutions use financial measures such as sales and value of assets. This suggests that the criteria used to place small businesses in different categories are mostly arbitrary and vary depending on the industry sector or the type of business. Nonetheless, organisations in different parts of the world have developed their own criteria to define small businesses to suit their own situations.

The European Commission adopted the following definition of Small and Medium Sized enterprises and requested compliance with their definition from their member states (European Commission, 1996).

- Medium Sized Enterprises – (1) Have fewer than 250 employees (2) Annual turnover not exceeding \$40 million (3) Annual balance sheet total less than \$27 million
- Small Enterprises – (1) Have between 10-49 employees (2) Annual turnover not exceeding \$7 million (3) Annual balance sheet total less than \$5 million
- Micro Enterprises – (1) Have fewer than 10 employees

Table 1.2 – Definitions of Business Categories in Sri Lanka

Type of Business	Number of Employees
Micro	Fewer than 5
Small	5 – 29
Medium Sized	30 – 149
Large	150 and above

Source: Task Force, (2002)

In Sri Lanka, a task force appointed to formulate a national strategy for SME sector development has defined SMEs in term of assets and number of employees. For assets, they defined firms having “asset values not exceeding Rs50 million per enterprise, excluding land and buildings” as SMEs (Task Force, 2002, p. 23). Within this category, the task force also defined businesses with assets under Rs20 million as

small scale businesses, and those with assets between Rs20 - Rs50 million as medium scale enterprises. In terms of employees, they provided the definitions in Table 1.2.

There are two important aspects that have to be considered in choosing a basis for the definition of small businesses. Firstly, it should help to differentiate small businesses from larger businesses. Secondly, the definition should allow for easy gathering of accurate, relevant and useful data. In a developing economy like Sri Lanka, employment data meets this latter criterion better than information on total assets. Therefore, for the purpose of this study, all businesses that have 30 or fewer employees were classified as small businesses.

Definitions of Post Start-Up Small Businesses

There has been no agreement on the number of life-cycle stages of small businesses. Different frameworks generate different numbers of stages. Terpstra and Olson (1993) identified different problems faced by small businesses in “start-up” (first year of operation) and “post start-up” (growth) stages in the small business life-cycle. Vozikis (1984) also notes differences in needs of small businesses at the “early growth” and the “later growth” “post start-up” stages. Fourcade (1985) stated that addressing the problems that arise in the early post start-up stage, between the second and the fifth years, is critical to the emergence of growth businesses. Therefore, the current study concentrated on post start-up businesses between 13 to 60 months old.

Measuring Small Business Growth

Past research on small business has used a range of variables to measure growth, but the most widely used measures are sales and employment. Researchers have found a strong correlation between sales and employment growth (North & Smallbone, 1993; Storey, Keasey, Watson, & Wynarczyk, 1987). Also noticeable is the relationship between financial performance and employment growth.

Employment growth is a reliable and a less volatile measure of growth than sales, as owner-managers generally wait for demand to stabilise before recruiting personnel (Delmar, 1997; Wiklund, 1999). In addition, reliable information on employment is

easier to gather and less sensitive than financial data. Thus, employment is widely used as a measure of growth (Barringer, Jones, & Neubaum, 2005; Chaganti, Cook, & Smeltz, 2002; Davidsson et al., 2002; Freel & Robson, 2004). It is also the primary measure of growth used in the current study.

1.2 AIMS AND OBJECTIVES OF THE RESEARCH

Past research conducted in Sri Lanka to identify factors influencing small business growth and to determine their support needs is almost non-existent. Accordingly, the aims of this study were: (a) to identify the importance of factors that are perceived to influence small business growth at the early post start-up stage, and, (b) to evaluate the adequacy and ability of existing support services to address those factors thus promoting small business growth.

The information for the study was gathered from two provinces in Sri Lanka (Western and Southern) that have experienced relatively low employment growth. Given the small size of the country and the uniformity of business conditions, the insights gained should be valid country wide. With this limitation in mind, the study sought to achieve five research objectives.

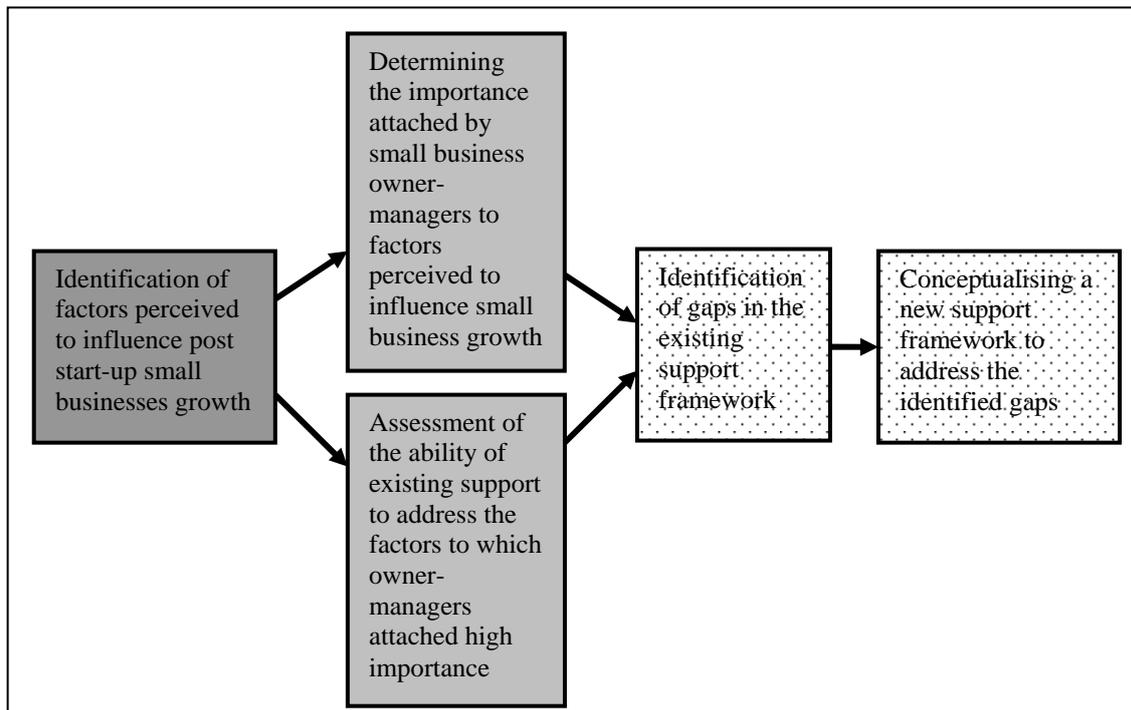
- (1) To understand the nature and extent of employment growth among post start-up small businesses (established for 13 to 60 months) in Sri Lanka.
- (2) To determine the levels of importance attached by owner-managers of post start-up small businesses to factors that are perceived to influence small business growth.
- (3) To assess the extent to which existing support services are perceived to be adequate by the owner-managers of post start-up small businesses.
- (4) To gather input from owner-managers and support providers on how the existing support services could be further developed to meet the needs of post start-up small businesses.

- (5) To draw upon the findings of this research to propose a model that addresses support related issues constraining the growth of post start-up small businesses.

1.2.1 Key Research Question

The growth of small business is a complex multi-dimensional phenomenon (Scase & Goffee, 1984). A convergence of owner-manager factors, internal factors, and external factors impact upon the growth of small business (Glancey, 1998; Morrison, et al., 2003; Storey, 1994). The abilities and motivations of owner-managers, and the actions taken by them to address issues related to these factors, determine the direction and performance of small businesses. These highlight the need for research to identify the changing support needs of small businesses.

Figure 1.2 – Research Process Model



Growth oriented small businesses need support to overcome the obstacles that hinder their growth. According to Fourcade (1985), it is the four years soon after the first 12 months that are crucial to the development of small businesses. A concern to meet the support needs of early post start-up small businesses to encourage their growth

formed the background to this research. Therefore, the key research question addressed by this study is:

To what extent is it possible to improve the adequacy of support and enhance post start-up small business growth by changing the existing support regime?

To address this question it is first necessary to establish the factors that are critical influences on the growth of these businesses. Secondly, the adequacy of existing support services to meet the needs of these factors must be assessed. Finally, strategies must be developed to overcome any inadequacies found in the existing support systems. The process followed to address the above concerns is depicted in the “research process model” provided in Figure 1.2.

The Importance and Contribution of This Research

Even though prior research has identified many factors that affect the success of small business, making generalisations from those studies is nearly impossible due to dissimilarities found in the categorisations of small businesses, and differences in the research approaches used. In addition, past research that has attempted to identify characteristics shared by successful owner-managers has failed to find any consistent patterns (Watson, Hogarth-Scott, & Wilson, 1998).

This research utilizes a mix of qualitative and quantitative methods to achieve the aims and objectives of the study. It addresses the knowledge gaps in relation to factors that influence the growth of early post start-up small businesses in developing countries. The study gathers owner-managers’ importance ratings for those factors that are perceived to influence the growth of small businesses established for 13-60 months in Sri Lanka. It then gathers measures of the adequacy of existing support to address small business needs.

The study proposes a conceptual model to improve support to post start-up small businesses to enhance their growth. The proposed model facilitates identification, evaluation, prioritisation and delivery of individualised support to early post start-up small businesses. It addresses weaknesses in the existing support system that have

resulted from a lack of required support levels and a low awareness of available support for small businesses.

1.2.2 Justification for Research

Undertaking this research is justified by the following six observations.

- The small business sector is a significant contributor to innovation (Day, 2000; Doyle & Wong, 1996; Meredith, 1988), economic development (Davidsson et al., 2002; Morrison et al., 2003), and employment growth (Arend et al., 1997; Hamilton & Rivera, 2003).
- The growth of employment comes mostly from the expansion of current businesses rather than through the establishment of new businesses (Hill, 2001).
- The small business sector continues to be plagued with high failure rates and poor performance levels (Culkin & Smith, 2000; Davig & Brown, 1992; Jocusen, 2004).
- Most studies researching the problems faced by small businesses and their support needs have been conducted in developed countries and in western societies where the business environment is very different from that in a small developing country like Sri Lanka.
- Factors influencing the growth performance of small businesses vary between the different stages in their life-cycles (Hall & Young, 1991; North, Leigh, & Smallbone, 1992). Addressing the problems that arise between the second and fifth years, the early post start-up stage, is critical in the emergence of growth businesses (Fourcade, 1985).
- Support regimes influence the growth performance of small businesses (Atherton, 2006; Bateman, 2000; Xheneti, 2005). One of the factors that contribute to the underperformance of post start-up small businesses in Sri Lanka is the poor quality of the existing support regime. It is likely that an improved support provision network would improve the performance of these businesses and raise

the level of employment in the small firms throughout Sri Lanka. However, improvements in existing support system require a deep understanding of current support gaps between factors that affect small business performance and the support programmes designed to address their needs. This depth of understanding can only be achieved through an intensive investigation of conditions in the existing support system.

Methodology

The methodology employed in this study reflects the complex multi-dimensional nature of the factors influencing the growth of post start-up small businesses. The positivist and interpretivist approaches used in the research process enabled the determination of factors influencing the growth of these small businesses and the ability of existing support to address their needs. The quantitative and qualitative methods employed were useful to understand precisely how the existing support available to early post start-up small businesses could be developed to enhance their contribution to economic development and employment generation. The mixed method of personal interviews, questionnaire survey, and in-depth interviews ensured triangulation of the research findings.

1.3 STRUCTURE OF THE THESIS

Figure 1.3 provides the structure of the thesis and a list of the key content included in each chapter. Chapter one has provided the background to the study. The ensuing discussion on the small business environment in Sri Lanka led to a review of the contributions of small business to the national economy. The reason for concentrating the data gathering from the Western and Southern provinces was then presented. Next, the small and medium sized enterprises and post start-up small businesses were defined, along with an appropriate measure of small business growth. The aims and objectives, the key research question, the importance and contribution of the research, a justification for the research, and the structure of the thesis concluded the chapter.

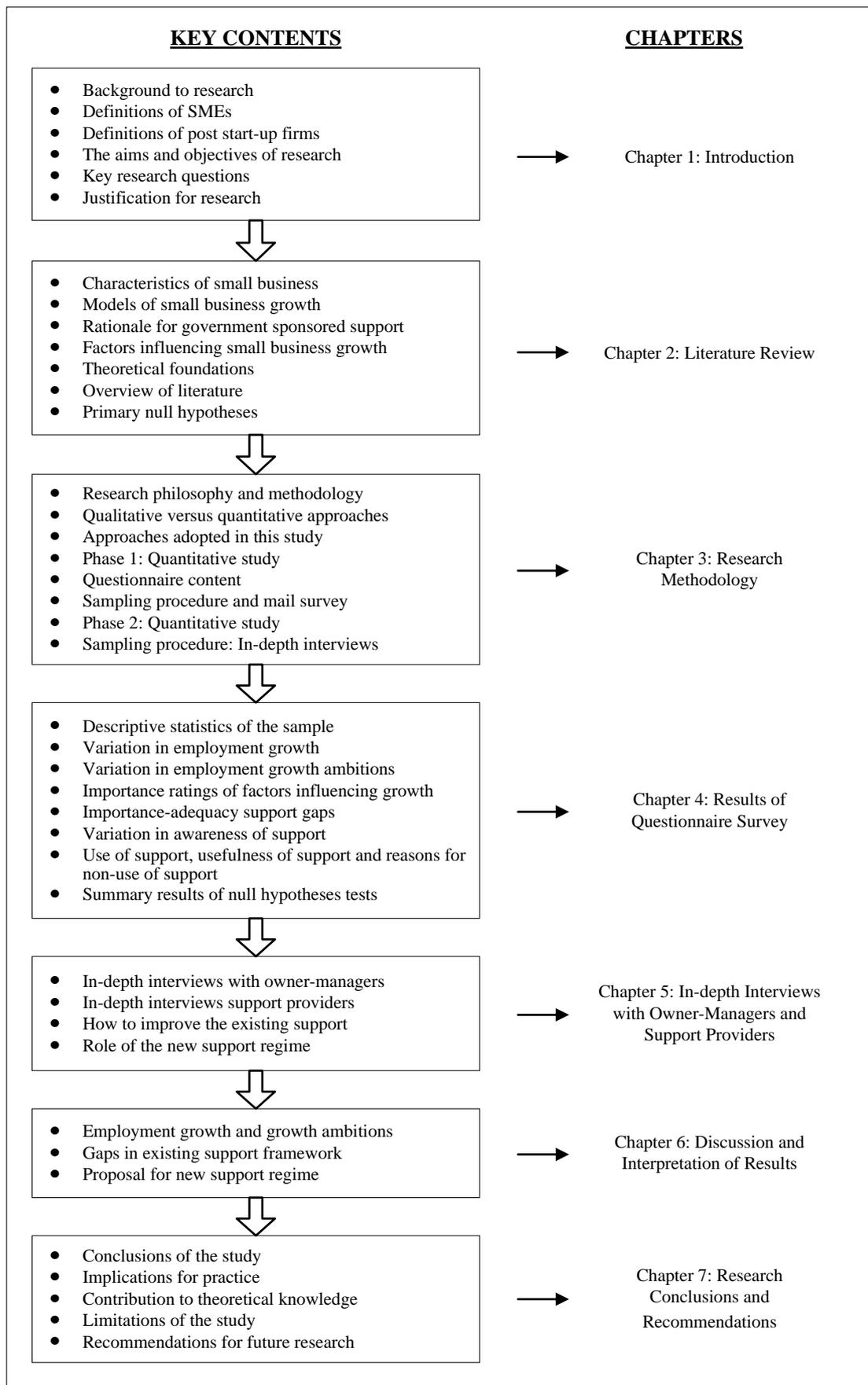
The next chapter begins with a discussion of the characteristics of small businesses which make them different from larger businesses. The discussion then moves on to

models of small business growth that highlight different stages of growth in the life-cycle of small businesses and the challenges and problems small businesses face at different stages of growth. A rationale for providing government sponsored support to small businesses is then presented. This is followed by a discussion of the reasons for underperformance of small businesses and the strategies pursued to support small businesses. The factors influencing small business growth are then reviewed under three categories: owner-manager factors, internal factors, and external factors. Brief reviews of the literature concerning theories which form the theoretical foundations of this study are then presented. In particular, the relevance of key models of competitive advantage, and the theories of motivation and services marketing are explained. The chapter concludes with an overview of the literature and proposes eight null hypotheses which form the base for the subsequent research investigation.

At the beginning of chapter three, alternative research methodologies that could be employed in the study are evaluated. The quantitative and qualitative approaches adopted in the study are discussed and justified. The discussion then moves on to the phase one – quantitative study. The questionnaire content, sampling procedure employed, and the mail survey are discussed in detail. Thereafter, phase two - qualitative study is described in some depth.

Chapter Four presents the research results and findings from the quantitative data analysis from the questionnaire survey. These relate to descriptive statistics of the sample, sample profile, and the perceived importance of factors influencing business growth. Statistical analysis explores the variation of employment growth and employment growth ambitions. Data are also provided on the variation in the perceived importance of factors influencing growth, the variation in the perceptions of adequacy of support, and the importance-adequacy support gaps. The findings on variations in awareness and use of support, and methods available to improve the current support regime, are then discussed. The results and the findings are combined with the literature reviewed. The responses received to an open-ended question relating to possible support improvements are also summarised. Finally, the degree of the support received for each of the eight primary hypotheses developed in chapter two is presented.

FIGURE 1.3 – THE STRUCTURE OF THE THESIS AND KEY CONTENTS



Chapter Five examines the in-depth interview evidence from ten owner-managers and five support providers. These observations provide insight into why the results of the questionnaire survey emerged as they did. Owner-managers' views on factors influencing growth of small businesses, awareness, use, and their opinion of existing support are reported. The discussion then moves on to explain the support providers' views on factors influencing growth and their evaluations of existing support. The interviewees' views on how to improve existing support are discussed. The chapter concludes with a discussion of the major issues to be addressed by the proposed new support regime.

Chapter Six draws on the results of chapters four and five to propose changes to improve the awareness, content, and delivery of support services. It discusses the limitations of pursuing a targeted approach to the provision of support. The different perspectives of owner-managers and support providers on how the existing support could be developed are reported. The chapter concludes by proposing a conceptual model to address the support needs of post start-up small businesses.

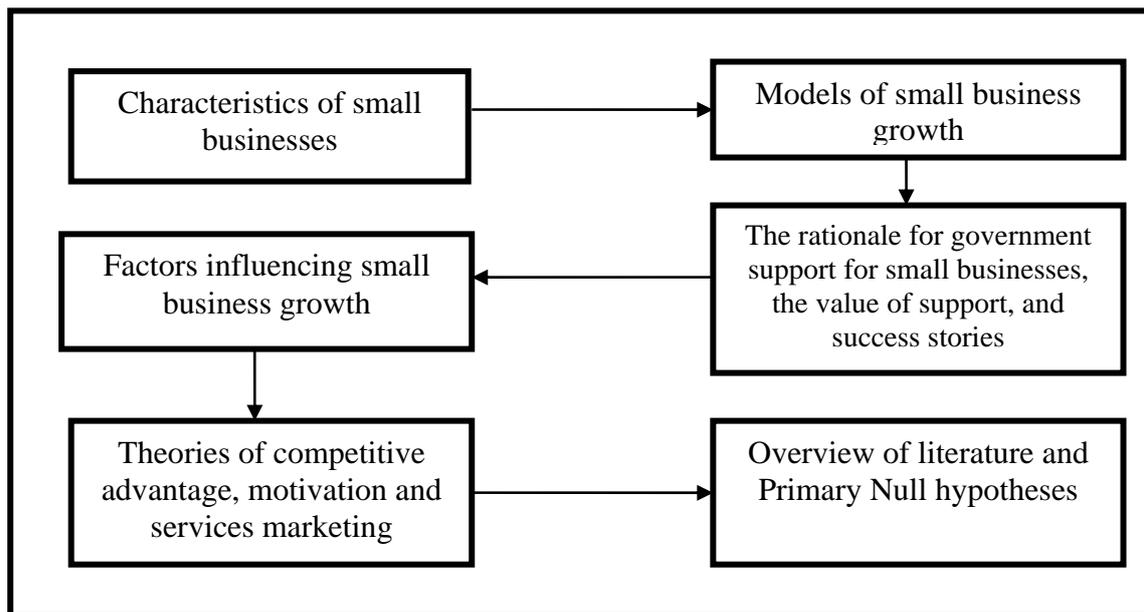
Chapter Seven presents the conclusions of the study. Findings are summarised in relation to the stated research objectives. The importance of the findings to practice is discussed. The contributions of this study to theoretical knowledge are presented, making specific reference to theories of competitive advantage, motivational theories, and theories of services marketing. Finally, the chapter examines the limitations of the study and makes recommendations for future research.

CHAPTER TWO

LITERATURE REVIEW

The structure of Chapter Two is presented in Figure 2.1. The chapter begins with a brief review of the distinguishing characteristics of small businesses and the unique problems and advantages these businesses face as a consequence of their smaller size. This is followed by a brief description of various growth models that are cited in the small business literature. These models discuss the problems businesses experience at different stages of growth and the actions taken to overcome them as they progress from one stage to the next. However, the stage growth models fail to explain what enables the growth of small businesses.

Figure 2.1 – Structure of Chapter Two



The next section discusses the rationale for government intervention and public sector funded support for small businesses. The value of business support and the success stories are highlighted. The issues related to the successful provision of support to small businesses are then investigated. This is followed by a detailed investigation of factors influencing small business growth.

Past research investigating the predictors of small business growth has classified these in various ways. This has created confusion owing to overlaps observed in the classifications. As there is no consensus on an appropriate classification, the factors thought to be associated with small business growth were reviewed under the three categories: owner-manager factors, internal factors, and external factors. This is followed by a brief review of the literature concerning theories of competitive advantage, motivation and services marketing, which form the theoretical foundations of this study. These theories each play a large part in defining the specific issues examined in this study. This chapter concludes with an overview of the literature and presentation of the primary null hypotheses proposed for the study.

2.1 CHARACTERISTICS OF SMALL BUSINESSES

It is widely acknowledged that small businesses are different from large businesses. The nature of small businesses affects the way they operate (Carson & Cromie, 1989). Compared to large businesses, small businesses are non-bureaucratic and more flexible (Carson, Cromie, McGowan, & Hill, 1995; Dobbs & Hamilton, 2007; Eirich, 2004). Small businesses gather information mostly through secondary data using the owner-manager's formal and informal contacts (Smeltzer, Fann, & Nikolaisen, 1988). In the absence of functional specialists, small businesses perform their business activities with less expertise than large businesses (Freel, 2000). Past research has also found that only a few small businesses have the potential to grow (Hall, 1995).

Small businesses cannot offer the challenging careers and the attractive remuneration packages offered by large companies (Koppar, 2003). Nor can they offer the same opportunities for training and skill development (Webster, Walker, & Barrett, 2005). Despite these distinct disadvantages, employees in small businesses claim more personal satisfaction from the freedom, flexibility and the more congenial work environment that is found in such businesses (Shuster, 2000).

The innovative capabilities of small businesses are constrained by the limited access they have to forms of finance and for venture capital (Barringer & Jones, 2004; Freel, 2000). Lack of sufficient resources limits the long-term planning capability of small businesses (Shrader, Mulford, & Blackburn, 1989). The typical problems faced by

small businesses are lack of management expertise, under-capitalisation, disadvantages of lack of economies of scale, lack of resources to carry out research, and inability to adapt new technologies (Akgun, Lynn, & Byrne, 2004; Lauder, Boocock, & Presley, 1994; Yasuda, 2005). All these are the usual strengths of well performing large companies.

What the small businesses do enjoy is their behavioural advantage vis-à-vis the material advantages (e.g., financial and technological resources) of large businesses (Rothwell & Dodgson, 1994). Their smaller size and simple structures provide the flexibility to be responsive to changing circumstances. This entrepreneurial dynamism promotes creativity, and endows them with a combination of characteristics crucial to achieving competitive advantage (Barrett & Rainnie, 2005; Metzler, 2006).

The determinants of corporate growth and profitability of larger businesses are well researched, but similar studies about owner-managed small businesses are less common (Glancey, 1998). A number of factors affect the success of small businesses at different stages in the business's life-cycle. Past research (Kazanjian, 1984; Terpstra & Olson, 1993) has found the nature of the problems small businesses face in their progression through the different evolutionary stages and the consequent impediments each obstacle cause at different stages in the main to be distinctive.

Many new ventures fail within the first five years (Cowan, 1988; Day, 2000). Research has so far failed to explain why some growth oriented small businesses fail to grow. The literature has not reached consensus about which antecedent factors are more likely to produce growth in small businesses (Orser, Hogarth-Scott, & Riding, 2000). There is also limited consensus on major impediments to small business growth at different stages of the life-cycle. Therefore, a systematic study which proposes strategic solutions to the problems small businesses experience at different stages of their life-cycle, would help to promote organisational growth (Moy & Luk, 2003).

Models of Small Business Growth

Four types of small business growth models have been identified in the literature: models derived from industrial economics, stochastic models, strategic models and stage growth models (O'Farrell & Hitchens, 1988). In the industrial economic model, there is an emphasis on cost reductions as firms grow, to overcome competitive pressures, and during this process some firms fail and others grow only to their minimum efficient scale. O'Farrell and Hitchens (1988) argue that the model's assumptions mainly apply to larger companies, as different problems are faced in small business.

Strategic models highlight the critical events upon which small firm resources need to concentrate (O'Farrell & Hitchens, 1988). These models regard growth as the result of random effects of multiple independent factors, and argue that the size of the firm and its growth rate are independent of one another. Confirmatory research has attempted to ascertain the influence of company size on the rate of growth. To date, the findings have been inconclusive. Storey et al. (1987) have found that the variations of growth rates are not the same for all sizes of firms. They found evidence that supports the view that small firms grow faster than larger firms. Other studies have concluded that many factors affect business growth, so there is no single dominant factor that fully explains small business growth (O'Farrell & Hitchens, 1988).

Past studies suggest that stage growth models provide frameworks for understanding small business growth (Gartner, 1985; Greiner, 1972; James, 1973; Mueller, 1972; Reynolds & Miller, 1988; Scott & Bruce, 1987; Steinmetz, 1969). These models have become the dominant framework (Churchill & Lewis, 1983), and have received the most extensive theoretical development. However, the stage concept lacks an explicit definition in the literature, with no effort made to distinguish between terms such as life-cycle, growth stages, or development stages (Hanks, Watson, Jansen, & Chandler, 1993). These terms have been used by several authors interchangeably. Researchers have also proposed models with varying numbers of stages, from three to ten (Yusuf, 1997). Dobbs and Hamilton (2007) point out that these models are descriptive and do not explain what causes growth. These models are also criticised as they postulate a

stage growth process without providing any supportive evidence and also for ignoring the possibility of alternative stages such as growth, decline, and regrowth (Dobbs & Hamilton, 2007; Phelps, Adams, & Bessant, 2007).

Stage growth models suggest that the set of problems associated with each stage of development is unique (Kazanjian, 1988; Kuratko & Hodgetts, 2004; Moy & Luk, 2003; Olson, 1987; Smith, 1988; Walsh, 1988). By overcoming barriers at each stage, small businesses manage the transition through the various stages to achieve growth (O’Gorman, 2001). In addition, determining the stage of an enterprise makes it possible to diagnose the problems likely to be facing the enterprise (Kiriri, 2004). In attempting to classify the obstacles faced by small businesses at different stages, researchers have developed several models of organisational life-cycles (Churchill & Lewis, 1983; Kazanjian, 1988; O’Farrell & Hitchens, 1988; Orser et al., 2000; Steinmetz, 1969; Terpstra & Olson, 1993). The remainder of this section will examine a number of these stage models.

Steinmetz (1969) identified three stages, and argued that the ability of the firm to deal with the distinctive problems arising during each stage determines their successful movement to the next stage. The emphasis is on the need for adaptability in managerial style as growth occurs in the firm. Greiner’s (1972) five stage model made a clear distinction between the evolutionary stage of smooth growth and relative stability and periods of revolutionary change that result from crises. Each crisis creates a potential for failure unless appropriate managerial action is taken. Furthermore, each managerial action generates its own new set of problems for the next stage of development. In other words, Greiner found that each stage in the model is both an effect of the previous stage and a cause of the next.

The five stage model introduced by Churchill and Lewis (1983) is arguably one of the best known (Hill, Nancarrow, & Wright, 2002). The five stages of the model are: (1) existence, (2) survival, (3) success, (4) take-off, and (5) resource mature. Churchill and Lewis explained the growth of small businesses from one stage to the next through the use of an index of firm size, diversity and complexity. They also assessed the changes in managerial style, organisational structure, strategic goals, owner

involvement, and the use of formal systems at each stage. They also discussed some of the specific problems encountered at each stage.

Gill (1985) criticised the existing literature at the time as being deterministic and far removed from the realities experienced by small businesses. He proposed an alternative “five phase” model: (1) deciding to start, (2) finding a purpose, (3) making and testing a business plan, (4) starting and surviving, and (5) growing. He also identified three key elements that influenced the development of a small business: the psychological make-up of the business starter, the resources available to them, and the availability of sustainable markets for the business idea. Gill’s study of new firms did not attempt to quantify the relative importance of factors, nor did it define business growth using a suitable measure such as growth in employment, but it did provide a useful insight into problems faced by small businesses just after start-up.

Stage growth models provide valuable insights into the problems encountered by small businesses at different stages of growth. However, they are not without their critics. While most authors support the view that firms change over time, not all accept that they change according to a prescribed sequence (Birley & Westhead, 1990). Churchill and Lewis (1983) highlight a number of limitations of stage models: they assume that all firms grow and pass through all stages or die; they do not capture the very early stages of business development; and they use annual sales to characterise company size while ignoring some of the other important factors. Another major weakness is the prescriptive nature of stage models - they discuss the process of growth but fail to explain what causes growth of small business. They also fail to provide longitudinal evidence to support their claims about the sequence of the phases proposed (Gibb & Davies, 1990a). They have also been criticised for their lack of relevance to small firms (Birley, 1986).

O’Farrell and Hitchens (1988), in conducting their critical review of stage growth models, argued that the models tended to reflect the symptoms of growth rather than the underlying causes of growth. They also pointed out the lack of consideration of the influences of regional economies with advantages and disadvantages that could facilitate or inhibit small business growth. While more recent models of small business growth have addressed some of the weaknesses of earlier models, research

has failed to explain why some of the growth oriented firms fail to grow, nor have researchers reached consensus about what leads to growth of small business enterprises (Orser et al., 2000).

Problems at Different Stages of Growth

As stated above, a major contribution of stage growth models is that they provide a framework for understanding the nature of the problems small businesses face at each stage (Churchill & Lewis, 1983; Greiner, 1972; Hill et al., 2002; Robinson & Pearce, 1986; Rutherford, Buller, & McMullen, 2003; Steinmetz, 1969). Hill et al. (2002) suggest that the analysis of life-cycles provides insights into the patterns of change and the problems encountered in the running of a small business at different stages of growth. They concluded that the owner-manager's reaction to each crisis would determine the progression of the business to the next stage of growth.

However, the literature is far from clear as to which problems are prominent at which stages. Some studies suggest that the major problems associated with start-up stages are mostly related to the innovation or creation of new products, technology development, and securing of finances, while those at the post start-up growth stage are more commonly associated with sales and marketing effort and the efficiency of organisational systems (Coleman, 1997; Kazanjian, 1988). Terpstra and Olson (1993) found external environment factors, product development, and sales and marketing to be problems at the start-up stage, whereas post start-up stage problems are related to general management, operations, human resources, and regulatory issues. Moy and Luk (2003), exploring the problems faced by small businesses in Hong Kong, identified insufficient support from banks, high interest rates, poor access to fixed assets, and lack of government support to be the major impediments to growth at the post start-up stage.

The literature has also identified a number of barriers to growth, not specifically related to growth stage. These barriers include inadequate demand and high intensity of competition (McGee, 1989), high labour costs and tough labour regulations (Kinsella, Clarke, Coyne, Mulvenna, & Storey, 1993), lack of the economies of scale present in large firms (Cromie, 1990; Kalleberg & Leicht, 1991), poor managerial

skills (Berryman, 1983; El-Namaki, 1990), and the weak personality and managerial style of the owner-manager (Baumback & Mancuso, 1993; El-Namaki, 1990; Kets de Vries, 1985). The ability of the owner-managers to make strategic and structural changes to overcome these barriers may determine their progression through the different stages of growth.

Fourcade (1985) has argued the problems that arise between the second and fifth years (that is, in the early post start-up period), should be effectively addressed, as they are critical in the emergence of growth firms. This finding is complemented by empirical research from Acs and Armington (2003) that suggests growth in the small business sector comes mainly from expansion of firms less than five years old. Consequently, this study adopts the two stage model of Terpstra and Olson (1993), and investigates how to encourage the growth of post start-up small businesses that have been established between 13 and 60 months.

The above brief review highlights that the potential for growth of small businesses varies depending on the development stage. Small business growth is also influenced by both exogenous factors and by factors internal to the business. These businesses are highly vulnerable to failure. Government action for small businesses can have significant effect on improving their chances of survival and growth. Therefore, the following section examines in some depth studies investigating the support provision to small businesses.

2.2 RATIONALE FOR GOVERNMENT SPONSORED SUPPORT PROVISION FOR SMALL BUSINESSES

Many governments show strong policy interest in supporting small business development in part due to their employment generation potential. Even though there are some questions about the quality of jobs in small businesses, if all small businesses in a country added one person to their roll, it would make a significant contribution to alleviating some of the unemployment problems due to their large representation in the business sector (Birley, 1986). This is certainly the case for Sri Lanka where small businesses represent 92.4% of the total number of business

establishments (Department of Census & Statistics, 2006). Cowling and Storey (1999) summed up the importance of providing support to small businesses by saying it is now difficult to find any politician who fails to subscribe to the view that small businesses are vital to job creation.

Ayyagari, Beck, and Demirguc-Kunt (2007) found the contribution of small businesses to GDP and employment growth is large in countries with higher levels of GDP per capita. This suggests that the small business sector in developed countries contributes more to economic growth than in developing countries. Potential therefore exists for small businesses in developing countries to play an important role in economic development if the bottlenecks constraining their operations are eliminated. Provision of support is therefore useful for small business owner-managers to take advantage of the unexploited opportunities in the developing nations.

Small businesses that face challenges from larger organisations for their survival are also highly vulnerable to upheavals in the dynamic macro environment. Governments, therefore, have a responsibility to create an environment that safeguards the underlying resilience and survival capabilities of these businesses and facilitate their development. The support agencies can contribute to this process by understanding the impediments to their growth and designing support programmes that help to overcome them (Sims, Breen, & Ali, 2002).

The decline in the number of small businesses in UK up to the 1960s and the rapid growth in their numbers and self-employment in the late 1960s are a result of government policy changes (Bennett, 2006). The author states that government action for small businesses has been justified because of their capacity to create new jobs. Even though opinions differ in terms of the type of government assistance that should be given to small businesses, the conventional argument favours protection, subsidies and special treatment to small businesses to overcome the disadvantages they face in a liberalised trading environment.

Justification for Support - Market Failure Argument

Small firms will not invest in some areas and develop the market as these businesses do not have any control in the markets they operate (Bennett, 2006). The author states that small businesses are discouraged from training their employees as they are concerned about larger businesses acquiring their trained employees by offering higher salaries they cannot match. This he refers to as the “free rider” problem, where businesses that are not engaged in training gain cost advantage over those that train their employees. The under investment in training and development in the small business sector is thus a consequence of their lack of control of the employment market. For this reason, Bennett (2006) argues that government has a role as a supplier to provide training to small businesses or subsidise the private sector support provision.

To address market failure, government needs to support the employers to provide training to their low skilled workers. This encourages innovation and improves the productivity of their operations. Due to their smaller size it is difficult for small businesses to provide tailored support programmes in a cost-effective fashion. This is because the delivery of an economical training programme requires a minimum number of participants. In the case of small businesses, to make the numbers, trainees have to come from many businesses and their different training needs make the delivery of customised programmes difficult. Further, the fixed costs of training as a percentage of the total human resources management (HRM) budget will be much larger for small businesses as compared to large businesses (Westhead, 1998). These factors justify government intervention in the training and development programmes of small businesses. Bennett (2006) states specific policy changes are required in the fields of finance, education, cultural support and regulation to encourage the development of small businesses.

Another important aspect of the market failure argument are the specific barriers the governments create for small businesses through the introduction of regulatory and administrative requirements. The compliance costs of these procedures (as cost per employee) are many times higher for small businesses than for large firms (Poutziouris, Chittenden, Watts, & Soufari, 2003). Bennett (2006) states, this unequal

treatment of small businesses by the government, should be removed on the grounds of equity. This provides another reason for government action to assist small businesses.

Another argument that favours support to small businesses is the contribution they make to the economy (Bennett, 2006). The author states that the development of a strategic vision for a country to improve its global competitiveness is largely a role for the government. This, he states, cannot be achieved by the small businesses. Therefore, the government should initiate steps to fill the gaps in finance, infrastructure, employee skills, education and research and other areas of significant weaknesses to improve the competitiveness of a country. The development of specific policies that encourage the contribution of small business to economic growth is therefore a way to stimulate the growth of an economy as a whole (Bennett, 2006).

Debate about Government Support

Some researchers argue that small businesses are not more economically or socially beneficial than large businesses (Beck, Demircuc-Kunt, & Levine, 2003; Storey, 1983). Thus, they question the usefulness of the interventionist approach to supporting small businesses. Storey (1994) stresses, that, the key influence of government on small businesses should be through macro-environment policy, even though there are benefits in improving the capabilities of small businesses through training and advice. Sims et al. (2002) disagree with Storey (1994) on the relative importance of macro-environment policy. They assert that the correlation between industry-specific skills and small business growth is greater than the influence of external factors on business growth.

The main support needs of small businesses are related to development of products, markets, employee skills and internal processes. It is unlikely that the government is able to meet these specific needs better than the businesses themselves because of a lack of expertise in these fields (Bennett, 2006). The author states that it is possible for the government to support small businesses by developing policies that facilitate cost reductions, risk reductions and increase the flow of information. Therefore it is prudent that the government channels these services to small businesses through the

private and NGO sector support providers, perhaps in partnership with public sector organisations. Bennett (2006) points out that any direct government interventions to overcome market failures may cause more harm than good owing to possible bureaucratic failure.

Storey (1985), after a study of problems faced by new enterprises, aired criticism about the direction of small business support policy. He points out that the primary problem is a lack of demand for the products offered by these businesses. He concluded that there is little justification for providing further assistance and advice (e.g. teaching of marketing techniques) as demand cannot be created through such programmes. Smallbone (1990) disagrees with Storey on the need for small business support. He argues that problems of demand deficiency can be alleviated by advisory and support agencies if they assist the businesses to improve market orientation.

Drawing attention to a dilemma central to small business support programmes, Townroe and Mallalieu (1993) also raised questions about the worth of that support. They note that assistance to one business improves its survival prospects at the expense of other businesses in the market. The above researchers however agreed that support facilitates the competitive process and rejuvenates the market accelerating new product and process innovations. This justifies the provision of support to small businesses.

There is variation in the views expressed in the literature concerning the extent to which there should be government intervention in providing support to the small business sector. Nevertheless, the majority opinion is in favour of provision of at least limited support. Thus, the central issue when developing a support programme becomes that of determining the types of support that should be given, to whom the support should be given and how the support is to be delivered. In this regard, any support programme introduced needs to be flexible to be able to respond to the aspirations of small businesses, the changes that are taking place in the environment and the developments in business processes.

Type of Support Needed by Small Businesses

The issues related to types of support required by small businesses are two-fold. Firstly, policy recommendations need to address the support needs that arise as a consequence of their smaller size. Their needs relate to deficiencies in financial resources, managerial skills, technology, quality of products, skilled labour, and information systems. Weaknesses in these areas hamper small businesses' integration with national and global markets. They can only be addressed by providing direct assistance to small businesses.

The second issue relates to market deficiencies which create a discriminatory effect on small businesses. These result from the lack of infrastructure, bureaucratic inefficiencies, regulatory mechanisms, lack of basic facilities, institutional bottlenecks and market distortions. The removal of this second set of constraints is required to provide a level playing field for the small business sector.

Targeting High Growth Businesses– Proponents and Opponents

There is debate in the literature about where to direct small business support. Some favour the proactive approach of picking winners and supporting them, as they account for most of the job growth in the small business sector (Buss, 2002; Friar & Meyer, 2003). Some opponents claim that it is impossible to pick winners at the early stages of development (Stanworth, Purdy, & Kirby, 1992). They prefer a support regime focused on assisting businesses that have demonstrated growth in the past.

Tucker and Lean (2003) found that most of the employment generated in the small business sector has been achieved through expansion of existing business and not through the creation of new ones. Further, Storey (1994) found that, over a ten-year period, the fastest growing 4% of small businesses accounted for 50% of the new jobs created. This statistic favours the development of a comprehensive support programme that targets high growth, post start-up small businesses.

Birley (1986), while supporting the arguments for targeting fast-growing businesses, expressed concern about the practical difficulties in determining the criteria to pick

winners. Deakins and Ram (1995), concurring with Birley (1986), agreed that it would be fruitful to support all businesses rather than picking winners, as it would help to reduce unemployment levels significantly. However, the cost of creating employment through a broad brush approach may be higher than that for a targeted “picking the winners” approach. On the other hand, in an environment where a number of small businesses fail, it might be wise to support all businesses to ensure future growth.

Models of Support and Types of Programmes

Owing to the lack of specialists in small businesses, they need support from business development services to overcome their business problems (Deakins & Freel, 2003). In the UK in the mid-1990s, to improve support to SMEs, government encouraged the formation of trade associations (Bennett, 2006). The author states that the promotion of the “model” trade association concept aimed at benchmarking trade associations against each other, was a means government used to grant recognition to the associations. The trade associations received support from the government and worked with the government to improve industry skills.

Successive governments in UK using different models have provided support to small businesses to overcome their problems. Deakins and Freel (2003) state, that there are three different models of support available to small businesses in UK. They are: short-term support which is semi-diagnostic and addresses the self-diagnosed problems of small businesses; medium-term support where support providers work with clients over extended periods; and long-term relationships where the successful entrepreneurs work with small businesses to help them improve their performance. However, an area of concern regarding the support available to small businesses in UK is the quality of advice available. To address these concerns they have established an accreditation system of personal business advisors (Deakins & Freel, 2003).

Hurmerinta-Peltomaki and Nummela (1998) categorised business support services into “reactive” and “transitional” models. The “reactive” model refers to businesses acquiring support services to address their short-term operational issues. The “transitional” model views the use of support programmes as a means to achieve long-

term strategic issues. The other models of support include institutional support, direct financial assistance through loans, grants, subsidies and the provision of advisory and training services through numerous private and public sector organisations.

Small business support programmes could also be classified as “need-based” or “supplier-led”. The “need-based” support programmes are developed in response to the specific needs of a small business or group of businesses with similar needs. The development of supplier-led programmes on the other hand is driven by the objectives of minimisation of costs and maximisation of profits. These address the generic support needs of the participating businesses.

Gibb and Scott (1985), commenting on the forms of support available in the UK, asserted that focus on “software” instruments such as information, counselling, training and education is more important than “hardware” instruments such as grants, loans and premises provision. The provision of “software” instruments undoubtedly led to more efficient and effective use of any “hardware” support provided.

Bennett (2006), states that the UK government has used a variety of ways such as policy aims, policy methods, and targeting to assist small businesses. According to the author, the specific policy aims of the broad approaches used were cost reductions, risk reductions, and increase of information flow. Bennett states the policy methods used cover four broad areas: finance, providing information, providing specialist advice, and helping with training and development. Some examples of targeting were: by stages of growth such as start-up and early growth, by firm size, by location, by sector and by general business climate.

Business Development Services and Success Stories

Business consultancy is an industry in its own right. Deakins and Freel (2003) state consultants could assume an expert role or a non-expert process consultation role. The authors state that the key to success of consultation is diagnosis. Under the expert role the entrepreneurial owner-managers are expected to diagnose their problems that are to be addressed by the hired specialists. Deakins and Freel (2003) argue that the non-expert process consultation model is more appropriate to small business support

provision as the ability of owner-managers to diagnose their business problems accurately is questionable.

Most of the studies on support to small business are prescriptive rather than evaluative (Curran & Stanworth, 1989), however, a blue print for best practice in terms of providing support to small businesses has not yet been developed (Massey, Tweed, & Lewis, 2003). The authors assert that even though attempts have been made by practitioners and researchers to evaluate training scheme interventions, little common ground has been established. Experts in the field of small businesses have, for this reason, expressed dissatisfaction at the way the support programmes for small businesses are developed (Gibb, 2000; Mole, 2000; Storey, 2000).

In most countries in recent years government initiatives for small businesses have focused on providing training and advice to overcome areas of market failure (Bennett, 2006). The author states that the support and advice schemes in the USA that use a range of training providers are now being followed in most EU countries, UK, Scotland and Wales. Bennett further states that these services have reported high take-up and high levels of satisfaction. This suggests the business support services provided by external organisations are meeting the expectations of small business owner-managers.

In Britain, the percentage of SMEs seeking external support services has increased from 86 per cent in 1991 to 94 per cent in 2002 (Bennett & Robson, 2003). In addition to the success of government sponsored support schemes in the UK, similar results are being reported from Scotland, France and Ireland (Deakins & Freel, 2003). The authors further state that Training and Enterprise Council (TEC) services in UK have contributed not only to the creation of new jobs but also to the increased efficiency and profitability of small businesses.

There is greater diversity in the patterns of business support services provided in different countries. In Germany more support has been directed to the existing firms than the start-ups while, in UK, support is provided according to the needs of small businesses on a long-term basis (Deakins & Freel, 2003). The authors reveal that there is an uneven pattern of support provision in UK with over-provision in some areas

and under-provision in others. Deakins and Freel (2003) further state that the German model of effective support intervention, collaboration and networking has led to the creation of high quality small businesses.

Ramsden and Bennett (2005) state that SME owner-managers use external business advice on a large scale and value the “soft” and “hard” benefits of external support. According to the authors the soft benefits are improved ability to cope with the problems and to manage the business. The hard benefits are the improved contributions to turnover, reduction in costs and increases in profits. These justify providing external support to underperforming small businesses in Sri Lanka to improve their contribution to economic growth and employment generation.

The Value of Support Interventions

Smallbone and Welter (2003) assert that strategic government initiatives to encourage the development of appropriate market institutions such as banks, financial institutions, business support organisations and training institutions are a blessing to small business development. Support policies and governmental programmes are important sources of motivation for entrepreneurs to start and grow their businesses. The provision of government support and funds also acts as an authentication that helps small businesses to get additional funds from banks and private sector lending institutions.

Batra and Mahmood (2003), after an investigation of the impact of training on manufacturing industries, found small businesses that received formal support introduced more production enhancing organisational changes such as team work, quality circles and client orientation, to improve the production processes, than the businesses that did not receive training. The authors stated that, as a result, the businesses that received support had faster rates of capacity utilisation than non-supported businesses. Furthermore, the supported businesses had a lower rate of decline in capacity utilization than unsupported businesses when economic conditions became adverse.

Watson et al. (1998), in an empirical study of business start-ups and their survival and growth rates, found that small businesses which received more training and advice on motivation, leadership, recruitment, staff training and management skills achieved higher growth rates. Jayawarna, Wilson, and Homan (2003) found provision of training in business skills leads to better organisational performance and suggested that the type of training programmes developed should be tailored to address the contextual needs of the business participants and their personal characteristics. The above suggests a positive association between support services and small business growth.

Business support services are critical to improving the productivity, competitiveness, survival and growth of small businesses. Past research provides evidence of satisfactory performance of support interventions in many countries. The evidence from Sri Lanka suggests that the existing support services have not achieved their objective of enhancing small business growth to encourage job creation and economic development. This justifies proposing improvements to the existing post start-up small business support regime.

2.3 THE REASONS FOR UNDERPERFORMANCE AND THE STRATEGIES PURSUED TO SUPPORT SMALL BUSINESSES

Global academic studies on support to small businesses have focused on two main areas. Firstly, research has investigated the reasons for underperformance of small businesses. Secondly, the overall strategies pursued by governments to help the growth of small businesses were explored. The following review investigates the literature related to both of these issues. Specific references are made to the situation in Sri Lanka. At the commencement of this section arguments are proposed in favour of providing improvements to the existing small business support framework in Sri Lanka.

Reasons for underperformance

There is sufficient evidence of a phenomenon of market failure and a need for government action for small businesses in Sri Lanka. In most European economies, small firms account for over 60% of the total employment (Deakins & Freel, 2006).

The number of employees in small businesses in Sri Lanka has declined from 29.2% in 1983 (Department of Census and Statistics, 1983) to 27.6% in 2003/2004 (Department of Census and Statistics, 2006). These businesses which account for 92.4% of total business establishments in Sri Lanka contribute only 18.5% of the GDP. The above figures suggest that small business is an unsuccessful sector of the economy in Sri Lanka.

Trade liberalisations that are taking place in the global environment have created both opportunities to exploit, and challenges to be faced, by all businesses. It is, however, conceivable that in a liberalised trading environment like Sri Lanka, small businesses are at a disadvantage and can be easily overwhelmed by free market forces. These businesses face competition from local and overseas based companies. The ability of small businesses to overcome competitive threats and grow in dynamic markets is questioned. The sustainability and viability of these businesses are dependent on their capacity to cope with the increasing pace of change in the local and global trading environments.

In Sri Lanka small businesses have struggled to achieve growth because of the constraints of policy recommendations and market deficiencies. The White Paper prepared by the Task Force (2002) for small business development in Sri Lanka points out that small businesses fail to get access to business facilities and services such as credit, low cost funds, information technology, and other business development services. Additional challenges to small businesses are also found in monstrous documentation systems, excessive procedures and in outdated rules and regulations that require compliance (Task Force, 2002).

Hallberg (2000) states, that, policy-induced biases hinder the progress and expansion of small businesses due to their inability to cope with the pressures in business environments controlled by interventionist policies. Beck, Demirguc-Kunt, and Maksimovic (2002) found underdeveloped financial and legal systems to be a greater disadvantage for smaller businesses than their larger counterparts. The effect of this is greater on small businesses in developing countries because the institutional failures that result from weak financial and legal systems are greater in developing than in the

developed countries. Task Force (2002) identified the problems related to finance as the foremost factors affecting small business growth in Sri Lanka.

Bureaucratic procedures and regulatory mechanisms hurt small businesses more than larger businesses because of the costs they impose. In developing countries, even after trade liberalisations, remnants of prior control mechanisms still linger as a result of incomplete policy reforms (Beck et al., 2002). These factors constrain the emergence of a level playing field hurting small businesses more than larger enterprises. This makes small businesses much weaker than larger companies in the smaller markets of developing countries enabling the larger companies to easily destroy these enterprises.

Bureaucratic systems and institutions in Sri Lanka have not kept pace with the free-market policy reforms. This lag causes delays and increases costs, making the business environment more difficult and challenging for small businesses than for large businesses. In Sri Lanka there are more than 18 ministries and over 50 statutory bodies at the national and provincial levels that are associated with small business activities (Task Force, 2002). The unresolved issues of relationships and co-ordination between the multitude of public sector institutes introduce bureaucratic inefficiencies to the operational activities of small businesses.

The cost of inadequate infrastructure to supply electricity, water, communications and business services is particularly acute for small businesses. The high cost of power has been identified as a major factor affecting small business growth in Sri Lanka (Abeyratne, 2005). Non-availability of advanced communication technologies has caused information gaps in many areas such as product development, process improvements, quality assurance procedures and skill development methodologies. These constrain the development of small businesses.

The non-availability of new technology is associated with many of the problems of small businesses related to operational efficiency, product quality, and market demand. Small businesses require mastery of technology to achieve a degree of convergence with the markets in developed countries (Robertson, 2003). Often this is achieved not only by buying technologies from the developed world but also by adapting those technologies to local conditions by using indigenous skills (Westphal,

2002). Unfortunately, small businesses in Sri Lanka do not give priority to the development of new products making use of advanced technology due to the existence of small but guaranteed markets in proximity to their location (Lakshman, Regnier & Senenayake, 1994). Complacency regarding the use of outdated technology often means these businesses stagnate at the level they started without a breakthrough in the market.

UNIDO (2004) found the quality of business development services provided by government agencies at the local levels to be inadequate. They found the local services to be outdated and incapable of making a contribution to the improvement of small businesses. The general evidence of market failure in Sri Lanka suggests that training and development needs of small businesses are not being met by their support providers. The educational and training institutes such as the universities, polytechnics and technical colleges are guilty of this as they have not established a satisfactory education-industry relationship, and have neglected the potential contribution they can make to small business development in Sri Lanka (Abeyratne, 2005).

Past research highlights the importance of employee training on small business performance and points out the lack of formal training as a major barrier to expansion of small businesses (Demick & O'Reilly, 2000; Nottinghamshire Observatory, 2002; Saint-Pierre & Perreault, 2003). Ironically, it is difficult to convince owner-managers that attending a training programme will improve their delivery of key performance indicators and the individual performance of the participants. Such attitudes of owner-managers which discourage the use of available support contribute to underperformance of small businesses.

Perception is everything. It is often claimed that some owner-managers and their employees may be sceptical of the value of support services (Ramsden & Bennett, 2005). They do not perceive that support providers offer valuable solutions to their problems. This leads to non-use of available support and consequently to underperformance of small businesses. Neshamba (2004) asserts that support providers have not got it right and that they and the policy-makers need to be more sensitive to the real support needs of small businesses. Neshamba recommends

conducting an independent review of the support needs of small businesses to develop relevant support programmes to enhance the use of support.

Small businesses in suburban and rural areas usually find it difficult to access the up-to-date services that are available in metropolitan areas due to their prohibitive costs (Abeyratne, 2005). Given the important role the private sector has to play in the development of the national economy, the establishment of regional chambers is a move in the right direction to support and strengthen small businesses operating in relatively underdeveloped regions outside the Colombo metropolis. However, these newly formed chambers lack professionalism and the capacity to develop the coordination between private and public sector organisations necessary to forge the healthy partnership required to promote the advancement of small businesses outside the metropolitan areas (Abeyratne, 2005).

A prerequisite for arresting the underperformance of small businesses and making them a vital force in the economic growth of Sri Lanka is continuous learning to master technology and acquire new business skills. To gain these capabilities, small businesses are heavily dependent on government and private sector support services. The role of the government, thus, becomes not only one of a support provider but also of a facilitator that creates an environment which encourages the acquisition and adaptation of technological and business skills.

The above review shows that there is general evidence of a market failure in Sri Lanka. This is in part due to small business training needs not being met by the business support services. The government could provide better support in partnership with public, private and NGO sector organisations. There are also concerns about input factors such as education, skill shortage and other infrastructure facilities such as technology, power and transportation where policy actions are needed. As Bennett (2006) suggests, government action should focus on regulations influencing the provision of specific support and those that influence the quality of public, private and NGO sector inputs.

Training Needs of Small Businesses

Smith and Delahaye (1988) stressed the difficulties in identifying the appropriate support for an organisation in relation to their needs. The training needs of businesses, even of those in the same stage of development, may vary for many reasons. Some of these are: the type of product or service offered, the competitive advantage they enjoy, the technology used, the opportunities and threats in the markets they operate, the aspirations of the owners and the company mission and objectives. Despite the difficulties encountered, O'Neill (1990), after a study of small businesses and support providers, ranked finance (44.4%), marketing (33.3%), management (11.1%), and human resources (11.1%) as the most sought after content areas of small business training programmes.

O'Dwyer and Ryan (2000) found content, timing, location and delivery to be important issues that determine the acceptance of training programmes in small businesses. The content of training programmes for small businesses has a focus on technical skills, business management skills and entrepreneurial skills (Hisrich & Peters, 1998). Many researchers have found financial management and marketing management programmes to have high acceptance (Le Roux & Nieuwenhuizen, 1996). Some studies have identified motivation, business plan development, and business knowledge development as key training elements important to the successful establishment of small businesses (Gibb & Ritchie, 1982; O'Neill, 1990). The popularity of the topics used in these programmes has been found to be varied. A major limitation of these surveys is the inability of inexperienced owner-managers to judge their own training needs (Gee, 1987; O'Neill, 1990).

Caird (1992), analysing the views of owner-managers regarding current support and possible future improvements, proposed that small businesses should be provided with longer term assistance in the area of information technology. Most owner-managers have inadequate IT related skills and knowledge and are content with manual budgeting and stock control systems (Scott, Jones, Bramley, & Bolton, 1996). By acquiring the new technological skills required to manage these activities small businesses could improve the productivity and efficiency of their operations.

Jayawarna et al. (2003) in their study found strategic business development skills and sales and marketing skills have a greater impact on small business performance than skills related to people development and communication competence. Gibb (1997) identified the skills associated with strategic management, marketing, business planning, and relationship building as the most important for small businesses to achieve their organisational goals. Further areas of identified skill needs relate to experiential learning, sourcing and learning from available resources and experts from outside the business (Deakins & Freel, 1998). These suggest that small business managers require a diverse range of skills which are related to the tasks they have to accomplish, to handle people, and to manage the strategic issues that affect the short-term and long-term survival of the business.

Different studies on training needs have given different results (Carswell, 1987; Hess, 1987). For example, Hess (1987) found training on sales and marketing activities to have the top ranking in terms of demand, and finance and accounting activities the lowest in terms of importance. Saint-Pierre and Perreault (2003) found that the problems related to marketing and sales were regarded as most critical by the owner-managers of small businesses in Quebec. Carswell (1987), in a study of clothing and textile companies, found greater emphasis being placed upon the training of production skills. In spite of numerous efforts to identify the training needs of small businesses, Bennett (2006) states it is not clear whether the right mix of training programmes to encourage small businesses exists.

Thomson and Gray (1999) found that the size of the company, measured in terms of the number of employees, is a significant determinant of the management development needs of a small business. Goss and Jones (1992) claimed that training and development needs of small businesses for organisational development and retention of key workers become more critical as businesses grow. As the size increases, companies need a greater number of competent employees which requires more training to develop the new skills required to manage growth. This implies that the training and support needs of a business vary according to the life-cycle stage of the business.

Owing to the heterogeneity of small businesses, Gibb (1987) proposed that it would be more appropriate to determine the content of support by examining varying needs of businesses according to their stages of development. He recommended the development of staggered modules of learning which match the training needs of the businesses in different stages of development. This, according to the author, allows a business to participate in the training module that is most appropriate according to its particular stage of development.

Some researchers have found that the training requirements of small businesses which are not homogeneous change depending on a number of factors which are contextually specific. Jayawarna et al. (2003), in their study conducted in the UK, identified the differences in skill needs of a business employing up to 25 employees and those employing up to 50 people. According to these authors, the skill needs of small businesses with fewer than 25 employees are those associated with immediate day-to-day running of the business, while those with about 50 employees require more training on “soft skills” such as training/coaching and team building.

The backgrounds of owner-managers range from school leavers to experienced business managers, thus requiring varying training needs. Autio, Kronlund and Kovalainen (2007) recommended providing customised support to small businesses to address their specific skill needs. O’Dwyer, Sheikh, and Durand (2003) in their study carried out on behalf of the European Commission, found that the majority of small enterprises expressed a strong desire for tailor-made programmes that take into account the specific size, the field of activity and the stage of development. Given the heterogeneous nature of the small business sector, a significant level of customisation is required to improve the acceptance of a training programme (Loan-Clarke, Boocock, Smith, & Whittaker, 1999).

Sadler-Smith, Down, and Lean (2000) highlighted the importance of soft and hard factors as intervening variables that influence learning and, therefore, the effectiveness of the support programme. The soft factors identified by the authors were learning preferences, learning styles, cognitive styles, culture, climate, attitude values and the beliefs of the participants. The hard factors were constraints of time, money, resources, facilities, and support from government, industry and universities.

The support needs of small businesses are influenced by factors such as owner-managers' education levels, age of the business, size of the business, and the industry sector to which the business belongs (Neshamba, 2004). Owner-managers select programmes for participation based on the urgency of needs. Therefore, the support services offered to small businesses and the demand for different types of support should be ascertained in relation to the needs of the small business through a consultative process. This, however, is a difficult task given the owner-manager's attitude that "he knows everything and does not require any training" and that "training is important but it does not add to future profits" (Jain, 2004).

Very little research is available in Sri Lanka relating to the support needs of small business. No research is yet available on the specific aspects of the design of small business support programmes. Some available studies highlight the issues of inadequacy of trained personnel, and the sub-standard content of the existing support programmes (Abeyratne, 2005; Yapa, 1999). Poor standard of trainers is not a situation unique to Sri Lanka. Comments such as "poor quality", "poor skills", "unprofessional" and "too bureaucratic" are recurrent in the evaluations of support providers (Ramsden & Bennett, 2005).

No prior attempt has been made in Sri Lanka to evaluate the effectiveness of the existing support programmes delivered by training providers. The Task Force (2002) highlighted the poor image of government funded support programmes suggesting it as an area that needs attention. Further, it has enunciated the need to redesign the products and services of business support service providers to meet the specific requirements of small businesses. Thus the opinions gathered in the current study on the effectiveness of current support programmes provide new information that will help improve those support programmes.

Methods of Learning and Delivery of Training Programmes

In order to develop effective business support programmes, Chaston, Badger, and Sadler-Smith (1999) emphasised that support agencies should first understand the way small business owner-managers learn. The authors posit they learn informally from a variety of sources such as peers, customers and suppliers. They are known to be active

constructors of knowledge (Billet, 2000). They also learn by doing, by problem solving, experimenting, coping, and from the mistakes made in accomplishing various tasks (Dalley & Hamilton, 2000; Gibb, 1997). Morrison and Bergin-Seers (2002) argue that the action learning approach, which is generally not incorporated in the traditional small business support programmes, is the most appropriate to encourage small business learning.

Many business training programmes that adopt the traditional one-way communication type of training are not designed to attract the owner-managers of small business or their employees (Gibb, 1990). The author states that the target audience of such training programmes are employees of large businesses and probably tertiary students following business courses. Training programmes geared to supporting the development and growth of small businesses should focus upon the individual needs of the businesses in all areas of business and provide a learning environment that encourages the proactive participation of trainees (Gibb, 1990).

Cromie (1987) found a preference for an interactive approach in training programmes where participants had the opportunity to ask questions and discuss issues openly. The same author also observed the participants' preference for the use of practical case studies and discussion workshops on related business issues. Cromie recommended the development of training programmes tailored to meet the varying needs of different industrial sectors to optimise the benefits to the small businesses.

Gibb (1990), to address the weaknesses in the delivery of small business training programmes, advocated an entrepreneurial approach to training that emphasises the delivery rather than the content. To achieve this, the author proposed that the trainer should adopt the role of a facilitator who encourages learning by doing and making mistakes rather than that of an expert unloading content. Gibb also argued that developing quality trainers and understanding the varying needs of small businesses at different stages of growth are central to provision of effective training programmes.

The owner-managers' attitudes towards training are critical to the successful implementation of training programmes in small businesses. Hankinson's (2000) study of owner-managers revealed that they make very little attempt to up-skill

themselves by attending training programmes or by reading literature. Instead they spend 93% of their working day inside the business. He attributed this behaviour to the owner-managers' belief that experience is more relevant to continuing development than training. Given such convictions, developing approaches based on mentoring is suggested as a suitable response to encourage participation of small business managers with such negative perceptions of training programmes (Hudson-Davis, Parker, & Byrom, 2002).

In addition to mentoring, there are many other types of training programmes such as business counselling, incubation facilities and networking for owner-managers of small business (Raffo, Lovatt, Banks, & O'Connor, 2000). Networking and cross-fertilization of ideas are used as effective means of learning by owner-managers of small businesses (Huggins, 1998). This is largely because of the scepticism about the capabilities and credentials of the trainers and the status differences that result from the place the owner-managers hold in the business world (Gill, 1988). Townroe and Mallalieu (1993) propose a remedial measure to this situation. They recommend the development of business clubs which provide a less conformist social environment for SME managers to learn by sharing their experiences. A shared experience which is participatory creates value for the learners (Lawless, Allan, & O'Dwyer, 2000). According to the above mentioned authors, this contributes to collaborative learning and improves understanding when the shared experience provides a solution to a problem with which they are grappling.

The attitude and behaviour of owner-managers, the nature of the business support programmes, and the characteristics of small businesses, all of which act as obstacles, that hamper the participation of small business owner-managers in business support programmes (Morrison & Bergin-Seers, 2002). After a study of small businesses in Melbourne, the authors concluded that design, development and delivery of support programmes should be fashioned according to the personal attributes of owner-managers that are associated with acquisition of learning and knowledge practices. They have recommended the development of support interventions that exhibit practical and experiential learning at the workplace in a consultative partnership with a mentor that provides greater autonomy to participants.

Timing and Length of Training Programmes

Owner-managers of small businesses need to acquire business skills but feel they have very little time to spare for training and development. Learning time in small businesses is severely curtailed by external influences and internal resource constraints (Kelliher & Henderson, 2006). Given the importance of time constraints, some studies have focused on specific aspects such as the length and the timing of training modules to determine the more acceptable approaches to delivering support programmes (Curran & Stanworth, 1987). The importance of time constraints is reflected in the owner-managers' preference to seek advice to resolve their business problems over the take-up of training from the support providers, trainers and consultants (Hogarth-Scott & Jones, 1993).

To address the issue of time constraints, Hogarth-Scott and Jones (1993) investigated the most suitable structure for delivery of support programmes. They found two-weekly, mid-week evening sessions of two to three hours' duration to be the most attractive. O'Neill (1990) found preference for both day release courses and weekend courses. To produce training that is effective in meeting the needs of small businesses, Clarke and Gibson-Sweet (1998) recommended the "just-in-time" and "just enough" approach to delivery of training courses. The use of the "just enough" approach to training was endorsed by Lawless et al. (2000) stating that small business owner-managers prefer short chunks of training because they are unable to spend long periods away from their work.

How to Improve Support Programmes

Jain (2004) suggested that the effectiveness of training programmes for the small business sector could be improved through a co-ordinated effort between the government, small businesses and the training institutions. The author states such collaboration helps to develop well-designed training programmes in areas considered to be important by small businesses. To achieve this, Jain stresses that service providers should understand that the ultimate expectation of owner-managers in participating in training programmes is to increase productivity and recover the costs of training in the shortest possible time. The employees, who participate on the other

hand, devote their time to training with the expectation of increasing their future earnings.

Vickerstaff and Parker (1995) found that industry-based organisations such as ITOs could make a significant contribution to the development of small businesses. These organisations have a thorough understanding of the required skills in an industry and have the relevant product knowledge. Identification of a suitable role for ITOs in support development and utilizing them effectively in the designing of training programmes would be beneficial to the enhancement of small business growth.

Watson et al. (1998) argue that determining the viability of the business concepts undertaken in relation to specific market factors in the external environment is a fundamental issue that needs to be addressed when starting a small business. How this issue is addressed in a systematic and efficient way is reflected in the business plans. Therefore, the support providers can use this plan as a screening document to assess the support needs of individual businesses.

For small businesses to grow, the owner-managers need to learn new behaviours, and think of radically different ways to conduct business as their businesses move through different phases of growth (Cope & Watts, 2000). In spite of this need, Matlay (2000) found small business owner-managers to be the people least likely to participate in support programmes designed to stimulate the performance of their businesses. Yet, unfortunately, these owner-managers with absolute power cannot be coerced into attending programmes they perceive as inappropriate for their businesses. Therefore, what is required is an improved understanding of the learning culture of small business managers and the development of imaginative programmes appropriate for them to encourage their participation in training.

Given the time constraints of owner-managers, they may prefer the modular approach to training programmes. However, training providers should give attention to developing coherent programmes and avoid the delivery of fragmented arbitrary modules that do not meet the expectations of the trainees (Johnson, 1987). To overcome some of the weaknesses of the modular programmes, Gibb (1993) introduced a learning approach where trainees learned by doing, by problem-solving

and by making mistakes under conditions that simulated organisational dynamics and market uncertainties.

Owner-managers who attend training sessions do not appreciate examples from foreign-owned companies which are not applicable to their situations (Neshamba, 2004). According to this author, small business owners and employees prefer to learn from those who have experienced similar situations. They need assistance from support providers who have specialist knowledge about their businesses. This means support from industry specialists who are in a position to provide tailored solutions to their problems. Such trainers should also inform owner-managers of the dangers of formulating strategies based on anecdotal evidence, as strategies that worked under a given set of conditions will not always work under different conditions.

Westhead and Storey (1997), in their review of the literature identified “market forces” and “ignorance” as two main reasons for low take-up of training by small businesses. The market forces they referred to include: lack of time, cost of training, geographical location of the business and a need to focus on short-term survival issues. The “ignorance” factor refers to owner-managers’ lack of awareness of the importance of training to a small business’s performance. Addressing these issues will result in increased levels of participation in training and development programmes.

Access to information on the available support to small businesses is limited. Advertising campaigns and literature have little impact. Therefore, to increase awareness, support providers should take a proactive approach to eliminate the barriers to information dissemination. This is easily achieved by visiting the small businesses and establishing personal contact. To improve access to support, Hull (1987) proposed the use of an intermediary to link small businesses with support providers. In the UK, to increase awareness and improve access to small business support a one-stop-shop approach has been used (Bennett, 2006). Adaptation of similar strategies would be useful to improve the awareness and access to support providers in Sri Lanka.

In recent years, concerns have emerged to redirect efforts away from directly helping small businesses. Large scale surveys have shown that governments should participate

in support provision more as an enabler than as a provider (Bennett, 2006). The author states, the appropriate government action is to develop policies that support the generic needs of all businesses. The new approaches adopted by governments aim at developing support provider markets such as consulting, finance, and training, that help to reduce the transaction costs or market access costs to small businesses (Batra & Mahmood, 2003). Bennett (2006, p. 62) states that, “what is clearly required is for the designers of regulations to be more sensitive to the needs of those who have to comply with them in business.”

There is no single solution that will dramatically address the support needs of all the businesses. Businesses need expert assistance to address their short-term problems, day-to-day problems, and one-off needs which have mostly been diagnosed by the owner-managers themselves. They also need medium-term and long-term support that addresses their on-going needs for general business advice to improve long-term performance. Government could participate in the process of unlocking the potential of small businesses by providing better policies that improve the generic business environment of small businesses.

The existing support services in Sri Lanka have had very little impact on small businesses. This is clear from the very small number of small businesses that have achieved growth. Poor awareness and the inability of existing support to meet the specific needs of small businesses may be contributors to this outcome. To improve the available support to small businesses it is also necessary to develop a network of support providers that come from public, private and NGO sectors. To avoid the duplication of available services there should be a planned development of this network. This should ensure the establishment of a network of support providers capable of providing specific support in the areas where small businesses need it.

2.4 FACTORS INFLUENCING SMALL BUSINESS GROWTH

The extant literature that identifies the factors influencing small business growth has classified them in many ways. Gibb and Davies (1990a) identified personality dominated approaches, organisational dominated approaches, business management approaches, and market led approaches as four different ways to understand small

business growth process. Others have distinguished between the individual and environmental factors that affect the creation and development of small businesses (Bygrave, 1994; Ronstadt, 1984). Storey (1994), explains small business growth using categorisations based on the starting resources of entrepreneurs, characteristics of the business and the strategy employed by the business.

A complex array of factors that impact upon growth including (a) owner-manager ambitions, optimism, intentions and capabilities (b) internal and external relationships and networks of the organization (c) the infra-structure and the resources in the area of operation, and (d) government support, are discussed in existing research (Gartner & Bhat, 2000; Glancey, 1998; Mitra & Matlay, 2000; Shaw & Conway, 2000; Storey, 1994; Wiklund & Shepherd, 2003; Yusuf, 1995). The conclusion of most of these studies is that a web of factors affecting small businesses determines their success (Duchesneau & Gartner, 1990; Hatton & Raymond, 1994).

Developing a classification to investigate the range of factors that impact small business growth is problematic because of the sheer diversity of the studies undertaken and the different ways in which the same factors are classified by various writers. Gibb and Davies (1990b) acknowledge that any reductionist classification can prohibit complete understanding of the small business growth process. However, they also conclude that no single comprehensive theory of small business development incorporates all relevant parameters and their interactions into a theoretical model.

To address these concerns, Walsh (1994) proposed a simple classification that divides the factors influencing small business growth into the following three categories: external environmental issues; factors relating to internal structural dynamics of the business; and factors concerning businesses owner-manager characteristics. This study gathers information on the factors influencing post start-up businesses growth under three categories adopted from the Walsh (1994) study. They are (1) the owner-manager factors, (2) the external factors, and (3) the internal factors.

2.4.1 Influence of Owner-Manager Factors

A defining feature of the entrepreneurial process is opportunity recognition and committing to at least one such opportunity to ensure success (Geursen & Lindsay, 2004). The entrepreneurial process thus involves identifying an opportunity, creating a team, marshalling resources and starting a venture (Timmons, 1999). These views characterise the owner-manager as the key figure in small business creation, development and growth. Past research implies that the survival and growth of small businesses does not represent a matter of chance but instead a result of instinctive opportunistic actions taken by entrepreneurial owner-managers (Burke & Jarrat, 2000; Gray, 2000; Maki & Pukkinen, 2000; Morrison et al., 2003; Pinfold, 2001; Shrader et al., 1989).

A dominant trait that is associated with small business success is the human factor of the owner-manager (Burns & Dewhurst, 1996; Haslam-McKenzie & Ryan, 2000; Morrison et al., 2003). For this reason past research has adopted the approach of explaining small business growth from the perspective of owner-manager characteristics. These studies have focused on the psychological influences (personality traits and values) and motivations of owner-managers, their attitude and drive, competence, previous experience, personal characteristics (age and gender), communication skills and social context to explore how these factors act upon the small business owner and influence small business growth (Abdner, 1988; Boag & Dastmalchian, 1988; Brockhaus & Horwitz, 1985; Filley & Aldag, 1988; Kets de Vries, 1977; Lean, 1998; McClelland, 1965; Morrison et al., 2003).

Owner-Managers' Age

Some researchers have found no significant relationship between the owner's age and small business growth (Abouzeedan & Busler, 2004; Macrae, 1992; Wynarczyk, Watson, Storey, Short, & Keasey, 1993). The results of other research suggest an inverse relationship between age and small business growth. The older owner-managers are less successful than their younger counterparts (Dunkelberg & Cooper, 1982; Kalleberg & Leicht, 1991). The authors have suggested older owner-managers are less able to handle the routine problems encountered by small businesses.

Certain other studies have found a positive relationship between age and small business growth (Andersson, Gabrielsson, & Wictor, 2004; McGee & Sawyerr, 2003; Westhead, Wright, Ucbasaran, & Martin, 2001). These authors attributed the relationship to older owner-managers having more information, knowledge and resources due to their long experience and personal networks which make them more competent to face uncertainties. Kinsella et al. (1993) and Storey (1994) found that middle aged entrepreneurs are more likely to grow their small businesses than either their older or younger counterparts. Storey (1994) credits this to a combination of experience gained with age and the energy and enthusiasm of relative youth.

Owner-Managers' Gender

Some studies on the effects of gender suggest that educational and family related issues place female owner-managers in a relatively disadvantaged position in their quest to achieve small business growth (Aldrich, 1989; Goffee & Scase, 1983). Rosa, Hamilton, Carter, and Burns (1995) found the performance of women owner-managers to be lower as compared to male owner-managers. Many other studies have found no gender effect on small business growth (Johnsen & McMahon, 2005; Kalleberg & Leicht, 1991; Macrae, 1992; Wynarczyk et al., 1993).

Owner-Managers' Education

Past research has found a positive relationship between higher educational qualifications and business growth (Dunkelberg & Cooper, 1982; Johnson, 1993; Kozan, Oksoy, & Ozsoy, 2006; Storey, 1994). Education affects owner-managers' motivation (Smallbone & Wyr, 2000), enhances exploratory skills, communication skills and foresight (Dobbs & Hamilton, 2007) which influence the performance of small businesses. There are other studies that have found no clear relationship between educational attainment and employment growth (Walsh, 1994; Wynarczyk, et al., 1993).

Owner-Managers' Leadership

The values and personality traits of owner-managers manifest themselves in their leadership styles (Bamberger, 1983; Chell, Haworth, & Brearley, 1991). Past studies have found leadership styles to be significant determinants of small business growth (Chaganti et al., 2002). Peters and Waterman's (1982) study of the best run and most successful companies in the USA highlights the importance of the leadership to cultivate the appropriate culture that determines small business success. Past studies support the view that owner-managers are central to determining the culture of a small business which influences its success (Bamberger, 1983; Hall, 1991).

Competencies and Skills

The skill level of the organisation is a critical factor that contributes to the potential growth of a small business (Gartner, 1988; Locke, 2004). Capaldo (1997) stated that the combination of competence and experience provides owner-managers with the ability to quickly discard non-viable business ideas thus minimising the risk of business failure. He concludes that this combination of attributes also guides the selection of winning ideas that are to be further developed for future commercialisation.

Past Experience

Gill (1985) stated that the market knowledge acquired while in past managerial positions or through prior business ownership becomes useful to achieve high growth rates. Storey (1994) found a positive relationship between previous management experience and high growth rates. This, he explained, was due to the desire of owner-managers to exceed the wage level they sacrificed in becoming self-employed. Dobbs and Hamilton (2007) emphasised the positive effect of past experience on small business growth by proposing that owner-managers with previous experience are more likely to avoid costly mistakes than those with no prior experience.

Some researchers have found positive relationships between previous management experience and business growth (Dahlquist, Davidsson, & Wiklund, 1999; Hambrick

& Mason, 1984; Locke, 2004; Macrae, 1992; Siegel, Siegel, & Macmillan, 1993; Storey, 1994) and growth in employment (Dunkelberg & Cooper, 1982). Other studies have found no relationship between these variables (Birley & Westhead, 1990; Kalleberg & Leicht, 1991; Siegel et al., 1993). This suggests that previous experience does not always have a positive effect on small business growth. While quick resolution or avoidance of problems previously encountered is desirable, the tendency to stick to solutions that worked in the past could inhibit the search for innovative solutions.

Psychological Characteristics

The psychological traits of entrepreneurs studied by researchers include the need for control, a need for achievement, propensity to take risk, tolerance for ambiguity, short term orientation, a sense of distrust, a desire for applause, a tendency to use defences, internal locus of control and personal value systems (Begley & Boyd, 1987; Brockhaus & Horwitz, 1985; Busenitz & Barney, 1997; Chell, 1985; Entrialgo, Fernandez, & Vazquez, 2000; Hornaday & Aboud, 1971; Johnson, 1990; Kets de Vries, 1985; McClelland, 1965; Robinson & Sexton, 1994; Sexton & Bowman, 1985; Sexton & Bowman-Upton, 1991). Many of these studies have observed significant relationships between owner-managers' psychological characteristics and the success of small business. Osbourne (1991), studying the personality characteristics of owner-managers, observed that owner-managers' leadership and management styles are a key determinant of growth in small business.

The majority of the research that has examined the personality traits of owner-managers has focused on establishing the dominant characteristics of entrepreneurs with little reference to small business growth (Walsh, 1994). In a few instances the empirical research conducted has provided evidence for the existence of a direct link between owner-managers' particular personality traits and small business growth. On the other hand, the personality classifications (Miller & Toulouse, 1986) based on the personality traits of owner-managers help to reject the idea that all owner-managers of small businesses are alike. However, the possible link between personality traits and small business growth also provides support to the notion that some types of people

make more successful owner-managers than others. Therefore, a need to further investigate this relationship is identified.

Propensity to Take Risks

Some have characterised entrepreneurial small business managers as moderate risk takers (McClelland, 1961). They further prefer the self-image of moderate risk takers (McClelland, 1965). On the other hand, Begley and Boyd (1986) found entrepreneurial small business managers have a high propensity to take risks. This view was not supported by Brockhaus (1980), who found no difference in the risk taking tendencies of traditional managers and entrepreneurs. Thus, there is no consistency in the results that have emerged on small business managers' propensity to take risks.

The high failure rates of small businesses suggest a strong association between small businesses and risk taking (Palich & Bagby, 1995; Stokes, 2000; Watson & Everett, 1996). Past researchers, though, have deliberated about the concept of risk (Sexton & Bowman, 1983; Smith & Miner, 1983) they have made only a little effort to understand the entrepreneurial owner-manager's perception of risk and, in particular, their perceptions of the impact of business risks (Gilmore, Carson, & O'Donnell, 2004). Dickson and Giglierano (1986) defined failure to achieve satisfactory sales, profit or targeted ROI as business related risks. The authors have distinguished between these risks which together determine the risks of new business failure and the risks associated with missing a strategic opportunity. They referred to the risk of missing a strategic opportunity as "missing-the-boat" risk.

According to Gilmore et al. (2004) the risk associated with new venture failure has been studied under the broad streams of the trait approach (McClelland, 1961) and the cognitive approach (Perry, 1990). The stream of research that seeks to uncover the set of psychological characteristics that set apart the entrepreneur from other business people is known as the trait approach to entrepreneurship (Gilmore et al., 2004). One characteristic that has been examined extensively is the level of risk taking propensity. While some studies found that entrepreneurs when compared to the general population, exhibit higher risk-taking propensities (Begley & Boyd, 1987; Das &

Teng, 1997; Stewart, Watson, Carland, & Carland, 1998), several other studies found no difference in the risk taking propensities between these two groups (Brockhaus, 1980; Smith & Miner, 1983). Such findings led Sexton and Bowman (1986) to question the whole notion that entrepreneurs have distinct personality traits.

Rather than the propensity to take risk, the cognitive approach attempts to establish whether entrepreneurs have different perceptions of risk. Palich and Bagby (1995) have found that entrepreneurs perceive business scenarios more optimistically than non-entrepreneurs. They identify more opportunities than threats in a given environment and perceive greater internal capabilities and fewer weaknesses of the business. They conclude that entrepreneurs engage in activities that others perceive as risky not because they are particularly predisposed to risk taking but because of their optimistic perception of situations.

However, owner-managers do employ strategies to minimise the risks associated with actions they undertake. The two primary risk management strategies they use are networking and drawing upon their management competencies (Gilmore et al., 2004). Entrepreneurs maintain a network of contacts and use them positively to manage risky situations. Similarly, they make use of their own competencies, such as knowledge and experience, which they combine with experiential learning to draw upon strategies for risk management (Carson & Gilmore, 2000; O'Donnell, Gilmore, Carson, & Cummins, 2002).

Need for Achievement

Entrialgo et al. (2000) concluded that the personality traits of owner-managers have an indirect effect on small business success due to their indirect influence on the strategic processes that determine organisational success. Past studies have focused mostly on the influence of three personality traits: need for achievement, tolerance for ambiguity and internal locus of control. McClelland (1961) has defined the need for achievement as a desire to improve the results of their actions. Small business managers with a high need for achievement engage themselves in a continuous struggle to accomplish their own self-imposed standards (Timmons, 1999). These owner-managers are ambitious and carefully analyse situations, leaving nothing to

chance and exerting the greatest possible control over situations. Those with the greatest need for achievement show more proactive behaviour, favour market oriented strategies and are analytical in decision making (Miller & Toulouse, 1986).

Tolerance for Ambiguity

The greater the dependencies on external factors facing an organisation, the greater the uncertainty confronting the business (Thompson, 1967). Implementation of strategy under conditions of uncertainty to achieve superior performance requires greater tolerance of ambiguity (Entrialgo et al., 2000). Carland, Carland, and Aby (1989) assert that highly innovative managers have a greater tolerance for ambiguity. Gupta and Govindarajan (1984) in turn argue, that a manager's tolerance for ambiguity has an effect on business performance.

Internal and External Locus of Control

Brockhaus and Horwitz (1985) identified the tendency to have an internal locus of control as another entrepreneurial trait that distinguishes owner-managers. Having an internal locus of control refers to the situation where an individual perceives that an event is contingent upon his own behaviour (Driessen & Zwart, 1999). Other research suggests that in terms of locus of control small business managers are not very different from traditional managers (Begley & Boyd, 1987).

Owner-managers with a high internal locus of control, who are convinced of their ability to influence the external environment, have greater ability to cope with stressful situations (Kets de Vries, 1980; Miles & Snow, 1978). This ability enables them to engage in innovative behaviours and propose proactive strategies (Entrialgo et al., 2000). Small business owner-managers with an internal locus of control, as compared to those with an external locus of control, have been found to undertake greater product innovations, have a greater vision for the future and a greater ability to adapt to the changing environments facing business (Kimberley & Evanisko, 1981; Miller, 1983; Miller & Droge, 1986; Miller & Toulouse, 1986). Managers with an external locus of control, who consider the changes in the external environment to be

beyond their scope of influence, react passively to change, cause management crises, and have a tendency to be followers (Entrialgo et al., 2000).

Owner-Managers' Motivations

An owner-manager's motivation to start a new business includes independence, financial rewards, achievement, social recognition, career advancement and personal fulfilment (Corman, Perles, & Vancini, 1988; Young & Walsh, 1993). There is strong evidence of motivational differences among small business managers (Orser et al., 2000). Curran (1986) categorised the motivation to start a business as being negative or positive. Motivations are negative when an individual is pushed into self-employment due to the absence of any other opportunities. On the other hand, when a person voluntarily chooses to start a business the motivations are positive. Gill (1985) included dissatisfaction with previous employment under the category of negative motivations and identification of a promising market opportunity in the positive motivations category.

Past research has drawn attention to the influence of "push" and "pull" factors in an owner-manager's decision to start a small business (Hamilton & Lawrence, 2001; Janssen, 2003; Smallbone & Wyr, 2000; Watson et al., 1998). Independence, being their own boss, doing work they enjoy, using their skills and making a lot of money are the "pull" factors that motivate an individual to start up a new business. In contrast, redundancy, unemployment and frustration with past employers are "push" factors that motivate new business start-ups. Kets de Vries (1985) found that differing motivations of owner-managers lead to adoption of different growth strategies, such as no growth, low growth or high growth for their businesses. Such differences in growth motivations affect the growth orientations of owner-managers which, in turn, impact the actual growth achieved by the small businesses (Gray, 1992).

Davidsson (1991) developed a model of small business growth which proposed that the growth motivations of owner-managers are the key determinants of actual growth. Some studies observe a positive link between owner-managers' motivations and small business growth (Bouwen & Steyaert, 1990; Mochrie, Galloway, & Donnelly, 2006; Morrison et al., 2003; Wiklund & Shepherd, 2003). Past researchers have also found

that an owner-manager's perceptions of ability, need, and opportunity for growth determine the motivation to grow a business (Davidsson, 1989; Stam, Suddle, Hessels, & Stel., 2007).

The factors associated with perceived ability include an owner-manager's education and experience. Factors associated with need include the influences of company size and age, while factors such as market growth and access to capital are influences associated with perceptions of opportunity. The owner-manager's perception of these influences determines the ability to grow, the need to grow, and the opportunity to grow. Each of these has a direct influence upon growth motivations which, in turn, influence the actual growth.

Davidsson (1991) argued that human information processing of objective phenomena is characterised by selective perception, limited processing, and processing biases. It is the perception of reality that determines the owner-manager's growth motivations. In attempting to validate the proposed model, he found that objective measures of ability, need and opportunity can explain actual growth to a large extent. Furthermore, many of the observed variations in growth motivations could be explained by both objective and subjective measures of these factors. In both instances the author has found the need-related issues to be more important than those related to ability or opportunity.

The findings of Davidsson's (1991) work have important implications for future research on small business growth and for the development of support programmes for small business. In particular, the findings suggest that understanding of owner-managers' perceptions of factors influencing small business growth could help to explain their level of motivation and the actual growth of their businesses.

From a support provision perspective, by addressing the owner-managers' perceptions through the development of support programmes that address their needs, it is possible to motivate them to participate in training. The actual growth of their businesses will follow. Therefore, this study investigated the adequacy of support for factors which are perceived by owner-managers to be important influences on small business growth.

In addition to owner-manager characteristics, the performance of small businesses is also influenced by a complex array of interacting and overlapping variables related to internal and external contexts (Morrison & Teixeira, 2004). To understand more comprehensively the factors influencing small businesses growth the influences of the internal environment are reviewed next.

2.4.2 Influence of Internal Factors

The growth of small businesses is influenced by the internal factors of the business. These internal factors can be subdivided into four categories: the characteristics of the business, the factors that correspond to its ownership and organisational form, internal management competencies, and the strategy employed by the business. The emphasis within this section is on the impact of the characteristics of the business on business and employment growth of small businesses.

Age

The age of the business is an important factor that determines the growth rate of a small business (Davidsson, 2002; Reynolds, 1986). Younger businesses grow quickly initially to reach the minimal efficient size and slow down once that has been achieved (Heinonen, Nummela, & Pukkinen, 2004; Storey et al., 1987). This view was supported by Dunkelberg and Cooper (1982) who found that older businesses that failed to grow declined by 0.02% every year. Past research has linked this to the reduction of owner-managers' growth motivation due to attainment of a satisfactory standard of living (Davidsson, 1991) and life-style and family factors (Dobbs & Hamilton, 2007).

While some studies have found a positive association between company age and growth (Birley & Westhead, 1990; Davidsson, 2002; Dunkelberg & Cooper, 1982; Freeman, Carrol, & Hannon, 1983) other studies have failed to find similar relationships (Birley, 1986; Yasuda, 2005). The total employment created by the small businesses in a country depends upon the ability of all small businesses to realise their full potential. For this reason past researchers have argued that targeting

support for small businesses based on age should be avoided (Hall & Young, 1991; North et al., 1992).

Company Ownership

Extensive studies have been conducted to examine the effects of company ownership on small business growth (Birley & Westhead, 1990; Westhead, 1995). The findings of a number of studies show a positive association between diverse or diluted ownership and levels of employment growth (Birley & Westhead, 1990; Westhead & Birley, 1995). Small businesses owned by several people are more inclined to grow than the businesses owned by a single person (Feeser & Willard, 1990; Siegel et al., 1993). This difference in growth, Vesper (1990) explained, is due to the greater variety, balance and synergy of skills provided by the team of owner-managers.

Birley and Westhead (1990) attributed the association between diluted ownership structures and employment size to the availability of an array of skills within the expanded ownership of a business. This supports Feeser and Willard's (1990) argument of team effort. Other research suggests that what influences the successful growth of a business is not the size of the management team but the right mix of the qualifications and skills within the members of the management team (Muller-Boling, 1993).

Legal Form

A further aspect that affects the rate of growth of small business is its legal form. Past research (Davidsson et al., 2002; Storey, 1994) has found that small businesses that adopt a legal form which grants limited liability to owners, experience more rapid growth than the sole proprietorship or partnership businesses. One reason for this outcome is that the limited liability facilitates raising of necessary capital. The owner-managers' willingness to implement high risk strategies due to protection granted to personal assets is the second reason for rapid growth.

Networks

Another aspect of a small business that affects the growth is the concept of networks (Gibb & Davies, 1990b). Included in this category are the social networks such as individual networks of friends, relatives, colleagues, acquaintances, and organisational networks where the interactions are business to business (Szarka, 1990). One of the key benefits of networks is the mutual sharing and the accumulation of business related skills and competencies among networking businesses. Networks that allow the small businesses to develop internal competencies provide them with the opportunity to gain or sustain competitive advantage over other businesses outside the network (Hall, 1991; Humphrey & Schmitz, 1996; Johannisson, 1991). It is therefore, logical to assume that businesses with such networks are more likely to achieve higher growth as compared to those who do not have such networks.

Frazier and Niehm (2004) examined the networking activities of small retailers and found that accessing valuable information and ideas that foster organisational learning is the key benefit of networks. Tseng, Tansuhaj, and Rose (2004) found that the technological capability and the international networks of owner-managers increase their chances of internationalisation. As no single business has all the resources required, the success of small businesses depends on the use of networks such as banks, friends and suppliers and government agencies to acquire these (Premaratne, 2001).

Employee Skills

A number of past studies have found an association between employee skills, knowledge and ability, and small business growth (Hall, 1991; Prahalad & Hamel, 1990; Townroe & Mallalieu, 1993). Since employee skills and competencies can be influenced through training and advice programmes, the identification of the skills associated with small business growth has implications for the determination of which types of support to provide small businesses. Extant literature on the areas of competence of small business has identified: production (Macrae, 1992; O'Farrell & Hitchens, 1988; Townroe & Mallalieu, 1993), quality control (Townroe & Mallalieu, 1993), finance (El-Namaki, 1990; Taylor, Gilinsky, Hilmi, Hahn, & Grab, 1990;

Terpstra & Olson, 1993), cash flow control (Townroe & Mallalieu, 1993), marketing (Atkin & Perren, 1995; Bennett & Hall, 1991; Smallbone, 1990; Townroe & Mallalieu, 1993), market research (Gill, 1985; Milne & Thompson, 1986) and personnel management (Cromie, 1990; Smallbone, 1990; Storey, 1985) as the key areas that are related to small business success, failure and growth.

Financial Management

Financial management is an area of competence associated with small business growth that has received attention in the literature. Past studies (Argenti, 1976; Arinaitwe, 2006; Cromie, 1990; Fagiolo & Luzzi, 2006; Mambula, 2002; Slatter, 1984) have identified a number of factors underpinning the financial management problems faced by small businesses. These include (1) difficulties in obtaining loans, (2) pressure to extend credit to customers, (3) inadequate working capital, (4) problems associated with collection of customer debt, (5) cash flow problems, (6) overtrading, and (7) over-gearing. The other aspects of financial management highlighted in past studies are financial control (Gibb & Scott, 1985; Gill, 1985; Kruger, 1989), financial reporting (McMahon, 2001), costing systems, cash flow forecasting (Argenti, 1976; Slatter, 1984) and a lack of up-to-date financial records (Gill, 1985). These indicate the importance of financial management for the survival and growth of small businesses.

Marketing

The discipline of marketing is widely cited in the literature as being a significant influence on small business growth. Approaches to marketing are fundamental to differentiating between successful and unsuccessful small businesses (Bennett & Hall, 1991; Smallbone, 1990). Slatter (1984) found a relationship between company failure and a lack of marketing effort. Gill (1985) reported lack of market research as a major problem affecting small business performance. Other areas related to marketing that are of considerable importance to small business growth are selling (Hill & Wright, 2000), closer customer contact (Siegel et al., 1993), and an ability to communicate (Atkin & Perren, 1995). More recent research on small businesses has examined the

aspects related to the disciplines of marketing and entrepreneurship under the term marketing-entrepreneurship (Hill, 2001).

Human Resource Management

Human resource management is another area that is mentioned in the literature as an internal competency related to the growth of small business (Cromie, 1990; Terpstra & Olson, 1993). Macrae (1992) found significant differences between growth and non-growth businesses in relation to the importance attached by owner-managers to people management. The owner-managers of growth businesses rated it more highly than those from non-growth businesses. In relation to human resource management, some researchers regard the main problem as lying in the recruitment of suitably qualified staff (Cromie, 1990; Smallbone, 1990), while others associate the problem with the areas of supervision, staff retention and training (Terpstra & Olson, 1993).

Planning

A final area of management competency discussed in the literature is a business's ability to undertake business planning. Many studies have investigated the relationship between business planning and small business performance. Some studies have found a positive impact of planning on small business growth (Ackelsberg & Arlow, 1985; Bracker, Keats, & Pearson, 1988; Cragg & King, 1988; Dolinsky, Caputo, & Pasumarty, 1994; Macrae, 1992; Orser et al., 2000; Shrader et al., 1989). Other studies have found no significant relationship (Greenley, 1986; Robinson, Logan, & Salem, 1986).

Higgins (1980) added that some companies achieve success without any planning. This author further stated it might be difficult or even impossible to predict what might have happened to companies that did plan if they did not. Other studies have found that where planning occurs in small businesses, it is usually simple, informal or intuitive and has short time horizons (Perry, 2001; Shuman, 1975).

Rice (1983) suggested that the need for sophisticated planning in small businesses is not as great as it is for larger companies because of their small, manageable, localised

markets. However, in general, the literature suggests a positive relationship between planning and small business performance. It is possible that some do not benefit from planning because they do not dedicate sufficient time and effort to the formulation and implementation of plans. According to some authors, the owner-managers of small businesses who are attending to day-to-day problems of their businesses do not find time to pay attention to planning activities (Shrader et al., 1989).

O'Regan and Ghobadian (2002) contend that the approach taken to planning is less structured in small businesses than in larger companies. Past studies (Beer & Eisenstat, 2000; O'Regan & Ghobadian, 2002) have identified the following internal factors as barriers to implementation of plans in small businesses. They are: (1) inadequate communication, (2) failure to implement plans on schedule, (3) insufficient employee capabilities, (4) ineffective co-ordination of implementation process, and (5) poor employee understanding of the overall goals of planning.

Mintzberg (1987) contended that plans can be modified until they are implemented. The failure of planning in most businesses is due to shortcomings in its implementation (Beer, Eisenstat, & Spector, 1990). Small businesses that operate in dynamic environments constantly change their plans and often these changes originate in the minds of owner-managers. In previous studies the presence of a written plan is used as a surrogate measure for formality of planning (Bracker et al., 1988; Robinson & Pearce, 1983). This study uses the same approach to assess the extent of planning in post start-up small businesses.

Competitive Strategies

Porter (1980) outlined three basic types of competitive strategies: (1) cost leadership, (2) differentiation, and (3) focus, which businesses could adopt. The focus strategy is considered the most suitable entry strategy for small businesses because of resource constraints. Evidence for this contention is found in the Siegel et al. (1993) study which demonstrated that more small businesses that followed a focus strategy achieved higher growth than their counterparts that used other strategies. Romanelli (1989) also stressed the usefulness of “niche” marketing as a successful growth strategy for small businesses.

Researchers have found the success of a “niche” strategy to be contingent upon factors such as maturity of the market (Stuart & Abetti, 1986), saturation of the market (Westhead & Birley, 1995), industry life-cycle (Covin & Selvin, 1986), and the evolutionary stage of the industry (Sandberg & Hofer, 1986). In general, the aggressive small businesses that pursue “niche” strategies have a greater chance of survival under most environmental conditions (Romanelli, 1989). However, he noted that in growing markets aggressive businesses with a diversified product range do well but specialists do better in declining markets. Therefore, Romanelli (1989) concluded that small businesses should tailor their strategies to the environmental conditions being faced to overcome the hazards of market fluctuations.

The above review indicates that past studies which investigated small business growth have found a number of internal factors to have a decisive influence. Other studies have failed to provide support to the observed positive relationships. Thus, the current study incorporates several of the more important internal factors.

2.4.3 Influence of External Factors

Hannan and Freeman (1977) maintain that conditions found in the external environment are the principal determining factors of organisational growth and survival. They state that businesses that are well adapted to their environment survive while those that are not fail. Thus, external factors make up the third category of items examined in this study as potential explanatory variables of small business growth.

The external environment can be hostile or generous to a small business (Mintzberg, 1979). While a generous environment stimulates growth, a hostile environment will curb the same. Similarly, the environment can be either stable or dynamic. The rapid, unpredictable changes such as those in technology, competition and consumer demand seen in a dynamic environment introduce uncertainty and instability into markets making it difficult for small businesses to plan in advance. The uncertainties in the environment make it difficult to manage and process information to make reliable decisions.

Urban/Rural Locations

Hormozi (2004) highlighted the critical importance of selecting the right location when starting a business, as it significantly influences success and failure. Past studies that examined the influence of urban and rural locations on small business performance have agreed that resources required for growth such as specialist production factors, specialist managers, or sub-contractors are easier to find in urban areas than in rural areas (Dahlquist et al., 1999; Kean et al., 1998; O'Farrell & Hitchens, 1988). The higher population density in urban areas also provides a relatively larger market potential as compared to rural areas. Thus it is expected that small businesses located in urban areas would have a greater opportunity to grow. However, some studies have found small businesses in rural locations generate higher employment growth rates (Smallbone, North, & Leigh, 1993).

Townroe and Mallalieu (1993) identified the shortage of skilled workers as a major barrier that limits the growth of small businesses in rural areas. The other drawbacks of rural areas are the distance to buyers, suppliers, services and the lack of training providers (Keeble, Walker, & Robson, 1992). On the other hand lower wage and premises costs are benefits of locating a business in a rural environment.

Skill Shortage

A significant external factor that affects the growth of small business is the shortage of skilled and technical workers (Cromie, 1990) as well as lack of competent managerial and professional staff (Macrae, 1992). Storey (1985) stated that skill shortages or the non-availability of skilled labour is a major problem faced by small businesses. Labour constraints are frequently cited in the literature as a problem that stands out above all others (Cromie, 1990). Providing support to this argument, Macrae (1992) stated that the availability of suitably qualified people differentiates between growing and declining businesses.

Suitable Premises

The availability of suitable premises is an essential requirement of a growth oriented small business (Cromie, 1990; Smallbone, 1990). In areas that are well developed it is relatively easier for small businesses to find suitable premises. Storey (1985) stated that young, growth oriented, small businesses have demonstrated a high frequency of movement from premises to premises to accommodate their growth indicating the importance of suitable premises when starting a small business.

Market Demand

Aldrich (1990), after an examination of intra-population processes, inter-population processes and institutional factors on business founding rates, concluded that intra-population processes such as prior founding, dissolutions and business density which constitute the structure of the business environment have the greatest influence upon businesses once they are founded. Thus, small businesses need to pay serious attention to the overall carrying capacity (total potential) of a market due to its strong influence on business. This suggests the level of demand in a particular market is of greater importance than the strategies pursued by businesses.

Smallbone (1990) found the lack of market demand to be a major cause of business failure. The deficiency of market demand is a cause of major problems faced by small businesses (Storey, 1985). Smallbone and Welter (2001) state, that in mature markets small business owner-managers see the level of aggregate demand as a key factor influencing their business. However, they pointed out that it is possible to overcome the negative effects of market demand by using sophisticated marketing skills. Past studies that examined the effects of market demand on small business growth have found mixed results, with some finding it to be a significant barrier to growth (Smallbone, 1990), while others find it to have a minor effect (Macrae, 1992). Gopalan (2003) stated that markets fluctuate in unpredictable ways, therefore, to survive and grow, small businesses should be flexible and ready to exploit any given situation.

Competitive Forces

The other aspect of the population ecology perspective is the inter-population processes that highlight the influence of dominant businesses, competition and co-operation between businesses on business growth. Porter (1985) identified five forces in the external environment: (1) threat of new entrants, (2) threat of substitutes, (3) power of buyers, (4) power of suppliers, and (5) competitive rivalry among existing players, as determinants of the attractiveness of an industry. Higher intensity of these forces increases the competitiveness of the markets and reduces the growth opportunities to businesses entering them. Other studies also have confirmed the significant impact of competitive dynamics on the growth of small businesses (Macrae, 1992; Stuart & Abetti, 1986).

Barriers to Growth

Institutional factors can also be categorised as barriers to growth. Even though these factors vary across different industry sectors, some broad categories of external burdens on small businesses can be easily identified. Arinaitwe (2006), Kozan et al. (2006), and Mambula (2002), all suggest that government regulations affect the financial standing of small businesses. Andersson et al. (2004) and Arinaitwe (2006) point to several African nations where the governments encourage banks to assist small businesses through financial incentives such as tax breaks.

Chilton (1984), however, commenting on the barriers to growth of small businesses in the USA, concluded that the government can have a positive influence on small business growth by doing as little as possible to small businesses rather than doing as much as possible. The Task Force appointed by the government of Sri Lanka to develop a national strategy to support the growth of SMEs adopted the stance proposed by Chilton (1984) and proposed a policy formula based on the principle “maximum support but minimum interventions” (Task Force, 2002).

The impact of government legislation on the growth of small business has been extensively investigated in past research. Restrictive social and industrial legislation and paperwork overload were found to have a negative effect that retards the growth

of small businesses (Gibb & Davies, 1990b; Westrip, 1986). The other regulatory burdens identified in past research are excessive business rates, licensing fees, and insurance premiums (Terpstra & Olson, 1993).

Infrastructure

Macro-economic conditions that vary from region to region may also have an influence on the growth of a small business (O'Farrell & Hitchens, 1988). The infrastructure development within a region such as the status of roads, telecommunications, transport and electricity have an impact on the growth of small businesses. The main barriers to growth of small businesses in Sri Lanka are high cost of electricity, poor communication facilities, lack of market information, the procurement processes for financial loans and grants, inadequate business services and high interest rates (Abeyratne, 2005). The loss of staff time and the compliance costs that arise out of some of the above are significant barriers to small business growth.

Debt Collection

The problems associated with late payment of debts and the collections of bad debts are threats to the growth and survival of small businesses. Even though no attempt has been made to quantify the impact of account receivables on small business growth, it is often cited as a problem constraining the growth of small businesses (Cromie, 1990; Terpstra & Olson, 1993). In spite of the external nature of this problem the internal competencies of the small businesses such as credit control may have an association with it.

Access to Funds

In most countries, including Sri Lanka, government and private sector financial institutions, banks and other lending institutions use availability of collateral as a criterion when evaluating applications for financial assistance. Adoption of this collateral-based lending approach erodes the supply of finance to small businesses. It

discriminates against those entrepreneurs and small businesses that have the potential to be successful but lack adequate collateral and securities.

Nieuwenhuizen and Kroon (2003) asserted that owners of small businesses with the capability to succeed take calculated risks and their risk orientation leads to greater creativity and innovation. These authors, therefore, argue that critical success factors such as their risk orientation, innovation and creativity should be evaluated when making the decision of whether to provide to provide financial support to an entrepreneur who cannot provide collateral.

The ability of a business to overcome the impediments to growth by securing support such as financial assistance, advice and training determines the success or failure of the business (Fielden, Davidson, & Makin, 2000). The most frequently mentioned barrier to the growth of small business is the difficulty of acquiring finance (Bridge, O'Neill, & Cromie, 1998; Yellow Pages, 1995). Gibson (2004), after an analysis of a large Australian database, reported that the financial requirements of the small business sector are not homogeneous, with different businesses having different needs. This author proposed that policy makers support easier access to funds through mechanisms such as bank overdrafts and trade credit that are frequently used by successful small businesses.

The non-availability of funding is a crucial factor that hinders the growth of entrepreneurial businesses regardless of their size, location, industry and the economic condition of the market (Hussain, Millman, & Matlay, 2006). Gilbey (2005) states that even though London is one of the most competitive financial markets in the world, many small business owner-managers there are still not able to access the money they need to start and grow their businesses. Past researchers have found this to be one of the greatest problems that inhibit the growth and expansion of small business (Hussain et al., 2006; Smallbone, 1990; Terpstra & Olson, 1993).

Banks have been criticised by many for insisting on collateral from small businesses which they cannot provide and for imposing crippling interest rates. In charging such high interest rates, banks appear to be eager to collect whatever money they can get now from small businesses while being oblivious to the future earnings they could

gain as businesses grow by providing the initial financial support required. Chaston (1992) proposed that this situation could be improved by developing closer relationships between banks and small businesses. Smallbone and Welter (2003) found the direct intervention policy followed by some governments appropriate, as it assists small businesses to overcome disadvantages related to their size such as the access to funds.

The discussion on resource endowment of small businesses is often directed to financial resources that impact on the operational activities of a business (Tseng et al., 2004). Some owner-managers use their personal savings and loans from family and friends as the primary source of their funds for investment. Others rely on different sources such as banks and financial institutions for funding support. Westhead and Birley (1995) found small businesses that avoided the use of personal savings and funding from family and friends achieved higher employment growth than those that used such sources. They argued that those who used personal savings and funds from family and friends had lower growth rates because they were more cautious and risk averse than those that used funds from other sources. Some other studies have found significant variation between growing and declining businesses on the reliance for different sources for investment funds (Dunkelberg, Cooper, Woo, & Dennis, 1987).

No research has provided an exhaustive list of all the variables that were previously studied. Most prior empirical research has been devoted to only studying the impact of a few variables belonging to one of the categories identified above (owner-manager factors, internal factors or external factors). The use of such reductionist approaches to select the factors influencing small business growth leaves room to question the validity of those studies. The current study is, thus, innovative in its use of a large number of factors from each category in its attempt to identify the important influences on small business growth, and later to examine any inadequacies in the support services available.

2.5 THEORETICAL FOUNDATIONS

The theories of competitive advantage and motivation underlie the portion of the study dealing with characteristics associated with small business growth. The services

marketing discipline provides a framework for evaluating and improving the delivery of support services to small businesses. Thus, the current study incorporates the concepts of competitive advantage, motivation and service delivery as components of theoretical foundations of the study.

At a fundamental level the growth of a business is determined by its sustainable competitive advantage. This is achieved through acquiring resources and the development of internal competencies that are capable of delivering the unique benefits that the targeted consumers desire. The literature of motivational theories highlights the importance of owner-manager motivation in both starting and developing an entrepreneurial small business. The services marketing literature has emphasised the importance of user-producer interactions to enhance the quality of services. This aspect of a service encounter is investigated within the context of business support services.

Key Models of Competitive Advantage

Three models of competitive advantage have emerged in the literature: the environmental model, the resource-based model and the capability based model (Hayes, Gary, & Upton, 1996; Lado, Boyd, & Wright, 1992). The environmental model is rooted in neo-classical economics (Friedman, 1953). This has been subsequently expanded by the industrial organisation literature (Hill, 1988; Porter, 1985). The resource-based model is rooted in a resource-based view of the business (Dierickz & Cool, 1989). The capability based model intended to address the inherent inadequacies of the other two models is an extension of the resource-based model (Hayes et al., 1996).

The environmental model suggests that economic efficiency and the long-term survival of a business are determined by environmental forces, particularly by industry characteristics. Therefore, environmental factors were one source of influence on the growth of post start-up small businesses included in the study.

Porter (1980) argued that discontinuity or change in industry structures drive the development of new ways to compete in markets. The change of government

regulations, shifting of input costs, changing buyer needs, emergence of new industry segments, and innovation of new technologies are some of the typical causes that shift competitive advantage. In this theory the owner-manager plays a key role in making the decisions that help to gain and maintain competitive advantage.

In the 1960s and 1970s the shift of emphasis of business level strategy from market-driven to internal-based strategies signalled the emergence of the resource-based view. This theory suggests that competitive advantage is determined by the strategic resources possessed by the small businesses. The resource-based model views a business as a bundle of specialised resources that are deployed to create a privileged market position (Barney, 1986; Wernerfelt, 1984).

According to the resource-based view, to gain competitive advantage, a business should possess resources that are valuable, rare, imperfectly imitable and without strategically equivalent substitutes (Barney, 1986; Day & Wensley, 1988). Thus, the resource-based view suggests that competitive advantage is driven by internal strengths of a business and assigns a limited role to the owner-manager in the value creation process. The role played by the owner-manager in the acquisition and deployment of valuable resources is not adequately explained by the resource-based model.

Some argue that resources alone cannot explain sufficiently the competitive capability of a business. These researchers shift the emphasis of the resource-based view from organisational resources to organisational capabilities (Mahoney & Pandian, 1992). According to capability based theory, a business achieves rent not because it has more valuable resources, but because of the business's capability to make better use of its resources (Hayes et al., 1996).

The common thread across the three theories is that there are three sources of influences on competitive advantage: external factors, internal factors and the capabilities of owner-managers (Fillis, Johannson, & Wagner, 2004). Thus this study will choose indicators of each of the above factors in the review of the growth of post start-up small businesses.

Theories of Motivation

Maslow (1943) proposed a hierarchy of human needs, commencing with lower level survival needs and culminating in self-fulfilment. McClelland (1961) added a further variation to the needs concept with his proposal that motivation was driven by three basic needs – Need for Achievement, Need for Power, and Need for Affiliation. Locke (1969) incorporated the needs approach with the process approach by positing that unsatisfied needs led to the cognitive formation of goals, which individuals then attempt to achieve through behaviours.

The concept of inner drivers of behaviour implied by Maslow's (1943) motivational theory encouraged Herzberg (1987) to pursue this concept and posit a two factor theory of Motivators and Hygiene Factors. The first promotes behaviours through positive outcomes and the latter inhibits behaviours through perceived undesirable attributes. The positive outcomes that stimulate behaviour include achievement of personal objectives (Greenbank, 2001), wealth objectives (Entrialgo et al., 2000), non-economic objectives (Wiklund, Davidsson, & Delmar, 2003). Poutziouris (2003) identified loss of control as a perceived undesirable attribute that inhibits behaviour.

Alderfer (1969) grouped Maslow's needs into three areas – Existence (survival and comfort), Relatedness (social and ego/recognition) and Growth (achieving potential), and proposed that more than one need area could be influencing behaviour at any given time. Littunen and Hyrsky (2004) found the survival needs to be more important for small businesses in Finland than the growth and related needs.

Vroom (1964), proposed that the amount of effort (the outcome of motivation) expended by any individual towards any given goal is a product of the individual's expectation that the effort expended will bring about the desired outcome. This relationship is represented by the formula: $MF = \sum ve$, where: MF = Motivational Force; v = value placed on the outcome; e = expectancy that the outcome will follow the effort.

Porter and Lawler (1968) further expanded on the expectancy concept by including as moderating variables the individual's ability to perform and his/her willingness to

perform. At a basic level all of these theories of motivation are applicable to the behaviour of small business owner-managers. The motivation to be in business and the effort expended relates to the individual's expectation that effort dedicated to such a course of action will provide them the economic, social, recognition, or other needs they desire.

Theories of Services Marketing

Theories of services marketing mainly revolve around the role of user-producer interactions and the distinctive service characteristics: intangibility, inseparability, heterogeneity and perishability. The services marketing literature identifies business services as innovations with specific attributes that differentiate them from product innovations (Caniëls & Romijn, 2005). The paradigm of services marketing provides a suitable guidepost to evaluate the ability of the existing support services to address the needs of small businesses. Therefore, to understand what works and what doesn't in the existing small business support framework of Sri Lanka, its attributes are examined in the light of the body of literature on services marketing.

The intangible nature of services makes it difficult to evaluate their quality (Gronroos, 2000; Zeithaml & Bitner, 2003). Hence the reliability of the service provider, the responsiveness and the ease of contact (accessibility) are usually taken into account when measuring the quality of services (Parasuraman, Zeithaml, & Berry, 1985). In the business support services context measures are often in terms of the number of clients visited and the fees collected from such visits (Lean, Down, & Sadler-Smith, 1999). Even though frequently used, such evaluations do not measure whether the service provided addresses the growth related issues confronting the small businesses.

Services are perishable, cannot be stored, and have to be produced and consumed simultaneously (Gronroos, 2000). The inseparable production and consumption of services require the physical presence of the consumer during production (Zeithaml & Bitner, 2003). The dual role played by a customer as a user and a producer in a service encounter, grant them the knowledge to contribute to the design of the service and its delivery process. As a result of the contributions that come from these user-producer

interactions, service innovations evolve over time with incremental adjustments (Gamsler, 1988).

The heterogeneity of the services suggests that each act of service provision should be tailor made to fit the individual requirements of the recipient customer (Zeithaml & Bitner, 2003). However the distinctive characteristics of services (i.e. intangibility, inseparability, perishability, and heterogeneity) make it difficult for the support providers to deliver programmes that consistently address the growth needs of small businesses. In many cases, in spite of the considerable experience of the support providers, researchers have found the impact of support services to be disappointing (Hjalmarsson & Johansson, 2003; Storey, 2000).

Gamsler (1988) emphasised the importance of active user involvement for the development of improvements in services that enhance the customer experiences. Caniels and Romijn (2005) asserted that the actual development of service innovations that meet the often idiosyncratic requirements of customers, are located within the customer or the customer's business. Translating this to business support, service providers are more likely to develop innovative business support services by consulting with owner-managers.

2.6 OVERVIEW OF THE LITERATURE

The lack of a holistic approach in past research has resulted in the examination of available support, without first assessing its relevance to address the factors that influence the growth of small businesses. Existing support schemes have been evaluated by focusing on their perceived overall usefulness, often without specifying any assessment criteria. When criteria have been established, the literature shows that the effectiveness of support schemes has been assessed on their ability to stimulate employment (Bennett, 2006), to provide support for a particular group (Deakins & Ram, 1995) or on the accessibility and credibility of assistance (Briscoe, 1995). It appears that the criteria established have not been designed to measure the ability of the support schemes to address the factors affecting the growth performance of small businesses.

There are significant differences in the problems encountered by small businesses at the start-up and the post start-up stages (Huang & Brown, 1999; Kazanjian, 1988; Orser et al., 2000; Terpstra & Olson, 1993). The majority of studies examining the factors influencing the growth of small businesses have treated these as a homogeneous group, despite the need to understand differences in support needs to address problems linked to age and stages of development (Basu, 1998; Chaston, 1992; Smallbone, 1990). Extant research indicates that in addition to the support provided at the start-up stage, small businesses need new forms of support at the post start-up stage to address the problems that were not experienced at the early stage. Chaston (1992) points out the lack of understanding of the support required by businesses that have entered the post start-up stage as a deterrent to small business growth. Fourcade (1985) highlights the importance of providing the necessary support at this stage, which is regarded as the most critical stage of development. It is, therefore, imperative to identify the appropriate support needs of post start-up small businesses.

The owner-managers' desire to grow post start-up small businesses places demands for continuous improvement on their existing operations. The different problems faced by small businesses at different stages of growth require the support providers to develop additional programmes to address the new-found problems at the post start-up stage. Therefore, an examination of the support needs of small businesses at this stage, viewing them as a distinct group of businesses with particular support needs, is justified. Recognising this need, this study focuses on the support needs of small businesses in the age group 13-60 months.

The life-cycle models fail to provide longitudinal evidence to support their claims of different stages of development of small businesses (Gibb & Davies, 1990a). Such evidence is necessary to validate the sequence of phases proposed. These models which are descriptive also fail to explain what causes growth of small businesses (Dobbs & Hamilton, 2007). Therefore, to understand the phenomenon of small business growth, studies that examined the influences of owner-manager factors, internal factors, and external factors on the growth of small businesses were reviewed in some depth.

The review of existing literature indicates that past studies have employed different categorisations to understand the factors influencing small business growth. There are clear overlaps in these approaches. This study examined the factors influencing growth under the three categories: owner-manager factors, internal factors, and external factors. The majority of studies that examined the influence of owner-manager factors upon business growth emphasised the importance of psychological factors (Mochrie et al., 2006; Morrison et al., 2003; Wiklund & Shepherd, 2003); owner-managers' previous experience (Dobbs & Hamilton, 2007; Gill, 1985); age (Andersson et al., 2004; McGee & Sawyerr, 2003); gender (Johnsen & McMahon, 2005; Kalleberg & Leicht, 1991); and education (Dobbs & Hamilton, 2007; Kozan et al., 2006; Smallbone & Wyer, 2000). The findings of studies that examined the influence of owner-manager factors are very varied.

A large number of studies have captured the effects of company characteristics such as age (Birley & Westhead, 1990; Davidsson, 2002); ownership (Feeser & Willard, 1990; Siegel et al., 1993); legal form (Davidsson et al., 2002); and those relating to internal competencies (Beer & Eisenstat, 2000; O'Regan & Ghobadian, 2002). The competencies of employees and owner-managers which determine the internal strengths of small businesses vary widely. This implies a need to develop a small business support system to provide the training required to up-skill the owner-managers and employees of small businesses.

Small business growth is also determined by factors outside the firm such as market demand, market concentration, and level of competition (Macrae, 1992; Smallbone & Welter, 2001). Other factors such as government regulations (Arinaitwe, 2006; Kozan et al., 2006; Mambula, 2002); non-availability of external funds (Hussain et al., 2006); labour constraints (Cromie, 1990); and late payment of debt (Terpstra & Olson, 1993) have also been identified as barriers to growth.

The availability of government sponsored support to overcome the constraints of external factors is a boon to small business development and growth. Past studies have highlighted the success of such support schemes in a number of developed countries, for example, UK, Ireland, Germany, USA, France, Scotland and Wales (Bennett, 2006; Bennett & Robson, 2003; Deakins & Freel, 2003). These suggest

provision of government support to facilitate small business growth might bring particular benefits to developing countries such as Sri Lanka.

The examination of failure rates of small businesses and the information from other sources suggest that only a small proportion of post start-up small businesses achieve high growth. Birley (1986), examining the possibilities in targeting such businesses, concludes that any attempt to target high growth small businesses is a fruitless exercise. This author suggests that support should be made available to all small businesses equally. It is therefore justified to examine the support needs of all small businesses that have entered the post start-up stage of development regardless of location (urban/rural) or industry sector.

There is debate in the literature about the nature of small business support policies. Some have questioned the usefulness of interventionist policies to support small businesses. Others have justified support in view of the disadvantages they face in the market place and the contribution they make to economic growth and employment generation. The provision of at least limited support is favoured by the majority. Other issues explored relate to the nature of content of support, to whom support should be given, and the means of delivery.

Given the importance attached to small business growth it is possible that there will be constant pressure to further improve the existing small business support schemes. New support schemes will be required to meet changing needs, as small businesses expand their size and scope. To deliver comprehensive support to businesses that have entered the post start-up stage, it is essential to understand the problems and issues related to growth that are particular to this stage of development. A focus upon the period of 13-60 months post-establishment to investigate the specific factors influencing growth and the support needs would appear to be justified.

Davidsson (1990) found that the way in which owner-managers perceived the factors influencing growth has relevance to the growth of their businesses. This implies that it is possible to achieve a significant positive impact upon small business growth performance by identifying the factors owner-managers perceive to be important influences and then developing support facilities to address them. Many studies,

however, instead of focusing on factors that affect the growth performance of businesses, have examined the issues related to their performance. The low use of available support identified by some researchers was due to owner-managers' negative perceptions of their suitability to business's real needs (Robertson, 2003).

The above suggests that support providers, to encourage the wider use of their services, at first, have to gain a better understanding of owner-managers' perceptions of factors that influence the growth of businesses. While positive perceptions of determinants of growth encourage owner-managers to grow their businesses, any negative perceptions could similarly discourage them. Mitra and Matlay (2000), recognising the importance of perceptions, contended that to establish more completely what contributes to small business growth, it is necessary to take into account the actual and perceived factors that influence small business growth. This study, therefore, investigates the adequacy of support to early post start-up small businesses on factors that are perceived by owner-managers to be important influences on small business growth.

The literature review conducted has demonstrated that some aspects of the factors affecting the post start-up stage of small businesses have been addressed in previous studies. The majority of these studies are conducted in developed countries. The findings of these studies may not be totally applicable to small businesses in the developing world due to distinctive differences in the nature of economies. Therefore, considerable knowledge gaps exist in relation to the factors affecting growth of post start-up small businesses in developing countries and these gaps are significant.

Joubert (2004) found significant gaps in the literature on factors affecting the growth of small businesses due to weaknesses in the scientific approaches used to conduct research in developing countries. The above author further stated that it is inappropriate to rely on research conducted in developed countries to address the problems of small businesses in developing countries. Therefore, this research is useful to gain knowledge of the specific factors that impact on the growth of post start-up small businesses in developing countries.

Most studies have focused on the factors affecting small business growth or the adequacy of support facilities of businesses in developed countries. Given the barriers to growth that businesses in developing countries face, which are different from those in developed countries, the nature of support needed by businesses in developing countries may differ in some respects, to that required in developed countries. The literature review demonstrates the dearth of research within developing countries to understand the degree to which the existing support schemes, either at the start-up stage or the post start-up stage, have been successful in addressing the factors that influence the growth of small businesses. Research in Sri Lanka on these aspects is almost non-existent. To address that knowledge gap, this study critically examines the adequacy and ability of existing support facilities to address the growth needs of post start-up small businesses in Sri Lanka.

According to a report from the ADB/Sri Lanka (2003), the majority (74.2%) of small business owners in Sri Lanka have attained only a secondary or lower level of education. This suggests the huge level of assistance they will need to grow their business. The lack of any formal academic, technical or vocational training by the owner-managers of small businesses is a possible impediment to the growth process of small businesses in Sri Lanka. The institutional arrangements in Sri Lanka to foster innovation and entrepreneurship and to support the growth of small businesses are relatively inadequate as compared to developed countries. This too constrains the speedy growth and development of small businesses. Therefore, this study examines the influence of the above factors on the support needs of post start-up small businesses in Sri Lanka.

This literature review has identified a number of factors and issues that are relevant to small business growth. These include support needs, participation in support programmes, the models and types of support programmes, as well as the approaches that could be taken to develop and deliver the support programmes to small business.

A combination of variables has been revealed as being significant in addressing the support needs of the small businesses. These include personal characteristics such as owner-managers' perceptions, their personal background, education, employment history and their expectations for the future of their business. In addition, some

external and internal factors of significance have emerged, including the problems encountered in operating the business, the types of training and support received and available from support agencies, and the resources of the small businesses.

The literature review has demonstrated that significant gaps still exist in our knowledge concerning “to what extent is it possible to improve the adequacy of support and enhance post start-up small business growth by changing the existing support regime?” The current study, therefore, investigates how existing support facilities meet the actual needs of small businesses and the improvements that can be made to enhance their effectiveness.

This study is, therefore, designed (1) to determine the importance attached by owner-managers to factors perceived to influence the growth of post start-up small businesses in Sri Lanka, (2) to assess the ability of existing support to address the needs of important factors determining growth, (3) to identify the gaps in the current support provided, (4) to investigate the awareness, use, usefulness and reasons for non-use of support, and (5) to recommend guidelines to develop a support framework that addresses the shortcomings in the current system.

2.7 NULL HYPOTHESES

Small businesses in Sri Lanka employ a large number of people and provide a livelihood for a large number of families. The literature review has demonstrated the existence of gaps in current knowledge about the extent to which the existing support to post start-up small businesses in developing countries is appropriate to their needs. Therefore, the aims of this study were to identify the factors that owner-managers perceived to be the important determinants of growth and to evaluate the adequacy of support to address them. The following null hypotheses were proposed to gain an understanding of the support that should be developed to promote post start-up small business growth.

HO₁ - Null hypothesis one states that, “for post-start-up stage small businesses, there are no significant differences in employment growth between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

HO₂ - Null hypothesis two states that, “for post start-up stage small businesses there are no significant differences in employment growth ambitions between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

HO₃ - Null hypothesis three states that, “there are no significant differences in the importance attached to external, internal and owner-manager factors perceived to influence post start-up small business growth between owner-managers of “growth” and “declining/static” businesses.”

HO₄ - Null hypothesis four states that, “there are no significant differences in the owner-managers’ importance ratings of factors influencing growth and the adequacy ratings of support to address them (i.e. “importance - adequacy ratings” of paired factors).”

HO₅ - Null hypothesis five states that, “for post start-up stage small businesses there are no significant differences in owner-managers’ awareness of support between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

HO₆ - Null hypothesis six states that, “for post start-up stage small businesses there are no significant differences in the owner-managers’ use of available support between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

HO₇ - Null hypothesis seven states that, “for post start-up stage small businesses there are no significant differences in the owner-managers’ perceptions of usefulness of support provided between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

HO₈ - Null hypothesis eight states that, “for post start-up stage small businesses there are no significant differences in the reasons for the non-use of support between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

2.8 CONCLUSIONS

When the small business owner-managers clearly understand the relationship between the support programmes and the problems businesses confront, and how the new

knowledge matches their immediate needs, the owner-managers' motivation to acquire that knowledge will be substantial. The willingness of owner-managers and their employees to participate in support programmes can thus be improved by being sensitive to the urgent and important needs of small businesses when developing support programmes.

The demand for support services can be improved by providing sufficient information on the content, methods of delivery and the real value and benefits of programmes to small businesses. The support providers, both public and private, should therefore design communication programmes to systematically disseminate timely information about the support services available. Detailed communication about the content of programmes of support will help to reduce the owner-managers' perceived financial risks and the time risks in their investment in support services.

Providing the background information of presenters will also help to improve the willingness of small businesses to participate in their programmes. The reputation of the service provider organisations, too, has a strong motivational effect on small business participation in support programmes. It is, therefore, crucial for support providers to enhance their profiles and create a superior image to improve acceptance ratings by owner-managers and employees of small businesses.

The extant literature identifies the following as key ingredients of an effective small business training programme that is designed to support their development, survival and growth: (1) they must address the individual problems small businesses confront, (2) participants must be provided with opportunities for group work, individual counselling and advice, (3) the content must be up-to-date and quality assured, and (4) the delivery systems must assure quality standards and there should be flexibility about the place and time of delivery.

Evidence exists from developed countries, especially the UK, regarding the ability of small business support initiatives to improve the contribution of small businesses to economic development and employment growth. However, the literature review has demonstrated that no research has been carried out in developing countries, and

especially in Sri Lanka, that contributed to understanding the extent to which the existing support services are successful in addressing small business needs.

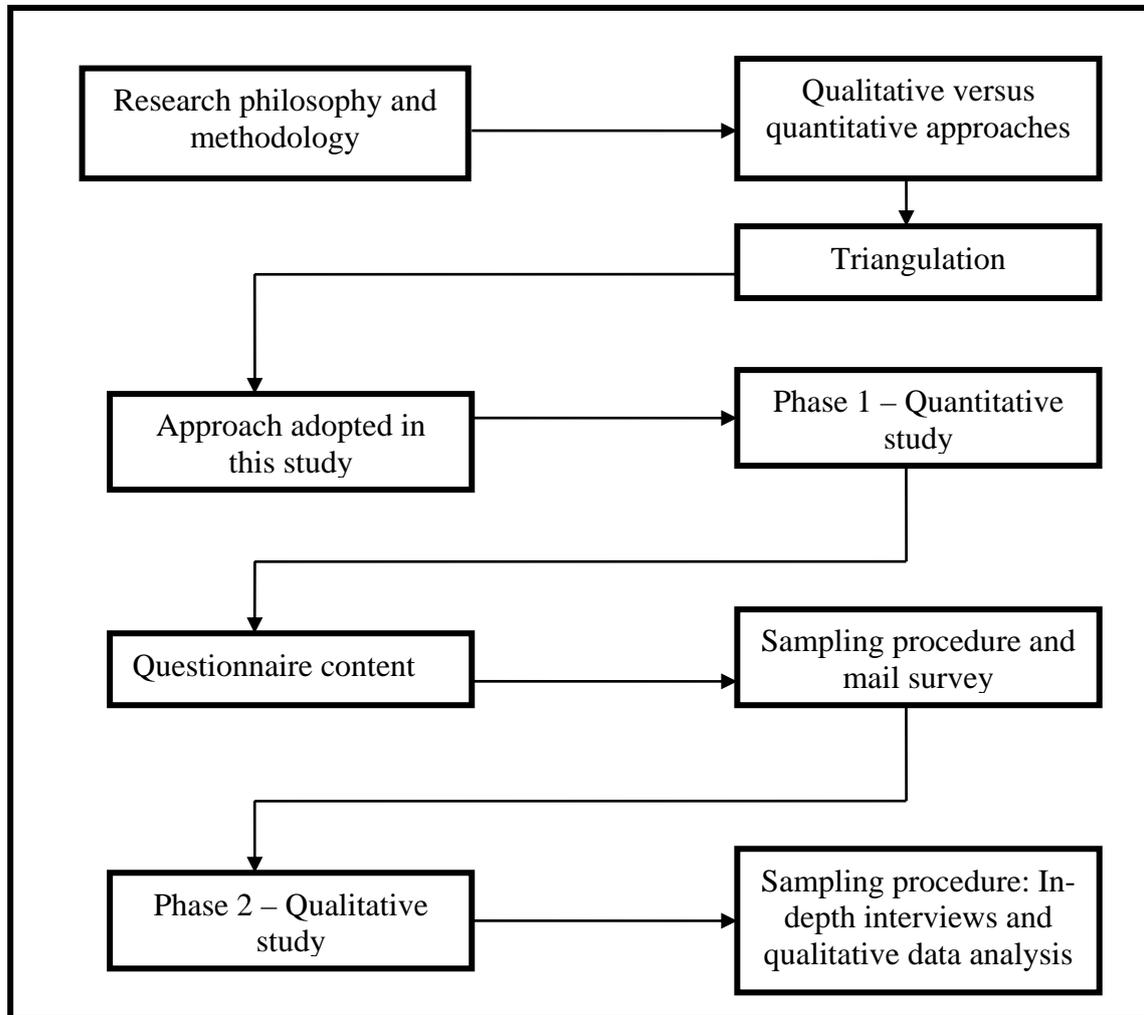
The available evidence shows only a small proportion of small businesses grow in Sri Lanka. Drawing on evidence from UK and other developed countries, it is contended that development of support initiatives aimed at addressing the factors that critically influence small business growth in Sri Lanka will have a positive impact upon their growth performance.

Government action to assist small businesses is justified due to market failures that inhibit their growth, their capacity to create new jobs and their potential ability to make a contribution to economic development. The support of government to improve the generic business environment has been found to be more effective in enhancing small business growth than the specific targeted initiatives. Therefore, it has been suggested that government support should focus on regulatory frameworks that stimulate market provision and enhance the quality of public services that influence factor inputs.

CHAPTER THREE

RESEARCH METHODOLOGY

Figure 3.1 – Structure of Chapter Three



The structure of Chapter Three is provided in Figure 3.1. This chapter commences with an evaluation of traditional research philosophies and methodologies that could be utilized to investigate the propositions outlined in the aims and objectives of this study. The assumptions of the positivist and phenomenological paradigms are highlighted as a prelude to the choice of research methods. The qualitative and quantitative research methods and four different types of triangulation are outlined. The approach adopted in the study is justified. The section that follows presents the hypothetico-deductive model which identifies the critical variables related to the study. The quantitative (Phase 1) method of data collection is discussed next with

particular reference to the questionnaire design, selection of factors influencing growth and the contents of the questionnaire. The discussion then moves to explain the procedure used to select the sample. The unit of analysis and the process used to select the “proportional stratified sample” are discussed. Finally, in the qualitative (Phase 2) study, the approaches taken to select the sample for in-depth interviews, method of data collection, and the procedures used to analyse data are presented.

3.1 RESEARCH PHILOSOPHY AND METHODOLOGY

This section examines the traditional research philosophies, the appropriateness of the methodology chosen, the approach adapted to the study, and the techniques used to collect data. The extant literature stresses the importance of clarifying the philosophical positions from which the research approaches to a particular study are derived (Hunt, 1991; Peter, 1992). Furthermore, the quality of management research probably will be compromised if a researcher fails to think through the philosophical issues which underpin the selected research approaches (Easterby-Smith, Thorpe, & Lowe, 1993).

Understanding of the philosophical issues is useful for the following reasons: (1) to identify the research designs that will work and those that will not; (2) to clarify the research designs and the overall configuration of a piece of research; (3) to identify or even create designs which an individual has not been exposed to in the past. Easterby-Smith et al. (1993) state that a clarified philosophical position enables a researcher to adapt a research design within the constraints of different subject or knowledge structures.

“The term paradigm refers to the progress of scientific practice based on people’s philosophies and assumptions about the world and the nature of knowledge” (Collis & Hussey, 2003, p. 17). A paradigm may be viewed as a synthesising of ontological and epistemological assumptions (Patton, 1990; Schultz & Hatch, 1996). “It holds a worldview that defines for its holder, the nature of the world, the individual’s place in it, and the range of possible relationships to that world and its parts” (Lincoln & Guba, 1985, p. 107). To conduct research on a particular phenomenon or aspect, it is necessary to identify the appropriate paradigm of inquiry, the corresponding

methodology, and finally the method to be employed for gathering data (Cohen & Manion, 1994).

Research into phenomena related to social sciences requires an understanding of the underpinning ontological, epistemological, paradigmatic and methodological concepts, as they are closely interwoven with the appropriate research design to be developed. Ontological assumptions, according to Collis and Hussey (2003), deal with the nature of reality. The form and nature of that reality and what can be known about it are questions concerning ontology (Guba & Lincoln, 1994; Martin, 2002). These are the fundamental assumptions about the “real” world: what exists and what can be known about it, (Guba & Lincoln, 1994; Parkhe, 1993). The word ontology which refers to the subject or the study of existence is often confused with the term epistemology which is concerned with the study of knowledge. Epistemology, which is how the existing knowledge became known (Guba & Lincoln, 1994; Parkhe, 1993) is concerned with the nature of the relationship between the researcher and what is being researched. It deals with the relationship between the known and the knower of what is known (Guba & Lincoln, 1994).

3.1.1 Philosophical Positions

Table 3.1 - Key Features of the Positivist and Phenomenological Paradigms

	Positivist Paradigm	Phenomenological Paradigm
Basic Beliefs	The world is external and objective Observer is independent Science is value free	The world is socially constructed and subjective Observer is part of what is observed Science is driven by human interests
Researcher Should:	Focus on facts; looks for causality and fundamental laws; reduce phenomena to simplest elements; formulate hypotheses and then test them	Focus on meaning; try to understand what is happening
Preferred Methods Include:	Operationalising concepts so that they can be measured; taking large samples	Using multiple methods to establish different views of phenomena; small samples investigated in depth or over time

Source: Easterby-Smith, Thorpe, & Lowe (1991, p 27).

Methodology, or ways of studying the phenomena, considers how the researcher approaches discovering what can be known about reality (Guba & Lincoln, 1994). It refers to the overall approach to the research process and to the ideas underpinning the research design, methods of data collection and the procedures used for analysis (Collis & Hussey, 2003). It concerns how a researcher can go about finding what he or she believes can be known, and is constrained by the characteristics of the paradigm (Guba & Lincoln, 1994). The methodology to be pursued in a research project is derived from the precise aims of the research. This involves an understanding of the issues in the research project, the variety of methods, both qualitative and quantitative, which are available for data gathering and determining which one(s) is/are appropriate (Cohen & Manion, 1994).

A review of research paradigms suggests two broad research methodological paradigms (Cohen & Manion, 1994; Lincoln & Guba, 1985; Patton, 1990). They are labelled positivist and phenomenological (Burrell & Morgan, 1979; Collis & Hussey, 2003; Deshpande, 1983; Hirschman, 1986). The above authors view these as two extremes of a continuum where the features and assumptions of one paradigm are gradually replaced by those of the other paradigm as one moves along the continuum. At the positivist end are the objectivists and occupying the extreme phenomenological end of the continuum are the subjectivists. The key features of these methodological paradigms are presented in Table 3.1. Only a few researchers operate within their pure forms. Creswell (1994) referred to the positivist paradigm as quantitative and the phenomenological paradigm as qualitative.

When developing a research methodology it is important to consider the philosophical positions that may be used in the research process. The philosophy of research can be described as the basic belief system or world view that guides the investigator, not only in the choice of methods but in ontologically and epistemologically fundamental ways (Guba & Lincoln, 1994). The two main philosophical traditions propounded in the literature that provide different views about how research should be conducted are positivist and phenomenological. The positivist who adopts an objective and independent stance (ie. independent from what is being researched) believes that only observable and measurable phenomena can be accepted as valid knowledge (Collis & Hussey, 2003). Phenomenologists (sometimes referred to as social constructionists)

believe that “reality is socially constructed rather than objectively determined” (Easterby-Smith et al., 1991, p. 24). “Truth, therefore is a term attached to a set of beliefs that have managed to prevail in a particular social context” (Johnson & Duberley, 2000, p. 73). The phenomenological study that takes a holistic view revolves around gaining an understanding of the lived experiences of people (Cavana, Delahaye & Sekaran, 2001). Table 3.2 depicts the contrasting assumptions about the two paradigms. The philosophical approach taken in this study is Positivist.

Table 3.2 – Assumptions of the Two Key Paradigms

Assumption	Question	Positivist	Phenomenological
Ontological	What is the nature of reality?	Reality is objective and singular, apart from the researcher.	Reality is subjective and multiple as seen by the participants in a study.
Epistemological	What is the relationship of the researcher to what is researched?	Researcher is independent from that being researched.	Researcher interacts with that being researched.
Methodological	What is the process of research?	Deductive process. Cause and effect.	Inductive process. Mutual simultaneous shaping of factors.
		Static design categories isolated before study.	Emerging design categories identified during research process.
		Context-free. Generalisations leading to prediction, explanation and understanding.	Context-bound. Patterns, theories developed for understanding.
		Accurate and reliable through validity and reliability.	Accurate and reliable through verification.

Source: Creswell (1994, p.5).

3.2 QUALITATIVE VERSUS QUANTITATIVE APPROACHES

The debate on qualitative versus quantitative research is appropriate at both paradigmatic and methodological levels (Miles & Huberman, 1994; Patton, 1990). These approaches to research, although commonly considered as distinct paradigms, are primarily about data collection and its analysis (Van Maanen, 1983) rather than being a methodology, epistemology or ontology (Guba & Lincoln, 1994). Therefore it is better to direct the debate at the means for measurement and data analysis. This

debate is well documented indicating the strengths and weaknesses of each method (Lincoln & Guba, 1985; Miles & Huberman, 1994; Patton, 1990).

Voges (2005) states quantitative methods are concerned with measurement of definable constructs while qualitative methods are concerned with uncovering meaning. Jick (1979) contended that methods of data collection and analysis can be enhanced by employing both methods. The combination of qualitative and quantitative methods in the research process fosters divergent perspectives and strengthens grounding (Eisenhardt, 1989). Miles and Huberman (1994) proposed a combination strategy of qualitative and quantitative data gathering for research investigations. This strategy involves preparatory qualitative research that leads to the development of a questionnaire to gather quantitative data from a questionnaire survey. The results of the survey are then more deeply analysed using qualitative research. This combination strategy of qualitative and quantitative research is the approach taken in this study investigating the owner-managers' perceptions of factors influencing growth and adequacy of support to post start-up small businesses.

Quantitative

A quantitative approach suits this study because the attainment of many of the stated research objectives centres on the testing of hypotheses. This requires the measurement of opinions of many owner-managers in order to determine any associations or differences that exist in their responses and to make comparisons. Quantitative methods "require the use of standardized measures so that the varying perspectives and experiences of people can be fitted into a limited number of categories to which numbers are assigned" (Patton, 1990, p. 14).

These methods have the ability to involve a large number of participants to respond to a set of questions and produce large volumes of numerical data upon which to conduct statistical analysis and test hypotheses. Usually these methods have the advantage of speed and the large sample provides valid information about the prevalence of certain characteristics in the population of interest. This provides a basis for making generalisations. A standardised instrument, a written questionnaire is the preferred

method used in gathering information (Cooke & Rousseau, 1988). There is considerable attention given to the development of the questionnaire (Patton, 1990).

The key disadvantage and a major criticism of this approach is its failure to deal with meaning which includes the way people think and feel. The quantitative techniques that involve the categorisation of responses, using definitive labels such as “yes” or “no,” do not provide detailed insights into the experiences and opinions of the respondents. The results obtained using such less meaningful labels are unlikely to present accurately the more complex feelings, views or conceptions of the respondents. Deshpande (1983) states quantitative researchers have been criticised for not appreciating the “shades of meaning behind their statistical formulations” (p. 107). This reduces the validity of the data (Hakim, 1987).

Qualitative

Qualitative methods use smaller samples and gather data by conducting in-depth studies to understand phenomena or to develop new ideas, rather than test hypotheses or measure phenomena. Qualitative methods facilitate an in-depth, detailed investigation of selected issues, without the constraints of a priori categories found in questionnaires (Patton, 1990). These methods generate a relatively large amount of detailed information from fewer participants from which the complexity and the meanings of a specific situation can be extracted (Miles & Huberman, 1994).

The focus of qualitative research is meaning rather than measurement. When a relationship is supported, the qualitative data often provide a good understanding of the dynamics underlying the relationship, that is, the “why” of what is happening (Eisenhardt, 1989). An important feature of the qualitative paradigm is that the researcher aims to find patterns among themes developed by clustering or categorising perceptions (Lincoln & Guba, 1985; Miles & Huberman, 1994).

The heterogeneous growth needs of small businesses as a phenomenon can be portrayed as being subjective, socially constructed, dynamic, emerging, contradictory, holistic, somewhat unique to particular groups, and having multiple views. These characteristics are consistent with the themes of qualitative inquiry such as naturalistic

inquiry, inductive analysis, holistic perspective, qualitative data and personal content which were reported by Patton (1990). This suggests that research methodologies associated with subjectivist, interpretivist and qualitative approaches are also appropriate as a means of investigating the multiplicity of views of owner-managers about factors influencing small business growth and their support needs. These views tend to be largely individualistic and hence somewhat diverse. However, positivists criticise qualitative research for its low reliability and “the lack of work contributing towards a cumulative body of knowledge” (Deshpande, 1983, p. 107).

Triangulation

“The use of different research approaches, methods and techniques in the same study is known as triangulation” (Collis & Hussey, 2003, p. 78). Deshpande (1983) recommends the greater use of “triangulation of procedures [which] would then lead to using an appropriate mix of both quantitative and qualitative methods such that the weakness of one set of methodologies is compensated for by the strengths of the other and vice versa” (p. 107). Giving consideration to the strengths and weaknesses of each technique, it was decided to collect data using both approaches.

Patton (1987) recommends the use of both qualitative and quantitative approaches in research, setting aside the concerns about methodological purity. It is possible to increase the strength and rigor of research by adopting a research design that uses a mix of methodological approaches (Easterby-Smith et al., 1993; Todd, 1979). It is useful for investigating holistic outcomes, and complex phenomena (Cohen & Manion, 1994). The employment of a strategy of paradigm interplay retaining the key assumptions of each paradigm but permeating the boundaries between them enables the use of “compare and contrast” approach in research (Schultz & Hatch, 1996).

This research study used more than one research paradigm. This approach was required to understand the interpretative and the shared meaning of the results that emerged from the quantitative study. This study benefited from methodological triangulation, the strategy of paradigm interplay that use both quantitative and qualitative research methods, as recommended by Schultz and Hatch (1996).

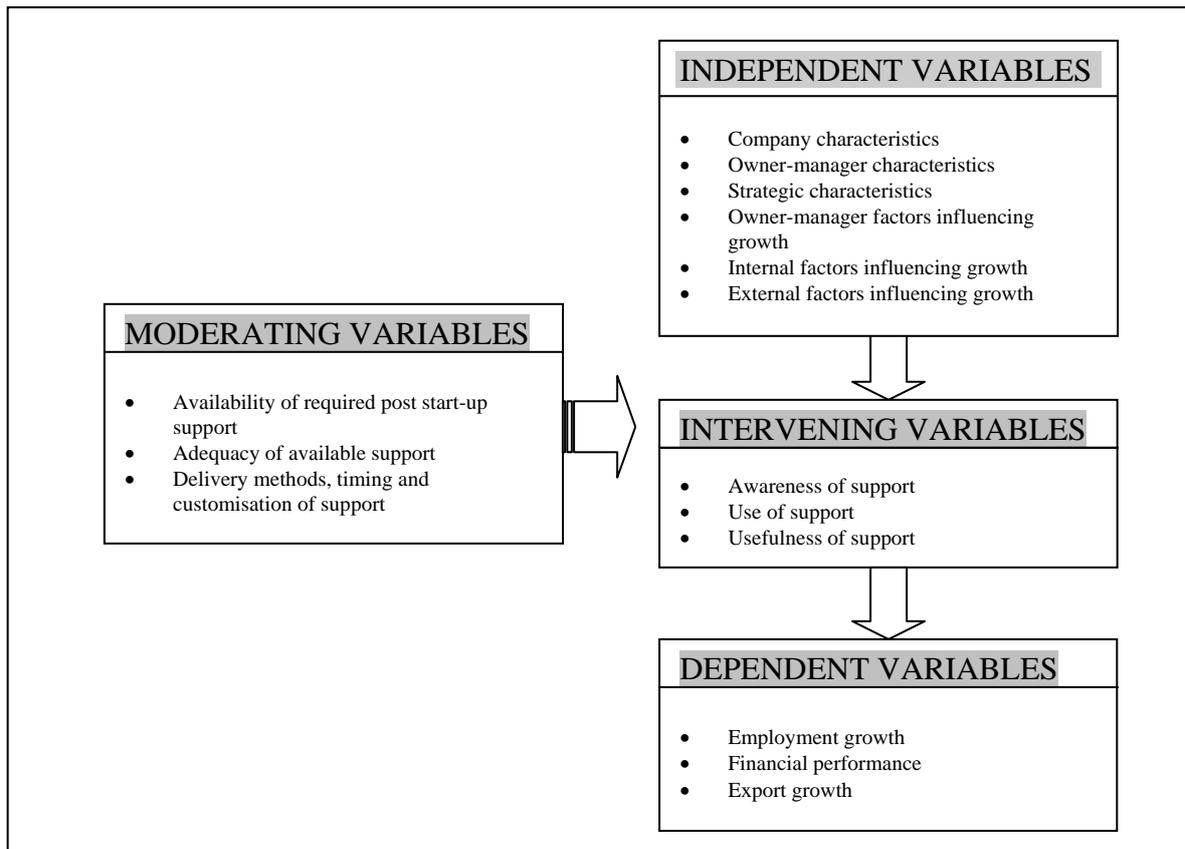
Patton (1990) discusses four types of triangulations: (1) data source triangulation, (2) investigator triangulation, (3) theory triangulation, and (4) methodological triangulation. Excluding investigator triangulation, this study utilised the other three methods of triangulation. In addition to methodological triangulation mentioned earlier, data source triangulation was achieved by using multiple sources (owner-managers from two provinces and six districts and support providers from NGOs, government and private sectors) to gather data. The theoretical foundation of this study was drawn from the theories of competitive advantage, services marketing and motivation, which facilitated theory triangulation. The use of three methods of triangulation makes the findings of the study more accurate and convincing.

3.3 APPROACH ADOPTED IN THIS STUDY

The strength of the quantitative approach is that it allows measurement of responses from a large number of respondents, which facilitates comparisons through statistical analysis of data (Patton, 1987). This method lends itself to phase one of this study which focuses on the testing of hypotheses. The use of a large sample increases the likelihood of receiving responses that are representative of the population of interest. The quantitative research employed in phase one of this study gathered data via a postal questionnaire. The results identified the differences between different groups of responding owner-managers in the evaluation of factors influencing post start-up small business growth and their support needs.

Qualitative methods were used both in the initial exploratory research conducted at the commencement of this study and in the in-depth interviews conducted later. In the context of this study, the qualitative method of investigation has an important role to play in adding depth and meaning to the quantitative responses from phase one. This method provided insights into similarities and differences that existed in owner-managers' responses to the questionnaire survey. It also added depth and meaning to the findings of the survey assisting in the interpretation of results. Qualitative methods are effective in evaluating the quality of programmes and in understanding formative evaluations for proposing improvements to programmes (Patton, 1987). Therefore in phase two of this study use was made of qualitative inquiry.

Figure 3.2 – Hypothetico-Deductive Model of Variable Relationships



The process of conceptualising research is about establishing relationships between variables, which can be expressed in an analytical model (Malhotra, Hall, Shaw, & Oppenheim, 2006, p. 86). The authors further contended that the hypothetico-deductive model which defines the independent, dependent, moderating and intervening variables provides a scientific approach to formulating a theoretical framework for research. In Figure 3.2, the hypothetico-deductive model that was developed for this research identifies the critical variables related to this study and shows how the variables are related to each other.

3.4 PHASE ONE: QUANTITATIVE STUDY

Quantitative technique involves analysis of numerical data. A questionnaire is a measurement instrument that is commonly used to collect numerical data. The data collected using quantitative techniques is useful to test hypotheses. A weakness in this

method is that it may miss the contextual detail. Quantitative studies tend to produce results that can be generalised. The section that follows discusses in detail the quantitative technique used in this study to collect data from the owner-managers of post start-up small businesses to test the hypotheses proposed for this study.

Quantitative Data Collection

In phase one of the study, after the initial exploratory research to develop the questionnaire, the businesses selected for the sample were surveyed by mail. Mail surveys have been used extensively in the past by researchers to ascertain the views of small business owner-managers quantitatively (Huang, 2001; Westhead & Storey, 1997). These surveys that follow the positivist approach use deductive reasoning to identify the common characteristics of a population of interest through statistically valid generalisations.

Mail surveys have a number of distinctive advantages over other methods of gathering data. There is no opportunity for interviewer bias in mail surveys. They allow the respondents to answer the questions at their leisure. Respondents generally do not consider mail surveys as intrusive as compared to other forms of interviews. The greater perceived anonymity by the respondents in a mail survey may lead to provision of more accurate answers to sensitive questions.

Mail surveys are also among the least expensive approaches available to gather data. These enable the researcher to use large samples. Using a mail survey a researcher can send the same instrument to a large number of participants. Mail surveys are therefore useful for describing the characteristics of large populations. A mail survey is also a good vehicle to gauge the respondents' preferences or priorities for a list of options, as presenting a number of options on paper is far easier than describing them over a telephone.

The high cost of conducting telephone interviews and the detailed nature of the questions that were included in the questionnaire precluded the use of telephone interviews to gather data during phase one. The size of the sample, the spatial distribution, and the time and cost considerations made the use of personal interviews

to gather information impractical. Therefore, a mail survey was used as the preferred method of information gathering.

Questionnaire Design

The broad aim of the questionnaire was to elicit information on factors that influence the performance of post start-up small businesses and their support needs. The first logical step in questionnaire design is the determination of the information needed to achieve the above aim. The process used to select the factors that influence growth of small businesses is discussed in detail in the next sub-section under the heading “selection of factors influencing growth.”

Even though there are many guidelines on how to design effective questionnaires there appears to be no specific scientific process that helps the preparation of a perfect or an ideal questionnaire. Malhotra (1993, p. 319) observed that “the great weakness of questionnaire design is lack of theory. Because there are no scientific principles that guarantee an optimal or ideal questionnaire, questionnaire design is a skill acquired through experience. It is an art rather than a science.”

A mail questionnaire has a number of disadvantages, the greatest of which is its low response rate. By improving the design of mail questionnaires it is possible to encourage potential respondents to return the completed questionnaires (Moser & Kalton, 1971). As the questionnaire design has a substantial impact on the return rate, great emphasis was placed on developing an attractive and easily understood design. To make the completion of the questionnaire as easy as possible consideration was given at the design stage to maximise its user friendliness. The questionnaire developed for the study (Appendix 1) had a clear and attractive design. The measures taken to achieve this are explained in the following section.

As recommended by Fowler (1993) disconcerting questions were avoided at the beginning of questionnaire. Use of long questions was avoided. Wording of the questions were kept simple and to the point. The crucial words in the questionnaire were emphasised using bold and italics. Another important guideline was the use of brief explanatory notes before certain individual questions or groups of questions

(Oppenheim, 1992). A characteristic of the questionnaire used in this study was that it did not have any questions which were beyond the respondents' capability to answer. Another important consideration in the questionnaire design was to make sure that the questions were unbiased. This was achieved by making sure that the wording did not favour one answer over the others. Emotionally charged words or leading questions that point towards an answer were avoided.

An open ended question used at the end of the questionnaire solicited general comments and opinions of small business owner-managers on how the support to post start-up small businesses might be further developed to encourage their growth. Open ended questions assure the respondents an opportunity to speak their mind and grant an incentive to the respondents to complete the questionnaires (Moser & Kalton, 1971). These questions, that provide the researcher with a rich array of information, also serve as a means of interpreting the responses to closed questions (McDaniel & Gates, 2004).

The respondents to the survey, who were owner-managers of small businesses, were a diverse group of people with different levels of education, experience, and exposure to the external environment. What was common among them was that they all managed a small business. Therefore, to achieve uniformity in the interpretation of questions by the respondents, the questionnaire was worded in simple language that is commonly used by them during their business interactions.

Selection of Factors Influencing Growth

The development of the questionnaire started with gathering from existing literature a list of factors influencing the growth of small businesses. These factors were reviewed in an initial exploratory phase, via twelve in-depth interviews with owner-managers, support providers, officials of funding organisations, and the officers of administrative bodies. The final result was a list of 48 factors which are possible influences on small business growth.

A pilot study was then conducted to determine the owner-managers' perceptions of the 48 factors as important influences on small business growth. The owner-managers

were asked to add and rate any factors influencing small business growth which were not included in the list. During the pilot test, 32 owner-managers rated the listed factors on a five point scale with the end points labelled 5 = “very high influence” and 1 = “no influence at all”. All items that had mean ratings of three and above were included in the final questionnaire. As a result, from the original list of 48 factors, 41 were selected for inclusion in the questionnaire as factors perceived by owner-managers to influence small business growth. They were included in the questionnaire under the three categories “external factors”, “internal factors” and “owner-manager factors”.

Seven of the factors that received mean scores less than three have been identified in past research as barriers to growth (Birley & Westhead, 1990; Fielden et al., 2000; Hay & Kamshad, 1994; Leonidou, 2004). Therefore those seven factors were included in a section of the questionnaire sub-titled “barriers to growth” to gain a more complete understanding of the problems confronting owner-managers pursuing growth.

3.4.1 Questionnaire Contents

The broad aim of the questionnaire was to establish the factors that are of greatest importance in influencing the growth performance of post start-up stage small businesses and to determine how well the existing support facilities available addressed them. The identified factors were divided into eight distinct sections. They were: (1) company characteristics (2) owner-manager characteristics (3) company business objectives and performance characteristics (4) planning (5) factors influencing growth performance (external factors, internal factors and owner-manager factors) (6) adequacy of post start-up support, (7) barriers to growth and (8) awareness of available support services, use of support, reasons for seeking support, usefulness of support, non-use of support, and how support could be further improved.

The first section consisted of five questions and was concerned with establishing the characteristics of each of the small businesses participating in the survey. This set of questions gathered factual and uncontentious information on the following small business characteristics: company age, company location, type of industry, company

ownership and company size. At the analysis stage, the responses to these questions facilitated examination of whether the importance of particular factors varied with different business characteristics.

The first question dealt with the age of the company to ensure that the companies investigated had been established for 13 to 60 months. The second question determined the province (Western and Southern) and the urban/rural location of the business. The third question adopted the industrial classification used by the department of census and statistics of Sri Lanka to determine the industrial make-up of the two provinces that were investigated. The type of ownership of the businesses, the number of partners and family partnerships were investigated using question four. The fifth question measured the company size using the number of people employed. To quantify any growth of the small businesses, the number of people employed at the start of the first year of trading, a year after the start-up and the current position were requested. This allowed comparisons to be made between the differences in owner-managers' perceptions of the importance of different factors and the variations in the actual employment growth achieved.

The second section of the questionnaire included questions that related to the characteristics of the entrepreneurial owner-managers of small businesses. The questions sought information on owner-managers' gender, age, educational qualifications, prior business ownership, prior occupation, and main reason for starting the business. This set of questions served two purposes – first to ascertain the common characteristics and profiles of owner-managers, and second, to determine whether any differences existed in the importance attached to particular factors affecting growth between small business owner-managers exhibiting different characteristics.

The third section consisted of four questions related to financial objectives, financial performance, aspirations for employment growth, and proportion of sales achieved through exports. The purpose of these questions was to establish whether there is an association between these factors and owner-managers' perceptions of how important different factors are in affecting the growth performance of their post start-up stage businesses. Given the Sri Lankan government's interest in growing small businesses

to generate employment, it is important to investigate the owner-managers' ambitions to contribute to job creation in the longer term.

The fourth section of the questionnaire included questions related to planning. The extant research has failed to establish a clear relationship between planning and small business performance. It is not known whether an association exists between the time and effort put into planning activities in a small business, and the owner-managers' perceptions of factors influencing the growth performance of small businesses. The questions asked attempted to find out whether the businesses plan, and if so how formal the planning is (i.e. written or unwritten), and the length of the planning period.

The fifth section contained questions eliciting perceptions about the factors that influence the growth performance of businesses that have entered the post start-up stage in the business life-cycle. To improve the design of the questionnaire, and facilitate the analysis of results, these questions were divided into three groups: external factors, internal factors and owner-manager factors. Space was provided at the end of each category for owner-managers to include any factors which they believed to be important, which were not included because they (1) were not addressed in existing research, (2) had not surfaced during the personal interviews, or (3) did not receive a rating of three or more in the pilot test. Altogether 41 possible influences were listed in this section. However this cannot be claimed to be an exhaustive list of all the factors that affect the performance of small businesses, given the diversity observed in the small business sector. Likert scales anchored on (1) "extremely unimportant" and (5) "extremely important" were used in these questions to measure the importance of particular factors.

The primary aim of the sixth section was to find out how well the external, internal and owner-manager factors, listed in section five of the questionnaire, were being addressed by existing support facilities. The questions dealt with the adequacy of support facilities. Again a Likert scale was used to measure adequacy of support. The end points were marked as (1) very inadequately addressed and (5) very adequately addressed.

The seventh section included a set of questions categorised as barriers to growth. These are factors that either temporarily slow down growth or stop business growth altogether. The respondents were requested to rate these barriers on a five point scale with end points labelled 1 = “extremely insignificant” and 5 = “extremely significant”. The eighth and last section of the questionnaire asked the small business owners about their awareness of the available support facilities, their use, reasons for use, and their assessment of the post start-up stage support schemes. Those businesses who do not make use of the available support facilities, were requested to provide reasons for their non-use. In a final question in this section the owner-managers were encouraged to state how they believe the existing support facilities could be further improved to assist the growth of post start-up stage small businesses and create new jobs.

Pilot Testing the Questionnaire

Pilot testing of the questionnaire is extremely important (Alreck & Settle, 1995). It differs from the final survey only in terms of scale and time used - it uses a few cases and needs less time. Babbie (1973) states pilot tests help to ascertain the appropriateness of the flow of questions, the timing for completion and respondents’ interest and attention. The research instrument used in this study was pilot tested in two stages. First, the questionnaire was pre-tested using individuals from both academic and non-academic backgrounds to identify weaknesses in the document. Second, the main pilot survey conducted used a sample of 15 respondents to eliminate any ambiguity in the questions used.

3.4.2 Sampling Procedure: Mail Survey

Populations that are too large for an exhaustive survey require the researcher to select a sample that is representative of the population. The sampling methods used are broadly classified as probability or non-probability. Simple random sampling, systematic sampling and stratified sampling are examples of probability sampling. In these sampling procedures each member of the population has a known non-zero chance of being selected into the sample. Convenience sampling, judgement sampling, quota sampling and snowball sampling are examples of non-probability

sampling where the members of the sample are selected in some non-random manner. The procedure used in this study to select the “proportional stratified sample” which is a probability sample is described in detail in this section.

Unit of Analysis

The focus of this research is the growth of small businesses at the post start-up stage. Therefore, the unit of analysis is the post start-up small business. This study aims at gathering data on factors that critically affect the growth of small business at the post start-up stage and their support needs from the perspective of owner-managers. The owner-managers of small businesses direct the day-to-day operations and determine the strategic directions of small businesses. They take up the role of chief executive officer and play a key role in determining the strategic directions of the business (Miller & Toulouse, 1986). The owner-managers are familiar with all aspects of the businesses’ operation and therefore it is their perceptions of the factors influencing growth and the support needs that are crucial to the growth performance of the small business. The above suggest that owner-managers of small businesses are the most reliable source of information to determine the factors influencing growth and the specific support needs of the small businesses at the post start-up stage.

There are social limitations of using owner-managers as the only source of information in a study. Their subjective judgements may be readily biased by hard evidence of past experience rather than an assessment of current and future needs in a dynamic market environment. Day and Wensley (1988, p. 10), making reference to owner-managers observed, “their assessments often are subverted by myopia.” Hambrick (1981) found a clear and consistent decline in the strategic awareness of business issues among the staff operating at lower levels in a hierarchical organisation. Accordingly, the most suitable respondents for this study are the owner-managers who have an in-depth understanding of all aspects of the operations.

The Sample Population

The determinants of success of small businesses vary from country to country due to the predominance of local conditions (Yusuf, 1995). Even though many researchers

have investigated determinants of success and failure of small business in developed countries, to date there have been no empirical studies on factors influencing small business success in Sri Lanka. This study therefore investigates a wide range of factors influencing the growth of small businesses in Sri Lanka during their post start-up stage of business development.

Post start-up small businesses in Sri Lanka are the population of interest. The sample was selected from the Western and Southern provinces which account for more than 50% of the total SME population and the total employment in the SME sector (ADB/Sri Lanka, 2003). Justification for selection of these two provinces is given in section 1.1.1. Both these provinces have experienced relatively low employment growth: 1.2% (Western) and 1.9% (Southern) lower than the national average (ADB/Sri Lanka, 2003). However, the ADB/Sri Lanka (2003) survey had used percentages to measure employment growth instead of absolute figures. These relative measures favour the smaller provinces. Past research has shown the use of percentages to measure growth distorts research findings (Dobbs & Hamilton, 2007). Given the relative larger sizes of the Western and Southern provinces, the small differences observed in percentage growth measures does not represent significant differences in provincial growth. Instead these have made the underperformance of small businesses in Sri Lanka more visible in the two larger provinces.

Sri Lanka is a small island state with a land mass of 64,740 square kilometres. There is only one model to provide support to all post start-up small businesses in this small island. The observed lower employment growth rates in Sri Lanka may be indicative of the problems related to the support facilities available in the regions as well as to small businesses in general. Therefore, the small businesses in these two provinces which are assumed to be representative of the country are expected to provide extensive insights to the questions of interest to this study.

An additional consideration for using the small businesses from the Western and Southern provinces was an interest in investigating the impact of rural and urban locations on small business growth. Larger representations of small businesses in rural locations are found in the Southern Province as compared to the Western Province. Therefore the investigation of small businesses in the two selected provinces will also

enable this study to investigate the differences in the problems they confront, and their varying support needs related to contextual differences arising from being located in urban and rural environments.

Sampling Frame

The sample was selected from a database available from the Department of Census and Statistics in Sri Lanka. Only small businesses with 30 or fewer employees and that have been in businesses for 13-60 months were included in the sample. In the sampling frame there were 9789 small businesses representing the Western and Southern Provinces. Hulland, Yiu, and Lam (1996) suggest that a sample size of 200 is adequate to test even a highly complex research model. Nunnally (1978) recommends a sample having ten times as many participants as variables. Kass and Tinsley (1979) recommend five to ten participants per variable but state that beyond a total of 300 participants test parameters tend to be stable regardless of the participant to variable ratio. To achieve responses approaching these numbers a sample of 950 small businesses was selected from the database using a proportional stratified sampling technique.

3.4.3 Sample Selection

The two provinces have three districts each. The Department of Census and Statistics of Sri Lanka uses 16 industrial categories in their annual industry surveys. They are: Agribusiness and Animal husbandry; Textile, Yarn, and Apparel; Wood, Wood Products, and Cork; Rubber, Plastics and Chemicals; Travel, Tourism and Hotel; Food products and Beverages; Communication, IT and Computer; Import, Wholesale and Retail; Finance, Insurance and Real Estate; Health, Education and Professional service; Non-Professional; Leather Products; Metal and Fabricated Metal; Non-Metal Mineral Products; Manufacturing; Mining and Quarrying. To select a sample for the study that is representative of the districts and the industries in each province, categorical variables “districts” and “industries” were used for stratification. This divided the post start-up small business population in the Southern and Western provinces into 96 mutually exclusive subgroups or strata. The stratification procedure utilised increased the homogeneity of small businesses within each stratum and the

heterogeneity between the strata based on the characteristics of the two categorical variables used for stratification.

A list of small businesses in each subgroup or stratum was available courtesy of Department of Census and Statistics. The sample for the study was selected from each stratum using a simple random sampling technique. The number of post start-up small businesses selected to the sample from each stratum was representative of its population. A detailed description of the sample of post start-up small businesses selected for the study is presented in Appendix 18. The sample thus obtained would be best described as a “proportional stratified sample.” A proportional stratified sample is defined as “a stratified sample in which the number of sampling units drawn from each stratum is in proportion to the relative population size of that stratum” (Zikmund, 2000, p. 479).

This study, which investigated small businesses from 16 industries, does not have the bias that would result from examining small businesses from only one industry. A study that investigates small businesses within a single industry will have bias due to non-inclusion of factors that solely influence the growth of small businesses in other industry sectors.

The Mail Survey

Style and content of the covering letter is considered important for mail surveys. Adams and Schvaneveldt (1991) recommended the use of personally signed cover letters on official letterheads. Following this advice, all covering letters were produced on official University of Canterbury letterheads to improve the credibility of the survey (Appendices 2-4).

The covering letters posted with the questionnaire addressed why the survey was conducted and by whom. These letters conveyed how the addressee was chosen for the study and provided reasons why it was important for the person to respond. Adams and Schvaneveldt (1991) recommended highlighting in the cover letters the relevance of the general subject matter of the questionnaire to the population of interest, to generate enthusiasm in the chosen sample to improve the response rate.

The covering letters used made it clear to the owner-managers how their contribution to this research project will help towards designing future support to post start-up small businesses in Sri Lanka.

To enhance the response rate past researchers have suggested the use of motivational strategies to gain the co-operation of respondents (Kish, 1965; Malhotra, 1993). A key strategy adopted for this purpose was to convince the potential respondents of the national importance of the survey and the personal benefits the respondents were likely to gain as a result of the research project. Another strategy used to motivate responses was to include a covering letter from the Additional Secretary of the Ministry of Enterprise Development and Investment Promotion in Sri Lanka (on official ministry letterhead) requesting them to participate in the survey (Appendix 6). The respondents were assured that information provided would be treated with strictest confidence, to encourage them to answer the questions without fear of reprimand or victimisation. All recipients of the questionnaire were provided with free return envelopes to encourage the return of the completed questionnaires.

The mailing of the questionnaire commenced in the 3rd week of April 2006 and the survey was completed by the end of July 2006. The survey resulted in a total of 321 responses of which eight were incomplete and discarded. The remaining 313 were examined for missing data.

Treatment of Missing Data

Variables with unknown values represent missing data. They may result either because the respondents provided ambiguous answers or they did not properly record the answers. “Treatment of missing responses poses problems, particularly if the proportion of missing responses is more than 10%” (Malhotra et al., 2006, p. 510). Case-wise deletion is a method recommended to handle missing responses where respondents with any missing values are discarded from analysis. This method of treatment of missing data is particularly appropriate where the number of incomplete observations is small (Bollen, 1989). The case-wise deletion method used in the study resulted in an effective sample of 312. The alternative method, pair-wise deletion, was

not used as it produces matrices with different numbers of observations which makes interpretation of test statistics problematic.

Analysis of Non-Responses

Non-response bias is treated as a major concern in survey research (Malhotra et al., 2006). This results from the differences between those who do and do not respond to surveys. In surveys non-response bias occurs when those who respond to a survey differ in some systematic way from those who did not respond (Cooper & Schindler, 2006). Non-response bias is defined as “the variation between the true mean value of the variable in the original sample and the true mean value in the net sample” (Malhotra et al., 2006, p. 119). The variance of the estimates becomes greater as the sample size gets reduced due to refusals to respond.

According to Malhotra et al. (2006) non-respondents may differ from the respondents according to demographic, psychographic, personality, attitudinal, motivational and behavioural characteristics. When these differences are related to the criterion measures in a study it could lead to misleading or erroneous results. The reasons for refusal are related to a phenotypic source or a genotypic source (Aaker, Kumar, & Day, 1997). According to the authors the phenotypic sources of refusal are the characteristics of the data collection procedure and the genotypic sources are indigenous characteristics such as the age, sex and occupation of respondents. In general the improvements made to data collection methods result in improved response rates and reduced non-response bias.

A recent study conducted in Sri Lanka which investigated the characteristics of small businesses that was sponsored by ADB had a response rate of 30.1%. The study conducted in Sri Lanka by Wijewardena, De Zoysa, Fonseka, and Perera (2004) which investigated small business performance had a response rate of 26.2%. The response rate in another study conducted in Sri Lanka by Batten and Hettihewa (1999) was a modest 24.3%. The responses received for this study are: 31.1% and 35.5% respectively in the Western and Southern Provinces. These figures and the low response rates usually associated with mail surveys suggest that non-response rate and non-response bias are not issues in this study.

3.5 PHASE TWO: QUALITATIVE STUDY

In-depth interviews involve collection of information from multiple sources rich in context (Creswell, 1998). These interviews that are designed to gather data relevant to the research objectives can generate valuable insights (Yin, 2003). As a method of data collection, in-depth interviews are recommended if the purpose of the study is to understand “an event, activity, process, or one or more individuals” Creswell (2002, p. 496). This suggests the suitability of in-depth interviews for this study. The qualitative research conducted at phase two of this study used 15 in-depth interviews. Yin (2003) states that the data gathered from in-depth interviews using multiple cases or respondents are regarded as more robust.

To allow the interviewees to express their thoughts freely and provide detailed information, the interviews should take place in a non-competitive environment (Aaker et al., 1997). To satisfy this requirement, the interviews were conducted at locations of choice of the respondents. This provided an excellent way to gather rich data.

In-depth interview techniques are expensive and time consuming. Due to these reasons it is only possible to use small samples. Eisenhardt (1989) states that even though there is no ideal number of interviews or cases, a number between four to ten interviews is satisfactory. It is difficult to generalise theory with less than four cases and with more than ten the volume and the complexity of data makes it difficult to manage. Eisenhardt (1989) argues that ideally the researchers should stop adding more cases when the incremental learning from each new case is minimal, or in other words when theoretical saturation is reached due to observation of phenomena seen before. The author contends that in practice data collection ends when theoretical saturation combines with practical considerations such as time and money.

The Purpose of In-Depth Interviews

The overall aim of the 15 in-depth interviews conducted in this study was to find answers to the question “why did the survey results emerge as they did?” Another aim of the interviews was to add depth, detail, and meaning to the quantitative data

gathered from the questionnaire survey and gain insights to improve the support to post start-up small businesses. More precisely, the objectives of the interviews held with the ten managers of small businesses were to determine the following: (1) If owner-managers perceived certain factors to be of critical importance to the growth of post start-up stage small businesses, to gain an understanding why they have such perceptions; (2) If individual owner-managers held particular views about the adequacy of support they received, to understand why they had such views and how their views would be translated into support needs of their particular businesses; (3) If there was a failure in the support provided, to understand whether the failure was due to content and relevance of support provided or due to the style in which it was delivered; (4) To find out how the entrepreneurial owner-managers felt the support could be improved further to help the growth of their post start-up small businesses, and to find out why they believed the recommended changes would result in substantial growth enhancements.

3.5.1 Sampling Procedure: In-Depth Interviews

An aim of this research was to examine ways to improve the existing support that is available to post start-up stage small businesses to encourage them to achieve a higher growth performance. In this sense valuable insights for this research could be provided by those who have actually used existing support and those who refuse to use it. From their first hand experience, those who used support would be able to elucidate on how adequate the current support is to post start-up stage businesses, and comment on how the existing support might be further developed to enhance the growth rate of these businesses. Those who did not use existing support would be able to explain their reasons for not using support and elaborate on what could be done to encourage them to use business support. These businesses who are both users and non-users of support were expected to have critical information to offer which can bring about valuable improvements to the existing support systems.

The approach adopted to select the sample for in-depth interviews was substantially different to the procedure used to select the sample for the questionnaire survey. The focus of the qualitative sampling process was to select information-rich subjects from whom a great deal about the particular subject of interest was likely to be learned.

Miles and Huberman (1994) emphasised that sampling for qualitative research should be “purposive” rather than random.

In choosing the sample of 10 owner-managers, care was taken to include businesses from all districts within each province (geographic locations), as well as a mix of industries and age groups. Sampling in this manner, seeking maximum variation, helped to identify any common themes that existed among the heterogeneous businesses that have entered the post start-up stage of development. The common patterns that emerge from great variation are of importance to capture the core experiences and the shared impacts of a programme (Patton, 1987).

The owner-managers who supplied their names and addresses in responding to the questionnaire survey were sent a letter thanking them for participation and also asking them whether they would be willing to assist further by attending a personal interview (Appendix 4). Enclosed with this letter was a brief summary of the findings of the questionnaire survey and a few issues that were intended to be covered in the personal interviews. It was assumed that information provided would improve the willingness of the potential interviewees to further assist in the research project. As with the questionnaire survey the participants of in-depth interviews were given an assurance of confidentiality in reporting.

In view of the busy schedules of owner-managers the date, time and place of interviews were fixed assuring minimum interruption to their work. The duration of each interview was about 45 minutes to one hour. Where information gathered was subsequently found to be incomplete or needed further clarification, the respective individuals were contacted again via telephone.

In-depth interviews were also conducted with five support providers representing the public and private sectors and NGOs. This approach of gaining the perspective of another sample population on the same set of issues facilitated synthesising of data from multiple sources. The different perspectives of entrepreneurial owner-managers of small businesses and their support providers on important factors affecting growth of “post-start-up” small businesses, the adequacy of specific support to address the important factors, and how the current support could be further improved were then

compared and contrasted. This provided a better understanding of the similarities and differences in the responses of the two groups.

Interview Design and Techniques

Robson (1993) described three approaches to conducting in-depth interviews which differ from one another based upon the degree of formality and structure. They are: (1) fully structured interviews; (2) unstructured interviews; and (3) semi-structured interviews. The fully structured interviews which lie at one end of the spectrum resemble quantitative postal questionnaire surveys in many aspects and feature standardised questions and response options. Even though frequently used in marketing research, this approach provides little room for qualitative insight. The unstructured, completely informal interviews which sit at the other extreme have been criticised for their non-directive approach. Easterby-Smith, et al. (1991) warned that the use of this approach can easily lead to the generation of poor data that are difficult to interpret due to the loss of clarity on what questions the respondents are answering. Similarly, the respondents may be left with no clear idea of the issues they are responding to in their answers. The semi-structured interviews address the weaknesses inherent in both structured and unstructured interviews (Rubin & Rubin, 2004). In this study, in-depth interviews using a semi-structured approach were used to collect data from the 15 respondents. In case of small businesses the “in-depth” interviews were carried out with owner-managers. The representatives of the support providers interviewed were either senior managers or the directors of the organisations.

A semi-structured question guide ensured that the important subject areas were covered in each of the interviews conducted. A significant advantage of this approach is that it establishes the direction and scope of discourse (McCracken, 1988). The author also states that the pre-planned question guide allows the interviewers to give undivided attention to the interviewee’s responses. This approach, the author further points out, enables the prompts to be appropriately situated during the interviews. The semi-structured interviews, even though they introduce an element of structure, do not prohibit the alteration of wordings or the change of order of the questions. They also do not restrict the interviewer from further exploration of relevant issues that arise from the interactions with the respondents. The semi-structured approach, Patton

(1987) stated, keeps the interaction focused allowing at the same time the individual perspectives and experiences to emerge. This ensures that the qualitative insights gained from discourse are relevant and meaningful to the issues under investigation.

For the reasons illustrated above, an interview guide was used during the interviews conducted with the chosen sample of owner-managers (Appendix 7) and private, government and NGO sector support providers (Appendix 8). As the name implies, and as elaborated earlier, it was not a document that accurately reflected either the exact wordings that were used or the order of questions that were asked during in-depth interviews. If in a respondent's testimony, the answers to particular questions were addressed elsewhere or it was felt that some questions did not have relevance, such questions were not asked. The question guide ensured that all of the broad issues of importance were covered and the majority of the information generated had direct relevance to the issues investigated.

The extant literature provides many recommendations on the style and techniques to be used in in-depth interviews. Patton (1987), commenting on issues related to the effectiveness of in-depth interviews, emphasised the importance of using appropriate forms of questioning that facilitate open responses. When addressing the issues that relate to the wording and phrasing of questions, many have recommended avoiding the use of questions that drive the respondent towards a closed set of potential replies. Many researchers have recommended avoiding the use of jargon, and questions which are loaded or leading as well as double-barrelled or double-negative when conducting in-depth interviews (Glesne & Peshkin, 1992; Marshall & Rossman, 1989; Oppenheim, 1992; Patton, 1987; Robson, 1993).

The quality of personal interaction between the interviewer and the interviewee could be significantly improved by developing interviewing skills. Past researchers have discussed the use of different types of probes, using different techniques to achieve specific purposes such as either sharpening or expanding upon a given particular response (Easterby-Smith et al., 1991). The authors have elaborated on the use of explanatory probes, silent probes and mirroring to get a clearer vision of the issues that are investigated. The exploratory probes that use, what, why and how questions help to uncover the reasons why the interviewees hold particular view points on issues

that are of high relevance to a study. The silent probe is a pause that is used during interviews to encourage the respondents to continue to follow the line of their argument and provide more information. Mirroring, on the other hand, which involves the interviewer restating the respondent's reply in his or her words, gives an opportunity to the interviewee to rethink the answer and perhaps provide a more accurate response. The above probes were used during the interviews to uncover the particular view points held by the interviewees on issues related to this research.

Oppenheim (1992) argued that certain interpersonal skills are essential to make an interviewee continue to feel happy about co-operating to their fullest ability until the termination of an interview. The important interpersonal skills cited by the author as essential in conducting effective personal in-depth interviews are: (1) learning to show the respondents interest in their replies by giving them praise; (2) developing a rapport with the interviewee while maintaining neutrality; and (3) showing empathy to respondents' feelings, particularly when sensitive issues are addressed.

Qualitative Data Analysis

Table 3.3 – Five Stage Process of Qualitative Data Analysis

STAGE	ACTIVITY
Stage One	Organising data: Activities included detailed coding, highlighting and addition of explanatory notes, clarifying comments where necessary, and writing extended summaries of individual transcripts. At the end of this stage “partially ordered meta-matrices” (Miles & Huberman, 1994) were drawn up.
Stage Two	Generating categories, sub-categories, patterns and themes: Used summaries and excerpts from interview transcripts
Stage Three	Testing of emergent hypotheses: This involved going back to the quantitative data to find evidence to support the ideas and themes emerged from data reduction
Stage Four	Searching for alternative explanations: Looking for other possible reasons for a particular phenomenon
Stage Five	Writing a report: Report that accurately reflects the views of the interviewees

- **Five stage process**

The least structured phase of qualitative research is data analysis (Eisenhardt, 1989; Miles & Huberman, 1994). Making sense out of the massive amount of data gathered and constructing a framework for communicating the essence of what is revealed by data is a key challenge in qualitative analysis (Patton, 1990). The author stated that the above could be achieved by reducing the volume of information and identifying significant patterns in the data that represent, dimensions, categories and themes. De Vos (1998) states that qualitative design does not give a researcher a definite recipe to follow. The author further states that researchers select hybrid designs that best suit particular studies. Therefore after collection of large volumes of data from 15 in-depth interviews the data was analysed using Marshall and Rossman's (1989) five stage process and Creswell's (1998) within-case and cross-case analysis procedures.

The five stage process recommended by Marshall and Rossman (1989) for qualitative analysis is presented in Table 3.2. The five stages are: (1) organising data, (2) generating categories, themes and patterns, (3) testing emerging hypotheses, (4) searching for alternative explanations, and (5) writing the report.

The first stage of organising data involved coding, reduction and developing summaries of information. This was done using a manual programme. The purpose of coding was to organise the data into categories and was guided by the aims and objectives of the study. The interview transcripts were studied with the objective of assigning a code to every relevant piece of information. The coding that arose from reading the transcripts represented the items discussed by the interviewees. The subsequent data reduction was achieved through writing summaries of the individual transcripts of the 15 interviews. This allowed the salient themes to manifest themselves. The "partially ordered meta-matrices" (Miles & Huberman, 1994) which are master charts that assemble summary descriptions of data from each interview were drawn up to facilitate identification and analysis of general categories, patterns and themes in key areas of interest. The master charts for owner-managers (Appendix 19) and support providers (Appendix 20) are contained in the appendices.

At the second stage, I looked for common elements within the data that are significant to the issues investigated in the study. The data were organised into categories and sub-categories and analysed to identify the patterns and themes that emerged from the results of the in-depth interviews. The key elements of the data identified in qualitative analysis are referred to as themes (Ayres, Kavanaugh, & Knafl, 2003). Excerpts from interview transcripts were used to identify the emerging themes. This was an iterative process where I revisited the categories and sub-categories and modified them as analysis continued. Some items were included in more than one theme due to their overlapping character. This was carried out for each of the 15 interviews. During this process, care was taken not to reduce the data to such an extent that it was stripped of its content. The themes that emerged became the findings of the study.

At the third stage of analysis, testing of hypotheses, the original data was revisited to find evidence to support the patterns and themes that emerged from the preceding data reduction process. This process involved the use of quotes from the interviews. At the fourth stage of searching for alternative explanations the other possible reasons for a particular phenomenon were explored. The fifth and the final stage involved writing a report that actually reflects the views of individual interviewees. The conclusions and implications that are useful to further develop the support to post start-up small businesses emerged from what Patton (1990, p. 341) referred to as the researcher's "notions about causes and consequences."

- **Within-Case and Cross-Case Analysis**

The formula recommended by Creswell (1998) to analyse qualitative data from multiple cases is within-case analysis followed by a thematic analysis across the cases called cross-case analysis. This study, as recommended by Creswell (1998) analysed the data gathered from each case at two levels, within-case and across-cases.

Within-case analysis involves each case (each in-depth interview) to be first treated as a comprehensive case in and of itself and documenting thoroughly the data gathered from each individual case (Merriam, 1998). In this study the summaries developed from the interview transcripts at stage one of the Miles and Huberman (1994) five -

step process were used to conduct within-case analysis and identify the factors perceived by the interviewees to influence post start-up small business growth.

After completion of within-case analysis, cross-case analysis was conducted. Cross-case analysis entails exploring similarities and differences in data across cases. The analysis conducted involved three stages. They were: (1) cross-case analysis of small businesses, (2) cross-case analysis of support providers, and (3) cross-case analysis of small-businesses and support providers. Analysis was carried out between small businesses representing different provinces, districts, industries and rural and urban locations. A similar analysis was conducted for support providers who represented government organisations, private companies and NGOs. Finally, a comparison was made between the pools of data across small business and support providers.

The partially ordered meta-matrices permit a comprehensive, quick and thorough cross-case analysis (Miles & Huberman, 1994). These enabled to identify the similarities and differences between owner-managers and support providers in terms of their perceptions of factors influencing growth and the recommendations made to develop the existing support to small businesses. As suggested by past researchers cross-case analysis was used to seek a chain of evidence to propose measures to further develop the existing support to post start-up small businesses (Miles & Huberman, 1994; Yin, 1994). The identified similarities and differences provided insights into issues concerning the adequacy of support to post start-up small businesses to address factors influencing growth.

As with quantitative analysis the themes identified in qualitative analysis should lead to generalisations (Miles & Huberman, 1994; Sandelowski, 1996). Therefore based on the themes built from the information provided by the interviewees, generalisations were made in relation to factors influencing growth of small businesses and the adequacy of support to address their needs. These generalisations were developed after an integration of data from within-cases and cross-cases analysis. It was necessary to understand the individual accounts of each interviewee in their own context and also capture the essence of the variation of the responses of different owner-managers and support providers to develop a synthesis of their views.

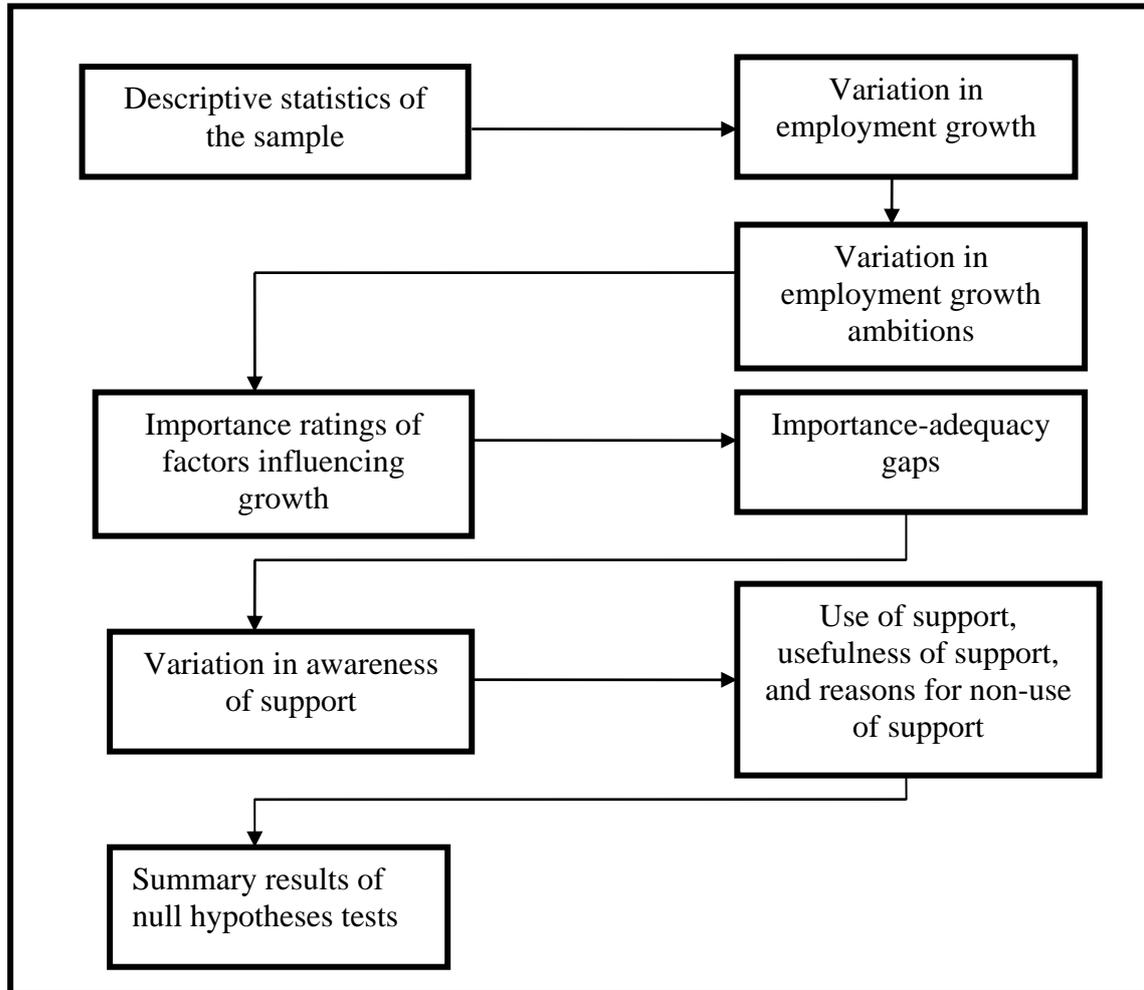
3.6 SUMMARY

This chapter, after discussing the alternative research methodologies, has provided a justification for the philosophy underpinning this study. It was this underlying philosophy that led to the use of quantitative and qualitative research methods to achieve the aims and objectives of this study. The research method used for quantitative phase was a mail survey. The content of the questionnaire was based upon the initial personal interviews, literature reviewed, and a pilot test of a list of factors identified as influences on small business growth. The research method chosen for qualitative research was in-depth interviews with owner-managers of post start-up small businesses and the key employees or directors of support providers. The next chapter presents the results of the quantitative research.

CHAPTER FOUR

SURVEY RESULTS

Figure 4.1 - Structure of Chapter Four



The results of the questionnaire survey are analysed and discussed in this chapter. The structure of Chapter Four is given in Figure 4.1. The chapter begins by providing descriptive statistics. Following this, the null-hypotheses developed in chapter two are tested. These relate to employment growth, employment growth ambitions, importance of factors perceived to influence growth, “importance-adequacy” support gaps, awareness, use, usefulness and reasons for non-use of support.

Further analysis examined the differences in employment growth and the growth ambitions of respondents in relation to company, owner-manager, and strategic

characteristics. Differences were examined in owner-managers' importance ratings of factors influencing small business success. The adequacy of support to address the factors perceived to influence post start-up small business growth was then determined. Finally, the variations in owner-managers' awareness of support, perceived usefulness of support, use of support and reasons for non-use of support were examined. These findings have direct relevance to the research question of this study.

To identify the variables that could discriminate between "growing" and "declining/static" post start-up small businesses, discriminant analysis was used. Identification of predictor variables of high growth post start-up small businesses enables the design of additional support to these businesses to accelerate economic development and employment growth. The open-ended question used at the end of the questionnaire added depth to the findings of quantitative analysis. This contributed to achieving research objective four of the study, which states "to inquire into how the existing support could be developed to meet the needs of small businesses."

Nine-hundred-and-fifty questionnaires were sent to small businesses which had been in business for 13-60 months. The businesses were randomly selected using a stratified sampling technique from the sampling frame obtained from the Department of Census and Statistics in Sri Lanka. From these a total of 321 completed questionnaires were returned giving an overall response rate of 33.8%. A small number (9) of returned questionnaires had to be discarded as they were insufficiently completed.

4.1 DESCRIPTIVE STATISTICS OF THE SAMPLE

To facilitate better explanation of the results related to the study's hypotheses the individual variables listed in the questionnaire are grouped into three categories. They are:

- (1) Company characteristics – company age, provincial location, urban/rural location, business sector, company ownership, number of partners, family partners, start-up employees, year one employees, and current employees.
- (2) Owner-manager characteristics – gender, age, educational qualifications, past business ownerships, prior employment status and main reason to start business.
- (3) Strategic characteristics – business objectives (financial objectives and employment growth ambitions), company performance (financial performance and export growth) and planning (undertake some form of planning, formality of planning and planning period).

Descriptive statistics of the sample, which include information on the company characteristics, owner-manager characteristics, planning characteristics, and business objectives and performance, are provided in the following sections. The frequency tables included in Appendix 9.1 contain the frequency statistics discussed.

4.1.1 Company Characteristics

The survey results show that of the small businesses who responded, 57.7% were in the Western Province and 42.3% in the Southern Province. A higher percentage of the businesses were located in urban areas (56.4%). The Southern Province which is predominantly rural in nature, located 55.3% of businesses responded from rural areas (Appendix 9.1).

Employment growth was examined according to the change in employment numbers between year one after start-up and the time of survey. Only a minority of businesses

recorded employment growth (17.9%). A majority declined or remained static (82.1%). This is consistent with past findings that only a few small businesses have the potential and propensity to grow and prosper (Hall, 1995).

The majority of businesses were sole proprietorships (57.1%). The remainder were fairly evenly divided among private limited liability companies (11.5%), public quoted companies (9.9%), public non-quoted companies (9.9%), and partnerships (11.5%). Where there were partnerships, in most cases, the partners were members of the same family (94.4%). This indicates that an overwhelming majority of the small businesses in Sri Lanka are either owned by a single individual or are family businesses.

4.1.2 Owner-Manager Characteristics

The majority of owner-managers surveyed were male (84.6%). They were also largely middle-aged. A large majority of the owner-managers had only attained a secondary or lower level of education. This result is consistent with the findings of the ADB/Sri Lanka (2003) survey that reported 72% of the owners and managers of all small businesses have attained only secondary or lower level of education. For the vast majority of owner-managers their current business was the first business they had owned (72.1%). A larger proportion was previously “unemployed” (30.8%), while 6.7% were in full-time education.

To be their own boss was the most frequent reason cited for starting a new business (32.1%). Another 9.9% started their business to make more money. However, a reasonable number of respondents cited lack of suitable alternative employment as their main reason for venturing into starting their own business (31.7%). This is consistent with the large proportion of owner-managers who indicated their previous employment status was “unemployed” (30.8%). These figures reflect the importance that entrepreneurial small business opportunities present as a means to reduce unemployment.

The owner-managers, who started their businesses after identification of a significant market opportunity, were relatively small in number (9.9%). This suggests that for a

large proportion of small businesses, the owner-managers' motivation for starting the business did not originate from a careful estimation of the potential opportunity in the market place.

4.1.3 Strategic Characteristics

Only 12.2% of the owner-managers were aiming for high profits. Most were content with achieving medium (46.2%) or small (27.6%) profits. A few were content to generate profits that were just sufficient for them to "get by" financially (14.1%). However, only 16% of the businesses indicated their performance was "very satisfactory." Another 45.5% rated their financial performance as "satisfactory." A small percentage reported a "very unsatisfactory" financial performance (9.6%).

The majority of owner-managers were interested in achieving some growth in employment during the next five years. Many (34.9%) aimed at achieving an employment growth rate between 1-25%, while another 15.4% wanted to achieve an employment growth rate of 26-50% over the next five years. This again points to the modest objectives the majority of small business owner-managers have towards employment growth. A few of the businesses had no employment growth plans for the next five years (17%).

A majority of the businesses surveyed were engaged in business planning of some form (57.1%). Of these, just over half produced formal (written) plans (51.7%). Of those businesses that planned, 57.3% used a planning horizon of six months or less. This suggests that most of the planning in small businesses tended to take place over the short-term.

Appendix 9.1 contains the further data on exports. Most of the businesses surveyed did not engage in exports at their start-up stage (82.1%), but at the time of the survey this proportion had dropped to 62.5%. Thus, only a small, but growing, proportion of the small businesses were contributing to exports.

4.1.4 Barriers to Growth

Frequency data on barriers to growth are reported in Appendix 9.3. The importance of the seven factors listed as “barriers to growth” received mean scores ranging from 3.59 to 2.79. The marginal differences in the mean rates suggest that the impacts of these factors are not significantly different from one another. Interestingly, the high values for standard deviations indicate there is great variation among owner-managers with regard to the assessment of the listed barriers to growth.

4.1.5 Factors Influencing the Growth Performance of Small Businesses

Respondents rated 41 factors in terms of their importance in influencing the growth of small businesses. The 41 factors are listed in Table 4.1 in descending order of the mean values for the importance ratings. Due to marginal difference in the mean values they were ranked as top (mean ratings of 4.00 and above), middle (mean ratings under 4.00 and over 3.5) and bottom (mean ratings of 3.5 and below). The associated frequencies for each factor are shown in Appendix 9.2. As shown in Table 4.1, 16 factors received mean importance ratings higher than four. Five of these belong to owner-manager factors, five to external factors and six to internal factors. This suggests that respondents found the factors in all three categories to be important determinants of small business growth.

Analysing the frequencies shows 95.9% of the respondents regard communication capability as either “extremely important” or “important.” Owing to significant corruption in the political and bureaucratic systems in Sri Lanka owner-managers of small businesses have to constantly communicate their grievances with many people to find favourable solutions. This is over and above the communications they need to have with their suppliers and customers. These probably explain the high importance attached to communications. This finding also supports research conducted by Lean (1998) who argues there is a strong linkage between an owner-manager’s ability to communicate with customers and the growth of their small business.

The mean values of owner-managers’ importance ratings suggest that market demand for products is also considered as an important factor affecting the growth of post

start-up small businesses (4.63). A total of 96.4% of the respondents evaluated this as either “extremely important” (67.9%) or “important” (28.5%). The high importance ratings given to national (“extremely important” 32.7%, and “important” 49%) and provincial (“extremely important” 35.9%, and “important” 46.2%) economies by the respondents are consistent with the importance ratings given for market demand for products. The increased purchasing power of the consumers during the recovery or prosperity stage in the economic cycle increase the demand for most products and services.

Table 4.1 – Factors Influencing Growth Performance – Rank Order Based on Mean Values for Importance Ratings

Rank	Factor	Mean	Standard Deviation
Top	Communication capability	4.73	.60
Top	Market demand for products	4.63	.59
Top	OM motivation	4.49	.68
Top	Cash flow adequacy	4.47	.67
Top	OM commitment	4.46	.67
Top	OM desire to succeed	4.45	.70
Top	OM leadership	4.45	.67
Top	Selling capability	4.19	.68
Top	Provincial economy	4.14	.79
Top	Marketing capability	4.11	.79
Top	National economy	4.11	.78
Top	Debt payment by customers	4.11	.84
Top	Finance management capability	4.04	.80
Top	Business management capability	4.04	.78
Top	Financial data management	4.02	.80
Top	Competitors' product quality	4.00	.81
Middle	Competitors' pricing	3.96	.83
Middle	Business planning capability	3.87	.84
Middle	OM ability to cope with pressure	3.86	1.35
Middle	OM desire to learn	3.80	1.33
Middle	OM education	3.80	1.32
Middle	OM past work experience	3.78	1.33
Middle	Level of costs	3.76	1.03
Middle	OM training completed	3.73	1.31
Middle	Long-term planning capability	3.73	1.01
Middle	New product development	3.72	1.07
Middle	Market research capability	3.70	.94
Middle	Loan interest rates	3.68	1.06
Middle	Manufacturing skills	3.66	1.36
Middle	Availability of raw materials	3.61	1.10
Middle	Availability of lenders finance	3.54	.94
Bottom	Computer technology capability	3.43	1.07
Bottom	Purchasing management capability	3.38	1.28
Bottom	Awareness of regulations	3.29	1.04
Bottom	Access to networks	3.23	1.11
Bottom	Capability to borrow funds	3.18	1.18
Bottom	Inventory management capability	3.16	1.18
Bottom	Appropriate premises	3.12	1.24
Bottom	Company location	3.05	1.24
Bottom	Employee management capability	2.98	1.22
Bottom	Availability of skilled labour	2.49	1.10

n = 312

Mean Ratings: 5 = Very Important; 1 = Very Unimportant

The owner-manager's motivation also achieved a high importance rating (4.49). This reflects a strong perceived linkage between owner-managers' motivation and the drive to succeed. The other owner-manager related factors that receive importance ratings over four are: owner-manager's commitment (4.46), owner-manager's desire to succeed (4.45) and owner-manager's leadership (4.45). The other owner-manager factors, ability to cope with pressure, desire to learn, education, past work experience and training completed, occupied the mid range of the factors. This is indicative of the dominant influence of owner-manager related factors, such as their background and personal traits, on the growth performance of small businesses. The owner-managers recognised the critical importance of their education, training, experience and their own efforts towards the success of their organisation as more important than most other factors. This is evident from the relatively low importance they attached to access to external sources of assistance such as networks (mean = 3.23). These results suggest that owner-managers view themselves as the key to the success of their businesses. In other words, the owner-managers regard themselves as the company. This finding is consistent with the assertion made by Morrison et al. (2003) that even though small business growth embraces multi-dimensional characteristics, a dominant thread is the human factor of the owner-managers that is woven through them.

Internal financial management factors also received high importance ratings. Cash flow adequacy, with a mean value of 4.47, was rated as a factor with high importance. Other financial management factors rated highly were debt payment by customers (4.11), financial management capability (4.04) and financial data management (4.02). Comparing these ratings to the relatively low ratings of external financial factors such as availability of lenders finance (3.54), loan interest rates (3.68) and capability to borrow funds (3.18), suggests that owner-managers viewed internal financial management as more important than the ability to acquire finance from external sources.

In addition to the high mean values given to importance rating for market demand for products (mean 4.63), four other factors related to marketing were given high importance ratings. They were: selling capability (mean 4.19), marketing capability (mean 4.11), new product development (mean 3.72), and market research capability (mean 3.70). Selling capability was judged to be either "extremely important"

(33.3%) or “important” (53.2%) by 86.5% of the respondents. The importance ratings given for marketing capability were “extremely important” (31.7%) and “important” (52.6%), a total of 84.3% for the two categories. The equivalent ratings (“extremely important” and “important”) given for market research capability (65.4%) and new product development (66.0%) were slightly lower than the ratings assigned to other factors related to the marketing function. The high ratings to the above factors emphasise the reliance of small business owner-managers upon the market potential and marketing related skills to achieve the growth ambitions for their post start-up small businesses. Aldrich (1990) stressed the need to pay serious attention to estimation of market potential due to its strong influence on small business growth.

Owner-managers only attached medium importance to business planning capability (mean 3.87). Although 57.1% of the respondents undertook some form of planning, long-term planning capability received a mean rating of 3.73 indicating less importance was attached to long-term than short-term planning. Past research too has found that where planning occurs in small businesses it has short time horizons (Perry, 2001; Rice, 1983; Shuman, 1975).

The lowest ratings of importance were given to the availability of appropriate premises (3.12), location (3.05), employee management capability (2.98) and availability of skilled labour (2.49). The low ranking given to premises and their location may reflect the very small size of Sri Lanka and its high population density that makes almost any location close to a sizeable market. The overall low importance attached to employee management capability and the availability of skilled labour is consistent with the low levels of employment observed for these businesses.

The results presented so far describe company, owner-manager and strategic characteristics and the respondents’ views on the factors both contributing to, and being barriers to, growth. The next section investigates the influence of the above characteristics (company, owner-manager, and strategic) on the actual employment growth achieved by small businesses.

4.2 VARIATION IN EMPLOYMENT GROWTH: ANALYSIS OF HYPOTHESIS ONE

Chi-Square tests were used to determine whether specific company, owner-manager or strategic characteristics were associated with observed levels of growth in employment. To do so requires that two important assumptions of the Chi-Square test be met. These are: (1) each person, item or entity should contribute to only one cell of the contingency table, and (2) the expected count in each cell should be greater than 5 (Field, 2005). Low responses given to certain categories within a variable required that some of the response categories be combined to satisfy the second assumption. Further, data from the variables on the number of partners (question 4b) and family partners (question 4c) were excluded from the Chi-Square analysis due to high missing values and limited variations in owner-manager responses.

Owner-managers' responses to the variables on business sector, ownership, education, prior employment, employment growth aspirations and planning period were recoded to give slightly different response categories from those in the questionnaire. A new variable "employment growth" was constructed based on changes in employment figures between year one and the time of survey. This resulted in the creation of seven new variables. They are:

- (1) Product/Services – The 16 industries represented by the respondents were assigned to two industry sectors, products and services, based on the nature of their businesses.
- (2) Ownership – The five categories in the original variable were reduced to three. This was achieved by combining the "public quoted companies" and the "public non-quoted companies" into one group named "public company," and "private limited liability company" and "partnership" into another group named "private company."
- (3) Owner-manager education – Seven groups included in the original variable were reduced to four. To achieve this "primary" and "GCE O Levels" were combined into one named "lower level." Another new category named "tertiary level" was created by combining the "Bachelors" and "Masters or higher degree" categories. "Diploma" and "professional qualifications" were combined into another group titled "diploma/professional."

- (4) Owner-managers' previous employment – The five categories used in the questionnaire were reduced to three. The categories “employed in a business within the same industry” and “employed in a business not in the same industry” were combined into “employed in a business.” In addition, those who were in full-time education were included in the existing category “unemployed.”
- (5) Employment growth – The businesses were classified into two groups labelled “growing” and “declining/static”, according to the change in employment numbers between the year after start-up (i.e. year one) and the time of survey.
- (6) Employment growth ambitions – The original variable had five categories. This was reduced to three (no growth aspirations, low growth aspirations, and high growth aspirations). Businesses that wanted to grow between 1-25% and 26-50% were combined as “low growth aspirations.” Those that wanted to grow between 51-100% and 101-200% were combined into “high growth aspirations.” Companies that wanted to stay the same size (i.e. no growth/status quo) were retained as “no growth aspirations.”
- (7) Planning period – The questionnaire had five categories for the question on planning periods. These were reduced to two categories. The first three categories in the questionnaire (up to one month, up to three months, and up to six months) were combined into “six months or less.” The other two categories became “more than six months.”

As the company, owner-manager and strategic characteristics were measured using either nominal or ordinal scales Pearson's non-parametric Chi-Square test procedure was used to test null hypothesis one which states that, “for post start-up stage small businesses, there are no significant differences in employment growth between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

Table 4.2 – Chi-Square Test: Variation in Employment Growth According to Company Characteristics

Variable	Pearson’s Chi-Square	P-Value
Company age	17.19	p<.05
Name of province	0.42	n.s.
Urban/Rural	4.86	p<.05
Business sector	2.01	n.s.
Ownership	25.52	p<.05

n.s = not significant

4.2.1 Company Characteristics

Table 4.2 reveals that differences in employment growth between businesses based on company characteristics were significant in three instances: company age, urban/rural location and company ownership. Null hypothesis one was rejected in these three instances, but no difference was seen for “province” of the business, or the “business sector” (product/service sectors). Null hypothesis one, “no significant differences” could not be rejected in these two instances.

Company Age

The results of cross-tabulations of employment growth versus company characteristics are shown in Appendix 10.1. These indicate that job creation is highest among companies in the age group 25-36 months (32.1%), and in second place is the 13-24 months age group (19.6%). These two age groups represented 64.2% of the growth businesses. This result demonstrates that employment growth occurs primarily in the early stages of development in the sampled small businesses. This is consistent with past research that found an association between company age and growth (Birley & Westhead, 1990; Davidsson, 2002; Dunkelberg & Cooper, 1982; Freeman et al., 1983; Reynolds, 1986). It also provides support to past studies that found younger businesses grow more quickly than older businesses (Heinonen et al., 2004; Storey et al., 1987).

Urban/Rural Location

A significant difference in employment growth was found between companies situated in urban versus rural locations. Urban locations created more employment (22.2%) than rural (12.5%). This is probably due to the relatively poor infrastructure facilities such as roads, telecommunications and power supply in the rural areas (compared to urban locations) that act as a barrier to expansion. Past research on the impact of rural and urban locations on company growth has also reported that urban locations provide greater opportunity for growth than the rural areas (Dahlquist et al., 1999; O'Farrell & Hitchens, 1988).

Ownership

A significant difference in employment growth was observed according to company ownership. Higher proportions of private (30.6%) and public companies (30.6%) showed growth in employment than sole proprietorships (8.4%). Past studies have also shown that small businesses owned by several people are more likely to grow than those with just one owner (Feaser & Willard, 1990; Siegel et al., 1993).

4.2.2 Owner-Manager Characteristics

Table 4.3 - Chi-Square Test: Variation in Employment Growth According to Owner-Manager Characteristics

Variable	Pearson's Chi-Square	P-Value
Owner-manager age	4.41	n.s.
Owner-manager gender	3.56	n.s.
Educational qualifications	44.06	p<.05
First business	16.60	p<.05
Reason to start	22.12	p<.05

n.s = not significant

Significant differences in growth were found across owner-managers' education levels, whether they were in their first business and by their motivations for starting a business. Null hypothesis one was rejected in these three instances. However, no

differences were seen across the owner-managers' age and gender. Thus null hypothesis one could not be rejected in these two instances (Table 4.3).

Education

Cross-tabulations for owner-manager characteristics are shown in Appendix 10.2. They show that the highest proportion of employment growth comes from businesses owned by managers with diplomas or professional qualifications (44%). The small businesses owned by those holding tertiary qualifications came second, accounting for 30.2% of employment growth. The contributions to employment growth from the businesses owned by the other two groups (GCE A Level – 15.2%; Lower Level – 2.1%) are relatively low.

Past research that investigated the influence of owner-managers' education on small business growth has also found businesses owned by people with higher educational qualifications achieved higher employment growth (Dunkelberg & Cooper, 1982; Johnson, 1993; Kozan et al., 2006; Storey, 1994; Wynarczyk et al., 1993). Some researchers have explained this as due to the effects of education on owner-manager's motivation (Smallbone & Wyer, 2000), search skills, communication skills and foresight (Dobbs & Hamilton, 2007).

First Business

Higher growth is also achieved by owner-managers who had previously owned another business (32.2%) versus managers owning a business for the first time (12.4%). This result is consistent with one of the other findings of this study which shows that 32.1% of owner-managers who indicated their previous employment as "self-employed" or "employed in the same industry" achieved employment growth.

This result is also consistent with past studies that found a positive relationship between previous experience and small business growth (Dahlquist et al., 1999; Dunkelberg & Cooper, 1982; Gill, 1985; Hambrick & Mason, 1984; Locke, 2004; Macrae, 1992; Siegel et al., 1993; Storey, 1994). Dobbs and Hamilton (2007) attribute

this to the ability of experienced managers to avoid the costly mistakes made by those with no prior experience.

Reason to Start

Significantly different levels of employment growth were achieved depending on the owner-managers' reasons for starting their businesses. It is not surprising that 45.2% of the owner-managers who started a business after identifying a promising opportunity, achieved employment growth. In second place is the group of owner-managers who started the business with intentions to make more money, with 25.8% of them having increased their employment levels. In contrast, only 17.2% of those who started the business because they had "no alternative employment" achieved employment growth. The achievements of these groups reflect the significant influence of motivation on business growth.

Past research has found strong evidence of motivational differences among small business owner-managers (Corman et al., 1988; Orser et al., 2000; Young & Walsh, 1993). Some have observed a positive link between motivation and small business growth (Mochrie et al., 2006; Morrison et al., 2003; Wiklund & Shepherd, 2003). Owner-managers' motivations have been categorised by some as negative and positive (Curran, 1986; Gill, 1985), while others have drawn attention to the influence of "push" and "pull" factors in the decision to start a business (Hamilton & Lawrence, 2001; Janssen, 2003; Smallbone & Wyer, 2000; Watson et al., 1998). Kets de Vries (1985) found that differing motivations of owner-managers led to adoption of different growth strategies. These, in turn, impact on the actual growth achieved by the small businesses (Gray, 1992).

4.2.3 Strategic Characteristics

Significant differences in employment growth were observed in relation to all variables associated with strategic characteristics. Therefore, null hypothesis one was rejected in relation to all six variables. The results are summarised in Table 4.4.

Table 4.4 - Chi-Square Test: Variation in Employment Growth According to Strategic Characteristics

Variable	Pearson's Chi-Square	P-Value
Financial objectives	65.14	p<.05
Employment growth ambitions	38.25	P<.05
Financial performance	25.06	P<.05
Undertake some form of planning	35.71	P<.05
Formality (written/unwritten plans)	56.61	P<.05
Planning period	27.71	P<.05

n.s = not significant

Financial Objectives

Results of cross-tabulations of strategic characteristics are presented in Appendix 10.3. These indicate that 55.3% of the businesses that planned to “achieve high profits,” and 23.6% of those that planned to “achieve medium profits,” recorded growth in employment, as compared to 1.2% of those who planned to “achieve small profits.” All the businesses who stated that their financial objective was to “get by financially” had either static or declining employment growth.

Employment Growth Ambitions

Similarly, a higher proportion of the businesses with high growth aspirations had achieved growth in employment (36.3%), as compared to businesses with low growth aspirations (10.8%). The proportion of businesses with no growth aspirations that increased the number of employees was even smaller (3.8%). This result supported past empirical research that found a correlation between employment growth and growth ambitions (Morrison et al., 2003).

Financial Performance

Not surprisingly, financial performance was also associated with employment growth. Employment growth was achieved by 36% of small businesses with “very satisfactory” and 20.4% of businesses with “satisfactory” financial performance. Only 3.3% of the businesses with “very unsatisfactory” and “unsatisfactory” performance levels were able to achieve growth in employment. This reflects the significant

positive association between company financial performance and employment growth. This is consistent with the assertions made by past researchers (Delmar, 1997; Wiklund, 1999) that employment growth is the most important and the easily accessible measure of the financial performance of a company.

Use, Formality and Period of Planning

The results of cross-tabulations indicate that engaging in planning is also significantly related to employment growth. Of the businesses that undertook some form of planning, 29.2% showed employment growth, compared to only 3% of the businesses that did not undertake any form of planning. This association becomes stronger with formality of planning, with 41.3% of the businesses with formal (written) plans recording employment growth, compared to 16.3% of companies with informal (unwritten) plans. Even stronger associations are observed for the length of planning period, with 50% of the small businesses that planned for periods exceeding six months achieving employment growth, compared to 13.7% by those who planned for six months or less. This implies that the very existence of some planning and also the increased depth of planning in terms of formal planning (written) and the period of planning, contribute to the success of the firm as observed by its employment growth. In general, most past studies have found a positive impact of planning on small business growth (Bracker et al., 1988; Sharder et al., 1989). However there are other studies that have found no significant relationship (Robinson et al., 1986).

4.2.4 Targeting Support to High Growth Post Start-Up Small Businesses

It is hard to identify in advance the small businesses that will experience high growth (Stam et al., 2007). However the results of the Chi-Square tests (Tables 4.2, 4.3 and 4.4) found growth to be associated with 12 of the 16 variables examined (three company characteristics; three owner-manager characteristics; and six strategic characteristics). This suggests the possibility of using a discriminant model to predict which firms are the best candidates for employment growth. Therefore, to select the best predictor variables of “growth” and “declining/static” businesses (dependent variable) based on minimisation of Wilks’ Lambda (Norušis, 2003), discriminant analysis was conducted.

Testing the Discriminatory Power of Company, Owner-Manager and Strategic Characteristics

Discriminant analysis is used to find predictors that best classify subjects into groups using a combination of independent variables (Cooper & Schindler, 2006; Hair, Anderson, Tatham, & Black, 1998). It is a technique that uses two or more interval or ratio scaled independent variables to assign subjects into mutually exclusive categories of a nominal dependent variable (Norušis, 2003). Some of the independent variables used in this study (i.e. provincial location, urban/rural location, owner-manager’s gender, first business, ownership, and planning) are not interval or ratio variables. However, Hair et al. (1998) state that non-metric variables such as gender, marital status or occupation need not be precluded from multivariate analysis. Instead they can be incorporated into the analysis by using dichotomous variables known as dummy variables, which act as replacement variables. Norušis (2003) recommends the use of nominal predictor variables in discriminant analysis after transforming them to a set of dummy variables.

These dummy variables represent one category of a non-metric independent variable and, therefore, any non-metric variable with k categories can be represented by k-1 dummy variables. Thus dummy variables were created for provincial location, urban/rural location, type of ownership, owner-manager’s gender, first business, and undertake some form of planning. They are as follows:

Province	Dummy variables	Prior ownership	Dummy variables
Western	$X_1 = 1$, else $X_1 = 0$	First business	$X_2 = 1$, else $X_2 = 0$
Urban/rural	Dummy variables	Planning	Dummy variables
Urban	$X_3 = 1$, else $X_3 = 0$	Planning	$X_4 = 1$, else $X_4 = 0$
OM Gender	Dummy variables	Ownership	Dummy variables
Male	$X_5 = 1$, else $X_5 = 0$	Private company	$X_6 = 1$, else $X_6 = 0$
		Public company	$X_7 = 1$, else $X_7 = 0$

The above dummy variables were used when discriminant analysis was conducted in this study in two instances.

As discriminant analysis is sensitive to the ratio of sample size to the number of predictor variables, a ratio of 20 observations for each predictor variable has been suggested (Hair et al., 1998). Hair et al. (1998) also recommend that researchers ensure, as a minimum, the size of the smallest group exceeds the number of independent variables. They also suggest there should be at least 20 observations in each group. The 312 responses received for the postal survey conducted satisfy these sample size requirements and the number of observations for smallest group (i.e. 56) well exceeds the recommended figure for discriminant analysis.

Independent Variables

The stepwise approach to estimate the discriminant function initially excludes all the variables from the model. It then enters the independent variables into the discriminant function one at a time based on their discriminatory power (Hair, Black, Babin, Anderson & Tatham, 2006). At each step the statistically significant variable that maximises the discrimination across groups are identified, while maximising the Mahalanobis distance (D^2) between the two closest groups (Hair et al., 2006).

This stepwise process identifies a reduced set of variables that provide a statistically significant discrimination across groups. It eliminates those that are not useful in discriminating between the groups. Hair et al. (2006) emphasised that the reduced set of variables identified by the stepwise process is almost as good - and sometimes is even better than the complete set of variables.

Stepwise discriminant analysis should be conducted using the most important predictors to develop the discriminant rule (Page & Meyer, 2003). Therefore, only the variables the Chi-Square test isolated as being potentially useful in distinguishing between “growth” and “declining/static” businesses were included in the discriminant model. The results of the Chi-Square test indicated that four variables, the province, business sector (Table 4.2), owner-manager’s age and gender (Table 4.3) did not have a significant influence on the employment growth. These variables were excluded

from the model as they did not improve the predictive ability. In addition, the categorical variables, prior employment and reason to start, were excluded from the discriminant analysis. Dummy variables created for urban/rural location, first business, planning, and ownership were included in the analysis along with all the variables that represented the strategic characteristics of small businesses.

The variables representing the strategic characteristics, “formality of planning” and “planning period,” had to be removed from analysis due to missing values. Discriminant analysis is sensitive to missing values (Norušis, 2003). Examination of missing values using the “case processing summary” after removal of the above two variables indicated that there were no missing values in the discriminant model (Appendix 11).

Interdependencies among the predictor variables affect most multivariate analysis (Norušis, 2003). After examination of the correlation matrix those variables with large correlations (educational qualifications, financial objectives, financial performance, and employment growth ambitions) were removed from the analysis either due to inter-correlations or correlations with the planning variable. The “pooled within-groups matrices” (Appendix 11) obtained for the discriminant analysis after the removal of these variables indicated that there were no significant correlations between the remaining predictor variables.

Variables Included in the Analysis

Table 4.5 - Employment Growth: Results of Stepwise Procedure

Variable Selected by Stepwise Procedure	Standardised Discriminant Function Coefficients
Undertakes Some Form of Planning	0.820
First Business	-0.411

The stepwise procedure used to classify post start-up small businesses into “growing” and “declining/static” businesses resulted in a model with only two variables, “undertakes some form of planning,” and “first business” in the analysis (Table 4.5).

To predict a dichotomous outcome (i.e. “growing” and “declining/static” businesses) discriminant analysis generates only one discriminant function. The average value for the discriminant function for “growing” companies was 0.836 as compared to - 0.183 for “declining or static” companies (Functions at group centroids: Appendix 11). It is a significant difference in means possible for a linear combination of two variables. This suggests the discriminant function successfully distinguishes between the two groups.

Standardised Discriminant Function Coefficient

In this study the variable “undertakes some form of planning” has the greatest relative weight on the discriminant function. The Structure Matrix shows the variables “undertakes some form of planning” and “first business” are strongly associated with the discriminant function (“undertakes some form of planning” = 0.917; “first business” = -0.604: Appendix 11). Hence the model suggests that undertaking some form of planning and having had a prior business are associated with a high probability of employment growth.

Model Overall Fit and Predictive Accuracy

The Eigenvalue table in Appendix 11 displays the information on the significance of the discriminant functions. In this case the discriminant function is significant (Eigenvalue table - $p < .001$). Canonical correlation that ranges between zero and one, measures the strength of the relationship between predictor variables and groups. In this study the Canonical correlation was not close to one (Eigenvalue table – Canonical correlation = 0.365). This suggests that the portion of the variability in the discriminant function scores explained by the differences between the two groups “growth” and “declining/static” businesses is low.

The squared Canonical correlation (R^2_c), which is manually calculated by squaring the value of Canonical correlation, is about 13%. This represents the proportion of variation of the dependent variables classified by the set of independent variables for that function. It means that the two variables “undertakes some form of planning” and

“first business” included in the model explains approximately 13% of the variation in discriminant function scores between “growth” and “declining/static” businesses.

For this discriminant model based on the high Chi-Square value and the level of significance shown in the Wilks’ Lambda table (Wilks’ Lambda table – Chi-Square value = 44.204; $P < .001$; Appendix 11) it is possible to reject the null hypothesis that “growth” and “declining/static” businesses have the same average discriminant function score in the population.

Wilks’ Lambda is the ratio of the within-group sum of squares to the total sum of squares. Its value varies between zero and one. A value of zero indicates a drastic difference in group means and a value of one indicates no variability. The Wilks’ Lambda achieved of 0.867 (Wilks’ Lambda table: Appendix 11) suggests that the mean differences between the two groups (“growth” and “declining/static”) explain about 13% of the variability of discriminant function scores. This shows that Wilks’ Lambda even though statistically significant (Wilks’ Lambda table – $P < .001$; Appendix 11) only provides little information about the classification power of the discriminant function. Thus, to gain insights into the predictive accuracy of the discriminant model classification tables were used.

Classification Results

Table 4.6 - Discriminant Analysis: Employment Growth Classification Results Based on Company, Owner-Manager, and Strategic Characteristics

		Increase in Number of Employees	Predicted Group Membership		Total
			Growing	Declining/Static	
Original	Count	Growing	52	4	56
		Declining/Static	126	130	256
	%	Growing	92.9	7.1	100.0
		Declining/Static	49.2	50.8	100.0
Cross-validated	Count	Growing	52	4	56
		Declining/Static	126	130	256
	%	Growing	92.9	7.1	100.0
		Declining/Static	49.2	50.8	100.0

a. 58.3% of original grouped cases correctly classified.

b. 58.3% of cross-validated grouped cases correctly classified.

The results summarised in Table 4.6 show that out of the original 56 growth businesses, 52 were correctly classified as “growth” businesses and 4 were incorrectly classified as “declining/static” businesses. Of the 256 declining/static businesses, 130 were correctly classified and 126 were incorrectly classified.

As a percentage, 92.9% of the growing businesses were correctly classified and 7.1% were incorrectly classified as “declining/static” businesses. The proportion of the “declining/static” firms that are correctly classified was 50.8%. Overall, 58.3% of the businesses were correctly classified (Original grouped cases correctly classified: Footnote in Table 4.6).

The proportion of “growth businesses” that were correctly classified was larger than that of “declining/static” businesses. In other words the discriminant function was able to correctly classify a relatively higher proportion of growth businesses that were similar in terms of the two characteristics “undertakes some form of planning” and “having had a previous business.” Thus these two characteristics appear to be necessary conditions for achieving growth among the studied firms.

Similarly, the discriminant function might have easily identified those businesses that did not plan and where the owner-manager did not previously owned another business as “declining/static” businesses. But, the classification success of only 58.3% suggests that the above two characteristics are not sufficient conditions for the identification of “declining/static” businesses. Overall results suggest that even though it may be possible for the discriminant function to distinguish between “growth” and “declining/static” businesses that were similar in terms of planning and owner-manager’s prior business ownership, discriminating between firms with different combinations of these characteristics into two groups is difficult. It is also possible there are still other unidentified factors that distinguish between these two groups of businesses. This means that even though there are significant differences between “growth” and “declining/static” businesses in terms of the above two characteristics these differences may not be clear enough to make a successful prediction between the two groups.

Cross-validation

Models mostly fit the data set from which they are estimated better than the population (Norušis, 2003). Therefore, to estimate the accuracy of the classification results, the “leave-one-out cross-validation” method was used. In this method, each case in turn is excluded, and the observed and predicted groups are compared. In this study, the leave-one-out classification produced identical results with the original (58.3% of cross-validated grouped cases correctly classified: Table 4.6).

Targeting of Support

The high predictive accuracy of growth businesses suggests that there is a very good chance (92.9%) of correctly identifying the post start-up small businesses that eventually make a contribution to employment growth. This suggests the possibility of targeting support to high growth post start-up small businesses, on the basis of the two characteristics (“first businesses” and “planning”) identified by the stepwise discriminant analysis.

However, the classification results also indicate that there is a 49.2% chance of incorrectly classifying “declining/static” businesses as “growing” businesses if selection is made using the above two variables (Table 4.6). This is reflected in the low values for the Canonical correlation and Eigenvalue which indicates that the discriminant function is not strongly related to the two groups of small businesses (Appendix 11).

To establish a support policy targeted at firms that eventually grow, requires not only the ability to pick winners but also to avoid losers. Even though the stepwise discriminant analysis was highly successful in picking high growth businesses, it incorrectly classified a large percentage of “declining/static” businesses. Based on these criteria, the quantitative technique used in this study to pick small businesses with high growth potential was only partially successful.

4.3 VARIATION IN EMPLOYMENT GROWTH AMBITIONS: ANALYSIS OF HYPOTHESIS TWO

Null hypothesis two states that, “for post start-up stage small businesses there are no significant differences in employment growth ambitions between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

To test the above null hypothesis, all responding businesses were grouped into one of the three categories: “high growth aspirations,” “low growth aspirations” and “no growth aspirations.” The basis of categorisation is discussed in detail in Section 4.2. Results of cross-tabulations of employment growth ambitions are in Appendix 12.

Table 4.7 - Chi-Square Test: Variation in Employment Growth Ambitions According to Company Characteristics

Variable	Pearson’s Chi-Square	P-Value
Company age	22.65	p<.05
Province	1.20	n.s.
Urban/Rural	3.74	n.s.
Product/service sector	2.10	n.s.
Ownership	28.48	p<.05

n.s. = not significant

4.3.1 Company Characteristics

As shown in Table 4.7, growth ambitions varied significantly in relation to company age and ownership. Null hypothesis two was rejected in relation to these two variables. The results also indicate that the province of the business, urban/rural location, and the industry sector (product/service) have no influence upon employment growth ambitions. In these three instances it was not possible to reject null hypothesis two.

Company Age

Results of cross-tabulations of company characteristics are given in Appendix 12.1. This shows that a greater proportion of younger businesses belonging to the age groups 13-24 months (44.6%) and 25-36 months (41%), represent the businesses with “high growth aspirations” as compared to businesses in the older age groups 37-48 months (27.2%) and 49-60 months (19%). This probably reflects the enthusiasm of owner-managers who recently started their businesses.

Ownership

In terms of ownership the majority of sole proprietors had low growth aspirations (62.4%). In contrast, the growth aspirations of private companies (47.2%) and public companies (45.2%) were higher.

4.3.2 Owner-Manager Characteristics

Table 4.8 - Chi-Square Test: Variation in Employment Growth Ambitions According to Owner-Manager Characteristics

Variable	Pearson's Chi-Square	P-Value
Owner-manager age	6.20	n.s.
Owner-manager gender	6.54	p<.05
Educational qualifications	81.15	p<.05
First business	19.68	p<.05
Reason to start	60.09	p<.05

n.s. = not significant

As shown in Table 4.8, significant differences in employment growth ambitions were observed in relation to four variables associated with owner-manager characteristics. They were: gender, educational qualifications, first business, and reason to start. Null hypothesis two was rejected in these four instances but was unable to be rejected in relation to company age.

Gender

The results of cross-tabulations for owner-manager characteristics are given in Appendix 12.2. Again, these provide the direction of the relationships. They show male owner-managers mostly had higher growth aspirations (34.1%) than females (25%). Of the males, 47.3% had low growth aspirations as compared to 66.7% of the females. Only 8.3% of the females had no growth aspirations as compared to 18.6% of males. These indicate that a larger proportion of male owner-managers have high growth aspirations for their businesses.

Owner-Manager Education

Growth ambitions were highest among managers with “Diploma/Professional” level qualifications (high growth aspirations - 68%) followed by the owner-managers with “tertiary level” education (high growth aspirations - 55.8%). Trailed by these were those with lower educational qualifications. A higher proportion of owner-managers with “lower level” qualifications (79.8%) and “GCE A Level” qualifications (48%) had “low growth aspirations.”

First Business

A greater proportion of owner-managers with previous business ownership had “high growth aspirations” (41.4%) versus those for whom the current business is their first business (29.3%). Meanwhile, of the owner-managers whose current business is their first business, the largest single proportion had “low growth aspirations” (57.8%).

Reason to Start

Growth ambitions were highest among the owner-managers who started their businesses after identification of a promising business opportunity (90.3%), while those who wanted to be their own boss had the least growth ambitions (18%). The largest proportion of owner-managers in four of the five categories for “reason to start” had “low growth aspirations.” They were: no alternative employment (54.5%), unhappy with previous employment (54.9%), to be their own boss (61%), and to make

money (38.7%). These results demonstrate the widespread moderate growth ambitions of small business owner-managers in Sri Lanka.

4.3.3 Strategic Characteristics

Significant differences in employment growth ambitions were observed in relation to four of the five strategic characteristics investigated. They were, financial objectives, financial performance, undertake some form of planning, and formal written planning (Table 4.9). Therefore, null hypothesis two was rejected in these four instances. It was not possible to reject same in relation to the variable planning period.

Table 4.9 - Chi-Square Test: Variation in Employment Growth Ambitions According to Strategic Characteristics

Variable	Pearson's Chi-Square	P-Value
Financial objectives	52.31	p<.05
Financial performance	60.34	p<.05
Undertake some form of planning	60.15	p<.05
Formality (written/unwritten plans)	79.46	p<.05
Planning period	5.22	n.s.

n.s. = not significant

The influence of “current exports” on employment growth could not be assessed with the Chi-Square test as this test should not be used if more than 20% of the expected frequencies are less than 5 or when any expected frequency is less than 1 (Cooper & Schindler, 2006). However, cross-tabulations indicate that 25.5% of the businesses with “high growth aspirations” achieve more than 60% of their sales through exports (at the time of the survey), as compared with 5.1% by businesses with “low growth aspirations” and 0% by “no growth aspirations” businesses (Appendix 12.3).

Financial Objectives

Results of cross-tabulations of strategic characteristics are shown in Appendix 12.3. They indicate that owners who sought medium and high levels of profit also had greater employment growth aspirations (“achieve high profits” – 52.6%; “achieve medium profits” – 46.5%) than those who were satisfied to “get by financially” and “achieve smaller profits” (“achieve smaller profits” – 14%; “get by financially” –

6.8%). These figures suggest a stable relationship between growth aspirations and financial objectives.

Financial Performance

A majority of “high growth aspiration” businesses reported “satisfactory” (54.9%) and “very satisfactory” (28.4%) financial performance. The corresponding figures for “low growth aspiration” businesses are “satisfactory” – 40.1% and “very satisfactory” – 13.4%. None of the “no growth aspiration” businesses reported “very satisfactory” financial performance, however, 43.4% of the “no growth ambitions” businesses reported “satisfactory” financial performance. These findings indicate the general satisfaction of post start-up small businesses in the returns they earn.

Use of Planning, Formality of Planning and Planning Period

Results of cross-tabulations indicate that 88.2% of the businesses with “high growth aspirations” undertake planning, compared to 42% of “low growth aspiration” and 41.5% “no growth aspiration” businesses (Appendix 12.3). Formality of planning is also found to be greater in small businesses with “high growth aspirations.” Relevant cross-tabulation results indicate a greater proportion of “high growth aspiration” businesses (65.2%) prepare written plans compared to “low growth aspiration” businesses (23.9%) and “no growth aspiration” businesses (10.9%). These figures suggest a link between the formality of planning and growth aspirations of small business owner-managers. Additionally, the largest proportion of businesses with “high growth aspirations” prepared plans for periods over six months (59.2%). Thus, the clearest finding overall is the higher commitment of “high growth aspiration” businesses to planning activities.

4.3.4 Targeting Support to Small Businesses with High Growth Ambitions

Past studies have found a strong correlation between growth ambitions of small business owner-managers and the subsequent growth of their businesses (Mochrie et al., 2006; Wiklund & Shepherd, 2003). The Chi-Square tests show significant differences in employment growth ambitions amongst small businesses for ten of the

15 characteristics investigated. This, once again, suggests the possibility of using a discriminant model to effectively predict the growth ambitions of businesses with different characteristics. This time, the grouping variable “employment growth ambitions” consists of three groups, no growth, low growth, and high growth ambitions. To distinguish between the three groups discriminant analysis generates two Canonical discriminant functions (Norušis, 2003).

Variables in the Analysis

The stepwise procedure uses Wilks’ Lambda as the criterion that establishes the order in which the variables are entered (Norušis, 2003). Results in Table 4.10 show three variables “undertake some form of planning,” “first business,” and “company age,” were included in the analysis. The functions at group centroids (Appendix 13) provide the mean values of each of the functions for each group (Norušis, 2003). The values for the first and second functions are used to assign cases to groups. The first function has a mean range of -0.324 to 0.734. The location of each centroid for function one indicates it distinguishes the high growth aspiration businesses from the low and no growth aspiration businesses better than function 2 (Appendix 13: larger distances between centroid for “high growth” and “low growth” and “no growth” businesses centroids on function 1).

Table 4.10 - Employment Growth Ambitions: Results of Stepwise Procedure

Variable Selected by Stepwise Procedure	Standard Discriminant Function Coefficients		
		F1	F2
Undertake Some Form of Planning	Undertake Some Form of Planning	0.939	0.370
First business	First Business	0.040	0.977
Company age	Company age	-0.315	0.297

Standardised Discriminant Function Coefficients

For each case there are two discriminant function scores instead of one as there are three groups of employment growth aspirations. Two sets of linear combinations are available to separate the three groups and there are two sets of standardised discriminant functions: F1 (first function) and F2 (second function). The first of the

two has the largest between-groups to within-groups sum of squares ratio (Norušis, 2003). The second function is uncorrelated to the first.

Even though there are three groups, the basic purpose of conducting stepwise discriminant analysis is still to find the best linear combination of predictor variables separating the three groups. The standardised discriminant function scores are shown in Table 4.10. Of the two linear combinations, “company age” and “undertakes some planning” have large values for the first function. These suggest that young companies that undertake planning are associated with the first function. Variable “first business” has a large value in the second function. This indicates that first time ownership of a small business is associated with the second function.

Model Overall Fit and Predictive Accuracy

The Eigenvalue table indicates the extent of the variance in the dependent variable accounted for by each of the functions (Appendix. 13). The first function accounts for 80.4% of the variance explained by this model. This indicates that the first function is capable of making a contribution to the categorisation of the businesses to the three groups (no growth, low growth and high growth).

The overall model for Function 1 was tested using Wilks’ Lambda (0.743) and Chi-Square (91.579) and was found to be significant ($p < 0.001$). The model for Function 2 tested using Wilks’ Lambda (0.939) and Chi-Square (19.275) was also found to be significant ($p < 0.001$). These show the predictive power of the selected variables. Based on the values of Chi-Square for both functions and the observed small significance scores, the null hypothesis which states that the population mean values for the two functions are equal in the three groups (“no growth aspirations” “low growth aspirations” and “high growth aspirations”) can be rejected.

Classification Results

Once again, a classification table was used to examine the accuracy of the prediction. The results given in Table 4.11 show that 57.7% of the original group cases were correctly classified. In the cross-validated group cases only 53.5% were correctly

classified (Footnote - Table 4.11). Discriminant analysis was successful in correctly classifying 30.2% of the “no growth aspiration”, 47.1% of the “low growth aspiration” and 88.2% of the “high growth aspiration” businesses. Thus, the greatest errors occurred for the firms who had no growth ambitions. These results indicate the limited power of the discriminant functions.

**Table 4.11 - Discriminant Analysis: Employment Growth Ambitions
Classification Results Based on Company, Owner-Manager, and
Strategic Characteristics**

			Predicted Group Membership			Total
			No Growth Aspirations	Low Growth Aspirations	High Growth Aspirations	
Original	Count	No Growth Aspirations	16	16	21	53
		Low Growth Aspirations	17	74	66	157
		High Growth Aspirations	3	9	90	102
	%	No Growth Aspirations	30.2	30.2	39.6	100.0
		Low Growth Aspirations	10.8	47.1	42.0	100.0
		High Growth Aspirations	2.9	8.8	88.2	100.0
Cross-validated	Count	No Growth Aspirations	16	16	21	53
		Low Growth Aspirations	17	74	66	157
		High Growth Aspirations	13	12	77	102
	%	No Growth Aspirations	30.2	30.2	39.6	100.0
		Low Growth Aspirations	10.8	47.1	42.0	100.0
		High Growth Aspirations	12.7	11.8	75.5	100.0

a.57.7% of original grouped cases correctly classified.

b.53.5% of cross-validated grouped cases correctly classified.

Targeting Small Businesses with High Growth Ambitions

Stepwise discriminant analysis using the three variables “undertakes some form of planning,” “first business,” and “company age” correctly classified 88.2% of the high growth aspirations businesses. The results also indicated that 39.6% of the no growth aspiration businesses and 42% of the low growth aspiration businesses are incorrectly classified as high growth businesses (Table 4.11). These poor classification results are also reflected in the low values of Canonical correlation and Eigenvalue obtained for first and second discriminant functions. These suggest the two discriminant functions are not strongly related to the three groups. Once again the classification success rate of stepwise discriminant analysis is inadequate for it to be the sole mechanism for selecting small businesses with high growth ambitions.

4.4 DIFFERENCE IN IMPORTANCE RATINGS ASSIGNED TO FACTORS PERCEIVED TO INFLUENCE POST START-UP SMALL BUSINESSES GROWTH: ANALYSIS OF HYPOTHESIS THREE

Null hypothesis three states that, “there are no significant differences in the importance attached to external, internal and owner-manager factors perceived to influence post start-up small business growth between owner-managers of “growth” and “declining/static” businesses. This addresses whether owner-managers of firms that generate employment growth perceive factors affecting growth differently from those whose employment is declining or static. Their perceptions were gathered by judgements on an interval scale for three sets of factors (external, internal and owner-manager). The ratings were compared using independent sample t-tests. Null hypothesis three was rejected in relation to 12 variables associated with external factors, 20 variables associated with internal factors and three variables associated with owner-manager factors. It was not possible to reject null hypothesis three in relation to six variables associated with owner-manager factors.

The use of t-tests requires assumptions about the distribution of the data. The first assumption is that observations should be independent of one another (Norušis, 2003). In this study data has been collected from post start-up small businesses in 16 different industries, in 6 districts, in Western and Southern provinces, therefore, the first assumption that has to be satisfied for t-tests is not violated. The second assumption refers to the normality of the distribution which has to be satisfied only if the sample size is small (Norušis, 2003). With a sample of 312 observations in this study, there is little need to take additional steps to satisfy this requirement.

4.4.1 External Factors

Table 4.12 summarises the results for t-tests conducted on the external factors perceived to influence post start-up small business growth. Not surprisingly, owner-managers of growing firms viewed all of the external factors as being significantly more important than did owner-managers in the “declining/static” businesses. These reflect the perceived greater relevance of the conditions of the external environment by the ambitious owner-managers of growth oriented small businesses.

The results of cross-tabulations (Appendix 10.4) show that 100% of the “growth” companies rated national economy as either an “important” or an “extremely important” influence on post start-up small business growth (“important” – 39.3%; “extremely important” – 60.7%). The proportion of “declining/static” companies that rated national economy as “important” and “extremely important” is much lower (77.8%). Similarly, 60.7% of “growing” companies rated provincial economy as “extremely important” compared with 30.5% of “declining/static” businesses. These figures indicate that owner-managers of “growth” companies give greater recognition to the importance of national and provincial economies than the owner-managers of “declining/static” businesses. This is because the owner-mangers of growth businesses realise the ease of achieving the goals set for the businesses during the growth periods of the economic cycles.

All of the “growth” companies (100%) rated the market demand for products as “extremely important.” The corresponding figure for “declining/static” businesses was 60.9%. Market demand for products is an important factor that determines the potential for growth of a business. The higher importance attached by “growth” companies to market demand for products is consistent with their orientation for growth.

Table 4.12 – Independent Samples t-test: Variations in the Evaluations of the Importance of External Factors Between Owner-Managers in the “Growth” and “Declining/ Static” Businesses

Variable	Mean “Growing”	Mean “Declining/ Static”	Mean Difference	T-value	P-value
National economy	4.61	4.00	.61	5.52	P<.05
Provincial economy	4.60	4.04	.56	5.00	P<.05
Company location	3.75	2.90	.85	6.41	P<.05
Market demand for products	5.00	4.55	.45	11.42	P<.05
Competitors' product quality	4.50	3.89	.61	5.37	P<.05
Competitors' pricing	4.50	3.84	.66	7.78	P<.05
Appropriate premises	3.82	2.97	.85	4.81	P<.05
Availability of raw materials	4.16	3.49	.67	4.24	P<.05
Availability of skilled labour	3.21	2.34	.87	5.68	P<.05
Availability of lenders finance	4.02	3.43	.59	4.34	P<.05
Loan interest rates	4.21	3.56	.65	4.27	P<.05
Debt payment by customers	4.50	4.02	.48	3.94	P<.05

n = 312

Mean Ratings: 5 = Very Important; 1 = Very Unimportant

50% of the growth companies rated the importance of competitors' product quality as "extremely important." The corresponding figure for "declining/static" companies was 22.3%. Competitors' pricing was rated as an "extremely important" factor affecting growth by 50% of "growth" companies, compared to 20.7% by the "declining/static" businesses. The disparity between the two categories suggests that "growth" companies have a better comprehension of the influence of competitor activities on their businesses than the "declining/static" businesses.

The largest proportion of "growth" companies rate loan interest rate as an "extremely important" influence on small business growth (53.6%). The corresponding figure for "declining/static" businesses is 21.5%. The higher importance attached by growth businesses to availability of lenders finance and loan interest rates indicate the greater reliance of these businesses upon external funding. Consistent with these results, 62.5% of the "growth" companies rated debt payment by customers as "extremely important." Growth companies that extend credit to customers have larger account receivables. A lower proportion of "declining/static" businesses rated debt payment as "extremely important" (34.4%).

4.4.2 Internal Factors

Twenty internal factors were rated for importance in supporting growth. Once again, the importance ratings attached to all of the internal factors by the owner-managers in the "growth" businesses are much higher than the ratings assigned by the owner-managers in the "declining/static" businesses (Table 4.13). Further, the mean differences between the two groups for internal factors were generally much larger than those observed for external factors. Thus, the internal factors seem to distinguish the two groups more strongly.

It is not at all surprising that the importance of "capability to burrow funds" is much less for "declining/static" businesses as compared to "growth" businesses. This result indicates the greater finance requirements of growing businesses. Hussain et al. (2006) found non-availability of funds as a significant barrier to growth of small businesses. Similarly "growth" businesses attach higher importance to "employee management capability" than the "declining/static" businesses. This is due to the

increased importance of employee management skills to business growth as firms increase the number of employees.

Cross-tabulation results in Appendix 10.5 indicate that 100% of the “growth” businesses rated marketing capability, selling capability and new product development as “extremely important” influences on post start-up small business growth. A majority of “growth” businesses also rated market research capability as “extremely important” (96.4%). The corresponding proportions for the “declining/static” businesses are much lower (marketing capability – 16.8%; selling capability – 18.8%; new product development – 7%; market research capability - 0.8%). This demonstrates that functions related to marketing are highly recognised by the owner-managers of “growth” businesses as significant influences on growth.

Table 4.13 – Independent Samples t-test: Variations in the Evaluations of the Importance of Internal Factors Between Owner-Managers in the “Growth” and “Declining/Static” Businesses

Variable	Mean “Growing”	Mean “Declining/ Static”	Mean Difference	T-value	P-value
Marketing capability	5.00	3.92	1.08	23.26	p<.05
Selling capability	5.00	4.01	.99	25.38	p<.05
Market research capability	4.95	3.43	1.52	25.80	p<.05
New product development	5.00	3.44	1.56	25.61	p<.05
Communication capability	5.00	4.68	.32	8.04	p<.05
Long-term planning capability	5.00	3.45	1.55	27.52	p<.05
Business planning capability	5.00	3.62	1.38	30.41	p<.05
Inventory management capability	4.70	2.84	1.86	20.93	p<.05
Employee management capability	4.63	2.63	2.00	21.87	p<.05
Finance management capability	5.00	3.83	1.17	25.61	p<.05
Financial data management	5.00	3.81	1.19	26.53	p<.05
Capability to borrow funds	4.64	2.86	1.78	18.83	p<.05
Cash flow adequacy	5.00	4.35	.65	15.10	p<.05
Level of costs	5.00	3.49	1.51	25.93	p<.05
Purchase management capability	5.00	3.02	1.98	27.64	p<.05
Manufacturing skills	5.00	3.37	1.63	19.55	p<.05
Access to networks	4.68	2.91	1.77	20.39	p<.05
Business management capability	5.00	3.83	1.17	26.42	p<.05
Computer technology capability	4.95	3.10	1.85	29.48	p<.05
Awareness of regulations	4.63	3.00	1.63	18.91	p<.05

n = 312

Mean Ratings: 5 = Very Important; 1 = Very Unimportant

Long-term planning capability and business planning are rated as “extremely important” by 100% of “growth” companies. The corresponding figures for “declining/static” businesses are 0.8% and 3.1% respectively. However, most of the

“declining/static” companies do rate the above activities as important (Long-term planning – 63.3%; Business planning – 64.5%). These figures clearly indicate that planning is seen as more valuable in “growth” companies as compared to “declining/static” businesses.

4.4.3 Owner-Manager Factors

The results of t-tests given in Table 4.14 show that there are no significant differences between “growth” and “declining/static” businesses in terms of the importance attached to six of the factors related to owner-manager characteristics. But there are significant differences between the two groups of owner-managers in the importance attached to owner-managers’ education, owner-managers’ past experience, and owner-managers’ desire to succeed.

Table 4.14 – Independent Samples t-test: Variations in the Evaluations of the Importance of Owner-Manager Factors Between Owner-Managers in the “Growth” and “Declining/Static” Businesses

Variable	Mean “Growing”	Mean “Declining/ Static”	Mean Difference	T-value	P-value
OM education	4.20	3.71	.49	2.93	p<.05
OM training completed	3.96	3.68	.28	1.50	n.s.
OM desire to learn	4.71	4.39	.32	1.71	n.s.
OM past work experience	4.12	3.70	.42	2.94	p<.05
OM ability to cope with pressure	3.90	3.85	.05	.21	n.s.
OM desire to succeed	4.71	4.39	.32	3.09	p<.05
OM commitment	4.52	4.45	.07	.65	n.s.
OM motivation	4.48	4.48	.00	-.06	n.s.
OM leadership	4.46	4.45	.01	.15	n.s.

n = 312 n.s. = not significant

Mean Ratings: 5 = Very Important; 1 = Very Unimportant

Appendix 10.6 contains the results of cross-tabulations. A large proportion of owner-managers in “growth” businesses rated education as an important factor influencing the small business growth (“important” - 32.1%; “extremely important” – 50%). The corresponding figures for “declining/static” companies are 29.3% and 37.9% respectively. One-half of the owner-managers in “growing” businesses (50%) and 37.1% in “declining/static” businesses rated past experience as “extremely important.” Another 28.6% of owner-managers in “growth” businesses and 30.1% in “declining/static” businesses rated it as “important.”

High importance attached by owner-managers of growth businesses to education, past experience and desire to succeed possibly result from a greater understanding of the relevance of these attributes to the growth of their businesses. These managers are probably aware of the importance of appropriate education for sustainable growth to occur in their businesses. Past studies have found education to enhance owner-managers' motivation (Kozan et al., 2006), exploratory skills, communication and foresight (Dobbs & Hamilton, 2007). Past experience enable these managers to avoid costly mistakes made in the past (Dobbs & Hamilton, 2007).

Large proportions of owner-managers in both categories rated owner-manager training as "important" ("growth" – 32.1%; "decline/static" – 35.5%) and "extremely important" ("growth" – 42.9%; "declining/static" – 32.4%). These figures indicate that the majority of owner-managers recognise "training" as a significant factor influencing small business growth. This is probably due to the realisation that investment in training is good for the bottom-line of their businesses.

Owner-managers in both groups assigned high importance to their "desire to succeed." 85.7% of owner-managers in "growing" businesses rated desire to succeed as "extremely important." 50.8% in the "declining/static" businesses also rated it as "extremely important." Another 37.9% rated it as "important." Thus the owner-managers of growth business have stronger views on the importance of this attribute. Evidence from past research suggests owner-managers with desire to succeed engage themselves in a continuous struggle to achieve their self-imposed ambitious standards (Timmons, 1999).

4.5 THE IMPORTANCE-ADEQUACY SUPPORT GAPS: ANALYSIS OF HYPOTHESIS FOUR

Survey recipients were also asked to rate the importance and adequacy of the available support services for assisting growth. Table 4.15 provides a comparison of the importance and adequacy rankings. The existence of a mismatch between the importance of some of the particular factors and the adequacy of support provided to address them is evident from the comparisons. However, this table only highlights the difference in the relative order of the rankings. It does not indicate the difference between the importance of a factor and the adequacy of support to address it.

Table 4.15 – Comparison of Rankings and Mean Values of “Importance and Adequacy”

Factor	Importance Rank	Adequacy Rank	Importance Mean (sd)	Adequacy Mean (sd)
Financial management	8	1	4.04 (.80)	3.61 (1.35)
Maintain financial records	10	2	4.02 (.80)	3.41 (1.45)
Prepare long-term plans	15	3	3.73 (1.01)	3.27 (1.00)
Improve selling skills	5	4	4.19 (.68)	3.23 (1.04)
Improve manufacturing skills	19	4	3.66 (1.36)	3.23 (1.10)
Managing costs	14	6	3.76 (1.03)	3.22 (1.18)
Improve communications	1	7	4.73 (.60)	3.18 (1.20)
Setting prices	11	8	3.96 (.83)	3.17 (1.11)
Cash flow	3	9	4.47 (.67)	3.17 (1.21)
Improve marketing skills	6	10	4.11 (.79)	3.11 (1.18)
Prepare business plans	12	11	3.87 (.84)	3.10 (1.16)
Business management	9	12	4.04 (.78)	3.08 (1.14)
Understand regulations	22	13	3.29 (1.04)	3.07 (1.26)
Find premises	26	14	3.12 (1.24)	3.04 (1.11)
Manage inventory	25	15	3.16 (1.18)	2.95 (1.12)
Borrowing money	24	16	3.18 (1.18)	2.94 (1.19)
Develop new products	16	17	3.72 (1.07)	2.93 (1.12)
Maintain motivation	2	18	4.49 (.68)	2.89 (1.15)
Managing employees	27	19	2.98 (1.22)	2.88 (0.96)
Access low interest loans	18	20	3.68 (1.06)	2.87 (1.09)
Purchasing products/services	21	21	3.38 (1.28)	2.82 (1.20)
Develop leadership	4	22	4.45 (.67)	2.79 (1.15)
Access business networks	23	23	3.23 (1.11)	2.72 (1.15)
Computer services	20	24	3.43 (1.07)	2.67 (1.05)
Collecting customer debts	7	25	4.11 (.84)	2.65 (1.29)
Cope with pressure	13	26	3.86 (1.35)	2.64 (1.17)
Conduct market research	17	27	3.70 (.94)	2.37 (1.14)

Null hypothesis four states that, “there are no significant differences in the owner-managers’ importance ratings of factors influencing growth and the adequacy ratings of support to address them (i.e. “importance - adequacy ratings” of paired factors).” This was tested by comparing the mean values for importance and for support

adequacy of each factor using a paired samples t-test. For example, the importance of owner-managers' marketing capability to growth of small business was compared to adequacy of support in relation to improving marketing skills. These t-tests are based on evaluations of groups of individuals who experience both conditions of the variables of interest (George & Mallery, 2006). Table 4.16 summarises the results. The mean difference indicates the degree and the direction of the difference. SPSS, by default, provides the two-tailed probability which, according to Field (2005), is the appropriate probability when no prediction is made about the direction of the paired difference.

Table 4.16 – Paired-Samples t-tests: The “Importance-Adequacy” Support Gaps

Paired variables		Mean	T-value	P-value
Important factors	Adequacy of Support	difference		
OM leadership	To develop leadership	1.66	21.54	p<.05
OM motivation	To maintain motivation	1.60	20.32	p<.05
Communication capability	To improve communication	1.56	19.99	p<.05
Debt payment by customers	To collect customer debts	1.46	17.04	p<.05
Market research capability	To conduct market research	1.33	15.04	p<.05
Cash flow adequacy	To manage cash flow	1.30	16.05	p<.05
OM ability to cope with pressure	To cope with pressure	1.21	11.51	p<.05
Marketing capability	To improve marketing skills	1.00	12.23	p<.05
Business management capability	To improve bus. Manag.	0.96	11.71	p<.05
Selling capability	To improve selling skills	0.96	12.77	p<.05
Loan interest rates	To access low interest loans	0.81	9.59	p<.05
New product development	To develop new products	0.79	8.73	p<.05
Competitors' pricing	To set prices	0.79	10.72	p<.05
Business planning capability	To prepare business plans	0.77	9.69	p<.05
Computer technology capability	To access computer services	0.76	8.56	p<.05
Financial data management	To manage financial data	0.61	6.60	p<.05
Lenders finance	To borrow money	0.60	6.74	p<.05
Purchase management capability	To purchase prod./services	0.55	5.38	p<.05
Level of costs	To manage costs	0.54	5.10	p<.05
Access to networks	To access networks	0.51	5.53	p<.05
Long-term planning capability	To prepare long-term plans	0.46	5.50	p<.05
Finance management capability	To manage finance	0.44	4.96	p<.05
Manufacturing skills	To improve manufac. skills	0.43	4.39	p<.05
Inventory management capability	To manage inventory	0.22	2.33	p<.05
Awareness of regulations	To understand regulations	0.22	2.31	p<.05
Employee management capability	To manage employees	0.10	1.10	n.s.
Appropriate premises	To find premises	0.09	0.94	n.s.

n.s. = not significant

The two tailed probability data for paired variables are less than .05 for all but two cases (“find premises” and “employee management”). Therefore, null hypothesis four was rejected for 25 of the 27 paired factors. Due to insufficient evidence it was not possible to reject the null hypothesis in relation to other two paired factors. Thus

managers view the support provided for the majority of the factors as inadequate given their level of importance.

The results of cross-tabulations of “importance” and “adequacy” variables indicate that for all cases without any exception, the percentage of businesses that gave high importance ratings (i.e. rated “extremely important” or “important”) was greater than the percentage of businesses that gave high adequacy ratings (i.e. rated “very adequately addressed” or “adequately addressed”) to the same factor. On the other hand, for a majority of cases, the percentage of businesses that rated a factor to be less important (i.e. rated “extremely unimportant” or “unimportant”) was lower than those who rated the support provided was inadequate (i.e. rated “extremely inadequate” or “inadequate”). This is consistent with the findings of the paired samples t-test that identified major support gaps in relation to 25 factors influencing small business growth.

Overall, the results of paired sample t-tests indicate the existence of “significant negative support gaps” ($p < .05$) for 25 factors, suggesting that the post start-up support for these factors is inadequate in relation to the importance attached to them. Three of the largest negative support gaps were observed in relation to factors that are associated with owner-manager characteristics. These factors were:

- “Owner-manager’s ability to cope with pressure and support to cope with pressure” (paired mean difference 1.21)
- “Owner-manager’s motivation and support to maintain motivation” (paired mean difference 1.60), and
- “Owner-manager’s leadership and support to develop leadership” (paired mean difference 1.66)

These gaps highlight the inadequacy of the current support related to personal development of owner-managers, suggesting the need to strengthen available support in these areas.

A number of sizeable negative support gaps were identified in relation to factors that are strategic in nature. They were:

- “Business planning capability and the support to prepare business plans” (paired mean difference 0.77)
- “Business management capability and support to improve business management skills” (paired mean difference 0.96), and
- “New product development and support to develop new products” (paired mean difference 0.79).

Negative support gaps were identified in relation to a number of factors in functional areas such as marketing and finance. They were:

Marketing

- “Marketing capability and support to improve marketing skills” (paired mean difference 1.00)
- “Market research capability and support to conduct market research” (paired mean difference 1.33)
- “Selling capability and support to improve selling skills” (paired mean difference 0.96)

Finance

- “Cash flow adequacy and support to manage cash flow” (paired mean difference 1.30)
- “Debt payment by customers and support to collect debt” (paired mean difference 1.46)
- “Loan interest rates and support to access low interest loans” (paired mean difference 0.81)

Additionally, more support gaps were identified in relation to areas that require specific skills. They were: support to improve computer services (paired mean difference 0.76), support to access networks (paired mean difference 0.51), support to manage costs (paired mean difference 0.54), support to manage financial records (paired mean difference 0.61), and support to set prices (paired mean difference 0.79). The above suggests the inadequacies in the existing support available to post start-up

small businesses in strategic and managerial functions and skilled activities that are associated with expansion of the business.

The analysis of “importance-adequacy support gaps” indicates that the appropriateness of the support available to post start-up small businesses in Sri Lanka is a key issue. The support gaps identified by the study clearly show that the support provided to post start-up small businesses is not meeting their development and growth needs in relation to many factors that influence growth. Therefore, to maximise the contribution from small businesses to economic development, it is vital that the needs of small businesses with growth potential are recognised and addressed through support within the constraints of available resources.

4.6 VARIATION IN AWARENESS OF SUPPORT: ANALYSIS OF HYPOTHESIS FIVE

Null hypothesis five addresses the question of whether there are significant differences across firms in owner-managers' awareness of support. It states that, "for post start-up stage small businesses there are no significant differences in owner-managers' awareness of support between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics."

Awareness was measured on ratings of how familiar the managers were with the three best known support providers: the Industrial Development Board (IDB), Chamber of Commerce (CC), and Industrial Technology Institute (ITI). The results of Chi-Square tests are listed in Tables 4.17, 4.18 and 4.19.

Company Characteristics

Table 4.17 - Chi-Square Test: Variation in Awareness of the Three Best Known Support Providers According to Different Company Characteristics

Variable	Pearson's Chi-Square	P-Value
<u>Industrial Development Board</u>		
Company age	5.06	n.s.
Province	0.89	n.s.
Urban/Rural	0.25	n.s.
Business Sector	1.04	n.s.
Ownership	5.70	n.s.
<u>Chamber of Commerce</u>		
Company age	4.78	n.s.
Province	0.26	n.s.
Urban/Rural	0.28	n.s.
Business Sector	2.78	n.s.
Ownership	2.04	n.s.
<u>Industrial Technology Institute</u>		
Company age	9.78	p<.05
Province	0.12	n.s.
Urban/Rural	0.21	n.s.
Business Sector	2.07	n.s.
Ownership	8.39	p<.05

n.s. = not significant

There are no significant differences in awareness of the IDB and the CC in relation to company characteristics. The results show that only company age and the nature of ownership were related to being aware of the Industrial Technology Institute. The results of cross-tabulations are in appendices 14.1 - ITI, 14.2 - IDB, and 14.3 – CC. A greater proportion of younger companies were aware of ITI (13-24 months – 35.7%; 25-36 months – 23.1%) as compared to the older companies (37-48 months – 18.4%; 49-60 months – 11.9%). Cross-tabulations reveal awareness of ITI is highest in private companies (31.9%) and lowest in public companies (11.3%). The awareness among sole proprietors was 21.3%.

Owner-Manager Characteristics

Table 4.18 - Chi-Square Test: Variation in Awareness of the Three Best Known Support Providers According to Different Owner-Manager Characteristics

Variable	Pearson's Chi-Square	P-Value
<u>Industrial Development Board</u>		
Owner-manager age	1.30	n.s.
Owner-manager gender	5.95	p<.05
Educational qualifications	15.84	p<.05
First business	4.19	p<.05
Previous employment	10.11	p<.05
Reason to start	9.23	n.s.
<u>Chamber of Commerce</u>		
Owner-manager age	3.74	n.s.
Owner-manager gender	0.14	n.s.
Educational qualifications	23.37	p<.05
First business	12.16	p<.05
Previous employment	10.90	p<.05
Reason to start	35.33	p<.05
<u>Industrial Technology Institute</u>		
Owner-manager age	4.65	n.s.
Owner-manager gender	0.30	n.s.
Educational qualifications	29.99	p<.05
First business	9.42	p<.05
Previous employment	11.27	p<.05
Reason to start	49.55	p<.05

n.s. = not significant

Owner-manager characteristics were much more related to the awareness of the three support providers (Table 4.18). In each case educational qualifications, first business and previous employment were associated with greater awareness while age was not. Owner-managers' gender was associated with awareness of the Industrial

Development Board, whereas reason to start was associated with awareness of the Chamber of Commerce and Industrial Technology Institute.

The awareness of the three top support providers was higher amongst those with higher educational qualifications: 62.8% with tertiary qualifications and 72% with Diploma or other professional qualifications were aware of IDB. Similarly, the awareness of CC (Tertiary qualification – 44.2%; Diploma/Professional qualification – 46%) and ITI (Tertiary qualification – 30.2%; Diploma/Professional qualification – 44%) was higher amongst the educated.

Awareness of the three support providers was higher amongst those who reported their prior employment as “self-employed” (IDB – 80.8%; ITI – 46.2%; CC – 50%). Self-employed typically work with risk and uncertainty. To minimise the risk factor and pursue growth these owner-managers actively seek support from all sources. This may explain the higher awareness of support providers amongst the “self-employed.”

Awareness of the leading support provider IDB was higher amongst those who previously owned a business (60.9%). This is understandable as one would expect those who previously owned a business to have had the opportunity to build networks and develop contacts with the support providers. It is also possible that they may have used this support provider or even contemplated using them in their previous businesses.

Strategic Characteristics

Strategic characteristics were also strongly associated with the awareness of the service providers (Table 4.19). Awareness varied in relation to all the characteristics. Those businesses with high growth ambitions and those who developed plans to achieve higher profits had higher awareness as compared to businesses in the other categories (Appendices 14.1, 14.2 & 14.3).

Table 4.19 - Chi-Square Test: Variation in Awareness of the Three Best Known Support Providers According to Different Strategic Characteristics

Variable	Pearson's Chi-Square	P-Value
<u>Industrial Development Board</u>		
Financial Objectives	14.68	P<.05
Growth aspirations	17.59	P<.05
Financial performance	11.25	P<.05
Undertake some form of planning	9.05	P<.05
Formality (Written/Unwritten)	13.13	P<.05
Planning period	4.88	P<.05
<u>Chamber of Commerce</u>		
Financial Objectives	8.42	P<.05
Growth aspirations	43.43	P<.05
Financial performance	14.68	P<.05
Undertake some form of planning	7.29	P<.05
Formality (Written/Unwritten)	22.31	P<.05
Planning period	14.45	P<.05
<u>Industrial Technology Institute</u>		
Financial Objectives	12.51	P<.05
Growth aspirations	66.21	P<.05
Financial performance	18.38	P<.05
Undertake some form of planning	9.64	P<.05
Formality (Written/Unwritten)	20.70	P<.05
Planning period	8.51	P<.05

4.6.1 Awareness

The results of the paired-samples t-tests have shown the existence of “importance-adequacy” gaps with respect to a number of factors that influence the growth of post start-up stage small businesses. This, in part, may be due to a lack of awareness of the business support available to post start-up small businesses. With this in mind, a series of questions was included in the questionnaire to determine the owner-managers’ awareness of available support.

The responses to the above questions, as indicated in Appendix 9.4, show a generally low but mixed picture of awareness of the support available. The awareness of the listed support providers varied from 5.4% to 51.6%. The highest levels of awareness were associated with Industrial Development Board (51.6%), Chamber of Commerce (27.2%), Industrial Technology Institute (21.8%), Ministry of Youth Affairs (21.8%), SEED (20.5%) and SMESDP (20.2%). The owner-managers’ awareness of all other support providers was less than 20%. This suggests some awareness amongst owner-

managers of the post start-up support available to their businesses, but with an urgent need to increase the limited awareness for the greater benefit of both the users and the providers.

Awareness of IDB in Relation to Different Support Initiatives

Further investigation was undertaken into the awareness of specific IDB support programmes (the support provider with highest level of awareness). Table 4.20 contains 20 items where significant relationships ($p < .05$) between awareness and perceptions of adequacy of support were identified. The perceptions of adequacy of support are generally positively related to the level of awareness. The higher the perceptions of adequacy of support, the higher the likelihood the level of awareness will be greater.

Table 4.20 – Chi-Square Test: Variations in Awareness of IDB According to Varying Perceptions of Adequacy of Support

Support Provider	Variable Associated With Difference in Awareness	Pearson’s Chi-Square	P-Value
IDB	Managing costs	10.03	$p < .05$
IDB	Prepare long-term plans	13.98	$p < .05$
IDB	Prepare business plans	13.76	$p < .05$
IDB	Setting prices	17.07	$p < .05$
IDB	Support to borrow money	10.95	$p < .05$
IDB	Managing employees	10.58	$p < .05$
IDB	Improve communications	12.59	$p < .05$
IDB	Improve manufacturing skills	11.19	$p < .05$
IDB	Improve marketing skills	32.60	$p < .05$
IDB	Improve selling skills	12.86	$p < .05$
IDB	Develop new products/services	12.40	$p < .05$
IDB	Managing cash flow	18.51	$p < .05$
IDB	Maintain financial records	30.99	$p < .05$
IDB	Computer services	10.95	$p < .05$
IDB	Understand govt. regulations	12.10	$p < .05$
IDB	Collecting customer debt	16.60	$p < .05$
IDB	Purchasing product/service	16.58	$p < .05$
IDB	Access business networks	33.97	$p < .05$
IDB	Maintain motivation	14.56	$p < .05$
IDB	Cope with pressure	19.90	$p < .05$

Awareness and Perceptions of Adequacy of Support

The results of cross-tabulations of awareness versus adequacy of support of the top support provider (IDB) reveal that a higher percentage of owner-managers who were aware of the support provider were more likely to rate a particular programme as “very adequately addressed” or “adequately addressed” than those who were not aware of the support provider (Appendix 14.4). For example, 55.3% of those who

were aware of IDB felt that the “support to prepare business plans” was “very adequately” or “adequately” addressed as compared to the 20.5% who felt it was “very inadequately” or “inadequately” addressed (Appendix 14.4). This condition holds true for most of the items listed in Table 4.20. This observation suggests that a general area of concern about the adequacy of support for post start-up businesses may be associated with the awareness of the support providers. Thus, making firms aware will help to improve the opinion of adequacy.

4.7 USE OF SUPPORT: ANALYSIS OF HYPOTHESIS SIX

The next hypothesis examines whether there are significant differences between businesses in the use made of available support. Hypothesis six states that, “for post start-up stage small businesses there are no significant differences in the owner-managers’ use of available support between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

Company Characteristics

Table 4.21 – Chi-Square Test: Variation in Use of Support According to Company Characteristics

Variable	Pearson’s Chi-Square	P-Value
Company age	9.16	P<.05
Name of province	0.10	n.s.
Urban/Rural	0.17	n.s.
Business sector	1.72	n.s.
Ownership	48.07	P<.05

As seen in Table 4.21, only two of the company characteristics were associated with differences in the use of support services: company age and ownership. Cross-tabulations (Appendix 15.1) indicate that only 14.6% of the sole proprietors have used post start-up support as compared to 30.6% of private companies. Usage of support by the public companies is the lowest (6.5%). In addition, a higher proportion of younger companies use support (13-24 months – 26.8%; 25-36 months – 19.2%) as compared to their older counterparts (37-48 months – 14.7%; 49-60 months – 3.8%: Appendix 15.1).

All small businesses that sought support to “overcome a problem” were owned by sole proprietors (100%). This group of companies had the highest representation among those companies who used support to train their staff (69.2%). Private

companies on the other hand had the highest representation in the group that used support to ensure growth (50%).

Owner-Manager Characteristics

Table 4.22 - Chi-Square Test: Variation in Use of Support According to Owner-Manager Characteristics

Variable	Pearson's Chi-Square	P-Value
Owner-manager age	4.04	n.s.
Owner-manager gender	2.84	n.s.
Educational qualifications	28.25	P<.05
First business	12.65	P<.05
Reason to start	51.74	P<.05

n.s. = not significant

Table 4.22, in turn, shows that the educational qualifications, prior business ownership and the reason for starting the business are associated with the use of support services. Tentative associations were found between reasons to use support and owner-manager education (Appendix 15.2). Those who used support to overcome a problem had a lower level of education (20%) or GCE “A” level (80%). Those with a higher level of education (diplomas/professional qualifications/tertiary) have tended not to use support to overcome day-to-day problems indicating their confidence to handle routine problems without seeking external support. These two groups have mostly used support to ensure growth of the company (diplomas/professional qualifications - 36.7%; tertiary level - 23.3%), whereas only a small percentage (6.7%) of those with a lower level of education have used support for this purpose. Those who previously owned another business (28.7%) were more likely to use support as compared to first business owners (12%). Finally, the owner-managers who started a business after identification of a market opportunity were the highest users of support services (36.5%).

Strategic Characteristics

All six strategic characteristics were related to the level of use of support services (Table 4.23). The results of the Chi-Square test indicate that there exist significant differences in the use of support by post start-up small businesses with different

financial objectives, employment growth ambitions, financial performance and planning characteristics.

Table 4.23 - Chi-Square Test: Variation in the Use of Support According to Strategic Characteristics

Variable	Pearson's Chi-Square	P-Value
Financial objectives	17.25	p<.05
Employment growth ambitions	71.76	p<.05
Financial performance	16.69	p<.05
Undertake some form of planning	19.35	p<.05
Formality (written/unwritten plans)	30.40	p<.05
Planning period	8.67	p<.05

A majority of those who used support services (61.4%) planned for periods more than six months as compared to 38.6% who planned for six months or less (Appendix 15.3). Of those who used support, 84.6% have undertaken some form of planning, compared to 15.4% who did not plan at all. The above figures suggest a clear positive relationship between use of support services and the extent of planning in small businesses.

4.7.1 Use of Support

Table 4.24 – Use of Support and the Support Providers Used

Use of Support	Frequency	Percentage
No	260	83.3
Yes	52	16.7
Total	312	100
<u>Support Providers Used</u>	<u>Frequency</u>	<u>Percentage</u>
IDB	10	19.2
SMESDP	9	17.3
Industrial Technology Institute	7	13.5
Southern Province ADB SME Project	6	11.5
Southern Development Authority	5	9.6
SEED	3	5.8
N/R Chamber of commerce	3	5.8
Vocational Training Authority	3	5.8
Women's Bank Hambantota	2	3.8
Ministry of Youth Affairs	2	3.8
BSSF Project (ADB)	1	1.9
CEFE (GTZ)	1	1.9

The questionnaire also asked the respondents to indicate which support services they had used. Table 4.24 summarises the responses. Only fifty-two (16.7%) of the small

businesses had used some support services while 260 (83.3%) have not. The most-used support service was the Industrial Development Board (19.2%). The other services that were moderately used were SMESDP (17.3%), Industrial Technology Institute (13.5%) and Southern Province ADB SME Project (11.5%). The usage of each of the other service providers was less than 10%.

4.7.2 Reasons for Use of Support

Table 4.25 – Reasons for Seeking Support

Reasons for Use of Support	Frequency	Percentage
Ensure growth	30	57.7
Training staff	13	25.0
To overcome a problem	5	9.6
Other	4	7.7
Total	52	100

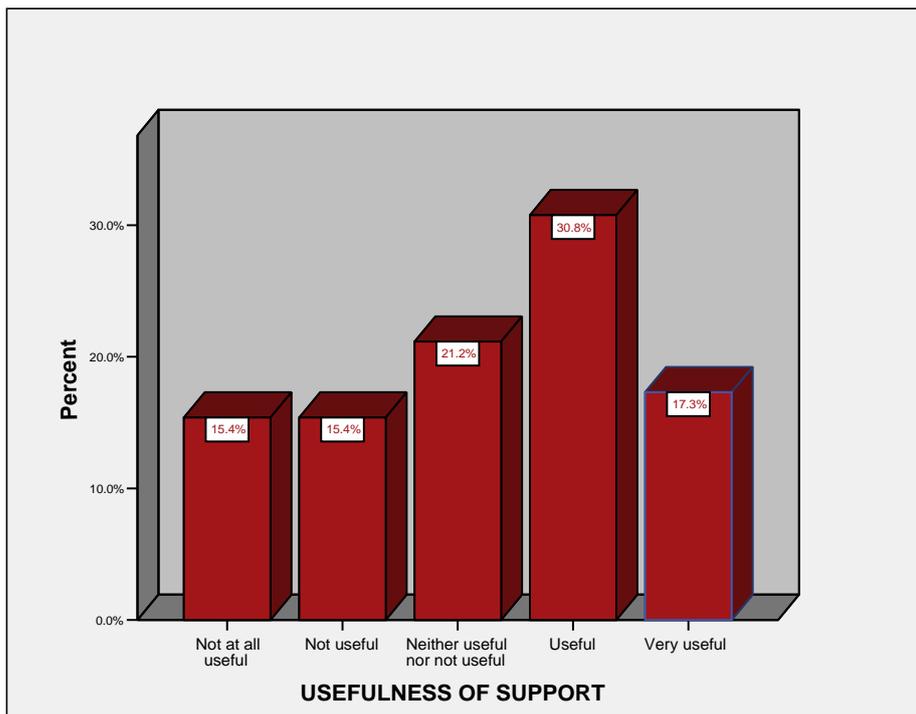
The reasons given for the use of support are given in Table 4.25. The most frequently stated reason was to ensure growth of the business (57.7%). A reasonable number of businesses have also used support as a means to train staff (25%), and 9.6% of the businesses have used support to overcome the problems they confronted.

4.8 USEFULNESS OF SUPPORT: ANALYSIS OF HYPOTHESIS SEVEN

Null hypothesis seven states that, “for post start-up stage small businesses there are no significant differences in the owner-managers’ perceptions of the usefulness of support provided between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

Figure 4.2 Usefulness of Support



Due to the very small number of businesses using post start-up support services Chi-Square tests could not be conducted, thus no statistical results are presented. This meant there was insufficient evidence to reject null hypothesis seven in relation to all variables tested. Nonetheless, the evaluations obtained are summarised in Figure 4.2. Of those who used the support services, 17.3% found it “very useful” while another

30.8% found it to be “useful” for the purpose it was used. This is nearly one half (48.1%) of the users of available support.

Results of cross-tabulations (Appendix 16) show, that 30.8% of the sole proprietors and 4.5% of the private companies rated support as “very useful.” None of the public companies found the support to be “very useful.” However, 50% of the public companies and 27.3% of the private companies rated support as “not at all useful”. This indicates the variation in assessment of the support used by companies with different ownership structures.

Further cross-tabulations show of those who used support to “overcome a problem,” 60% found the support to be “very useful” and another 20% found it to be “useful.” This indicates the success of individualised support programmes that were designed to address the specific problems faced by each company. On the other hand, those who used generic support programmes delivered to “ensure growth” provided a variety of contrasting responses (“very useful”– 13.3%; “useful”- 30%; “neither useful nor not useful”- 20%; “not useful”-13.3%; and “not at all useful”- 23.3%). These figures show a relatively low acceptance of commercially viable generic programmes designed for the mass market.

4.9 REASONS FOR NON-USE OF SUPPORT: ANALYSIS OF HYPOTHESIS EIGHT

Null hypothesis eight states that, “for post start-up stage small businesses there are no significant differences in the reasons for the non-use of support between businesses with different:

- company characteristics,
- owner-manager characteristics,
- business objectives,
- performance characteristics, and
- planning characteristics.”

Once again, there was not a sufficient number of responses to perform statistical tests. Therefore, due to insufficient evidence null hypothesis eight was not rejected. The responses received are summarised in Table 4.26. The main reason for not using support services was the absence of any major problems that required support (31.9%). Support received from other sources was the second largest reason for non-use of support (13.5%). In the joint third position for non-use of support were “not aware of available support” and “non-availability of required support” (12.3% each). The other reasons provided for non-use of support were lack of time (10%), poor opinion of support available (8.1%), possible high financial costs (5.4%), and no desire to expand business (4.6%). According to these responses the high financial cost does not appear to be a major constraint for non-use of support. Only a few businesses in the other category could not pin-point a reason for non-use of support (1.9%).

Table 4.26 – Reasons for Non-Use of Support

Reasons for Non-Use	Frequency	Percentage
No major problem	83	31.9
Received support from other sources	35	13.5
Non-availability of required support	32	12.3
Not aware of available support	32	12.3
Lack of time	26	10.0
Poor opinion of available support	21	8.1
Possible high financial costs	14	5.4
No desire to expand business	12	4.6
Other	5	1.9
Total	260	100

Reasons for Non-Use of Support and Adequacy of Support - Cross-Tabulations

Cross-tabulations indicate that owner-managers' views about the adequacy of post start-up support broadly were associated with the non-use of support (Appendix 17). A greater proportion of those who felt the support was "very inadequate" or "inadequate" provided negative reasons such as "poor opinion of available support," "non-availability of required support," or "not aware of available support" for non-use of support. Conversely, a high proportion of owner-managers who perceived the post start-up support to be "very adequate" or "adequate" provided less negative reasons such as "used other sources" or "lack of problems" as reasons for non-use of support. This shows that owner-managers with different perceptions of adequacy of support react in different ways to available support. Some make use of the available support to address their needs, while others choose not to use them at all.

4.10 RESPONSES TO THE OPEN-ENDED QUESTION

The last question in the questionnaire invited responses to the open-ended question: “How do you think the current support services could be improved to encourage small business managers to grow their businesses and provide more employment?” This question was answered by 178 of the 312 businesses that provided valid responses (57.1%). After repetitive assessments and repeated categorisations, eight broad categories or themes were established. They were:

- (1) Design support to meet the needs of individual companies
- (2) Design support to meet the specific functional needs of companies
- (3) Improve the delivery of support
- (4) Improve the awareness of support
- (5) Improve the training skills of those delivering support programmes
- (6) Provide industry based support
- (7) Support is adequate for my needs
- (8) Need a more active role of government in support provision

Theme 1 – Design Support to Meet the Needs of Individual Companies

The most commonly mentioned theme (43 respondents) was to design support to meet the individual needs of the businesses. Many respondents in this category felt the usefulness of support could be considerably improved if tailored to the needs of individual businesses. There were also complaints, however, about the quality of support providers who had custom designed programmes to meet the specific needs of a receiver of support. This indicates a need to match the individual needs of businesses with the expertise and experience of support providers.

Theme 2 – Design Support to Meet the Specific Functional Needs of Companies

The focus of many of the respondents (14 out of 32) in this category was the need to provide practical help in the functional areas of marketing. Specific mention was made of the assistance required to prepare marketing plans and promotional activities. Owner-managers also mentioned the need for funds to participate in trade shows and

to assemble display stalls. Eleven other businesses felt more assistance, advice and information was required on sources of finance and methods of raising finance, management of finance and debt collection. Owner-managers in this category expect practical ideas and approaches from support providers to overcome the constraints in the functional areas. Most issues raised in this category were not only function specific but were also linked to particular issues faced by the individual businesses. This shows a strong association with category one.

Theme 3 - Improve the Delivery of Support

The issue of delivery of support was raised by 23 businesses as a major or a subsidiary concern. There were suggestions relating to the timing, location, and delivery. Some respondents preferred a government sponsored “one-stop-shop” type approach to proactively support the needs of all small businesses. A few suggested the use of flexible modular programmes. The views expressed by the owner-managers indicate that a wide range of approaches need to be in place to satisfy the varying needs of the small businesses. Thus, the support providers need to carefully plan the delivery of support to meet the individual preferences of the small businesses seeking support.

Theme 4 - Improve the Awareness of Support

There were 21 responses saying the availability of support needed to be more widely disseminated. Several of the respondents pointed out that they had not heard of many of the support providers listed in the questionnaire. An additional concern was that a number of owner-managers were not aware of where to go to find out about the availability of support. This suggests that a more proactive approach is required to increase the awareness of support.

Theme 5 – Improve the Training Skills of Those Delivering Support Programmes

There were 11 responses indicating that improvements were needed in the skills of the trainers providing support. The main concern was that the trainers who delivered the

support programmes did so by only making use of the knowledge gained from reading books. Some respondents commented that the trainers who delivered the programmes did not appear to have done what they were preaching and lacked practical knowledge and experience. These comments emphasise the importance of selecting staff with relevant industry experience to deliver the training programmes to post start-up small businesses.

Theme 6 – Provide Industry Based Support

Twelve businesses recommended the development of support programmes directed towards businesses operating within the same industry. They felt this approach would contribute to mutual learning through sharing of relevant experiences. The managers believed that the “networks,” once established, ultimately would lead to their becoming resource centres for support which owner-managers could use as the first port of call when faced with a problem. This industry-based approach too reaffirms the need for industry experts to deliver support, as suggested by owner-managers in Theme five category.

Theme 7 – Support is Adequate for My Needs

There were 18 responses indicating that current support levels were already adequate. Some of these stated that they did not recognise a need for sophisticated training programmes as they are small businesses with limited growth ambitions. A number of them pointed out the lack of time for them to participate in advanced training. In other words, most respondents in this category were satisfied that the current support they receive is sufficient to achieve their limited growth ambitions.

Theme 8 – Need a More Active Role of Government in Support Provision

Some owner-managers expressed a concern that support outside the metro cities was insufficient. To minimise the burdens of small businesses, these owner-managers suggested that government should take an active role to ensure that small business development programmes are delivered at regional locations outside the metro cities.

Overall, the responses to the open-ended question highlighted a range of issues related to the provision of support to small businesses at the post start-up stage. Numerous inadequacies in the current support system were pinpointed. However, the variation in the issues of importance raised by the different businesses prohibits a resolution to them through the development of standardised support systems. Furthermore, given the limited resources available to assist post start-up stage small businesses, developing solutions that meet the requirements of all owner-managers seems infeasible. The challenge, therefore, is to identify avenues for developing more affordable and yet practical and feasible support systems taking into consideration the divergent views expressed by the owner-managers and support providers.

4.11 SUMMARY

This chapter summarised the results of the mail survey. The profile of the sample was discussed initially making use of descriptive statistics. This was followed by a presentation of the mean values for owner-managers' importance ratings of the factors perceived to influence small business growth. After presentation of the above descriptive data the proposed hypotheses were tested using Chi-Square tests, independent samples t-tests, paired samples t-tests and discriminant analysis.

The sample used in the study consisted of 312 businesses belonging to 16 industries. 57.7% of the businesses were from Western Province and the balance (42.3%) was from the Southern Province. 57.1% of the businesses were owned by sole proprietors. The majority (84.6%) of the owner-managers were male. The owner-managers in the 30-39 years age group (33.3%) represented the largest group in the sample. 83.3% of the small businesses in the sample had fewer than five employees and only 17.9% of the businesses recorded employment growth.

The mean importance ratings of factors perceived to influence small business growth varied between 4.73 (highest) and 2.49 (lowest). The variations in owner-managers' importance ratings of different factors are evident from the standard deviations. The independent samples t-tests conducted suggested there are significant differences between owner-managers of "growth" and "declining/static" businesses in the evaluations of importance of factors influencing post start-up small business growth.

The results of paired samples t-tests identified significant negative support gaps for 25 out of the 27 paired “importance-adequacy” factors investigated.

The nature of the relationship between employment growth and company characteristics, characteristics of owner-managers, and company objectives and performance was investigated using Chi-Square tests and cross-tabulations. Discriminant analysis (stepwise selection procedure) was used to select the variables that best discriminate between “growing” and “declining/static” small businesses, to target support to small businesses with high growth potential. The same statistical procedure was again used to differentiate between small businesses with “no growth ambitions” and those with “low or high growth ambitions.” Both of the above investigations produced only partially successful results.

To gather the information required to propose a conceptual model that minimises the weaknesses in the existing post start-up support framework, owner-managers’ awareness of existing support, the reasons for use of support and the usefulness of support were investigated. The recommendations made by owner-managers as to how to improve existing support were analysed. The final section in this chapter provides a summary of the results of the hypotheses tested. In the next chapter the results of the in-depth interviews with owner-managers and support providers, which added meaning to the results of quantitative analysis, are discussed.

4.12 SUMMARY OF THE RESULTS OF NULL HYPOTHESES TESTS

Table 4.27 - Null Hypothesis One: Variation in Employment Growth

Characteristics	Rejected	Not Rejected
Company Characteristics		
Age	X	
Province		X
Urban/Rural Locations	X	
Business Sectors		X
Ownership	X	
Owner-Manager Characteristics		
Age		X
Gender		X
Educational Qualifications	X	
Previous Ownership	X	
Reason to Start	X	
Strategic Characteristics		
Financial Objectives	X	
Employment Growth Ambitions	X	
Financial Performance	X	
Undertake Planning	X	
Formality of Planning	X	
Planning Period	X	

Table 4.28 - Null Hypothesis Two: Variation in Employment Growth Ambitions

Characteristics	Rejected	Not Rejected
Company Characteristics		
Age	X	
Province		X
Urban/Rural Locations		X
Business Sectors		X
Ownership	X	
Owner-Manager Characteristics		
Age		X
Gender	X	
Educational Qualifications	X	
Previous Ownership	X	
Reason to Start	X	
Strategic Characteristics		
Financial Objectives	X	
Financial Performance	X	
Undertake Planning	X	
Formality of Planning	X	
Planning Period		X

Table 4.29 - Null Hypothesis Three: Importance Ratings of Factors Perceived to Influence post start-up Small Business Growth

Factors	Rejected	Not Rejected
External Factors		
National Economy	X	
Provincial Economy	X	
Company Location	X	
Market Demand for Products	X	
Competitors' Product Quality	X	
Competitors' Pricing	X	
Appropriate Premises	X	
Availability of Raw Materials	X	
Availability of Skilled Labour	X	
Availability of Lenders Finance	X	
Loan Interest Rates	X	
Debt Payment by Customers	X	
Internal Factors		
Marketing Capability	X	
Selling Capability	X	
Market Research Capability	X	
New Product Development	X	
Communication Capability	X	
Long-term Planning Capability	X	
Business Planning Capability	X	
Inventory Management Capability	X	
Employee Management Capability	X	
Finance Management Capability	X	
Financial Data Management	X	
Capability to Borrow Funds	X	
Cash flow Adequacy	X	
Level of Costs	X	
Purchase Management Capability	X	
Manufacturing Skills	X	
Access to Networks	X	
Business Management Capability	X	
Computer Technology Capability	X	
Awareness of Regulations	X	
Owner-Manager Factors		
Owner-manager Education	X	
Owner-manager Training Completed		X
Owner-manager Desire to Learn		X
Owner-manager Past Work Experience	X	
Owner-manager Ability to Cope with Pressure		X
Owner-manager Desire to Succeed	X	
Owner-manager Motivation		X
Owner-manager Commitment		X
Owner-manager Leadership		X

Table 4.30 - Null Hypothesis Four: The “Importance-Adequacy” Support Gap

Paired Variables		Rejected	Not Rejected
Importance of	Adequacy of support		
Competitors' pricing	to set prices	X	
Appropriate premises	to find premises		X
Lenders finance	to borrow money	X	
Loan interest rates	to access low interest loans	X	
Debt payments	to collect customer debt	X	
Marketing capability	to improve marketing skills	X	
Selling capability	to improve selling skills	X	
Market Research capability	to improve Market Research	X	
New Product Development	to develop new products	X	
Communication Capability	to improve communication	X	
Long Term Plan Capability	to prepare Long Term Plans	X	
Business Plan Capability	to prepare Business Plans	X	
Inventory Man. Capability	to manage inventory	X	
Employee Manage. Capability	to manage employees		X
Finance Mange Capability	to manage finance	X	
Finance Data Management	to manage financial data	X	
Cash flow adequacy	to manage cash flow	X	
Level of costs	to manage costs	X	
Purchase Mange. Capability	to purchase prod/services	X	
Manufacturing skills	to improve manufac. skills	X	
Access to networks	to access networks	X	
Bus. Man. Capability	to imp. Bus. Management	X	
Computer Tec. Capability	to access computer services	X	
OM Motivation	to maintain motivation	X	
Ability to cope pressure	to cope with pressure	X	
OM Leadership	to develop leadership	X	
Aware of regulations	to understand regulations	X	

Table 4.31 - Null Hypothesis Five: Variations of Awareness of Support

Characteristics	Rejected	Not Rejected
Company Characteristics		
<i>Industrial Development Board</i>		
Age		
Province		X
Urban/Rural Locations		X
Business Sectors		X
Ownership		X
<i>Chamber of Commerce</i>		
Age		
Province		X
Urban/Rural Locations		X
Business Sectors		X
Ownership		X
<i>Industrial Technology Institute</i>		
Age	X	
Province		X
Urban/Rural Locations		X
Business Sectors		X
Ownership	X	
Owner-Manager Characteristics		
<i>Industrial Development Board</i>		
Age		X
Gender	X	
Educational Qualifications	X	
First Business	X	
Previous Employment	X	
Reason to Start		X
<i>Chamber of Commerce</i>		
Age		X
Gender		X
Educational Qualifications	X	
First Business	X	
Previous Employment	X	
Reason to Start	X	
<i>Industrial Technology Institute</i>		
Age		X
Gender		X
Educational Qualifications	X	
First Business	X	
Previous Employment	X	
Reason to Start	X	
Strategic Characteristics		
<i>Industrial Development Board</i>		
Financial Objectives	X	
Employment Growth Ambitions	X	
Financial Performance	X	
Undertake Planning	X	
Formality of Planning	X	
Planning Period	X	
<i>Chamber of Commerce</i>		
Financial Objectives	X	
Employment Growth Ambitions	X	
Financial Performance	X	
Undertake Planning	X	
Formality of Planning	X	
Planning Period	X	
<i>Industrial Technology Institute</i>		
Financial Objectives	X	
Employment Growth Ambitions	X	
Financial Performance	X	
Undertake Planning	X	
Formality of Planning	X	
Planning Period	X	

Table 4.32 - Null Hypothesis Six: Use of Support

Characteristics	Rejected	Not Rejected
Company Characteristics		
Age	X	
Province		X
Urban/Rural Locations		X
Business Sectors		X
Ownership	X	
Owner-Manager Characteristics		
Age		X
Gender		X
Educational Qualifications	X	
Previous Ownership	X	
Reason to start	X	
Strategic Characteristics		
Financial Objectives	X	
Employment Growth Ambitions	X	
Financial Performance	X	
Undertake Planning	X	
Formality of Planning	X	
Planning Period	X	

Table 4.33 - Null Hypothesis Seven: Usefulness of Support

Characteristics	Rejected	Not Rejected
Company Characteristics		
Age		X
Province		X
Urban/Rural Locations		X
Business Sectors		X
Ownership		X
Owner-Manager Characteristics		
Age		X
Gender		X
Educational Qualifications		X
Previous Ownership		X
Reason to start		X
Strategic Characteristics		
Financial Objectives		X
Employment Growth Ambitions		X
Financial Performance		X
Undertake Planning		X
Formality of Planning		X
Planning Period		X

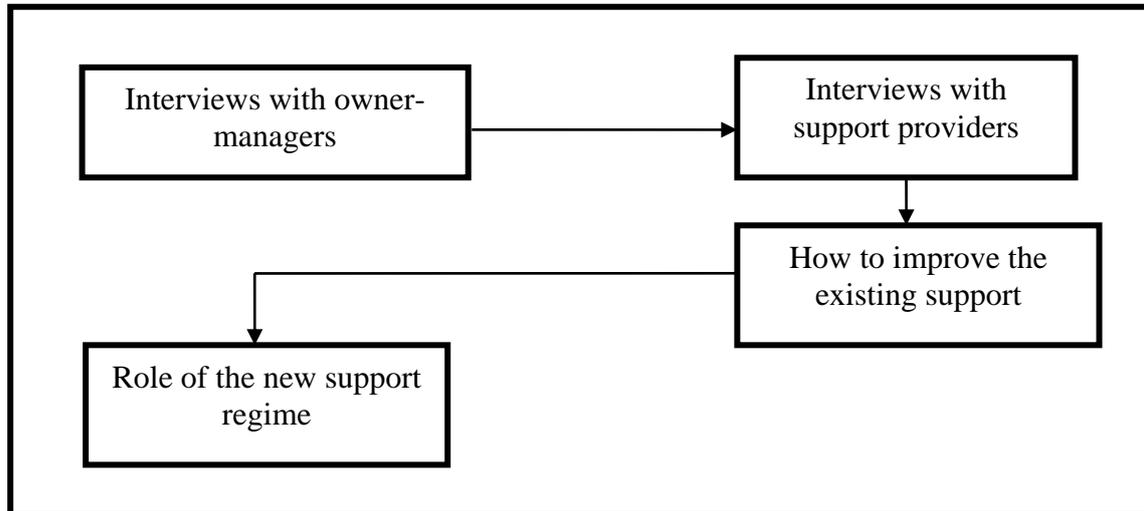
Table 4.34 - Null Hypothesis Eight: Reasons for Non-Use of Support

Characteristics	Rejected	Not Rejected
Company Characteristics		
Age		X
Province		X
Urban/Rural Locations		X
Business Sectors		X
Ownership		X
Owner-Manager Characteristics		
Age		X
Gender		X
Educational Qualifications		X
Previous Ownership		X
Reason to Start		X
Strategic Characteristics		
Financial Objectives		X
Employment Growth Ambitions		X
Financial Performance		X
Undertake Planning		X
Formality of Planning		X
Planning Period		X

CHAPTER FIVE

IN-DEPTH INTERVIEWS WITH OWNER-MANAGERS AND SUPPORT PROVIDERS

Figure 5.1 – Structure of Chapter Five



The structure of Chapter Five is presented in Figure 5.1. This chapter summarises the information gathered from in-depth interviews with ten owner-managers of post start-up small businesses and the five support providers. A key objective of the interviews was to gain a deeper understanding of why the results of the mail questionnaire survey emerged as they did. Another objective was to learn the opinions of owner-managers and support providers on how current support services could be further developed. The personal interviews shed light upon the individual outcomes the different participants had with post start-up support schemes, and the owner-managers explained what contributed to those particular outcomes.

Of the 15 interviews 14 were tape recorded and subsequently transcribed. One of the interviewees (a support provider) did not give consent to record the interview. Written notes were made of that interview. The large volume of information generated from the interviews was analysed broadly following the 5-stage process proposed by Marshall and Rossman (1989) and within-case and cross-case analysis methods recommended by Creswell (1998). The “partially ordered meta-matrices” drawn from summary information following the guidelines of Miles and Huberman (1994) facilitated the identification of general themes and common areas of interest. The

summary versions of partially ordered meta-matrices prepared from the 15 interviews are contained in Appendices 19 (owner-manager interviews) and 20 (support provider interviews). The results of cross-case analysis are presented in Tables 5.1 (owner-managers) and 5.2 (support providers).

5.1 INTERVIEWS WITH OWNER-MANAGERS

The population to which the findings were intended to be generalised are the post start-up small businesses in Sri Lanka. Therefore, in selecting the 10 businesses for interviews, consideration was given to the provinces, districts and industrial sectors of the businesses. It was assumed that the sample selected from the six districts in the selected two provinces would furnish information that addresses the shared problems of post start-up small businesses in Sri Lanka.

Included in the owner-managers interviewed were two exporters, one engaged in export of flowers and the other in the manufacture and exporting of wooden products. One person was engaged in the third party contract manufacture of garments for an exporter and another in retailing of pharmaceuticals. Of the others, one was in fruit farming and the manufacture of jams, chutneys and fruit juices, one each were in the manufacture and marketing of shoes, sportswear, instant tea latte, spices and bottled water. Four of the companies were located in the Southern Province and six were in the Western Province. Four companies were located in urban areas. Another four were from suburban areas. Two were from rural locations.

The smallest company had just two employees, the two largest businesses had 14 and 15 employees and the rest employed between eight and twelve people. Selection of companies with different employee numbers was intentional even though the primary focus was the provinces, districts, and industries. Three companies had increased their employee numbers: garment manufacturer (2), bottled water manufacturer (3), and instant tea latte manufacturer (1). The diverse sample selected could be best described as a purposeful sample that is broadly representative of the post start-up small businesses in Sri Lanka.

During the interviews with owner-managers the questions were confined to three broad aspects influencing business growth. These were categorised (1) factors influencing the growth of post start-up small businesses, (2) the awareness, use and the owner-managers' opinions about the available support, and (3) the development of existing support to assist small businesses to achieve their growth ambitions.

5.1.1 Owner-Managers' Views on Factors Affecting Small Business Growth

The interviewees cited a wide range of factors as having an influence on the growth performance of their post start-up small businesses (Table 5.1). However, the fact that a number of them were mentioned by only a few people indicated that these factors are often specific to individual businesses.

Ease of Access to Finance

The influence that "ease of access to finance" has upon small business growth was mentioned by several interviewees (Table 5.1). While the owner-managers mentioned a range of issues such as high interest rates and high bank charges, the biggest concern was the attitude of banks towards small businesses. Owner-managers typically commented that demand for collateral was unjustified given the size of their resources. This was regarded as a real barrier to expansion. Under capitalisation was also cited as a problem due to non-availability of finance at low interest rates. The reluctance of banks to assist small businesses and the high interest rates charged were a particular concern to a number of businesses because of the impact of these on cash flow.

Table 5.1 - Owner-Managers' Experiences of Factors Influencing Growth - Summary of Within-Case and Cross-Case Analysis

Factors Influencing Growth / Businesses	A	B	C	D	E	F	G	H	I	J	Total
Past work experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	9
Quality of the products	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	9
Bureaucratic burdens	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Motivation of owner-managers	✓	X	✓	✓	✓	✓	✓	✓	✓	X	8
Ease of access to finance	✓	X	✓	✓	✓	X	✓	✓	✓	X	7
Quality of the service	✓	✓	X	✓	X	✓	✓	✓	✓	X	7
Competition in the market	✓	✓	✓	✓	✓	X	X	X	✓	X	6
Debt payment by customers	✓	✓	✓	X	X	X	✓	X	✓	X	5
National and regional economies	✓	✓	X	✓	X	X	✓	X	X	✓	5
Access to machinery and equipment	✓	X	✓	X	X	✓	X	X	X	✓	4
Human resources	✓	✓	✓	X	✓	X	X	X	X	X	4
Market knowledge	X	X	X	X	X	✓	✓	✓	✓	X	4
Suitable premises	X	X	✓	✓	✓	X	X	X	✓	X	4
Support from the government	X	✓	X	X	✓	X	✓	✓	X	X	4
Marketing skills/ Selling skills	X	X	✓	X	X	✓	✓	X	✓	X	4
Skilled labour	X	✓	X	✓	✓	X	X	X	✓	X	4
Access to raw materials	X	X	X	X	X	✓	X	✓	X	X	2
Consumer demand	✓	X	X	X	X	X	✓	X	X	X	2
Foreign language skills	X	X	X	X	X	✓	X	X	X	X	1
Patriotic reasons	✓	X	X	X	X	X	X	X	X	X	1
Time of entry	✓	X	X	X	X	X	X	X	X	X	1

✓=Yes; X=No

Market Demand

One owner-manager engaged in manufacturing “instant tea latte,” identified entering the market at the right time as a key factor influencing the growth of a small business. Explaining his reasons for introducing “instant tea” into the market he stated that many people today treat convenience as a key attribute when making choices amongst products and services. Sri Lankans like to drink both black tea and tea with milk. By introducing “instant tea latte,” a quick cup of tasty tea with cream, he provided them their preferred beverage while satisfying their new found desire for convenience. A key factor influencing the growth of “instant tea latte” is the market demand for the product. Stressing the influence of market demand an exporter of wooden products and toys to Germany, Switzerland and the United Kingdom stated that a shift in market demand towards electronic toys had a major influence on the growth of his wooden toy export business.

Access to Machinery and Equipment

After introducing “instant tea latte” to the household market this business is now introducing the “instant tea latte vending machines” to capture a share of the commercial segment of the beverage market by competing with instant coffee. This interviewee has undergone many difficulties in finding a manufacturer of “instant tea vending machines” as the Indian manufacturers of “instant coffee machines” are prohibited by their buyers (coffee companies) from making supplies available to competitors. The interviewee stated that non-availability of suppliers of vending machines was a factor that affected the growth of his business. After overcoming this constraint by finding a new manufacturer who exclusively manufactures vending machines for his “instant tea latte” he is experiencing a boom in sales.

Human Resources

Referring to the importance of human resources one owner-manager stated that “after recruiting qualified personnel to handle marketing and sales activities the company realised a 40% increase in turnover.” Another owner-manager identified human resource issues as a major constraint on his business. He stated that when five out of

his seven sales people left the company for better salaries in larger companies he found it difficult to fill those vacancies due to the shortage of trained sales people. Shortage of skilled sales people was one of the factors he identified as affecting the growth of his business.

The retailer of pharmaceuticals complained that a shortage of qualified pharmacists in the country seriously affects his operations. He stated that it is mandatory for them to employ a qualified pharmacist to dispense the drugs. Due to the current shortage of qualified personnel the pharmacists demand exorbitant salaries and lucrative working conditions that are not affordable in view of the smaller size of his business.

A small business owner sub-contracting for garment exporters mentioned the difficulties in recruiting and retaining skilled labour due to their migration to foreign countries such as China, Singapore and Vietnam where they are paid higher wages. He complained of a severe shortage of skilled labour in the garment industry caused by daily migration of about 250 workers to other Asian countries. If the current trend of migration continues he stated “in another 3 years time we will only have the export orders and machines and not the workers.” Furthermore, he mentioned that as a contract manufacturer it is impossible for him to grant any wage increases as his buyers have turned down requests for increases in piece rates for work done.

Motivation

Most of the owner-managers interviewed stressed the important influence of their own drive, ambition and self-motivation on the continuation and growth of their post start-up businesses. When talking about self-motivation and the drive needed on a day to day basis to ensure problems are overcome, the owner-manager who is engaged in the export of flowers stated that “it is my drive, motivation and ambition that makes me continue this business.” Her feelings were based upon the perception that she is “on her own” and there is little or no help available to her from government sources to resolve the endless supply problems she faces to make a success of her entrepreneurial business.

Emphasising the importance of drive and ambition one owner-manager stated that “when you have a drive, you dream and visualise what you want to achieve, I started dreaming of a fruit farming model, which I made a reality after dreaming for 30 years.” Past research has highlighted personal fulfilment as a factor that motivates an individual to start a new business (Corman et al., 1988; Young & Walsh, 1993). Referring to the motivation to start his small business another owner-manager stated “I wanted to do something for my country, because I was given free education, even on Sundays I come to the office.” This is an example of a “pull” factor that motivates an individual to start a small business (Watson et al., 1998). These responses indicate the influence of psychological factors in determining attitude towards work, achieving growth and realising goals.

Quality of Products and Services

A majority of businesses interviewed stressed the importance of the quality of the products, and seven out of the ten owner-managers stressed the importance of the service provided as factors influencing the growth of their businesses (Table 5.1). The “instant tea latte” manufacturer who dominates a niche market claimed that they have a competitive advantage over larger organisations because of the service they provide. He stated “instant tea vending machines are very sensitive, and competitors cannot match our service, we serve our customers 24 hours of the day, 365 days of the year.”

The importance of quality to gain repeat orders, to generate positive word of mouth and to create an enviable reputation was stressed by some interviewees. The owner-manager of a business manufacturing and marketing jams, chutneys and fruit juices stressed that the quality of products was a factor of overriding importance influencing the growth of his business, due to the highly competitive nature of the market for such products. A managing partner of a company processing and marketing spices stated that the reason for success of his family business is the maintenance of high product quality using superior manufacturing processes. He stated “there is no need to advertise our products, we have a high demand because of high quality.” It appeared that positive word of mouth has contributed significantly to establishing their products in the regional markets they serve. Another interviewee who is engaged in the export of wooden products stressed the importance of product quality by stating that to

guarantee product quality he supervised all materials and the activities from the point of purchase to the point of export. This he stated was the most important factor that contributed to the success of his business.

The bottled water manufacturer, stressing the importance of maintaining quality for his business, stated that he meets the standards specified by both the local and international regulatory bodies. Being a recent entrant to the market the commitment to quality control has helped him to achieve third place in a market where there are over 200 other manufacturers. It is apparent that the distinctive efforts taken by most of the small businesses to maintain the quality of the products and the services offered have been a significant factor influencing their growth performance.

Knowledge Factors – Market Information and Foreign Language Skills

One owner-manager, who was engaged in an export business, stressing the importance of market information and knowledge about the market, stated “I have both market knowledge and selling skills, but more than selling skills it was the market knowledge that made me successful.” This owner-manager perhaps was highlighting the advantages enjoyed by exporters who have sufficient information about the overseas markets they serve. Discussing other factors that contributed to his success, this owner-manager further stated that his foreign language skills helped him to improve his communications with the buyer and build a cordial relationship. The harmonious relationship built through effective communication has resulted in the importer giving him an advance payment of 50% on every order placed. This has assisted in growing his business. The above comments suggest the influence of the knowledge factor on the growth performance of a small business.

Past Experience

Responding to the question on the influence of past work experience on the performance of their current business, a majority of the owner-managers interviewed acknowledged that their past experience had a positive impact in managing certain aspects of their businesses (Table 5.1). The other interviewee had joined the family businesses. Past research has found a positive relationship between owner-managers’

previous business experience and small business growth (Locke, 2004; Macrae, 1992; Siegel et al., 1993). One owner-manager who has started a successful business identical to his previous employment commented “I have done it all before I started my business.” While agreeing his past experience was very useful, he stated that after starting his business he had to diversify into new product areas to achieve growth.

Two other interviewees who have started their businesses in fields similar to their past employment admitted that their past experience provided the knowledge about the markets and the customers’ expectations about the products. They too agreed on the usefulness of past experience in managing the growth of their current businesses. Another interviewee who has started a business in the same industry as her previous employment commented that “past experience was useful, but in any case I have been a self-learner.” All of the above interviewees indicated that it was as a result of their previous employment that they were able to identify the potential markets for the rewarding businesses they own. The interviewees also discussed the benefits of the broader general management experience they gained consequent to their previous employment.

Bureaucratic Burdens

Nine interviewees mentioned a range of “bureaucratic burdens” that had impacted the growth of their businesses (Table 5.1). The bureaucratic problems highlighted were, high business rates, cancellation of duty rebates, lack of proper systems, tougher environment regulations imposing heavy financial burdens which small business cannot afford to accommodate, delays in getting the required approvals for new products, using regulatory procedures to discourage entrepreneurs, and lack of knowledge and co-ordination among bureaucrats.

A third party manufacturer of garments who received very low piece rates for the work done by his company complained about the 5% withholding tax payable, which aggravates their cash flow problems. Adding to his misery, he said that to get the refunds of this withholding tax that he is entitled to require him to make a number of visits to the Inland Revenue Department. These trips cause him to neglect his business, and even then after undue delays he said he gets only partial payments.

Frustrated with the current bureaucrats one owner-manager stated “they need to develop systems that help the small businesses, now the bureaucrats are only interested in the revenue they can collect from us.” The above views indicate the individual difficulties and frustrations the interviewees have with bureaucratic procedures which, to a degree, are shared by most owner-managers. Past research has found that regulatory procedures enforced by governments affect the financial standing of small business (Arinaitwe, 2006; Bennett, 2006; Kozan et al., 2006; Mambula, 2002).

Debt Payments

Five of the ten owner-managers interviewed cited delays in debt payments by customers as another factor that impedes the growth of their businesses (Table 5.1). The problems associated with debt collection and late payments are highlighted in past research as threats to small businesses (Cromie, 1990; Terpstra & Olson, 1993). Cash flow problems, high interest payments on bank overdrafts, payments to debt collectors and the need to institute legal action to collect outstanding monies are some of the irritating problems that frequently confront owner-managers as a result of bad debtors. The general feeling among the interviewees was that problems of delayed debt payments seriously hamper their operations because of the ensuing cash flow problem. Furthermore, they felt that the resulting loss of reputation affects their ability to secure from banks the finance needed for expansion of their businesses.

One owner-manager who discussed the serious effects of delayed debt payments stressed that “banks need to recognise these difficulties and provide some form of relief to the small businesses to ease their cash flow problems.” Another interviewee, who complained about the interest charged by the banks on delayed settlement of overdrafts, stated that they in turn cannot demand interest from defaulting customers.

Another owner-manager who hired a retired police officer to specifically manage the debt collection process complained of the high costs he has to incur to collect the bad debts. He was also disappointed that larger super-markets take three months to settle their invoices when the going credit period in the market is 60 days. Another interviewee, who was well aware of the debt collection problems, stated that as a

precautionary measure they give credit only to their reliable customers. This company was able to adopt tighter credit control measures because of the high demand they have created for their products by sustaining a superior quality.

State of the Economy

Even though most of the owner-managers interviewed did not engage in selling high end products, five of the interviewees expressed concern that the state of the national and regional economies has some effect on business growth (Table 5.1). Their views are consistent with the findings of past research that identified the strong influence of market conditions on growth of small businesses (Gopalan, 2003; Smallbone & Welter, 2001; Storey, 1985). One interviewee stated that the income level in the region is a key factor that affects the growth of his business. The state of the regional economy will have a greater impact on the growth of small businesses that are dependent on the region for a larger share of the total company sales. Despite the above concerns, when specifically asked, one owner-manager stated that “national economy had no impact on my business. Even during the height of a near recession I grew my business by 20%.” This person probably did not feel the impact of the declining national economy to the same extent as others, as he was involved in the exports of wooden toys to the Western countries.

Competition

Six businesses stated that competition posed a threat to future growth and discussed the strategies they have adopted to combat it (Table 5.1). The variety of strategies adopted included product differentiation, new product innovation, offering superior product quality using advanced manufacturing processes, and use of better selling skills. One owner-manager, explaining the complaint management system he used to stay ahead of the competition stated “I follow-up on it on a daily basis.” He attributed a part of his success to the effective implementation of the complaint management system.

The manufacturer and marketer of shoes singled out the competition from imported products which are available in the local market at very low prices as the factor that

significantly affects the growth of his business. Porter (1985) identified the threat of new entrants as one of the five factors that determined the competitive intensity of a market. Other studies also have confirmed the impact of competition on small business growth (Macrae, 1992; Stuart & Abetti, 1986). Another interviewee who was battered by price competition in the market stated that new entrants, to gain quick market share, sell their sub-standard products at low prices. According to him many of them fail and withdraw from the market but the low prices they set create resistance from trade and consumers to any price increases, which in turn affects his profitability. Another owner-manager in an export business who did not acknowledge any competitive threats stated that “the cake is big enough for all of us.” He was also convinced that any competitive threat could be overcome by having a good product and good selling skills.

Government Support

The fact that of the ten owner-managers interviewed six did not mention government support and only four did suggests that the availability of government support is not widely known. It may also be due to the currently available support being rather narrow or specific and hence useful to some businesses but not others. Whatever the case, a majority apparently regarded the government’s support efforts as being of little or no consequence, which reflects on the perceptions held of its adequacy and appropriateness. This suggests that changes to the existing government support system could be proposed in order to enhance its credibility and encourage its use as a preferred option to overcome the problems faced by small businesses

Other Factors Influencing Small Business Growth

The responses that were received from owner-managers about the factors influencing the growth of post start-up small businesses varied according to the industries their businesses operated in, whether they were supplying the local or the foreign markets, their personal circumstances, and their resources, abilities and ambitions. The comments received clearly reflected the heterogeneity of the small business sector. The other factors mentioned by the owner-managers were premises constraints, access to raw materials, skilled labour, and training in marketing and selling skills. Although

most comments made were highly individual in nature, some concerns were shared by a number of businesses as they were repeatedly mentioned. Additionally, in most cases the exact circumstances of how the above factors influenced the growth of small businesses differed between businesses but in a few instances broad similarities were observed.

Overall, the comments made by the owner-managers on the factors that influence the growth of their businesses were mainly individual and business-specific in nature. However, broad similarities did exist in their views in relation to some areas. The areas that were mentioned by 50% or more of the interviewees to have an impact on the growth of their businesses were, the drive, ambition and motivation of the owner-managers, the quality of the products marketed and services offered by them, ease of access to finance, debt payment by customers, owner-managers' past work experience, competition, state of the economy, and bureaucratic burdens.

5.1.2 Awareness, Use and Opinion of Existing Support

The ten interviewees were questioned about the awareness of the post start-up support available to grow their businesses. Two of the interviewees stated that they were not aware of any support available to them, one person claimed to have only limited awareness, two others stated they were aware of many support providers, three of them were aware of only one support provider each, and two were aware of two each. Overall, the awareness of support available was disappointing. Of the eight owner-managers who were aware of available support, six had made use of support. Mixed responses were received from those who had used support. It was clear that the type of assistance they received was limited to basic business skills.

Positive Perceptions

One interviewee stated that "I attended a course in costing at IDB and after the programme I was able to calculate the cost of my products more accurately." Prior to attending the programme she had used her own calculations to estimate the cost of her products which she found, after receiving training, to have been on the high side. She

stated “I might have lost some customers due to this” (through charging too high a price).

Negative Perceptions

Expressing an opinion on the available support one interviewee stated “some of the training offered is not related to the needs of small businesses.” Another interviewee who was aware of the available support expressed his dissatisfaction with the quality of programmes stating “It was not worth going after them, I am more productive in my factory.” The existence of such attitudes is also a possible reason for the low usage of available support. Even though there were some positive comments, the view overwhelmingly taken was that the available support did not adequately address the issues relating to the growth of post start-up small businesses.

One of the interviewees stated “I have not received any training from anybody, but I have a good knowledge of what I have to do, I have learnt by doing it.” Dispelling the usefulness of any available support, this interviewee aired a view that is shared by many owner-managers that growth can be achieved only through their own efforts. This is consistent with past research that found difficulties in providing required support to small business owner-managers due to their attitude “we know everything and do not require any training” (Jain, 2004).

Confirming this view another interviewee, who was disappointed with the support received, stated “you cannot learn it from trainers, it is through my perseverance, initiative and experience I grew my business.” In a similar vein another interviewee commented that “I did not learn it out of a book or a teacher.” Such attitudes discourage owner-managers from searching for support that will be useful to improve some aspects of their businesses that constrain growth. These views are consistent with findings of past research that revealed owner-managers make very little effort to up-skill themselves by attending training programmes (Hankinson, 2000).

The negative comments received were lack of attention to individual needs, absence of on-site visits to provide on-the-job training, no follow-up support, and the low quality of the training staff. The most common of the criticisms above, was the

insufficient attention given to the needs of individual businesses. The reason for this feeling perhaps is that the training sessions that were attended by a large number of owner-managers from different industries covered broader management issues which created little interest among most attendees. It is inevitable that under such circumstances the support providers will fail to address the individual needs of some of the participants, thus creating frustration.

The lack of on-the-job support was identified by some of the interviewees as another weakness in the current support regime. A recurring comment was the need for owner-managers to learn about many things to run a successful business. These owner-managers also need on-the-job practical training as they have to continuously look for new ways to complete their tasks to remain competitive. Disappointed with the lack of on-site visits to provide on-the-job support, one interviewee stated “we want them to come to us and train our people.”

Another owner-manager who was experiencing reasonable growth in the business was unable to take advantage of the support available due to lack of time. Westhead and Storey (1997) found lack of time as a reason for low take-up of training by small business owner-managers. Clarke and Gibson-Sweet (1998) recommended the “just in time” and “just enough” approach to delivery of training to effectively address the issue of lack of time.

Expressing a different view a disgruntled owner-manager stated “it is not lack of time but waste of time.” Attending a training session for some small businesses means closing their business during that time as it is the owner-manager who handles the financial transactions in most companies. This comment also reveals the scepticism some owner-managers have of the capabilities of support providers which had been identified in past research (Gill, 1988).

Ability of Existing Support

Some of the interviewees were grateful for the training and support they have received. However, on the specific issue of the ability of current support available to address the factors influencing the growth of post start-up small businesses, the

opinion of the majority was that it is inadequate. While some owner-managers doubted the ability of any support system to help small businesses grow, some made reference to the specific shortcomings of the available support system. The most commonly mentioned inadequacies of the current system were failure to assist businesses on an individual basis and lack of on-the-job support.

5.1.3 Use of Other Sources of Support

Another line of questioning inquired about the other sources of support they have used in the past. The personal sources of assistance cited were banks, consultants, accountants, business networks, relatives and friends. Five of the ten owner-managers interviewed had made use of some of these sources at some stage. One person had used the internet to access market information. One interviewee commenting on the personal sources used, stated “It depends, when I need financial support I go to the bank.”

Use of Banks as a Source of Support

Many owner-managers seek assistance from banks to resolve their financial problems. One of the interviewees criticised the banks for their unwillingness to lend to small businesses, their high interest rates and high bank charges, and their short term focus, when asked whether she would go to the banks for further support. Another interviewee who was disgruntled with the support provided by the banks stated “only 1% of those who receive bank loans do well, rest become debtors for life.” Past research has identified the difficulty of accessing required finance as the most frequently mentioned barrier to small business growth (Bridge et al., 1998; Yellow Pages, 1995).

Use of Private Consultants and Accountants

An interviewee who has used private consultants stated “I used two private consultants for 3 years and only spent money, now I have recruited permanent staff who are qualified and have better results.” Another owner-manager who has used a friend who is an accountant for advice stated “I received good advice.” Yet another

owner-manager who has used an accountant criticised the person for the high fees charged and for being interested only in making money at the clients' expense.

In general, the owner-managers who made use of accountants and private consultants failed to point out any meaningful advantage of using them in place of business support providers. However, they were utilised by the post start-up small businesses because they were aware of them and were still considered by them to be useful as sources of information when in need of urgent advice. This suggests the possibility of increasing the usage of current support providers by increasing the awareness of available support. Stressing the value of advice received from a personal contact within the same area of business, one interviewee stated "it is his expertise and experience, I got answers to solve my problems." This demonstrates an owner-manager's desire to receive individual, business-specific, practical assistance to resolve their day-to-day problems, which is not easily available from the current support providers.

Lack of Trust

Not all owner-managers were in favour of using business contacts and personal friends for business advice. Three of the interviewees highlighted the problems related with seeking support from the above sources. They argued that the competition within industries is so intense it is difficult to expect any degree of co-operation from business contacts. One interviewee stated "if they have half a chance they will take away your business." The lack of trust that exists made most of the owner-managers cautious when discussing business-related issues with their friends or business contacts.

5.1.4 Owner-Managers' Suggestions to Improve Existing Support

The owner-managers interviewed felt support could be developed to help the post start up business to grow. Successful government sponsored support schemes that contributed to increase in efficiency and profitability of small businesses are reported from UK, Scotland, Wales, France and Ireland (Bennett, 2006; Bennett & Robson, 2003; Deakins & Freel, 2003). The interviewees made several suggestions on how the

current support available to post start-up businesses could be further improved to assist their growth. From the variety of suggestions made a number of broad themes emerged. These featured a number of practical proposals which can inform the design and development of a model to address issues constraining small business growth. In general the views expressed by the owner-managers indicated a desire for on-the-job, practical and individualised support. Dalley and Hamilton (2000) state learning by doing is the preferred method of knowledge development in small businesses.

On-the-Job Support

Due to the individual nature of the support needs four of the ten owner-managers interviewed felt that on-the-job support is necessary to assist the growth of their businesses. Two owner-managers indicated preference for on-the-job advice from support providers whom they have used in the past and who are aware of their individual needs. Dalley and Hamilton (2000. p. 58) state what owner-managers want is “an ally, someone trustworthy with whom they can share a burden and thereby bolster the core knowledge of the business.” An ongoing one-to-one relationship was regarded by these owner-managers as the best means for delivering individualised support. Additionally, the owner-managers who are heavily involved with the day-to-day operations of their businesses feel comfortable to receive support from those who are familiar with their businesses.

On-Site Visits

Three of the interviewees presented arguments that highlighted the benefits they would receive from on-site visits by support providers, when they require assistance. The benefits identified were two-fold. One consideration was time. It is clear that in some cases the owner-managers who are the sole decision makers find it difficult to leave their businesses even for a few hours, either to attend a training programme or to talk to someone to resolve a problem. The other benefit perceived by the interviewees is that when a support provider comes on-site they see the specific problem of the business which enables them to provide on-the-job advice and training to address their individual needs.

Financial Support

Seven of the ten owner-managers felt that financial support in the form of low interest loans, grants, duty rebates and subsidies should be provided to the post start-up small businesses to assist their survival and growth in the current competitive environment. Under the liberalised trade policies governing the trading environment in Sri Lanka, small businesses face stiff competition not only from large companies but also from importers of cheap goods from Asian countries. As a natural reaction to this situation it was not surprising that some demanded broad relief in various forms of financial assistance.

Frustrated with the loss of employees to large companies, one interviewee stated “the large service sector companies like banks, insurance and telecom exploit this country and pay high salaries and small businesses find it difficult to keep their good staff.” This has connotations of the “free rider” problem highlighted in past research (Bennett, 2006). Some interviewees presented more specific and reasoned proposals for assistance. For example, to overcome the loss of employees to large companies, one interviewee proposed labour subsidies to fund staffing which will allow them to retain staff trained by them to take advantage of the growth opportunities.

Some felt government action such as lobbying banks is required to get lower interest rates and to relax some of the tougher conditions set to grant financial assistance. Interest free government loans to overcome short-term cash flow problems, simplification and relaxation of regulations impeding growth of small businesses, reduction of import duties on raw materials and business rates were some other actions called for from the government.

Modern Technology

Four of the ten owner-managers interviewed stressed the importance of providing modern technology to small business to improve their competitiveness in the local and foreign markets. One interviewee stressed “competitive technology should be made available to entrepreneurs. What is available today is only the basic technology.” Making reference to the current support available another interviewee stated “what is

missing is technology.” Robertson (2003) highlighted the importance of technology to small businesses in developing countries to converge with the markets in the developed world. Westphal (2002) emphasised the importance of adaptation of acquired technology to local conditions to make a meaningful contribution to individual economies in developing countries. The owner-managers interviewed emphasised the importance of these two aspects of technology to small business growth in Sri Lanka.

Another interviewee felt advice is required on purchasing of computers and the use of business software to improve the efficiency of small businesses. The overriding perception of the four interviewees who commented on the need for additional support with technology was that the current technology used by most small businesses is a barrier to the growth of their businesses. Bennett (2006) states improving the global competitiveness of a country addressing issues related to infrastructure is largely a role for the government.

Training and Advice

Five of the ten owner-managers questioned felt support is required to provide training and advice in disciplines such as marketing, finance, and human resources pertaining to small business management. One interviewee stated “provide opportunities for people to acquire the basic skills so that the small businesses could hire them.” Past researchers have stated that appropriate action for governments is to develop policies that support generic needs of small businesses such as training (Batra & Mahmood, 2003; Bennett, 2006).

All five interviewees emphasised the need for practical advice that helps to resolve the specific problems of their businesses. Their comments clearly reflected the diverse nature of the problems faced by the small businesses and the specific advice and training required to resolve the problems. The responses again suggest the importance of delivering support in such a way as to address the specific problems faced by the individual businesses during training and advisory sessions.

One-Stop Shop and Databases

There were two recommendations made by the interviewees to improve the awareness of the support available. They were: (1) to develop a one-stop-shop to facilitate access to support, and (2) to develop a central database and regional databases detailing information about the support providers. One interviewee felt that it would be beneficial to develop a database of specialist support providers from different industrial backgrounds and make them available to small businesses so that they could access the right support providers when needed.

Ad Hoc Suggestions

The owner-managers interviewed also made several ad hoc suggestions on how the current support available to post start-up business could be further improved. These included training and advice on management issues at lower cost, access to information, grants, and tax relief to small businesses. In broad terms interviewees demonstrated a need for delivery of support that is timely, practical, on-the-job and on-going, and that addresses the individual needs of the businesses involved.

5.2 INTERVIEWS WITH SUPPORT PROVIDERS

In-depth interviews were also conducted with five support providers. These organisations were involved in the provision of a wide variety of support to small businesses both at the start-up and post start-up stages. The geographical spread of the areas covered by these support providers extended across all districts in the Western and Southern Provinces. The exact manner in which the programmes were delivered varied between organisations.

Funding from various organisations was received by the support providers for the delivery of programmes. In addition to government funds and private capital, most support providers received foreign aid from World Bank, ADB, JICA, UNIDO and UNDP. To further finance their operations some accessed credit both at commercial and subsidised rates. However, the current trend is to deliver self-financing projects which are fee levying.

One support provider interviewed was an assistant director of a large government organisation, another was a manager of a large support provider with foreign collaboration. Two of the interviewees were attached to NGOs, one of them was the managing director and the other the national advisor. The fifth person was an executive director of a large private sector support provider.

As with owner-manager interviews the discussions were based on five broad topics. They were (1) the factors affecting the growth of post start-up small businesses, (2) issues related to support programmes, (3) awareness of the support available to post start-up small businesses, (4) their opinion about the available support, and (5) how might the current support be developed to help post start-up small businesses to achieve growth. Four out of five interviews were recorded on tape.

5.2.1 Support Providers' Views on Factors Affecting the Growth of Post Start-up Small Businesses

Table 5.2 provides a summary of the factors identified by the support providers as important influences on post start-up small business growth. Most attached high importance to the personal qualities of owner-managers, their drive, motivation and entrepreneurial capability as the primary factors influencing growth. The important skills identified included managerial and negotiation skills.

Market Factors

Two of the interviewees cited examples of small businesses that have grown rapidly under favourable market conditions. They emphasised that favourable market environments are necessary pre-conditions for small business growth. One of them, after highlighting the importance of market factors, stated in spite of that, over 70% of owner-managers start their businesses without any assessment of market potential. Smallbone (1990) points out the lack of market demand as a major cause of small business failure.

Table 5.2 - Support Providers' Experiences of Factors Influencing Growth – Summary of Within-Case and Cross-Case Analysis

Factors Affecting Growth / Small Businesses	A	B	C	D	E	Total
Motivational factors	✓	✓	X	✓	✓	4
Entrepreneurial capability	X	✓	✓	✓	✓	4
Undertake planning (business plans, marketing plans)	✓	✓	X	✓	✓	4
Competency in marketing	✓	✓	✓	X	X	3
Competitive environment	✓	X	X	X	✓	2
Financial management skills	✓	✓	X	X	X	2
Human resource management	✓	X	X	X	✓	2
Infrastructure (power, transport and communication)	X	X	✓	✓	X	2
Market entry at the right time	X	✓	X	X	✓	2
Market factors (eg. market potential)	X	✓	✓	X	X	2
Quality of products	✓	✓	X	X	X	2
Sound business knowledge	✓	✓	X	X	X	2
Use of appropriate technology	✓	X	✓	X	X	2
Access to bank loans	X	X	✓	X	X	1
Appropriate pricing	✓	X	X	X	X	1
Managerial skills	✓	X	X	X	X	1
Negotiation skills	X	X	✓	X	X	1
Political and security situation	X	✓	X	X	X	1
Role of luck	X	✓	X	X	X	1
Suitable premises	✓	X	X	X	X	1

✓ = Yes; X = No

Human Resources

One interviewee stressed the importance of human resource management skills for achieving small business growth. The view taken by this person was that lack of these skills will eventually lead to the disappearance of businesses. Past research has found significant correlation between competency in human resource management and small business growth (Cromie, 1990; Macrae, 1992; Terpstra & Olson, 1993). Another interviewee stated that entrepreneurial development and human resource development activities are important to encourage the growth of post start-up small businesses.

Motivational Factors

There was general agreement amongst four out of the five interviewees that owner-managers' drive and motivation have an important influence on the growth of post

start-up small businesses. Past research has identified owner-managers' motivation as one of the factors that significantly affect small business establishment and growth (Bouwen & Steyaert, 1990; Bygrave, 1994; Morrison et al., 2003; Watson et al., 1998). One stated that "those who have the initiative and the will to succeed become successful." Another support provider, referring to a key reason why entrepreneurial owner-managers embark on starting a small business, stated that it is closely linked to their ambitions. According to this interviewee what the majority want is a comfortable living for them and their families. Once this is achieved they are not very keen to grow their businesses any further. However, according to this support provider the competitive environment forces some to initiate innovative actions for their survival, which results in growth even though they did not have an ambition to grow any further after having achieved a reasonable standard of living.

External Factors - Political, Security and Infrastructure Issues

Another interviewee felt that the expected impact of current support is not realised due to the negative influence of some of the external factors. Specific references were made to political and security situations. A chief executive of a support provider made a point about the impact of infrastructure issues such as power, transport, and communication facilities on small business growth. Infrastructure issues were cited by another interviewee as being a particular constraint upon small business growth.

Access to Bank Loans

Referring to the issue of funds for working capital and the purchase of assets, one interviewee stated that "banks make requests for collaterals small businesses cannot provide" and deny them the access to required funds. Hussain et al. (2006) identified the non-availability of funds as a crucial factor that hinders small business growth. Owing to the failure of a large number of small businesses banks persistently view these businesses as high risk ventures. This makes it difficult for small businesses to acquire sufficient funds.

If these ventures are to succeed it is necessary for the government and the financial institutions to develop schemes to address this issue which acts as a major bottleneck

to the growth of some of the potential post start-up small businesses. In response to the question on financial support, another support provider, who was more sympathetic towards the banks and financial institutions, stated that “banks are business organisations; they need to minimise their risks and maximise their profits.”

Internal Factors

One support provider felt that a range of factors such as marketing problems, lack of research, lack of managerial skills, pricing and quality problems, financial problems, lack of business planning, and failure to use appropriate technology prohibit the growth of post start-up small businesses. Referring to the reasons why some businesses fail one person stated that those who lack business discipline do not value support. Matlay (2000) found owner-managers to be the people least likely to participate in training. According to this interviewee, such owner-managers believe that a professional approach to business management is a unique requirement for large organisations and is not essential for the development of smaller businesses.

Competency in Marketing

Another factor identified by three of the interviewees as an important influence on small business growth is competency in marketing. One of them identified competency in marketing as an absolutely essential skill required to achieve growth of small business. Another interviewee who stressed the importance of marketing stated that “most people do not know where to market and how to market.”

Owner-Manager Factors

Three of the support providers described the owner-managers of successful small businesses as people with entrepreneurial capability, business skills and knowledge and a professional approach to management. During interviews it was revealed that sound business knowledge was gained either through past experience or through a conscious effort to fill the identified knowledge gaps by attending appropriate training programmes. Another support provider stated that “most owner-managers are not market oriented, do not conduct research in the development of their products and

services but simply imitate what others do.” This interviewee suggested the need for entrepreneurial development programmes to provide them with the knowledge, skills and other forms of support required to improve their entrepreneurial capability to achieve sustainable growth of their enterprises. The absence of a business culture in those owner-managers who fail to achieve success was highlighted by another respondent. The view that was taken by this person was that such owner-managers are not intelligent, not educated, had not received any business training and most are school dropouts.

Role of Luck and Time of Entry

One interviewee who stressed the importance of a range of factors such as marketing, market research, financial planning, business plans and negotiation skills, also referred to the role of luck as a factor influencing the success of a small business. This interviewee and another made reference to the important advantage of entering the market at the right time. These two factors, luck and timing of entry into the market, introduce an element of unpredictability to the range of factors affecting the success of small business ventures. The view held by these two interviewees was that since growth and success are unpredictable, every opportunity should be provided to all small businesses without any discrimination in access to the available support. Thus, luck and timing of entry, act as detractors to choosing an approach of targeting support to small businesses with high growth potential.

Financial Management Skills

Two suggested the importance of financial management skills as a factor influencing small business growth. One interviewee stressed the specific importance of financial control skills to achieve sustainable growth. This interviewee cited the example of a small business that had initially grown rapidly when market conditions were favourable but eventually failed due to a lack of required skills in financial control.

Planning

Four of the support providers interviewed felt that the extent of planning undertaken represented an important influence upon small business growth. Past research has also found a positive association between planning and small business growth (Dolinsky et al., 1994; Orser et al., 2000; Shrader et al., 1989). One of the interviewees stated that some owner-managers do not have any business plans and do not even maintain proper records of their transactions. Referring to marketing planning skills, another interviewee stated that many owner-managers do not realise their importance because they are in growing markets. According to this interviewee there are some businesses that do well traditionally and the markets force these businesses to grow even though the owner-managers do not have any plans to achieve growth.

Suitable Premises

One interviewee identified starting a business at home due to lack of suitable premises, and the employment of family members as particular constraints upon the growth of post start-up small businesses. This was a general sentiment concerning the problems associated with finding suitable premises to start a new business. In the urban areas entrepreneurs are forced into this situation due to the shortage of appropriate and affordable premises that result from high rents and exorbitant land prices. The high land prices also restrict the physical expansion of small businesses in the more developed areas of the provinces. Past research has emphasised the importance of availability of suitable premises for small businesses to realise their full potential (Cromie, 1990; Smallbone, 1990; Storey, 1985).

Macro and Micro Factors

In general there was substantial agreement amongst the five interviewees that a number of macro and micro factors do play a role in the growth of post start-up small businesses. However, there were differences in the precise factors that were highlighted by the interviewees as the key influences on post start-up business growth. It was also the case that interviewees provided different explanations for the existence of certain constraints of growth. For example, one support provider

explained the non-availability of funds to small businesses as being due to lack of an investment climate in the country where people only look for short-term gains in view of unstable economic conditions. As mentioned earlier, another support provider explained the non-availability of funds was due to the demands for unreasonable collateral by banks.

5.2.2 Support Providers' Evaluation of Existing Support

Three of the support providers interviewed were satisfied with the support provided by them. The others expressed concerns about the existing support available to post start-up small businesses even though they were happy with a majority of their programmes. One of the five support providers commented that “all milestones have been achieved for current projects.” Another added “the impact is good but not excellent.” A third interviewee stated “impact is not measured, but we have many success stories.” This interviewee also stated that “help cannot be given forcibly; those who are successful go after the support providers.” While the above three interviewees broadly valued the current support available to post start-up small businesses, the consensus of opinion was that there was ample opportunity to make a greater impact by addressing some of the present inadequacies.

On-the-Job Support

A problem cited by an interviewee was the mechanistic nature of support provided to small businesses. This meant that the background and the unique individual needs of small businesses were not considered in delivering support. This opinion was clearly linked to the interviewee's preference for provision of on-the-job support. This interviewee stated that “what is needed is on-the-job training programmes.” However he stressed “it is very expensive.” To improve the willingness of small businesses to participate in training, Morrison and Bergin-Seers (2002) recommended the delivery of practical support at the work place in consultative partnership with the trainees.

Follow-Up Support

Four of the five support providers agreed that support available to post start-up small businesses is insufficient. One interviewee assigned the inadequacies of current support to the way they are designed and operate. He argued that there are many new small business enterprises and there isn't enough support available to them. This person commented "you need quality and quantity and there should be a continuous follow-up for about two years."

One support provider, confirming that the support programmes are very useful stressed that to enhance the impact of current support there is a need for "constant intervention." Continuing, this interviewee stated "there should be mechanisms in place to follow-up their activities." The importance of follow-up programmes was stressed by another interviewee who stated "most businesses have growth potential but have very little understanding of the different problems that they will have to face as they grow." The low survival rates of small businesses provide evidence to support the view that inadequate follow-up support will have a negative effect on the growth of small businesses. The general sense among the interviewees was that the follow-up programmes are invaluable for those businesses to learn about how to pursue growth.

Identification of Support Needs

Another interviewee, commenting on the impact of existing support, added that "you have to first identify the needs and then provide support." Continuing, this person stated that "to identify the impact you need to live with them and this becomes very costly." This interviewee also commented that "most organisations provide standard solutions, therefore, the impact is less." Neshamba (2004) recommended an independent review of support needs of small businesses to improve the relevancy of support programmes to individual needs of small businesses. Autio et al. (2007) emphasised the need to develop customised support programmes to address the specific skill needs of small businesses.

Another interviewee mentioned the need to conduct diagnostic studies of the industry sectors, and mapping workshops at individual businesses to identify the support needs

of small businesses. This interviewee further stated that after identification of all support needs they should be prioritised to address urgently the more important problems.

Access to Support

The above interviewee also felt that while support is adequate in urban areas, it is not so in the less prosperous suburban and rural areas. He stated that “geographically isolated areas have lesser support in comparison to urban towns.” Another interviewee, agreeing on the inadequacy of current support available, stated “most support providers are still in the Western Province and in the urban areas; other areas are neglected.” One other support provider, who agreed with the earlier mentioned interviewees on inadequacy of support, responded saying “it is OK in the Western Province, other places do not have enough. Compared to India it is very low, all are talking about rural development but nothing happens.” Past research that examined the influence of location on small business growth has found businesses situated in urban areas have greater opportunity to access support as compared to those in rural areas (Dahlquist et al., 1999; O’Farrell & Hitchens, 1988).

Access to Finance

One interviewee provided another reason for unsatisfactory impact of current support, “we have given a lot of technical training, but not given any financial support and the people are not performing.” He implied that even though they have passed on the technical know-how to run post start-up small businesses, they do not have the access to funds to invest in technology to take advantage of the support provided.

Awareness of Support

The interviewees were questioned about both awareness and adequacy of support. One support provider making reference to inadequacy of support to small businesses stated “they do not know whom to talk to and where to go for support.” This person was expressing his views in relation to problems associated with low awareness of

available support. The responses from support providers suggested substantial agreement amongst them with regard to the lack of awareness of support.

5.2.3 Support Providers' Views of Use of Support

All support providers interviewed believed that the support programmes delivered by them are capable of addressing most of the growth related issues confronted by post start-up small businesses. However, they have observed reluctance among owner-managers to take advantage of training and advice available even in strategically critical areas such as business planning, which have direct relationship to growth of small businesses. This reluctance to use support may be due to non-penetration of the concept of “business support services” well into the small business sector in Sri Lanka. The “fee paying training culture” however is gaining slow and steady acceptance.

Some interviewees also blamed the “know-all” attitude that prevails amongst some owner-managers for non-use of support. Referring to the willingness among owner-managers to take-up available support another interviewee stated that “some are happy, about 40%, some are reluctant, about 60%.” According to this interviewee most of the owner-managers are uncertain of the benefits that would accrue to them by undertaking some of the available support. Another interviewee said that “only 20% are willing, some do not realise the value of it, they come when there is a crisis or to solve their problems.” The managing director of another business support provider explaining the reasons for the low utilization of available support stated that “people do not value training, knowledge is not seen by them as something tangible, and therefore there is reluctance.” He commented that what some of the owner-managers want is to make money every minute.

5.2.4 Support Providers' Assessment of Usefulness of Support

All the support providers interviewed however felt they delivered quality programmes and their work has contributed to the improved performance of post start-up small businesses. One of the interviewees stated that “our programmes are very useful to the participants, there is high interest.” Another support provider commenting on the

effectiveness of the programmes stated “our programmes are really beneficial, have increased the success rates, those who have followed programmes have shown above average progress.” Another added “our programmes are quite beneficial, we have addressed the problems of a few sick enterprises, we have good success rates, and we have seen the advancement of micro businesses to small business status as a result of our programmes.” However, the interviewees who considerably praised their own support programmes were concerned about the lack of sufficient follow-up activity and programmes to help the changing needs of post start-up small businesses.

Certificates

In order to give something tangible to the participants all support providers award them with certificates which provide them with gratification similar to that of achieving an academic qualification. One interviewee responded stating that “they are very proud to display the certificates.” Another interviewee confirming that they too offer certificates stated “certificates make it easy to get jobs, useful to get bank loans, and even to find foreign employment.” Another person representing a large support provider stated “banks feel more confident to provide financial assistance to small businesses that have received training.” Another support provider who confirmed that they issue certificates for training programmes of long duration (one day or more) stated that their certificates are well recognised and therefore it is an incentive to participate in their programmes. Another support provider, referring to the value of the certificates offered, stated that “certificates provide a record of what is learnt, useful for those who do not have an academic qualification, it helps to build confidence.”

5.2.5 Support Providers’ Recommendations for Improvement of Existing Support

All the interviewees who were moderately satisfied with the nature of the support programmes also cited some of the problems related to them. One interviewee, stated that “in addition to technical skills we need to focus on programmes that enable entrepreneurial development. In some we need an attitude change to help them grow. It is only then we will see an impact at macro level.” Underlining the importance of

considering the background and the individual needs of entrepreneurs when delivering support programmes, this interviewee stated that “some are prescriptive, specific problems are not addressed.” The above opinion is clearly linked to owner-managers’ preference for individualised programmes that require establishment of continuous rapport between support providers and owner-managers.

Specific Needs

Another interviewee who was disillusioned with some of the programmes available to post start-up small businesses stated “there is a mix of programmes; we need participative, practical programmes.” This interviewee also felt the effectiveness of some of the current programmes to be low as they do not address the specific needs of the small businesses.

Another interviewee approached the question on the nature of support from a different perspective. He stated that “sometimes the owner-managers do not know the real problems, they state the symptoms.” This is consistent with the assertion made by Deakins and Freel (2003) on the poor ability of owner managers to diagnose their problems. The impression given by this person was that the practical nature of the support programmes is gradually improving. He attributed the current weaknesses to lack of resources to meet the individual requirements of small businesses.

Quality of Trainers and Logistics

A concern raised by support providers was the poor quality of some of the trainers. One interviewee was concerned that some trainers do not have the ability to transfer their knowledge to others. This probably results from poor explanatory power and communication skills. Furthermore, this person mentioned that “trainers need to update their knowledge and technology used.” The other interviewee who was dissatisfied with the quality of trainers commented that improvements are required in the areas of delivery methods, logistics and equipment used during training. An important issue in relation to the quality of trainers is that their poor quality might damage the general credibility of the support services available to post start-up small businesses. This in turn may have a secondary or even a cumulative effect on the

usage of support services. Two other interviewees however expressed general satisfaction with the quality of the trainers used by them.

Overall the message from the support providers was that while the post start-up support is valuable, it does not adequately address the factors that influence the growth of small businesses. There was agreement among support providers that some aspects of the support programmes are beneficial to the growth of post start-up small businesses. However some support providers felt that the following issues related to the delivery of support programmes should be addressed to improve the quality of support. They are: (1) quality of trainers, (2) logistical problems, (3) facilities and equipment used, and (4) training materials provided. In addition the consensus view was that by having on-the-job, individualised support, growth related issues of post start-up small businesses could be effectively addressed.

5.2.6 Support Providers' Views on How to Improve Awareness

A majority of the support providers identified problems related to owner-managers' awareness of available support. One of them stated "there are difficulties in identification and communication with small businesses." This person was making reference to two issues. The first was the lack of databases of small businesses from which they could access contact information, and the second was the insufficient funds available to implement programmes to create awareness. The suggestions made by him to address the above issues included organising the small businesses into regional groups and trade associations, developing databases to facilitate access, and communicating through them to improve the awareness of support. Another interviewee recommended the use of mass media to improve awareness.

Visit Small Businesses

An interviewee, who did not make any comments about the lack of awareness, supported the idea of visiting small businesses. He stated "we do not advertise, there is no need, we go to the clients directly." Two other interviewees who agreed with the low awareness of support suggested a similar course of action to address the problem. They expressed the view that to address the problem of awareness the support

providers need to visit the post start-up small businesses without waiting for the owner-managers to come in search of them.

Accreditation System

One interviewee cited the poor credibility of the current support available as a cause of low awareness. He argued the lack of quality control systems is a reason for the poor image created for available support services. To address this area of concern the interviewee stressed the need to introduce an accreditation system which would eliminate the bad support providers and upgrade the good.

5.3 HOW TO IMPROVE THE EXISTING SUPPORT

The support providers and the owner-managers interviewed proposed a range of ideas that would improve the existing support available to post start-up businesses and assist their growth. As expected, the proposed improvements reflected the previously discussed inadequacies in the current post start-up support system.

Role for Local Authorities

One interviewee felt that the local authorities were not working closely with industries and entrepreneurs. This hampered the flow of information about the available support services to small businesses resulting in possible lost opportunities. He expressed his dissatisfaction with the contribution made by the local authorities by stating “in Sri Lanka local authorities only collect taxes.” He was of the opinion that sensitising the local authorities to the role they could play would improve the quality of support available to post start-up small businesses at the local level. He specifically made the point that local authorities should help small businesses by providing information on resources that are available locally.

One-Stop-Shop

Another interviewee who held similar sentiments stressed a need for a centre for co-ordination of support. He was supportive of the development of a one-stop-shop that

acts as an intermediary between small businesses and support providers to co-ordinate business support programmes. This interviewee suggested that a one-stop-shop could develop databases containing information on government and private sector support providers. The suggested arrangement would save owner-managers valuable time by making it unnecessary to contact a number of different organisations to find a suitable support provider when in need of one.

Lack of co-ordination of support was stressed by another interviewee who stated “there is no co-ordination of available support, there are many support providers who are hardly used.” This interviewee also argued in favour of development of a one-stop-shop to access support. In turn if some of the available support is not used that could serve as a signal they are not viewed as credible.

Train the Trainers

A suggestion that came from two of the support providers was the need for programmes to “train the trainers.” They were raising the issue of the poor quality of some of the support providers. One of them stated that it is necessary to assess the competencies and constraints of support providers and provide them with the required training and equipment to enable them to address the specific needs of owner-managers in the delivery of programmes. This interviewee also stressed the need to match support to owner-managers’ specific individual needs.

Monitor Performance

To monitor the performance of the support providers another interviewee suggested the need for a system to evaluate the performance of support providers. While some support providers conduct stringent evaluations of their trainers others are more relaxed. A support provider who is committed to the evaluation of their trainers stated “evaluation is done on each day, for all the trainers until the end of the programme.”

Mentoring Programme

Another interviewee suggested the need to mentor post start-up small businesses. He stated “someone has to understand their problems and point them out to them.” This interviewee did not feel that the training delivered to post start-up small businesses in classroom situations alone would be sufficient to achieve the growth objectives of these businesses.

Key Suggestions

Overall, nine key suggestions were made by the support providers. They are: (1) improvements in the areas of co-ordination, (2) improvements in support at suburban and rural locations, (3) development of national and regional databases, (4) provision of follow-up support, (5) provision of on-the-job support, (6) provision of specific support to match their individual needs, (7) development of a one-stop-shop, (8) introduction of an accreditation system, and (9) programmes to train the trainers.

5.4 THE ROLE OF THE PROPOSED NEW SUPPORT REGIME

The major themes that emerged from the in-depth interviews with owner-managers and support providers are summarised in Table 5.3. The interviewees concluded there were significant gaps in the existing support system. It was felt these gaps might have deprived some businesses of potential growth opportunities. The major concerns raised by the interviewees representing the two groups were (1) the owner-managers’ low awareness of the available support, (2) lack of adequate support to post start-up small businesses, (3) poor quality of available support, (4) need for on-the-job individualised support, and (5) the necessity of on-going, follow up support.

Of course post start-up businesses must be aware of the available support to benefit from it. To address the issue of low awareness two of the interviewees, one owner-manager and one support provider, proposed the adoption of a one-stop-shop approach. One interviewee suggested encouraging the development of more support providers so that the small businesses could draw from them any form of support required at any given point in time. This interviewee probably assumed that larger

numbers would also create greater awareness. There is however a need for co-ordinated development of support providers to produce a critical mass that is sufficient to meet the requirements of post start-up small businesses. Many admitted there is a shortage of support to small businesses.

A recurring point made by the interviewees was the lack of specific on-the-job support to post start-up small businesses. A suggestion that came from one of the support providers was the development of a process for identification of support needs of post start-up small businesses as a precursor to providing the required specific support. This would enable the support providers to be responsive to the varying individual needs of the businesses rather than delivering support according to a generic prescription.

Individualised support is of paramount importance to the growth of small businesses due to the heterogeneity of needs of small businesses. This genuine concern about the lack of a suitable framework to facilitate the availability of individualised support is one of the most important issues that has to be addressed by any new support regime proposed.

There were many similarities in the views expressed by both the owner-managers and support providers interviewed. In particular, both groups of interviewees expressed the need for individualised support focusing on the specific needs of the businesses, as well as the need for on-the-job practical support. Both groups identified the importance of providing assistance with improved technology to enable small businesses to reach their full potential in local and foreign markets. There was also complete agreement about the importance of training on finance, marketing, human resources and production between the two groups of interviewees.

Table 5.3 - Major Themes Emerging From the In-Depth Interviews Held With Owner-Managers and Support Providers

Research Objectives	Emergent Themes	Conclusions
<p>1. To understand the nature and extent of employment growth among post start-up small businesses (established for 13-60 months) in the Western and Southern Provinces of Sri Lanka.</p>	<ul style="list-style-type: none"> • Most have growth potential • There are success stories • Businesses have moved from micro to small business status 	<p>Owner-managers and support providers recognise the growth potential of small businesses and have seen evidence of small business growth.</p>
<p>2. To determine the level of importance attached by owner-managers of post start-up small businesses in the Western and Southern Provinces to factors that are perceived to influence small business growth.</p>	<ul style="list-style-type: none"> • Macro factors such as national and regional economic conditions influence small business growth • Market factors (e.g. market knowledge, market information, market size/market potential) and the time of market entry influence small business growth • Customer factors (e.g. customer expectations and customer demand) influence small business growth • Owner-manager factors (e.g. motivation, drive, ambition, attitude, previous employment, past work experience, education, and management experience) influence small business growth. • Internal factors (e.g. quality of products, services, superior manufacturing processes, quality of employees, competencies in marketing, selling, planning, finance, human resource management, the technology used, market orientation and business culture) influence market growth • External factors (e.g. competition in the market, the availability of qualified, skilled and trained people, regulations, taxation, business rates, bureaucratic burdens, interest rates, demand for collaterals by the banks, debt collection problems, buyers demand for long credit periods and premises constraints) influence small business growth 	<p>The varied responses received from owner-managers reflected the heterogeneity of the small business sector. A number of internal, external and owner-manager factors were perceived to be important influences on post start-up small business growth. The importance attached by owner-managers to those factors varied according to their personal circumstances such as markets served, type of industry the businesses operated and their resources and ambitions.</p>
<p>3. To assess the extent to which the existing support services are perceived to be adequate by the owner-managers of post start-up small business growth</p>	<ul style="list-style-type: none"> • Made improvements to their business operations after receiving post start-up support • Felt that the training provided was not related to the needs of small businesses • Identified lack of on-site visits, lack of attention to individual needs, lack of on-the-job training as weaknesses in the existing support system • Were dissatisfied with the low quality of the trainers used 	<p>Some were contented with the basic skills they learnt from the support providers. Lack of attention to individual needs, absence of on-site visits to provide on-the-job training, poor quality of the trainers were the major concerns of owner-managers. The mismatch between support provided and the support needed was a major criticism of the support programmes.</p>

Table 5.3 - Major Themes Emerging From The In-Depth Interviews Held With Owner-Managers And Support Providers (Contd.)

Research Objectives	Emergent Themes	Conclusions
<p>4. To gather input from owner-managers and support providers on how the existing support could be further developed to meet the needs of post start-up small businesses</p>	<ul style="list-style-type: none"> • Disappointed with the support programmes because they were prescriptive • Needed support programmes that are participative and practical • Felt that the trainers need to update their knowledge and improve their delivery methods • Concerned about the technology and the equipment used in delivering support programmes • Preferred trainers with better communication skills and explanatory power • Proposed the development of central and regional databases of support providers with their contact details to remove the constraints in accessing support when needed. • Proposed the development of databases of industry specialists (support providers) with their contact information • Introduce a quality control system – an accreditation programme to improve the quality of support providers 	<p>Many emphasised the importance of delivering programmes that addressed individual problems of small businesses. Introduction of training the trainer programmes, updating the knowledge of trainers, regular monitoring and evaluation of programmes, use of modern technology and equipment were some of the suggestions made to develop existing programmes.</p>
<p>5. To draw upon the findings of this research to propose a model that addresses the support related issues constraining the growth of post start-up small businesses</p>	<ul style="list-style-type: none"> • Need to enhance the support available at sub-urban and rural locations • Need to identify the support needs of small businesses as a precursor to provision of support needs • Existing support could be improved by establishing a one-stop-shop that acts as an intermediary between small businesses and support providers to co-ordinate support • Awareness of support could be improved, firstly, by organising small businesses into regional groups and trade associations and secondly, by communicating through such bodies • Awareness of available support could be improved if support providers visited the small businesses • Local authorities who collect taxes from small businesses should provide information on the support services available in the region to close some of the information gaps 	<p>The support available to small businesses in sub-urban and rural areas was a major concern. The key proposals made were: (1) Development of a one-stop-shop to co-ordinate all support activities, (2) Organise small businesses to regional groups and trade associations to improve communications, (3) Identification of support needs prior to delivery of support to ensure provision of individualised support that address their problems, (4) Development of databases of support providers, and (5) Introduction of an accreditation system to improve the quality of support providers.</p>

There were also a number of key differences highlighted in the responses given. While the owner-managers felt that the provision of financial support such as access to low interest loans, grants, subsidies and tax relief was very important, the support providers recommended improving training-based solutions. In addition, the improvement of quality of trainers, training facilities, equipment used for training, the technology used to deliver the training programmes and monitoring and evaluations of support were the solutions emphasised by support providers. In these areas a clear gap was identified between the needs of the owner-managers of post start-up small businesses and what was felt by support providers to be necessary to improve the support available to post start-up small businesses.

Secondly, even though both groups appreciated the importance of provision of timely, individualised, on-the-job practical support, the support providers were more appreciative of the difficulties in the implementation of a programme to meet these requirements. Significant problems identified were related to funding and personnel. Owner-managers, on the other hand, were keen to see the development of support schemes that fulfil their requirements.

There were interesting differences between owner-managers and support providers (Tables 5.1 & 5.2) in their evaluation of factors influencing growth of small businesses. While the owner-managers highlighted factors such as past experience, removal of bureaucratic barriers and ease of access to finance as important influences on small business growth the support providers emphasised the importance of competency based factors such as marketing, business planning and entrepreneurship as important factors. This lack of compatibility between the key constituents in the understanding of the essential components of a support framework affects the outcome of the training provided.

Past research that investigated poor outcomes of training and mentoring provided to small businesses has attributed the failure of support schemes to the intrinsic and idiosyncratic characteristics of small businesses (Dalley & Hamilton, 2000). The authors conducted a case study involving eight small businesses and found that the delivery of mentoring and training assistance to small business owner-managers and employees did not result in applied learning unless the context in which the delivery

was made was empathetic to the people concerned. The authors claim that contextual filters act in a similar manner to a body's immune system to filter out information and media which are out of context to the individual. They further identify culture, communication, and learning as being contextual, and propose that contextual compatibility is necessary for the successful transfer of knowledge from advisors to small business owners.

The authors recognise motivation, intuition, commitment, people (team) and ego as the progenitors of a small business's culture, and give examples to illustrate the idiosyncratic nature of each in any given business. They note that communication is overwhelmingly oral in a small business context, and learning is primarily experiential as opposed to theoretical. Examples of success and failure in respect of each element are discussed, leading to the conclusion that "the fundamental challenge to advisors . . . is to be able to transform themselves and their knowledge into forms that are compatible with the small business" (Dalley & Hamilton, 2000, p. 58). These findings are helpful in explaining the differences between the owner managers' perceptions of what is desirable in support schemes, and those of the support providers.

5.5 SUMMARY

To gain a deeper understanding of the results of the mail questionnaire survey 15 in-depth interviews were conducted. Ten of those interviews were with owner-managers and five were with support providers. The comments made by the owner-managers on factors influencing growth were mainly individualistic in nature. The ambition, drive and motivation of owner-managers, quality of the products, the level of service provided, owner-managers' past experience, competition in the market, state of the economy, access to finance, debt payment by customers and bureaucratic burdens were identified by the owner-managers as key factors influencing their businesses. Support providers mentioned drive and motivation of owner-managers, their marketing, finance and human resource skills, extent of planning and entrepreneurship capability as the key influences on small business growth.

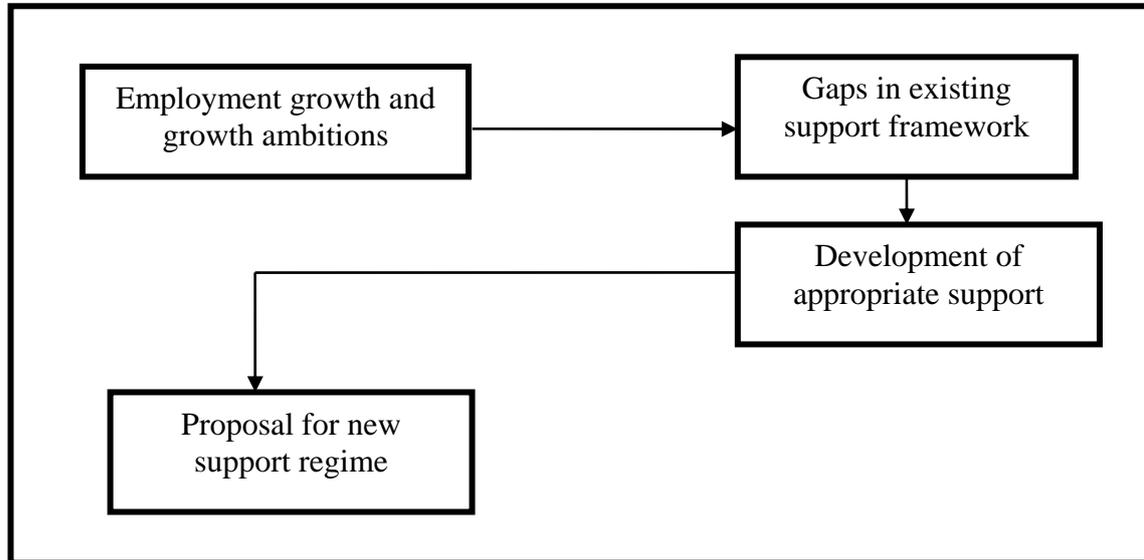
According to the owner-managers the overall awareness of available support is disappointing and the existing support is inadequate to address the factors influencing small business growth. The development of a one-stop-shop, central and regional databases, and databases of specialists were the recommendations made by owner-managers to improve existing support. All support providers interviewed were satisfied with the support they provide even though they identified weaknesses in the support delivered by some others. In general the support providers agreed that support is inadequate and awareness is low. In addressing problems related to the quality of training, support providers recommended improvements to logistics, the training material used, and the upgrading of facilities and equipment used as immediate ways to improve the support provided to small businesses.

A key finding was that time-constrained small business owner-managers have specific problems. They will engage in support programmes that will address their individualised needs. The superior position adopted by support providers in their relationship with small businesses inhibits user-provider communications to identify the specific needs of small businesses. Hence they fail to address their needs. This discourages owner-managers from further participation in training programmes.

CHAPTER SIX

DISCUSSION AND INTERPRETATION OF RESULTS

Figure 6.1 - Structure of Chapter Six



The structure of Chapter Six is presented in Figure 6.1. An examination of the results presented in Chapters 4 and 5 indicates that the first four objectives of this research as outlined in Chapter 1 have been achieved. The nature and extent of employment growth among the post start-up businesses aged between 13 and 60 months, and the level of importance attached by owner-managers of post start-up small businesses to factors that are perceived to influence their growth, have been established. The quantitative research conducted using the postal questionnaire revealed the extent of contribution made by the support providers to address the important factors affecting the growth of early post start-up businesses. These results were complemented by the findings of the qualitative research conducted through in-depth interviews. The different perspectives of the owner-managers and the support providers on how the existing support could be developed to meet the needs of small business were revealed in the in-depth interviews. The likely constraints to the development of alternative approaches to provision of support were also highlighted during these interviews.

After assessing the implications of the results of the qualitative and quantitative research, this chapter attempts to satisfy the fifth objective of the research, namely, “to draw upon the findings of this research to propose a model that addresses the support related issues constraining the growth of post start-up small businesses.” Prior to proposing improvements to the existing support framework, this chapter first outlines the key results of this study and discusses their implications with regard to the development of a new improved support regime for post start-up small businesses. The new requirements to fill the gaps in the current support framework are then elaborated on. The discussion then explores the issues related to content and delivery of the support programmes. The pros and cons of pursuing an approach of targeted assistance are also discussed.

Finally, based on the insights gained from the achievement of the first four objectives of this study, a model to address the support related issues constraining the growth of post start-up small businesses is presented. It is argued that substantial revisions are required in the existing support system to provide quality assistance to early post start-up businesses to realise their full potential.

6.1 EMPLOYMENT GROWTH AND GROWTH AMBITIONS

The extent of growth of small businesses, the factors that are associated with growth and the growth ambitions of small businesses were revealed by the questionnaire survey. The survey results were complemented by the in-depth interviews subsequently conducted.

Employment Growth

Employment growth was confined to a small proportion of the post start-up businesses surveyed. The results found a number of company characteristics, strategic characteristics and owner-manager characteristics to be associated with employment growth. These findings support the results of earlier studies that reported associations between small business growth and company characteristics such as age (Birley & Westhead, 1990; Davidsson, 2002; Dunkelberg & Cooper, 1982; Freeman et al., 1983; Reynolds, 1986; Storey et al., 1987), and ownership (Feaser & Willard, 1990;

Siegel et al., 1993; Westhead & Birley, 1995). The findings are also consistent with the contribution made by past research that revealed a positive relationship between planning (Ackelsberg & Arlow, 1985; Bracker et al., 1988; Dolinsky et al., 1994; Orser et al., 2000; Shrader et al., 1989) and small business growth.

The findings of this study also have parallels in past research that reflect a relationship between small business growth and owner-manager factors such as prior business ownership (Dahlquist et al., 1999; Hambrick & Mason, 1984; Storey, 1994), education (Dunkelberg & Cooper, 1982; Kozan et al., 2006; Wyncarczyk et al., 1993), and reason to start (Watson et al., 1998).

Some interviewees identified the existence of a relationship between owner-managers' attitudes towards growth and the actual growth of businesses. Reference made in the literature to a significant relationship between psychological variables and organisational performance provides evidence in support of the above claim made by the interviewees (Begley & Boyd, 1987; Entrialgo et al., 2000; Robinson & Sexton, 1994; Sexton & Bowman-Upton, 1991).

A significant variation in growth is shown between businesses in the urban and rural sectors. This finding is supported by empirical research that states the characteristics of each business's environment significantly affect the business's performance (Dahlquist et al., 1999; Kean et al., 1998; O'Farrell & Hitchens, 1988).

Consistent with the findings of past research the survey data shows competencies in internal factors such as marketing (Bennett & Hall, 1991; Jayawarna et al., 2003; Smallbone, 1990), production (Carswell, 1987; Macrae, 1992; Townroe & Mallalieu, 1993), communication (Atkin & Perren, 1995), and finance (Argenti, 1976; Arinaitwe, 2006; El-Namaki, 1990; Fagiolo & Luzzi, 2006; O'Neill, 1990), to be positively associated with post start-up small business growth. It is, therefore, useful to direct the necessary support to those businesses whose owner-managers perceive the internal factors associated with the overall managerial competency of their businesses to be significant influences on business growth. Inclusion of support programmes to develop these competencies as an integral part of a comprehensive

support regime will begin to address the weakness of the “non-availability of required support” that emerged from the results of the survey

Growth Ambitions

Small business owner-managers’ growth ambitions for their businesses were modest. Furthermore, as the businesses increase in age, an increased proportion of small businesses became more conservative in their growth expectations. During the in-depth interviews some owner-managers attributed this to their desire to pursue leisure activities, spend time with their families and become involved in social integration activities. This reflects the claims made in past research that after developing rewarding businesses, at latter stages, the life-style and family factors of owner-managers take precedence over the growth ambitions for the businesses they own (Davidsson, 1991; Dobbs & Hamilton, 2007; Townroe & Mallalieu, 1993).

Consistent with the findings of earlier studies this study shows an association between the growth ambitions of owner-managers and the actual growth achieved (Burns & Dewhurst, 1996; Davidsson, 1991; Gray, 1992; Herzberg, 1987; Kalleberg & Leicht, 1991; McClelland, 1961; Mochrie et al., 2006; Morrison et al., 2003; Wiklund & Shepherd, 2003). Motivations of owner-managers influence their growth ambitions to different degrees (de Vries, 1985) which finally influence the extent of growth of their businesses (Gray, 1992). These provide insights into development of new policy options.

Past empirical studies have shown that owner-managers with a need for achievement show proactive behaviour and engage in activities that ensures organisational success (McClelland, 1961; Timmons, 1999). Previous researchers have also found that the motivations to grow businesses are determined by factors such as the abilities and the needs of owner-managers and the opportunities identified (Morrison et al., 2003; Porter & Lawler, 1968; Timmons, 1999; Vroom, 1964; Walsh, 1994). This implies that addressing the factors perceived by owner-managers to influence growth might motivate them to pursue growth owing to a realisation of greater ability and opportunity to achieve growth.

The survey and interview results suggest that, to satisfactorily serve the heterogeneous support needs of small businesses, the support programmes developed should be tailored to the individual requirements of each business. The importance of delivering customised support programmes to improve the owner-managers acceptance of training offered has been emphasised in past empirical studies (Gibb, 1990; Jayawarna et al., 2003; Loan-Clarke et al., 1999; O'Dwyer et al., 2003, Sims et al., 2002). Recent studies have recommended providing support to address the specific skill needs of small business (Autio et al., 2007).

6.2 GAPS IN THE EXISTING SUPPORT FRAMEWORK

This study identified significant differences between “growth” and “declining/static” businesses in the importance assigned to all external and internal factors investigated. Significant differences were also observed in relation to three of the owner-manager factors. This variation between businesses also became evident during the owner-manager interviews, with individual owner-managers describing a number of influences that are largely applicable only to their businesses. These differences have clear implications for the development of improvements to the existing support framework.

A support regime that focuses on the competency development of post start-up small businesses will not be capable of addressing the needs of external and owner-manager factors. This requires policy-makers to develop new approaches that address the external issues such as weaknesses in the infrastructure and owner-manager factors such as education. Bennett (2006) emphasises that government should initiate action to mitigate the weaknesses in infrastructure, education and employee skills to improve the competitiveness of a country.

Importance-Adequacy Gaps

Quantitative results from this study concerning the importance of factors influencing small business growth and the adequacy of post start-up support to address them, have implications for the design and the content of future support. The best indicators of the appropriate content in terms of developing support aimed to assist growth of post

start-up small businesses are the negative “importance-adequacy gaps” identified. Sizable negative support gaps were found in strategic, managerial, marketing and finance related factors. Inadequacies of support were also found in relation to technical support, support to access networks, and even in skilled activities. The improvements and the revisions required to the content and delivery to translate the identified insights into an effective post start-up system are presented below.

Content of Support

To fill the support gaps identified in the study it is necessary to establish procedures to provide sufficient coverage of the content related to important factors influencing growth of small businesses. The content of support required by small businesses varies according to their type of product or service, the technology used and the opportunities and threats in the markets they operate. Some studies have indicated that “needs-based” support programmes developed after the identification of the immediate needs of the small businesses are more likely to be successful than “supplier-led” or “product-based” programmes (Hurmerinta-Peltomaki & Nummela, 1998).

Jayawarna et al. (2003) identified the differences in skill needs of businesses, based on the number of employees in a business. They found smaller businesses require training in skills associated with day-to-day running of the business while larger businesses require acquiring of “soft-skills” such as training, coaching and team building. Owner-managers of small enterprises also have a strong desire for tailor-made programmes that take into account the size of the business, the industry to which they belong and the business’s stage in the business life-cycle (O’Dwyer et al., 2003). Given the heterogeneous nature of small businesses the delivery of support should be preceded by an assessment of the owner-managers’ personal priorities in support needs to address the factors they perceive as hindering the growth of their businesses.

The negative “importance-adequacy” gaps identified in strategic and functional areas underscore the need for the development of appropriate content to address these gaps. Evidence from the quantitative research also suggested the need for additional help in

business planning, business management, and new product development. Past research suggests that competencies in the above strategic areas, business planning (Ackelsberg & Arlow, 1985; Atkin & Perren, 1995; Bracker et al., 1988; Gibb, 1997; Gibb & Ritchie, 1982; Shrader et al., 1989), business management (Macrae, 1992), and new product development (Slatter, 1984), act as indicators of the potential success or failure of a small business. The weaknesses evident in these strategic areas should be given due consideration when designing the new support regime.

In relation to more specific issues, the results of the survey suggest the widespread agreement among owner-managers of the extreme importance of communication skills as an important factor influencing the growth of small businesses. This proposition is supported by past studies that identified inadequate communication as a barrier to the implementation of plans and highlighted its importance to the growth of small businesses (Beer & Eisenstat, 2000; O'Regan & Ghobadian, 2002). The owner-managers also felt that this factor has not been adequately addressed in post start-up support programmes. This suggests that the provision of support to all businesses in this area would be of particular benefit.

Negative support gaps were also identified in functional areas such as marketing and finance. These were marketing capability, market research capability, selling capability, support to manage cash flow, support to collect debts and support to access low interest loans. The identified support gaps in these areas were reasonably large. In addition to these, relatively less pronounced support gaps were identified in relation to technical support, access to networks, managing costs, pricing and maintenance of financial records. However, they too were large enough to receive attention. This indicated that the "content" of support available to post start-up small businesses in Sri Lanka requires a major increase in breadth and depth to close the "support gaps" identified in strategic, functional, personal development, technical, social, and skill based areas.

Past research also acknowledge employee skills in marketing (Atkin & Perren, 1995; Bennett & Hall, 1991; Le Roux & Nieuwenhuizen, 1996; Saint-Pierre & Perreault, 2003; Smallbone, 1990), market research (Gill, 1985; Milne & Thompson, 1986) and selling (Hill & Wright, 2000; Jayawarna et al., 2003) to be associated with small

business growth. In the area of financial management, past studies have associated problems related to cash flow management, debt collection, and access to low interest loans, to impact the growth of small businesses (Arinaitwe, 2006; Cromie, 1990; Mambula, 2002; O'Neill, 1990; Terpstra & Olson, 1993). Some of the other areas past researchers have found to be important influences on small business growth are technology (Townroe & Mallalieu, 1993), cost control (Argenti, 1976; Slatter, 1984), maintenance of financial records (Gill, 1985) building networks (Gibb & Davies, 1990a; Szarka, 1990), relationship building (Gibb, 1997), production (Carswell, 1987) and managerial competence (Demick & O'Reilly, 2000). The negative support gaps that exist in relation to all areas investigated in this study suggest the inability of existing support to address the needs of small businesses.

Owner-managers' Personal Development

The other issues related to owner-managers' personal development that are not adequately addressed are: owner-managers' leadership, owner-managers' motivation, and owner-managers' ability to cope with pressure. These factors therefore deserve special attention because of their significant influence on the growth of small businesses. Past research has highlighted the influence of leadership (Chell et al., 1991; Osbourne, 1991), owner-manager's motivation (Bouwen & Steyaert, 1990; Curran, 1986; Orser et al., 2000; Young & Walsh, 1993), and the ability to cope with pressure (Entrialgo et al., 2000; Kets de Vries, 1980; Miles & Snow, 1978), on the successful development of small businesses. The very large negative gaps identified in these areas suggest that when designing content of support in the new regime, attention should be paid to the requirements in interpersonal skills and personal development, in addition to the basic competencies and knowledge based skills.

The existence of support gaps in generic skills and competencies which are relevant to all types of employees indicate an opportunity to develop ad hoc schemes in areas such as leadership, motivation and coping with pressure that could be shared by all businesses. The ad hoc schemes that suit simultaneous participation of employees from a number of businesses would help to avoid the waste of resources resulting from duplication of programme deliveries.

Delivery of Support Programmes

The importance attached to the factors influencing the growth performance of small businesses varies considerably between businesses. It is argued that this variation in importance of factors is a significant reason why the post start-up support does not adequately address the factors influencing growth of individual businesses. Sadler-Smith et al. (2000) stated that small businesses are confronted with the intractable problem of being offered market driven support programmes which may look attractive but do not meet their specific needs.

Mole (2000) noted the “commoditisation” of training courses and “homogeneity” of the solutions proposed as major weaknesses of business support programmes. Complementing the view expressed by Mole (2000), Neshamba (2004) pointed out that small businesses have their own ways of learning and, therefore, dictating to owner-managers on how to learn may not be in the best interest of the parties involved. Support providers need to take into account the influences of training method preferences in designing the delivery of programmes (Sadler-Smith et al., 2000). What the past researchers suggest is a need to pay greater attention to the individual needs of small businesses when delivering support in “business basics” or in strategic, functional, personal development, technical, social, or skill based areas. This echoes the findings of Dalley and Hamilton (2000) into the need for context compatibility in small business training.

In determining how the support should be delivered the support providers need to consider the delivery styles that suit the preferences of participants of individual businesses. The evidence from this research suggests that adopting a one-way communication approach will not suit the requirements of small businesses. Gibb (1990) emphasised the importance of the method of delivery of support programmes to small businesses, and proposed that trainers should adopt the role of facilitators and encourage participant learning by doing rather than by unloading content as experts. Similar sentiments were expressed by the owner-managers during personal interviews.

Chaston et al. (1999) has also emphasised the importance of understanding the ways small business managers learn. There is also evidence of preference for support interventions which are interactive (Cromie, 1987; Lawless et al., 2000), where the trainer uses a consultative approach (Deakins & Freel, 2003; Gibb, 1990; Morrison & Bergin-Seers, 2002), and encourage learning by doing and problem solving (Dalley & Hamilton, 2000; Gibb, 1997) to optimise benefits to participants. Morrison and Bergin-Seers (2002) also argue in favour of development of a support provision framework that addresses the specific issues confronting individual businesses and provides customised support. They also recognise the importance of choosing delivery methods that fit the preferences of the recipients.

Chaston et al. (1999) emphasised that support providers should first understand how owner-managers learn in order to deliver support programmes that meet the expectations of owner-managers. Morrison and Bergin-Seers (2002) argued that action learning is the most appropriate training method for small businesses. The other preferred learning methods of small business owner-managers are problem solving and experimenting (Dalley & Hamilton, 2000; Gibb, 1997) all of which are extensions of on-the-job training.

Of the small businesses that did not make use of available support, some reported that “lack of time” restricted their use of support. This result also implies that they require support. The insufficient support available to these businesses suggests the necessity of adopting a more flexible approach to the scheduling of the delivery of support. Past studies that point out the limited time owner-managers can spare for training has recommended a “just in time” and “just enough” approach to support delivery to improve participation (Clarke & Gibson-Sweet, 1998; Curran & Stanworth, 1987; Hogarth-Scott & Jones, 1993; Lawless et al., 2000; O’Neill, 1990; Westhead & Storey, 1997). Sadler-Smith et al. (2000) highlighted the influence of hard factors which included time constraints as an intervening variable that impacts the use of support programmes. The finding of this study endorsed their views.

Difficulties in Accessing Support

The interviewees recommended the development of databases of support providers (generalists and industry specialists) as a measure to address the difficulties experienced in accessing support as and when required. Parasuraman et al. (1985) have recognised the ease of contact of a service provider to be a key determinant of service quality. This justifies the recommendation made by the interviewees to build databases of accredited support providers who are capable of addressing the identified support gaps. Providing the owner-managers direct access to support provider databases will enable them to easily find the required support when needed.

Inadequacy of Support

Owner-managers who responded to the questionnaire survey gave non-availability of required support and poor opinion of available support as the reasons for non-use of support. A few others pointed out lack of time as a reason for non-use. These and the information provided by the owner-managers at the subsequent interviews, suggest a dominant feeling that there is inadequate support to address the factors influencing small business growth. This is akin to the observations in earlier studies that identified dissatisfaction with the way support programmes are developed (Gibb, 2000; Mole, 2000; Storey, 2000). Massey et al. (2003) stated that a blueprint for best practice in terms of providing support to small businesses is not yet established. This justifies the investigation carried out in the study to determine the approaches available to further develop existing support to post start-up small businesses in Sri Lanka.

The in-depth interviews provided insights into the possible reasons for this perception. A common feeling among the owner-managers was that support providers did not adequately recognise the individual nature of the factors that were perceived to be important influences on the growth of different businesses. The support providers, according to some of the respondents, would never be able to understand the needs of all businesses, because the needs are so specific to individual businesses. Smith and Delahaye (1998) have emphasised the difficulties in identifying the specific support needs of small businesses. Previous research that investigated the support needs of small businesses has produced different results (Carswell, 1987; Hess, 1987). This has

been attributed to the inability of the inexperienced owner-managers to judge their own support needs (Gee, 1987; O'Neill, 1990).

Another possible reason for identified inadequacies in support may be due to the differences in opinions among the owner-managers and the support providers regarding the importance of growth relevant factors. For example, the owner-managers considered communication capability, debt payment by customers and their leadership to be important factors that influence the growth of small businesses. Support providers, on the other hand, made no mention of these factors during their interviews. Given these differences in perceptions it is not surprising that the owner-managers feel the current support provided is inadequate. Services marketing literature has emphasised the importance of active user involvement and the role of user-producer interactions to develop services that enhance customer experiences (Caniëls & Romijn, 2005; Gamsler, 1998)

Segmented Approach

A segmented approach to support delivery is one of the options that were considered. The results of this study show that markets could be segmented usefully on the basis of urban and rural locations and type of ownership of small businesses. Significant differences were revealed in employment growth according to location and ownership. This supports past studies that found a variation in growth of small businesses according to their location (Dahlquist et al., 1999; Keeble et al., 1992; O'Farrell & Hitchens, 1988) and ownership (Feaser & Willard, 1990; Siegel et al., 1993; Westhead & Birley, 1995).

The significant differences in employment growth observed in relation to owner-manager characteristics suggest that segmentation on the basis of prior business ownership and educational attainment could also be beneficial. The fact that all information about company characteristics, owner-manager characteristics, and strategic characteristics may not be readily available at the commencement of a support scheme, has implications for determining the most appropriate variables to segment the markets. It will, therefore, be appropriate initially to segment the market

according to location and ownership and, at a later stage, to further segment using relevant owner-manager characteristics.

The above approach introduces an ongoing element to the provision of support and demands heavy resources, human and financial, from support providers. These constrain the use of such an approach in a developing country with limited resources. In addition, even through the use of this approach some businesses would still not have their needs addressed, due to disparity in the owner-managers' evaluations of the importance of different factors perceived to influence small business growth. Therefore, providing support to post start-up small business on an individual basis to address each business's specific needs would be best in spite of some of the practical difficulties involved.

Providing Holistic Support

Provision of support is a relevant solution to address some of the problems that constrain the growth of small businesses (Saint-Pierre & Perreault, 2003). However, if support is to be appropriate to address the needs of a specific business, the views expressed during in-depth interviews suggest that attention must be given to a number of aspects that constitute quality in a support programme. These include the content and the methods of delivery of support. Therefore, to address the problems related to support in a holistic manner, the owner-managers and support providers should formally discuss the objectives of support programmes, the content to be covered, and the methods of delivery, prior to commencement of any support programme. Neshamba (2004) stressed that the support services required by small businesses in relation to their needs should be ascertained through a consultative process between owner-managers and support providers. The owner-managers' personal priorities in support needs should also be determined to deliver those at the commencement to encourage their participation in other training programmes.

6.2.1 Awareness and Use of Support

Survey results indicated that some owner-managers had a moderate level of awareness of the available support. However, there were others who were unaware of

most of the support schemes. The more significant issue is the very low use of available support by post start-up stage small businesses. Of those who used support, a large percentage did so to ensure growth of their businesses. A majority of those who used support found the support they received to be either “useful” or “very useful.” Among those who did not use support, some stated that they were not aware of the available support while some others stated that required support was not available. The main reasons cited for non-use of support were lack of major problems and support being obtained from other sources.

Lack of awareness of support was again raised as an issue related to the non-use of support during the interviews with owner-managers. This suggests a need to enhance awareness to increase the use of support by post start-up small businesses. Quantitative research results of the study highlight the company, owner-managers and strategic characteristics that are associated with low awareness of the three best known support providers, IDB, ITI and CC. Results of this study suggest that a marketing effort to increase awareness of IDB, the best known support provider would be more productive, if it is targeted towards female owner-managers with lower educational qualifications. This suggests that a one-size-fits-all approach to create awareness is insufficient. Further research is required to find suitable channels such as women owner-managers’ associations to disseminate information on available support programmes. Gender based targeting of marketing communications will not have any significant effect on awareness of ITI and CC. As with IDB, awareness of these two support providers is low amongst owner-managers with low educational qualifications.

Prerequisites for Use of Support

Awareness and positive perceptions are both prerequisites for use of support. It is likely that those owner-managers who have positive perceptions of available support will make use of the required support according to the needs of their businesses. Those with negative perceptions may react to available support programmes in different ways. Some may not use support, dismissing any possible benefits from their use. Others may search for support providers with a better reputation in the market to get the assistance required to remedy the inadequacies in their companies. To improve

the use of support by post start-up small businesses it is, therefore, more logical to focus attention on those who are not prepared to seek any support due to their perceived negative impressions.

For the above approach to be effective, any action taken to increase awareness should be preceded by proactive efforts to improve the quality of available support. In this context it is important to note, results of this study show that half of the public companies and more than a quarter of the private companies rated support as “not at all useful.” This indicates the high expectations they have when seeking support to achieve growth ambitions. During in-depth interviews the participants recommended the introduction of an accreditation system to guarantee the quality of support offered to small businesses.

Use of Support and Financial Performance

Significant differences in the use of support were observed in relation to financial performance. A higher percentage of businesses that used support reported “very satisfactory” financial performance as compared to those who did not use support. However, it is possible that the use of support is a result of satisfied owner-managers of successful small businesses seeking more support to further enhance their performance rather than the support used helping to attain better performance. This suggests that, in either case, it would be logical to spend some resources to encourage those businesses doing well to take advantage of available support to accelerate their growth.

Other Sources of Support Used

The results of this study also indicate that some of the post start-up small businesses have used other sources (eg. friends, social networks, accountants, and banks) to receive the required support. Of those companies who did not use the established support providers, some have reported the “non-availability of required support” as the reason for non-use of support. This suggests the need to make changes to the content of the support programmes. O’Dwyer and Ryan (2000) emphasised the importance of content to improve the acceptance of training programmes.

A number of respondents stated that they used their personal networks to receive the support required. The interviews held with owner-managers revealed that some of the very small businesses with limited needs use networks because of their informality which makes them a more convenient option. Raffo et al. (2000) found the provision of networking opportunities to small businesses to be a highly valuable programme to address their support needs. Some small businesses have used networks to get more specific assistance to address support requirements related to strategic issues. These indicate the diversity in the support required by small businesses to achieve their targeted growth in a competitive market environment.

There is an opportunity to use these categories of people to promote the awareness of support providers, especially to those who have achieved growth or want to achieve growth. The responses from both owner-managers and support providers during the interviews did not indicate any co-operation between this group and the support providers. The inclusion of some of these sources as an integral part of the proposed post start-up support provision framework would be beneficial.

Non-Availability of Required Support

Interviews with both owner-managers and support providers raised the issue of non-availability of required support to post start-up small businesses. This is consistent with the earlier findings of the survey results. The lack of follow-up support schemes was identified as a major problem by some support providers. It also became apparent at the owner-manager interviews that some owner-managers who were aware of available support were less inclined to use it as it did not match their individual needs. Gibb (1990) argued that many small business managers find that most training programmes are geared to meet the needs of either students or large businesses. They feel these programmes are irrelevant to them as they are highly academic and divorced from the real world.

Reasons for Use, Non-Use, and Usefulness of Support

A majority of those who received support were seeking support to “ensure growth” of their businesses. The major reasons for non-use of support are: low awareness of

available support, the non-availability of required support and lack of major problems. Only a small percentage of the post start-up businesses investigated found the support they received met their expectations. This and the findings of qualitative research indicate that the support currently available to post start-up businesses is failing to meet the expectations of owner-managers. Ramsden and Bennett (2005) stated that some owner-managers are sceptical of the value of the support services.

During in-depth interviews owner-managers raised concerns about both the quality and the quantity of current support. These are urgent problems that need to be addressed through policy initiatives. To improve the support available to post start-up small businesses it is therefore necessary first to design and develop a comprehensive support provision framework that bridges the gaps in the existing system. The next step is to develop and implement a marketing communication plan that achieves a targeted level of awareness of support available to address the important factors that influence the growth of post start-up small businesses in Sri Lanka.

6.3 DEVELOPMENT OF APPROPRIATE SUPPORT

It is evident from the preceding discussion that gaps exist in the support provided to post start-up small businesses to address the factors influencing their growth. The poor awareness of available support, non-availability of required support, and the inability of the available support to address the specific needs of the businesses are identified as the major causes contributing to the perceived “support gaps.”

Premaratne (2001) stated that no single business has all the resources required and businesses use networks such as banks, friends, and others to acquire their requirements. The results of this study also suggest that personal networks of owner-managers address the requirements of those businesses with limited needs. Past studies have discussed the use of networks by small businesses to develop internal competencies and gain competitive advantage (Hall, 1991; Humphrey & Schmitz, 1996; Johannisson, 1991). The use of networks for risk management (Gilmore et al., 2004), to foster organisational learning and strategy development (Frazier & Niehm, 2004) and to expand to international markets (Tseng et al., 2004) have been discussed in past research. These suggest that facilitating the establishment of personal networks

should assist post start-up small businesses to overcome some of their day-to-day problems that need urgent attention.

The results of the in-depth interviews provide overwhelmingly clear evidence that support providers and owner-managers do not share similar evaluations of factors perceived to influence the growth of post start-up small businesses. For example, the owner-managers highlight the importance of quality of products and services marketed by them as key determinants of small business growth whereas a majority of support providers make no reference to product or service quality. Instead they highlight the extent of planning and marketing skills as key influences on small business growth. Both groups of interviewees however have identified a number of internal, external and owner-manager factors that are important contributors to development of competitive advantage which helps to achieve their growth ambitions.

The observed disparity between the factors influencing growth warrants a reflection on the concept of user-provider interactions highlighted in the services marketing literature (Caniëls & Romjin, 2005; Gamsler, 1988; Gronroos, 2000; Parasuraman et al.,1985; Zeithaml & Bitner, 2003). It is apparent from this study that small businesses that use available support play the role of passive users and undertake programmes offered by support providers. The owner-managers treat the support providers as prime sources of innovative solutions to their problems. The above process fails to engage the innovative capabilities of entrepreneurial owner-managers and their ability as users to contribute creative ideas to designing and development of support services. This absence of user-provider interaction inhibits the evolution of innovative support services that truly meet the needs of small businesses. Evidence from this research suggests that existing support services in Sri Lanka could be further developed by encouraging user-producer interactions in designing and delivery of small business support services.

6.3.1 Opinions of Owner-Managers and Support Providers

Some owner-managers provided their views on how to improve the current support schemes in response to the open-ended question in the questionnaire. Table 6.1 compares the evaluations of owner-managers and the support providers of existing

support expressed during in-depth interviews. Their recommendations to further develop the existing support services are presented in Table 6.2. The comparisons of main themes developed indicate the similarities and differences in opinions of owner-managers and support providers as revealed at the interviews.

Table 6.1 – Evaluation of Existing Support: Opinions of Owner-Managers and Support Providers

Owner-Managers' Opinions	Support Providers' Opinions
<ul style="list-style-type: none"> • Lack of attention to individual needs of small businesses • Some services are not related to the needs of small businesses • Not certain of getting the required support • Covers basic content. Old materials • Not very good • Very expensive • Trainers are of poor quality • Need on-site visits • Need on-the-job training • Need opportunities to get advice from industry specialists • Takes a lot of time to go after them to get support • Not worth going after them • Searching for support is a waste of time • Only basic technology is available. Need modern technology 	<ul style="list-style-type: none"> • Impact is not measured. But have success stories • Good impact. But not excellent • All milestones have been achieved for current training projects • Programmes are really beneficial. Increased the success rates. We have addressed a few sick enterprises. Some micro businesses have advanced to small status • In some cases the needs and the backgrounds of the businesses are not adequately considered • Have to first identify the needs before providing support. This is costly. • Need mechanisms to follow-up. Require need assessment surveys. • Some programmes are prescriptive. Specific problems are not addressed • Support is insufficient • Quality and quantity has to be improved • Government support to small businesses is very poor • Support is adequate in Western province and in urban areas. Insufficient in sub-urban and rural areas. Compared to India it is very low. On-the-job training is insufficient. • Need on-the-job training. But is very expensive. • Need mentoring

The views expressed by the interviewees provided insights into the development of new alternative approaches for support provision. The opinions of owner-managers and support providers which emerged from the in-depth interviews are well considered in the development of the proposed new support regime to successfully overcome the existing problems related to post start-up small business support.

The analysis of responses from owner-managers and support providers shows a consistency of views between the two groups with regard to the basic problems of the current support system. There is also considerable agreement on the areas that require improvements. The need for customisation to cater to individual requirements,

expansion of the scale of support, preference for on-the-job support, and the need to provide follow-up support are areas of considerable agreement. The demand for customisation was also apparent from the owner-managers' responses to the questionnaire survey. Support providers mentioned the practical problems associated with meeting this objective, citing the constraints faced by them in relation to funding and manpower limitations.

Table 6.2 – Recommended Support Improvements: Opinions of Owner-Managers and Support Providers

Owner-Managers' Opinions	Support Providers' Opinions
<ul style="list-style-type: none"> • Provide low interest finance • Lobby banks for low interest loans • Provide interest free short-term loans • Labour subsidies to retain staff • Reduce duties on raw materials • Relax government regulations constraining small businesses • Provide information on local and overseas regulations • Provide support to buy machinery • Develop a skilled labour force • Provide skills required to run a small business • One-stop-shop to access all support needs • Develop a database of support providers • Provide on-the-job support. Provide periodical on-site-visits • Need assistance from those with industry knowledge • Provide competitive technology. What is available is only the basics • Deliver support programmes that address small business needs • Provide advanced production technology • Need computer and software training • More practical, on-the-job, individualised support. Marketing, management and finance training at low costs 	<ul style="list-style-type: none"> • Assess the competencies and constraints of support providers • Need a system for monitoring and evaluation of support • Need a centre for co-ordination of available support • Need a one-stop-shop to act as an intermediary between small businesses and support providers • Need a programmes for accreditation of support providers to guarantee quality of support • Provide tax concessions to large companies that work together with small businesses and assist them to grow • Need participative and practical programmes • Match the needs of owner-managers • Focus on programmes that enable entrepreneurial development • Provide mentoring programmes • Provide follow-up support • Deliver train-the-trainer programmes • Improve the facilities and the technology used in delivery of support and the delivery methods • Improve the support services at rural and sub-urban locations

Many owner-managers stressed the importance of having easy access to grants and low interest loans to alleviate growth related financial problems at the post start-up stage of their development. This again was mentioned a number of times under the responses to the open-ended question in the questionnaire. Support providers were concerned with the facilities available to provide training and the availability of support at suburban and rural locations.

A wide range of proposals was offered by the respondents in terms of the specific measures required to overcome the identified problems. There were differences in agreement over the degree of satisfaction with current support. These differences to some extent reflected the differences in support needs of the interviewees representing different businesses. This reaffirms the requirement to address the markedly different support needs of individual businesses within an all inclusive support regime developed to improve existing support.

6.3.2 Targeting of Support

The fact that a smaller number of businesses have a desire for growth and/or have actually achieved employment growth, as shown by the results of the study, suggests the need to provide targeted support. However, targeting of small businesses for support on the basis of the characteristics measured in the study is not totally appropriate, due to the limited capacity of quantitative methods to accurately predict the growth capable businesses. Quantitative methods were also unsuccessful in predicting small businesses with high growth ambitions to target support towards them. Any form of segmentation used to deliver targeted support would leave some businesses not receiving adequate support, while some others would receive support in excess of their growth potential.

Stanworth et al. (1992), who experienced difficulties in identification of growth and non-growth businesses to provide targeted support, proposed that support should be focused on older, more developed businesses that have demonstrated growth in the past. The flip side of this option is that early post start-up businesses with potential for growth would be deprived of the required support. This leaves one possible solution, that of supporting all post start-up businesses without any targeting, as suggested by Birley (1986). One limitation of this solution is its high and prohibitive costs. Therefore it is recommended that an appropriate level of support be provided to all post start-up businesses without any targeting based on their needs, their potential to grow, or their commitment to achieve growth.

Implications for Resource Constrained Support Framework

In designing support programmes for post start-up small businesses in Sri Lanka the resource constrained framework that is in use makes it more difficult to address the support needs in the three groups of factors investigated in this study (internal, external and owner-manager factors). Instead it would be more feasible to address the needs of one group of factors with the limited resources available. The easiest of the three options is developing the competencies related to internal factors through training and development programmes. This approach would receive acceptance from those businesses who evaluated the internal factors to be of high importance to the performance of small businesses.

Businesses that attached greater importance to external factors and owner-manager factors will find such an approach to be less attractive to them and will need alternative approaches to meet their requirements. Given the difficulties in addressing the external and owner-manager factors through competency based training (which is more suited to addressing the internal factors), any support programme that is purely based on competency development is less likely to address support requirements in relation to external and owner-manager factors. The issues related to external factors could be addressed through infrastructure development, and the owner-manager issues through programmes such as motivation and leadership training.

It also appears that many businesses that attained growth in employment tended to attach higher importance to external, internal and to owner-manager factors. This seems to suggest that, if support is designed to achieve high growth in employment, it would also be desirable to focus on issues related to owner-manager factors. It is possible that as businesses grow in size the owner-manager related factors such as leadership, motivation and ability to cope with pressure become more important for the successful operation of the business. Therefore, the growth performance of the businesses could be used as a basis for provision of support in areas related to owner-manager factors. The support providers may have to consider carefully the needs of the businesses that have grown, those in the process of growing and perhaps those that want to grow, when designing support to address owner-manager factors.

6.4 PROPOSAL FOR A NEW SUPPORT REGIME

The views regarding support improvements identified in chapters 4 and 5 provide a basis for the development of a more effective support regime for the post start-up small businesses. Providing targeted support to those businesses with greater potential for growth and employment generation deserves consideration. But, the results of the study clearly point out the limited viability of targeting winners using measurable objective criteria. This leaves the only option of developing an all inclusive support programme to address the vital needs of every small business that has entered the post start-up stage of growth.

If each small business in a country created an extra job it will lead to a significant reduction in unemployment (Birley, 1986; Deakins & Ram, 1995). According to these authors it is the key advantage of not picking winners and providing support to all. However, the fast growing businesses create more jobs at a lower cost (Deakins & Ram, 1995). This suggests targeting support is more productive than the use of a broad brush approach. Due to the non-feasibility of picking winners using quantitative methods it is appropriate to use qualitative techniques to identify the fast growing small businesses to provide their additional support needs. The proposed new support regime while meeting the vital requirements of all post start-up businesses is intended to provide sufficient resources to fast growing businesses according to their needs.

The requirements for support improvements raised by the owner-managers and support providers during their interviews correspond closely with those inferred from quantitative research. All responses suggest consensus among owner-managers and support providers regarding the development of support schemes directed to meet the specific needs of individual businesses. Responses also indicated some disagreements related to feasibility and in the preferences for specific areas of support. Giving consideration to the opinions of owner-managers and support providers, the specific proposals made in this section are aimed at enhancing support to small businesses.

The Views of Owner-Managers and Support Providers

A number of owner-managers considered individual support that addresses the specific needs of a business to be the best means to deliver support to post start-up small businesses. Support providers who were sympathetic to this view of owner-managers, while agreeing on the benefits of such a scheme, expressed concerns about its costs and the high demand it would create for good trainers who are difficult to find. They felt the shortage of training staff would result in each trainer handling a large number of businesses, which could undermine the quality of support provided. Past studies have highlighted the shortage of trained personnel in Sri Lanka to provide quality support to small businesses (Abeyratne, 2005; Yapa, 1999). Ramsden and Bennett (2005) comment on the poor quality some of the training providers as well.

Among support providers there was great interest in providing on-going follow-up support. But some of them felt that the requests for support from post-start-up businesses on most occasions are reactive rather than proactive. Some owner-managers on the other hand felt that there was no great demand for continuous support in the areas of training and development. These owner-managers valued the occasional advice from a reputable trainer to resolve specific operational problems.

6.4.1 The Structure of the New Support Regime

This study identified the weaknesses in the existing support system that restricts the growth of post start-up small businesses in Sri Lanka. Also evident are the significant differences in the availability of support services across urban and rural sectors. The new support framework proposed is designed to address these problems that act as constraints to the growth of small businesses.

The preference for a support system designed to provide individualised support creates a need to develop a network of support providers who could deliver a range of programmes to satisfy a variety of needs of post start-up small businesses. An indicated prerequisite for the development of a superior support system would be the introduction of an accreditation system for the training providers. This would partially eliminate the many complaints made by owner-managers during the in-depth

interviews about the quality of the support in terms of the content and delivery methods. In the United Kingdom to address the concerns of the quality of advice available to small businesses an accreditation system of personal advisors has been established (Deakins & Freel, 2003).

The results of the questionnaire survey found some respondents were disappointed with the support received. These views of the owner-managers were corroborated by the support providers who were aware of the poor quality of some of the trainers. Past research has also stressed the scepticism about the quality of the trainers as a reason for non-use of support (Gill, 1988; Ramsden & Bennett, 2005). The proposed development of a nationwide network of accredited support providers will help to improve the quality and credibility of the post start-up support regime.

The results of this study suggested a need for identification and evaluation of support needs prior to provision of post start-up support to small businesses. A requirement to create a point of contact for the small businesses to acquire information on available sources of support was also identified. Therefore the next step in the development of the institutional framework required to develop the new support system would be the appointment of an organisation to co-ordinate the activities in the proposed post start-up support system. The government owned IDB (the support provider with the highest level of awareness), is the most appropriate organisation to take up this role of co-ordination due to its expertise in the area of support provision.

Deakins and Freel (2003) state that owner-managers' ability to diagnose their problems are questionable. Therefore in the proposed model it is recommended to use a team of evaluators to identify the problems and support needs of small businesses using a consultative process. Jain (2004) states collaboration helps to develop well designed programmes that meet the training needs of small businesses.

The development of a self-sustaining support provision regime requires IDB to restructure and reorient itself as a "one-stop-shop" that identifies, evaluates, prioritises, and facilitates the delivery of support needs of all post start-up small businesses in Sri Lanka. Hull (1987) expressed support for the use of an intermediary to link small businesses with support providers. The establishment of a "one-stop-

shop” was recommended by the interviewees also during in-depth interviews. The proposed one-stop-shop approach, which offers the small businesses a link to various support providers, would enable them to overcome the difficulties encountered in accessing support. In UK the use of this approach has led to an increase in the awareness of available support (Bennett, 2006).

A plethora of support services including training, advice and information are provided by a number of organisations. To further develop the existing support services a proposed strategy was to create a database of accredited national, regional and local support providers with skills required to address the “importance–adequacy support gaps” identified in the study.

This research also identified a clear demand from owner-managers for assistance and advice from support providers with industry-specific knowledge. Neshamba (2004) states owner-managers prefer to learn from those who have industry experience. Cromie (1987) recommended the development of training programmes tailored to meet the needs of different industry sectors. Therefore, the new support regime should be aligned as far as possible to deliver the specific industry skills the owner-managers seek through the industry specialists.

The industry specialists with superior knowledge about their particular industries probably are in the best position to guide owner-managers on how to use their entrepreneurial skills to achieve the most satisfying business outcomes. The demand demonstrated for support from industry specialists may also be related to the owner-managers’ poor perception of some of the trainers from whom they have received support in the past. The provision of this support would seem to necessitate the development of a multi-level network of industry specialists (national, regional and local) with a common database for information storage (Figure 6.3). This will improve the accessibility of the industry specialists.

In the new support regime, IDB would function as the first point of contact for small businesses that require support. After evaluating a request for support from a small business, IDB would pick from the database of accredited support providers a suitable party to deliver the specific support to the business seeking assistance. The new role

assumed by IDB would ensure the dual benefits of easy access and client oriented support. Furthermore, IDB, by taking on this additional role of business support facilitator, would to some extent reduce the problems associated with the low awareness of available post start-up support.

The proposed post start-up support model presented in Figure 6.3 represents a concept to facilitate support to small businesses based on their needs, growth potential, and their commitment to growth. It depicts the processes recommended to identify, evaluate and prioritise the support needs and the structures and processes developed to facilitate access and delivery of support schemes. The starting point of this support system is the identification of support needs of post start-up small businesses. Past studies have emphasised the difficulties in identifying the appropriate support for small businesses in relation to their needs (Smith & Delahaye, 1988). This requires the development of a network of evaluators of support needs (Figure 6.3). Considerable effort should be made to encourage the participation of ITOs, bank managers, accountants, industry specialists, and officers of the Chambers of Commerce in the new regime in evaluative roles.

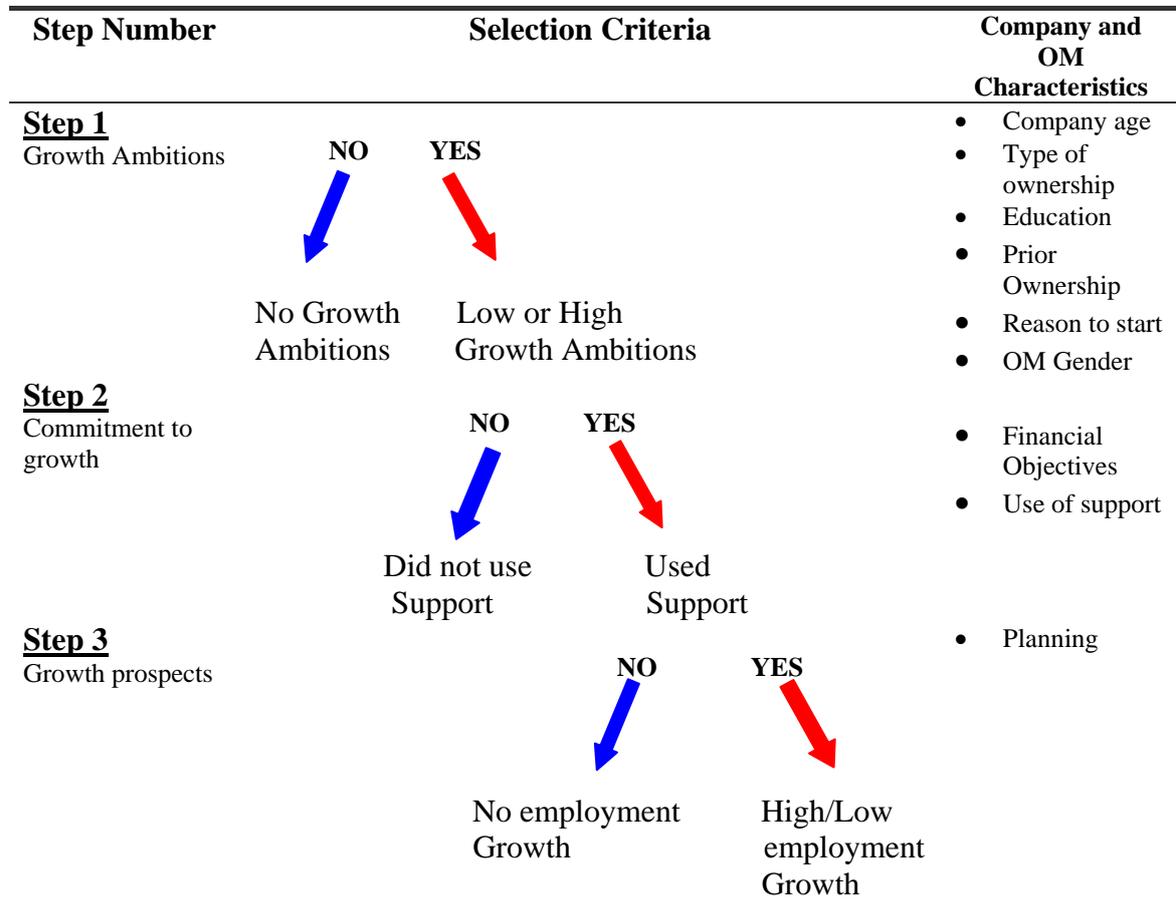
Identification of Appropriate Level of Support

The decision tree approach is a useful way to structure the longitudinal decision-making processes (Coles & Rowley, 1995). It is a useful mechanism to identify the post start-up small businesses with higher growth potential that requires a relatively large amount of support. Each step in the decision tree process has a set of decision branches. The strategy is to select the branch with the positive outcome.

The proposed three-step decision tree model (Figure 6.2) suggests a rational approach for the evaluators to identify the appropriate level of support to small businesses based on their growth ambitions (step 1), commitment to growth (step 2) and growth prospects (step 3). It highlights the company and owner-manager characteristics and the company objectives that could be used by the network of evaluators at each step to identify small businesses with a desire for growth. The evaluative criteria that are recommended for use at each step are selected based on the results of quantitative analysis (Chi-Square tests and Stepwise Discriminant Analysis) of this research and

the necessity to reduce the volume of information to be processed at the successive step to arrive at a well considered decision.

Figure 6.2 – Three-Step Decision Tree Process for Identification of Appropriate Level of Support



The results of the quantitative analysis show an association between growth ambitions and the actual growth achieved. The growth ambitions of owner-managers reveal the aims and desires they wish to realise in starting up their businesses. Some wish to just get-by whilst others desire to achieve growth (high or low). Therefore at the first step of the proposed three-step model small businesses with high growth ambitions are identified based on the findings of the quantitative study (Figure 6.2).

This study revealed the following company and owner-manager characteristics that are useful to identify the businesses with high growth ambitions: company age, type of ownership, owner-manager’s education, first business, and reason to start. Quantitative analysis has also shown gender differences in relation to growth

ambitions. Based on above characteristics, the small businesses identified to have low or high growth ambitions will be subjected to further evaluation at step two of the decision tree process to determine the appropriate level of support (Figure 6.2). Businesses with no growth ambitions will be allocated limited support.

A strategy of those who are committed to achieving growth is to make use of all available resources to reach their goals. It is possible that the owner-managers with greater commitment to growth will make use of the available support. The results of quantitative analysis also indicate an association between use of support and attainment of financial objectives. Therefore, at the second stage of the evaluation process the decision tree model will assist in identifying small businesses with high commitment to growth based on their financial objectives and the use of available post start-up support. At this stage the small businesses that have already used support would be candidates to be provided additional support in areas where they need further assistance because they show signs of high commitment to achieve growth. Those who have not used any support might not receive the same level of attention.

The results of discriminant analysis also showed there is an association of employment growth with planning and prior ownership. The percentage of growing businesses that were correctly classified using these two characteristics was 92.9%. As we have already used prior ownership as a criterion at step one, at the third step planning might be used as the selection criterion. The results of the quantitative analysis indicate businesses that engage in planning have a greater potential to achieve growth. The owner-managers of these businesses are ambitious to grow their businesses and also have high commitment to growth. As they are likely to gain most from support it would seem to be logical to provide them with maximum assistance.

Identification and Evaluation of Support Needs

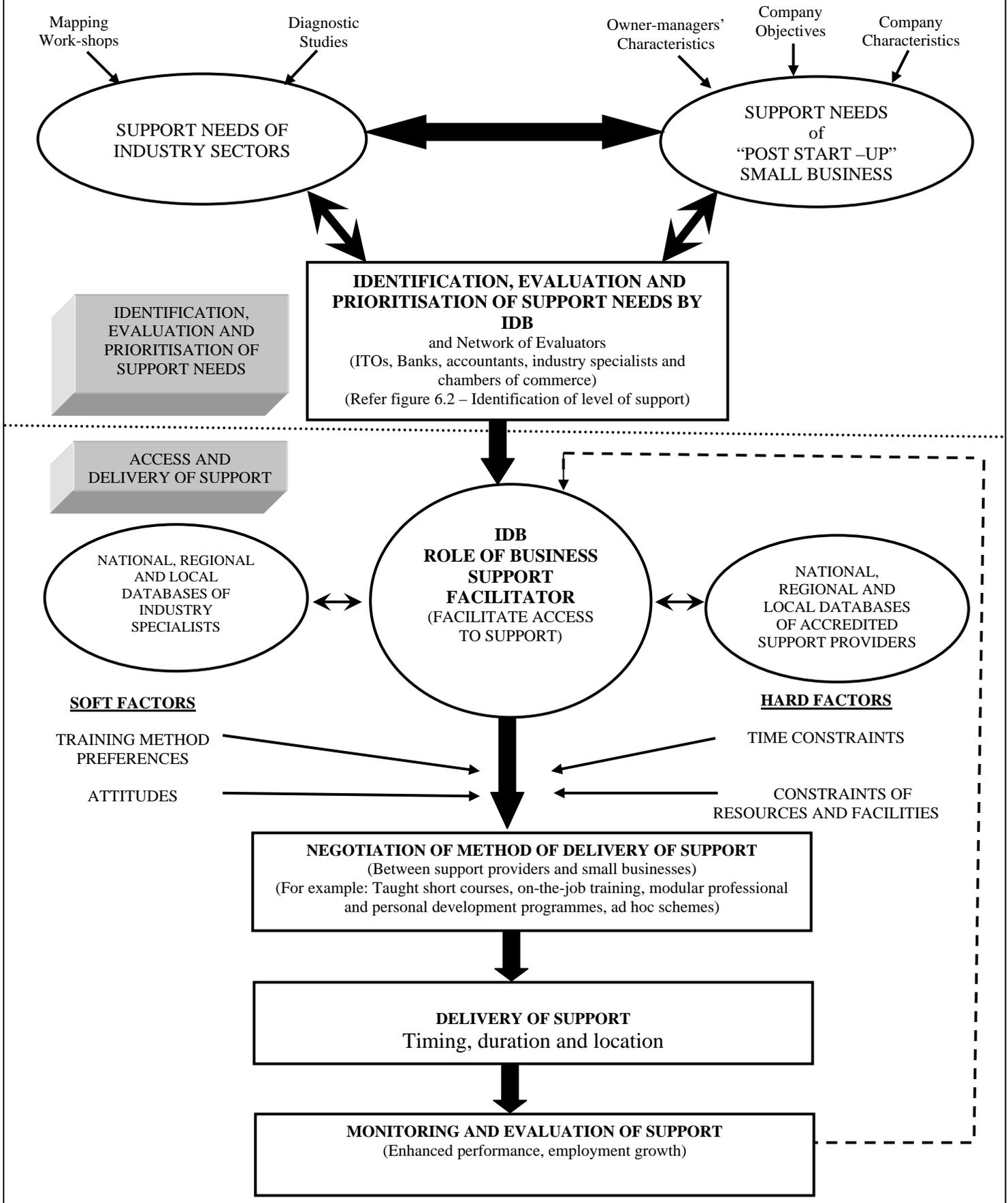
The three step decision tree process presented (Figure 6.2) and the qualitative assessments gained through discussions with the owner-managers could be used by the network of evaluators in screening the post start-up businesses to determine the appropriate type and level of support to each business. The purpose of the development of the decision tree model is not to exclude any of the post start-up

businesses that are judged not to have high growth ambitions or potential to contribute to growth from receiving support under the new regime. Rather, it is a proactive and responsive system to provide an appropriate level of support, given a business's commitment to growth, prospects of benefiting from a particular form of support, and the likelihood of a positive outcome in terms of growth in employment. The success of this proposal depends on the willingness of evaluators to commit time and effort to this process and become active participants in the new support regime (Figure 6.3).

It is recommended that the network of evaluators use the appropriate company characteristics, owner-manager characteristics, and company objectives for identification of support needs of individual businesses (Figure 6.3). As suggested by the support providers during in-depth interviews, mapping work-shops and diagnostic studies would be used to identify the support needs of industry sectors (Figure 6.3). IDB, in its role as an evaluator of support needs, would ensure the successful accomplishment of this function by acquiring the expertise and co-operation of ITOs, banks, accountants, industry specialists and Chambers of Commerce who will be constituents of the support evaluation network. Vickerstaff and Parker (1995) stated that ITOs have a thorough knowledge of the skills required in different industries and the effective use of them will be beneficial to identify the support needs of small businesses. Watson et al. (1998) recommends the use of business plans as screening documents to detect the specific needs of individual businesses. The network of evaluators will have important roles to fill in the identification of support needs.

At the initial identification stage the evaluators would be required to identify all areas of the business that require assistance and the level of support that should be provided to each business (Figure 6.3). However, providing support in all identified areas is expensive, time consuming and is unlikely to be practical. This is specifically so in Sri Lanka because of the resource constrained model that is in operation. The logical solution in this scenario would be to prioritise support by selecting the key areas that the owner-managers perceive to be more important influences on growth of their business. Giving the owner-managers the opportunity to prioritise and choose their support needs would motivate them to use the support available to address the short comings they feel are significant influences on the growth of their businesses (Neshamba, 2004).

FIGURE 6.3 – THE PROPOSED POST START-UP SUPPORT REGIME: A CONCEPTUAL MODEL TO PROMOTE POST START-UP SMALL BUSINESS GROWTH IN SRI LANKA



Access and Delivery of Support

At the second stage, IDB making use of the databases of industry specialists and/or accredited support providers could arrange to provide the required support to individual small businesses (Figure 6.3). The chosen support provider/s would negotiate with the small businesses their individual requirements in terms of content, delivery method and timing and agree on the details of the support programmes and delivery schedules. Reference has been made in the literature to the importance of the above aspects of support programmes to enhance acceptance and effectiveness (Chaston et al., 1999; Curran & Stanworth, 1987; Gibb, 1990; Hogarth-Scott & Jones, 1993; Morrison & Bergin-Seers, 2002).

Responses received for quantitative and qualitative research indicate differences in owner-managers' assessment of the adequacy of support, suggesting a variation required in the content and the delivery methods used to provide support. The contribution made by past empirical studies strongly supports this claim (Carswell, 1987; Hess, 1987; Jayawarna et al., 2003; Saint-Pierre & Perreault, 2003). The varying support requirements of post start-up small businesses could be easily addressed by having a variety of content and flexible delivery methods as key features in the new support regime.

The delivery of the selected programme should accommodate the needs and constraints of the hard and soft factors which were identified during the questionnaire survey and in-depth interviews which are highlighted in Figure 6.3. In an earlier study Sadler-Smith et al. (2000) highlighted the role of hard and soft factors in determining the effectiveness of support programmes. This research also suggested a demand for on-the-job training programmes. In this context it is interesting that past research has suggested small business owner-managers learn by doing, by problem solving and using action learning programmes (Dalley & Hamilton, 2000; Gibb, 1997; Morrison & Bergin-Seers, 2002).

Sadler-Smith et al. (2000) portray the on-the-job training option as less expensive in terms of time and money. They further stated that this method of training, which is a conventional job training approach, includes a wide range of activities such as visits,

observing, mentoring and coaching that enables employees to quickly learn skills with low resource input and minimal disruption to their day-to-day business. The results of this study suggest that the importance and benefits of on-the-job training are valued by both owner-managers and support providers. In recognition of this the delivery strategies developed would recognise the wide preference for on-the-job training.

On-site-visits do not suit all training programmes. Training methods such as taught short courses or modular professional or personal development programmes are a few examples. They may be delivered at venues that are easily accessible by many people working in different organisations. This suggests that the development of a support regime with variety of content and flexible delivery methods will offer a win-win prospect to owner-managers and support providers. The empirical research reported by Morrison and Bergin-Seers (2002) strongly supports this contention.

Monitoring and Evaluation Process

Finally, there should be a system to monitor and evaluate the effectiveness of the support programmes to determine whether or not the owner-managers' needs were met and the identified skill gaps were reduced or filled. As it is difficult to determine the effectiveness of a support programme with a single measurement, a combination of elements such as new knowledge acquired, the behavioural change achieved and the impact on company performance should be used for evaluation. IDB could make use of the feedback information to make greater use of good trainers to provide support to other businesses that require similar support. Poor evaluations received on the trainers would be communicated to the support providers to up-skill their employees using the "training the trainer" programmes. During this stage, further support required by the small business should also be ascertained to schedule delivery of on-going follow-up support to eliminate any potential threats to growth of post start-up small businesses. The gap in the current support system created by the non-availability of required support to small businesses, as evident in survey results, could thus be bridged by the proposed new support regime.

6.4.2 Key Improvements in the Proposed Support Delivery Regime

The owner-managers, for the most part, are the business. Therefore the development of owner-managers ultimately leads to the development of the business. The findings of the research indicated the need for the development of a new approach for support provision that addressed the deficiencies in the current system. The factors that need to be addressed in relation to the requirements of the support programmes are:

(1) content to be pitched to the needs of the individual companies, (2) timing, (3) on-the-job training, (4) delivery methods, (5) quality of the trainers, (6) having an element of one-to-one training within the programme, (7) opportunity to gain follow-up support, (8) address practical needs in specific areas, (9) gaining the services of industry specialists (successful business people) in the delivery of support, and (10) opportunity to interact with participants to discuss business problems.

The proposed new approach to the delivery of support has clear implications for support providers. In addition to content that has to be covered, attention must be paid to timing, location and delivery mechanisms. The support providers need to deliver what the small business managers desire to learn. Unlike professional managers they would like only to learn about what is needed to effectively grow their businesses. Therefore, an understanding of the owner-managers' perceptions of the critical factors that affect the small businesses, and the development of support programmes to address those factors, will be a determinant of the uptake of assistance provided to small businesses.

As the owner-managers cannot be away from the company for long periods of time, most owner-managers would prefer short programmes that run once a week, in the evenings, over a number of weeks. The opportunity to interact with participants and discuss with them directly the business problems they have encountered is regarded as important by most owner-managers. A common theme that emerged in both qualitative and quantitative research is a time slot allocated for one-to-one training to address the specific business problems of individual participants. This will require that support providers or the trainers take the role of facilitators and guide the participants in the learning process. Many support providers who appreciated the

importance of on-the-job training also acknowledged it to be expensive and that it would be prohibitive in terms of costs. The possible alternatives for this preferred delivery mechanism are mentoring and small group workshops that address specific business problems.

Many have requested business support programmes to be delivered by people with specialist industry knowledge and experience. They are the most capable of taking an expert stance in guiding owner-managers because of their previous experience in the industries concerned. This request from owner-managers to provide expert assistance could be accommodated through collaboration between industry specialists and support providers.

The other areas where government might act effectively to help the development of small businesses are:

1. **Provision of advanced technology to improve the quality of products and services:** Owner-managers emphasised the importance of the quality of products as a key factor influencing small business growth. Lack of suitable technology and appropriate machinery were mentioned as the key reasons for the inability to offer products which are of comparable quality to their competitors.
2. **Risk reduction** – Undue delays in debt payment by customers was mentioned as a major impediment to growth of small businesses. Introduction of more stringent regulations in relation to settlement of outstanding accounts will ease this burden that batters the owner-managers financially and psychologically.
3. **Ease of access to finance:** The demand for collaterals by the banks was mentioned as a major barrier to the expansion of small businesses. Provision of subsidies, loans and grants and encouraging banks to be less demanding on small businesses would be a relief to owner-managers.
4. **Increase the flow of information to small businesses:** Owner-managers identified the lack of information as another important constraint to growth. It

is suggested that steps be taken to improve the flow of information on trends and potential in local and international markets and the government policies that affect small businesses.

5. **Bureaucratic burdens:** High taxes, business rates, tougher environment regulations, compliance costs, corruption in the public sector and the lack of proper systems were mentioned as major bureaucratic barriers. Changes to tax regulations, compliance cost assessment, risk assessment, simplification, and exemption were identified as possible solutions.

6. **Improvements to infrastructure of business factor inputs:** The possible improvements are in the areas of making available an educated skilled workforce, research and development assistance to small businesses to improve their quality of products and services and taking steps to protect international trade through trade agreements.

6.4.3 Limitations of the Proposed Scheme

Three major obstacles are identified in relation to the proposed new support regime. The first is the possibility of setting up of the evaluation network incorporating the ITOs, banks, accountants, industry specialists and the Chamber of Commerce. The banking sector in Sri Lanka includes two large state owned banks, and many private banks that are locally and foreign owned. It is possible to get the participation of the government owned banks using the influence of Ministry of Enterprise Development and Investment Promotion. However, the participation of private and foreign banks depends on the ability of the officials pioneering this project to persuade the banks by conveying the potential benefits that would result from the advancement of the small business sector in Sri Lanka. The banks who participate in the evaluation process would have the benefit of getting to know the entrepreneurial owner-managers of small businesses. This will provide them with a great opportunity to take a proactive role to satisfy the increasing demand for financial services for these businesses as they grow by benefiting from the post start-up support received.

The second limitation is the development of support provision networks of industry specialists and accredited generalist support providers who are prepared to tailor their support schemes to meet the individual needs of small businesses. The earning potential of support providers and the funding these organisations receive from the government and non-governmental organisations will determine their commitment to participate in the proposed scheme.

The third limitation is related to the cost. The exploration of alternative sources of funding and addressing the issues related to cost-effectiveness of the project and the programmes will facilitate the implementation and continuation of the programme. The issues and concerns related to the second and third limitations could be easily resolved with the assistance of Ministry of Enterprise Development and Investment Promotion and donor organisations such as World Bank, IMF and ADB.

Despite the above limitations, the proposed model represents a viable model to address the support needs of early post start-up small businesses. The evaluative network and the support provision networks will assess and deliver the support needs of growth oriented small businesses on an on-going basis. The facilitator that ensures the provision of both the proactive and reactive support needs of small business will also improve the awareness of available support schemes. The custom designed, growth relevant support programmes delivered will satisfy the objectives of practicality and individuality required by the participant post start-up small businesses. Overall, the proposed new framework will help to overcome the main dilemmas experienced by small business owner-managers in Sri Lanka in relation to post start-up support provision.

The effective implementation of programmes of this nature is not feasible without sufficient political will behind it. Therefore the proposed new support regime should be supervised by a board consisting of high level government ministers, key government officials responsible for implementation of SME policy and representatives of the finance, labour, and education ministries. The board appointed should have sufficient power over the government budget to obtain the required approvals to implement the proposed programme.

6.5 SUMMARY

The results of the study presented in chapters 4 and 5 indicate employment growth was confined to a small proportion of post start-up small businesses surveyed. A significant variation in growth is observed between small businesses located in urban and rural sectors. Most interviewees expressed the existence of a relationship between attitudes of owner-managers and actual growth of small businesses. The survey results also indicate that the growth ambitions of small businesses owner-managers' are modest. The statistical tests conducted suggest, by using measurable characteristics of small businesses, it is difficult to identify those businesses with high growth potential to target support.

The results of the study demonstrate the existence of significant differences between owner-managers of "growth" and "static/declining" businesses, in the importance attached to internal and external factors perceived to influence small business growth. This study also identified a number of sizeable negative "importance-adequacy" support gaps in relation to strategic, managerial, marketing and finance related factors. The results of the survey and in-depth interviews argue in favour of development of a support framework that addresses the specific issues constraining the individual businesses and provides customised support.

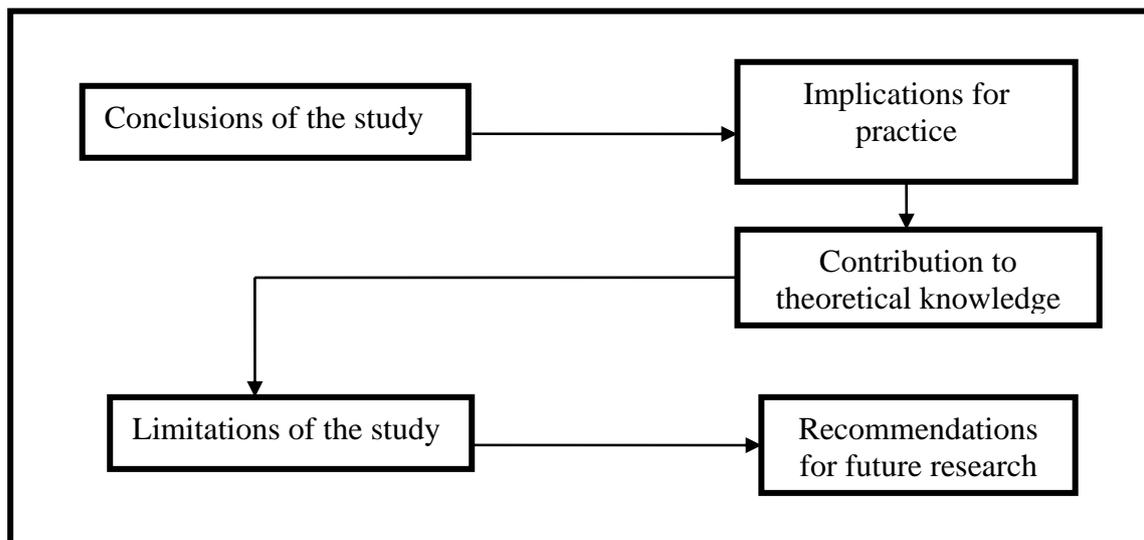
Variations are observed in the level of awareness of available support. The more significant issue is the low use of support. Owner-managers provided a variety of reasons for use and non-use of available support. During in-depth interviews lack of awareness was raised as an issue related to non-use of support. Another issue raised was the non-availability of required support. These two factors contribute their share to the support gaps identified in this study. To address the "importance-adequacy" support gaps identified in this study and minimise the weakness in the existing support system a conceptual model is proposed at the conclusion of this chapter. This model represents a foundation upon which the support programmes for post start-up small businesses might be built in the future.

CHAPTER SEVEN

RESEARCH CONCLUSIONS AND RECOMMENDATIONS

The previous chapter discussed the key results of the study and the implications for the development of a conceptual model for provision of support to address the problems constraining the growth of post start-up small businesses. This chapter briefly reviews the findings of this research with reference to its contribution to the attainment of the aims and objectives of the study. It then assesses the implications of the results for practice. The contribution of this study to theoretical knowledge is then discussed. Finally, the chapter examines the limitations of the study and concludes with recommendations for future research. The structure of this chapter is given in Figure 7.1.

Figure 7.1 –Structure of Chapter Seven



7.1 CONCLUSIONS OF THE STUDY

The literature review suggests that due to the heterogeneity of needs of small businesses, a focus on a chosen category of businesses to develop an explanatory framework of growth is justified. The absence of a comprehensive framework, or any attempt to examine the variations in growth determining factors between different categories of small businesses, validates the initial contention of this research; that factors influencing the growth of post start-up small businesses in a developing

country like Sri Lanka are not established. This suggests that knowledge about the ability of the existing support regime to address these factors is minimal. This study was therefore conducted to determine how the existing support services could be further developed to address the needs of the above businesses.

The first research objective for this study was “to understand the nature and extent of employment growth among post start-up small businesses (established for 13-60 months) in Sri Lanka.” The empirical results showed that only a small proportion of businesses had achieved employment growth. Growth was more prevalent amongst businesses owned by private and public companies, by the educated, and by those with past experience. High growth was reported by businesses engaged in planning. Significant differences in employment were observed between firms located in urban and rural settings. This evidence supports the earlier findings that associates type of ownership (Birley & Westhead, 1990; Feeser & Willard, 1990; Siegel et al., 1993), owner-manager’s education (Kozan et al., 2006; Smallbone & Wyr, 2003), owner-manager’s past experience (Dobbs & Hamilton, 2007; Locke, 2004; Storey, 1994) and planning (Ackelsberg & Arlow, 1985; Bracker et al., 1988; Cragg & King, 1988; Orser et al., 2000; Sharder et al., 1989) with small business growth. Growth ambitions of most businesses were moderate. Only a few were seeking high growth.

The second objective was “to determine the levels of importance attached by owner-managers of post start-up small business to factors that are perceived to influence small business growth.” Empirical results from the questionnaire survey highlighted the importance of a range of factors influencing growth. The results also showed a considerable variation between owner-managers in relation to the importance attached to these factors. This suggests that the importance assigned to growth determinant factors is unique to individual businesses, and requires recognition of the individual nature of support needs in designing business development services. Recognizing the difficulty in addressing the individualised needs of all businesses within a resource constrained support system, an attempt was made to target high growth businesses using quantitative techniques. The modest predictive ability of the discriminant functions was insufficient to accurately identify high growth businesses.

Research objective three was “to assess the extent to which existing support services are perceived to be adequate by the owner-managers of post start-up small businesses.” Negative support gaps were apparent in relation to many factors that were identified as important influences on small business growth. The results of the quantitative study suggested a general consensus of opinion that existing support is inadequate. This view was supported by the findings of qualitative research.

A substantial proportion of small businesses were unaware of the support available. There was some awareness of the prominent service providers. Variations were also shown in the awareness of different support providers. Reiteration of these views by both groups of participants during in-depth interviews suggested that some of the identified “negative support gaps” might have been caused in part by a lack of awareness. This led to the recommendation to pursue the option of “one-stop-shop” alongside proactive efforts by support providers to access small businesses to improve awareness.

The fourth objective of the study was “to gather input from owner-managers and support providers on how the existing support services could be further developed to meet the needs of post start-up small businesses.” Owner-managers’ and support providers’ views were sought on how best to improve existing support to small businesses. They identified a range of reasons for support inadequacies. There was a general desire for more individualised support, on-the-job training, and follow-up support. Both groups expressed a desire for a needs-based approach which requires continuous client support provider interactions.

The fifth and the final objective of research was “to draw upon the findings of this research to propose a model that addresses support related issues constraining the growth of post start-up small businesses.” The model proposed in this study to bridge the support gaps consists of two networks. The “identification, evaluation and prioritisation” network uses the knowledge gained from the quantitative analysis to evaluate the growth potential of small businesses. At this stage a network of evaluators (IDB, banks, accountants, industry specialists, and Chambers of Commerce) is used to identify the individual needs of small businesses and to facilitate access to appropriate support. At the next stage, the “access and delivery”

network ensures small businesses receive support that is specifically designed to meet their growth related needs.

Empirical results show that only a small proportion of firms have the potential to achieve employment growth. Evidence from research suggests that the existing support schemes are unable to address the needs of post start-up small businesses. Overall, the research has also demonstrated that time constrained owner-managers have distinct problems. They will engage in training and support programmes that will address the specifics of their problems. Due to support providers' failure to address the individual problems of small businesses, owner-managers are unwilling to participate in training and support programmes. Lack of awareness of available support also contributes to low usage.

The results also suggest that attempts to target support to these businesses using quantitative techniques are unlikely to be fully successful. Due to the importance of small businesses to employment generation, the challenge for policy makers is to develop cost effective support frameworks that are sensitive to the individual needs of small businesses. The model proposed in this study, which combines an identification, evaluation and prioritisation network with a support delivery network, is a possible means to bridge the gap that is shown to exist between the specific support needs of small businesses and the support available from business development service providers.

7.2 IMPLICATIONS FOR PRACTICE

Even though it is useful to know the common perceptions among owner-managers about the factors influencing growth of small businesses, the results of the study suggest that these factors are mostly unique to individual businesses. To address such perceptions, support providers must find ways to identify these individual needs. Thereafter, customised support programmes could be developed. The proposed model in this study is a step towards addressing these concerns of post start-up small businesses, and a challenge for future research is to perfect the proposed model. To improve the existing support regime, the proposed team of evaluators (drawing upon the views and experience of its members) should encourage the development of a

variety of support programmes they identify as relevant to the needs of post start-up small businesses.

Storey (1994) has pointed out the absence of any solid evidence to prove an association between provision of support and the growth of small businesses. This raises doubts whether the measures proposed in this study to assist post start-up small businesses growth, would, in fact, lead to positive outcomes. However, the responses of the support providers during in-depth interviews highlighted examples of success stories consequent to the support delivered. These stories furnish evidence that favour the continued provision of support.

The results of the study indicate that a majority of post start-up small businesses have moderate to low growth ambitions. It is not recommended that the proposed new regime should ignore the contributions of these businesses in order to maximise returns from the limited resources available. Those businesses, in turn, should not expect any large scale support interventions on an individual basis that cannot be justified in terms of return on investments or cost-benefits. Consideration should however be given to providing them with some form of support, such as the provision of information and infrastructure development that is essential to their survival and continued well-being.

The resource constraint support model in Sri Lanka seeks the best ways to spend the limited funds that are available to maximise benefits to the entire small business sector. Considering the economic benefits of small businesses, and the limited ability to pick winners, targeting of support is not recommended. Other factors that argue against targeted support are the role of luck and the timing of market entry on small business success. Influence of these factors was pointed out by the support providers during in-depth interviews. To minimise waste of resources, it is also necessary to ensure that the level of assistance provided to individual businesses corresponds to their potential for growth and the needs assessed on this basis. The two-stage support regime proposed in section 6.4 provides a means to match support according to the needs and potential of each business.

Both owner-managers and support providers indicated a preference for client focused or individualised support provision. This supports the earlier findings that owner-managers have a strong desire for customised support (O'Dwyer et al., 2003; Loan-Clarke et al., 1999). The range of delivery options available to provide the required support includes distance learning, on-the-job learning, or learning through doing and action learning (Chaston et al., 1999; Dalley & Hamilton, 2000; Gibb, 1993; Gibb, 1997; Morrison & Bergin-Seers, 2002). The challenge for support providers is to integrate successful delivery methods in their current system of support with emerging methods, to develop a coherent support delivery system that matches the learning styles of those who seek support.

7.3 CONTRIBUTION TO THEORETICAL KNOWLEDGE

This section discusses the contributions of this study to theoretical knowledge.

Holistic Study

Past research examining the factors that influence small business growth have not been extended to investigate the adequacy of existing support schemes to address identified needs (Morrison & Teixeira, 2004). This study added new knowledge to the literature on small business growth in a developing country by determining the ability of existing support schemes to address the factors influencing post start-up small business growth. It also suggested specific improvements to develop existing support processes.

Support Needs of Post Start-Up Small Businesses in a Developing Country

Some studies have examined the support needs of small businesses by treating them as a homogeneous group (Basu, 1998; Chaston, 1996). This dubious assumption asserts the existence of a small business population that shares common characteristics and distinct problems and needs. These studies have not recognised the variation in factors influencing growth and support needs due to differences in life-cycle stages (Churchill & Lewis, 1983; Coleman, 1997; Hill et al., 2002; Kazanjian,

1988; Kuratko & Hodgetts, 2004; Moy & Luk, 2003; Rutherford et al; 2003; Terpstra & Olson, 1993) or the characteristics of the company (Davidsson, 2002; Frazier & Niehm, 2004; Premaratne, 2001; Tseng et al., 2004; Westhead & Birley, 1995) or owner-managers (Andersson et al., 2004; Chaganti et al., 2002; Chell et al., 1991; Dobbs & Hamilton, 2007; Entrialgo et al, 2000; Kozan et al., 2006; Locke, 2004). This study examined the support needs of early post start-up small businesses in a developing country, recognising them as a distinct group with particular support needs. It also identified the problems and issues related to provision of required support, adding new knowledge to literature on the provision of support to small businesses.

Reasons for Low Take-up of Small Business Support

The findings of this study indicate a very low usage of available support by early post start-up small businesses. The reasons identified for this low usage are: (1) poor marketing, (2) poor delivery, (3) poor predisposition, or a distrust of the quality of support providers, (4) support services offered not meeting recipient needs, and (5) non-availability of required support at times and locations needed. Earlier researchers have highlighted the above factors as constraints to promote the use of available support (Gibb, 1990; Morrison & Bergin-Seers, 2002; O'Dwyer et al., 2003; Loan-Clarke et al., 1999). These findings, which have implications for the design and content of support, are useful to improve the market acceptance of small business support services.

The Differences in Opinion Amongst Support-Providers and Owner-Managers

This study identified differences in opinions amongst owner-managers and support providers with respect to support required by small businesses. Support providers offer programmes to address what they believe to be the required support needs. Many of the existing programmes are developed based on practices of larger organisations and the content of management education programmes. The top-down nature of the support offered, consideration given to administrative convenience rather than customisation, and the lack of understanding of individual needs of small businesses, are concerns that reduce the attractiveness of the support offered. Not

surprisingly, owner-managers are sceptical about the benefits of these programmes, which are perceived as poorly suited to their needs.

This study identified the support providers' failure to recognise the specific needs of small businesses as a reason for the low use of support. The support providers' lack of understanding of owner-managers' motivations to use support was a hindrance to encouragement of support use. Thus the owner-managers' need to recover the costs and the participating employees desire to improve future earnings identified by Jain (2004) as reasons for taking up training, needs to be taken into account. These findings add new knowledge that enables the development of support initiatives that will be seen as beneficial by the owner-managers of post start-up small businesses.

Competitive Advantage – Internal Competency Development

The findings of this study indicate that the owner-managers of “growth” businesses attach higher levels of importance to internal factors influencing post start-up small business growth as compared to those in “declining/static” businesses. This supports the earlier findings by Barney (1986), Day and Wensley (1988), and Wernerfelt (1984) which linked competitive advantage to possession of internal resources that are valuable, rare, imperfectly imitable, and without equivalent substitutes. It suggests that growth businesses are more likely to proactively seek support from formal and informal sources to develop the internal capabilities needed to achieve competitive advantage and growth (Table 7.1). Conversely, the non-growth (declining/static) businesses that assign a lower level of importance to internal factors are unlikely to proactively search for opportunities to improve their internal capabilities by establishing relationships with external organisations providing support. The majority of post start-up small businesses investigated in this study did not use the support available. It is therefore argued that this factor may have contributed to the low growth in employment observed. This finding contributes to expanded knowledge of the relationship between small business growth and internal competency development, which is a theoretical construct of competitive advantage.

Table 7.1 – Internal Competency Development

Theoretical Construct	Theoretical Relationship Suggested
Internal competency development	The extent to which owner-managers proactively engage in the development of internal competencies of small businesses is positively related to the importance they attached to internal factors perceived to influence small business growth.

Competitive Advantage – Market Focused Knowledge Development

This study found that the owner-managers of growth businesses attached a higher level of importance to external factors that are perceived to influence small business growth. More specifically, the results of quantitative analysis indicated that owner-managers of growth businesses assigned greater importance to economic conditions, market demand, and competitor activities as significant influences on small business growth than their counterparts in non-growth (declining/static) businesses. As such it strengthens the arguments in the environmental model of competitive advantage which suggest that the long-term success of a business is determined by environment forces and industry characteristics (Hayes et al., 1996; Hill, 1988; Lado et al., 1992; Porter, 1985).

The results also indicate a large percentage of those owner-managers who have started their businesses after identifying a promising opportunity have achieved employment growth. This indicates the importance they have attached to determining the market potential of their business in terms of its size, growth rates and level of competition, prior to investing resources in their new ventures. It is therefore argued that the owner-managers of growth businesses engage in learning activities and gather information about the conditions in the market, such as consumer demand, growth potential, competitive intensity, and economic conditions, to develop innovative strategies to sustain growth (Table 7.2).

Table 7.2 – Market Focused Knowledge Development

Theoretical Construct	Theoretical Relationship Suggested
Market focused knowledge development	The extent to which owner-managers undertake market focused learning activities is related to the importance they assign to external factors perceived to influence small business growth.

Motivational Theories – Need, Expectancy and Effort Expended

The results of this study indicate that owner-managers who started their businesses with “intentions to make money” and those who ventured into business because they had “no alternative employment” have achieved employment growth. These are examples of push motivations of owner-managers (Hamilton & Lawrence, 2001; Janssen, 2003; Smallbone & Wyr, 2000; Watson et al., 1998). Evident in the reasons provided by both groups was that they were pushed to start their businesses as they had a need to make money.

Furthermore, the results of this study show that owner-managers of early post start-up small businesses attached a high level of importance to motivation of owner-managers, and their commitment and desire to succeed, as factors perceived to influence the growth of small businesses. It is therefore argued that the owner-managers of the small businesses investigated were motivated to start, and committed to develop the businesses they started, as they had expectations the efforts expended on their businesses would ultimately lead to satisfaction of their needs. These findings help to further expand knowledge in relation to small business growth and concepts of need, expectancy and efforts expended, which are constructs of motivational theories (Table 7.3).

Table 7.3 – Need, Expectancy and Effort Expended

Theoretical Construct	Theoretical Relationship Suggested
Needs, expectancy and efforts expended	The owner-managers with a need to achieve are motivated to start small businesses due to their belief the effort expended by them to develop a business will lead to realisation of their needs or achievement of desired outcomes.

Theories of Services Marketing – Assessing the Quality of Intangible Services

Theories of services marketing emphasise the difficulties experienced in assessing the quality of services due to their intangible nature (Gronroos, 2000; Zeithaml & Bitner, 2003). The extant literature points out that the current methods used to evaluate the quality of existing business support services do not measure their ability to address the needs of small businesses (Lean et al., 1999). Due to intangibility of services, researchers have suggested the use of indirect methods for quality evaluations which are not adequate to measure the quality of small business support services (Parasuraman et al., 1985).

The results of this study suggest that the perceived poor quality of support leads to its low usage. Therefore, to address the low use of existing support services it is necessary to improve the level of trust in the services offered by developing highly visible measures of service quality which the owner-managers accept as valid and robust. It is further argued that the demand for support services and their usage could be improved by providing the owner-managers with measures of service quality that are highly visible, robust, and reliable in terms of their ability to judge the quality of the business support services (Table 7.4).

Table 7.4 – Quality of Intangible Services

Theoretical construct	Theoretical relationship suggested
Quality of intangible services	The acceptance of the quality of intangible business support services and their usage could be improved by providing highly visible quality measures which small businesses can use with confidence to judge the quality of business support services.

7.4 LIMITATIONS OF THE STUDY

The results of this study are subject to certain limitations. First of all, this study was solely concerned with investigating the factors that influenced the growth of individual small businesses that have entered the post start-up stage of growth. However, some small businesses achieve growth as a result of factors that favour the

entire industry or industry clusters. The fact that this study did not use a specific industry or an industry cluster as the unit of analysis means that the effect of specific factors that influenced such groupings may not be captured in the results.

This study also measured employment growth based on data relating to the start and end periods of the study. However, the employment growth small businesses experience has ups and downs, and does not necessarily follow a regular pattern (Dobbs & Hamilton, 2007). This study did not measure the variation in employment during in-between periods, and has therefore not taken into account the phenomenon of fluctuating employment growth.

The overall response rate for this survey was 33.8%. Therefore, the ratings obtained for importance of factors perceived to influence small businesses, and for adequacy of support to address their needs, may not be representative of all post start-up small businesses. However, as compared to the response rates in past research conducted in Sri Lanka, this response rate is acceptable and the findings could be considered as a fair reflection of the owner-managers' views on issues investigated.

The Pearson's Chi-Square tests used in the analysis of results suggested that some associations might exist which were not statistically significant. For example, only tentative conclusions could be made about the relationships observed between variations in employment growth and the two variables of prior employment and current exports. The small size of the sample used in the study is the cause of these insignificant results. A survey of much larger scale is required to eliminate this methodological weakness in this study.

7.5 RECOMMENDATIONS FOR FUTURE RESEARCH

Reliability of the Results

This study, conducted in the Western and Southern provinces in Sri Lanka should be replicated in other provinces as a means to assess the reliability of the results. This will assure the development of a support system that addresses more precisely the needs of the post start-up business population in the entire country.

Influence of a Number of Factors That Coexist

Factors influencing small business growth are multidimensional. The influence of some of these factors on small business growth could be either independent or interdependent. In this study, owner-managers rated these factors treating them as independent dimensions. It is possible that measuring the influence of differing levels of a number of dimensions that coexist may provide a more accurate measure of their influence on small business growth.

Determining the Visible Criteria Owner-Managers Use to Assess the Quality of Support Services

The usage of support services by post start-up small businesses could be improved by increasing owner-managers' trust in the capability of support providers to provide effective solutions to their problems. This could be achieved by having mechanisms that periodically assess and improve the quality of business support services. The use of support services by those who are sceptical of their usefulness will improve with quality enhancements. New improvements will also lead the currently satisfied users to seek possibilities to acquire further support to develop their capabilities in other areas of the business.

This study found that most support providers do not have self-developed procedures to constantly guarantee an adequate standard of quality of the services they offer. Where service quality was measured, it was limited to an assessment of the delivery skills of the trainer and an overall evaluation of the specific programme or the training module. To increase the trust of owner-managers in the reliability of support providers, it is necessary to develop an appropriate tool similar to ISO 9000 certification schemes which includes a number of highly visible measures that strongly communicate the quality of a support service. Future research should therefore investigate the visible criteria small businesses could use to judge the quality of business support services.

Addressing the Needs of High Growth Post Start-up Businesses

There is justification for providing targeted support, particularly in the developing countries, for post start-up small businesses with high growth potential. These businesses face a far greater number of problems than low growth businesses, due to overstretching of their resources to accommodate the demands of rapid growth. Ironically, there are only a few studies that have investigated the distinctive support needs of high growth post start-up small businesses. This leaves it to support providers to infer the special support requirements of high growth post start-up small businesses, based on their characteristics and from the symptoms of their problems.

The attempt made in this study to identify the measurable characteristics that discriminate between “growth” and “static/declining” businesses using a Chi-Square test and stepwise discriminant analysis was unsuccessful. Therefore, future research should review the characteristics of high growth businesses, investigate the greater number of problems the high growth businesses face as compared to their low growth counterparts, and assess the extent to which existing support services address their distinctive support needs. This should enable support providers to easily identify the high growth businesses, and to develop support programmes to ensure their special needs are adequately addressed.

Quality of Life of Employees

The wages and conditions offered by employers are generally useful to gauge the quality of life of employees. The traditional view of small business employment is that it offers stable jobs with low salaries. The wage levels are good indicators of the contribution jobs make to the economic well-being of employees. The conditions offered include type of contract, working time, the type of task, and health and safety at work. These are indicative of the actual nature of the job and the conditions under which the job is undertaken. The concept of quality of jobs, which is influenced by wages and conditions of employment, is still evolving and the employers and the job holders have different views about this.

This study used an increase in employment as a measure of small business growth. This undoubtedly is a measure of economic growth of wide acceptance. It is also a measure of great concern to policy makers. This measure takes into account only the increase in the number of employees. The minimal reference it has to the quality of the jobs provided requires future research to further investigate this issue, and to gain a better understanding of the impact of small business growth on the quality of life of employees.

The Influence of External Environment

This study was conducted in the Western and Southern Provinces of Sri Lanka, which raises the question of applicability of the findings to the other parts of the country, particularly to those regions where the conditions in the external environment are not identical. The factors in the external environment can be generous or hostile, and can also be stable or dynamic. Whilst a generous environment can stimulate growth, a hostile environment can curb it. Hannan and Freeman (1977) maintained that conditions in the external environment are the principal determinant factors of survival of a company.

A number of other environmental variables, such as industry growth rates, entry barriers, restrictive regional policies, and crime rates in the regions, have an influence on the opportunities offered for small business growth. Previous research has identified differences in small business performance due to differences in urban-rural locations (Townroe & Mallalieu, 1993), sector growth rates (Dahlqvist et. al., 1999; Kalleberg & Leicht, 1991), and variations in regional geographic environments (O'Farrell & Hitchens, 1988). This partly justifies the focus of this study on the Western and Southern Provinces in Sri Lanka. Further research would therefore be beneficial to establish the extent to which the findings of this research are regionally specific or, alternatively, applicable to the entire post start-up small business population in Sri Lanka.

The Need for a Longitudinal Study

The stage growth models have placed emphasis on the changing needs of small businesses at different stages in their life-cycles. These suggest the set of problems associated with each stage of development is unique (Kuratko & Hodgetts, 2004; Moy & Luk, 2003). Due to resource constraints, the cross-sectional study conducted did not examine the ability of available support to address the problems that impact the growth of post start-up small businesses as they move from one stage to another.

Furthermore, in relation to the changing perceptions of support needs, there are no mechanisms available to understand how support needs change over time and the reasons for such changes. For example, are there any distinctive patterns of change? What changes in support are required to address new problems that result from change? What mechanisms are required to anticipate, detect and manage the problems at each stage? Evaluation of these phenomena would require longitudinal studies.

Investigating Changing Growth Ambitions

During support providers' interviews, it was mentioned that the growth ambitions of some owner-managers diminish once they achieve a comfortable living for themselves and their families. Additional research may be required to examine whether such changes in ambitions are associated exclusively with improvements in economic well-being or are due to a combination of this with other factors.

Future Studies on Support Needs of Diverse Groups

This study identified the appropriateness of the support available as a key issue that affect the growth of post start-up small businesses in Sri Lanka. Support gaps were identified in relation to broad functional activities; planning, marketing, finance, human resources, and technology. The nature of support needed by individual small businesses in each of the above functional areas varies based on the industry sector and the life-cycle stage of the businesses. Therefore the areas of future studies that would inform the development of an effective post start-up support system are those that investigate the support requirements of diverse groups of small businesses in

different industry sectors, different business categories, and different locations, with different objectives or with different owner-manager characteristics. This will enable the support providers to develop support programmes that are more capable of addressing the growth relevant needs of individual businesses.

Repeat Patronage of a Support Provider

This study found a preference by some owner-managers for use of previously used support providers or networks to address the problems of their small businesses. This issue has relevance to theories of consumer behaviour. The preference for “known support providers” may be to reduce the uncertainty associated with receiving the required support from other support providers. If certainty could be introduced to provision of support, there may not be a need for small business owner-managers to constantly return to previously used support providers, rejecting the services of others who may be in a position to provide better support in a specific area. In the development of a support framework to address the needs of post start-up small businesses, it will be useful to investigate the reasons behind owner-managers preference for repeat patronage.

Competency Development

The survival and growth of a small business is dependent on its ability to develop a superior position in a particular market, accumulating specific capabilities which distinguish the business from its competitors (Arinaitwe, 2006; Atkin & Perren, 1995; Cromie, 1990; Mambula, 2002; Orser et al., 2000; Smallbone, 1990). This suggests a positive relationship between internal capabilities of an organisation and small business growth. The owner-managers make use of support they believe will enhance their competencies in factors that are perceived to influence growth. This study identified the owner-managers in the “declining/static” businesses as assigning lower importance ratings to internal factors than those in the “growth” businesses. This suggests that it will be possible to increase the use of available support by owner-managers of “declining/static” businesses and the growth of their businesses by identifying the reasons they provide to assign low importance ratings to internal factors. Further studies in this area will provide detailed information required to

encourage the use of available support by owner-managers in no growth businesses to improve their internal competencies.

7.6 SUMMARY

This study has determined the importance ratings assigned by owner-managers to factors that are perceived to influence the growth of early post start-up small businesses in Sri Lanka. Owner-managers' ratings of the adequacy of the support available to address the needs of important factors perceived to influence small business growth were identified. Based on the findings, it was concluded there are many "importance-adequacy" gaps in the existing post start-up small business support framework. The lack of awareness of available support, and the existence of perceived support gaps in terms of content, relevance, delivery, location, timing and quality of trainers, were identified as the key issues that need to be addressed in further developing the existing support system.

In conceptualising a model to bridge the gaps in the existing support system, suggestions were made to improve the identification and evaluation of support needs of small businesses and to deliver the individualised support that is required. Evident in the results of the study is room to deliver ad hoc support programmes that address the common needs of small businesses in relation to the personal development of small business owner-managers.

The importance of small businesses to economic development and employment growth of developing countries cannot be overemphasised. However, in many locations, small businesses are still struggling for survival due to their lack of expertise in overcoming the obstacles to growth. What they need to deal with this problem is the assistance of business development services. Despite the substantial amounts of money that has been invested in support services, there is still debate about the effectiveness of a majority of programmes. Therefore, a significant role exists for further research to determine the best way to improve the existing services to enhance small business development.

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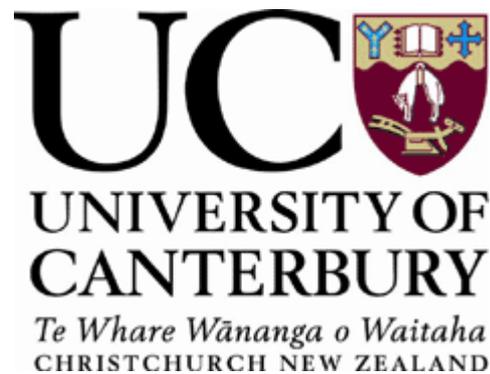
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A questionnaire to be completed by the owner-managers of "post start-up" small businesses in the Western and Southern Provinces of SRI LANKA

**Conceptualising a model to promote
"post start-up" small business growth
in Sri Lanka**



**Compiled by K. Asoka Gunaratne
(School of Management, University of Canterbury)**

Company Characteristics--These questions are designed to determine the nature of your business

(1) What is the **age of your company? (Please tick one box)**

0-12 Months	<input type="checkbox"/>	37-48 Months	<input type="checkbox"/>
13-24 Months	<input type="checkbox"/>	49-60 Months	<input type="checkbox"/>
25-36 Months	<input type="checkbox"/>	Over 60 Months (5 years)	<input type="checkbox"/>
		Please state age	<input type="text"/>

(2) The **Location of the business**

(a) In which **province** is your firm located? (Please tick one box)

Western	<input type="checkbox"/>
Southern	<input type="checkbox"/>

(b) Is your business in an **urban or rural** location? (Please tick one box)

Urban (cities and large towns)	<input type="checkbox"/>
Rural (small towns and villages)	<input type="checkbox"/>

(3) In what **sector is your business? (Please tick one box)**

Agribusiness/Animal Husbandry	<input type="checkbox"/>	Leather Products	<input type="checkbox"/>
Textile/Yarn and Apparel	<input type="checkbox"/>	Metal/Fabricated metal	<input type="checkbox"/>
Wood/Wood products and Cork	<input type="checkbox"/>	Non-metal mineral prod:	<input type="checkbox"/>
Rubber/Plastics and Chemicals	<input type="checkbox"/>	Manufacture of Furniture	<input type="checkbox"/>
Travel/Tourism/Hotel	<input type="checkbox"/>	Mining and Quarring	<input type="checkbox"/>
Food Products/Beverages	<input type="checkbox"/>		
Communication/IT/Computer	<input type="checkbox"/>		
Imports/Wholesale/Retail	<input type="checkbox"/>		
Finance/Insurance/Real Estate	<input type="checkbox"/>		
Health/Education and Professional	<input type="checkbox"/>		
Non-Professional	<input type="checkbox"/>		
Other (Please specify)		

(4) The ownership of the business? (Please tick one box)

(a) Type of ownership

Sole Proprietor

Private Limited Liability Company

Public quoted company

Public non-quoted company

Partnership

If partnership:

(b) Number of partners

How many partners

(c) Family partners

Are any partners family members

Yes

No

(5) What is your company size?

Number of Employees (Please indicate the number at each stage)

	Full Time	Part Time
At start up	<input type="checkbox"/>	<input type="checkbox"/>
1 year (12 Months) after the start up	<input type="checkbox"/>	<input type="checkbox"/>
Current	<input type="checkbox"/>	<input type="checkbox"/>

Owner-Manager Characteristics -- The following questions are designed to find more about you and your role as owner-manager of the firm

(6) Gender *(Please tick as appropriate)*

Male

Female

(7) Age *(Please tick one box)*

Under 30 years 50-59 years

30-39 years 60 years and over

40-49 years

(8) Your Educational Qualification *(Please tick the highest qualification you have obtained - either academic, professional, technical or vocational)*

Primary Level Masters Degree or higher

GCE O Levels Diploma (technical/vocational)

GCE A Levels Professional Qualification

Bachelors Degree Any other (Please specify)

(9) Is your current business the first business you have owned? *(Please tick one)*

Yes

No

(10) What is your employment prior to starting the current business? *(Please tick one)*

Self-Employed

Employed in a firm within the same industry as the current business

Employed in a firm NOT within the same industry as the current business

Unemployed

In full-time education

Any other (Please state).....

(11) What is the **main reason** for starting the current business? *(Please tick one box)*

No alternative employment

Unhappy with previous employment

To be your own boss

To make more money

Identification of a promising market opportunity

Any other (Please state reason)

Company Business Objectives and Performance

Characteristics - The following questions are designed to determine your desired outcomes and the current performance

(12) When entering into your current business what broad **financial objectives** did you initially set out to achieve? *(Please tick one box)*

To achieve High Profits

To achieve Medium Profits

To achieve Small Profits

To 'get by' Financially

(13) How satisfactory is your firm's current **financial performance** in meeting your objectives at starting up the business? *(Please tick one box)*

Very satisfactory

Satisfactory

Neither satisfactory nor unsatisfactory

Unsatisfactory

Very unsatisfactory

(14) Which of the following best describes your **aspirations for growth** (especially in terms of providing employment) for the next five years? *(Please tick one box)*

No growth/status quo

51-100% growth in staff

1-25% growth in staff

101-200% growth in staff

26-50% growth in staff

Over 200% growth in staff

(15) Approximately what proportion of your firms total sales come from **exports**?

(Please specify the percentage at each stage upto the current age of your firm)

	0%	1-20%	21-40%	41-60%	More than 60%
At the Start --up (1 -12 months)	<input type="checkbox"/>				
1 year after Start (13-24 months)	<input type="checkbox"/>				
Now	<input type="checkbox"/>				

Planning - The following questions are concerned with finding out about the business planning procedures with in your company

(16a) Does your firm undertake any business planning? *(Please tick one box)*

Yes

No *(If no go to question 17)*

(16b) Is planning formal (written) or informal (unwritten)? *(Please tick one box)*

Formal

Informal

(16c) How far ahead do you plan? *(Please tick one box)*

Upto one month

Upto three months

Upto six months

Upto twelve months

Over twelve months

External Factors

(17) Following is a list of external factors that may affect the **growth** of your firm. Please rate the importance of each factor in influencing the current growth performance of your firm.
(Please tick one box on the 1 to 5 scale for each factor)

	Extremely Unimportant 1	Unimportant 2	Neither Important Nor Unimportant 3	Important 4	Extremely Important 5
State of the country's economy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State of the provincial economy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market demand for your products/service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of competitor products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pricing of competitor products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of an appropriate premises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of raw materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of skilled labour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of finance from lenders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of interest rates on loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of debt payment by customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Please specify any other factors that have an affect your business and rate their importance					
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Internal Factors Influencing the Performance of your Business

(18) Following is a list of internal (ie.management) factors that may affect the **growth** of your firm. Please rate the importance of each factor on influencing the current growth performance of you firm? *(Please tick one box on the 1 to 5 scale for each factor)*

	Extremely Unimportant 1	Unimportant 2	Neither Important Nor Unimportant 3	Important 4	Extremely Important 5
Marketing Capability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Selling Capability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to conduct market research	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to develop new products/services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to communicate with customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to plan for the long-term growth of the company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to prepare business plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to manage inventory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to manage employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to manage finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Availability of financial data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ability to borrow funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of cash flow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of costs (fixed/variable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capability to manage purchasing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Manufacturing skills of the staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to formal/informal business networks (eg. associations)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business management capability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Extremely Unimportant 1	Unimportant 2	Neither Important Nor Unimportant 3	Important 4	Extremely Important 5
Capability to use computer technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Awareness of government regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other factors (Please specify and rate them to 1-5 scale)					
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Owner-Manager Factors Influencing the Performance of your Business

(19) The following list highlights some of the ways that you, as the owner-manager might **influence the performance** of your firm. Please rate the importance of each factor in influencing the current growth of your firm. *(Tick one box on the 1-5 scale for each factor)*

	Extremely Unimportant 1	Unimportant 2	Neither Important Nor Unimportant 3	Important 4	Extremely Important 5
Your education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training completed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your desire to learn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your past work experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your ability to cope with pressure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your desire to succeed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your commitment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining your motivation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other factors (Please specify and rate on the 1-5 scale)					
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Your Experience of Small Firm Support and Advice Services

(20) Adequacy of post start-up support -- Below is a list of factors that can **influence the growth performance** of post start-up small firms. Please rate the adequacy of support (eg. **training, advice, seminars etc**) you have received in addressing each of these factors.
(Tick one box on the 1-5 scale for each factor)

	Very Inadequately addressed 1	Inadequately addressed 2	Neither Adequately Nor inadequately addressed 3	Adequately addressed 4	Very adequately addressed 5
Support on financial management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support on business management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support on developing leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to manage costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to prepare long-term plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to prepare business plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support on setting prices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to borrow money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support on how to manage employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to access loans at low interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to find a suitable premises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to improve customer communications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to improve manufacturing skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to improve marketing skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to improve selling skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to developing new products/services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to manage inventory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support on cash flow management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support in maintenance of financial records	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support in computer services (software, hardware)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Very Inadequately addressed 1	Inadequately addressed 2	Neither Adequately Nor inadequately addressed 3	Adequately addressed 4	Very adequately addressed 5
Support to understand government regulations affecting businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to conduct market research	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support on how to collect customer debts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support on purchasing products/services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to access business networks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to maintain your motivation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support to cope with pressure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Barriers to growth

(21) The following is a list that highlights some of the **barriers** that could hinder the performance of your firm. Please rate the significance of each factor as a barrier to growth of your firm.
(Tick one box on the 1-5 scale for each factor)

	Extremely insignificant 1	insignificant 2	Neither significant Nor insignificant 3	significant 4	Extremely significant 5
(a) Non-availability of information on market opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Language barriers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Poor infrastructure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Attitude of banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) High financial costs of expansion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) Non-availability of skilled labour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) Strong competition in the markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Awareness about available support services

(22) (a) Given below is a list of small business support services run by public and private sector organisations. *(Please tick ALL those that you have heard of)*

- | | |
|--|--------------------------|
| WISB | <input type="checkbox"/> |
| SLBDC (Sri Lanka Business Development Centre) | <input type="checkbox"/> |
| Ministry of Industrial Development Board | <input type="checkbox"/> |
| Project SMED | <input type="checkbox"/> |
| National/Regional Chambers of Commerce | <input type="checkbox"/> |
| Industrial technology institute | <input type="checkbox"/> |
| Vocational Training Authority of Sri Lanka | <input type="checkbox"/> |
| Small & Medium Enterprise Sector Development Programme | <input type="checkbox"/> |
| Ministry of Youth affairs--Small Enterprise Development Division | <input type="checkbox"/> |
| Southern Development Authority | <input type="checkbox"/> |
| SEEDS | <input type="checkbox"/> |
| BSSF Project (ADB) | <input type="checkbox"/> |
| Southern Province ADB SME Project | <input type="checkbox"/> |
| Business management bureau (BMB lanka) | <input type="checkbox"/> |
| SYIB (ILO) | <input type="checkbox"/> |
| CEFE (GTZ) | <input type="checkbox"/> |
| Women's Bank (Hambantota) | <input type="checkbox"/> |
| Regional Economic Advancement Project (SREAP) | <input type="checkbox"/> |

(b) Please list the names of any other business support services you are aware of:

Use of Support Services

(23) Have you **made use** of any public or private sector support service during the "Post start-up" stage (12 months after starting your business) of development of your business.
(Please tick one box as appropriate)

Yes

No

If 'YES' which service/s have you used (Please state below)

Your Reasons for Seeking Support -- Answer this question only if you ticked 'YES' to question 23.

(24) What was your reason for **seeking support** services at the "Post start-up" stage?
(Please tick the main reason)

To overcome a particular operational problem

For advice/support on training staff

To ensure the growth of my firm

Any other reason/s (Please state) _____

Usefulness of the Support

(25) How **useful** was the support received in helping to achieve your reasons for seeking support? *(Please tick one box on the scale below)*

Very useful

Useful

Neither useful nor not useful

Not useful

Not at all useful

Non-use of support services -- Answer this question only if you ticked 'NO' to question No. 23.

(26) Why have you **not sought** public or private sector support at the "post start-up" stage (12 months after starting your business) of development? *(Please tick the main reason)*

Received support from other sources (eg.friends/networks)

Non-availability of required support

Poor opinion of the support available

No major problems that required help

Not aware of the support available

Possible high financial costs

Lack of time

No particular desire to expand the business

Any other reason *(Please state)* _____

(27) How do you think the current support services **could be improved** to encourage small business managers to grow their businesses and provide more employment?
(Please provide your opinion and suggestions you may have to achieve the above-- you may write as much or as little as you like)

If you would **like a summary** of the findings of the research, or would be interested in the **further participation** in the future, please furnish your contact details in the box below.
(Please note that the completion of this box is optional)

Name _____

Address _____

Telephone _____

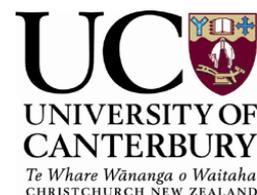
Mobile _____

E--mail address _____

Your contribution to this survey is very greatly appreciated.

Thank you for the time you devoted to answering the questionnaire.

APPENDIX 2: Covering letter to the questionnaire



Dear Sir/Madam,

The purpose of this letter is to invite you to participate in the research project entitled “**The support needs of entrepreneurial small businesses at the ‘post start-up’ stage of development**”. The aim of this project is to determine the factors that critically affect the growth performance of small businesses at the “post start-up” stage and their support needs. Based on the findings, policy recommendations will be proposed, where necessary, to address the problems constraining the growth of “post start-up” stage small businesses. It is hoped in the future this will lead to the development of support programmes that meet the specific needs of small firms in the Southern and Western Provinces.

At this stage your involvement in the project will be limited to completion of the attached questionnaire. It should not take any more than 20-30 minutes to tick the relevant boxes. A stamped envelope is enclosed for the return of the completed questionnaire. You have the right to withdraw from the project at any time, including the withdrawal of any information provided, until your questionnaire has been added to the others collected. Because it is anonymous, it cannot be retrieved after that. As a follow up to this investigation, if you consent, you will be provided with the opportunity to participate in an in-depth interview which will take about one hour.

The results of the project may be published but this will not be done in a way that allows identification of the individuals or firms responded. All information provided will be treated in the strictest confidence. To ensure anonymity and confidentiality the names of the individuals or firms who completed questionnaires or participated in the interviews will not be made available to any person other than the researcher and his supervisors. By completing the questionnaire it will be understood that you have consented to participate in the project and that you consent to publication of the results of the project with the understanding that anonymity will be preserved.

This project is being carried out in fulfillment of the requirements of the degree of Doctor of Philosophy by Kodicara Asoka Gunaratne under the supervision of Dr. Kevin Voges and Professor Bob Hamilton who could be contacted at 64 3 364 2574. They will be pleased to discuss any concerns you may have about participation in the project.

If you are interested in receiving a summary of the findings of the survey and/or willing to participate in the research project, please complete the details requested in the last page of the attached questionnaire.

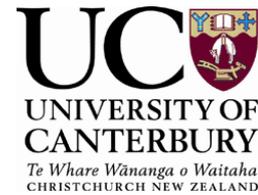
This project has been reviewed and approved by the University of Canterbury Human Ethics Committee.

Thank you for your assistance in the project

Yours Sincerely

Kodicara Asoka Gunaratne

APPENDIX 3: Request to service providers to participate in the in-depth interviews



Dear Sir/Madam,

You may be aware that I am currently working on a research project entitled “**The support needs of entrepreneurial small businesses at the ‘post start-up’ stage of development**”. The aim of this project is to determine the factors that critically affect the growth performance of small businesses at the “post start-up” stage and their support needs. Based on the findings, policy recommendations will be proposed, where necessary, to address the problems constraining the growth of “post start-up” stage small businesses. It is hoped in the future this will lead to the development of support programmes that meet the specific needs of small firms in the Southern and Western Provinces.

Most of the data for the study has now been collected through a mail questionnaire survey and in-depth interviews with owner managers of “post start-up” stage small businesses in the Western and Southern Provinces. In the second and the final phase of my research I wish to get a different perspective on the findings and the issues arising from the questionnaire survey conducted by interviewing the service providers. I feel you can make a good contribution to this project and wish to meet you early to conduct an interview which would last approximately 30-45 minutes. I could visit you at any time and date that is convenient to you.

All information provided by you will be treated in the strictest of confidence. You have the right to withdraw from the project at any time, including the withdrawal of any information provided. The results of the project may be published but this will not be done in a way that allows identification of the individuals or firms responded. To ensure anonymity and confidentiality the names of the individuals or firms who participated in the interviews will not be made available to any person other than the researcher and his supervisors. If you are willing to help me with my research project by participating in the interviews I would be grateful if you complete the attached consent form and return same to me with your telephone number so that I can get in touch with you to arrange a convenient time to meet.

This project is being carried out in fulfillment of the requirements of the degree of Doctor of Philosophy by Kodicara Asoka Gunaratne under the supervision of Dr. Kevin Voges and Professor Bob Hamilton who could be contacted at 64 3 364 2574. They will be pleased to discuss any concerns you may have about participation in the project.

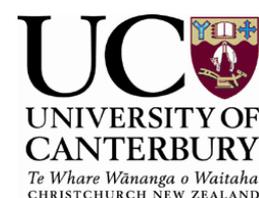
This project has been reviewed and approved by the University of Canterbury Human Ethics Committee.

Thank you for your assistance in the project

Yours Sincerely

Kodicara Asoka Gunaratne

APPENDIX 4: Request to owner managers to participate in the in-depth interviews



Dear Sir/Madam,

You may recall filling and returning the questionnaire on “**The support needs of entrepreneurial small businesses at the ‘post start-up’ stage of development**”. Thank you for the information provided in the questionnaire. As per your request I have enclosed the summary of main findings of the survey conducted. You also kindly consented to further participate in my research project to help me gain a better understanding of the opinions of small business owner managers on how might the current support, training and advice available to “post start-up” stage small businesses could be further improved.

In the second and the final phase of my project I will be conducting a few interviews with owner managers of “post start-up” small businesses in the Southern and Western Provinces. I feel you can make a good contribution to this project and wish to meet you early to conduct an interview which would last approximately 30-45 minutes. I could visit you at any time and date that is convenient to you.

All information provided by you will be treated in the strictest of confidence. You have the right to withdraw from the project at any time, including the withdrawal of any information provided. The results of the project may be published but this will not be done in a way that allows identification of the individuals or firms responded. To ensure anonymity and confidentiality the names of the individuals or firms who participated in the interviews will not be made available to any person other than the researcher and his supervisors. If you are willing to further help me with my research project by participating in the interviews I would be grateful if you complete the attached consent form and return same to me with your telephone number so that I can get in touch with you to arrange a convenient time to meet.

This project is being carried out in fulfillment of the requirements of the degree of Doctor of Philosophy by Kodicara Asoka Gunaratne under the supervision of Dr. Kevin Voges and Professor Bob Hamilton who could be contacted at 64 3 364 2574. They will be pleased to discuss any concerns you may have about participation in the project.

This project has been reviewed and approved by the University of Canterbury Human Ethics Committee.

Thank you for your assistance in the project

Yours Sincerely

Kodicara Asoka Gunaratne

APPENDIX 5: Consent form

K. Asoka Gunaratne
3/2 Abraham Place
St Johns
Auckland
New Zealand

[Date]

CONSENT FORM

“The support needs of entrepreneurial small businesses at the ‘post start-up’ stage of development”

I have read and understood the description of the above-named project. On this basis I agree to participate as a subject in the project, and I consent to publication of the results of the project with the understanding that anonymity will be preserved.

I understand also that I may at any time withdraw from the project, including withdrawal of any information I have provided.

Name (please print) -----

Signature: -----

Date: -----



ව්‍යවසාය සංවර්ධන හා ආයෝජන ප්‍රවර්ධන අමාත්‍යාංශය
 කෘත්‍යමාලාවේ අධිකාරීත්වයේ මුහුදුම්පත් අංශය
Ministry of Enterprise Development and Investment Promotion
 Level 27, West Tower, World Trade Centre, Colombo 1

My No: EDIP/AddIS/3/19

09.12.2005

Chairman/Managing Director

Dear Sir / Madam,

The purpose of this letter is to request you to extend your fullest co-operation to Mr. Asoka Gunaratne who is conducting a research entitled "The Support Needs of Entrepreneurial Small Business at the 'Post Start-up' Stage of Development." The project is carried out in fulfillment of the requirements of a Ph.D. Degree from University of Canterbury.

02. Mr. Asoka Gunaratne has agreed to make available the results of the survey to our Ministry. This Research Project aims to determine the factors that critically affect the growth performances of small businesses in the Southern and Western Provinces of Sri Lanka. It is envisaged that this Ministry could make use of the findings to propose policy recommendations where necessary to address any factors that constrain the growth of the small businesses in Sri Lanka. Your response to this survey will help us to develop business support services that meet the specific needs of your business.

03. In view of the above, I strongly recommend that you carefully complete the attached questionnaire and return it to Mr. Asoka Gunaratne at your earliest possible.

04. Thank you for complying with my request.

Yours faithfully,


 B.M.U.D. Basnayake
 Addl. Secretary

for Secretary
 Ministry of Enterprise Development
 and Investment Promotion

APPENDIX 7: Owner-managers' interview guide

Factors influencing growth:

- In what ways do the external factors influence the growth of your business?

Probes – regulatory issues? Customer issues? Supplier issues? etc.

- In what ways do the internal factors influence the growth of your business?

Probes – Products? Services? Employees? etc.

- What is your influence on the growth of your business?

Probes – Your motivation? Your experience? Your Education? Etc.

Small business support

- How would you describe your awareness of the support available to your business?

Probes – Why aware? / Not aware?

- Did you use any available support?

Probes – Why?; Useful?

- Have you used other sources (banks, accountants, friends) of help?

Probes – Why?; Useful?

- How would you describe the training method, content and the trainers who provided support?
- How do you think the existing support could be improved to better address your needs?

APPENDIX 8: Support providers' interview guide

Factors influencing growth:

- According to your experience what factors do you think are the most important influences on small business growth?

Probes – External, Internal, owner-manager factors? Why?

Small business support

- How would you describe the owner-managers' awareness of the support available to them?

Probes – Why aware? / Not aware?

- What is your evaluation of the support you provide?

Probes – Why?

- Findings of my study suggest gaps in the support available to small businesses. Why do you think there are support gaps?
- How do you think the existing support could be improved to address the factors influencing small business growth?

Probes - Why do you think it would be better?

- In your opinion what is the best way to deliver support?

Probes – Why?

APPENDIX 9: Frequencies

APPENDIX 9.1: Company characteristics, owner-manager characteristics, and strategic characteristics

Company characteristics

WESTERN PROVINCE - URBAN/RURAL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Urban	117	65.0	65.0	65.0
	2.00 Rural	63	35.0	35.0	100.0
	Total	180	100.0	100.0	

SOUTHERN PROVINCE - URBAN/RURAL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Urban	59	44.7	44.7	44.7
	2.00 Rural	73	55.3	55.3	100.0
	Total	132	100.0	100.0	

INDUSTRY SECTOR (NEW VARIABLE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Product	197	63.1	63.1	63.1
	2.00 Services	115	36.9	36.9	100.0
	Total	312	100.0	100.0	

OWNERSHIP (NEW VARIABLE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Sole proprietor	178	57.1	57.1	57.1
	2.00 Private company	72	23.1	23.1	80.1
	3.00 Public company	62	19.9	19.9	100.0
	Total	312	100.0	100.0	

SIZE - ONE YEAR AFTER START-UP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	21	6.7	6.7	6.7
	2.00	64	20.5	20.5	27.2
	3.00	101	32.4	32.4	59.6
	4.00	76	24.4	24.4	84.0
	5.00	19	6.1	6.1	90.1
	6.00	5	1.6	1.6	91.7
	7.00	4	1.3	1.3	92.9
	8.00	10	3.2	3.2	96.2
	9.00	2	.6	.6	96.8
	10.00	4	1.3	1.3	98.1
	12.00	3	1.0	1.0	99.0
	16.00	3	1.0	1.0	100.0
	Total	312	100.0	100.0	

SIZE - AT THE TIME OF SURVEY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	19	6.1	6.1	6.1
	2.00	67	21.5	21.5	27.6
	3.00	112	35.9	35.9	63.5
	4.00	62	19.9	19.9	83.3
	5.00	19	6.1	6.1	89.4
	6.00	4	1.3	1.3	90.7
	8.00	2	.6	.6	91.3
	9.00	2	.6	.6	92.0
	10.00	1	.3	.3	92.3
	11.00	2	.6	.6	92.9
	12.00	7	2.2	2.2	95.2
	14.00	8	2.6	2.6	97.8
	15.00	2	.6	.6	98.4
	18.00	2	.6	.6	99.0
	19.00	1	.3	.3	99.4
	21.00	1	.3	.3	99.7
	23.00	1	.3	.3	100.0
	Total	312	100.0	100.0	

EMPLOYMENT GROWTH (NEW VARIABLE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Growing	56	17.9	17.9	17.9
	2.00 Declining/Static	256	82.1	82.1	100.0
	Total	312	100.0	100.0	

Owner-manager characteristics

OWNER MANAGER - EDUCATION (NEW VARIABLE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Lower Level	94	30.1	30.1	30.1
	2.00 GCE A Level	125	40.1	40.1	70.2
	3.00 Tertiary Level	43	13.8	13.8	84.0
	4.00 Diploma/Professional Level	50	16.0	16.0	100.0
	Total	312	100.0	100.0	

OWNER MANAGER - PREVIOUS EMPLOYMENT (NEW VARIABLE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.000 Self-Employed	26	8.3	8.3	8.3
	2.000 Employed in a firm	163	52.2	52.2	60.6
	3.000 Unemployed	123	39.4	39.4	100.0
	Total	312	100.0	100.0	

Strategic characteristics

EMPLOYMENT GROWTH AMBITIONS (NEW VARIABLE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 No Growth Aspirations	53	17.0	17.0	17.0
	2.00 Low Growth Aspirations	157	50.3	50.3	67.3
	3.00 High Growth Aspirations	102	32.7	32.7	100.0
	Total	312	100.0	100.0	

EXPORTS - AT THE START-UP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 0%	256	82.1	82.1	82.1
	2.00 1-20%	21	6.7	6.7	88.8
	3.00 21-40%	7	2.2	2.2	91.0
	4.00 41-60%	6	1.9	1.9	92.9
	5.00 More than 60%	22	7.1	7.1	100.0
	Total	312	100.0	100.0	

EXPORTS - ONE YEAR AFTER START-UP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 0%	218	69.9	69.9	69.9
	2.00 1-20%	46	14.7	14.7	84.6
	3.00 21-40%	10	3.2	3.2	87.8
	4.00 41-60%	6	1.9	1.9	89.7
	5.00 More than 60%	32	10.3	10.3	100.0
	Total	312	100.0	100.0	

EXPORTS - AT THE TIME OF SURVEY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 0%	195	62.5	62.5	62.5
	2.00 1-20%	69	22.1	22.1	84.6
	3.00 21-40%	9	2.9	2.9	87.5
	4.00 41-60%	5	1.6	1.6	89.1
	5.00 More than 60%	34	10.9	10.9	100.0
	Total	312	100.0	100.0	

UNDERTAKE SOME PLANNING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Yes	178	57.1	57.1	57.1
	2.00 No	134	42.9	42.9	100.0
	Total	312	100.0	100.0	

UNDERTAKE FORMAL(WRITTEN)/INFORMAL(UNWRITTEN) PLANNING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Formal (Written)	92	29.5	29.5	29.5
	2.00 Informal (Unwritten)	86	27.6	27.6	57.1
	3.00 No planning	134	42.9	42.9	100.0
	Total	312	100.0	100.0	

PLANNING PERIOD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Upto one month	6	1.9	3.4	3.4
	2.00 Upto three months	13	4.2	7.3	10.7
	3.00 Upto six months	83	26.6	46.6	57.3
	4.00 Upto 12 months	76	24.4	42.7	100.0
	Total	178	57.1	100.0	
Missing	System	134	42.9		
Total		312	100.0		

PLANNING PERIOD (NEW VARIABLE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Six months or less	102	32.7	57.3	57.3
	2.00 More than six months	76	24.4	42.7	100.0
	Total	178	57.1	100.0	
Missing	System	134	42.9		
Total		312	100.0		

APPENDIX 9.2: Factors influencing small businesses performance

External factors

NATIONAL ECONOMY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	1	.3	.3	.3
	2.00 Unimportant	8	2.6	2.6	2.9
	3.00 Neither important nor unimportant	48	15.4	15.4	18.3
	4.00 Important	153	49.0	49.0	67.3
	5.00 Extremely important	102	32.7	32.7	100.0
Total		312	100.0	100.0	

PROVINCIAL ECONOMY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	1	.3	.3	.3
	2.00 Unimportant	9	2.9	2.9	3.2
	3.00 Neither important nor unimportant	46	14.7	14.7	17.9
	4.00 Important	144	46.2	46.2	64.1
	5.00 Extremely important	112	35.9	35.9	100.0
Total		312	100.0	100.0	

LOCATION OF THE FIRM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	47	15.1	15.1	15.1
	2.00 Unimportant	53	17.0	17.0	32.1
	3.00 Neither important nor unimportant	85	27.2	27.2	59.3
	4.00 Important	90	28.8	28.8	88.1
	5.00 Extremely important	37	11.9	11.9	100.0
	Total	312	100.0	100.0	

MARKET DEMAND FOR PRODUCTS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	1	.3	.3	.3
	2.00 Unimportant	1	.3	.3	.6
	3.00 Neither important nor unimportant	9	2.9	2.9	3.5
	4.00 Important	89	28.5	28.5	32.1
	5.00 Extremely important	212	67.9	67.9	100.0
	Total	312	100.0	100.0	

QUALITY OF COMPETITOR PRODUCTS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00 Unimportant	16	5.1	5.1	5.1
	3.00 Neither important nor unimportant	54	17.3	17.3	22.4
	4.00 Important	157	50.3	50.3	72.8
	5.00 Extremely important	85	27.2	27.2	100.0
	Total	312	100.0	100.0	

COMPETITOR PRICING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00 Unimportant	19	6.1	6.1	6.1
	3.00 Neither important nor unimportant	57	18.3	18.3	24.4
	4.00 Important	155	49.7	49.7	74.0
	5.00 Extremely important	81	26.0	26.0	100.0
	Total	312	100.0	100.0	

APPROPRIATE PREMISES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	32	10.3	10.3	10.3
	2.00 Unimportant	77	24.7	24.7	34.9
	3.00 Neither important nor unimportant	75	24.0	24.0	59.0
	4.00 Important	77	24.7	24.7	83.7
	5.00 Extremely important	51	16.3	16.3	100.0
	Total	312	100.0	100.0	

AVAILABILITY OF RAW MATERIALS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	7	2.2	2.2	2.2
	2.00 Unimportant	51	16.3	16.3	18.6
	3.00 Neither important nor unimportant	76	24.4	24.4	42.9
	4.00 Important	100	32.1	32.1	75.0
	5.00 Extremely important	78	25.0	25.0	100.0
	Total	312	100.0	100.0	

AVAILABILITY OF SKILLED LABOUR

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	67	21.5	21.5	21.5
	2.00 Unimportant	95	30.4	30.4	51.9
	3.00 Neither important nor unimportant	90	28.8	28.8	80.8
	4.00 Important	49	15.7	15.7	96.5
	5.00 Extremely important	11	3.5	3.5	100.0
	Total	312	100.0	100.0	

AVAILABILITY OF LENDERS' FINANCE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	4	1.3	1.3	1.3
	2.00 Unimportant	37	11.9	11.9	13.1
	3.00 Neither important nor unimportant	110	35.3	35.3	48.4
	4.00 Important	110	35.3	35.3	83.7
	5.00 Extremely important	51	16.3	16.3	100.0
	Total	312	100.0	100.0	

LOAN INTEREST RATES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	8	2.6	2.6	2.6
	2.00 Unimportant	33	10.6	10.6	13.1
	3.00 Neither important nor unimportant	95	30.4	30.4	43.6
	4.00 Important	91	29.2	29.2	72.8
	5.00 Extremely important	85	27.2	27.2	100.0
	Total	312	100.0	100.0	

DEBT PAYMENT BY CUSTOMERS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00 Unimportant	5	1.6	1.6	1.6
	3.00 Neither important nor unimportant	79	25.3	25.3	26.9
	4.00 Important	105	33.7	33.7	60.6
	5.00 Extremely important	123	39.4	39.4	100.0
	Total	312	100.0	100.0	

Internal factors

MARKETING CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	3	1.0	1.0	1.0
	2.00 Unimportant	9	2.9	2.9	3.8
	3.00 Neither important nor unimportant	37	11.9	11.9	15.7
	4.00 Important	164	52.6	52.6	68.3
	5.00 Extremely important	99	31.7	31.7	100.0
	Total	312	100.0	100.0	

SELLING CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00 Unimportant	3	1.0	1.0	1.0
	3.00 Neither important nor unimportant	39	12.5	12.5	13.5
	4.00 Important	166	53.2	53.2	66.7
	5.00 Extremely important	104	33.3	33.3	100.0
	Total	312	100.0	100.0	

MARKET RESEARCH CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	9	2.9	2.9	2.9
	2.00 Unimportant	23	7.4	7.4	10.3
	3.00 Neither important nor unimportant	76	24.4	24.4	34.6
	4.00 Important	149	47.8	47.8	82.4
	5.00 Extremely important	55	17.6	17.6	100.0
	Total	312	100.0	100.0	

NEWPRODUCT DEVELOPMENT CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	16	5.1	5.1	5.1
	2.00 Unimportant	24	7.7	7.7	12.8
	3.00 Neither important nor unimportant	66	21.2	21.2	34.0
	4.00 Important	132	42.3	42.3	76.3
	5.00 Extremely important	74	23.7	23.7	100.0
	Total	312	100.0	100.0	

COMMUNICATION CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	2	.6	.6	.6
	2.00 Unimportant	1	.3	.3	1.0
	3.00 Neither important nor unimportant	10	3.2	3.2	4.2
	4.00 Important	52	16.7	16.7	20.8
	5.00 Extremely important	247	79.2	79.2	100.0
	Total	312	100.0	100.0	

LONG-TERM PLANNING CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	19	6.1	6.1	6.1
	2.00 Unimportant	13	4.2	4.2	10.3
	3.00 Neither important nor unimportant	60	19.2	19.2	29.5
	4.00 Important	162	51.9	51.9	81.4
	5.00 Extremely important	58	18.6	18.6	100.0
	Total	312	100.0	100.0	

BUSINESS PLANNING CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	7	2.2	2.2
	2.00	Unimportant	8	2.6	4.8
	3.00	Neither important nor unimportant	68	21.8	26.6
	4.00	Important	165	52.9	79.5
	5.00	Extremely important	64	20.5	100.0
	Total		312	100.0	100.0

INVENTORY MANAGEMENT CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	33	10.6	10.6
	2.00	Unimportant	58	18.6	29.2
	3.00	Neither important nor unimportant	83	26.6	55.8
	4.00	Important	99	31.7	87.5
	5.00	Extremely important	39	12.5	100.0
	Total		312	100.0	100.0

EMPLOYEE MANAGEMENT CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	47	15.1	15.1
	2.00	Unimportant	59	18.9	34.0
	3.00	Neither important nor unimportant	93	29.8	63.8
	4.00	Important	78	25.0	88.8
	5.00	Extremely important	35	11.2	100.0
	Total		312	100.0	100.0

FINANCE MANAGEMENT CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	2	.6	.6
	2.00	Unimportant	7	2.2	2.9
	3.00	Neither important nor unimportant	60	19.2	22.1
	4.00	Important	150	48.1	70.2
	5.00	Extremely important	93	29.8	100.0
	Total		312	100.0	100.0

FINANCIAL DATA MANAGEMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	2	.6	.6
	2.00	Unimportant	10	3.2	3.8
	3.00	Neither important nor unimportant	53	17.0	20.8
	4.00	Important	161	51.6	72.4
	5.00	Extremely important	86	27.6	100.0
	Total		312	100.0	100.0

CAPABILITY TO BORROW FUNDS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	33	10.6	10.6
	2.00	Unimportant	57	18.3	28.8
	3.00	Neither important nor unimportant	80	25.6	54.5
	4.00	Important	105	33.7	88.1
	5.00	Extremely important	37	11.9	100.0
	Total		312	100.0	100.0

CASH FLOW ADEQUACY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	1	.3	.3
	2.00	Unimportant	3	1.0	1.3
	3.00	Neither important nor unimportant	16	5.1	6.4
	4.00	Important	121	38.8	45.2
	5.00	Extremely important	171	54.8	100.0
	Total		312	100.0	100.0

LEVEL OF COSTS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely unimportant	11	3.5	3.5
	2.00	Unimportant	25	8.0	11.5
	3.00	Neither important nor unimportant	69	22.1	33.7
	4.00	Important	130	41.7	75.3
	5.00	Extremely important	77	24.7	100.0
	Total		312	100.0	100.0

PURCHASING MANAGEMENT CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	1.00	Extremely unimportant	36	11.5	11.5	11.5
	2.00	Unimportant	43	13.8	13.8	25.3
	3.00	Neither important nor unimportant	69	22.1	22.1	47.4
	4.00	Important	95	30.4	30.4	77.9
	5.00	Extremely important	69	22.1	22.1	100.0
	Total		312	100.0	100.0	

MANUFACTURING SKILLS

		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	1.00	Extremely unimportant	34	10.9	10.9	10.9
	2.00	Unimportant	37	11.9	11.9	22.8
	3.00	Neither important nor unimportant	45	14.4	14.4	37.2
	4.00	Important	81	26.0	26.0	63.1
	5.00	Extremely important	115	36.9	36.9	100.0
	Total		312	100.0	100.0	

ACCESS TO NETWORKS

		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	1.00	Extremely unimportant	27	8.7	8.7	8.7
	2.00	Unimportant	44	14.1	14.1	22.8
	3.00	Neither important nor unimportant	111	35.6	35.6	58.3
	4.00	Important	90	28.8	28.8	87.2
	5.00	Extremely important	40	12.8	12.8	100.0
	Total		312	100.0	100.0	

BUSINESS MANAGEMENT CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	1.00	Extremely unimportant	3	1.0	1.0	1.0
	2.00	Unimportant	6	1.9	1.9	2.9
	3.00	Neither important nor unimportant	54	17.3	17.3	20.2
	4.00	Important	162	51.9	51.9	72.1
	5.00	Extremely important	87	27.9	27.9	100.0
	Total		312	100.0	100.0	

COMPUTER TECHNOLOGY CAPABILITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	18	5.8	5.8	5.8
	2.00 Unimportant	31	9.9	9.9	15.7
	3.00 Neither important nor unimportant	117	37.5	37.5	53.2
	4.00 Important	91	29.2	29.2	82.4
	5.00 Extremely important	55	17.6	17.6	100.0
	Total	312	100.0	100.0	

AWARENESS OF GOVERNMENT REGULATIONS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	21	6.7	6.7	6.7
	2.00 Unimportant	39	12.5	12.5	19.2
	3.00 Neither important nor unimportant	115	36.9	36.9	56.1
	4.00 Important	102	32.7	32.7	88.8
	5.00 Extremely important	35	11.2	11.2	100.0
	Total	312	100.0	100.0	

Owner-manager factors

OWNER MANAGER - EDUCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	30	9.6	9.6	9.6
	2.00 Unimportant	33	10.6	10.6	20.2
	3.00 Neither important nor unimportant	31	9.9	9.9	30.1
	4.00 Important	93	29.8	29.8	59.9
	5.00 Extremely important	125	40.1	40.1	100.0
	Total	312	100.0	100.0	

OWNER MANAGER - TRAINING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	32	10.3	10.3	10.3
	2.00 Unimportant	32	10.3	10.3	20.5
	3.00 Neither important nor unimportant	32	10.3	10.3	30.8
	4.00 Important	109	34.9	34.9	65.7
	5.00 Extremely important	107	34.3	34.3	100.0
	Total	312	100.0	100.0	

OWNER MANAGER - DESIRE TO LEARN

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	31	9.9	9.9	9.9
	2.00 Unimportant	32	10.3	10.3	20.2
	3.00 Neither important nor unimportant	31	9.9	9.9	30.1
	4.00 Important	92	29.5	29.5	59.6
	5.00 Extremely important	126	40.4	40.4	100.0
	Total	312	100.0	100.0	

OWNER MANAGER - PAST WORK EXPERIENCE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	32	10.3	10.3	10.3
	2.00 Unimportant	31	9.9	9.9	20.2
	3.00 Neither important nor unimportant	33	10.6	10.6	30.8
	4.00 Important	93	29.8	29.8	60.6
	5.00 Extremely important	123	39.4	39.4	100.0
	Total	312	100.0	100.0	

OWNER MANAGERS' ABILITY TO COPE WITH PRESSURE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely unimportant	31	9.9	9.9	9.9
	2.00 Unimportant	30	9.6	9.6	19.6
	3.00 Neither important nor unimportant	31	9.9	9.9	29.5
	4.00 Important	80	25.6	25.6	55.1
	5.00 Extremely important	140	44.9	44.9	100.0
	Total	312	100.0	100.0	

OWNER MANAGER - DESIRE TO SUCCEED

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3.00 Neither important nor unimportant	37	11.9	11.9	11.9
	4.00 Important	97	31.1	31.1	42.9
	5.00 Extremely important	178	57.1	57.1	100.0
	Total	312	100.0	100.0	

OWNER MANAGER- COMMITMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3.00 Neither important nor unimportant	32	10.3	10.3	10.3
	4.00 Important	103	33.0	33.0	43.3
	5.00 Extremely important	177	56.7	56.7	100.0
	Total	312	100.0	100.0	

OWNER MANAGER - MOTIVATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3.00 Neither important nor unimportant	32	10.3	10.3	10.3
	4.00 Important	96	30.8	30.8	41.0
	5.00 Extremely important	184	59.0	59.0	100.0
	Total	312	100.0	100.0	

OWNER MANAGER - LEADERSHIP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3.00 Neither important nor unimportant	31	9.9	9.9	9.9
	4.00 Important	109	34.9	34.9	44.9
	5.00 Extremely important	172	55.1	55.1	100.0
	Total	312	100.0	100.0	

APPENDIX 9.3: Barriers to growth

NON-AVAILABILITY OF MARKET INFORMATION

			Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely insignificant	51	16.3	16.3	16.3
	2.00	Inisgnificant	46	14.7	14.7	31.1
	3.00	Neither significant nor insignificant	105	33.7	33.7	64.7
	4.00	Significant	71	22.8	22.8	87.5
	5.00	Extremely significant	39	12.5	12.5	100.0
	Total		312	100.0	100.0	

LANGUAGE BARRIERS

			Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely insignificant	47	15.1	15.1	15.1
	2.00	Inisgnificant	60	19.2	19.2	34.3
	3.00	Neither significant nor insignificant	140	44.9	44.9	79.2
	4.00	Significant	41	13.1	13.1	92.3
	5.00	Extremely significant	24	7.7	7.7	100.0
	Total		312	100.0	100.0	

FINANCIAL COST OF EXPANTION

			Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely insignificant	32	10.3	10.3	10.3
	2.00	Inisgnificant	37	11.9	11.9	22.1
	3.00	Neither significant nor insignificant	86	27.6	27.6	49.7
	4.00	Significant	83	26.6	26.6	76.3
	5.00	Extremely significant	74	23.7	23.7	100.0
	Total		312	100.0	100.0	

COMPETITION IN OTHER MARKETS

			Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Extremely insignificant	32	10.3	10.3	10.3
	2.00	Inisgnificant	43	13.8	13.8	24.0
	3.00	Neither significant nor insignificant	99	31.7	31.7	55.8
	4.00	Significant	89	28.5	28.5	84.3
	5.00	Extremely significant	49	15.7	15.7	100.0
	Total		312	100.0	100.0	

NON-AVAILABILITY OF SKILLED LABOUR

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely insignificant	36	11.5	11.5	11.5
	2.00 Inisgnificant	45	14.4	14.4	26.0
	3.00 Neither significant nor insignificant	102	32.7	32.7	58.7
	4.00 Significant	84	26.9	26.9	85.6
	5.00 Extremely significant	45	14.4	14.4	100.0
	Total	312	100.0	100.0	

ATTITUDE OF BANKS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely insignificant	5	1.6	1.6	1.6
	2.00 Inisgnificant	43	13.8	13.8	15.4
	3.00 Neither significant nor insignificant	103	33.0	33.0	48.4
	4.00 Significant	85	27.2	27.2	75.6
	5.00 Extremely significant	76	24.4	24.4	100.0
	Total	312	100.0	100.0	

INFRASTRUCTURE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Extremely insignificant	13	4.2	4.2	4.2
	2.00 Inisgnificant	39	12.5	12.5	16.7
	3.00 Neither significant nor insignificant	95	30.4	30.4	47.1
	4.00 Significant	98	31.4	31.4	78.5
	5.00 Extremely significant	67	21.5	21.5	100.0
	Total	312	100.0	100.0	

APPENDIX 9.4: Awareness of support

AWARENESS OF SUPPORT SERVICE - WISB

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	35	11.2	11.2	11.2
	2.00 Not aware	277	88.8	88.8	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - SLBDC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	38	12.2	12.2	12.2
	2.00 Not aware	274	87.8	87.8	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - IDB

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	161	51.6	51.6	51.6
	2.00 Not aware	151	48.4	48.4	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - PROJECT SMED

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	57	18.3	18.3	18.3
	2.00 Not aware	255	81.7	81.7	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - CHAMBERS OF COMMERCE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	85	27.2	27.2	27.2
	2.00 Not aware	227	72.8	72.8	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - ITI

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	68	21.8	21.8	21.8
	2.00 Not aware	244	78.2	78.2	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - VOCATIONAL TRAINING AUTHORITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	48	15.4	15.4	15.4
	2.00 Not aware	264	84.6	84.6	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - SMESDP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Aware	63	20.2	20.2
	2.00	Not aware	249	79.8	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - MINISTRY OF YOUTH AFFAIRS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Aware	68	21.8	21.8
	2.00	Not aware	244	78.2	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - SOUTHERN DEVELOPMENT AUTHORITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Aware	57	18.3	18.3
	2.00	Not aware	255	81.7	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - SEED

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Aware	67	21.5	21.5
	2.00	Not aware	245	78.5	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - BSSF PROJECT (ADB)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Aware	40	12.8	12.8
	2.00	Not aware	272	87.2	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - SP ADB SME PROJECT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	Aware	53	17.0	17.0
	2.00	Not aware	259	83.0	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - BMB LANKA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	17	5.4	5.4	5.4
	2.00 Not aware	295	94.6	94.6	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - SYIB (ILO)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	27	8.7	8.7	8.7
	2.00 Not aware	285	91.3	91.3	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - CEFE (GTZ)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	38	12.2	12.2	12.2
	2.00 Not aware	274	87.8	87.8	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - WOMENS' BANK (HAMBANTOTA)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	27	8.7	8.7	8.7
	2.00 Not aware	285	91.3	91.3	100.0
	Total	312	100.0	100.0	

AWARENESS OF SUPPORT SERVICE - SREAP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Aware	25	8.0	8.0	8.0
	2.00 Not aware	287	92.0	92.0	100.0
	Total	312	100.0	100.0	

APPENDIX 10: Cross tabulations – Employment growth

APPENDIX 10.1: Employment growth versus company characteristics

Company age

				Crosstab			
				INCREASE IN NUMBER OF EMPLOYEES			
				2.00			
				1.00	Growing	Declining/Static	Total
COMPANY AGE	2.00	13-24 months	Count	11		45	56
			% within COMPANY AGE	19.6%		80.4%	100.0%
			% within INCREASE IN NUMBER OF EMPLOYEES	19.6%		17.6%	17.9%
			% of Total	3.5%		14.4%	17.9%
	3.00	25-36 months	Count	25		53	78
			% within COMPANY AGE	32.1%		67.9%	100.0%
			% within INCREASE IN NUMBER OF EMPLOYEES	44.6%		20.7%	25.0%
			% of Total	8.0%		17.0%	25.0%
	4.00	37-48 months	Count	13		123	136
			% within COMPANY AGE	9.6%		90.4%	100.0%
			% within INCREASE IN NUMBER OF EMPLOYEES	23.2%		48.0%	43.6%
			% of Total	4.2%		39.4%	43.6%
5.00	49-60 months	Count	7		35	42	
		% within COMPANY AGE	16.7%		83.3%	100.0%	
		% within INCREASE IN NUMBER OF EMPLOYEES	12.5%		13.7%	13.5%	
		% of Total	2.2%		11.2%	13.5%	
Total	Count		56		256	312	
	% within COMPANY AGE		17.9%		82.1%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES		100.0%		100.0%	100.0%	
	% of Total		17.9%		82.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.190 ^a	3	.001
Continuity Correction			
Likelihood Ratio	16.723	3	.001
Linear-by-Linear Association	4.463	1	.035
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.54.

Urban/rural

Crosstab

		INCREASE IN NUMBER OF EMPLOYEES			
		2.00		Total	
		1.00 Growing	Declining/Static		
URBAN/RURAL	1.00 Urban	Count	39	137	176
		% within URBAN/RURAL	22.2%	77.8%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	69.6%	53.5%	56.4%
		% of Total	12.5%	43.9%	56.4%
	2.00 Rural	Count	17	119	136
		% within URBAN/RURAL	12.5%	87.5%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	30.4%	46.5%	43.6%
		% of Total	5.4%	38.1%	43.6%
	Total	Count	56	256	312
		% within URBAN/RURAL	17.9%	82.1%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%
		% of Total	17.9%	82.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.860 ^b	1	.027		
Continuity Correction ^a	4.226	1	.040		
Likelihood Ratio	5.004	1	.025		
Fisher's Exact Test				.037	.019
Linear-by-Linear Association	4.845	1	.028		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 24.41.

Ownership

Crosstab

			INCREASE IN NUMBER OF EMPLOYEES		
			1.00 Growing	2.00 Declining/Static	Total
OWNERSHIP NEW	1.00 Sole proprietor	Count	15	163	178
		% within OWNERSHIP NEW	8.4%	91.6%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	26.8%	63.7%	57.1%
		% of Total	4.8%	52.2%	57.1%
	2.00 Private company	Count	22	50	72
		% within OWNERSHIP NEW	30.6%	69.4%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	39.3%	19.5%	23.1%
		% of Total	7.1%	16.0%	23.1%
	3.00 Public company	Count	19	43	62
		% within OWNERSHIP NEW	30.6%	69.4%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	33.9%	16.8%	19.9%
		% of Total	6.1%	13.8%	19.9%
Total	Count	56	256	312	
	% within OWNERSHIP NEW	17.9%	82.1%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%	
	% of Total	17.9%	82.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.515 ^a	2	.000
Continuity Correction			
Likelihood Ratio	25.708	2	.000
Linear-by-Linear Association	21.180	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.13.

APPENDIX 10.2: Employment growth versus owner-manager characteristics

Education

Crosstab

		INCREASE IN NUMBER OF EMPLOYEES			
		1.00 Growing	2.00 Declining/Static	Total	
EDUCATIONAL QUALIFICATIONS (NEW)	1.00 Lower Level	Count	2	92	94
		% within EDUCATIONAL QUALIFICATIONS (NEW)	2.1%	97.9%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	3.6%	35.9%	30.1%
		% of Total	.6%	29.5%	30.1%
	2.00 GCE A Level	Count	19	106	125
		% within EDUCATIONAL QUALIFICATIONS (NEW)	15.2%	84.8%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	33.9%	41.4%	40.1%
		% of Total	6.1%	34.0%	40.1%
	3.00 Tertiary Level	Count	13	30	43
		% within EDUCATIONAL QUALIFICATIONS (NEW)	30.2%	69.8%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	23.2%	11.7%	13.8%
		% of Total	4.2%	9.6%	13.8%
4.00 Diploma/Professional Level	Count	22	28	50	
	% within EDUCATIONAL QUALIFICATIONS (NEW)	44.0%	56.0%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	39.3%	10.9%	16.0%	
	% of Total	7.1%	9.0%	16.0%	
Total	Count	56	256	312	
	% within EDUCATIONAL QUALIFICATIONS (NEW)	17.9%	82.1%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%	
	% of Total	17.9%	82.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.065 ^a	3	.000
Continuity Correction			
Likelihood Ratio	46.470	3	.000
Linear-by-Linear Association	43.880	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.72.

First business

Crosstab

		INCREASE IN NUMBER OF EMPLOYEES			
		2.00		Total	
		1.00 Growing	Declining/Static		
FIRST BUSINESS	1.00 Yes	Count	28	197	225
		% within FIRST BUSINESS	12.4%	87.6%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	50.0%	77.0%	72.1%
		% of Total	9.0%	63.1%	72.1%
	2.00 No	Count	28	59	87
		% within FIRST BUSINESS	32.2%	67.8%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	50.0%	23.0%	27.9%
		% of Total	9.0%	18.9%	27.9%
	Total	Count	56	256	312
		% within FIRST BUSINESS	17.9%	82.1%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%
		% of Total	17.9%	82.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	16.600 ^b	1	.000		
Continuity Correction ^a	15.286	1	.000		
Likelihood Ratio	15.289	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	16.546	1	.000		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.62.

Reason to start

Crosstab

		INCREASE IN NUMBER OF EMPLOYEES			
		1.00 Growing	2.00 Declining/Static	Total	
REASONS TO START	1.00 No alternative employment	Count	17	82	99
		% within REASONS TO START	17.2%	82.8%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	30.4%	32.0%	31.7%
		% of Total	5.4%	26.3%	31.7%
	2.00 Unhappy with previous employment	Count	4	47	51
		% within REASONS TO START	7.8%	92.2%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	7.1%	18.4%	16.3%
		% of Total	1.3%	15.1%	16.3%
	3.00 To be your own boss	Count	13	87	100
		% within REASONS TO START	13.0%	87.0%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	23.2%	34.0%	32.1%
		% of Total	4.2%	27.9%	32.1%
4.00 To make more money	Count	8	23	31	
	% within REASONS TO START	25.8%	74.2%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	14.3%	9.0%	9.9%	
	% of Total	2.6%	7.4%	9.9%	
5.00 Promising market opportunity	Count	14	17	31	
	% within REASONS TO START	45.2%	54.8%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	25.0%	6.6%	9.9%	
	% of Total	4.5%	5.4%	9.9%	
Total	Count	56	256	312	
	% within REASONS TO START	17.9%	82.1%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%	
	% of Total	17.9%	82.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.127 ^a	4	.000
Continuity Correction			
Likelihood Ratio	19.454	4	.001
Linear-by-Linear Association	8.732	1	.003
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.56.

APPENDIX 10.3: Employment growth versus strategic characteristics (financial objectives, financial performance and planning characteristics)

Financial objectives

Crosstab

				INCREASE IN NUMBER OF EMPLOYEES		
				1.00	2.00	
				Growing	Declining/Static	Total
FINANCIAL OBJECTIVES	1.00 Get by financially	Count		0	44	44
		% within FINANCIAL OBJECTIVES		.0%	100.0%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES		.0%	17.2%	14.1%
		% of Total		.0%	14.1%	14.1%
	2.00 Achieve small profits	Count		1	85	86
		% within FINANCIAL OBJECTIVES		1.2%	98.8%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES		1.8%	33.2%	27.6%
		% of Total		.3%	27.2%	27.6%
	3.00 Achieve medium profits	Count		34	110	144
		% within FINANCIAL OBJECTIVES		23.6%	76.4%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES		60.7%	43.0%	46.2%
		% of Total		10.9%	35.3%	46.2%
	4.00 Achieve high profits	Count		21	17	38
		% within FINANCIAL OBJECTIVES		55.3%	44.7%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES		37.5%	6.6%	12.2%
		% of Total		6.7%	5.4%	12.2%
Total		Count		56	256	312
		% within FINANCIAL OBJECTIVES		17.9%	82.1%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES		100.0%	100.0%	100.0%
		% of Total		17.9%	82.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	65.141 ^a	3	.000
Continuity Correction			
Likelihood Ratio	73.101	3	.000
Linear-by-Linear Association	55.456	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.82.

Financial performance

Crosstab

		INCREASE IN NUMBER OF EMPLOYEES			
		2.00		Total	
		1.00 Growing	Declining/Static		
FINANCIAL PERFORMANCE	1.00 Very unsatisfactory	Count	1	29	30
		% within FINANCIAL PERFORMANCE	3.3%	96.7%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	1.8%	11.3%	9.6%
		% of Total	.3%	9.3%	9.6%
	2.00 Unsatisfactory	Count	0	41	41
		% within FINANCIAL PERFORMANCE	.0%	100.0%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	16.0%	13.1%
		% of Total	.0%	13.1%	13.1%
	3.00 Neither satisfactory nor unsatisfactory	Count	8	41	49
		% within FINANCIAL PERFORMANCE	16.3%	83.7%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	14.3%	16.0%	15.7%
		% of Total	2.6%	13.1%	15.7%
4.00 Satisfactory	Count	29	113	142	
	% within FINANCIAL PERFORMANCE	20.4%	79.6%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	51.8%	44.1%	45.5%	
	% of Total	9.3%	36.2%	45.5%	
5.00 Very satisfactory	Count	18	32	50	
	% within FINANCIAL PERFORMANCE	36.0%	64.0%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	32.1%	12.5%	16.0%	
	% of Total	5.8%	10.3%	16.0%	
Total	Count	56	256	312	
	% within FINANCIAL PERFORMANCE	17.9%	82.1%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%	
	% of Total	17.9%	82.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.061 ^a	4	.000
Continuity Correction			
Likelihood Ratio	32.177	4	.000
Linear-by-Linear Association	21.890	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.38.

Growth ambitions

Crosstab

		INCREASE IN NUMBER OF EMPLOYEES			
		1.00 Growing	2.00 Declining/Static	Total	
GROWTH ASPIRATIONS	1.00 No Growth Aspirations	Count	2	51	53
		% within GROWTH ASPIRATIONS	3.8%	96.2%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	3.6%	19.9%	17.0%
		% of Total	.6%	16.3%	17.0%
	2.00 Low Growth Aspirations	Count	17	140	157
		% within GROWTH ASPIRATIONS	10.8%	89.2%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	30.4%	54.7%	50.3%
		% of Total	5.4%	44.9%	50.3%
	3.00 High Growth Aspirations	Count	37	65	102
		% within GROWTH ASPIRATIONS	36.3%	63.7%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	66.1%	25.4%	32.7%
		% of Total	11.9%	20.8%	32.7%
Total	Count	56	256	312	
	% within GROWTH ASPIRATIONS	17.9%	82.1%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%	
	% of Total	17.9%	82.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	35.896 ^a	2	.000
Continuity Correction			
Likelihood Ratio	35.343	2	.000
Linear-by-Linear Association	31.553	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.51.

Undertake some form of planning

Crosstab

		INCREASE IN NUMBER OF EMPLOYEES			
			1.00 Growing	2.00 Declining/Static	Total
UNDERTAKE SOME FORM OF PLANNING	1.00 Yes	Count	52	126	178
		% within UNDERTAKE SOME FORM OF PLANNING	29.2%	70.8%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	92.9%	49.2%	57.1%
		% of Total	16.7%	40.4%	57.1%
	2.00 No	Count	4	130	134
		% within UNDERTAKE SOME FORM OF PLANNING	3.0%	97.0%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	7.1%	50.8%	42.9%
		% of Total	1.3%	41.7%	42.9%
	Total	Count	56	256	312
		% within UNDERTAKE SOME FORM OF PLANNING	17.9%	82.1%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%
		% of Total	17.9%	82.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	35.710 ^b	1	.000		
Continuity Correction ^a	33.952	1	.000		
Likelihood Ratio	42.649	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	35.596	1	.000		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 24.05.

Formal planning

Crosstab

			INCREASE IN NUMBER OF EMPLOYEES		
			2.00		Total
			1.00 Growing	Declining/Static	
FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	1.00 Formal (Written)	Count	38	54	92
		% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	41.3%	58.7%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	67.9%	21.1%	29.5%
		% of Total	12.2%	17.3%	29.5%
	2.00 Informal (Unwritten)	Count	14	72	86
		% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	16.3%	83.7%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	25.0%	28.1%	27.6%
		% of Total	4.5%	23.1%	27.6%
	3.00 No planning	Count	4	130	134
		% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	3.0%	97.0%	100.0%
		% within INCREASE IN NUMBER OF EMPLOYEES	7.1%	50.8%	42.9%
		% of Total	1.3%	41.7%	42.9%
Total	Count	56	256	312	
	% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	17.9%	82.1%	100.0%	
	% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%	
	% of Total	17.9%	82.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	54.612 ^a	2	.000
Continuity Correction			
Likelihood Ratio	56.536	2	.000
Linear-by-Linear Association	53.001	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.44.

Planning period

Crosstab

				INCREASE IN NUMBER OF EMPLOYEES			
				1.00	2.00		
				Growing	Declining/Static	Total	
PLANNING PERIOD (NEW)	1.00	Six months or less	Count	14	88	102	
			% within PLANNING PERIOD (NEW)	13.7%	86.3%	100.0%	
			% within INCREASE IN NUMBER OF EMPLOYEES	26.9%	69.8%	57.3%	
			% of Total	7.9%	49.4%	57.3%	
	2.00	More than six months	Count	38	38	76	
			% within PLANNING PERIOD (NEW)	50.0%	50.0%	100.0%	
			% within INCREASE IN NUMBER OF EMPLOYEES	73.1%	30.2%	42.7%	
			% of Total	21.3%	21.3%	42.7%	
	Total			Count	52	126	178
				% within PLANNING PERIOD (NEW)	29.2%	70.8%	100.0%
				% within INCREASE IN NUMBER OF EMPLOYEES	100.0%	100.0%	100.0%
				% of Total	29.2%	70.8%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	27.712 ^b	1	.000		
Continuity Correction ^a	25.985	1	.000		
Likelihood Ratio	28.095	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	27.556	1	.000		
N of Valid Cases	178				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 22.20.

APPENDIX 10.4: Employment growth versus importance of external factors

National economy

Crosstab

		NATIONAL ECONOMY						
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	0	0	0	22	34	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	.0%	.0%	39.3%	60.7%	100.0%
		% within NATIONAL ECONOMY	.0%	.0%	.0%	14.4%	33.3%	17.9%
		% of Total	.0%	.0%	.0%	7.1%	10.9%	17.9%
Declining/Stationary	Declining/Stationary	Count	1	8	48	131	68	256
		% within INCREASE IN NUMBER OF EMPLOYEES	.4%	3.1%	18.8%	51.2%	26.6%	100.0%
		% within NATIONAL ECONOMY	100.0%	100.0%	100.0%	85.6%	66.7%	82.1%
		% of Total	.3%	2.6%	15.4%	42.0%	21.8%	82.1%
Total	Total	Count	1	8	48	153	102	312
		% within INCREASE IN NUMBER OF EMPLOYEES	.3%	2.6%	15.4%	49.0%	32.7%	100.0%
		% within NATIONAL ECONOMY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	.3%	2.6%	15.4%	49.0%	32.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.185 ^a	4	.000
Likelihood Ratio	37.808	4	.000
Linear-by-Linear Association	27.797	1	.000
N of Valid Cases	312		

^a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is .18.

Provincial economy

Crosstab

		PROVINCIAL ECONOMY						
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	0	0	0	22	34	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	.0%	.0%	39.3%	60.7%	100.0%
		% within PROVINCIAL ECONOMY	.0%	.0%	.0%	15.3%	30.4%	17.9%
		% of Total	.0%	.0%	.0%	7.1%	10.9%	17.9%
Declining/Stagnant	Count	1	9	46	122	78	256	
		% within INCREASE IN NUMBER OF EMPLOYEES	.4%	3.5%	18.0%	47.7%	30.5%	100.0%
		% within PROVINCIAL ECONOMY	100.0%	100.0%	100.0%	84.7%	69.6%	82.1%
		% of Total	.3%	2.9%	14.7%	39.1%	25.0%	82.1%
Total	Count	1	9	46	144	112	312	
		% within INCREASE IN NUMBER OF EMPLOYEES	.3%	2.9%	14.7%	46.2%	35.9%	100.0%
		% within PROVINCIAL ECONOMY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	.3%	2.9%	14.7%	46.2%	35.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.657 ^a	4	.000
Likelihood Ratio	33.040	4	.000
Linear-by-Linear Association	23.146	1	.000
N of Valid Cases	312		

^a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is .18.

Market demand for products

Crosstab

		MARKET DEMAND FOR PRODUCTS						
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	0	0	0	0	56	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	.0%	.0%	.0%	100.0%	100.0%
		% within MARKET DEMAND FOR PRODUCTS	.0%	.0%	.0%	.0%	26.4%	17.9%
		% of Total	.0%	.0%	.0%	.0%	17.9%	17.9%
Declining/Static		Count	1	1	9	89	156	256
		% within INCREASE IN NUMBER OF EMPLOYEES	.4%	.4%	3.5%	34.8%	60.9%	100.0%
		% within MARKET DEMAND FOR PRODUCTS	100.0%	100.0%	100.0%	100.0%	73.6%	82.1%
		% of Total	.3%	.3%	2.9%	28.5%	50.0%	82.1%
Total		Count	1	1	9	89	212	312
		% within INCREASE IN NUMBER OF EMPLOYEES	.3%	.3%	2.9%	28.5%	67.9%	100.0%
		% within MARKET DEMAND FOR PRODUCTS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	.3%	.3%	2.9%	28.5%	67.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.193 ^a	4	.000
Likelihood Ratio	48.866	4	.000
Linear-by-Linear Association	26.155	1	.000
N of Valid Cases	312		

^a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .18.

Competitors' product quality

Crosstab

		COMPETITORS' PRODUCT QUALITY					
			Neither important nor				
			Unimportant	unimportant	Important	Extremely important	Total
INCREASE IN NUMI OF EMPLOYEES	Growing	Count	0	0	28	28	56
		% within INCREASE IN NUMBER OF EMPLOY	.0%	.0%	50.0%	50.0%	100.0%
		% within COMPETITOI PRODUCT QUALITY	.0%	.0%	17.8%	32.9%	17.9%
		% of Total	.0%	.0%	9.0%	9.0%	17.9%
Declining/Stat		Count	16	54	129	57	256
		% within INCREASE IN NUMBER OF EMPLOY	6.3%	21.1%	50.4%	22.3%	100.0%
		% within COMPETITOI PRODUCT QUALITY	100.0%	100.0%	82.2%	67.1%	82.1%
		% of Total	5.1%	17.3%	41.3%	18.3%	82.1%
Total		Count	16	54	157	85	312
		% within INCREASE IN NUMBER OF EMPLOY	5.1%	17.3%	50.3%	27.2%	100.0%
		% within COMPETITOI PRODUCT QUALITY	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	5.1%	17.3%	50.3%	27.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.287 ^a	3	.000
Likelihood Ratio	38.698	3	.000
Linear-by-Linear Association	26.477	1	.000
N of Valid Cases	312		

^a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 2.87.

Competitors' pricing

Crosstab

		COMPETITORS' PRICING					
		Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	0	0	28	28	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	.0%	50.0%	50.0%	100.0%
		% within COMPETITORS PRICING	.0%	.0%	18.1%	34.6%	17.9%
		% of Total	.0%	.0%	9.0%	9.0%	17.9%
	Declining/Static	Count	19	57	127	53	256
		% within INCREASE IN NUMBER OF EMPLOYEES	7.4%	22.3%	49.6%	20.7%	100.0%
		% within COMPETITORS PRICING	100.0%	100.0%	81.9%	65.4%	82.1%
		% of Total	6.1%	18.3%	40.7%	17.0%	82.1%
	Total	Count	19	57	155	81	312
		% within INCREASE IN NUMBER OF EMPLOYEES	6.1%	18.3%	49.7%	26.0%	100.0%
		% within COMPETITORS PRICING	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	6.1%	18.3%	49.7%	26.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.817 ^a	3	.000
Likelihood Ratio	42.783	3	.000
Linear-by-Linear Association	29.533	1	.000
N of Valid Cases	312		

^a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 3.41.

Loan interest rates

Crosstab

		LOAN INTEREST RATES						
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUM. OF EMPLOYEES	Growing	Count	0	4	10	12	30	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	7.1%	17.9%	21.4%	53.6%	100.0%
		% within LOAN INTER RATES	.0%	12.1%	10.5%	13.2%	35.3%	17.9%
		% of Total	.0%	1.3%	3.2%	3.8%	9.6%	17.9%
Declining/Sta	Count	8	29	85	79	55	256	
		% within INCREASE IN NUMBER OF EMPLOYEES	3.1%	11.3%	33.2%	30.9%	21.5%	100.0%
		% within LOAN INTER RATES	100.0%	87.9%	89.5%	86.8%	64.7%	82.1%
		% of Total	2.6%	9.3%	27.2%	25.3%	17.6%	82.1%
Total	Count	8	33	95	91	85	312	
		% within INCREASE IN NUMBER OF EMPLOYEES	2.6%	10.6%	30.4%	29.2%	27.2%	100.0%
		% within LOAN INTER RATES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	2.6%	10.6%	30.4%	29.2%	27.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.831 ^a	4	.000
Likelihood Ratio	24.015	4	.000
Linear-by-Linear Association	17.249	1	.000
N of Valid Cases	312		

^a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 1.44.

Debt payment by customers

Crosstab

		DEBT PAYMENT BY CUSTOMERS					
		Unimportant	Neither unimportant	Important	Extremely important	Total	
		Count	important nor	Count	Count	Count	
INCREASE IN NUM OF EMPLOYEES	Growing	0	7	14	35	56	
		% within INCREASE I NUMBER OF EMPLC	.0%	12.5%	25.0%	62.5%	100.0%
		% within DEBT PAYM BY CUSTOMERS	.0%	8.9%	13.3%	28.5%	17.9%
		% of Total	.0%	2.2%	4.5%	11.2%	17.9%
Declining/St	Count	5	72	91	88	256	
		% within INCREASE I NUMBER OF EMPLC	2.0%	28.1%	35.5%	34.4%	100.0%
		% within DEBT PAYM BY CUSTOMERS	100.0%	91.1%	86.7%	71.5%	82.1%
		% of Total	1.6%	23.1%	29.2%	28.2%	82.1%
Total	Count	5	79	105	123	312	
		% within INCREASE I NUMBER OF EMPLC	1.6%	25.3%	33.7%	39.4%	100.0%
		% within DEBT PAYM BY CUSTOMERS	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	1.6%	25.3%	33.7%	39.4%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.262 ^a	3	.001
Likelihood Ratio	17.000	3	.001
Linear-by-Linear Association	14.867	1	.000
N of Valid Cases	312		

^a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .90.

APPENDIX 10.5: Employment growth versus importance of internal factors

Marketing capability

Crosstab

		MARKETING CAPABILITY					
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important	Total
INCREASE IN NUMB OF EMPLOYEES	Growing	Count	0	0	0	0	56
		% within INCREASE IN NUMBER OF EMPLOY	.0%	.0%	.0%	.0%	100.0%
		% within MARKETING CAPABILITY	.0%	.0%	.0%	.0%	56.6%
		% of Total	.0%	.0%	.0%	.0%	17.9%
Declining/Stati		Count	3	9	37	164	43
		% within INCREASE IN NUMBER OF EMPLOY	1.2%	3.5%	14.5%	64.1%	16.8%
		% within MARKETING CAPABILITY	100.0%	100.0%	100.0%	100.0%	43.4%
		% of Total	1.0%	2.9%	11.9%	52.6%	13.8%
Total		Count	3	9	37	164	99
		% within INCREASE IN NUMBER OF EMPLOY	1.0%	2.9%	11.9%	52.6%	31.7%
		% within MARKETING CAPABILITY	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	1.0%	2.9%	11.9%	52.6%	31.7%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	146.841 ^a	4	.000
Likelihood Ratio	158.133	4	.000
Linear-by-Linear Association	85.766	1	.000
N of Valid Cases	312		

^a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is .54.

Selling capability

Crosstab

		SELLING CAPABILITY					
		Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	0	0	0	56	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	.0%	.0%	100.0%	100.0%
		% within SELLING CAPABILITY	.0%	.0%	.0%	53.8%	17.9%
		% of Total	.0%	.0%	.0%	17.9%	17.9%
Declining/Stat		Count	3	39	166	48	256
		% within INCREASE IN NUMBER OF EMPLOYEES	1.2%	15.2%	64.8%	18.8%	100.0%
		% within SELLING CAPABILITY	100.0%	100.0%	100.0%	46.2%	82.1%
		% of Total	1.0%	12.5%	53.2%	15.4%	82.1%
Total		Count	3	39	166	104	312
		% within INCREASE IN NUMBER OF EMPLOYEES	1.0%	12.5%	53.2%	33.3%	100.0%
		% within SELLING CAPABILITY	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	1.0%	12.5%	53.2%	33.3%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	136.500 ^a	3	.000
Likelihood Ratio	150.105	3	.000
Linear-by-Linear Association	97.030	1	.000
N of Valid Cases	312		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .54.

Market research capability

Crosstab

		MARKET RESEARCH CAPABILITY						
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUME OF EMPLOYEES	Growing	Count	0	0	0	3	53	56
		% within INCREASE IN NUMBER OF EMPLOY	.0%	.0%	.0%	5.4%	94.6%	100.0%
		% within MARKET RESEARCH CAPABILI	.0%	.0%	.0%	2.0%	96.4%	17.9%
		% of Total	.0%	.0%	.0%	1.0%	17.0%	17.9%
Declining/Stat		Count	9	23	76	146	2	256
		% within INCREASE IN NUMBER OF EMPLOY	3.5%	9.0%	29.7%	57.0%	.8%	100.0%
		% within MARKET RESEARCH CAPABILI	100.0%	100.0%	100.0%	98.0%	3.6%	82.1%
		% of Total	2.9%	7.4%	24.4%	46.8%	.6%	82.1%
Total		Count	9	23	76	149	55	312
		% within INCREASE IN NUMBER OF EMPLOY	2.9%	7.4%	24.4%	47.8%	17.6%	100.0%
		% within MARKET RESEARCH CAPABILI	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	2.9%	7.4%	24.4%	47.8%	17.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	278.953 ^a	4	.000
Likelihood Ratio	247.109	4	.000
Linear-by-Linear Association	119.863	1	.000
N of Valid Cases	312		

^a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.62.

New product development

Crosstab

		NEW PRODUCT DEVELOPMENT						Total
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important		
INCREASE IN NUMB OF EMPLOYEES	Growing	Count	0	0	0	0	56	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	.0%	.0%	.0%	100.0%	100.0%
		% within NEW PRODUCT DEVELOPMENT	.0%	.0%	.0%	.0%	75.7%	17.9%
		% of Total	.0%	.0%	.0%	.0%	17.9%	17.9%
Declining/Stat	Count	16	24	66	132	18	256	
		% within INCREASE IN NUMBER OF EMPLOYEES	6.3%	9.4%	25.8%	51.6%	7.0%	100.0%
		% within NEW PRODUCT DEVELOPMENT	100.0%	100.0%	100.0%	100.0%	24.3%	82.1%
		% of Total	5.1%	7.7%	21.2%	42.3%	5.8%	82.1%
Total	Count	16	24	66	132	74	312	
		% within INCREASE IN NUMBER OF EMPLOYEES	5.1%	7.7%	21.2%	42.3%	23.7%	100.0%
		% within NEW PRODUCT DEVELOPMENT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	5.1%	7.7%	21.2%	42.3%	23.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	219.507 ^a	4	.000
Likelihood Ratio	211.555	4	.000
Linear-by-Linear Association	98.226	1	.000
N of Valid Cases	312		

^a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 2.87.

Long-term planning capability

Crosstab

		LONG-TERM PLANNING CAPABILITY						Total
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important		
INCREASE IN NUMB OF EMPLOYEES	Growing	Count	0	0	0	0	56	56
		% within INCREASE IN NUMBER OF EMPLOYEES	.0%	.0%	.0%	.0%	100.0%	100.0%
		% within LONG-TERM PLANNING CAPABILITY	.0%	.0%	.0%	.0%	96.6%	17.9%
		% of Total	.0%	.0%	.0%	.0%	17.9%	17.9%
Declining/Static	Count	19	13	60	162	2	256	
		% within INCREASE IN NUMBER OF EMPLOYEES	7.4%	5.1%	23.4%	63.3%	.8%	100.0%
		% within LONG-TERM PLANNING CAPABILITY	100.0%	100.0%	100.0%	100.0%	3.4%	82.1%
		% of Total	6.1%	4.2%	19.2%	51.9%	.6%	82.1%
Total	Count	19	13	60	162	58	312	
		% within INCREASE IN NUMBER OF EMPLOYEES	6.1%	4.2%	19.2%	51.9%	18.6%	100.0%
		% within LONG-TERM PLANNING CAPABILITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	6.1%	4.2%	19.2%	51.9%	18.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	298.888 ^a	4	.000
Likelihood Ratio	276.264	4	.000
Linear-by-Linear Association	108.124	1	.000
N of Valid Cases	312		

^a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 2.33.

APPENDIX 10.6: Employment growth versus importance of owner-manager factors

OM education

Crosstab

		OM EDUCATION					Total	
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important		
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	2	3	5	18	28	56
		% within INCREASE IN NUMBER OF EMPLOYEES	3.6%	5.4%	8.9%	32.1%	50.0%	100.0%
		% within OM EDUCATION	6.7%	9.1%	16.1%	19.4%	22.4%	17.9%
		% of Total	.6%	1.0%	1.6%	5.8%	9.0%	17.9%
Declining/Static		Count	28	30	26	75	97	256
		% within INCREASE IN NUMBER OF EMPLOYEES	10.9%	11.7%	10.2%	29.3%	37.9%	100.0%
		% within OM EDUCATION	93.3%	90.9%	83.9%	80.6%	77.6%	82.1%
		% of Total	9.0%	9.6%	8.3%	24.0%	31.1%	82.1%
Total		Count	30	33	31	93	125	312
		% within INCREASE IN NUMBER OF EMPLOYEES	9.6%	10.6%	9.9%	29.8%	40.1%	100.0%
		% within OM EDUCATION	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	9.6%	10.6%	9.9%	29.8%	40.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.227 ^a	4	.183
Likelihood Ratio	7.102	4	.131
Linear-by-Linear Association	6.074	1	.014
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.38.

OM training

Crosstab

		OM TRAINING COMPLETED					Total	
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important		
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	4	4	6	18	24	56
		% within INCREASE IN NUMBER OF EMPLOYEE	7.1%	7.1%	10.7%	32.1%	42.9%	100.0%
		% within OM TRAINING COMPLETED	12.5%	12.5%	18.8%	16.5%	22.4%	17.9%
		% of Total	1.3%	1.3%	1.9%	5.8%	7.7%	17.9%
Declining/Static		Count	28	28	26	91	83	256
		% within INCREASE IN NUMBER OF EMPLOYEE	10.9%	10.9%	10.2%	35.5%	32.4%	100.0%
		% within OM TRAINING COMPLETED	87.5%	87.5%	81.3%	83.5%	77.6%	82.1%
		% of Total	9.0%	9.0%	8.3%	29.2%	26.6%	82.1%
Total		Count	32	32	32	109	107	312
		% within INCREASE IN NUMBER OF EMPLOYEE	10.3%	10.3%	10.3%	34.9%	34.3%	100.0%
		% within OM TRAINING COMPLETED	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	10.3%	10.3%	10.3%	34.9%	34.3%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.916 ^a	4	.572
Likelihood Ratio	2.957	4	.565
Linear-by-Linear Association	2.236	1	.135
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.74.

OM past work experience

Crosstab

		OM PAST WORK EXPERIENCE						
		Extremely unimportant	Unimportant	Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	2	2	8	16	28	56
		% within INCREASE IN NUMBER OF EMPLOYEES	3.6%	3.6%	14.3%	28.6%	50.0%	100.0%
		% within OM PAST WORK EXPERIENCE	6.3%	6.5%	24.2%	17.2%	22.8%	17.9%
		% of Total	.6%	.6%	2.6%	5.1%	9.0%	17.9%
	Declining/Static	Count	30	29	25	77	95	256
		% within INCREASE IN NUMBER OF EMPLOYEES	11.7%	11.3%	9.8%	30.1%	37.1%	100.0%
		% within OM PAST WORK EXPERIENCE	93.8%	93.5%	75.8%	82.8%	77.2%	82.1%
		% of Total	9.6%	9.3%	8.0%	24.7%	30.4%	82.1%
Total	Count	32	31	33	93	123	312	
	% within INCREASE IN NUMBER OF EMPLOYEES	10.3%	9.9%	10.6%	29.8%	39.4%	100.0%	
	% within OM PAST WORK EXPERIENCE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	10.3%	9.9%	10.6%	29.8%	39.4%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.615 ^a	4	.071
Likelihood Ratio	9.963	4	.041
Linear-by-Linear Association	6.033	1	.014
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.56.

OM desire to succeed

Crosstab

		OM DESIRE TO SUCCEED				
		Neither important nor unimportant	Important	Extremely important	Total	
INCREASE IN NUMBER OF EMPLOYEES	Growing	Count	8	0	48	56
		% within INCREASE IN NUMBER OF EMPLOYEES	14.3%	.0%	85.7%	100.0%
		% within OM DESIRE TO SUCCEED	21.6%	.0%	27.0%	17.9%
		% of Total	2.6%	.0%	15.4%	17.9%
	Declining/Static	Count	29	97	130	256
		% within INCREASE IN NUMBER OF EMPLOYEES	11.3%	37.9%	50.8%	100.0%
		% within OM DESIRE TO SUCCEED	78.4%	100.0%	73.0%	82.1%
		% of Total	9.3%	31.1%	41.7%	82.1%
	Total	Count	37	97	178	312
		% within INCREASE IN NUMBER OF EMPLOYEES	11.9%	31.1%	57.1%	100.0%
		% within OM DESIRE TO SUCCEED	100.0%	100.0%	100.0%	100.0%
		% of Total	11.9%	31.1%	57.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.386 ^a	2	.000
Likelihood Ratio	47.509	2	.000
Linear-by-Linear Association	9.658	1	.002
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.64.

Analysis Case Processing Summary

Unweighted Cases		N	Percent
Valid		312	100.0
Excluded	Missing or out-of-range group codes	0	.0
	At least one missing discriminating variable	0	.0
	Both missing or out-of-range group codes and at least one missing discriminating variable	0	.0
	Total	0	.0
Total		312	100.0

Group Statistics

INCREASE IN NUMBER OF EMPLOYEES		Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
Growing	COMPANY AGE	3.2857	.92862	56	56.000
	Urban	.6964	.46396	56	56.000
	Private Company	.3929	.49281	56	56.000
	Public Company	.3393	.47775	56	56.000
	First Business	.5000	.50452	56	56.000
	Undertake some form of palnning	.9286	.25987	56	56.000
Declining/Static	COMPANY AGE	3.5781	.93397	256	256.000
	Urban	.5352	.49974	256	256.000
	Private Company	.1953	.39722	256	256.000
	Public Company	.1680	.37457	256	256.000
	First Business	.7695	.42196	256	256.000
	Undertake some form of palnning	.4922	.50092	256	256.000
Total	COMPANY AGE	3.5256	.93828	312	312.000
	Urban	.5641	.49667	312	312.000
	Private Company	.2308	.42200	312	312.000
	Public Company	.1987	.39968	312	312.000
	First Business	.7212	.44915	312	312.000
	Undertake some form of palnning	.5705	.49580	312	312.000

Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
COMPANY AGE	.986	4.513	1	310	.034
Urban	.984	4.905	1	310	.027
Private Company	.968	10.372	1	310	.001
Public Company	.973	8.650	1	310	.004
First Business	.947	17.420	1	310	.000
Undertake some form of palnning	.886	40.068	1	310	.000

Pooled Within-Groups Matrices

		COMPANY AGE	Urban	Private Company	Public Company	First Business	Undertake some form of palnning
Correlation	COMPANY AGE	1.000	.180	-.076	-.046	.080	-.109
	Urban	.180	1.000	.140	.029	-.447	.019
	Private Company	-.076	.140	1.000	-.312	-.257	.315
	Public Company	-.046	.029	-.312	1.000	-.328	.301
	First Business	.080	-.447	-.257	-.328	1.000	-.236
	Undertake some form of palnning	-.109	.019	.315	.301	-.236	1.000

Analysis 1

Box's Test of Equality of Covariance Matrices

Log Determinants

INCREASE IN NUMBER	Rank	Log Determinant
Growing	2	-4.063
Declining/Static	2	-3.189
Pooled within-groups	2	-3.231

The ranks and natural logarithms of determinants printed are those of the group covariance matrices.

Test Results

Box's M		34.943
F	Approx.	11.489
	df1	3
	df2	132204.476
	Sig.	.000

Tests null hypothesis of equal population covariance matrices.

Stepwise Statistics

Variables Entered/Removed^{a,b,c,d}

Step	Entered	Statistic	Wilks' Lambda			Exact F			Sig.
			df1	df2	df3	Statistic	df1	df2	
1	Undertake some form of palnning	.886	1	1	310.000	40.068	1	310.000	.000
2	First Business	.867	2	1	310.000	23.761	2	309.000	.000

At each step, the variable that minimizes the overall Wilks' Lambda is entered.

- a. Maximum number of steps is 12.
- b. Minimum partial F to enter is 3.84.
- c. Maximum partial F to remove is 2.71.
- d. F level, tolerance, or VIN insufficient for further computation.

Variables in the Analysis

Step		Tolerance	F to Remove	Wilks' Lambda
1	Undertake some form of palnning	1.000	40.068	
2	Undertake some form of palnning	.944	28.553	.947
	First Business	.944	6.715	.886

Variables Not in the Analysis

Step		Tolerance	Min. Tolerance	F to Enter	Wilks' Lambda
0	COMPANY AGE	1.000	1.000	4.513	.986
	Urban	1.000	1.000	4.905	.984
	Private Company	1.000	1.000	10.372	.968
	Public Company	1.000	1.000	8.650	.973
	First Business	1.000	1.000	17.420	.947
	Undertake some form of palnning	1.000	1.000	40.068	.886
1	COMPANY AGE	.988	.988	1.842	.880
	Urban	1.000	1.000	3.875	.875
	Private Company	.901	.901	1.477	.881
	Public Company	.910	.910	1.046	.883
	First Business	.944	.944	6.715	.867
2	COMPANY AGE	.985	.936	1.437	.863
	Urban	.792	.749	.765	.865
	Private Company	.866	.866	.502	.865
	Public Company	.840	.840	.097	.866

Wilks' Lambda

Step	Number of Variables	Lambda	df1	df2	df3	Exact F			
						Statistic	df1	df2	Sig.
1	1	.886	1	1	310	40.068	1	310.000	.000
2	2	.867	2	1	310	23.761	2	309.000	.000

Summary of Canonical Discriminant Functions

Eigenvalues

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	.154 ^a	100.0	100.0	.365

^a. First 1 canonical discriminant functions were used in the analysis.

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1	.867	44.204	2	.000

Standardized Canonical Discriminant Function Coefficients

	Function
	1
First Business	-.411
Undertake some form of planning	.820

Structure Matrix

	Function
	1
Undertake some form of planning	.917
First Business	-.604
Public Company ^a	.381
Private Company ^a	.364
Urban ^a	.199
COMPANY AGE ^a	-.122

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions
Variables ordered by absolute size of correlation within function.

^a. This variable not used in the analysis.

Canonical Discriminant Function Coefficients

	Function
	1
First Business	-.939
Undertake some form of planning	1.754
(Constant)	-.324

Unstandardized coefficients

Functions at Group Centroids

	Function
	1
INCREASE IN NUMBER OF EMPLOYEES	.836
Growing	.836
Declining/Static	-.183

Unstandardized canonical discriminant functions evaluated at group means

Classification Statistics

Classification Processing Summary

Processed		312
Excluded	Missing or out-of-range group codes	0
	At least one missing discriminating variable	0
Used in Output		312

Prior Probabilities for Groups

INCREASE IN NUMBER OF EMPLOYEES	Prior	Cases Used in Analysis	
		Unweighted	Weighted
Growing	.500	56	56.000
Declining/Static	.500	256	256.000
Total	1.000	312	312.000

Classification Results^{b,c}

		INCREASE IN NUMBER OF EMPLOYEES	Predicted Group Membership		Total
			Growing	Declining/Static	
Original	Count	Growing	52	4	56
		Declining/Static	126	130	256
	%	Growing	92.9	7.1	100.0
		Declining/Static	49.2	50.8	100.0
Cross-validated ^a	Count	Growing	52	4	56
		Declining/Static	126	130	256
	%	Growing	92.9	7.1	100.0
		Declining/Static	49.2	50.8	100.0

^a. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.

^b. 58.3% of original grouped cases correctly classified.

^c. 58.3% of cross-validated grouped cases correctly classified.

APPENDIX 12: Cross tabulations - Employment growth ambitions

APPENDIX 12.1: Employment growth ambitions versus company characteristics

Company age

Crosstab

		COMPANY AGE					
		13-24 months	25-36 months	37-48 months	49-60 months	Total	
GROWTH ASPIRATIONS	No Growth Aspirations	Count	10	10	31	2	53
		% within GROWTH ASPIRATIONS	18.9%	18.9%	58.5%	3.8%	100.0%
		% within COMPANY AC	17.9%	12.8%	22.8%	4.8%	17.0%
		% of Total	3.2%	3.2%	9.9%	.6%	17.0%
	Low Growth Aspiration	Count	21	36	68	32	157
		% within GROWTH ASPIRATIONS	13.4%	22.9%	43.3%	20.4%	100.0%
		% within COMPANY AC	37.5%	46.2%	50.0%	76.2%	50.3%
		% of Total	6.7%	11.5%	21.8%	10.3%	50.3%
	High Growth Aspiration	Count	25	32	37	8	102
		% within GROWTH ASPIRATIONS	24.5%	31.4%	36.3%	7.8%	100.0%
		% within COMPANY AC	44.6%	41.0%	27.2%	19.0%	32.7%
		% of Total	8.0%	10.3%	11.9%	2.6%	32.7%
Total	Count	56	78	136	42	312	
	% within GROWTH ASPIRATIONS	17.9%	25.0%	43.6%	13.5%	100.0%	
	% within COMPANY AC	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	17.9%	25.0%	43.6%	13.5%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.651 ^a	6	.001
Likelihood Ratio	23.492	6	.001
Linear-by-Linear Association	3.993	1	.046
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.13.

Ownership

Crosstab

		OWNERSHIP NEW				
		Sole proprietor	Private company	Public company	Total	
GROWTH ASPIRATIONS	No Growth Aspirations	Count	27	17	9	53
		% within GROWTH ASPIRATIONS	50.9%	32.1%	17.0%	100.0%
		% within OWNERSHIP NEV	15.2%	23.6%	14.5%	17.0%
		% of Total	8.7%	5.4%	2.9%	17.0%
	Low Growth Aspirations	Count	111	21	25	157
		% within GROWTH ASPIRATIONS	70.7%	13.4%	15.9%	100.0%
		% within OWNERSHIP NEV	62.4%	29.2%	40.3%	50.3%
		% of Total	35.6%	6.7%	8.0%	50.3%
	High Growth Aspiration:	Count	40	34	28	102
		% within GROWTH ASPIRATIONS	39.2%	33.3%	27.5%	100.0%
		% within OWNERSHIP NEV	22.5%	47.2%	45.2%	32.7%
		% of Total	12.8%	10.9%	9.0%	32.7%
Total	Count	178	72	62	312	
	% within GROWTH ASPIRATIONS	57.1%	23.1%	19.9%	100.0%	
	% within OWNERSHIP NEV	100.0%	100.0%	100.0%	100.0%	
	% of Total	57.1%	23.1%	19.9%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.476 ^a	4	.000
Likelihood Ratio	28.998	4	.000
Linear-by-Linear Association	6.290	1	.012
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.53.

APPENDIX 12.2: Employment growth ambitions versus owner-manager characteristics

Gender

Crosstab

		OM GENDER			
		Male	Female	Total	
GROWTH ASPIRATIONS	No Growth Aspirations	Count	49	4	53
		% within GROWTH ASPIRATIONS	92.5%	7.5%	100.0%
		% within OM GENDER	18.6%	8.3%	17.0%
		% of Total	15.7%	1.3%	17.0%
	Low Growth Aspirations	Count	125	32	157
		% within GROWTH ASPIRATIONS	79.6%	20.4%	100.0%
		% within OM GENDER	47.3%	66.7%	50.3%
		% of Total	40.1%	10.3%	50.3%
	High Growth Aspirations	Count	90	12	102
		% within GROWTH ASPIRATIONS	88.2%	11.8%	100.0%
		% within OM GENDER	34.1%	25.0%	32.7%
		% of Total	28.8%	3.8%	32.7%
Total	Count	264	48	312	
	% within GROWTH ASPIRATIONS	84.6%	15.4%	100.0%	
	% within OM GENDER	100.0%	100.0%	100.0%	
	% of Total	84.6%	15.4%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.540 ^a	2	.038
Likelihood Ratio	6.869	2	.032
Linear-by-Linear Association	.011	1	.916
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.15.

Education

Crosstab

		EDUCATIONAL QUALIFICATIONS (NEW)					
			Lower Level	GCE A Level	Tertiary Level	Diploma/ Professional Level	Total
GROWTH ASPIRATION!	No Growth Aspirations	Count	15	25	8	5	53
		% within GROWTH ASPIRATIONS	28.3%	47.2%	15.1%	9.4%	100.0%
		% within EDUCATIONA QUALIFICATIONS (NEV	16.0%	20.0%	18.6%	10.0%	17.0%
		% of Total	4.8%	8.0%	2.6%	1.6%	17.0%
	Low Growth Aspiratio	Count	75	60	11	11	157
		% within GROWTH ASPIRATIONS	47.8%	38.2%	7.0%	7.0%	100.0%
		% within EDUCATIONA QUALIFICATIONS (NEV	79.8%	48.0%	25.6%	22.0%	50.3%
		% of Total	24.0%	19.2%	3.5%	3.5%	50.3%
	High Growth Aspiratio	Count	4	40	24	34	102
		% within GROWTH ASPIRATIONS	3.9%	39.2%	23.5%	33.3%	100.0%
		% within EDUCATIONA QUALIFICATIONS (NEV	4.3%	32.0%	55.8%	68.0%	32.7%
		% of Total	1.3%	12.8%	7.7%	10.9%	32.7%
Total	Count	94	125	43	50	312	
	% within GROWTH ASPIRATIONS	30.1%	40.1%	13.8%	16.0%	100.0%	
	% within EDUCATIONA QUALIFICATIONS (NEV	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	30.1%	40.1%	13.8%	16.0%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	81.150 ^a	6	.000
Likelihood Ratio	90.287	6	.000
Linear-by-Linear Association	38.314	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.30.

First business

Crosstab

		FIRST BUSINESS			
		Yes	No	Total	
GROWTH ASPIRATIONS	No Growth Aspirations	Count	29	24	53
		% within GROWTH ASPIRATIONS	54.7%	45.3%	100.0%
		% within FIRST BUSINESS	12.9%	27.6%	17.0%
		% of Total	9.3%	7.7%	17.0%
	Low Growth Aspirations	Count	130	27	157
		% within GROWTH ASPIRATIONS	82.8%	17.2%	100.0%
		% within FIRST BUSINESS	57.8%	31.0%	50.3%
		% of Total	41.7%	8.7%	50.3%
	High Growth Aspirations	Count	66	36	102
		% within GROWTH ASPIRATIONS	64.7%	35.3%	100.0%
		% within FIRST BUSINESS	29.3%	41.4%	32.7%
		% of Total	21.2%	11.5%	32.7%
Total	Count	225	87	312	
	% within GROWTH ASPIRATIONS	72.1%	27.9%	100.0%	
	% within FIRST BUSINESS	100.0%	100.0%	100.0%	
	% of Total	72.1%	27.9%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.680 ^a	2	.000
Likelihood Ratio	19.746	2	.000
Linear-by-Linear Association	.093	1	.760
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.78.

Reason to start

Crosstab

		REASONS TO START					Total	
		No alternative employment	Unhappy with previous employment	To be your own boss	To make more money	Promising market opportunity		
GROWTH ASPIRATION	No Growth Aspiration	Count	15	8	21	8	1	53
		% within GROWTH ASPIRATIONS	28.3%	15.1%	39.6%	15.1%	1.9%	100.0%
		% within REASON TO START	15.2%	15.7%	21.0%	25.8%	3.2%	17.0%
		% of Total	4.8%	2.6%	6.7%	2.6%	.3%	17.0%
	Low Growth Aspiratio	Count	54	28	61	12	2	157
		% within GROWTH ASPIRATIONS	34.4%	17.8%	38.9%	7.6%	1.3%	100.0%
		% within REASON TO START	54.5%	54.9%	61.0%	38.7%	6.5%	50.3%
		% of Total	17.3%	9.0%	19.6%	3.8%	.6%	50.3%
	High Growth Aspiratic	Count	30	15	18	11	28	102
		% within GROWTH ASPIRATIONS	29.4%	14.7%	17.6%	10.8%	27.5%	100.0%
		% within REASON TO START	30.3%	29.4%	18.0%	35.5%	90.3%	32.7%
		% of Total	9.6%	4.8%	5.8%	3.5%	9.0%	32.7%
Total	Count	99	51	100	31	31	312	
	% within GROWTH ASPIRATIONS	31.7%	16.3%	32.1%	9.9%	9.9%	100.0%	
	% within REASON TO START	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	31.7%	16.3%	32.1%	9.9%	9.9%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60.098 ^a	8	.000
Likelihood Ratio	59.627	8	.000
Linear-by-Linear Association	7.979	1	.005
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.27.

**APPENDIX 12.3: Employment growth ambitions versus strategic characteristics
(financial objectives, financial performance and planning characteristics)**

Financial objectives

Crosstab

		FINANCIAL OBJECTIVES					
		Get by financially	Achieve small profits	Achieve medium profits	Achieve high profits	Total	
GROWTH ASPIRATIONS	No Growth Aspirations	Count	10	13	22	8	53
		% within GROWTH ASPIRATIONS	18.9%	24.5%	41.5%	15.1%	100.0%
		% within FINANCIA OBJECTIVES	22.7%	15.1%	15.3%	21.1%	17.0%
		% of Total	3.2%	4.2%	7.1%	2.6%	17.0%
	Low Growth Aspiration	Count	31	61	55	10	157
		% within GROWTH ASPIRATIONS	19.7%	38.9%	35.0%	6.4%	100.0%
		% within FINANCIA OBJECTIVES	70.5%	70.9%	38.2%	26.3%	50.3%
		% of Total	9.9%	19.6%	17.6%	3.2%	50.3%
	High Growth Aspiration	Count	3	12	67	20	102
	% within GROWTH ASPIRATIONS	2.9%	11.8%	65.7%	19.6%	100.0%	
	% within FINANCIA OBJECTIVES	6.8%	14.0%	46.5%	52.6%	32.7%	
	% of Total	1.0%	3.8%	21.5%	6.4%	32.7%	
Total	Count	44	86	144	38	312	
		% within GROWTH ASPIRATIONS	14.1%	27.6%	46.2%	12.2%	100.0%
		% within FINANCIA OBJECTIVES	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	14.1%	27.6%	46.2%	12.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	52.311 ^a	6	.000
Likelihood Ratio	57.505	6	.000
Linear-by-Linear Association	20.511	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.46.

Financial Performance

Crosstab

		FINANCIAL PERFORMANCE						
		Very unsatisfactory	Unsatisfactory	Neither satisfactory nor unsatisfactory	Satisfactory	Very satisfactory	Total	
GROWTH ASPIRATION	No Growth Aspiration	Count	12	13	5	23	0	53
		% within GROWTH ASPIRATIONS	22.6%	24.5%	9.4%	43.4%	.0%	100.0%
		% within FINANCIAL PERFORMANCE	40.0%	31.7%	10.2%	16.2%	.0%	17.0%
		% of Total	3.8%	4.2%	1.6%	7.4%	.0%	17.0%
	Low Growth Aspiratic	Count	17	27	29	63	21	157
		% within GROWTH ASPIRATIONS	10.8%	17.2%	18.5%	40.1%	13.4%	100.0%
		% within FINANCIAL PERFORMANCE	56.7%	65.9%	59.2%	44.4%	42.0%	50.3%
		% of Total	5.4%	8.7%	9.3%	20.2%	6.7%	50.3%
	High Growth Aspiratic	Count	1	1	15	56	29	102
		% within GROWTH ASPIRATIONS	1.0%	1.0%	14.7%	54.9%	28.4%	100.0%
		% within FINANCIAL PERFORMANCE	3.3%	2.4%	30.6%	39.4%	58.0%	32.7%
		% of Total	.3%	.3%	4.8%	17.9%	9.3%	32.7%
Total	Count	30	41	49	142	50	312	
	% within GROWTH ASPIRATIONS	9.6%	13.1%	15.7%	45.5%	16.0%	100.0%	
	% within FINANCIAL PERFORMANCE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	9.6%	13.1%	15.7%	45.5%	16.0%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60.339 ^a	8	.000
Likelihood Ratio	76.537	8	.000
Linear-by-Linear Association	50.847	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.10.

Undertake some form of planning

Crosstab

			UNDERTAKE SOME FORM OF PLANNING		
			Yes	No	Total
GROWTH ASPIRATIONS	No Growth Aspirations	Count	22	31	53
		% within GROWTH ASPIRATIONS	41.5%	58.5%	100.0%
		% within UNDERTAKE SOME FORM OF PLANNING	12.4%	23.1%	17.0%
		% of Total	7.1%	9.9%	17.0%
	Low Growth Aspirations	Count	66	91	157
		% within GROWTH ASPIRATIONS	42.0%	58.0%	100.0%
		% within UNDERTAKE SOME FORM OF PLANNING	37.1%	67.9%	50.3%
		% of Total	21.2%	29.2%	50.3%
	High Growth Aspirations	Count	90	12	102
		% within GROWTH ASPIRATIONS	88.2%	11.8%	100.0%
		% within UNDERTAKE SOME FORM OF PLANNING	50.6%	9.0%	32.7%
		% of Total	28.8%	3.8%	32.7%
Total	Count	178	134	312	
	% within GROWTH ASPIRATIONS	57.1%	42.9%	100.0%	
	% within UNDERTAKE SOME FORM OF PLANNING	100.0%	100.0%	100.0%	
	% of Total	57.1%	42.9%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60.147 ^a	2	.000
Likelihood Ratio	66.819	2	.000
Linear-by-Linear Association	44.286	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 22.76.

Formal planning

Crosstab

		FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)				
		Formal (Written)	Informal (Unwritten)	No planning	Total	
GROWTH ASPIRATIONS	No Growth Aspirations	Count	10	12	31	53
		% within GROWTH ASPIRATIONS	18.9%	22.6%	58.5%	100.0%
		% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	10.9%	14.0%	23.1%	17.0%
		% of Total	3.2%	3.8%	9.9%	17.0%
	Low Growth Aspirations	Count	22	44	91	157
		% within GROWTH ASPIRATIONS	14.0%	28.0%	58.0%	100.0%
		% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	23.9%	51.2%	67.9%	50.3%
		% of Total	7.1%	14.1%	29.2%	50.3%
	High Growth Aspiration:	Count	60	30	12	102
	% within GROWTH ASPIRATIONS	58.8%	29.4%	11.8%	100.0%	
	% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	65.2%	34.9%	9.0%	32.7%	
	% of Total	19.2%	9.6%	3.8%	32.7%	
Total		Count	92	86	134	312
		% within GROWTH ASPIRATIONS	29.5%	27.6%	42.9%	100.0%
		% within FORMAL (WRITTEN)/ INFORMAL (UNWRITTEN)	100.0%	100.0%	100.0%	100.0%
		% of Total	29.5%	27.6%	42.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	79.466 ^a	4	.000
Likelihood Ratio	84.468	4	.000
Linear-by-Linear Association	54.757	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.61.

Planning period

Crosstab

		PLANNING PERIOD (NEW)			
			Six months or less	More than six months	Total
GROWTH ASPIRATIONS	No Growth Aspirations	Count	12	10	22
		% within GROWTH ASPIRATIONS	54.5%	45.5%	100.0%
		% within PLANNING PERIOD (NEW)	11.8%	13.2%	12.4%
		% of Total	6.7%	5.6%	12.4%
	Low Growth Aspirations	Count	45	21	66
		% within GROWTH ASPIRATIONS	68.2%	31.8%	100.0%
		% within PLANNING PERIOD (NEW)	44.1%	27.6%	37.1%
		% of Total	25.3%	11.8%	37.1%
	High Growth Aspirations	Count	45	45	90
		% within GROWTH ASPIRATIONS	50.0%	50.0%	100.0%
		% within PLANNING PERIOD (NEW)	44.1%	59.2%	50.6%
		% of Total	25.3%	25.3%	50.6%
Total	Count	102	76	178	
	% within GROWTH ASPIRATIONS	57.3%	42.7%	100.0%	
	% within PLANNING PERIOD (NEW)	100.0%	100.0%	100.0%	
	% of Total	57.3%	42.7%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.223 ^a	2	.073
Likelihood Ratio	5.301	2	.071
Linear-by-Linear Association	1.682	1	.195
N of Valid Cases	178		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.39.

Current exports

GROWTH ASPIRATIONS * CURRENT EXPORTS Crosstabulation

		CURRENT EXPORTS						
		0%	1-20%	21-40%	41-60%	More than 60%	Total	
GROWTH ASPIRATIONS	No Growth Aspirations	Count	48	4	1	0	0	53
		% within GROWTH ASPIRATIONS	90.6%	7.5%	1.9%	.0%	.0%	100.0%
		% within CURRENT EXPORTS	24.6%	5.8%	11.1%	.0%	.0%	17.0%
		% of Total	15.4%	1.3%	.3%	.0%	.0%	17.0%
	Low Growth Aspirations	Count	84	64	0	1	8	157
		% within GROWTH ASPIRATIONS	53.5%	40.8%	.0%	.6%	5.1%	100.0%
		% within CURRENT EXPORTS	43.1%	92.8%	.0%	20.0%	23.5%	50.3%
		% of Total	26.9%	20.5%	.0%	.3%	2.6%	50.3%
	High Growth Aspirations	Count	63	1	8	4	26	102
		% within GROWTH ASPIRATIONS	61.8%	1.0%	7.8%	3.9%	25.5%	100.0%
		% within CURRENT EXPORTS	32.3%	1.4%	88.9%	80.0%	76.5%	32.7%
		% of Total	20.2%	.3%	2.6%	1.3%	8.3%	32.7%
Total	Count	195	69	9	5	34	312	
	% within GROWTH ASPIRATIONS	62.5%	22.1%	2.9%	1.6%	10.9%	100.0%	
	% within CURRENT EXPORTS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	62.5%	22.1%	2.9%	1.6%	10.9%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	108.248 ^a	8	.000
Likelihood Ratio	123.942	8	.000
Linear-by-Linear Association	33.092	1	.000
N of Valid Cases	312		

^a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is .85.

APPENDIX 13: Discriminant analysis - Employment growth ambitions

Analysis Case Processing Summary

Unweighted Cases		N	Percent
Valid		312	100.0
Excluded	Missing or out-of-range group codes	0	.0
	At least one missing discriminating variable	0	.0
	Both missing or out-of-range group codes and at least one missing discriminating variable	0	.0
	Total	0	.0
Total		312	100.0

Group Statistics

GROWTH ASPIRATIONS		Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
No Growth Aspirations	COMPANY AGE	3.4717	.84589	53	53.000
	Private Company	.3208	.47123	53	53.000
	Public Company	.1698	.37906	53	53.000
	Male	.9245	.26668	53	53.000
	First Business	.5472	.50253	53	53.000
	Undertake some form of palnning	.4151	.49745	53	53.000
Low Growth Aspirations	COMPANY AGE	3.7070	.94232	157	157.000
	Private Company	.1338	.34148	157	157.000
	Public Company	.1592	.36707	157	157.000
	Male	.7962	.40413	157	157.000
	First Business	.8280	.37857	157	157.000
	Undertake some form of palnning	.4204	.49520	157	157.000
High Growth Aspirations	COMPANY AGE	3.2745	.92444	102	102.000
	Private Company	.3333	.47373	102	102.000
	Public Company	.2745	.44847	102	102.000
	Male	.8824	.32378	102	102.000
	First Business	.6471	.48024	102	102.000
	Undertake some form of palnning	.8824	.32378	102	102.000
Total	COMPANY AGE	3.5256	.93828	312	312.000
	Private Company	.2308	.42200	312	312.000
	Public Company	.1987	.39968	312	312.000
	Male	.8462	.36138	312	312.000
	First Business	.7212	.44915	312	312.000
	Undertake some form of palnning	.5705	.49580	312	312.000

Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
COMPANY AGE	.957	6.929	2	309	.001
Private Company	.946	8.785	2	309	.000
Public Company	.982	2.770	2	309	.064
Male	.979	3.308	2	309	.038
First Business	.937	10.402	2	309	.000
Undertake some form of palnning	.807	36.898	2	309	.000

Pooled Within-Groups Matrices

	COMPANY AGE	Private Company	Public Company	Male	First Business	Undertake some form of palnning
Correlation	COMPANY AGE	1.000	-.053	-.041	-.090	.067
	Private Company	-.053	1.000	-.308	.100	-.247
	Public Company	-.041	-.308	1.000	.160	-.350
	Male	-.090	.100	.160	1.000	-.239
	First Business	.067	-.247	-.350	-.239	1.000
	Undertake some form of palnning	-.069	.319	.311	.135	-.281

Analysis 1

Box's Test of Equality of Covariance Matrices

Log Determinants

GROWTH ASPIRATIONS	Rank	Log Determinant
No Growth Aspirations	3	-3.285
Low Growth Aspirations	3	-3.564
High Growth Aspirations	3	-4.007
Pooled within-groups	3	-3.525

The ranks and natural logarithms of determinants printed are those of the group covariance matrices.

Test Results

Box's M		42.455
F	Approx.	3.476
	df1	12
	df2	128230.644
	Sig.	.000

Tests null hypothesis of equal population covariance matrices.

Stepwise Statistics

Variables Entered/Removed^{a,b,c,d}

Step	Entered	Wilks' Lambda							
		Statistic	df1	df2	df3	Exact F			Sig.
						Statistic	df1	df2	
1	Undertake some form of palnning	.807	1	2	309.000	36.898	2	309.000	.000
2	First Business	.763	2	2	309.000	22.357	4	616.000	.000
3	COMPANY AGE	.743	3	2	309.000	16.403	6	614.000	.000

At each step, the variable that minimizes the overall Wilks' Lambda is entered.

- a. Maximum number of steps is 12.
- b. Minimum partial F to enter is 3.84.
- c. Maximum partial F to remove is 2.71.
- d. F level, tolerance, or VIN insufficient for further computation.

Variables in the Analysis

Step		Tolerance	F to Remove	Wilks' Lambda
1	Undertake some form of palnning	1.000	36.898	
2	Undertake some form of palnning	.921	35.220	.937
	First Business	.921	9.025	.807
3	Undertake some form of palnning	.919	33.026	.903
	First Business	.919	8.675	.785
	COMPANY AGE	.993	4.078	.763

Variables Not in the Analysis

Step		Tolerance	Min. Tolerance	F to Enter	Wilks' Lambda
0	COMPANY AGE	1.000	1.000	6.929	.957
	Private Company	1.000	1.000	8.785	.946
	Public Company	1.000	1.000	2.770	.982
	Male	1.000	1.000	3.308	.979
	First Business	1.000	1.000	10.402	.937
	Undertake some form of palning	1.000	1.000	36.898	.807
1	COMPANY AGE	.995	.995	4.404	.785
	Private Company	.899	.899	4.657	.784
	Public Company	.903	.903	.066	.807
	Male	.982	.982	2.601	.794
	First Business	.921	.921	9.025	.763
2	COMPANY AGE	.993	.919	4.078	.743
	Private Company	.872	.855	2.648	.750
	Public Company	.829	.829	.561	.760
	Male	.938	.880	.955	.758
3	Private Company	.871	.853	2.520	.731
	Public Company	.829	.829	.566	.740
	Male	.933	.879	.810	.739

Wilks' Lambda

Step	Number of Variables	Lambda	df1	df2	df3	Exact F			
						Statistic	df1	df2	Sig.
1	1	.807	1	2	309	36.898	2	309.000	.000
2	2	.763	2	2	309	22.357	4	616.000	.000
3	3	.743	3	2	309	16.403	6	614.000	.000

Summary of Canonical Discriminant Functions

Eigenvalues

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	.265 ^a	80.4	80.4	.457
2	.065 ^a	19.6	100.0	.246

^a. First 2 canonical discriminant functions were used in the analysis.

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 2	.743	91.579	6	.000
2	.939	19.275	2	.000

Standardized Canonical Discriminant Function Coefficients

	Function	
	1	2
COMPANY AGE	-.315	.297
First Business	.040	.977
Undertake some form of palnning	.939	.370

Structure Matrix

	Function	
	1	2
Undertake some form of palnning	.949*	.075
COMPANY AGE	-.376*	.337
Private Company ^a	.306*	-.139
Public Company ^a	.290*	-.239
First Business	-.245	.893*
Male ^a	.146	-.210*

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions
Variables ordered by absolute size of correlation within function.

*. Largest absolute correlation between each variable and any discriminant function

^a. This variable not used in the analysis.

Canonical Discriminant Function Coefficients

	Function	
	1	2
COMPANY AGE	-.342	.323
First Business	.092	2.240
Undertake some form of palnning	2.101	.827
(Constant)	-.061	-3.225

Unstandardized coefficients

Functions at Group Centroids

GROWTH ASPIRATIONS	Function	
	1	2
No Growth Aspirations	-.324	-.536
Low Growth Aspirations	-.368	.174
High Growth Aspirations	.734	.011

Unstandardized canonical discriminant functions evaluated at group means

Classification Statistics

Classification Processing Summary

Processed		312
Excluded	Missing or out-of-range group codes	0
	At least one missing discriminating variable	0
Used in Output		312

Prior Probabilities for Groups

GROWTH ASPIRATIONS	Prior	Cases Used in Analysis	
		Unweighted	Weighted
No Growth Aspirations	.333	53	53.000
Low Growth Aspirations	.333	157	157.000
High Growth Aspirations	.333	102	102.000
Total	1.000	312	312.000

Separate-Groups Graphs

Classification Results^{b,c}

		Predicted Group Membership				
		GROWTH ASPIRATIONS	No Growth Aspirations	Low Growth Aspirations	High Growth Aspirations	Total
Original	Count	No Growth Aspirations	16	16	21	53
		Low Growth Aspirations	17	74	66	157
		High Growth Aspirations	3	9	90	102
	%	No Growth Aspirations	30.2	30.2	39.6	100.0
		Low Growth Aspirations	10.8	47.1	42.0	100.0
		High Growth Aspirations	2.9	8.8	88.2	100.0
Cross-validated ^a	Count	No Growth Aspirations	16	16	21	53
		Low Growth Aspirations	17	74	66	157
		High Growth Aspirations	13	12	77	102
	%	No Growth Aspirations	30.2	30.2	39.6	100.0
		Low Growth Aspirations	10.8	47.1	42.0	100.0
		High Growth Aspirations	12.7	11.8	75.5	100.0

^a. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.

^b. 57.7% of original grouped cases correctly classified.

^c. 53.5% of cross-validated grouped cases correctly classified.

APPENDIX 14: Cross tabulations - Awareness of Three Best Known Support Providers

APPENDIX 14.1: Awareness of ITI versus company, owner-manager and strategic characteristics

Company characteristics

Age

		Crosstab					
		COMPANY AGE					
		13-24 months	25-36 months	37-48 months	49-60 months	Total	
INDUSTRIAL TECHNOLOGY INSTITUTE	Aware	Count	20	18	25	5	68
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	29.4%	26.5%	36.8%	7.4%	100.0%
		% within COMPANY AGE	35.7%	23.1%	18.4%	11.9%	21.8%
		% of Total	6.4%	5.8%	8.0%	1.6%	21.8%
	Not aware	Count	36	60	111	37	244
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	14.8%	24.6%	45.5%	15.2%	100.0%
		% within COMPANY AGE	64.3%	76.9%	81.6%	88.1%	78.2%
		% of Total	11.5%	19.2%	35.6%	11.9%	78.2%
	Total	Count	56	78	136	42	312
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	17.9%	25.0%	43.6%	13.5%	100.0%
		% within COMPANY AGE	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	17.9%	25.0%	43.6%	13.5%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.780 ^a	3	.021
Likelihood Ratio	9.450	3	.024
Linear-by-Linear Association	9.191	1	.002
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.15.

Ownership

Crosstab

		OWNERSHIP NEW					
		Sole proprietor	Private company	Public company	Total		
INDUSTRIAL TECHNOLOGY INSTITUTE	Aware	Count	38	23	7	68	
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	55.9%	33.8%	10.3%	100.0%	
		% within OWNERSHIP NEW	21.3%	31.9%	11.3%	21.8%	
		% of Total	12.2%	7.4%	2.2%	21.8%	
		Not aware	Count	140	49	55	244
			% within INDUSTRIAL TECHNOLOGY INSTITUTE	57.4%	20.1%	22.5%	100.0%
	% within OWNERSHIP NEW		78.7%	68.1%	88.7%	78.2%	
	% of Total		44.9%	15.7%	17.6%	78.2%	
	Total		Count	178	72	62	312
			% within INDUSTRIAL TECHNOLOGY INSTITUTE	57.1%	23.1%	19.9%	100.0%
		% within OWNERSHIP NEW	100.0%	100.0%	100.0%	100.0%	
		% of Total	57.1%	23.1%	19.9%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.386 ^a	2	.015
Likelihood Ratio	8.640	2	.013
Linear-by-Linear Association	.971	1	.324
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 13.51.

Owner-manager characteristics

Education

Crosstab

		EDUCATIONAL QUALIFICATIONS (NEW)					
			Lower Level	GCE A Level	Tertiary Level	Diploma/ Professional Level	Total
INDUSTRIAL TECHNOLOGY INSTITUTE	Aware	Count	9	24	13	22	68
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	13.2%	35.3%	19.1%	32.4%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	9.6%	19.2%	30.2%	44.0%	21.8%
		% of Total	2.9%	7.7%	4.2%	7.1%	21.8%
	Not aware	Count	85	101	30	28	244
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	34.8%	41.4%	12.3%	11.5%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	90.4%	80.8%	69.8%	56.0%	78.2%
		% of Total	27.2%	32.4%	9.6%	9.0%	78.2%
	Total	Count	94	125	43	50	312
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	30.1%	40.1%	13.8%	16.0%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	30.1%	40.1%	13.8%	16.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.990 ^a	3	.000
Likelihood Ratio	24.251	3	.000
Linear-by-Linear Association	24.735	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.37.

Previous employment

Crosstab

		PREVIOUS EMPLOYMENT							
		Self-Employed	Employed in same industry	Employed not in the same industry	Unemployed	In full-time education	Other	Total	
INDUSTRIAL TECHNOLOGY INSTITUTE	Aware	Count	12	18	18	13	7	0	68
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	17.6%	26.5%	26.5%	19.1%	10.3%	.0%	100.0%
		% within PREVIOUS EMPLOYMENT	46.2%	22.0%	22.2%	13.5%	33.3%	.0%	21.8%
		% of Total	3.8%	5.8%	5.8%	4.2%	2.2%	.0%	21.8%
	Not aware	Count	14	64	63	83	14	6	244
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	5.7%	26.2%	25.8%	34.0%	5.7%	2.5%	100.0%
		% within PREVIOUS EMPLOYMENT	53.8%	78.0%	77.8%	86.5%	66.7%	100.0%	78.2%
		% of Total	4.5%	20.5%	20.2%	26.6%	4.5%	1.9%	78.2%
	Total	Count	26	82	81	96	21	6	312
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	8.3%	26.3%	26.0%	30.8%	6.7%	1.9%	100.0%
		% within PREVIOUS EMPLOYMENT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	8.3%	26.3%	26.0%	30.8%	6.7%	1.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.210 ^a	5	.006
Likelihood Ratio	16.277	5	.006
Linear-by-Linear Association	5.476	1	.019
N of Valid Cases	312		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 1.31.

Strategic characteristics

Growth Aspirations

Crosstab

		GROWTH ASPIRATIONS				
		No Growth Aspirations	Low Growth Aspirations	High Growth Aspirations	Total	
INDUSTRIAL TECHNOLOGY INSTITUTE	Aware	Count	6	12	50	68
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	8.8%	17.6%	73.5%	100.0%
		% within GROWTH ASPIRATIONS	11.3%	7.6%	49.0%	21.8%
		% of Total	1.9%	3.8%	16.0%	21.8%
	Not aware	Count	47	145	52	244
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	19.3%	59.4%	21.3%	100.0%
		% within GROWTH ASPIRATIONS	88.7%	92.4%	51.0%	78.2%
		% of Total	15.1%	46.5%	16.7%	78.2%
	Total	Count	53	157	102	312
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	17.0%	50.3%	32.7%	100.0%
		% within GROWTH ASPIRATIONS	100.0%	100.0%	100.0%	100.0%
		% of Total	17.0%	50.3%	32.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	66.213 ^a	2	.000
Likelihood Ratio	63.593	2	.000
Linear-by-Linear Association	44.078	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.55.

Planning

INDUSTRIAL TECHNOLOGY INSTITUTE * Undertake some form of palnning Crosstabulation

			Undertake some form of palnning		Total	
			No Planning	Planning		
INDUSTRIAL TECHNOLOGY INSTITUTE	Aware	Count	18	50	68	
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	26.5%	73.5%	100.0%	
		% within Undertake some form of palnning	13.4%	28.1%	21.8%	
	% of Total			5.8%	16.0%	21.8%
	Not aware	Count	116	128	244	
		% within INDUSTRIAL TECHNOLOGY INSTITUTE	47.5%	52.5%	100.0%	
		% within Undertake some form of palnning	86.6%	71.9%	78.2%	
		% of Total			37.2%	41.0%
	Total	Count	134	178	312	
% within INDUSTRIAL TECHNOLOGY INSTITUTE		42.9%	57.1%	100.0%		
% within Undertake some form of palnning		100.0%	100.0%	100.0%		
% of Total			42.9%	57.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	9.635 ^b	1	.002		
Continuity Correction ^a	8.795	1	.003		
Likelihood Ratio	10.035	1	.002		
Fisher's Exact Test				.002	.001
Linear-by-Linear Association	9.605	1	.002		
N of Valid Cases	312				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 29.21.

APPENDIX 14.2: Awareness of IDB versus owner-manager and strategic characteristics

Education

Crosstab

		EDUCATIONAL QUALIFICATIONS (NEW)					
			Lower Level	GCE A Level	Tertiary Level	Diploma/ Professional Level	Total
IDB	Aware	Count	38	60	27	36	161
		% within IDB	23.6%	37.3%	16.8%	22.4%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	40.4%	48.0%	62.8%	72.0%	51.6%
		% of Total	12.2%	19.2%	8.7%	11.5%	51.6%
	Not aware	Count	56	65	16	14	151
		% within IDB	37.1%	43.0%	10.6%	9.3%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	59.6%	52.0%	37.2%	28.0%	48.4%
		% of Total	17.9%	20.8%	5.1%	4.5%	48.4%
	Total	Count	94	125	43	50	312
		% within IDB	30.1%	40.1%	13.8%	16.0%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	30.1%	40.1%	13.8%	16.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.837 ^a	3	.001
Likelihood Ratio	16.213	3	.001
Linear-by-Linear Association	15.460	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20.81.

Previous employment

Crosstab

		PREVIOUS EMPLOYMENT (NEW)				
			Employed in			
			Self-Employed	a firm	Unemployed	Total
IDB	Aware	Count	21	77	63	161
		% within IDB	13.0%	47.8%	39.1%	100.0%
		% within PREVIOUS EMPLOYMENT (NEW)	80.8%	47.2%	51.2%	51.6%
		% of Total	6.7%	24.7%	20.2%	51.6%
	Not aware	Count	5	86	60	151
		% within IDB	3.3%	57.0%	39.7%	100.0%
		% within PREVIOUS EMPLOYMENT (NEW)	19.2%	52.8%	48.8%	48.4%
		% of Total	1.6%	27.6%	19.2%	48.4%
Total		Count	26	163	123	312
		% within IDB	8.3%	52.2%	39.4%	100.0%
		% within PREVIOUS EMPLOYMENT (NEW)	100.0%	100.0%	100.0%	100.0%
		% of Total	8.3%	52.2%	39.4%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.106 ^a	2	.006
Likelihood Ratio	10.837	2	.004
Linear-by-Linear Association	2.179	1	.140
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 12.58.

IDB * FIRST BUSINESS Crosstabulation

			FIRST BUSINESS		
			Yes	No	Total
IDB	Aware	Count	108	53	161
		% within IDB	67.1%	32.9%	100.0%
		% within FIRST BUSINESS	48.0%	60.9%	51.6%
		% of Total	34.6%	17.0%	51.6%
Not aware	Not aware	Count	117	34	151
		% within IDB	77.5%	22.5%	100.0%
		% within FIRST BUSINESS	52.0%	39.1%	48.4%
		% of Total	37.5%	10.9%	48.4%
Total	Total	Count	225	87	312
		% within IDB	72.1%	27.9%	100.0%
		% within FIRST BUSINESS	100.0%	100.0%	100.0%
		% of Total	72.1%	27.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.193 ^b	1	.041		
Continuity Correction ^a	3.692	1	.055		
Likelihood Ratio	4.223	1	.040		
Fisher's Exact Test				.044	.027
Linear-by-Linear Association	4.180	1	.041		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 42.11.

Growth aspirations

Crosstab

		GROWTH ASPIRATIONS				
			No Growth Aspirations	Low Growth Aspirations	High Growth Aspirations	Total
IDB	Aware	Count	23	68	70	161
		% within IDB	14.3%	42.2%	43.5%	100.0%
		% within GROWTH ASPIRATIONS	43.4%	43.3%	68.6%	51.6%
		% of Total	7.4%	21.8%	22.4%	51.6%
	Not aware	Count	30	89	32	151
		% within IDB	19.9%	58.9%	21.2%	100.0%
		% within GROWTH ASPIRATIONS	56.6%	56.7%	31.4%	48.4%
		% of Total	9.6%	28.5%	10.3%	48.4%
	Total	Count	53	157	102	312
% within IDB		17.0%	50.3%	32.7%	100.0%	
% within GROWTH ASPIRATIONS		100.0%	100.0%	100.0%	100.0%	
% of Total		17.0%	50.3%	32.7%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.588 ^a	2	.000
Likelihood Ratio	17.928	2	.000
Linear-by-Linear Association	12.776	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 25.65.

Undertake some form of planning

Crosstab

			UNDERTAKE SOME FORM OF PLANNING			
			Yes	No	Total	
IDB	Aware	Count	105	56	161	
		% within IDB	65.2%	34.8%	100.0%	
		% within UNDERTAKE SOME FORM OF PLANNING	59.0%	41.8%	51.6%	
	%			33.7%	17.9%	51.6%
	Not aware	Count	73	78	151	
		% within IDB	48.3%	51.7%	100.0%	
		% within UNDERTAKE SOME FORM OF PLANNING	41.0%	58.2%	48.4%	
		% of Total	23.4%	25.0%	48.4%	
	Total	Count	178	134	312	
% within IDB		57.1%	42.9%	100.0%		
% within UNDERTAKE SOME FORM OF PLANNING		100.0%	100.0%	100.0%		
% of Total		57.1%	42.9%	100.0%		

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	9.054 ^b	1	.003		
Continuity Correction ^a	8.378	1	.004		
Likelihood Ratio	9.092	1	.003		
Fisher's Exact Test				.003	.002
Linear-by-Linear Association	9.025	1	.003		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 64.85.

APPENDIX 14.3: Awareness of CC versus owner-manager and strategic characteristics

Education

Crosstab

		EDUCATIONAL QUALIFICATIONS (NEW)					
			Lower Level	GCE A Level	Tertiary Level	Diploma/ Professional Level	Total
CHAMBER OF COMMERCE	Aware	Count	14	29	19	23	85
		% within CHAMBER OF COMMERCE	16.5%	34.1%	22.4%	27.1%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	14.9%	23.2%	44.2%	46.0%	27.2%
		% of Total	4.5%	9.3%	6.1%	7.4%	27.2%
	Not aware	Count	80	96	24	27	227
		% within CHAMBER OF COMMERCE	35.2%	42.3%	10.6%	11.9%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	85.1%	76.8%	55.8%	54.0%	72.8%
		% of Total	25.6%	30.8%	7.7%	8.7%	72.8%
	Total	Count	94	125	43	50	312
		% within CHAMBER OF COMMERCE	30.1%	40.1%	13.8%	16.0%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	30.1%	40.1%	13.8%	16.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.366 ^a	3	.000
Likelihood Ratio	22.892	3	.000
Linear-by-Linear Association	21.648	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.71.

First Business

Crosstab

		FIRST BUSINESS			
			Yes	No	Total
CHAMBER OF COMMERCE	Aware	Count	49	36	85
		% within CHAMBER OF COMMERCE	57.6%	42.4%	100.0%
		% within FIRST BUSINESS	21.8%	41.4%	27.2%
		% of Total	15.7%	11.5%	27.2%
	Not aware	Count	176	51	227
		% within CHAMBER OF COMMERCE	77.5%	22.5%	100.0%
		% within FIRST BUSINESS	78.2%	58.6%	72.8%
		% of Total	56.4%	16.3%	72.8%
	Total	Count	225	87	312
		% within CHAMBER OF COMMERCE	72.1%	27.9%	100.0%
		% within FIRST BUSINESS	100.0%	100.0%	100.0%
		% of Total	72.1%	27.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.162 ^b	1	.000		
Continuity Correction ^a	11.193	1	.001		
Likelihood Ratio	11.611	1	.001		
Fisher's Exact Test				.001	.001
Linear-by-Linear Association	12.123	1	.000		
N of Valid Cases	312				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 23.70.

Previous Employment

Crosstab

		PREVIOUS EMPLOYMENT						
		Self-Employed	Employed in same industry	Employed not in the same industry	Unemployed	In full-time education	Other	Total
CHAMBER OF COMMERCE	Aware							
	Count	13	25	23	17	7	0	85
	% within CHAMBER OF COMMERCE	15.3%	29.4%	27.1%	20.0%	8.2%	.0%	100.0%
	% within PREVIOUS EMPLOYMENT	50.0%	30.5%	28.4%	17.7%	33.3%	.0%	27.2%
% of Total	4.2%	8.0%	7.4%	5.4%	2.2%	.0%	27.2%	
Not aware	Count	13	57	58	79	14	6	227
	% within CHAMBER OF COMMERCE	5.7%	25.1%	25.6%	34.8%	6.2%	2.6%	100.0%
	% within PREVIOUS EMPLOYMENT	50.0%	69.5%	71.6%	82.3%	66.7%	100.0%	72.8%
	% of Total	4.2%	18.3%	18.6%	25.3%	4.5%	1.9%	72.8%
Total	Count	26	82	81	96	21	6	312
	% within CHAMBER OF COMMERCE	8.3%	26.3%	26.0%	30.8%	6.7%	1.9%	100.0%
	% within PREVIOUS EMPLOYMENT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	8.3%	26.3%	26.0%	30.8%	6.7%	1.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.325 ^a	5	.014
Likelihood Ratio	15.519	5	.008
Linear-by-Linear Association	8.120	1	.004
N of Valid Cases	312		

^a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is 1.63.

Strategic characteristics

Growth Aspirations

Crosstab

		GROWTH ASPIRATIONS				
			No Growth Aspirations	Low Growth Aspirations	High Growth Aspirations	Total
CHAMBER OF COMMERCE	Aware	Count	10	23	52	85
		% within CHAMBER OF COMMERCE	11.8%	27.1%	61.2%	100.0%
		% within GROWTH ASPIRATIONS	18.9%	14.6%	51.0%	27.2%
		% of Total	3.2%	7.4%	16.7%	27.2%
	Not aware	Count	43	134	50	227
		% within CHAMBER OF COMMERCE	18.9%	59.0%	22.0%	100.0%
		% within GROWTH ASPIRATIONS	81.1%	85.4%	49.0%	72.8%
		% of Total	13.8%	42.9%	16.0%	72.8%
	Total	Count	53	157	102	312
		% within CHAMBER OF COMMERCE	17.0%	50.3%	32.7%	100.0%
		% within GROWTH ASPIRATIONS	100.0%	100.0%	100.0%	100.0%
		% of Total	17.0%	50.3%	32.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.433 ^a	2	.000
Likelihood Ratio	41.950	2	.000
Linear-by-Linear Association	28.024	1	.000
N of Valid Cases	312		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.44.

CHAMBER OF COMMERCE * Undertake some form of palnning Crosstabulation

		Undertake some form of palnning			
		No Planning	Planning	Total	
CHAMBER OF COMMERCE	Aware	Count	26	59	85
		% within CHAMBER OF COMMERCE	30.6%	69.4%	100.0%
		% within Undertake some form of palnning	19.4%	33.1%	27.2%
		% of Total	8.3%	18.9%	27.2%
CHAMBER OF COMMERCE	Not aware	Count	108	119	227
		% within CHAMBER OF COMMERCE	47.6%	52.4%	100.0%
		% within Undertake some form of palnning	80.6%	66.9%	72.8%
		% of Total	34.6%	38.1%	72.8%
Total		Count	134	178	312
		% within CHAMBER OF COMMERCE	42.9%	57.1%	100.0%
		% within Undertake some form of palnning	100.0%	100.0%	100.0%
		% of Total	42.9%	57.1%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	7.285 ^b	1	.007		
Continuity Correction ^a	6.608	1	.010		
Likelihood Ratio	7.462	1	.006		
Fisher's Exact Test				.007	.005
Linear-by-Linear Association	7.261	1	.007		
N of Valid Cases	312				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 36.51.

APPENDIX 14.4: Awareness of IDB versus adequacy of support

Adequacy of support to prepare business plans

Crosstab

		SUPPORT - PREPARE BUSINESS PLANS						
		Very inadequately addressed	Inadequately addressed	Neither adequately nor inadequately addressed	Adequately addressed	Very adequately addressed	Total	
IDB	Aware	Count	18	15	39	76	13	161
		% within IDB	11.2%	9.3%	24.2%	47.2%	8.1%	100.0%
		% within SUPPORT - PREPARE BUSINESS PL	39.1%	38.5%	46.4%	60.8%	72.2%	51.6%
		% of Total	5.8%	4.8%	12.5%	24.4%	4.2%	51.6%
Not aware		Count	28	24	45	49	5	151
		% within IDB	18.5%	15.9%	29.8%	32.5%	3.3%	100.0%
		% within SUPPORT - PREPARE BUSINESS PL	60.9%	61.5%	53.6%	39.2%	27.8%	48.4%
		% of Total	9.0%	7.7%	14.4%	15.7%	1.6%	48.4%
Total		Count	46	39	84	125	18	312
		% within IDB	14.7%	12.5%	26.9%	40.1%	5.8%	100.0%
		% within SUPPORT - PREPARE BUSINESS PL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	14.7%	12.5%	26.9%	40.1%	5.8%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.761 ^a	4	.008
Likelihood Ratio	13.957	4	.007
Linear-by-Linear Association	12.072	1	.001
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.71.

Adequacy of support to set prices

Crosstab

		SUPPORT - SETTING PRICES						
		Very inadequately addressed	Inadequately addressed	Neither adequately nor inadequately addressed	Adequately addressed	Very adequately addressed	Total	
IDB	Aware	Count	18	7	46	77	13	161
		% within IDB	11.2%	4.3%	28.6%	47.8%	8.1%	100.0%
		% within SUPPORT - SETTING PRICE	43.9%	24.1%	47.9%	60.2%	72.2%	51.6%
		% of Total	5.8%	2.2%	14.7%	24.7%	4.2%	51.6%
Not aware		Count	23	22	50	51	5	151
		% within IDB	15.2%	14.6%	33.1%	33.8%	3.3%	100.0%
		% within SUPPORT - SETTING PRICE	56.1%	75.9%	52.1%	39.8%	27.8%	48.4%
		% of Total	7.4%	7.1%	16.0%	16.3%	1.6%	48.4%
Total		Count	41	29	96	128	18	312
		% within IDB	13.1%	9.3%	30.8%	41.0%	5.8%	100.0%
		% within SUPPORT - SETTING PRICE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	13.1%	9.3%	30.8%	41.0%	5.8%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.069 ^a	4	.002
Likelihood Ratio	17.607	4	.001
Linear-by-Linear Association	11.081	1	.001
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.71.

APPENDIX 15: Cross tabulations - Use of support

APPENDIX 15.1: Use of support versus company characteristics

Company age

Crosstab

		COMPANY AGE				Total	
		13-24 months	25-36 months	37-48 months	49-60 months		
USE OF SUPPORT SERVICES	Yes	Count	15	15	20	2	52
		% within USE OF SUPPORT SERVICES	28.8%	28.8%	38.5%	3.8%	100.0%
		% within COMPANY AG	26.8%	19.2%	14.7%	4.8%	16.7%
		% of Total	4.8%	4.8%	6.4%	.6%	16.7%
	No	Count	41	63	116	40	260
		% within USE OF SUPPORT SERVICES	15.8%	24.2%	44.6%	15.4%	100.0%
		% within COMPANY AG	73.2%	80.8%	85.3%	95.2%	83.3%
		% of Total	13.1%	20.2%	37.2%	12.8%	83.3%
Total		Count	56	78	136	42	312
		% within USE OF SUPPORT SERVICES	17.9%	25.0%	43.6%	13.5%	100.0%
		% within COMPANY AG	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	17.9%	25.0%	43.6%	13.5%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.160 ^a	3	.027
Likelihood Ratio	10.034	3	.018
Linear-by-Linear Association	8.810	1	.003
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.00.

Ownership

USE OF SUPPORT SERVICES * OWNERSHIP NEW Crosstabulation

		OWNERSHIP NEW				
		Sole proprietor	Private company	Public company	Total	
USE OF SUPPORT SERVICES	Yes	Count	26	22	4	52
		% within USE OF SUPPORT SERVICES	50.0%	42.3%	7.7%	100.0%
		% within OWNERSHIP NEW	14.6%	30.6%	6.5%	16.7%
		% of Total	8.3%	7.1%	1.3%	16.7%
	No	Count	152	50	58	260
		% within USE OF SUPPORT SERVICES	58.5%	19.2%	22.3%	100.0%
		% within OWNERSHIP NEW	85.4%	69.4%	93.5%	83.3%
		% of Total	48.7%	16.0%	18.6%	83.3%
Total		Count	178	72	62	312
		% within USE OF SUPPORT SERVICES	57.1%	23.1%	19.9%	100.0%
		% within OWNERSHIP NEW	100.0%	100.0%	100.0%	100.0%
		% of Total	57.1%	23.1%	19.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.202 ^a	2	.000
Likelihood Ratio	14.821	2	.001
Linear-by-Linear Association	.259	1	.611
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.33.

Ownership versus reason to use

REASONS FOR SEEKING SUPPORT * OWNERSHIP NEW Crosstabulation

			OWNERSHIP NEW			
			Sole proprietor	Private company	Public company	Total
REASONS FOR SEEKING SUPPORT	Overcome a problem	Count	5	0	0	5
		% within REASONS FOR SEEKING SUPPORT	100.0%	.0%	.0%	100.0%
		% within OWNERSHIP NEW	19.2%	.0%	.0%	9.6%
		% of Total	9.6%	.0%	.0%	9.6%
	Training staff	Count	9	4	0	13
		% within REASONS FOR SEEKING SUPPORT	69.2%	30.8%	.0%	100.0%
		% within OWNERSHIP NEW	34.6%	18.2%	.0%	25.0%
		% of Total	17.3%	7.7%	.0%	25.0%
	Ensure growth	Count	12	15	3	30
		% within REASONS FOR SEEKING SUPPORT	40.0%	50.0%	10.0%	100.0%
		% within OWNERSHIP NEW	46.2%	68.2%	75.0%	57.7%
		% of Total	23.1%	28.8%	5.8%	57.7%
Other	Count	0	3	1	4	
	% within REASONS FOR SEEKING SUPPORT	.0%	75.0%	25.0%	100.0%	
	% within OWNERSHIP NEW	.0%	13.6%	25.0%	7.7%	
	% of Total	.0%	5.8%	1.9%	7.7%	
Total	Count	26	22	4	52	
	% within REASONS FOR SEEKING SUPPORT	50.0%	42.3%	7.7%	100.0%	
	% within OWNERSHIP NEW	100.0%	100.0%	100.0%	100.0%	
	% of Total	50.0%	42.3%	7.7%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.166 ^a	6	.040
Likelihood Ratio	17.264	6	.008
Linear-by-Linear Association	11.732	1	.001
N of Valid Cases	52		

^a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .31.

APPENDIX 15.2: Use of support versus owner-manager characteristics

OM gender

Crosstab

		OM GENDER			
			Male	Female	Total
USE OF SUPPORT SERVICES	Yes	Count	48	4	52
		% within USE OF SUPPORT SERVICES	92.3%	7.7%	100.0%
		% within OM GENDER	18.2%	8.3%	16.7%
		% of Total	15.4%	1.3%	16.7%
	No	Count	216	44	260
		% within USE OF SUPPORT SERVICES	83.1%	16.9%	100.0%
		% within OM GENDER	81.8%	91.7%	83.3%
		% of Total	69.2%	14.1%	83.3%
Total		Count	264	48	312
		% within USE OF SUPPORT SERVICES	84.6%	15.4%	100.0%
		% within OM GENDER	100.0%	100.0%	100.0%
		% of Total	84.6%	15.4%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.836 ^b	1	.092		
Continuity Correction ^a	2.172	1	.141		
Likelihood Ratio	3.268	1	.071		
Fisher's Exact Test				.138	.064
Linear-by-Linear Association	2.827	1	.093		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.00.

OM age

Crosstab

		OM AGE						
		Under 30 years	30-39 years	40-49 years	50-59 years	60 years and over	Total	
USE OF SUPPORT SERVICES	Yes	Count	6	16	21	5	4	52
		% within USE OF SUPPORT SERVICE!	11.5%	30.8%	40.4%	9.6%	7.7%	100.0%
		% within OM AGE	18.2%	15.4%	22.1%	10.0%	13.3%	16.7%
		% of Total	1.9%	5.1%	6.7%	1.6%	1.3%	16.7%
	No	Count	27	88	74	45	26	260
		% within USE OF SUPPORT SERVICE!	10.4%	33.8%	28.5%	17.3%	10.0%	100.0%
		% within OM AGE	81.8%	84.6%	77.9%	90.0%	86.7%	83.3%
		% of Total	8.7%	28.2%	23.7%	14.4%	8.3%	83.3%
Total		Count	33	104	95	50	30	312
		% within USE OF SUPPORT SERVICE!	10.6%	33.3%	30.4%	16.0%	9.6%	100.0%
		% within OM AGE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	10.6%	33.3%	30.4%	16.0%	9.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.041 ^a	4	.401
Likelihood Ratio	4.124	4	.389
Linear-by-Linear Association	.455	1	.500
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.00.

Reasons to start

Crosstab

		REASONS TO START						
		No alternative employment	Unhappy with previous employment	To be your own boss	To make more money	Promising market opportunity	Total	
USE OF SUPPORT SERVICES	Yes	Count	9	4	16	4	19	52
		% within USE OF SUPPORT SERVICE	17.3%	7.7%	30.8%	7.7%	36.5%	100.0%
		% within REASONS TO START	9.1%	7.8%	16.0%	12.9%	61.3%	16.7%
		% of Total	2.9%	1.3%	5.1%	1.3%	6.1%	16.7%
No	Count	90	47	84	27	12	260	
		% within USE OF SUPPORT SERVICE	34.6%	18.1%	32.3%	10.4%	4.6%	100.0%
		% within REASONS TO START	90.9%	92.2%	84.0%	87.1%	38.7%	83.3%
		% of Total	28.8%	15.1%	26.9%	8.7%	3.8%	83.3%
Total	Count	99	51	100	31	31	312	
		% within USE OF SUPPORT SERVICE	31.7%	16.3%	32.1%	9.9%	9.9%	100.0%
		% within REASONS TO START	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	31.7%	16.3%	32.1%	9.9%	9.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	51.743 ^a	4	.000
Likelihood Ratio	39.634	4	.000
Linear-by-Linear Association	28.982	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.17.

Crosstab

		EDUCATIONAL QUALIFICATIONS (NEW)					
			Lower Level	GCE A Level	Tertiary Level	Diploma/ Professional Level	Total
USE OF SUPPORT SERVICES	Yes	Count	4	18	12	18	52
		% within USE OF SUPPORT SERVICES	7.7%	34.6%	23.1%	34.6%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	4.3%	14.4%	27.9%	36.0%	16.7%
		% of Total	1.3%	5.8%	3.8%	5.8%	16.7%
	No	Count	90	107	31	32	260
		% within USE OF SUPPORT SERVICES	34.6%	41.2%	11.9%	12.3%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	95.7%	85.6%	72.1%	64.0%	83.3%
		% of Total	28.8%	34.3%	9.9%	10.3%	83.3%
Total		Count	94	125	43	50	312
		% within USE OF SUPPORT SERVICES	30.1%	40.1%	13.8%	16.0%	100.0%
		% within EDUCATIONAL QUALIFICATIONS (NEW)	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	30.1%	40.1%	13.8%	16.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.256 ^a	3	.000
Likelihood Ratio	28.767	3	.000
Linear-by-Linear Association	27.984	1	.000
N of Valid Cases	312		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.17.

FIRST BUSINESS * USE OF SUPPORT SERVICES Crosstabulation

			USE OF SUPPORT SERVICES		
			Yes	No	Total
FIRST BUSINESS	Yes	Count	27	198	225
		% within FIRST BUSINESS	12.0%	88.0%	100.0%
		% within USE OF SUPPORT SERVICES	51.9%	76.2%	72.1%
		% of Total	8.7%	63.5%	72.1%
FIRST BUSINESS	No	Count	25	62	87
		% within FIRST BUSINESS	28.7%	71.3%	100.0%
		% within USE OF SUPPORT SERVICES	48.1%	23.8%	27.9%
		% of Total	8.0%	19.9%	27.9%
Total		Count	52	260	312
		% within FIRST BUSINESS	16.7%	83.3%	100.0%
		% within USE OF SUPPORT SERVICES	100.0%	100.0%	100.0%
		% of Total	16.7%	83.3%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.652 ^b	1	.000		
Continuity Correction ^a	11.476	1	.001		
Likelihood Ratio	11.674	1	.001		
Fisher's Exact Test				.001	.001
Linear-by-Linear Association	12.612	1	.000		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.50.

APPENDIX 15.3: Use of support versus strategic characteristics

Undertake some form of planning

Crosstab

			UNDERTAKE SOME FORM OF PLANNING			
			Yes	No	Total	
USE OF SUPPORT SERVICES	Yes	Count	44	8	52	
		% within USE OF SUPPORT SERVICES	84.6%	15.4%	100.0%	
		% within UNDERTAKE SOME FORM OF PLANNING	24.7%	6.0%	16.7%	
		% of Total	14.1%	2.6%	16.7%	
		No	Count	134	126	260
			% within USE OF SUPPORT SERVICES	51.5%	48.5%	100.0%
	% within UNDERTAKE SOME FORM OF PLANNING		75.3%	94.0%	83.3%	
	% of Total		42.9%	40.4%	83.3%	
	Total		Count	178	134	312
			% within USE OF SUPPORT SERVICES	57.1%	42.9%	100.0%
		% within UNDERTAKE SOME FORM OF PLANNING	100.0%	100.0%	100.0%	
		% of Total	57.1%	42.9%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	19.349 ^b	1	.000		
Continuity Correction ^a	18.023	1	.000		
Likelihood Ratio	21.458	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	19.287	1	.000		
N of Valid Cases	312				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 22.33.

Planning period

Crosstab

		PLANNING PERIOD (NEW)			
			Six months or less	More than six months	Total
USE OF SUPPORT SERVICES	Yes	Count	17	27	44
		% within USE OF SUPPORT SERVICES	38.6%	61.4%	100.0%
		% within PLANNING PERIOD (NEW)	16.7%	35.5%	24.7%
		% of Total	9.6%	15.2%	24.7%
	No	Count	85	49	134
		% within USE OF SUPPORT SERVICES	63.4%	36.6%	100.0%
		% within PLANNING PERIOD (NEW)	83.3%	64.5%	75.3%
		% of Total	47.8%	27.5%	75.3%
	Total	Count	102	76	178
		% within USE OF SUPPORT SERVICES	57.3%	42.7%	100.0%
		% within PLANNING PERIOD (NEW)	100.0%	100.0%	100.0%
		% of Total	57.3%	42.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	8.324 ^b	1	.004		
Continuity Correction ^a	7.342	1	.007		
Likelihood Ratio	8.273	1	.004		
Fisher's Exact Test				.005	.003
Linear-by-Linear Association	8.277	1	.004		
N of Valid Cases	178				

^a. Computed only for a 2x2 table

^b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18.79.

APPENDIX 16: Cross tabulations – usefulness of support

Usefulness of support versus ownership

Crosstab

		OWNERSHIP NEW				
		Sole proprietor	Private company	Public company	Total	
USEFULNESS OF SUPPORT	Not at all useful	Count	0	6	2	8
		% within USEFULNESS OF SUPPORT	.0%	75.0%	25.0%	100.0%
		% within OWNERSHIP NEW	.0%	27.3%	50.0%	15.4%
		% of Total	.0%	11.5%	3.8%	15.4%
Not useful		Count	1	7	0	8
		% within USEFULNESS OF SUPPORT	12.5%	87.5%	.0%	100.0%
		% within OWNERSHIP NEW	3.8%	31.8%	.0%	15.4%
		% of Total	1.9%	13.5%	.0%	15.4%
Neither useful nor not useful		Count	8	2	1	11
		% within USEFULNESS OF SUPPORT	72.7%	18.2%	9.1%	100.0%
		% within OWNERSHIP NEW	30.8%	9.1%	25.0%	21.2%
		% of Total	15.4%	3.8%	1.9%	21.2%
Useful		Count	9	6	1	16
		% within USEFULNESS OF SUPPORT	56.3%	37.5%	6.3%	100.0%
		% within OWNERSHIP NEW	34.6%	27.3%	25.0%	30.8%
		% of Total	17.3%	11.5%	1.9%	30.8%
Very useful		Count	8	1	0	9
		% within USEFULNESS OF SUPPORT	88.9%	11.1%	.0%	100.0%
		% within OWNERSHIP NEW	30.8%	4.5%	.0%	17.3%
		% of Total	15.4%	1.9%	.0%	17.3%
Total		Count	26	22	4	52
		% within USEFULNESS OF SUPPORT	50.0%	42.3%	7.7%	100.0%
		% within OWNERSHIP NEW	100.0%	100.0%	100.0%	100.0%
		% of Total	50.0%	42.3%	7.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.282 ^a	8	.002
Likelihood Ratio	28.726	8	.000
Linear-by-Linear Association	14.185	1	.000
N of Valid Cases	52		

^a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .62.

Reasons for seeking support versus usefulness of support

REASONS FOR SEEKING SUPPORT * USEFULNESS OF SUPPORT Crosstabulation

		USEFULNESS OF SUPPORT						
		Not at all useful	Not useful	Neither useful nor not useful	Useful	Very useful	Total	
REASONS FOR SEEKING SUPPORT	Overcome a problem	Count	0	0	1	1	3	5
		% within REASONS FOR SEEKING SUPPORT	.0%	.0%	20.0%	20.0%	60.0%	100.0%
		% within USEFULNESS OF SUPPORT	.0%	.0%	9.1%	6.3%	33.3%	9.6%
		% of Total	.0%	.0%	1.9%	1.9%	5.8%	9.6%
	Training staff	Count	0	2	3	6	2	13
		% within REASONS FOR SEEKING SUPPORT	.0%	15.4%	23.1%	46.2%	15.4%	100.0%
		% within USEFULNESS OF SUPPORT	.0%	25.0%	27.3%	37.5%	22.2%	25.0%
		% of Total	.0%	3.8%	5.8%	11.5%	3.8%	25.0%
	Ensure growth	Count	7	4	6	9	4	30
		% within REASONS FOR SEEKING SUPPORT	23.3%	13.3%	20.0%	30.0%	13.3%	100.0%
		% within USEFULNESS OF SUPPORT	87.5%	50.0%	54.5%	56.3%	44.4%	57.7%
		% of Total	13.5%	7.7%	11.5%	17.3%	7.7%	57.7%
Other	Count	1	2	1	0	0	4	
	% within REASONS FOR SEEKING SUPPORT	25.0%	50.0%	25.0%	.0%	.0%	100.0%	
	% within USEFULNESS OF SUPPORT	12.5%	25.0%	9.1%	.0%	.0%	7.7%	
	% of Total	1.9%	3.8%	1.9%	.0%	.0%	7.7%	
Total	Count	8	8	11	16	9	52	
	% within REASONS FOR SEEKING SUPPORT	15.4%	15.4%	21.2%	30.8%	17.3%	100.0%	
	% within USEFULNESS OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	15.4%	15.4%	21.2%	30.8%	17.3%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.965 ^a	12	.151
Likelihood Ratio	18.892	12	.091
Linear-by-Linear Association	9.406	1	.002
N of Valid Cases	52		

^a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .62.

Use of support versus usefulness of support

USE OF SUPPORT SERVICES * USEFULNESS OF SUPPORT * IDB Crosstabulation

IDB		USEFULNESS OF SUPPORT						
		Not at all usefu	Not useful nor	Neither useful not useful	Useful	Very useful	Total	
Aware	USE OF SUPPORT SER Yes	Count	8	8	11	16	9	52
		% within USE OF SUPPORT SERVICI	15.4%	15.4%	21.2%	30.8%	17.3%	100.0%
		% within USEFULN OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	15.4%	15.4%	21.2%	30.8%	17.3%	100.0%
Total		Count	8	8	11	16	9	52
		% within USE OF SUPPORT SERVICI	15.4%	15.4%	21.2%	30.8%	17.3%	100.0%
		% within USEFULN OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	15.4%	15.4%	21.2%	30.8%	17.3%	100.0%

APPENDIX 17: Cross tabulations – Reason for non-use of support versus adequacy of support

			Crosstab									
			REASONS FOR NON-USE OF SUPPORT									
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total
SUPPORT -FINANCIAL MANAGEMENT	Very inadequately addressed	Count	7	11	6	1	5	0	0	0	1	31
		% within SUPPORT -FINANCIAL MANAGEMENT	22.6%	35.5%	19.4%	3.2%	16.1%	.0%	.0%	.0%	3.2%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	20.0%	34.4%	28.6%	1.2%	15.6%	.0%	.0%	.0%	20.0%	11.9%
		% of Total	2.7%	4.2%	2.3%	.4%	1.9%	.0%	.0%	.0%	.4%	11.9%
	Inadequately addressed	Count	2	11	4	0	4	1	0	0	1	23
		% within SUPPORT -FINANCIAL MANAGEMENT	8.7%	47.8%	17.4%	.0%	17.4%	4.3%	.0%	.0%	4.3%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	5.7%	34.4%	19.0%	.0%	12.5%	7.1%	.0%	.0%	20.0%	8.8%
		% of Total	.8%	4.2%	1.5%	.0%	1.5%	4.4%	.0%	.0%	.4%	8.8%
	Neither adequately nor inadequately addressed	Count	2	5	10	2	23	0	0	12	0	54
		% within SUPPORT -FINANCIAL MANAGEMENT	3.7%	9.3%	18.5%	3.7%	42.6%	.0%	.0%	22.2%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	5.7%	15.6%	47.6%	2.4%	71.9%	.0%	.0%	100.0%	.0%	20.8%
		% of Total	.8%	1.9%	3.8%	.8%	8.8%	.0%	.0%	4.6%	.0%	20.8%
	Adequately addressed	Count	2	2	0	39	0	10	10	0	2	65
		% within SUPPORT -FINANCIAL MANAGEMENT	3.1%	3.1%	.0%	60.0%	.0%	15.4%	15.4%	.0%	3.1%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	5.7%	6.3%	.0%	47.0%	.0%	71.4%	38.5%	.0%	40.0%	25.0%
		% of Total	.8%	.8%	.0%	15.0%	.0%	3.8%	3.8%	.0%	.8%	25.0%
	Very adequately addressed	Count	22	3	1	41	0	3	16	0	1	87
		% within SUPPORT -FINANCIAL MANAGEMENT	25.3%	3.4%	1.1%	47.1%	.0%	3.4%	18.4%	.0%	1.1%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	62.9%	9.4%	4.8%	49.4%	.0%	21.4%	61.5%	.0%	20.0%	33.5%
		% of Total	8.5%	1.2%	.4%	15.8%	.0%	1.2%	6.2%	.0%	.4%	33.5%
Total	Count	35	32	21	83	32	14	26	12	5	260	
	% within SUPPORT -FINANCIAL MANAGEMENT	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	

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		REASONS FOR NON-USE OF SUPPORT										
		Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total	
SUPPORT - FIND PREMISES	Very inadequately addressed	Count	0	4	6	5	5	2	1	6	0	29
		% within SUPPORT - FIND PREMISES	.0%	13.8%	20.7%	17.2%	17.2%	6.9%	3.4%	20.7%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	.0%	12.5%	28.6%	6.0%	15.6%	14.3%	3.8%	50.0%	.0%	11.2%
		% of Total	.0%	1.5%	2.3%	1.9%	1.9%	.8%	.4%	2.3%	.0%	11.2%
	Inadequately addressed	Count	1	19	3	0	7	0	2	4	0	36
		% within SUPPORT - FIND PREMISES	2.8%	52.8%	8.3%	.0%	19.4%	.0%	5.6%	11.1%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	2.9%	59.4%	14.3%	.0%	21.9%	.0%	7.7%	33.3%	.0%	13.8%
		% of Total	.4%	7.3%	1.2%	.0%	2.7%	.0%	.8%	1.5%	.0%	13.8%
	Neither adequately nor inadequately addressed	Count	15	4	12	44	18	12	9	2	4	120
		% within SUPPORT - FIND PREMISES	12.5%	3.3%	10.0%	36.7%	15.0%	10.0%	7.5%	1.7%	3.3%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	42.9%	12.5%	57.1%	53.0%	56.3%	85.7%	34.6%	16.7%	80.0%	46.2%
		% of Total	5.8%	1.5%	4.6%	16.9%	6.9%	4.6%	3.5%	.8%	1.5%	46.2%
	Adequately addressed	Count	1	3	0	33	2	0	12	0	0	51
		% within SUPPORT - FIND PREMISES	2.0%	5.9%	.0%	64.7%	3.9%	.0%	23.5%	.0%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	2.9%	9.4%	.0%	39.8%	6.3%	.0%	46.2%	.0%	.0%	19.6%
		% of Total	.4%	1.2%	.0%	12.7%	.8%	.0%	4.6%	.0%	.0%	19.6%
	Very adequately addressed	Count	18	2	0	1	0	0	2	0	1	24
		% within SUPPORT - FIND PREMISES	75.0%	8.3%	.0%	4.2%	.0%	.0%	8.3%	.0%	4.2%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	51.4%	6.3%	.0%	1.2%	.0%	.0%	7.7%	.0%	20.0%	9.2%
		% of Total	6.9%	.8%	.0%	.4%	.0%	.0%	.8%	.0%	.4%	9.2%
Total	Count	35	32	21	83	32	14	26	12	5	260	
	% within SUPPORT - FIND PREMISES	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	

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			REASONS FOR NON-USE OF SUPPORT									
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total
SUPPORT - IMPROVE COMMUNICATIONS	Very inadequately addressed	Count	9	7	5	6	1	1	2	0	1	32
		% within SUPPORT - IMPROVE COMMUNICATIONS	28.1%	21.9%	15.6%	18.8%	3.1%	3.1%	6.3%	.0%	3.1%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	25.7%	21.9%	23.8%	7.2%	3.1%	7.1%	7.7%	.0%	20.0%	12.3%
		% of Total	3.5%	2.7%	1.9%	2.3%	.4%	.4%	.8%	.0%	.4%	12.3%
	Inadequately addressed	Count	1	19	12	0	13	0	0	0	0	45
		% within SUPPORT - IMPROVE COMMUNICATIONS	2.2%	42.2%	26.7%	.0%	28.9%	.0%	.0%	.0%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	2.9%	59.4%	57.1%	.0%	40.6%	.0%	.0%	.0%	.0%	17.3%
		% of Total	.4%	7.3%	4.6%	.0%	5.0%	.0%	.0%	.0%	.0%	17.3%
	Neither adequately nor inadequately addressed	Count	1	0	3	14	18	10	10	12	1	69
		% within SUPPORT - IMPROVE COMMUNICATIONS	1.4%	.0%	4.3%	20.3%	26.1%	14.5%	14.5%	17.4%	1.4%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	2.9%	.0%	14.3%	16.9%	56.3%	71.4%	38.5%	100.0%	20.0%	26.5%
		% of Total	.4%	.0%	1.2%	5.4%	6.9%	3.8%	3.8%	4.6%	.4%	26.5%
	Adequately addressed	Count	6	4	1	62	0	3	7	0	2	85
		% within SUPPORT - IMPROVE COMMUNICATIONS	7.1%	4.7%	1.2%	72.9%	.0%	3.5%	8.2%	.0%	2.4%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	17.1%	12.5%	4.8%	74.7%	.0%	21.4%	26.9%	.0%	40.0%	32.7%
		% of Total	2.3%	1.5%	.4%	23.8%	.0%	1.2%	2.7%	.0%	.8%	32.7%
	Very adequately addressed	Count	18	2	0	1	0	0	7	0	1	29
		% within SUPPORT - IMPROVE COMMUNICATIONS	62.1%	6.9%	.0%	3.4%	.0%	.0%	24.1%	.0%	3.4%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	51.4%	6.3%	.0%	1.2%	.0%	.0%	26.9%	.0%	20.0%	11.2%
		% of Total	6.9%	.8%	.0%	.4%	.0%	.0%	2.7%	.0%	.4%	11.2%
	Total	Count	35	32	21	83	32	14	26	12	5	260
		% within SUPPORT - IMPROVE COMMUNICATIONS	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%

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			REASONS FOR NON-USE OF SUPPORT									
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total
SUPPORT - IMPROVE MANUFACTURING SKILLS	Very inadequately addressed	Count	1	2	6	2	3	2	6	2	0	24
		% within SUPPORT - IMPROVE MANUFACTURING SKILLS	4.2%	8.3%	25.0%	8.3%	12.5%	8.3%	25.0%	8.3%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	2.9%	6.3%	28.6%	2.4%	9.4%	14.3%	23.1%	16.7%	.0%	9.2%
		% of Total	.4%	.8%	2.3%	.8%	1.2%	.8%	2.3%	.8%	.0%	9.2%
	Inadequately addressed	Count	1	19	5	1	1	0	0	7	0	34
		% within SUPPORT - IMPROVE MANUFACTURING SKILLS	2.9%	55.9%	14.7%	2.9%	2.9%	.0%	.0%	20.6%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	2.9%	59.4%	23.8%	1.2%	3.1%	.0%	.0%	58.3%	.0%	13.1%
		% of Total	.4%	7.3%	1.9%	.4%	.4%	.0%	.0%	2.7%	.0%	13.1%
	Neither adequately nor inadequately addressed	Count	14	6	10	17	27	12	6	3	2	97
		% within SUPPORT - IMPROVE MANUFACTURING SKILLS	14.4%	6.2%	10.3%	17.5%	27.8%	12.4%	6.2%	3.1%	2.1%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	40.0%	18.8%	47.6%	20.5%	84.4%	85.7%	23.1%	25.0%	40.0%	37.3%
		% of Total	5.4%	2.3%	3.8%	6.5%	10.4%	4.6%	2.3%	1.2%	.8%	37.3%
Adequately addressed	Count	1	3	0	62	1	0	11	0	2	80	
	% within SUPPORT - IMPROVE MANUFACTURING SKILLS	1.3%	3.8%	.0%	77.5%	1.3%	.0%	13.8%	.0%	2.5%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	2.9%	9.4%	.0%	74.7%	3.1%	.0%	42.3%	.0%	40.0%	30.8%	
	% of Total	.4%	1.2%	.0%	23.8%	.4%	.0%	4.2%	.0%	.8%	30.8%	
Very adequately addressed	Count	18	2	0	1	0	0	3	0	1	25	
	% within SUPPORT - IMPROVE MANUFACTURING SKILLS	72.0%	8.0%	.0%	4.0%	.0%	.0%	12.0%	.0%	4.0%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	51.4%	6.3%	.0%	1.2%	.0%	.0%	11.5%	.0%	20.0%	9.6%	
	% of Total	6.9%	.8%	.0%	.4%	.0%	.0%	1.2%	.0%	.4%	9.6%	
Total	Count	35	32	21	83	32	14	26	12	5	260	
	% within SUPPORT - IMPROVE MANUFACTURING SKILLS	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	

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			REASONS FOR NON-USE OF SUPPORT									
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total
SUPPORT - IMPROVE MARKETING SKILLS	Very inadequately addressed	Count	7	4	7	4	6	6	4	0	2	40
		% within SUPPORT - IMPROVE MARKETING SKILLS	17.5%	10.0%	17.5%	10.0%	15.0%	15.0%	10.0%	.0%	5.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	20.0%	12.5%	33.3%	4.8%	18.8%	42.9%	15.4%	.0%	40.0%	15.4%
		% of Total	2.7%	1.5%	2.7%	1.5%	2.3%	2.3%	1.5%	.0%	.8%	15.4%
	Inadequately addressed	Count	0	20	3	2	1	0	2	9	0	37
		% within SUPPORT - IMPROVE MARKETING SKILLS	.0%	54.1%	8.1%	5.4%	2.7%	.0%	5.4%	24.3%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	.0%	62.5%	14.3%	2.4%	3.1%	.0%	7.7%	75.0%	.0%	14.2%
		% of Total	.0%	7.7%	1.2%	.8%	.4%	.0%	.8%	3.5%	.0%	14.2%
	Neither adequately nor inadequately addressed	Count	0	4	10	14	24	5	6	3	0	66
		% within SUPPORT - IMPROVE MARKETING SKILLS	.0%	6.1%	15.2%	21.2%	36.4%	7.6%	9.1%	4.5%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	.0%	12.5%	47.6%	16.9%	75.0%	35.7%	23.1%	25.0%	.0%	25.4%
		% of Total	.0%	1.5%	3.8%	5.4%	9.2%	1.9%	2.3%	1.2%	.0%	25.4%
	Adequately addressed	Count	20	2	1	62	1	3	14	0	2	105
		% within SUPPORT - IMPROVE MARKETING SKILLS	19.0%	1.9%	1.0%	59.0%	1.0%	2.9%	13.3%	.0%	1.9%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	57.1%	6.3%	4.8%	74.7%	3.1%	21.4%	53.8%	.0%	40.0%	40.4%
		% of Total	7.7%	.8%	.4%	23.8%	.4%	1.2%	5.4%	.0%	.8%	40.4%
	Very adequately addressed	Count	8	2	0	1	0	0	0	0	1	12
		% within SUPPORT - IMPROVE MARKETING SKILLS	66.7%	16.7%	.0%	8.3%	.0%	.0%	.0%	.0%	8.3%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	22.9%	6.3%	.0%	1.2%	.0%	.0%	.0%	.0%	20.0%	4.6%
		% of Total	3.1%	.8%	.0%	.4%	.0%	.0%	.0%	.0%	.4%	4.6%
Total	Count	35	32	21	83	32	14	26	12	5	260	
	% within SUPPORT - IMPROVE MARKETING SKILLS	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	

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			REASONS FOR NON-USE OF SUPPORT										
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total	
SUPPORT - MAINTAIN FINANCIAL RECORDS	Very inadequately addressed	Count	9	9	6	6	7	1	0	0	1	39	
		% within SUPPORT - MAINTAIN FINANCIAL RECORDS	23.1%	23.1%	15.4%	15.4%	17.9%	2.6%	.0%	.0%	2.6%	100.0%	
		% within REASONS FOR NON-USE OF SUPPORT	25.7%	28.1%	28.6%	7.2%	21.9%	7.1%	.0%	.0%	20.0%	15.0%	
		% of Total	3.5%	3.5%	2.3%	2.3%	2.7%	.4%	.0%	.0%	.4%	15.0%	
	Inadequately addressed	Count	0	11	3	5	4	3	4	4	3	1	34
		% within SUPPORT - MAINTAIN FINANCIAL RECORDS	.0%	32.4%	8.8%	14.7%	11.8%	8.8%	11.8%	8.8%	2.9%	100.0%	
		% within REASONS FOR NON-USE OF SUPPORT	.0%	34.4%	14.3%	6.0%	12.5%	21.4%	15.4%	25.0%	20.0%	13.1%	
		% of Total	.0%	4.2%	1.2%	1.9%	1.5%	1.2%	1.5%	1.2%	.4%	13.1%	
	Neither adequately nor inadequately addressed	Count	1	7	11	0	16	7	8	9	0	59	
		% within SUPPORT - MAINTAIN FINANCIAL RECORDS	1.7%	11.9%	18.6%	.0%	27.1%	11.9%	13.6%	15.3%	.0%	100.0%	
		% within REASONS FOR NON-USE OF SUPPORT	2.9%	21.9%	52.4%	.0%	50.0%	50.0%	30.8%	75.0%	.0%	22.7%	
		% of Total	.4%	2.7%	4.2%	.0%	6.2%	2.7%	3.1%	3.5%	.0%	22.7%	
	Adequately addressed	Count	6	0	0	27	5	2	0	0	0	1	41
		% within SUPPORT - MAINTAIN FINANCIAL RECORDS	14.6%	.0%	.0%	65.9%	12.2%	4.9%	.0%	.0%	2.4%	100.0%	
		% within REASONS FOR NON-USE OF SUPPORT	17.1%	.0%	.0%	32.5%	15.6%	14.3%	.0%	.0%	20.0%	15.8%	
		% of Total	2.3%	.0%	.0%	10.4%	1.9%	.8%	.0%	.0%	.4%	15.8%	
	Very adequately addressed	Count	19	5	1	45	0	1	14	0	2	87	
		% within SUPPORT - MAINTAIN FINANCIAL RECORDS	21.8%	5.7%	1.1%	51.7%	.0%	1.1%	16.1%	.0%	2.3%	100.0%	
		% within REASONS FOR NON-USE OF SUPPORT	54.3%	15.6%	4.8%	54.2%	.0%	7.1%	53.8%	.0%	40.0%	33.5%	
		% of Total	7.3%	1.9%	.4%	17.3%	.0%	.4%	5.4%	.0%	.8%	33.5%	
Total	Count	35	32	21	83	32	14	26	12	5	260		
	% within SUPPORT - MAINTAIN FINANCIAL RECORDS	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%		
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%		

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		REASONS FOR NON-USE OF SUPPORT										
		Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total	
SUPPORT - UNDERSTAND GOVT REGULATIONS	Very inadequately addressed	Count	11	7	8	11	6	3	1	0	1	48
		% within SUPPORT - UNDERSTAND GOVT REGULATIONS	22.9%	14.6%	16.7%	22.9%	12.5%	6.3%	2.1%	.0%	2.1%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	31.4%	21.9%	38.1%	13.3%	18.8%	21.4%	3.8%	.0%	20.0%	18.5%
		% of Total	4.2%	2.7%	3.1%	4.2%	2.3%	1.2%	.4%	.0%	.4%	18.5%
	Inadequately addressed	Count	0	15	5	0	13	1	1	1	0	36
		% within SUPPORT - UNDERSTAND GOVT REGULATIONS	.0%	41.7%	13.9%	.0%	36.1%	2.8%	2.8%	2.8%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	.0%	46.9%	23.8%	.0%	40.6%	7.1%	3.8%	8.3%	.0%	13.8%
		% of Total	.0%	5.8%	1.9%	.0%	5.0%	.4%	.4%	.4%	.0%	13.8%
	Neither adequately nor inadequately addressed	Count	4	4	6	10	10	10	10	11	1	66
		% within SUPPORT - UNDERSTAND GOVT REGULATIONS	6.1%	6.1%	9.1%	15.2%	15.2%	15.2%	15.2%	16.7%	1.5%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	11.4%	12.5%	28.6%	12.0%	31.3%	71.4%	38.5%	91.7%	20.0%	25.4%
		% of Total	1.5%	1.5%	2.3%	3.8%	3.8%	3.8%	3.8%	4.2%	.4%	25.4%
	Adequately addressed	Count	2	4	2	61	3	0	14	0	2	88
		% within SUPPORT - UNDERSTAND GOVT REGULATIONS	2.3%	4.5%	2.3%	69.3%	3.4%	.0%	15.9%	.0%	2.3%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	5.7%	12.5%	9.5%	73.5%	9.4%	.0%	53.8%	.0%	40.0%	33.8%
		% of Total	.8%	1.5%	.8%	23.5%	1.2%	.0%	5.4%	.0%	.8%	33.8%
	Very adequately addressed	Count	18	2	0	1	0	0	0	0	1	22
		% within SUPPORT - UNDERSTAND GOVT REGULATIONS	81.8%	9.1%	.0%	4.5%	.0%	.0%	.0%	.0%	4.5%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	51.4%	6.3%	.0%	1.2%	.0%	.0%	.0%	.0%	20.0%	8.5%
		% of Total	6.9%	.8%	.0%	.4%	.0%	.0%	.0%	.0%	.4%	8.5%
	Total	Count	35	32	21	83	32	14	26	12	5	260
		% within SUPPORT - UNDERSTAND GOVT REGULATIONS	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%

Crosstab

			REASONS FOR NON-USE OF SUPPORT									
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total
SUPPORT - CONDUCTING MARKET RESEARCH	Very inadequately addressed	Count	12	9	14	10	6	4	1	1	2	59
		% within SUPPORT - CONDUCTING MARKET RESEARCH	20.3%	15.3%	23.7%	16.9%	10.2%	6.8%	1.7%	1.7%	3.4%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	34.3%	28.1%	66.7%	12.0%	18.8%	28.6%	3.8%	8.3%	40.0%	22.7%
		% of Total	4.6%	3.5%	5.4%	3.8%	2.3%	1.5%	.4%	.4%	.8%	22.7%
	Inadequately addressed	Count	4	18	6	16	26	10	16	11	2	109
		% within SUPPORT - CONDUCTING MARKET RESEARCH	3.7%	16.5%	5.5%	14.7%	23.9%	9.2%	14.7%	10.1%	1.8%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	11.4%	56.3%	28.6%	19.3%	81.3%	71.4%	61.5%	91.7%	40.0%	41.9%
		% of Total	1.5%	6.9%	2.3%	6.2%	10.0%	3.8%	6.2%	4.2%	.8%	41.9%
	Neither adequately nor inadequately addressed	Count	2	3	1	55	0	0	2	0	0	63
		% within SUPPORT - CONDUCTING MARKET RESEARCH	3.2%	4.8%	1.6%	87.3%	.0%	.0%	3.2%	.0%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	5.7%	9.4%	4.8%	66.3%	.0%	.0%	7.7%	.0%	.0%	24.2%
		% of Total	.8%	1.2%	.4%	21.2%	.0%	.0%	.8%	.0%	.0%	24.2%
	Adequately addressed	Count	5	0	0	1	0	0	7	0	0	13
		% within SUPPORT - CONDUCTING MARKET RESEARCH	38.5%	.0%	.0%	7.7%	.0%	.0%	53.8%	.0%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	14.3%	.0%	.0%	1.2%	.0%	.0%	26.9%	.0%	.0%	5.0%
		% of Total	1.9%	.0%	.0%	.4%	.0%	.0%	2.7%	.0%	.0%	5.0%
	Very adequately addressed	Count	12	2	0	1	0	0	0	0	1	16
		% within SUPPORT - CONDUCTING MARKET RESEARCH	75.0%	12.5%	.0%	6.3%	.0%	.0%	.0%	.0%	6.3%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	34.3%	6.3%	.0%	1.2%	.0%	.0%	.0%	.0%	20.0%	6.2%
		% of Total	4.6%	.8%	.0%	.4%	.0%	.0%	.0%	.0%	.4%	6.2%
Total	Count	35	32	21	83	32	14	26	12	5	260	
	% within SUPPORT - CONDUCTING MARKET RESEARCH	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	

Crosstab

			REASONS FOR NON-USE OF SUPPORT									
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total
SUPPORT - COLLECTING CUSTOMER DEBTHS	Very inadequately addressed	Count	11	12	13	12	11	6	3	3	2	73
		% within SUPPORT - COLLECTING CUSTOMER DEBTHS	15.1%	16.4%	17.8%	16.4%	15.1%	8.2%	4.1%	4.1%	2.7%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	31.4%	37.5%	61.9%	14.5%	34.4%	42.9%	11.5%	25.0%	40.0%	28.1%
		% of Total	4.2%	4.6%	5.0%	4.6%	4.2%	2.3%	1.2%	1.2%	.8%	28.1%
	Inadequately addressed	Count	0	11	6	1	6	5	2	9	0	40
		% within SUPPORT - COLLECTING CUSTOMER DEBTHS	.0%	27.5%	15.0%	2.5%	15.0%	12.5%	5.0%	22.5%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	.0%	34.4%	28.6%	1.2%	18.8%	35.7%	7.7%	75.0%	.0%	15.4%
		% of Total	.0%	4.2%	2.3%	.4%	2.3%	1.9%	.8%	3.5%	.0%	15.4%
	Neither adequately nor inadequately addressed	Count	5	5	2	36	13	3	7	0	2	73
		% within SUPPORT - COLLECTING CUSTOMER DEBTHS	6.8%	6.8%	2.7%	49.3%	17.8%	4.1%	9.6%	.0%	2.7%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	14.3%	15.6%	9.5%	43.4%	40.6%	21.4%	26.9%	.0%	40.0%	28.1%
		% of Total	1.9%	1.9%	.8%	13.8%	5.0%	1.2%	2.7%	.0%	.8%	28.1%
	Adequately addressed	Count	17	4	0	25	2	0	13	0	1	62
		% within SUPPORT - COLLECTING CUSTOMER DEBTHS	27.4%	6.5%	.0%	40.3%	3.2%	.0%	21.0%	.0%	1.6%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	48.6%	12.5%	.0%	30.1%	6.3%	.0%	50.0%	.0%	20.0%	23.8%
		% of Total	6.5%	1.5%	.0%	9.6%	.8%	.0%	5.0%	.0%	.4%	23.8%
	Very adequately addressed	Count	2	0	0	9	0	0	1	0	0	12
		% within SUPPORT - COLLECTING CUSTOMER DEBTHS	16.7%	.0%	.0%	75.0%	.0%	.0%	8.3%	.0%	.0%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	5.7%	.0%	.0%	10.8%	.0%	.0%	3.8%	.0%	.0%	4.6%
		% of Total	.8%	.0%	.0%	3.5%	.0%	.0%	.4%	.0%	.0%	4.6%
Total	Count	35	32	21	83	32	14	26	12	5	260	
	% within SUPPORT - COLLECTING CUSTOMER DEBTHS	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%	

Crosstab

			REASONS FOR NON-USE OF SUPPORT										
			Received support from other sources	Non-availability of required support	Poor opinion of available support	No major problem	Not aware of available support	Possible high financial costs	Lack of time	No desire to expand business	Other	Total	
SUPPORT - PRUCHASING PRODUCTS/SERVICES	Very inadequately addressed	Count	11	6	8	13	7	5	3	0	1	54	
		% within SUPPORT - PRUCHASING PRODUCTS/SERVICES	20.4%	11.1%	14.8%	24.1%	13.0%	9.3%	5.6%	.0%	1.9%	100.0%	
		% within REASONS FOR NON-USE OF SUPPORT	31.4%	18.8%	38.1%	15.7%	21.9%	35.7%	11.5%	.0%	20.0%	20.8%	
		% of Total	4.2%	2.3%	3.1%	5.0%	2.7%	1.9%	1.2%	.0%	.4%	20.8%	
	Inadequately addressed	Count	0	20	5	0	5	0	0	0	12	1	43
		% within SUPPORT - PRUCHASING PRODUCTS/SERVICES	.0%	46.5%	11.6%	.0%	11.6%	.0%	.0%	.0%	27.9%	2.3%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	.0%	62.5%	23.8%	.0%	15.6%	.0%	.0%	100.0%	20.0%	16.5%	
		% of Total	.0%	7.7%	1.9%	.0%	1.9%	.0%	.0%	4.6%	.4%	16.5%	
	Neither adequately nor inadequately addressed	Count	4	1	6	42	20	9	9	0	0	1	92
		% within SUPPORT - PRUCHASING PRODUCTS/SERVICES	4.3%	1.1%	6.5%	45.7%	21.7%	9.8%	9.8%	.0%	1.1%	100.0%	
		% within REASONS FOR NON-USE OF SUPPORT	11.4%	3.1%	28.6%	50.6%	62.5%	64.3%	34.6%	.0%	20.0%	35.4%	
		% of Total	1.5%	.4%	2.3%	16.2%	7.7%	3.5%	3.5%	.0%	.4%	35.4%	
	Adequately addressed	Count	14	3	2	26	0	0	0	14	0	1	60
		% within SUPPORT - PRUCHASING PRODUCTS/SERVICES	23.3%	5.0%	3.3%	43.3%	.0%	.0%	.0%	23.3%	.0%	1.7%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	40.0%	9.4%	9.5%	31.3%	.0%	.0%	53.8%	.0%	20.0%	23.1%	
		% of Total	5.4%	1.2%	.8%	10.0%	.0%	.0%	5.4%	.0%	.4%	23.1%	
	Very adequately addressed	Count	6	2	0	2	0	0	0	0	0	1	11
		% within SUPPORT - PRUCHASING PRODUCTS/SERVICES	54.5%	18.2%	.0%	18.2%	.0%	.0%	.0%	.0%	.0%	9.1%	100.0%
		% within REASONS FOR NON-USE OF SUPPORT	17.1%	6.3%	.0%	2.4%	.0%	.0%	.0%	.0%	20.0%	4.2%	
		% of Total	2.3%	.8%	.0%	.8%	.0%	.0%	.0%	.0%	.0%	.4%	4.2%
Total	Count	35	32	21	83	32	14	26	12	5	260		
	% within SUPPORT - PRUCHASING PRODUCTS/SERVICES	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%		
	% within REASONS FOR NON-USE OF SUPPORT	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
	% of Total	13.5%	12.3%	8.1%	31.9%	12.3%	5.4%	10.0%	4.6%	1.9%	100.0%		

APPENDIX 18: Proportional stratified sample and industry sector response rates

INDUSTRY	Western Province			Southern Province			Total	Number of Respondents	Response rate (%)
	Colombo	Gampaha	Kalutara	Galle	Matara	Hambantota			
Agribusiness/Animal husbandry	21	21	10	11	12	8	83	25	30.12
Mining and Quarrying	9	8	4	10	7	6	44	14	31.82
Food products/Beverages	22	27	8	13	17	7	94	28	29.79
Health/Education/Professional	7	8	2	14	3	2	36	20	55.56
Textile/Yarn/Apparel	22	14	14	14	13	10	87	28	32.18
Leather Products	7	12	4	7	5	5	40	12	30.00
Wood/Wood Products/Cork	12	10	9	12	10	8	61	18	29.51
Non-professional	16	18	2	7	5	5	53	19	35.85
Manufacturing	12	15	3	8	9	8	55	21	38.18
Rubber/Plastics/Chemicals	7	10	3	8	4	3	35	12	34.29
Non-Metal Mineral Products	22	22	10	6	14	8	82	26	31.71
Finance/Insurance/Real Estate	11	11	5	5	3	3	38	19	50.00
Metal/Fabricated Metal	22	24	11	7	5	4	73	21	28.77
Communication/IT/Computer	5	8	2	7	3	3	28	10	35.71
Travel/Tourism/Hotel	20	18	6	8	7	6	65	21	32.31
Import/Wholesale/Retail	20	20	4	10	12	10	76	27	35.53
DISTRICT TOTAL	235	246	97	147	129	96			
PROVINCIAL TOTAL	578			372					
SAMPLE TOTAL							950	321	33.78

Comments on response rate – Varies between 28.77% and 38.18% for 14 of the 16 industrial categories investigated. The remaining two categories have response rates above 50%. These variations are highly influenced by the size of the industrial groups included in the 950 businesses selected as the sample. The smaller the number of the businesses in the sample from an industry sector the higher the percentage response rate.

APPENDIX 19: Owner-manager interviews (summary version) – Partially Ordered meta-matrices

Interview Topic	Small Business 1	Small Business 2	Small Business 3
Company Characteristics	<ul style="list-style-type: none"> • Manufacture of shoes • City coverage • Eight employees and expanding 	<ul style="list-style-type: none"> • Pharmaceutical retailer • Local market • Two employees 	<ul style="list-style-type: none"> • Instant tea latte manufacturer and marketer • Metro city coverage • Fourteen employees
Influences on Growth	<ul style="list-style-type: none"> • Product quality • Service quality • Market knowledge - Seasonal sales • Suitable premises • Bureaucratic burdens • Access to finance • Competition • Past experience • Skilled labour • Motivation • Employee turnover • Debt payment by customers • Marketing and selling skills 	<ul style="list-style-type: none"> • Economic condition • Bureaucratic burdens • Competitive pricing and relative quality • Drive and motivation • Customer care • Location – Availability of customer parking • Past work experience • Competition • Access to low interest finance • Competition • Shortage of qualified pharmacists 	<ul style="list-style-type: none"> • Economic conditions • Access to finance – high interest rates • Time of entry • Access to machinery and equipment • Competition in the market • Quality of the product/service • Consumer demand • Motivation , drive and dedication • Patriotism • Debt payment by customers • Human resources • Past work experience
Awareness of Support	<ul style="list-style-type: none"> • Limited awareness 	<ul style="list-style-type: none"> • Aware of none 	<ul style="list-style-type: none"> • Well aware of support
Views of Current Support	<ul style="list-style-type: none"> • Need to learn by doing 	<ul style="list-style-type: none"> • No support available 	<ul style="list-style-type: none"> • Covers old basic content
Use of other support	<ul style="list-style-type: none"> • Advice from a friend 	<ul style="list-style-type: none"> • Help from a relative with knowledge in pharmaceutical retailing 	<ul style="list-style-type: none"> • Have specialists in the company • My employees learn by doing
Recommended support improvements	<ul style="list-style-type: none"> • Periodical on-site-visits • Need assistance and advice from those with industry knowledge 	<ul style="list-style-type: none"> • Sources of finance • Training in financial management 	<ul style="list-style-type: none"> • Practical training • On-site training

Interview Topic	Small Business 4	Small Business 5	Small Business 6
Company Characteristics	<ul style="list-style-type: none"> • Manufacturer and marketer of bottled water • Provincial coverage • 12 employees 	<ul style="list-style-type: none"> • Contract manufacturer of garments for exporters • Factory at the residence • 15 employees 	<ul style="list-style-type: none"> • Supplying flowers to local and export markets • 8 employees
Influences on Growth	<ul style="list-style-type: none"> • Skilled labour shortage • Heavy competition • Quality of products • Collection of bad debts • Bureaucratic burdens • Quality of service • Debt payment by customers • Economic conditions • Human resource issues – cannot find trained staff. High staff turnover • Government support – Many unauthorised people market bottle water. No action taken • Past work experience 	<ul style="list-style-type: none"> • Skilled labour shortage • Product quality • Payment delays • Bureaucratic burdens – waste of our time • Motivation, drive and commitment – I am very proud of what I am doing • Suitable premises • Past experience • Access to finance – bank loans • Competition is high but my workforce is good • Human resource problems – Personal problems of the employees. I assist them with my personal funds 	<ul style="list-style-type: none"> • Past experience – My past experience gave me the market knowledge • Self motivation • Product quality • Government support – Very little support to farmers to grow what buyers want • Bureaucratic burdens • Quality of service • Supply of flowers – Ten years ago there was plentiful supply • Market knowledge • Financial help
Awareness of Support	<ul style="list-style-type: none"> • Aware of those who provide technical services • Have used ITI to test our products • Have trained our staff at Standards Bureau 	<ul style="list-style-type: none"> • Not aware of any support 	<ul style="list-style-type: none"> • Aware of Export Development Board. They provided market information
Views of Current Support	<ul style="list-style-type: none"> • Very expensive • Not very good 	<ul style="list-style-type: none"> • I have not received any training from anybody but I have a good knowledge now. Learnt by doing it. 	<ul style="list-style-type: none"> • EDB was good in the past – Everything has changed now
Use of other support	<ul style="list-style-type: none"> • Used private consultants 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Banks
Recommended support improvements	<ul style="list-style-type: none"> • There should be a database of all support providers which we can access 	<ul style="list-style-type: none"> • Develop a skilled labour force 	<ul style="list-style-type: none"> • Provide finance and technical support to farmers • Use experts to help farmers

Interview Topic	Small Business 7	Small Business 8	Small Business 9
Company Characteristics	<ul style="list-style-type: none"> • Manufacturer and marketer of Jams, and Chutneys to local market and exports • 12 employees • Rural location 	<ul style="list-style-type: none"> • Manufacturer and marketer of spices • Regional markets • 9 employees 	<ul style="list-style-type: none"> • Manufacturer and marketer of sports ware • 8 workers • Regional market
Influences on Growth	<ul style="list-style-type: none"> • Regional economy • Payment delays and returned cheques – Banks need to consider this and provide support to entrepreneurs • Motivation, drive and business vision • Consumer demand • Government support • Quality of products/service • Marketing/selling skills • Bureaucratic burdens – Lack of coordination and lack of knowledge among bureaucrats • Access to raw materials • Market knowledge • Past experience 	<ul style="list-style-type: none"> • Access to machinery • Family business – Learnt from the experience of my father • Product quality – No need to advertise at present. There is high demand • Tough environment regulations. Getting tougher with urbanisation • Economic condition • We maintain quality by using superior manufacturing processes 	<ul style="list-style-type: none"> • Suitable premises • Access to low interest loans • Access to machines • Quality of products • Motivation • Competition • Market knowledge • Debt payment by customers • Human resources • Marketing/selling skills • Past experience • Bureaucrats – Need to develop systems which help SMEs. They are only interested in the revenue that could be collected from the SMEs.
Awareness of Support	<ul style="list-style-type: none"> • I have gone through most of them • OMs should know from where to get the required support 	<ul style="list-style-type: none"> • Aware of IDB and ITI • Not aware of any others 	<ul style="list-style-type: none"> • Yes. Aware of IDB and there support was useful
Views of Current Support	<ul style="list-style-type: none"> • Some services are not related to small business needs 	<ul style="list-style-type: none"> • IDB programme was good • Need opportunity to interact with other participants to resolve problems 	<ul style="list-style-type: none"> • It takes a lot of time to go after them to get support • Not certain of receiving required support
Use of other support	<ul style="list-style-type: none"> • I have used a lot of regional support 	<ul style="list-style-type: none"> • Banks only help big businesses, they want quick profits 	<ul style="list-style-type: none"> • None
Recommended support improvements	<ul style="list-style-type: none"> • Extend support to regional level • Deliver support businesses need • What we have is basic technology. Provide competitive technology to entrepreneurs 	<ul style="list-style-type: none"> • Production technology • Computer and software training • More individual support • Regulatory information 	<ul style="list-style-type: none"> • More practical and individual advise • Technological support • Support to buy machines • Low interest loans • Management training at low fees

Interview Topic	Small Business 10
Company Characteristics	<ul style="list-style-type: none"> • Wooden toy exports • 10 workers • International markets
Influences on Growth	<ul style="list-style-type: none"> • Quality of products • Consumer demand • Bureaucratic burdens • Access to machinery • Drive, ambition and motivation • Customer service • Access to raw materials • Market knowledge • Foreign language skills • Past work experience • Marketing/selling skills • Goodwill of the importer – Gave 50% advance on orders placed
Awareness of Support	<ul style="list-style-type: none"> • Was aware
Views of Current Support	<ul style="list-style-type: none"> • Not worth going after them • Time wasted – I was more productive in the factory
Use of other support	<ul style="list-style-type: none"> • Use Internet for market information
Recommended support improvements	<ul style="list-style-type: none"> • Practical advice • On-the-job training • Government should support exporters by slashing duties to get the raw materials at better prices

APPENDIX 20: Support Provider Interviews (summary version) – Partially Ordered Meta-Matrices

Interview Topic	Support Provider 1	Support Provider 2	Support Provider 3
Factors influencing the growth of “post start-up” small businesses	<ul style="list-style-type: none"> • Infrastructure, transportation and communication • Motivation and drive of owner-managers • The owner-managers’ initiative and will to succeed • Innovative and entrepreneurial capacity of owner-managers’ • Lack of business knowledge and professional approach • Lack of business Indiscipline and non-use of support • owner-managers belief that small businesses unlike larger firms does not need a professional approach • Lack of business plans and non-maintenance of records 	<ul style="list-style-type: none"> • Owner-managers ambitions • Some firms that achieved growth in the past are likely to grow in successive years • A majority wants to achieve a comfortable living for their families • Once they achieve a comfortable standard of living they spend more time with their families, friends and engage in other social activities and devote less time on the business • Growth occurs by accident in some cases • Entering the right business at the right time • Competitive environment forces new innovative actions to survive and this results in growth • Human resources, entrepreneurial development and marketing activities • Conducting surveys, feasibility studies, marketing research and promotional programmes 	<ul style="list-style-type: none"> • Owner-managers’ motivation is a key to business growth • Product and marketing problems • Lack of research, low quality and high prices. Need high quality products to be successful • Human resources skills • Non-use of appropriate technology • Lack of business plans • Starting business at home due to lack of suitable premises. • Using family members as employees who neglect duties. This creates unnecessary human resource problems • Lack of financial skills • Lack of business knowledge about how to raise funds or to access loan facilities • Lack of managerial skills affect the growth of business • Need business skills and entrepreneurship
Kind of support is provided to small businesses	<ul style="list-style-type: none"> • Consultancy services • Workshops and seminars as needed • Training in management, marketing, productivity measures, cleaner production methods, how to minimise waste and technology • Cluster based support and in-house training 	<ul style="list-style-type: none"> • Entrepreneurial development • Training need assessment is done first and then recommend the training requirements • Different methods are used in providing training (CEFE model and SYID-ILO model) • Conduct market research, promotional programmes, feasibility studies 	<ul style="list-style-type: none"> • Information and library services • Preparation of business plans • Assistance to get loans • Many other training programmes

APPENDIX 20: Support Provider Interviews (summary version) – Partially Structured Meta-Matrices (contd.)

Interview Topic	Support Provider 1	Support Provider 2	Support Provider 3
<p>The willingness of owner-managers to use support, the programmes of high demand, the adequacy of current support and benefits</p>	<ul style="list-style-type: none"> • Only 20% are willing. Some do not realise the value of it. They come when there is a crisis or to solve their problems • Support in the Western province is OK. Not enough in the other places. Compared to India it is very low. All are talking about rural development but nothing happens. • Small businesses do not have the time to concentrate on growth • Productivity is low. They have to close the business to attend a festival or even to go and buy the materials as there is one employee in some cases. • Technological programmes are of high demand. Very interested in promoting their products using electronic media. Keen to learn about web development and web advertising • Also interested in finance and book keeping programmes 	<ul style="list-style-type: none"> • Lot of support is available. Not sure these meet the requirements of the businesses. • Many support providers. Individuals, companies, IDB, EDB • At regional level the support available is very poor 	<ul style="list-style-type: none"> • Some are happy (40%), some are reluctant (60%) • Many are not sure of the usefulness at the beginning of the programmes • Get funds from the government, foreign aid, ADB, JAICA and some programmes are self-financing • We conduct classes at IDB, short courses are delivered at district level, we provide skill training • Issue certificates for programmes of duration more than one day • Helps trainees to get jobs, useful to get bank loans and even foreign employment

APPENDIX 20: Support Provider Interviews (summary version) – Partially Structured Meta-Matrices (contd.)

Interview Topic	Support Provider 1	Support Provider 2	Support Provider 3
Evaluation of existing support for “post start-up” small business growth	<ul style="list-style-type: none"> • Impact is not measured. We have success stories. Help cannot be given forcibly, those successful go after the support providers • If there is no mentoring nothing happens after a workshop • Most businesses have growth potential but have little understanding of the problems they have to face as they grow • Someone has to understand their problems and point it out to them • Need mechanisms to follow up After teaching them how to do the business plans if you do not mentor them nothing happens • We have seen successes where there is follow up • Require need assessment surveys 	<ul style="list-style-type: none"> • Some programmes are prescriptive specific problems are not addressed • Follow-up programmes are required • We conduct need assessment surveys and then design programmes to address the identified needs • Need to consider the background and the individual needs of entrepreneurs. These are not adequately considered in some cases. 	<ul style="list-style-type: none"> • Programmes are very useful to the participants. But constant intervention is needed through follow-up programmes • Support is insufficient. Many new enterprises. The quality and the quantity has to be increased • Programmes of high demand are: technical training, entrepreneurial development, Motivation • Marketing assistance, financial support and information services are weak • Government support to small businesses is very poor
The nature of the support and the quality of trainers	<ul style="list-style-type: none"> • Support programmes must be need based • The entrepreneurial training has now become a fashion • There is a problem with the trainers. Improvements are needed in delivery methods and equipment used 	<ul style="list-style-type: none"> • Some are prescriptive specific problems are not addressed • We have trained our people. Areas like taxation need people from Inland Revenue. They are experts but not trained. 	<ul style="list-style-type: none"> • Current services are average • Need a big improvement • Need to go in search of those who need the services • Provide only a partial service • Need constant interventions • There should be mechanisms in place to follow up their activities • Many programmes are not participative and are not practical • Trainers are average. Need improvement in expression, delivery methods, logistics and equipment • IDB has a high reputation • Some programmes are good

APPENDIX 20: Support Provider Interviews (summary version) – Partially Structured Meta-Matrices (contd.)

Interview Topic	Support Provider 1	Support Provider 2	Support Provider 3
Awareness of support	<ul style="list-style-type: none"> • Low awareness • Visiting industries is important to create awareness • Lack of credibility of support providers due to absence of quality control measures affect awareness • Need an accreditation system to eliminate the bad ones and upgrade the good ones • Some of the seminars are not at all useful. Has to first identify the needs and then conduct the seminar to address the issues identified 	<ul style="list-style-type: none"> • We do not advertise. There is no need. We go to the clients directly. 	<ul style="list-style-type: none"> • Poor awareness (50%). Need publicity campaigns to educate businesses of the support available • Use networks and mass media to improve awareness
Recommendations for improvement of current support	<ul style="list-style-type: none"> • Focal point should be local authorities. In Sri Lanka they only collect taxes. Establish good links with local authorities and get them sensitised to the issue. Due to lack of information on available support services small businesses miss opportunities. Local authorities are not working closely with the industries or entrepreneurs • Need to collect information available at the local level • Train the trainers to meet provincial needs • Mentoring of businesses. Someone has to understand their problems and point them out 	<ul style="list-style-type: none"> • Business support services at the rural and sub-urban level should be improved. • Lot of support is available, not sure whether these meet the requirement of businesses • In addition to technical skills we need to focus on programmes that enable entrepreneurial development. In some we need and attitude change to help them to grow. It is only then we will see an impact at the macro level. • 	<ul style="list-style-type: none"> • There is no co-ordination of support available • There are many support providers who are hardly used • There is very little follow-up support • Need a system of monitoring and evaluation of support, which is not the current practice

APPENDIX 20: Support Provider Interviews (summary version) – Partially Structured Meta-Matrices (contd.)

Interview Topic	Support Provider 4	Support Provider 5
Factors influencing the growth of “post start-up” small businesses	<ul style="list-style-type: none"> • Market factors • Drive and motivation of owner-managers • 70% of owner-managers start businesses without any forecasts of market potential. Not market oriented • Do not conduct research in the development of products and services but simply imitate what others do • Need entrepreneurial development programmes • Small businesses do not have a business culture. Owner-managers are not intelligent, not educated, not received any business training and are school dropouts. Need marketing skills, marketing plans and business plans • Owner-managers must have financial skills, marketing skills, sound business knowledge and entrepreneurial capability • Product quality is important. Need a superior product • Some are lucky, enter the market at the right time • Some enter the right market • No investment climate in the country. Therefore funds are not available to small businesses. People import and sell to gain in the short term. People look for short term gains due to political and security reasons 	<ul style="list-style-type: none"> • Macro-factors –power and transportation • Knowledge within the firm • Knowledge of marketing and markets – Knowing how to market and where to market • Access to bank loans. Funds for working capital • Banks, request for collaterals small businesses cannot provide. This denies access to commercial funds • Entrepreneurial capability of owner-managers, business skills and professional approach to management • Negotiation skills of owner-managers • Use of appropriate technology
Kind of support is provided to small businesses	<ul style="list-style-type: none"> • Identify bottlenecks and prioritise what should be done • Diagnostic studies of industry sectors • Mapping workshops • Selection of product sectors • Technology training • Cost cutting • Packaging selection • Value chain promotion. How to add value at each stage in the value chain 	<ul style="list-style-type: none"> • Many organisations, both government and private, provide support • They deliver different types of programmes • Support providers specialise by type of organisation, such as micro, small, and medium. We focus more on micro and small • Urban areas and main towns have more support, but it is not so in sub-urban and rural areas • Geographically isolated areas have less support • Financial, marketing and technology support • Different people conduct programmes in different ways • Need to provide on-the-job training. This is expensive

APPENDIX 20: Support Provider Interviews (summary version) – Partially Structured Meta-Matrices (contd.)

Interview Topic	Support Provider 4	Support Provider 5
<p>The willingness of owner-managers to take up support, the programmes of high demand, the adequacy of current support and benefits</p>	<ul style="list-style-type: none"> • Generally the owner-managers are willing to take up support. • Certain categories feel they know everything. • Most small businesses are a one-man show. Not prepared to leave the business even for a day. They want to guard the safe. • Very difficult to get people even during a week end • If there is a foreign trainer there is greater attendance. • High demand for technical programmes – improvement of product quality, productivity improvements , packaging technology • Less demand for marketing and personnel management – They feel they know everything about these • Even for financial management programmes the demand is less – They do not realise the value of it. • Support is not enough. Most are still in the Western Province and urban areas. Other areas - sub-urban and rural - are neglected. • There is a dearth of technical programmes, marketing and HR is OK. 	<ul style="list-style-type: none"> • Willingness depends on the need and the money they have. • There should be a benefit to the customer. People demand better quality because they pay money. • Owner-managers want to make money every minute • People do not value training. Knowledge is not seen as something tangible. Therefore there is reluctance • Programmes of high demand are finance, accounting, and marketing. • Technical programmes are in demand – need to identify the technology required in different areas (for mushroom cultivators we need to provide the technology required by them). • Our Support programmes are quite beneficial • We have addressed a few sick enterprises. We have a fairly good success rate. We have seen an advancement from micro to small status as a result of our programmes • Support is still not adequate. Geographical availability is poor. People do not know whom to talk to, where to go for support. • Effectiveness of programmes – They do not address their specific needs • Are they willing to pay for good assistance – For this reason the effectiveness may be low • Support is less for small businesses. Organic agriculture, leadership skills, attitude change are areas of limited support.

APPENDIX 20: Support Provider Interviews (summary version) – Partially Structured Meta-Matrices (contd.)

Interview Topic	Support Provider 4	Support Provider 5
Evaluation of existing support for “post start-up” small business growth	<ul style="list-style-type: none"> • All milestones have been achieved for current projects • Many external factors affect the achievement of objectives • Programmes are really beneficial • Has increased the success rates • Those who have followed programmes have shown above average performance. 	<ul style="list-style-type: none"> • Good impact. But not excellent • Do not address specific needs of small businesses. You have to first identify the need and then provide support. This is costly. • Most organisations provide standard solutions. Therefore the impact is less • Support is adequate in urban areas but less in sub-urban and rural areas. Geographically isolated areas have less support in comparison to urban towns • Lot of technical training is given, but no money is given. Therefore people are not performing • Need “on-the-job” training programmes. But it is very expensive.
The nature of the support and the quality of trainers	<ul style="list-style-type: none"> • There are gaps that need improvement • There is a lack of resources • Practical nature is improving, individual nature is lacking • Sometimes owner-managers do not know the real problems, but they state the symptoms • SIYB-ILO and CEFE trainers are of good quality. They have TOT (Training of trainers) programmes 	<ul style="list-style-type: none"> • There is a mix of programmes • Effectiveness depends on how they address the specific needs • Are they willing to pay to get good assistance? For this reason the effectiveness may be low • On-the-job programmes are less. It is very expensive • Better to have on-the-job and practical programmes • Need training of trainers • Equipment and physical structures for training needs improvement • Trainers should be selected based on the industry/size • Trainers need to update their knowledge on technology – they don’t do it • Trainers should have the ability to transfer knowledge to others • Instructions are in English, they need to deliver in other languages • When it is free the trainees do not demand high quality from trainers
Awareness of support	<ul style="list-style-type: none"> • Not adequate. There are difficulties in identification and communication with small businesses. 	<ul style="list-style-type: none"> • May be not adequate. • Individual support providers need to create awareness by going up to the clients without waiting them to come to us.

APPENDIX 20: Support Provider Interviews (summary version) – Partially Structured Meta-Matrices (contd.)

Interview Topic	Support Provider 4	Support Provider 5
Further improving the current support available	<ul style="list-style-type: none"> • Assess the competencies and constraints of support providers • Train the trainers and provide them the required equipments • Match the needs of owner-managers • Improve the support to small businesses in sub-urban and rural areas 	<ul style="list-style-type: none"> • Need a centre for coordination. There are many support providers who are attached to different ministries. People need to contact different ministries to get information on support available • A one-stop-shop that act as an intermediary between small business and support providers • A better understanding of the financial needs of the small businesses. Banks and financial institutions does not understand this • Tax concessions to larger companies that work together with small companies • There is a mix of programmes. We need participative practical programmes • Improve support at sub-urban and rural locations

Map of Sri Lanka



The post start-up small businesses for this study were selected from the Western and Southern Provinces.