

CHAPTER 2

REVIEW OF LITERATURE

This chapter presents a comprehensive review of literature based on the existing literature sources like past research studies conducted on the subject, journals, reports etc. A number of studies have been carried out in India and abroad to understand the various aspects of micro and small enterprise sector as well as its contribution in the economy. An outline of the literature with respect to significance of the micro enterprise sector, status of growth and factors influencing the growth of micro enterprises, performance of micro enterprises along with challenges and opportunities etc is presented in this chapter.

2.1. Significance of Micro enterprise Sector

The prominent role of the micro enterprise sector across economies is well established. Numerous studies, reports, surveys throughout the globe have recognised the significant contribution of the Micro, Small and Medium Enterprise (MSME) sector towards employment generation, balanced regional development, effective utilisation of local resources and export. In one such study, Kashyap (1995) pointed out that the small-scale sector in India has helped in generating large scale employment, production of wage goods and increase in levels of income in a fairly dispersed manner, and has succeeded in mobilising dormant skills and resources. This has enhanced the entrepreneurship skills, developed village economies and has aided the process of backward area development. It has also played an important role in the overall process of industrialisation and economic development of the country. In yet another study, Nag (1978) stated that the small scale-sector has been employing a considerable number of skilled and unskilled manpower especially in rural areas and small towns and thus, playing a vital role in balanced regional growth of the industrial sector. Bayineni (1996) stated that in an agrarian economy like India, integration of the

agro based industries with agricultural activities can strengthen the rural industrialisation process and accelerate economic development of the country. In another study, Rajendran (1998) stated that the Small Scale Industry (SSI) units can foster the attainment of self-reliance in the economy along with generating employment and level of output, and thus giving a push to the overall standard of living. In fact, in India, the role of the small scale industries was well appreciated even way back in 1956 in the Industrial Policy Resolution, which argued that the SSI sector is vital for employment generation, achieving equality & decentralisation, and productive utilisation of latent resources.

Due to the labour intensive nature of the MSME sector, it can provide employment to both skilled and semi-skilled/unskilled people with very low investments. Singh et al (2012) while analysing the performance of small scale industry in India viewed that small scale business has made good progress in the country in terms of number of SSI units, production and employment levels. Naser (2013) revealed that the number of MSMEs has been increasing steadily during the post liberalisation era owing to conducive policy environment. It has resulted in substantial employment generation as the MSME sector is labour intensive. It is especially advantageous for rural people as the MSMEs do not demand highly skilled employees and even semi-skilled and unskilled people can be employed in such units.

2.2. Micro enterprise Growth and Influencing Factors

“Growth is the very essence of entrepreneurship” (Sexton and Seale, 1997). Research into the growth of micro and small enterprises indicates that the growth process of enterprises moves through a number of defined stages as it grows (Churchill & Lewis, 1983). A start-up progress through a period of survival during which the enterprises struggle to achieve profitability in a sustainable manner, then growth, in which the enterprise increases its employment, intrudes into new markets

and introduces new products and expansion, in which it transitions from a SME to a medium or even large enterprise (Scott & Bruce, 1987).

Various aspects of micro enterprise or small firm growth have widely been discussed in the recent decades. Small firm growth is regarded as a multidimensional phenomenon and that different forms of growth may have different determinants and effects (Davidsson & Wiklund, 2000). The term 'micro-enterprise growth' is often used to denote an increase in amount or in size of parameters of a micro enterprise such as sales, employment, assets, export, physical output, market share and profits (Robson & Bennett, 2000; Ardishvili et al., 1998; Weinzimmer, Nystrom & Freeman, 1998; Wiklund, 1998; Delmar, 1997; Gray, 1990; Flamholtz, 1986; Bolton, 1971) or improvement in quality as a result of a process of development (Wiklund, 1998; Raffa, Zollo & Caponi, 1996; Stanworth & Curran, 1973).

Evidences from various empirical studies have suggested that growth of small and micro enterprises is influenced by opportunity and environmental characteristics (Wiklund, 1999; Davidsson, 1991;), owner-manager's growth motivation, communicated vision and goals (Baum & Locke, 2004; Delmar & Wiklund, 2003; Wiklund & Shepherd, 2003; Wiklund, 2001; Baum, Locke & Kirkpatrick, 1998; Kolvereid & Bullvag, 1996; Mok & van den Tillaart, 1990), strategic orientation (Wiklund & Shepherd, 2005; Bamford, Dean & McDougall, 1997; O'Gorman, 1997), entrepreneurial orientation (Lumpkin & Dess, 1996), social marginality (ethnicity), training, age, prior sector experience and gender (DuRietz & Henrekson, 2000; Cooper, Gimeno-Gascon & Woo, 1994; Fischer, Reuber & Dyke, 1993) firm age and size, sectoral affiliation and location (Becchetti & Trovato, 2002; Storey, 1997), strategy (Wiklund and Shepherd 2005; Lumpkin & Dess, 2001; Bamford, Dean and McDougall 1997; Raffa et al., 1996; Storey, 1994) etc.

Empirical contributions show that both cross-sectional and longitudinal designs were employed for investigating the growth predictors of micro enterprises

(Davidsson, Achtenhagen & Naldi, 2005). Micro enterprise growth is often measured using a range of different indicators by creating a multiple indicator index (Rayen & Thanaraj, 2010; Ardishvili et al., 1998; Weinzimmer, Nystrom & Freeman, 1998; Wiklund, 1998 Davidsson, 1991) or measuring each indicator separately (Delmar, 1997) or by choosing the best indicator (Ardishvili et al., 1998; Weinzimmer et al., 1998; Wiklund, 1998; Hoy, McDougall & Dsouza, 1992). A host of socio economic factors like education level of the entrepreneur, his/ her age, marital status, social category, religion, income as well as the family income have been found to be widely studied for the probable impact of these factors on growth and performance of the micro enterprise.

The role of education attained by the entrepreneur in the growth and performance of the entrepreneurial venture has been explored by various studies across the globe. The positive association of education with success of the entrepreneurial venture has been expressed in many an existing literature (Evans and Leighton 1989; Bates 1993; Audretsch and Fritsch 1994; Malecki 1990; Bregger 1996; Robson 1998). King and McGrath (2002), through their study in Africa highlighted the importance of education in enhancing efficiency and growth of the micro and small enterprise sector and revealed that the entrepreneurs having a higher level of education have a better skill set and training knowledge, and thus, leading to a higher success rate of the small and medium enterprise sector. A study carried out by Wanjohi and Mugure in 2008 showed that education up to the college level is important for successful operation of small and medium units. Meng and Liang (1996) based on their study amongst Singapore-based entrepreneurs, revealed that success of entrepreneurial ventures, to a large extent is directly proportional to attainment of higher education. As per Meng and Liang, and Staw (1991), and Holt (1992), higher and technical education helps in acquiring knowledge, modern managerial skills, thus, bringing the entrepreneur closer to the realities of the competitive business world. Thapa (2007), through his study among the entrepreneurs from Nepal, found that entrepreneurial success is dependent upon the education received by the entrepreneur concerned. However, the positive

effect of education on enterprise growth has been debated by another school of thought. Contrary to the above studies, Hagen (1962) stated that education is secondary for an entrepreneur to achieve growth and success. According to him, most of the entrepreneurs possess inborn entrepreneurial abilities that enable them to foster growth and achieve success in their ventures. According to Ranasinghe (1996), a researcher from Sri Lanka, higher education or formal courses are not important for the entrepreneurs to be successful in their respective sectors. On the contrary, he stressed that previous experience in the particular field and informal learnings on the part of the entrepreneur have a significant impact in commencing a new business. Seyoum (2013) stated that there is no significant difference in the growth of micro and small enterprises when compared with the education level of the owner/managers. A higher success rate in small business and its growth is independent of attainment of higher formal education.

Over the years, various researchers have tried to correlate age of the entrepreneur when they launched their start-ups with growth and success of that venture (George Deeb). A number of researchers feel that there is age restriction for being an entrepreneur and there is obvious benefit to start a business early. According to Ron Botham and Andrew Graves (2009), probability of setting up a business initially increases with age and it starts declining after the age of 50; and after the age of 60, there is a rapid decline. Bonte et al. (2009) found that relationship between age and the decision to start a new business flows in the same direction. An inverse U-shaped graph was developed when the relationship between the regional age structure of the sample area and the number of business start-ups was analysed in correlation with each other. Furthermore, the study showed that an entrepreneur's age directly affects his/ her ambition level regarding the business. Zimmerer and Scarborough (1998) refuted the results of the above study, with their own findings, which showed that most entrepreneurs start their businesses when they attain the age of 30, or even later. However, the location of the study is noteworthy, as Bonte et al. had conducted their study in Western Germany, and in case of Zimmerer and Scarborough, it was

carried out in United States of America. Similarly, Staw (1991) found that with training and preparation, one can start a business anytime, and there is no direct relation between success in business and the age of the entrepreneur. Kimuyu (2008) while studying the small enterprises in Kenya found that in case female entrepreneurs, the ability to generate income increases with age and experience.

The role of marital status in the success of entrepreneurial ventures too is explored by various studies. Tamizharasi and Panchanatham (2010) in their study in Cuddalore district of Tamil Nadu found that there is a direct association between marital status and level of entrepreneurial attitudes. They have used the chi-square test to establish the direct positive association between the two variables. Evans and Leighton (1989) in their study revealed that married individuals show a higher tendency to get engaged in entrepreneurial activities. However, contrary to the above, Besnik A.K (2009) found that males, who live in urban areas are more involved in entrepreneurial activities, and that marital status has no effect on them. Similarly, Bula (2012) showed that marital status of women entrepreneurs has no effect in performance of their small scale enterprises, and a growth in their performances can be achieved through right practices.

In the studies conducted to assess and analyse the effect of caste system on of entrepreneurship in India, a number of findings have stood out. Holmstrom (1985) found that the caste artisan of Delhi have successfully set up a number of manufacturing units for light engineering products. Saberwal (1976) showed how during the 1930s, a group of carpenters and blacksmiths of Punjab became industrial entrepreneurs. And the same findings have been evidenced through the study of Chadha in 1986, 'The State and Rural Economic Transformation: The Case of Punjab, 1950-85', wherein the researcher showed how small time artisans like blacksmiths, masons and carpenters broke the shackles of caste system, and turned into engineers, setting up industrial workshops all over the state of Punjab, which, in turn, developed into successful industrial enterprises. The Dutch researcher, Streefkerk in 1985

conducted a research in a couple of Gujarat towns, and wrote a paper titled 'Industrial Transition in Rural India: Artisans, Traders and Tribals in South Gujarat' wherein he described the efforts of artisan caste members, mainly carpenters and blacksmiths, who became involved in industrial revolution and led the development of a number of prosperous small scale industries. And, though largely, there is no space for doubt that to a great extent, the caste system has limited development in many a fronts including entrepreneurship, a number of studies have a contrary view too. Shivani et al, through their study, 'Structural Interventions for Favourable Socio-Cultural Influences on Indian Entrepreneurs' observed that despite the caste of the entrepreneur not affecting his/ her success level, caste does influence the supply of entrepreneurs and the survival of an enterprise during testing times. Furthermore, it has been found that the percentage of lower castes in the entrepreneurial field is very low.

The influence of religion as a factor in the development of entrepreneurship has also been explored by various researchers. A number of studies have been conducted to find out the effect religious beliefs have in the development of the entrepreneurial activities. Singer (1956), through the study on 'Cultural Values in India's Economic Development' described the works of a number of western observers who have felt that the spiritual, philosophical, fatalistic and asceticism nature of India hinders the growth and development of the country. The same was viewed by Tripathi (1992) in his study on 'Indian Business Houses and Entrepreneurship: A Note on Research Trends, Journal of Entrepreneurship' wherein he described how the religious philosophy of 'Karma' and our country's caste system have made the Indian personality 'un-entrepreneurial', and not 'anti-entrepreneurial'. However, there are contradictions to the above noted claims and this has been viewed by Rao (1986) in his study on 'Industrial Entrepreneurship in India' wherein he gave the examples of Kautilya's *Arthashastra*, *Rig Veda* and *Bhagavat Gita*. Researchers such as Singer (1953) and Srinivas (1962) have argued that there is no difference between the Indian and the Western people when considered from the point of view of

being materialistic and thus, religious beliefs have no role to play in nurturing entrepreneurial abilities.

In addition to socio economic factors, strategic interventions also play an important role in the growth of enterprises. In order to achieve sustainable positive growth, enterprises formulate and employ strategies for optimum utilisation and value addition to existing resources leading to competitiveness. Among the strategies employed, product diversification approach adopted by the micro and small enterprises is well recognised (Jacquemin and Berry, 1979; Kamien and Schwartz, 1975; Ansoff, 1965). The above literatures argue that product diversification strategy is essential for achieving growth and sustainability of the micro enterprise sector. In the existing literature, product diversification in the manufacturing sector is often defined as the strategy of adding related or similar products to the existing core product lines (Luo, 2002; Rumelt, 1974). While exploring the factors behind motivation for product diversification decision, Montgomery (1994) enlisted three primary factors contributing to diversification in product line – (i) the search for market power, (ii) as a measure/ solution to the problems of the micro enterprise in product line, and (iii) the application of bundles of resources to attain a competitive advantage. Roy and Wheeler (2006) while carrying out a survey of micro enterprises in West Africa found that most micro entrepreneurs whom they interviewed consider diversification of product as an important strategy for growth and reduction of risk. Feindt et al (2002) viewed that product diversification is one of the factors responsible for success of the SMEs and that they can move into a broad market based on the degree of differentiation of product range.

Value chain analysis, it has been viewed can be used to chart the growing disjuncture between economic activity and income distribution. Infact, value chain analysis at enterprise level is found to provide valuable insights into policy formulation and implementation. Value chain analysis as an analytical tool illustrates that such analysis can contribute to a better understanding of the determinants of inter

and intra enterprise income distribution and consequently help in identification of problems and prospects of enterprises (Kaplinsky, 2000). It is also viewed that value chain analysis can be one of the tools for understanding the dynamics, opportunities and constraints of promising product markets of micro enterprises (Fries & Akin, 2004).

Fries R and Akin B (2004) while documenting the experiences of the Accelerated Micro enterprise Advancement Project viewed that value chain analysis can be one of the tools for understanding the dynamics, opportunities and constraints of promising product markets. Kaplinsky, R (2000) revealed that value chain analysis can be used to chart the growing disjuncture between global economic activity and global income distribution, and it also provides valuable insights into policy formulation. Value chains analysis, used as part of a participatory assessment process, can contribute to strategic learning for enterprise development.

Kaplinsky, R (2000) using value chain analysis as an analytical tool illustrated that such analysis can contribute to a better understanding of the determinants of inter and intra country income distribution, and consequently also identify policies which might improve the distributional outcome of the country's insertion into the global economy.

2.3. Challenges of Micro enterprises

Micro and small enterprises face many a problem and challenges on their path to growth and development. A number of studies have been carried out to document the challenges faced by the SME sector. Welsh and Luostarinen (1988) stated that challenges faced by such enterprises can mainly be categorised into five groups – human relations, accounting and finance, marketing, internal management and external management. Chester and Thanaraj (2009) while studying the micro enterprises in Kanyakumari district of Tamilnadu found that the sector faces several constraints like

entrepreneurial challenges, economic constraints, social challenges, knowledge and psychological constraints. The all India Census of Small-Scale Industries conducted by the Government of India in 2001-02 brought to fore that the main reasons for sickness among the small and tiny industries include fluctuations in demand, inadequacy of working capital, problems related to marketing of products, inadequate generation of requisite power supply, deficiency in supply of raw materials and sub-standard equipments. Similarly, in a study conducted in the Palghat district in Kerala, hurdles regarding access to finance, capacity utilisation, raw materials supply, working capital requirements, technological knowledge, marketing strategies and skilled workforce have been listed to play an important role in hindering the growth of the micro enterprise sector (Pradeep and Krishnan, 2013). The study revealed that about 92 per cent of the respondents mentioned low capacity utilisation as the major problem followed by inadequate finance (91.11 per cent), labour related problems (74.07 per cent), lack of raw materials (70.74 per cent), marketing problems (68.89 per cent) and problems related to availability of technology (61.85 per cent).

Chandraiah, M., Vani, R. (2014) while exploring the challenges faced by the MSMEs in India found that the sector has been facing major challenges like lack of availability of timely credit, procurement of raw materials at a competitive cost, problems of storage, designing, packing and product display, lack of access to global markets, lack of skilled man power for manufacturing, services and marketing amongst others.

The hurdles to the growth of the rural micro enterprise sector are well established in many studies along with appropriate policy suggestions for addressing the same. Sinha (1985) in a study of about 100 small scale enterprises in Patna highlighted the problems and bottlenecks faced by the small enterprises in their path to growth. The major problems faced by them are availability of inadequate financial resources and non-availability of raw materials at reasonable prices. In yet another study by Rahman and Day (2010) in the state of Assam, it was found that ineffective

transportation facilities, power shortage, lack of technology, underutilisation of capacity, inadequate support system and credit, shortage of raw material and human skills, lack of market and entrepreneurial awareness, and problem of credit are the major constraints hindering the growth of the micro enterprise sector. Osotimehin et.al (2012) in their study in the State of Lagos found that the major constraints that continue to hold back the development of the rural micro enterprise units are mainly finance and level of managerial abilities. Inadequate capital and high procuring cost of operational equipments and facilities have been pointed out by more than 70 per cent of the respondents as the major hurdle in the establishment of such rural enterprise units in the study area. Around 18 per cent have included the shortcomings of the Government and the financial institutions in the way of providing financial assistance along with seasonal variations in the availability of raw materials in the nature of obstacles. While around 12 per cent have complained about the high cost of materials, another six per cent of the respondents have deemed the lack of and expensive nature of accommodation as a major constraint in the development of this sector. Antony, N. (2012) stated that the SSI units constantly face problems like shortage of capital, lack of knowhow, inadequate market etc. Most of the problems are attributed to the inherited weaknesses of the units. However, she observed that despite several problems, keeping in view the socio-economic benefits the SSI units can generate, there is a strong need to promote the sector. She also emphasised upon institutional assistance to enable the SSIs develop better and faster.

Vasu and Jayachandra (2014) highlight a series of problems like inadequate and absence of timely bank credit, lack of infrastructural inputs and banking support, limited capital and knowledge, low managerial capability, low rate of return, unsuitable technology, low production and productivity, inefficient marketing strategies, lack of new markets, no expansion plans, absence of transportation and warehousing facilities, lack of timely or complete information, unskilled labour and training and ever-increasing competition with dwindling exports as the primary problems faced by an enterprise. The authors stressed upon the importance of

formulating simple policies regarding operating environment as well as improving the infrastructural and managerial facilities, and arrangement of adequate financial facilities with suitable modern technology in order to address the problems documented.

For a developing country like India, such micro enterprises suffer due to technological obsolescence, lack of appropriate infrastructure, lack of marketing network and improper management of the units. All these challenges hamper the growth of the sector thereby decelerating the capability of the sector in employment generation and production. Among the identified categories, sales or marketing, human resource management, general management, marketing research and training are the noted ones which are found to hamper the growth of these enterprises in the country.

Goldan (1986) in his study found that the growth rate in labour productivity in the small-scale sector is lower than that of the large-scale sector but it is found that the small-scale industries does not experience a fall in capital productivity as is the case with the units in the large scale sector. It is also found that there is no marked upward or downward trend in the capital intensity of the units in the small-scale sector.

The existing literature revealed that the micro enterprises and startups face a lot of predicament regarding access to finance. The Central Small Industries Organization in 1969 found that only one-fifth of the credit requirements of small industries are fulfilled through banking and other formal financial institutional sources. Kopardekar (1974) viewed that small scale industries face the problem of shortage of finance, especially shortage of working capital which result in lack of adequate utilisation of the installed capacity of the units. Further, he found that due to under financing of needs, some units face problems with fixed and working capital. In another study on similar lines, Murthy (1980) pointed out that the problems of SSI units revolve around the availability of adequate finance, especially working capital. Agarwal (1987), while expressing the concern over the failure of the Indian Banking system in extending appropriate amount of loans to SSIs opined that the banking institutions should be

more practical and flexible in their attitude towards the SSI sector. Eresi (1989) in his study pointed out that lack of self-finance for additional capital requirements of the productive units is more common among the smaller units. The reason being the lack of sufficient security against the loan amounts quoted for borrowing.

James Manalel (1994) during his research work on the role of incentives in the development of SSI units in Kerala found that the financial assistance made available by banks and financial institutions in Kerala for the SSI units is comparatively smaller than the other informal financial sources and the quality of delivery of the same is perceived by the entrepreneurs to be poor. Rao (1995) stressed that banks should play the role to nurture the small-scale industries by going beyond just providing finance. Prasad (1995) while investigating the recent changes in the financing of small scale industries expressed that there is an urgent need for commercial banks to take up credit expansion on a challenging manner in the SSI sector. Nambiar (1977) pointed out that the role of commercial banks in the Small Scale Industries (SSI) sector is not confined merely to make provision of finance. The banks have to evaluate the feasibility of the projects and assist the entrepreneurs to select the right type of project. He also emphasized upon the need for proper co-ordination between government agencies and banks for better results in the development of priority sectors.

Ramachandra (2001) in his article entitled “Reviving Sick Units” examined reviving the sick Small and Medium Enterprises (SMEs) in various aspects, such as by providing technology, management training, skilled labour, export promotion and also by extending finance. The root cause for all the above problems is deemed to be insufficient capital. Therefore, he viewed that the public sector banks need to provide sufficient loan amounts on easy disbursement mode to promote SMEs. Edwin Gnanadas (2003) in his article entitled “Marketing Performance of SSIs under Global Environment - A Difficult Task?” examined marketing performance of the SSIs under global environment by taking a sample of 250 SSI units. The study asserted the active involvement of banks in social lending which requires changes in the attitude of banking personnel, efficient management of resources, improvement in work

technology and ethics, and proper deployment of manpower. Thompson and Lumpkin (2004) in their effort to explore the financing gap of SMEs found that the SMEs experience difficulties to access appropriate finance for reasons like regulatory rigidities or gaps in the legal framework and thus, SMEs are at a disadvantaged position relative to the larger and more established firms. The SME's difficulty in obtaining finance is due to lack of transparency in business environment and the weak legal system. Further, startups and very young firms that typically lack sufficient collateral, or firms at a high risk of loss are found to be lacking access to credit. In addition, the SMEs have considerable information and skill gaps required to access external finance.

Thevaruban (2009) while examining the financial problems of small scale industries in Sri Lanka found that for SSI units, it becomes extremely difficult to get outside credit because of significantly low cash inflow and savings of the units. In another study, Nissanth and Zakkariya (2014) while analysing financial barriers faced by the micro, small and medium enterprises found that these units have to face problems in raising the basic finance for commencement of their businesses. The study which takes into consideration 200 MSME owners in Kozhikode district of Kerala found that 63.5 per cent of the units have failed to take advantage of the credit schemes of banks of which 39.37 per cent have pointed towards the lengthy and complicated banking procedure as the reason behind not availing bank credit.

S. Gangadharan (1989) in his study found that the root cause of sickness in small scale industries is the outdated technology adopted by them and the misuse of the soft loans obtained for modernisation of the units. The inability to modernise and the overall stagnation in per capita demand have also added to the intensity of the sickness among the small scale units.

Raw material availability and access to market are two other major challenges faced by the micro and small enterprises. Prasad, C.S. (1991) while analysing the problems faced by the small scale industrial units viewed that raw material scarcity is one of the major problems faced by the SSIs. An increase in provision of raw materials

and supply of other inputs can facilitate the growth of the small scale industrial units. Nag, B (2000) through his study on WTO Regime and its implication on the Indian small and medium enterprises sector suggested that exploitation of marketing opportunities has to be pursued through brand development, while adopting better technologies for achieving fuller utilisation of resources for sustenance of small scale industries. Ali, A & Hussain, F. (2004) viewed that the MSME's are not adopting innovative channels of marketing and their advertisement and sales promotion strategies are comparatively weaker compared to the multinational companies. The ineffective advertisement strategy and poor marketing channels lead to very poor selling by the MSMEs. Pradeep, P. and Krishnan, C. (2013) stated that along with financial obstacles and capacity utilisation, raw materials supply and marketing strategies are the other major hurdles in MSME growth. Aruna, N (2015) while studying the problems of small entrepreneurs in Visakhapatnam found that availability of quality raw material at a reasonable cost along with access to market are the major problems that the micro and small enterprises have to contend with. The study also reveals that problems are aggravated by inadequacy of funds which makes it difficult for the MSMEs to procure quality raw materials in bulk and also to participate in fairs & exhibitions.

Other factors like competition and inability to make a decision are also found to hinder the growth of micro enterprises. Competition from big industries in many aspects also leads to the closure of small units and so many a study suggest adequate and proper protection of such industries so that they can sustain themselves in the initial years of production (Hornsby and Kuratko, 1990). The shortcoming in decision making characteristics of the entrepreneur are also outlined as another important obstacle in the growth and development of the micro and small units (Weitzel and Jonsson, 1989).