

BUSINESS GROWTH: ANNOTATED BIBLIOGRAPHY

GENERAL

A Comparative Study of Two European Business. Augio, Erko; and Klofsten, Magnus; Journal of Small Business Management, Volume 36, (1998).

Focuses on the identification and analysis of management practices in the management business incubation programs, as represented by a comparison between two European case studies. SME characteristics that influence training needs; Effect of national and cultural environments on both settings; Factors influencing similarities in management practices.

A Decision Tree Approach for Integrating Small Business Assistance Schemes.

Temtime, Zelealem T.; Chinyoka, S.V.; and Shunda, J.P.W.; Journal of Management Development, Volume 23, Issue 6, 563 (16), (2004).

There is a general consensus among public policy makers, academics and researchers that entrepreneurship is a vital route to economic advancement for both developed and developing economies. As a result, a host of small business assistance programs are conducted by public, private and nonprofit organizations. Although the need for integrating these programs has always been a high priority on the national agenda for public policy and research in entrepreneurship, their implementation particularly in developing economies is characterized by fragmentation and lack of coordination. Small business assistance will be meaningful if they are designed in a and systematic way and implemented with a view to achieve long term sustainable development This paper offers a conceptual framework for designing an integrated model of small business assistance. The paper identifies the major characteristics of small firms and potential small business assistance programs, and presents a decision free model that matches the characteristics of firms with appropriate assistance program(s). A case study of small business assistance programs in the Republic of Botswana was conducted to provide an empirical evidence of the need for an integrated design or model. Finally, conclusions, discussions and the implications of the model for policy makers, practitioners and further research are presented.

A Note on the Efficiency and Effectiveness of Outsider Assistance Programs in Rural Versus non-Rural States. Chrisman, James J; Gatewood, Elizabeth; and Donlevy, Leo B; Entrepreneurship: Theory and Practice, Volume 26, Issue 3, 346-360, (Spring 2002).

Although numerous countries have developed policies and programs to encourage entrepreneurial behavior in rural areas, there have been few attempts to compare the performance of entrepreneurial development programs in rural versus non rural settings. The existing literature led us to expect that such programs will be more efficient and effective in urban areas. However, in this study, virtually no significant relationships were found between urban and rural states—defined by the proportion of the population living in nonmetropolitan counties—on the variables used to measure the performance of an entrepreneurship development program. This suggests that the need for special programs tailored to rural entrepreneurs deserves further, more critical, evaluation.

Acts of Entrepreneurial Creativity for Business Growth and Survival in a Constrained Economy: Case Study of a Small Manufacturing Firm, Jabani Mambula, Charles; and Sawyer, Frank E; International Journal of Social Economics; Volume 31, Issue 1/2; 30, (2004).

African SMES, Networks, and Manufacturing Performance. Biggs T; and Shah MK; Journal of Banking & Finance, Volume 30, Issue 11, 3043-3066, (2006-11).

This paper examines the role of private support institutions in determining small and medium enterprise (SMES) growth and performance in Sub-Saharan Africa (SSA). It finds that SMES in SSA get around market failures and lack of formal institutions by creating private governance systems in the form of long-term business relationships and tight, ethnically based business networks. There are important links between these informal governance institutions and SME performance. Networks raise the performance of “insiders” and, in the sparse business environments of the SSA region, have attendant negative consequences for market participation of “outsiders,” such as indigenous-African SMES. This is indicated through the determinants of access to supplier credit. Policy interventions will be needed to improve the platform for relation-based governance mechanisms and to address the exclusionary effects of tight networks.

An Eclectic Theory of Entrepreneurship: Policies, Institutions and Culture.

Verheul, I; Wenneker, S; Audretsch, D; and Thurik, R; EIM Research Report 0012, (2001).

The level of entrepreneurship differs considerably across countries and periods. Both the causes and consequences of entrepreneurship are a matter of extensive scientific debate as well as of great policy importance. A high level of entrepreneurial activity is assumed and shown to contribute to innovative activities, competition, economic growth and job creation. The present paper deals with the determinants of entrepreneurship. An eclectic theory of entrepreneurship is introduced. This eclectic theory provides an integrated framework, drawing on disparate strands of literature, to create a better understanding of the different role that entrepreneurship plays in different countries and time periods. This framework is designed to guide future empirical research in this area and to provide insights for policymakers striving to promote entrepreneurship.

Armenia - Foreign Investment and Export Facilitation (FIEF-LIL) Project. The World Bank – Implementation and Completion Results Report, (2006).

The Armenia - Foreign Investment and Export Facilitation (FIEF-LIL) Project has a satisfactory outcome, is likely to be sustainable, and has a substantial institutional development impact. The performances of both the Bank and the Borrower are satisfactory. Lessons from the project include: 1) While the project was successful in raising capacity at the agency and even mounting a serious outreach, marketing, export and servicing efforts, it could have clearly targeted more ambitious objectives that provided more hands-on training and outreach potential for the country. 2) The importance of continually revisiting strategic directions/sectors identified for ADA is crucial. The ADA strategies focused for too long on three such sectors (Electronics, Precision Engineering and IT) while the actual strengths and advantages of the country clearly lie in a number of other industrial and service sectors, as well as on its strong network of Diaspora contacts. 3) As a testing instrument, this LIL provided a clear assessment of the promotion needs in the country and may be used for devising new assistance tools aimed at securing sustainable levels of FDI inflows and exports. 4) To become an effective organization, the current strategies need to be better utilized by their respective departments, and, moreover, it is essential to build synergies between the activities of departments through joint planning and implementation of activities, client referrals and collaboration in strategic areas. 5) The investor servicing effort at ADA needs to be boosted by using a more integrated approach to servicing new and existing clients. 6) Another important area for future consideration is ADA's advocacy role, which should be more strengthened as the agency strives to become a more private-sector focused organization.

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Basics of a Business Plan for Development Professionals, The. Fante, Nick; Giovannucci, Daniele; and Edelson Hanway, Cheryl; (2001).

A business plan is not only for private sector companies that seek financing. Its rigor encourages a thorough assessment of every important aspect related to the feasibility and sustainability of a project or enterprise. It covers topics that are sometimes overlooked or insufficiently addressed in development projects such as: market orientation; market analyses; detailed operational procedures; intangible assets; and realistic financial

projections. Therein lies its value to development initiatives: providing a thorough, private-sector style strategy to help ensure a well-planned and viable project. This paper presents the concept at a basic level for enterprise development projects.

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Behind the Myth of the Mittelstand Economy. The Institutional Environment Supporting Small and Medium-Sized Enterprises in Germany. Meyer-Stamer, Jörg; and

Waltring, Frank; (2000).

The existence of highly dynamic and successful small and medium-sized enterprises (SME) is one of the characteristic features of the German economy. They have been, and continue to be, a growth and a job machine. Their strong performance has raised interest in other countries, with less dynamic SME, which are keen to strengthen their SME sector. Learning from the German experience appears as a promising exercise.

Best Practices in Management of International Trade Corridors. The World Bank – Working Paper Series, (2006).

This report provides a comprehensive review of how transport corridors function, what institutional and operational structures are used to manage their performance, how that performance can be assessed and compared with that of other corridors, and what measures can be taken to improve corridor management and through that, corridor performance. The review is based on consideration of, and provides examples from, many corridors including those serving land-locked developing countries. The title of this report implies that corridors can be managed. While both public and private entities have been involved in the development and regulation of the corridors that were reviewed, it is not clear that they managed either the development or operation of these corridors. The term management implies some form of control, but it is difficult to create a single point of coordination given the diversity of stakeholders.

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Bridging the Gap between Technological Innovation and Effective Transfer of Technology. Dornelas, Jose Carlos A; Nunes, Maria das Graças V; and Oliveira, Jr., Osvaldo N.

The models adopted for transferring technology from universities and research centers to industry are reviewed and analyzed critically with identification of their main shortcomings, particularly for the Brazilian case. Proposals are put forward either to improve current initiatives or for the creation of new ones, in the light of existing funding mechanisms for technological innovation. Basically, we concentrate on the need to take into account the multidisciplinary nature of technology transfer and the consequent need to involve personnel with distinct capabilities in R&D and technological transfer projects. For that we build upon successful cases of transfer in Brazil. Even though the proposals were conceived for transfer in any technological area, we provide further details of initiatives associated with information technology. In summary, the main cornerstones of our proposals include: i) inducing mechanisms for teams to cope with the multidisciplinary nature of transfer, particularly with regard to dealing with marketing and financial aspects; ii) massive investment in informing businessmen of the opportunities (funding mechanisms and possible collaborations with universities) for technological innovation; iii) establishment of networks of R&D groups in specific areas considered as priority; iv) special emphasis in the development of specific expertise in technology transfer, where the formation of professionals entirely dedicated to this task is envisaged; and v) reassessment of current initiatives in order to make them comply with the proposals above.

<http://in3.dem.ist.utl.pt/downloads/cur2000/papers/S04P02.PDF>

Building Businesses with Small Producers: Successful Business Development Services in Africa, Asia, and Latin America. Kapila, S; and Mead, D. C; Ottawa: International Development Research Centre, (2002).

This work presents the findings and comparative analysis of seven case studies of non-governmental agencies providing business development services (BDS) to small and micro enterprises across the developing world: from Bolivia, El Salvador, Ghana, Zimbabwe, Bangladesh and Sri Lanka.

Building Entrepreneurial Communities: The Appropriate Role of Enterprise Development Activities. Lichtenstein, Gregg A; Lyons, Thomas S; and Kutzhanova, Nailya; Journal of the Community Development Society, Volume 35, (2004).

This article examines the concept of building entrepreneurial communities as a strategy for community economic development. It begins by attempting to define what is meant by the term "entrepreneurial community" and to clarify how economic developers go about trying to create such places--using activities known as the "enterprise development" to help entrepreneurs grow new business. The article then analyzes the current approach to enterprise development and explains why it is incapable of producing entrepreneurial communities. The authors conclude by calling for a systemic and transformational approach to enterprise development that can truly yield community- wide economic development.

<http://www.questia.com/googleScholar.qst?docId=5009545196>

Business Development Services: A Framework for Analysis. Goldmark, Lara. (2007). Business development services (BDS) were highlighted as an area for future work in the Inter-American Development Bank's micro-enterprise development strategy paper, MICRO 2001, which was presented at the Promoting Growth with Equity Conference in November 1995. Since the Bank's experience in this area is limited, the Micro enterprise Unit undertook in January 1996 to investigate current practices in the provision of BDS to small and micro entrepreneurs in developing countries around the world. Business Development Services: A Framework for Analysis presents the preliminary results of the research, in the form of a matrix which categorizes current BDS initiatives by targeted business activities and service delivery mechanisms. The examples used in the framework were gathered from a variety of sources, including project proposals, reports, and evaluations; studies of a related nature, and interviews with practitioners. Rather than "best practices," the BDS initiatives described here are intended to reflect the current state of affairs in the field. The examples used here represent only a fraction of those collected during the course of the research. The Micro enterprise Unit will be compiling one-page profiles of BDS programs in Latin America and the Caribbean. This information will constitute a database available to Bank staff and possibly to outside institutions through an internet connection.

Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention. Committee of Donors for Small Enterprise Development, (2001).
<http://www.ilo.org/public/english/employment/ent/papers/guide.htm>

Business Linkages and Producer Groups in Bangladesh – Options for Rural Microenterprise Development. Field M.; and Knopp D.; Small Enterprise Development, Volume 14, No. 4, 49-61(13), (2003).

The difficulties of providing poorer micro enterprises with BDS may sometimes be overcome by encouraging them to form groups and market their produce collectively. This article describes the experience of the USAID-funded JOBS Project in Bangladesh as it worked with three groups of micro enterprises – the Bogra Handicrafts Association, the Modhupur Pineapple Association, and the Shafipur and Mirpur footwear producer groups – to improve their market linkages. Perhaps surprisingly, a greater degree of independence and market strength was eventually achieved with the pineapple farmers and the shoemakers, for whom the JOBS Project intervened directly to arrange technical assistance and marketing linkages, than for the

handicraft workers, who received BDS through an NGO/MFI. How these three projects shed light on ideas about building the market for BDS for micro enterprises is discussed.

Can Business Development Services Practitioners Learn from Theories of Innovation and Services Marketing? Caniëls, Marjolein; Romijn, Henny; and de Ruijter-De Wildt, Marieke; *Development in Practice*, Volume 16, Issue 5, 425(15), (2006-08).

Business Development Services (BDS) programs have become big business for international donors and NGOs. Focusing on small enterprises in developing countries, the current BDS approach assumes that the development of commercial markets is the key to success. Yet many of these programs continue to have a limited impact. A review of modern theories of innovation and services marketing management suggests that this may be because current BDS support practice reflects a rather limited understanding of how new markets actually develop. Drawing on the insights that these theories offer, the authors suggest that BDS practice should develop a more evolutionary approach, recognizing that service innovations develop through active, on-going interaction between suppliers and customers. The article concludes with practical policy guidelines and a discussion about tools that could help BDS to adopt this more successful approach.

Choosing an Entrepreneurial Development System: The Concept and the Challenges. Smith, William L.; *International Journal of Management and Enterprise Development*, Volume 2, No. 3-4, 349–359, (2005).

This paper presents a discussion on the process of choosing an entrepreneurial development system for a local rural community and region. Background information is provided from which the selection of a number of program elements available from the literature was made in developing the proposed system. Challenges of implementing the proposed system are presented.

<http://inderscience.metapress.com/app/home/contribution.asp?referrer=parent&backto=issue,5,11;journal,12,18;linkingpublicationresults,1:110877,1>

Competitiveness A Strategy Document. Lora, Eduardo; (2004)

In accordance with the areas of activity identified in the Eighth Replenishment, the Bank's Competitiveness Strategy establishes a framework to assist member countries to make improvements in their economic and institutional environments in order to promote the sustainable development of productive economic activities and increase productivity. Increases in productivity are key to economic growth and poverty reduction. In addition, progress in productivity is sustainable only if it also contributes to environmental improvements and conservation. The actions proposed by the strategy focus on correcting or compensating defects in the functioning of relevant markets for the competitiveness of all firms and include specific actions for micro and small enterprises.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=368980>

Corruption, The Business Environment, and Small Business Growth in India.

Honorati, Maddalena; and Mengistae, Taye; (2001).

This paper estimates a dynamic business growth equation on a sample of small-scale manufacturers. The results suggest that excessive labor regulation, power shortages, and problems of access to finance are significant influences on industrial growth in India. The expected annual sales growth rate of an enterprise is lower where labor regulation is greater, power shortages are more severe, and cash flow constraints are stronger. The effects of each of the three factors on business growth seem also to depend on a fourth element, namely, corruption. Specifically, labor regulation affects the growth only of enterprises for which corruption is not a factor in business decisions. By contrast, power shortages seem to be a drag on the growth only of enterprises self-reportedly held back by corruption. Lastly, sales growth is constrained by cash flow only in businesses that are not affected by labor regulation, power shortages, or corruption. The analysis uses corruption as a proxy for the quality of "property rights institutions" and considers labor regulation and small business financing as instances of "contracting institutions." The findings on the interaction between

corruption and other aspects of business environment then seems to indicate that the quality of property rights institutions exerts more abiding influence on economic outcomes than the quality of contracting institutions. Moreover, there might also be a hierarchy among contracting institutions in their effect on manufacturing growth.

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Cost-Benefit Analysis of Small Business Assistance: Do Entrepreneurs Really Need Assisting?

Wood, William C.; Journal of Private Enterprise, Volume 10, No. 1, 13, (1994-06-01).
No abstract.

Crafting Development in Bolivia.

Eversole, Robyn; Journal of International Development. 18:7, 945, (2006).

Bolivia, as elsewhere, institutions promoting economic development in both rural and urban areas frequently target artisan products, implementing programs to promote and develop these products for national and international markets. This paper gives examples of three such programs from highland Bolivia: the ASUR textile project in Sucre, Bolivia; the PROMMI micro enterprise development project in six Bolivian cities; and the El-Alto-based Señor de Mayo Artisans' Association. These cases highlight typical patterns and issues involved in targeting artisan production as an economic development tool.

Determinants of Small Business Growth Constraints in a Sub-Saharan African Economy.

Okpara, John O.; and Wynn, Pamela; S.A.M. Advanced Management Journal, Volume 72, Issue 2, 24(13), (2007).

In almost all economies, small businesses are vital for sustained growth. A high failure rate is a huge negative for an economy, especially a developing economy with limited capital. This is the situation in Nigeria despite government programs established - on paper - to help entrepreneurs. Structured interviews and a survey gathered data from almost 400 small businesses in Nigeria to find the principal constraints to success, including poor management, lack of capital, corruption, weak infrastructure, poor recordkeeping and so on. Unfortunately, many of the solutions are hostage to the political climate as well as educational progress.

Determinants of Survival among African Manufacturing Firms, The.

Söderbom, Måns; Teal, Francis; and Harding, Alan; Economic Development & Cultural Change, Volume 54, Issue 3, 533-555, (2006).

The article focuses on the role of productivity as a determinant factor in the survival of firms in Africa's manufacturing sector during the 1990s. The aggregate productivity growth in larger firms is a churning process in which less productive firms exit and more productive firms enter the market. A theoretical model of firm survival suggests that the chances of survival of larger manufacturing firms increase with an increase in the favorable productivity provided that the value of the firm increases with productivity faster than the value of the outside options. However, the firms that are small cannot be prevented from going out of business in the subsequent period even if they are relatively productive. The growth of small firms could have dramatic effects on the survival rates and the aggregate productivity of the firms in Africa. This article focuses on SME's business growth model. During the past decade, a major concern has been the failure of small and medium-sized manufacturing firms (SMEs) in transforming themselves into large firms both regionally and globally. Given the relative rarity of the typical small business making substantial growth, academics, management experts and governments in many countries have been keen to discover ways in which small business growth can be encouraged.

Developing Entrepreneurship: Experience in Latin America and Worldwide.

Kantis, Hugo; (2006).

This publication analyzes the profile of entrepreneurs and how they create high-growth businesses in 13 countries in Latin America, East Asia and southern Europe. It also offers case studies of entrepreneurship development policies and programs in the Americas and Europe.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=834797>

Development Strategies for More and Better Jobs. Bourguignon, François; Presentation to the Carnegie Endowment for International Peace. Washington, D.C., 14 April, (2005).

The employment/unemployment dichotomy is not applicable to developing countries. Workers who are categorized as “unemployed” are actually employed in the informal sector and have a “bad job.” One key issue facing developing countries is how to generate “good jobs” in sufficient quantity so as to absorb the increasing number of people appearing on the labor market. This paper discusses three labor market issues. First, in discussing the link between growth, openness and (good) job creation, the paper makes the point that globalization is beneficial provided that it does not contribute to reducing the labor content of growth. Second, the paper also focuses on the need for supply side policies to complement policies that increase the demand for labor. Unskilled workers without training are less likely to get “good” jobs. In fact, too few skilled workers may even be an obstacle for growth and the creation of good unskilled jobs. Third, the paper discusses labor market policies and social protection. Policies regulating the (formal) labor market, though they are second-best, should not necessarily be rejected on efficiency grounds if they reduce poverty. The questions to ask are: how much regulation should there be and how can social protection be achieved in economies with large informal sectors? Decoupling as much as possible labor market status and social protection is part of the answer since it reduces the distance between good and bad jobs. It provides better social protection to all workers, independently of where they are employed and increases the number of good jobs by reducing the cost of formal employment.

<http://siteresources.worldbank.org/DEC/Resources/84797-1104785060319/bourguignondevelopmentstrategiesformoreandbetterjobs.PDF>

Direct Support to Private Firms: Evidence on Effectiveness. Batra, Geeta; and

Mahmood, Syed; Private Sector Advisory Services, World Bank, (2001).

Governments use a variety of instruments to provide direct support to private enterprises. These include the provision of finance (subsidized and/or directed credit) and business development services (management and marketing advice to small businesses, agricultural extension services, support for enterprise level training and support to technology development). These interventions are distinct from those that support enterprises indirectly by establishing a policy and legal environment conducive to enterprise development. How effective have these direct support schemes been? This paper attempts to provide some answers to this question by surveying the available literature on the effectiveness of direct support interventions. Where available, impact evaluations suggest that the performance has been mixed at best. The evidence indicates that active intervention does not work unless the basic environment for private sector development is sound. Public policy thus needs to focus on creating an enabling environment, key elements of which include a sound legal and judicial system which supports low-cost contract enforcement, good infrastructure, a policy playing field which is level in terms of ease of registration, taxes and investment incentives for all enterprises - large and small, domestic and foreign.

http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2003/12/12/000012009_20031212170926/Rendered/PDF/wps3170.pdf

Does Privatization Enhance or Deter Small Enterprise Formation? Berkowitz D;

and Holland J; Economics Letters, Volume 74, Issue 1, 53-60, (2001-12-20).

Small enterprises are a growth engine in post-socialist economies. We argue that privatization can either enhance or deter small enterprise formation via its impact on the local business environment. We then show

that in Russia small-scale privatization deterred small enterprise formation, while large-scale privatization enhanced it.

Effectiveness of Training for New Business Creation: A Longitudinal Study,

The. Henry, Colette; Hill, Frances M; and Leitch, Claire M; *International Small Business Journal*, Volume 22(3), 249-271, (2004).

In the last couple of decades there has been a growing interest in the role that small and new businesses can play in economic development. Despite this growth there is still a relative paucity of rigorous empirical research that attempts to assess the impact of initiatives, including those educations and training programs designed to support new business creation. In particular, the lack of longitudinal studies and studies employing control groups has been noted in the literature. The research reported in this article, which was conducted in Ireland, represents an attempt to overcome such methodological deficiencies. The study presents some evidence that a range of qualitative and quantitative outcomes may emanate from training programs directed at aspiring new business owners, which are worthy of further investigation. The limitations of the study are acknowledged, recommendations for further research are made and implications for policy makers and training providers are highlighted.

Efficiency, Flexibility, or Both? Evidence Linking Strategy to Performance in

Small Firms. Ebben JJ; and Johnson AC; *Strategic Management Journal*, Volume 26, Issue 13, 1249-1259, (2005-12).

This paper analyzes small firm performance in relation to efficiency and flexibility strategies. Using configuration theory, the authors propose that small firms that pursue efficiency strategies or flexibility strategies outperform those that attempt to pursue both. Additionally, size is used as a configurational attribute to develop competing hypotheses on whether efficiency strategies or flexibility strategies are better suited for small firm performance. In two samples of 200 and 144 privately-held small firms, firms that mixed efficiency and flexibility strategies significantly underperformed. No significant performance differences were found between firms utilizing only efficiency strategies and those utilizing only flexibility strategies.

Employment Generation Potential of Mature SMEs in Different Geographical Environments. (Small and Medium-Sized Enterprises), The.

North, David; and Smallbone, David; *Urban Studies*, Volume 32, Issue 9, 1517-1537, (1995)

Using a longitudinal database, this paper compares the employment performance over the 1979-90 period of mature SMEs in three contrasting geographical environments - i.e. London, outer metropolitan locations in the South East, and remote rural locations in northern England. The performance of SMEs in London locations is shown to be inferior to that of similar firms in remote rural locations, but this is found not to result from them having a weaker performance in output terms. Whilst it is the most rapidly growing firms which have the greatest employment generation potential in all locations, London-based SMEs are more likely to achieve growth in ways which minimize the number of additional workers employed directly by the firm. These urban-rural differences can be explained by the different 'strategies' for business growth adopted by managers in responding to the various opportunities and constraints existing in different geographical environments.

Enterprise across the Digital Divide: Information Systems and Rural

Microenterprise in Botswana. Duncombe, R; and Heeks, R.; *Journal of International Development*, Volume 14, No. 1, 61-74, (2002).

This paper focuses on the role of information and information-handling technologies within the many rural micro enterprises that currently lack access to ICTs. On the basis of field research in Botswana, it finds that poor rural entrepreneurs rely heavily on informal, social and local information systems. While highly appropriate in many ways, these systems can also be constrained and insular. Priorities for breaking this insularity will be greater access to shared telephone services. ICTs may play a supplementary role. They will

need to be based in intermediary organizations that can provide complementary inputs of finance, skills, knowledge and other resources.

<http://dx.doi.org/10.1002/jid.869>

Enterprise Growth Initiatives: Strategic Directions and Options. Final Report.

Snodgrass, Donald R; and Winkler, James Packard; Bethesda, MD, Development Alternatives, Inc. (2004).

Sustainable growth of private enterprises is a requirement for increasing per capita income and consumption, creating jobs, and reducing poverty in developing and transition economies. For years, recognition of this fact has driven the U.S. Agency for International Development (USAID), the World Bank Group, and other donors to promote private enterprise development. Enterprise growth is a dynamic process that takes place within a competitive market environment. Not all individual enterprises survive, but those that do contribute greatly to the economic well-being of individuals and nations. Increasingly, enterprises operate in wider markets, with the global market setting the standards for performance. Increasingly, survival and success depend not only on factor inputs but also on innovation and technology.

Enterprise growth is shaped by three broad factors: demand for the products and services that firms produce; the quality of the business environment, which affects the incentives that firms face; and the competitive response of firms to market demand. Each of these factors offers entry points for enterprise growth initiatives. There are two broad schools of thought about programmatic approaches to enterprise development. The first concentrates on improving the business environment and incentive structure in the expectation that a competitive economy will emerge from the reform of policies, regulations, and institutions.

The second approach focuses on stimulating the private sector response to existing market opportunities and barriers. While proponents and critics have argued the merits of each approach, the true answer lies in addressing market imperfections in a manner consistent with the country context. In some settings, one or the other approach may be appropriate; in many settings a combination of both approaches will be best. Closed political systems, unstable or transitioning economies, and latent or overt conflict all pose challenges that require sophisticated, overarching programmatic responses. Increasingly, donor initiatives cut across sectors concerning both macro and micro issues and involve government, civil society, and the private sector. Decision makers and program designers need to understand fully the depth of market failures and fashion responses that address the root problem, not the surface effect. Market failures provide the most compelling argument for donor-financed enterprise growth initiatives that can help mobilize the private sector to revitalize the economy in partnership with government and civil society.

Entrepreneurship and Financial Constraints: The Case of Nicaragua. Tejerina, Luis; Financial Services and Poverty Reduction in Latin America and the Caribbean, 61, (2006).

The purpose of this paper is to apply a methodology to test for the existence and distinguish between types of financial constraints for entrepreneurs who want to start a business but are not wealthy enough to finance the startup costs by themselves, the paper uses survey data from Nicaragua to test the implications of two well known models of occupational choice with different underlying assumptions about financial constraints. The methodology used in this paper follows the guidelines of Robert Townsend's "Algorithm for Policy Based Research and Research Based Policy" and was supervised by him.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=929848>

Entrepreneurship and University-Based Technology Transfer. Markman, Gideon D; Phan, Phillip H; Balkin, David B; and Gianiodis, Peter T.; Journal of Business Venturing, Volume 20, Issue 2, 241-263, (2005).

The success of business incubators and technology parks in university settings is often determined by how well technology is transferred from the labs to their startup firms. University technology transfer offices (UTTOs) function as "technology intermediaries" in fulfilling this role. Yet, entrepreneurship theory and research on the role of the UTTO in business incubation and new venture formation is sparse. To move the research along, we use grounded theory to build a framework to address two questions: (a) Which UTTOs'

structures and licensing strategies are most conducive to new venture formation; and (b) how are the various UTTOs' structures and licensing strategies correlated with each other. Our findings reveal a complex set of relationships between UTTO structure and strategies, new venture formation, and business incubation. Based on interviews with 128 UTTO directors, we show that whereas for-profit UTTO structures are positively related to new venture formation, traditional university and nonprofit UTTO structures are more likely to correlate with the presence of university-based business incubators. Licensing-for-equity strategy is positively related to new venture formation while sponsored research licensing strategy is negatively related. Interestingly, the licensing-for-cash strategy, the most prevalent transfer strategy, is least correlated to new venture formation. A content analysis of UTTO mission statements also revealed an overemphasis on royalty income and an underemphasis on entrepreneurship. The paper concludes with a discussion that outlines some of the implications and limitations of our model.

Entrepreneurship in Emerging Economies: The Creation and Development of New Firms in Latin America and East Asia. (2002).

This paper presents the results of a comparative study of entrepreneurship in Latin America and East Asia. Entrepreneurship is defined as the capacity to create and develop new business ventures. The paper focuses on the process of creation of new companies. That process is analyzed at three different stages: inception of the entrepreneurial venture, company start-up, and its early development. This paper aims to identify the leading factors that stimulate or limit entrepreneurship at each stage of the entrepreneurial process in Latin America and East Asia. These leading factors have been analyzed, a number of conclusions have been drawn, and policy recommendations have been reached for promoting entrepreneurship in different socio-economic contexts.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=822679>

Entrepreneurship Policy for the Future. Special Edition. Lundström, A; and Stevenson, L.; SME Forum 19-20, (2001).

Though countries recognize that high levels of entrepreneurial activity contribute to economic growth, their entrepreneurship policies are currently underdeveloped. To wit, although organizations such as the European Commission have examined national approaches to developing entrepreneurship, they do not distinguish between small business-oriented and entrepreneurship-oriented policies. According to the writers, this distinction is significant, and countries should have a focus on creating the right environment to stimulate individuals to become entrepreneurs that is wholly separate from the focus of creating the right environment to stimulate small business growth. (REC) (CELCEE).

http://www.eu2001.se/industry/eng/docs/entrepreneurship_policy_report.pdf

Entrepreneurship: The Missing Ingredient in China's STIPs? Watkins-Mathys, Lorraine; and Foster, M. John; *Entrepreneurship & Regional Development*, Volume 18, Issue 3, 249(26), (2006-05).

China is concerned to improve the technical capability of its industry. It has chosen Science and Technology Industry Parks (STIPs) as the model for incubating its R&D capability and driving its hi-tech policy. Against this background, the authors examine two main issues. First, we review assessments of university science parks in the UK and a wider context extracted from the literature before examining specifically China's R&D intensity and hi-tech policy. Second, we examine the performance of hi-tech companies situated on STIPs and those located outside STIPs, comparing their success in commercializing technology. We pay particular attention to the role of entrepreneurship in this activity by those engaged in it. Our findings are based on secondary quantitative data and qualitative data collected by means of interviews and focus groups in the Beijing and Shanghai areas in March 2004. From our research it is clear that China lags behind OECD countries in its R&D capability and the technology transfer rate is low, hampering China's hi-tech potential, although China is achieving some success in hi-tech exports, notably of ICT goods. Furthermore, innovation capability, locational factors such as being located in a regional industry cluster (in or outside STIPs), guanxi and networking opportunities, entrepreneurial skills, including international business experience and access to

more financial sources and capital for developing the business, are essential for commercializing technology effectively in China. The role of entrepreneurship is evident. However, it remains still underdeveloped in China's STIPs.

Exports, University-Industry Linkages, and Innovation Challenges in

Bangalore, India. D'Costa, Anthony P.; The World Bank – Policy Research Working Paper Series, (2006).

The success of the Indian software industry is now internationally recognized. Consequently, scholars, policymakers, and industry officials everywhere generally anticipate the increasing competitiveness of India in high technology activities. Using a structural framework, the author argues that Bangalore's (and India's) information technology (IT) industry is predicated on an Indian business model which does not encourage thick institutional linkages such as those encapsulated by the triple helix model. Under this institutional arrangement there is cross-fertilization of new ideas and new modes of institutional interaction between industry, academia, and government. Though there are several hundred IT businesses in a milieu of numerous engineering and science colleges and high-end public sector research institutes, the supposed thick institutional architecture is in reality quite thin. This is due to a particular type of an export-oriented model which is based on off-shore development of software services, targeted mainly to the United States. Neither domestic market nor non-U.S. markets such as East Asia are pursued aggressively by Indian firms, which offer alternative forms of learning. Consequently, Bangalore's dynamism in the IT industry stems from linear and extensive growth rather than nonlinear and intensive growth. The author argues that Bangalore has serious innovation challenges with weak university-industry linkages, lack of inter-firm collaboration, and the absence of cross-fertilization between the knowledge-intensive defense/public sector and the commercial IT industry. To strengthen Bangalore's and India's innovation system, the Indian business model must be reformed by diversifying geographical and product markets, stemming international and internal brain drain, and contributing to urban infrastructure.

http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2006/04/14/000016406_20060414124514/Rendered/PDF/wps3887.pdf

Barriers to SME Growth in Slovenia. Bukvic, Vladimir; and Bartlett, Will; Economic and Business Review for Central and South - Eastern Europe, Volume 5, Issue 3; 161, (2003).

The paper is based on the findings of a research project which aimed to identify the critical barriers to small business growth and development in Slovenia. The key barriers identified in the research included factors linked to the institutional environment including bureaucracy, and to external financial constraints including the high cost of capital. Internal organization and resource issues, and social support through local development coalitions were found to be less important. The research was based upon a sample survey of small firms in Slovenia, and on an econometric analysis of the sources of firms' growth. This provided evidence that firms' growth was negatively linked to firms' size, and that growth was reduced by the presence of institutional and financial barriers. On the other hand employee benefits such as severance pay were positively linked to growth. The paper provides a possible explanation for this unexpected finding and discusses the policy implications.

Firm and Managerial Determinants of the Export Propensity of Small and Medium-Sized Enterprises in Swaziland. Obben J; and Magagula P; International Small Business Journal, Volume 21, Issue 1, 73-91, (2003-02).

The exporting successes of small and medium-sized enterprises (SMEs) in industrialized countries have led to the increasing recognition of the potentially critical role of SMEs in export- and private-sector-led economic growth in many developing countries. Policies to assist more SMEs to export must be informed by any systematic differences between current exporters and non-exporters. This study employs the logit model to ascertain the explicability of why some SMEs are exporters and some are not (export propensity) in Swaziland, a small, landlocked African country. The often-used firm-specific and manager-related variables

are utilized and a good fit is obtained. Foreign language proficiency is very highly significant in explaining high export propensity; so is the frequency of business-related foreign trips. A quadratic specification of the age-of-manager variable seems to resolve the seemingly contradictory effects of that variable reported in previous studies based on linear specification. Effectual policies must aim at upgrading the language skills of managers, assist with bona fide business-related foreign travel and target managers at the low-medium bracket of the age range.

Firm Size and the Business Environment: Worldwide Survey Results. Schiffer, Mijam; and Weder, Beatrice; Washington, D.C. International Finance Corporation, World Bank Publications, Discussion Paper 43, (2001).

This paper is the first attempt based on empirical evidence to examine the quality of interactions between firms of different sizes and governments on a worldwide scale.

Fit among Competitive Strategy, Administrative Mechanisms, and Performance - Comparative Study of Small Firms in Mature and New Industries. Barth, H.; Journal of Small Business Management, (2003).

At least two different administrative mechanisms are available for the small business manager to develop and to pursue a competitive strategy. One refers to managerial skills needed to implement and to follow the competitive strategy chosen by the firm. The other refers to the design of organization structure—that is, how job tasks are divided, grouped, and coordinated. This paper argues that the fit among the competitive strategy followed by a firm, the utilization of the administrative mechanisms, and the performance of the firm is related to industry maturity.

From Principles to Practice – Ten Critical Challenges for BDS Market Development. Bear M.; Gibson A.; and Hitchens R.; Small Enterprise Development, Volume 14, No. 4, 10-23(14), (2003).

The BDS market development field has clearly made progress in its first few years of activity. However, to advance the field further, and to address incipient signs that spread has not been accompanied by depth in understanding, it now needs to confront ten critical challenges. These are concerned with reasserting the analytical rigor that underpins the approach, with confronting the difficult issues of how to operationalize market development objectives and with building the capacity of organizations and personnel. This article highlights these challenges and, in doing so, positions BDS market development within the wider private sector development field. While neither straightforward nor given to pre-packaged solutions, the issues identified here are relevant to all development efforts aimed at making markets work more effectively and inclusively for the benefit of the poor.
<http://www.ingentaconnect.com/content/itpub/sedv/2003/00000014/00000004/art00005>.

Georgia - Agricultural Development Project. The World Bank – Implementation Completion and Results Report, (2005).

The Georgia Agricultural Development Project had a satisfactory outcome, is likely to be sustainable, and has a substantial institutional development impact. The performances of both the Bank and the Borrower were satisfactory. The main lessons learned are: Considering the political uncertainty in Georgia, it is critical to allow for adjustments during project implementation. Lessons learned from ongoing projects, including this project, show that it is important to create trust among all stakeholders before the project can enter the main implementation phase. Capacity building in all institutions dealing with the project as well as a step-by-step approach during project implementation is essential in order not to overwhelm local authorities and institutions. Improved access to credit gives a substantial boost to agricultural investment, output, and rural livelihood and can be done without distorting financial markets. Success or failure of the project's credit components was highly correlated with the intensity and quality of project supervision and management. The performance of partner financial institutions depends on the ability of their staff to appraise loan proposals,

particularly the ability to assess market prospects for the commodities to be produced and to develop repayment schedules consistent with income streams. There is a strong demand for locally based credit facilities (such as credit unions) in rural villages, but these institutions need sustained, strong support in the form of training and supervision if they are to evolve into viable financial institutions. Small village-based credit cooperatives are not an appropriate mechanism for large-scale credit delivery. Rural credit cooperatives should be based in rural towns be saving-driven, and encouraged to lend for all purposes, rather than focus only on farm lending. This would enable them to expand to a wider membership base, a more diversified loan portfolio, and a stronger member commitment to the organization - all of which improve sustainability. Gradual growth in lending is important so that it is commensurate with the growth in management skills and savings mobilization among members. Finally, inclusion of donors engaged in parallel development programs in the project design process and their subsequent oversight of program implementation is essential if confusion is to be avoided and synergy to be enjoyed.

http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000160016_20060501094920&searchMenuPK=64187511&theSitePK=523679

Georgia - Enterprise Rehabilitation Project. The World Bank – Implementation and Completion Results Report; (2007).

The Enterprise Rehabilitation Project (ERP) of Georgia had the following ratings: outcomes were satisfactory, risk to development outcome was low or negligible, Bank performance was satisfactory, and borrower performance was satisfactory. The lessons learned included: 1) Despite a long legacy of central planning and disappointing results of the first wave of privatization, the ERP has produced evidence that enterprises willing to accept restructuring and learn new techniques from successful enterprises in more developed market economies can adapt to market conditions and become profitable without an additional capital investment; 2) A non-governmental organization working in conjunction with Government policy support can be a major instrument of change in private sector development; 3) The dissemination of the experience of managers attending internships and other public education tools can provide a powerful demonstration effect but requires follow-up and analysis to be useful in Center for Enterprise Restructuring and Management's planning and marketing of services; 4) Surveys show that the main reason for purchasing Enterprise Restructuring and Management's services was to obtain new quality standards. However, in terms of effectiveness in meeting client needs, the responses were highest for assistance in modernizing financial systems; 5) Unprofitable enterprises in transition economies, and probably non-transition economies as well, can make dramatic turnarounds in their performance with strategically focused restructuring/business planning and/or training using existing assets, without any capital investment; 6) A strategically focused, non-governmental agency with varied funding sources can be a powerful tool for addressing market failures in enterprise development but it should be lean and flexible enough to respond to market changes; 7) A results framework for a technical assistance project geared to turnaround restructuring and management training should establish a few clear monitoring indicators and apply them to a consistent sample of enterprises; and 8) The shift in the Bank's design of objectives and indicators from multiple objectives, with few quantitative indicators to broader objectives with detailed outcome indicators, provides more flexibility in responding to Government priorities.

http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&theSitePK=523679&entityID=000020953_20070731104345&searchMenuPK=64187283&theSitePK=523679

Global Challenge to Industrial Districts. Small and Medium sized enterprises in Italy and Taiwan, The. Guerrieri, P; Iammarino, S; and Pietrobelli, C.; Edward Elgar Publishing, U.K., (2001).

This paper examines the competitive strategies of small and medium enterprises in Taiwan and Italy as the forces of neoliberal globalization impact them. They discuss different strategies for firms to become and stay competitive with regard to geographical location and inter-firm linkage creation. Containing case studies of firms in textiles and clothing and in the electronic sector for Italy and Taiwan respectively, contributors conclude that the smaller scale Taiwanese electronics industry provides the best example of competitiveness in their ability to simultaneously develop domestic and international knowledge linkages.

Government-Business Coordination and Small Enterprise Performance in the Machine Tools Sector in Malaysia. Rasiah, Rajah; *Small Business Economics*, Volume 18, Issue 1-3, 177, (2002).

This paper compares the performance of small and medium size subcontractors in the machine tools industry in two different states of Malaysia, Penang and Kelang Valley. It is shown that while Penang has developed a fairly successful small and medium subcontracting industry, Kelang Valley has not. The difference in performance (measured by value-added) is due in part to differences in the extent and quality of government-business coordination. In contrast to Kelang Valley, the relatively autonomous state government of Penang took a pro-active approach to business development and provided support to its small and medium enterprises (mainly Chinese-owned) in the form of public training and market-information exchange.

The Growth and Formalisation of Information Systems in Developing Country SMEs. Duncombe, R.; IDPM Development Informatics Working Paper, (2005).
http://www.sed.manchester.ac.uk/idpm/publications/wp/di/di_wp19.pdf

Growth and Performance of Manufacturing SMEs: The Influence of Financial Management Characteristics. McMahon, Richard G. P; *International Small Business Journal*, Volume 19, Issue 3, 10(19), (2001-06).

Examines the influence of financial management characteristics on the business growth and performance of manufacturing small and medium-sized enterprises (SME). Review of literature on the growth of SME; Description on the logistic regression modeling used; Conclusions.

Impact of the South African Government's SMME Programmes: A Ten-Year Review (1994-2003), The. Rogerson, Christian; *Development Southern Africa*, Volume 21, Issue 5, 765-784, (2004).

This article critically reviews the impacts of the first ten years of the national government's small, medium and micro enterprise (SMME) programs. In particular, the evaluative focus is in terms of impacts in relation to a range of policy objectives, including poverty alleviation, job creation and the enhancement of national economic growth as part of post-apartheid reconstruction. Key findings relate, inter alia, to the weak state of official data for undertaking impact evaluation; the fact that the SMME economy exhibits only a weak contribution as regards employment creation because most SMMEs do not grow; and, the fact that existing government SMME programs largely have been biased towards the groups of small and medium-sized enterprises and, to a large extent, have bypassed micro enterprises and the informal economy.

<http://www.informaworld.com/smpp/content~content=a713994081~db=all>

Indian Experience on Promoting Business and Technology Incubation for Improved Competitiveness of Small and Medium-sized Industries through Technological Development. Gupta, Anita; National Workshop on Promoting Business and Technology Incubation for Improved Competitiveness of Small and Medium-sized Industries through Application of Modern and Efficient Technologies at Phnom Penh, Cambodia.

Technology and knowledge are becoming the buzzwords of the new millennium. As the technology is leapfrogging beyond the speed of light, enormous activities are underway in research and development areas

paving ways for new and newer technologies day by day and also resulting into the emergence of new areas of technology. These rapid pace of developments in the field of science and technology are also leading towards a new class of knowledge savvy entrepreneurs and knowledge/technology driven enterprises, which are being recognized as an important factor for the economic development of nations and a source of value-added employment generation. At the same time, the process of globalization, establishment of World Trade Organization, stricter quality and environmental considerations, imposition of trade barriers by developed countries, information technology revolution continues to adversely affect the conventional/traditional competitive advantage of the small and medium industries in the developing countries and threaten their survival in the marketplace.

http://www.unescap.org/tid/publication/indpub2323_part2ivB.pdf

Indonesia - Industrial Technology Development Project. The World Bank – Project Performance Assessment Report, (2005).

Project ratings for the Indonesia Industrial Technology Development Project are as follows: Project outcome is moderately satisfactory; sustainability is unlikely; institutional development is modest; Bank performance is satisfactory; and Borrower performance is satisfactory. Project experience offers the following lessons: 1) Industrial technology development projects aimed at commercializing public research and development (R&D) institutions should be undertaken only in environments where the budgets of these institutions are not restricted by Government regulations. 2) It is a mistake to add support for small and medium enterprises to the mandate of general R&D institutions whose principal clients are larger, more sophisticated enterprises. 3) Matching grant schemes should be designed to maximize returns to public resources invested in them, under the same principle that applies to any public investment. 4) Projects to develop public R&D institutions should pay closer attention to recurrent costs, as the benefits quickly diminish if the Government cannot meet future maintenance and repair costs.

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[wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000160016_20050728113549&searchMenuPK=64187511&theSitePK=523679](http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000160016_20050728113549&searchMenuPK=64187511&theSitePK=523679)

Influence of Outsider-Generated Knowledge Resources on Venture Creation,

The. Chrisman, James J.; Journal of Small Business Management, Volume 37, (1999).

Using data from a national study of the Small Business Development Center program, this study tests two hypotheses derived from resource-based theory about the moderating influence of outsider assistance and geographic location on the relationship between entrepreneurial intentions and venture creation. Our hypotheses suggest that outsider assistance leads to the development of tacit knowledge useful in start-up and that geographic locations differ in critical knowledge resources available to entrepreneurs. Our results indicate that, depending upon how start-up is measured; between 60 and 78 percent of individuals with entrepreneurial intent who received outsider assistance started a business as compared to 48 percent of the general population who indicated intent (Carter, Gartner, and Reynolds 1996). Furthermore, significant regional differences were observed in start-up propensities as measured by Katz and Gartner's (1988) properties of boundary, resources, and exchange. Both findings suggest that resource-based theory can be applied to understanding why firms are started, as well as why firms succeed.

<http://www.questia.com/googleScholar.qst?docId=5001834085>

Information and Communication Technologies and Broad-based Development. Grace J; and Kenny, C; Qiang, CZW; (2004).

Information and Communication Technologies (ICTs) are increasingly seen as integral to the development process. This paper reviews some of the evidence for the link between telecommunications and the Internet and economic growth, the likely impact of the new ICTs on income inequality and anecdotal evidence regarding the role of the Internet in improving government services and governance. It looks at methods to

maximize access to the new ICTs, and improve their development impact both in promoting income generation and the provision of quality services.

Information and Communication Technologies: Growth, Competitiveness and Policy for Developing Nations. Steinmueller, Edward; and Ines Bastos, Maria; (1995).

This paper surveys what can be said in response to three major questions: What are the contributions of ICTs to economic growth, how do ICTs influence competitiveness, and what can public policy do to affect the contribution of ICTs to growth and competitiveness? Current knowledge is limited, precluding definitive conclusions, particularly in relation to the magnitude of effects that ICTs may have over any relatively short time period, but recently available data on international production and apparent consumption of electronics equipment are explored. The conclusion is not optimistic: ICTs do not offer an immediate solution to many of the problems developing countries face. At the same time, however, developing countries cannot afford to ignore the role of ICTs in their plans for industrialization or for improving public infrastructure.

Information, ICTs and Small Enterprise: Findings from Botswana. Duncombe, Richard; and Heeks, Richard; Development Informatics, (1999).

The potential contribution of information and communication technologies (ICTs) to small enterprise development can only be assessed by first understanding current information practices and needs in such enterprises. This paper reports findings from a questionnaire and interview survey of formal sector enterprises in Botswana based on this approach. The survey first mapped current enterprise information systems, finding there was a strong reliance on informal systems. It also mapped current information needs. Such needs must be kept in perspective since they may be less important than (though intertwined with) needs for other resources such as finance, skills and new markets. Where information systems are improved, changes to informal, non-electronic systems must be considered alongside changes to formal, ICT-based systems. Interventions, whether by entrepreneurs or support agencies, must also be differentiated. The paper therefore concludes by offering an information-related categorization of enterprise types with different information systems and different intervention requirements.

<http://unpan1.un.org/intradoc/groups/public/documents/CAFRAD/UNPAN011651.pdf>

Innovation Systems and Technological Specialization in Latin America and the Caribbean. Alcorta, L; and Peres, W.; Research Policy 26: 857-81, (1998).

Although most Latin American and Caribbean countries have greatly increased their exports during the early 1990s, the goal of moving towards higher value added products in their export structure is proving as elusive as during the import substitution industrialization period. This paper brings together ideas about and indicators of the region's capacity to compete in advanced industries or introduce products in the international marketplace, particularly in comparison with the performance of the most developed countries (the Group of Seven), the Asian tigers (Hong Kong, Korea, Singapore and Taiwan), the potential Asian tigers (China, Indonesia, Malaysia and Thailand) and the newly industrialized European countries (Greece, Ireland, Portugal, Spain and Turkey). It presents an index of the technological specialization in the region's exports to the most sophisticated markets (i.e., the OECD countries) and accounts for variations in specialization based on the performance of national systems of innovation attributes such as public policy, technological infrastructure, human capital formation, and the internal articulation of the system, as well as on the dynamics of investment in innovation, including aggregate expenditure on research and development (R & D) and its structure, and investment of human resources and enterprise. The paper addresses policy issues that impact on the region's performance with respect to investment. Specifically, it puts forward ideas regarding ways to tackle problems related to the lack of Schumpeterian entrepreneurs, asymmetrical information and the incentive system in the region's national systems of innovation.

<http://www.intech.unu.edu/publications/discussion-papers/9509.pdf>

Integrating SMEs in Global Value Chains: Towards Partnership for Development.

Kaplinsky, Raphael; and Readman, Jeff; (2001).

This Report is concerned with identifying policies, which can support the effective participation of developing countries in global product markets.

Internet Use (and non-use) Among Urban Microenterprises in the Developing World: An Update from India.

Donner, Jonathan; Association of Internet Researchers (AoIR), (2006).

This paper draws on interviews and observational visits with small businesses in urban India to explore the ways in which the internet is—and is not—used by small and informal businesses in the developing world. These “micro enterprises” with five or fewer employees face significant challenges to survival and growth. Among development practitioners and government policymakers, there is a great deal of enthusiasm surrounding the potential of Information and Communication Technologies (ICTs) to increase the productivity and vitality of the micro enterprise segment. Yet many questions persist about precisely how and to what extent this group of firms could effectively use ICTs, particularly the internet. The paper considers internet use against a broad context of other communication and information behaviors, including face-to-face interpersonal communication, traditional mass media use, and new mediated communication options, particularly mobile telephony. It argues that ‘convergence’ between the mobile telephone and the internet might be particularly relevant for this segment, many of whom have business needs that are better served by mobile phones rather than the PC-based internet.

Is Economic Growth in India Leaving Some States Behind?

Purfield, C.; IMF Working Papers, WP/06/103, April, Washington DC, (2006).

This paper examines how growth has varied across India’s states. It finds that (i) the income gap between rich and poor states has widened; (ii) rich and faster-growing states have been more effective in reducing poverty; (iii) poor and slower-growing states have had little success in generating private sector jobs; (iv) labor and capital flows do little to close income gaps; and (v) the volatility in economic growth is greatest in poor states. Differences in states’ policies affect the cross-state pattern of growth. Greater private sector investment, smaller governments, and better institutions are found to have a positive impact on growth.

<http://www.imf.org/external/pubs/ft/wp/2006/wp06103.pdf>

Is Youth Entrepreneurship a Necessity or an Opportunity? A First Exploration of Household and New Enterprise Surveys in Latin America.

Llisterri, Juan José; Kantis, Hugo; Angelelli, Pablo; and Tejerina, Luis; (2006).

This paper highlights the importance of youth entrepreneurship in Latin America and the Caribbean, as well as the challenges and opportunities faced by young entrepreneurs. The authors analyze the differences between youth who become entrepreneurs by necessity or by opportunity and also review the scope and quality of policies and programs that governments, development agencies and civil society are implementing to support the groups of young entrepreneurs.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=754780>

Job Creation Process in a Transition Economy.

Drnovsek M; Small Business Economics, Volume 23, Issue 3, 179-188, (2004-10).

In many European countries, SME policy is close to being a synonym for job creation. Most empirical research on the job-generation potential of small firms over the last decade has been done in the stable and favorable economic conditions of market economies. The paper investigates the role of small firms in more difficult circumstances. On an empirical data set for Slovenia, the paper tries to show that small firms have been the most important employer during the transition period, a finding that very likely can be extrapolated for other European transition economies. Over the last decade Slovenia has transformed from a labor-managed economic system to a market-oriented economy. If we compare the firm-size structure in a socialist-

like economy to the firm-size structure in a mature market economy close to equilibrium, we notice a typical absence of small- and medium-sized firms, with the exception of craft shops. That was how Slovenia appeared in the early nineties. Characterized by the removal of administrative barriers, transition encouraged a spontaneous entrepreneurial wave through an expanding small business sector. The ensuing changes in employment distribution changed the firm-size structure.

Kosovo, Serbia and Montenegro - Private Sector Development Technical Assistance Grant.

The Private Sector Development Technical Assistance Grant for Kosovo, Serbia and Montenegro Project had the following ratings: the outcome was satisfactory, the sustainability was likely, the institutional development impact was high, and the Bank and borrower performance were both satisfactory. The lessons learned indicate that Government's strong commitment to the reforms supported by a technical assistance project is a decisive factor in its success. Technical assistance operations are likely to be more successful if clearly linked to adjustment operations. Project implementation and outcomes benefit from a simple project design and a limited number of components. The implementation of a project involving different counterparts increases supervision and coordination efforts. Institutional capacity building programs carried out by developing and/or strengthening local skills result in increased ownership and sustainability of the project outcomes. Close donor coordination and good policy dialogue with the authorities help newly established institutions build their market reputation as independent and professional entities. The efficient and effective use of the project funding requires trainees' strong participation in and ownership of training programs. Effectiveness of training programs can be fully assessed only sometime after their completion. In Kosovo as well as in other transitional realities, the hierarchical structure of the society and its systems (e.g., judiciary system, education system) is particularly strong and rigid, and relatively hermetic. Locally-based World Bank support plays a crucial role in ensuring good project design, effective supervision, and good policy dialogue with relevant stakeholders, including donors.

Latin America Industrial Competitiveness and the Challenge of Globalization.

Lall, Sanjaya; Albaladejo, Manuel; and Moreira, Mauricio Mesquita; (2004).

Manufacturing in Latin America and the Caribbean region (LAC) faces severe competitive stresses as it integrates into the global economy. It is not, on the whole, coping well. Though it was the first region in the developing world - in the post-war era - to liberalize on international trade and investment flows and had the most advanced industrial base, it failed to tap fully the opportunities offered. As a result, it has steadily fallen behind the most competitive economies in the developing world, the Tigers of East Asia. What is behind LAC's under-performance? The dominant view in the region puts emphasis on the legacy of import substitution, macroeconomic mismanagement and on a costly business environment. Although important, these factors do not seem to tell the whole story. The heavy emphasis on government failures has led policymakers to overlook key market failures that stand on the way to sustained productivity growth, increasing technological capability and greater competitiveness. This paper can be seen as a first step to redress the balance of the policy debate and focus on benchmarking competitive performance and capabilities in the 1990s in LAC and East Asia, letting the comparisons speak for themselves. While it is known in the region that its recent industrial record has been poor, the dimensions are not well analyzed or understood. This benchmarking exercise, using a simple framework to measure performance and capabilities, should prove instructive to policy analysis.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=424043>

Linkage Formation by Small Firms: The Case of a Rural Cluster in Indonesia.

Sato, Yuri; Bulletin of Indonesian Economic Studies, Volume 36, Issue 1, 137-166, (2000-04).

This paper analyses forward linkages formed by small firms in Ceper, a rural metal-casting cluster in Central Java, and examines the effects of these linkages in promoting the firms' development. Firms in the cluster

have developed subcontracting linkages with assemblers in the urban modern sector, and putting-out linkages with wholesalers located in the cities. The linkages provide benefits beyond product sales: some firms are stimulated to improve technological capabilities through subcontracting linkages with assemblers; others are supported by trade credits embedded in linkages with wholesalers. In comparing these effects with external assistance, the firms rate technological help from private institutions with a business orientation more highly than that from assemblers, and support their wholesalers more highly than any other source of financial assistance. Government assistance receives a relatively low rating. There is little evidence of effects of clustering, partly because firms consider linkages with the outer economy more strategic.

Linking Entrepreneurship to Growth. Audretsch, D; and Thurik, R.; Cited in Entrepreneurship, Growth and Policy. Paris: OECD, (2001).

This paper provides a link between the degree of entrepreneurial activity in a country and the growth performance. While a recent wave of empirical evidence suggests that the extent to which countries have shifted towards an increased role of entrepreneurship varies considerably across countries, virtually nothing is known about the consequences of lagging behind in this process. Do countries that have shifted towards a greater role for entrepreneurship enjoy greater growth? This question is crucial to policy makers, because if the opportunity cost, measured in terms of forgone growth, of a slow adjustment towards a greater role for entrepreneurship is relatively low, the consequences of not engaging in a rapid adjustment process are relatively trivial. However, if the opportunity cost is high, the consequences are more alarming.

Local Economic Development in Low and Middle Income Countries. New Generations of Actors, Policies and Instruments. Helmsing, A.H.J.; Paper presented at the Conference on Decentralisation and Local Governance, organized by UNCDF, Cape Town, South Africa, 26-30 March, (2001).

Market Development Approach to SMME Development: Implications for Local Government in South Africa, The. Rogerson, Christian M; Urban Forum, Volume 17, Issue 1, 54(25), (2006-03).

The article reports studies the market development approach to small, medium and micro enterprises development and its implications for local government in South Africa. The market development approach suggests that business development services are most effectively delivered to small enterprises by other small enterprises and should be on a commercial basis rather than subsidized through a variety of means, including vouchers.

Market Justification for Policy on Small Enterprise Development. Sanal Kumar Velayudhan; Small Business Economics, Volume 22, Issue 2, 111, (2004).

The process of liberalization in developing economies and the increasing competition faced by Small Enterprises raise crucial policy issues on small enterprise development. The policy maker in developing economies like India are faced with the option of supporting small enterprises through steps like reserving certain industries or by developing their ability to compete in niche markets. Enterprise level decisions are also critical for survival of these organizations. Selecting from these options require an understanding of the advantages that small enterprises have over the large enterprises. The advantage of flexibility and responsiveness to consumer needs of small enterprise is expected to result in customer satisfaction in a market with differing consumer needs. The hypothesis relates customer satisfaction to market share in a heterogeneous market. A field study is carried out among consumers of packaged butter in a state in India. The results do not indicate customer satisfaction with lower market share in a heterogeneous market.

Market-Oriented Strategy for Small and Medium Scale Enterprises. Hallberg, K.; World Bank; International Finance Corporation, (2000).

This paper investigates the economic rationale for intervention in support of small- and medium-scale enterprises, on both theoretical and empirical grounds. It argues that the justification for SME interventions lies in market and institutional failures that bias the size distribution of firms, rather than on any inherent economic benefits provided by small firms.

Measuring the Employment Impacts of a Regional Small Business Assistance

Program. Felsenstein, Daniel; Fleischer Aliza; Public Administration Quarterly, Volume 23, Issue 3, 313(28), (1999-10)

Evaluates the impact of a regional small business assistance program on employment generation in Israel. Application of program-generated employment impacts; Discrepancy between gross and net employment impacts; Methods for evaluating employment impacts of public policy; Use of subsidy-per-job figure in measuring the efficacy of funds in creating jobs.

Mexico - Southeast Regional Development Learning and Innovation Project.

The World Bank – Implementation Completion and Results Report, (2005).

Overall, ratings convey a satisfactory project outcome, likely sustainability, and substantial institutional development impacts, accompanied by satisfactory performances by the Bank and Borrower. Lessons learned focus on a) loan conditions and selection of a Bank product, b) microfinance activities, and, c) info-center components. The selected loan instrument - Learning and Innovation (LIL) - in particular, requires a flexible project design, especially so given the Bank's standard amendment process, which can be time-consuming and unresponsive to client needs and timeframes; rather, a streamlined amendment mechanism would be helpful in increasing the effectiveness of LILs. Moreover, since technical assistance (TA) plays such an important role in LILs, the Bank supervision team should be prepared to provide expert advice and experience. However, other forms of Bank assistance might have been more effective, such as a fee-based contract for TA. Since Nacional Financiera (NAFIN) had sufficient funding for micro-finances, a TA relationship could have provided the missing elements of state-of-the-art technical tools, systems, indicators and cases, based on international best practice. Lessons for microfinance operations stipulate that limiting the institutional format of the microfinance service provider in the legal agreement was not useful, and set the stage for amendments. Twinning and franchising approaches may prove to be an efficient means of providing a significant scale of microfinance services. Turnkey projects would be another option. It is further outlined that TA and local circumstances can help guide a subsidized, state credit program into a viable autonomous microfinance institution-but this evolution takes time and a commitment, that goes beyond short-term expediency. Finally, it is noted that sector-specific info-centers and portals are more likely to succeed than those with a more general private sector clientele. The government can play a catalytic role in info-center development, given successful info-centers or cybercafés require an alignment of the interests and capacity of suppliers, producers, and distributors. This is difficult to achieve through market mechanisms only. Thus, an initial investment by the government can build private sector faith in the system, and help overcome initial technological, financial and organizational barriers.

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wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000012009_20050330084944&searchMenuPK=64187511&theSitePK=523679

Microeconomics of Creating Productive Jobs: A Synthesis of Firm-Level Studies in Transition Economies, The.

Brown, J; David, Earle; and John S.; The World Bank – Policy Research Working Paper Series, (2006).

The challenge for labor market policy in the transition economies has been to redress the sharp drops in employment and rises in unemployment in a way that fosters the creation of productive jobs. The authors first document the magnitude and productivity of job and worker reallocation. Then they investigate the effects of privatization, product and labor market liberalization, and obstacles to growth in the new private sector on reallocation and its productivity in Hungary, Romania, Russia, and Ukraine. The authors find that

market reform has resulted in a large increase in the pace of job reallocation, particularly that occurring between sectors and through firm turnover. Unlike under central planning, the job reallocation during the transition has contributed significantly to aggregate productivity growth. Privatization has not only stimulated intrasectoral job reallocation, but the reallocation is more productive than that among remaining state firms. The effect of privatization on firm productivity varies considerably across countries and is not always positive. The productivity gains from privatization have generally not come at the expense of workers but are rather associated with increased wages and employment.

http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2006/04/14/000016406_20060414124201/Rendered/PDF/wps3886.pdf

Modeling Small Business Growth and Profitability. Roper, Stephen; Small Business Economics, Volume 13, Issue 3, 235, (1999).

A simple structural model relating small business performance to firms' market position and the characteristics of their owner-managers is developed. Attention focuses on two questions: What determines firms' choice of business strategy? How does strategy choice change subsequent business performance? Taking into account both relationships, the links are examined between the performance of a large group of Irish small businesses over the 1993-1994 period and their market and owner-managers' characteristics in 1991. The analysis suggests three main empirical results. First, firms' turnover growth and return on assets are only weakly related in the short-term. A number of characteristics of firms' market position and their owner-managers are found to have the opposite effects on profitability and growth rates. Secondly, the data provides no evidence of the persistence of turnover growth rates above or below the average. Above average profit rates were also found to persist only in the very short term. Thirdly, small firm with turnover growth being particularly strategy dependent. This highlights the importance for small firms of making the correct strategy choices, a point emphasized by the negative profitability and growth effects of some strategy choices.

Moldova - Second Private Sector Development Project. The World Bank – Implementation Completion and Results Report, (2005).

The project outcome is satisfactory, sustainability is likely, and institutional development impacts are substantial. Lessons of broad applicability to Bank-financed projects suggest that in countries with limited natural resources, but with a highly literate population, making the development of human resources and the development of new technologies a priority, can deliver dramatic results: improved management skills, combined with new technologies can enable companies avoid bankruptcy, can improve market focus, collaborate effectively with foreign partners, and, improve quality standards for exports. Nonetheless, it is important to tailor management training programs to company size and category of management. Lessons of specific applicability to private sector development in Moldova suggest that participating companies have shown they are willing to pay for training, and there appears to be substantial potential for training on a commercial basis. In addition, there is likely to be a sizeable market for quality management certifications, particularly for enterprises targeting export markets. Thus, management training programs can be a viable means for Moldova to regain access to foreign markets, find more reliable suppliers, and forge joint venture partnerships.

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Networks and Small Business Growth: An Explanatory Model. Donckels, Rik; and Lambrecht, Johan; Small Business Economics, Volume 7, Issue 4; 273(17), (1995).

To date, there has been limited empirical research related to network theory. An attempt is made to fill this gap by testing an explanatory model of the impact of networks on small business growth. To analyze this

causal relationship, the log-linear technique was used. The results suggest that networks have an influence on the growth of a small business, especially through contacts with national and international entrepreneurs.

Networks, Resources, and Small Business Growth: The Experience in Sri

Lanka. Premaratne, S. P; Journal of Small Business Management, Volume 39, Issue 4, 363(9), (2001-10). Discusses the positive relationship between the entrepreneurial networks of small enterprises in Sri Lanka and the small enterprises receiving gratis services. Expectation that enterprises with more network relations receive more supporting resources from outside actors; Social, supporting and inter-firm actors in entrepreneurial networks.

'New Generation of African Entrepreneurs': Networking to Change the Climate for Business and Private Sector-Led Development, The. McDade BE; and Spring A;

Entrepreneurship and Regional Development, 17 (1), 17-42, (2005).

This paper discusses the entrepreneurial landscape in Africa and locates a new generation of African entrepreneurs and their business networks within it. Unlike others in that landscape (i.e. micro- or small-scale informal sector vendors, and traditional or multinational large-scale formal sector firms), the 'new generation' entrepreneurs are business globalists who organized a system of business enterprise networks consisting of national, regional, and pan-African organizations. The study analyses interview data from 57 men and women network members from 10 Countries (Botswana, Ethiopia, Ghana, Kenya, Mali, Senegal, South Africa, Uganda, Zambia, and Zimbabwe). Some defining characteristics of these entrepreneurs are interactive social and business relationships, use of modern management methods and information technology, trust among fellow members, transparent business practices, advocacy on behalf of the private sector, and commitment to increasing intra-African commerce. Their mission is to improve the climate for private sector business in Africa and to promote regional economic integration. They Pursue cross-national commercial ventures, maintain official observer status at established regional economic organizations, sign memoranda of understanding with multilateral agencies, establish venture capital funds, and help to change government policies. The paper identifies characteristics of the 'new generation' entrepreneurs, evaluates goals and achievements of their networks, and concludes that despite limitations, these entrepreneurs and their organizations have created intra- and cross-national networks that strengthen private-sector-led economic growth in Africa.

'New Minimalist Approach' to Private-Sector Development: A Critical Assessment, The. Altenburg T; and von Drachenfels C; Development Policy Review, 24 (4): 387-411,

(2006).

Recent literature on private-sector development emphasizes the need to establish a 'level playing field' and tends to disregard selective supportive interventions. The most commonly highlighted elements are administrative simplification and effective property rights policies, with business services largely left to private providers - what we call the 'new minimalist approach' (NMA). However, the NMA is based on certain unrealistic assumptions and is barely backed by empirical evidence. A range of complementary public policies is needed to create competitive sectors and overcome internal constraints, especially in small-scale economies.

Nurturing Entrepreneurial Growth in State Economies. Rubel, J; and Paladino, M; NGA USA, (2000).

This report considers how states can develop policies and programs to nurture entrepreneurship. Recommendations are offered based on a National Governors' Association survey, which is summarized in "State Entrepreneurship Policies and Programs" by Jay Kayne, Kauffman Foundation, 1999. The recommended strategies include: improving access to capital, providing technical assistance, streamlining securities regulation, improving state regulatory and licensing environments, implementing regulatory reform, building intellectual capacity at state universities, creating industry clusters, improving state tax environments,

improving entrepreneurship education, reaching out to entrepreneurs, and recognizing entrepreneurial achievement. Throughout, various state programs that exemplify these strategies are described.

<http://www.nga.org/Files/pdf/ENTREPRENEUR.PDF>

Online Business Development Services for Entrepreneurs: An Exploratory

Study. Evans, Daniel; and Volery, Thierry; *Entrepreneurship & Regional Development*, Volume 13, Issue 4, 333(18), (2001-12).

This paper addresses the use of the Internet to provide business development services such as training, consulting, counseling and networking. Using a Delphi study of experts from around the world, the possible uses of the Internet as well as criteria for successful implementation are presented. Three critical success factors for providing online services are identified. First, an effective use of online resources requires that the inherent strengths of the Internet be exploited. Using online tools when they are perceived to be a 'second-best' mode of communication is inefficient and can be counterproductive. Second, personal contact is still very important and can complement online services. Third, successful online services require an effective Internet site and program management. The study also shows that the specific nature of entrepreneurship and entrepreneurs must be carefully considered when developing online services. The entrepreneur is more concerned about his/her problems and is less concerned with the problems of others. However, he or she is willing to participate in a small learning network if the benefits go beyond that of just learning together. Similarly, online training for entrepreneurs should be complemented by a face-to-face component. An efficient/effective pure online training program for entrepreneurs would be very difficult if not impossible to develop and implement.

Organizing for Enterprise in China: What Can we Learn from the Chinese

Micro, Small, and Medium Enterprise Development Experience. Gibb A; and Li J; *Futures*, Volume 35, Issue 4, 403-421, (2003-05).

China is a social market economy that has grown quickly, if unevenly, over the past decade. This growth has largely come about from small enterprise, in particular Township and Village Enterprises, which are micro, small-, and medium-sized enterprises (MSME), owned by local communities and partly controlled by local government. The conditions for this economic growth are quite different from the normative western model of economic development, notably the absence of private ownership or property rights. Decentralized marketization, i.e., the local freedom to establish prices and use resources, and a strong culture of Guanxi, intricate networks of mutual obligations, and cultural norms closely associated with entrepreneurship are key features that allow ambiguous local power holders to harness enterprise to fit with local conditions. A number of propositions are constructed from the evidence, from which those concerned with economic development in both developed and developing economies might learn. These propositions are concerned with local empowerment, entrepreneurial behavior of all public and private stakeholders, freedom from formal regulatory frameworks, conditions of ambiguity, bottom-up and grounded development, low significance of privatization and intellectual property and therefore the challenge to western benchmark criteria in development programs. In a future where ideas and concepts can be spread rapidly, a deeper understanding and application of the diverse bases of small-business development can improve global economic development.

Outsider Assistance as a Knowledge Resource for New Venture Survival.

Chrisman, James J; and McMullan, W. Ed; *Journal of Small Business Management*, Volume 42, Issue 3, 229-244, (2004).

An emerging theory of outsider assistance as a knowledge resource suggests that new ventures obtain a unique blend of tacit and explicit knowledge through the judicious use of outside assistance. Using data from a longitudinal study of one outsider assistance program at a point in time four to eight years beyond the provision of startup counseling assistance, we present evidence supporting the theory. Results suggest that the ventures studied enjoyed survival rates in excess of those in the general population. More importantly, logistic

regression analysis indicates a positive, curvilinear relationship between survival and the time spent in venture preparation under the direction of an outside counselor, a proxy measure of new knowledge acquired. We conclude with a discussion of the directions future research should take to test more fully the relationships implied by the theory.

Perceptions of SME Growth Constraints in Nigeria. (Global Perspective). (Small and Medium-sized Enterprises). Mambula, Charles; Journal of Small Business Management, Volume 40, Issue 1, 58(8), (2002).

This study investigates the factors that influence the growth, performance, and development of small and medium-sized enterprises (SMEs) in Nigeria and what implications these factors have for policy. The study is justified for a number of reasons. Most importantly, since its independence, the Nigerian government has been spending an immense amount of money obtained from external funding institutions for entrepreneurial and small business development programs, which have generally yielded poor results (Mambula 1997). Given the large domestic market and plethora of raw materials in Nigeria, there is little progress in terms of manufacturing value-added products, either for import substitution, exports, or employment creation. It therefore becomes pertinent to identify the factors that impede small business development in Nigeria. For this study, 32 small business entrepreneurs were interviewed across the country. In addition, other sources were interviewed to check and confirm the validity of the entrepreneurs' responses.

Peru - Agricultural Research and Extension Project. The World Bank – Implementation Completion and Results Report, (2005).

Project ratings are as follows: Project outcome is satisfactory; sustainability is highly likely; institutional development impact is modest; and both Bank and Borrower performances are satisfactory. Among the lessons cited were the following: 1) The APL because of its long-term nature is useful to carry out sustained policy dialogue, since many of the institutional reforms proposed in a project such as this require a strong political commitment on the part of Government, and the reform of public sector institutions are difficult to achieve from within. 2) A competitive grant system is feasible within the Peru and has been advantageous from several viewpoints: It is a useful stimulus to the development of a decentralized, private-sector led agricultural innovation system and provides a means for leveraging additional resources. The emphasis on a detailed business plan is valuable in ensuring a market orientation to proposals. A two-phase selection process with initial review of project profiles followed by detailed preparation of proposals for those selected is effective, particularly in light of considerable technical assistance required for the preparation of detailed project proposals. 3) Because of the weakness of many institutions in the sector, considerable preparatory work -information, training is required which has associated costs both in financial terms and with respect to the time required to successfully launch the decentralized, private sector-led agricultural technology innovation system. This requires a larger allocation of resources than was first envisaged. 4) A Management Information System (MIS) should be established in the very early stages of the project, and attention needs to be given to making available the knowledge gained from the subprojects particularly with respect to enabling its use in further development of the agricultural technology innovation system. 5) While independence from the mainstream Ministry of Agriculture enables a PIU to effectively manage project operations it is likely to limit its input to national strategy formulation.

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Planning For Entrepreneurial Innovation: Field Studies in Poland and Ukraine and Lessons Learned. Abetti, Pier A.; Creativity and Innovation Management, Volume 4, Issue 1, 45-51, (1995).

Former Socialist Central and Eastern European Countries are working to achieve economic self-sufficiency. The creation of high-value-added jobs to retain their skilled workpeople and the achievement of international

economic competitiveness are major challenges they face. In this article the author proposes the strategy of regional economic development through entrepreneurial innovation, with emphasis on technological companies. The viability of this approach, and the lessons learned from it, are assessed using case study material from Poland and Ukraine.

Planning for Entrepreneurial Innovation: Field Studies in USA, France, Mexico, and Lessons Learned. Abetti, Pier A.; *Creativity and Innovation Management*, Volume 2, Issue 2, 127-133, (1993).

Technological innovation and entrepreneurship can promote regional economic development through the creation of new business ventures. The main critical factor of success is the presence of an infrastructure for entrepreneurial innovation, including New Business Incubators and Technology Parks. The paper discusses the basic elements of the infrastructure and how they can be planned and implemented. An illustrative example is the case history of work done in Cuernavaca, Mexico. The lessons learned from this project and similar projects in the USA and France are summarized and emphasis is given to the key role of an executive champion.

Primary Benefits, Secondary Benefits, and the Evaluation of Small Business

Assistance Programs. Wood, William C.; *Journal of Small Business Management*, Volume 32, Issue 3, 65(11), (1994-07).

The article evaluates the effectiveness of small business assistance programs. The measures used to evaluate are the client satisfaction, efficiency, academic reactions to college-based programs and economic impact. These evaluations evolved independently on a maturing literature in the specialized field of cost-benefit analysis. The researcher that discussed the primary benefits on the application of the small business programs are the net benefits of the assistance program itself to clients and gains in employment or revenue to clients. According to the researcher the issues related to program evaluations of small business assistance has been resolved in the cost-benefit analysis.

Private Sector in Development: Entrepreneurship, Regulation, and

Competitive Disciplines, The. Kleim, Michael U; and Hadjimichael, Bitá; Washington, D.C. World Bank Publications, (2003).

Over the years, the term private sector development has been misunderstood and misconstrued-variously vilified and sanctified. During the decade of the 1990s, the role of the private sector in economic development received increasing attention, with controversy surrounding such issues as privatization and corporate scandals. The *Private Sector in Development: Entrepreneurship, Regulation, and Competitive Disciplines* provides the first comprehensive treatment of the topic. Central to the discussion is the design of public policy that promotes an appropriate balance between competition and regulation. This book places special emphasis on the means by which private initiative is channeled into socially useful directions, particularly job creation and basic service delivery for good people. Finally, there is discussion of the implications of private sector involvement for policies of development institutions. Written principally for policy makers and their advisers, *The Private Sector in Development* thoroughly explores the challenges inherent in creating public policy that encourages and enhances the development role of the private sector.

Private Sector Development in the People's Republic of China. Kanamori, Toshiki; and Zhao, Zhijun; (2004).

In this paper, a simplified mathematical model based on the behavioral pattern of firms in the PRC is used to discuss the impact of marketization and privatization on private sector development. The model demonstrates that private enterprises, SOEs, and other entities undergoing reform in the PRC are entities with multiple objectives. This pattern of behavior leads to firms that tend to use more capital and labor to

produce more output compared with pure profit-maximizing firms, but which earn fewer profits or even register losses.

The impacts of firms' non-profit objectives and the "costs of entry" on the size and number of firms are also discussed. The problem of matching between managerial ability and firm size is introduced to explain why gradual reform in PRC has succeeded, whereas the "Big Bang" in Russia failed.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=780809>

Private Sector Development Strategy. Inter-Agency Development Bank, Inter-American Investment Corporation, Multilateral Investment Fund, (2004).

<http://www.iadb.org/sds/doc/PSDstrategyPSCC4edited.pdf>

Profiling Managers to Improve Export Promotion Targeting. Gray, BJ; Journal of International Business Studies, Volume 28, Issue 2, 387-420, (1997).

One of the major criticisms of government export promotion schemes in many countries is that they tend to be poorly targeted, Awareness levels about export schemes among managers of companies at exporting or pre-exporting stages of internationalization are often quite low, and the perceived usefulness of schemes may decline as companies internationalize and their needs become more specific, One solution may be to develop a better understanding of the needs of managers who make export market development decisions, and to target segments of managers (rather than companies) who share similar strengths and weaknesses, This study attempts to address these concerns by devising a typology of senior international marketing managers, The most senior marketing decision makers in a broad, multi-industry sample of New Zealand exporting firms were surveyed, The results of the cluster analysis suggest that groups of managers who share similar characteristics can be identified and profiled, based on shared international business attitudes and similar levels of knowledge and skills, This appears to be a useful method for segmenting international marketing managers to determine what sort of educational and export assistance particular groups may require.

Promoting Enterprise through Networked Regional Development. Pyke, Frank; (2001).

In today's conditions, it seems that the key to competitive success lies in the capacities of whole networks rather than in those of individual companies. The fact that the value of networking is now widely recognized is evident from the proliferation of new types of relationship between individual firms, and between firms and supporting institutions, now being forged in countries all over the world. In recent years there has been a significant growth of interest in these networks, partly because of the extensive reorganization occurring in global supply chains. The implication for policy-makers of this changing environment is that there needs to be special emphasis on action at regional and local levels, and that the focus should be on developing the effectiveness of entire production and institutional systems, rather than simply on individual companies.

Promoting Innovation and Entrepreneurship in Africa. Africa Regional workshop: infoDev incubator initiative, (2006)

The regional workshop, organized by infoDev and Busy Internet, brought together business incubators, tenant companies, financial institutions, policymakers, donor agencies and others working on small and medium-sized enterprise (SME) development and business promotion in Africa. The 79 participants from 14 countries explored key challenges to business innovation and SME development in Africa and the potential of business incubation as a tool to address these challenges. Participants shared strategies and experiences and identified opportunities for future joint action, laying the groundwork for the establishment of the African Innovation and Entrepreneurship Network, as an ongoing forum for discussion and support for ICT-enabled incubation and new business creation in Africa. Compared to other regions in the world, incubation is in its infancy on the African continent and opportunities for networking, with a focus on innovation and entrepreneurship, are not as developed as in regions with a longer history of incubation, for instance Asia, Eastern Europe and Central Asia and Latin America. Participants worked together at sub-regional levels (East, West and South African groupings) identifying challenges and developing practical

strategies and priorities, which came together and were endorsed on the final day as a draft action plan for the African Innovation and Entrepreneurship Network
<http://www.infodev.org/en/Publication.184.html>

Relating External Support, Business Growth & Creating Strategies for Survival: A Comparative Case Study Analyses of Small Manufacturing Firms (SMFs) and Entrepreneurs. Mambula, CJ; Small Business Economics, Volume 22, Issue 2, 83-109, (2004-03).

Using a comparative case study approach, this paper presents three of thirty-two findings on Small Plastic Manufacturing Firms' (SPMFs) and Entrepreneurs in Nigeria. The selected firms represent performance differences between firms that have received external support and those that did not. Due to lack of support, some entrepreneurs had to independently sustain themselves through their creative abilities. Findings from the study revealed that Small Plastic Manufacturing Entrepreneurs in Nigeria are constrained by certain external and internal factors. Ironically, these constraints seem to have challenged some entrepreneurs to invent original strategies on their own, to cope, survive and to remain in business. Lack of financial capital, especially foreign exchange needed to import vital operating inputs from abroad has been the most serious constraint. Other serious external constraints identified are inadequate infrastructure facilities, competition from large firms, unfavorable government policies, dearth of machines and spare parts and paucity of raw materials. Internal obstacles like incompetent planning, poor organizational skills and limited knowledge among others were common obstacles faced by the entrepreneurs. In addition, another discovery is that funding assistance to entrepreneurs by relevant institutions concerned is not free from bias on the basis, of favoritism. It is therefore recommended that funding institutions should give due consideration and encouragement to promising talents. Two have especially been identified from the study as typical examples of potential avant-garde entrepreneurs and such should not be neglected or wasted. Guidance for further progress through training is another helpful approach to take and give succor to such admirable talents. Entrepreneurs, who qualify for grants from institutions, should completely be decided on compliance to standard selection procedures, rules and evidence of superior entrepreneurial qualities. In addition, those who qualify for support should be determined only after feasible business plans have been presented.

Relationship Between Insurance and Entrepreneurship in Brazil Concepts and Basic Data, The. Medici, Andre C.; and Pietro Masci; Weaver, Bernardo; SCL/SPH Working Paper No. 1, (2007).

This document presents data related to insurance and entrepreneurship in the states of Brazil over a period of 10 years. The data is accompanied by brief discussions of terms' definitions. They range from the definition of Startup and Small and Medium-Sized Enterprises (SMEs), to the classification of insurance contracts by types of risks. <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1100086>

Relating External Support, Business Growth & Creating Strategies for Survival: A Comparative Case Study Analyses of Small Manufacturing Firms (SMFs) and Entrepreneurs. Mambula, Charles Jabani; Small Business Economics 22: 83-109, (2004).

Using a comparative case study approach, this paper presents three of thirty-two findings on Small Plastic Manufacturing Firms' (SPMFs) and Entrepreneurs in Nigeria. The selected firms represent performance differences between firms that have received external support and those that did not. Due to lack of support, some entrepreneurs had to independently sustain themselves through their creative abilities. Findings from the study revealed that Small Plastic Manufacturing Entrepreneurs in Nigeria are constrained by certain external and internal factors. Ironically, these constraints seem to have challenged some entrepreneurs to invent original strategies on their own, to cope, survive and to remain in business. Lack of financial capital, especially foreign exchange needed to import vital operating inputs from abroad has been the most serious constraint. Other serious external constraints identified are inadequate infrastructure facilities, competition from large firms, unfavorable government policies, dearth of machines and spare parts and paucity of raw materials. Internal obstacles like incompetent planning, poor organizational skills and limited knowledge

among others were common obstacles faced by the entrepreneurs. In addition, another discovery is that funding assistance to entrepreneurs by relevant institutions concerned is not free from bias on the basis, of favoritism. It is therefore recommended that funding institutions should give due consideration and encouragement to promising talents. Two have especially been identified from the study as typical examples of potential avant-garde entrepreneurs and such should not be neglected or wasted. Guidance for further progress through training is another helpful approach to take and give succor to such admirable talents. Entrepreneurs, who qualify for grants from institutions, should completely be decided on compliance to standard selection procedures, rules and evidence of superior entrepreneurial qualities. In addition, those who qualify for support should be determined only after feasible business plans have been presented.

Research issues relating to structure, competition, and performance of small technology-based firms.

Small Business Economics, 16, 1, 37-51, (2001).

The role that small firms play in industrial organization has evolved considerably since the second world war. This paper seeks to document how and why small business plays a very different role in industrial organization research today than it did some three decades ago.

Role of Higher Education Institutions for Entrepreneurship Stimulation in Regional Innovation Systems - Evidence from the Network-Oriented EXIST,

The. Koschatzky, K; Working Paper, No. R3/2001, Fraunhofer Institute for Systems and Innovation Research, (2001).

Explores the role of higher education institutions in regional innovation systems, the roles of networks and spatial proximity, and public policies to support network formation. Drawing from characteristics of the five EXIST regions, discusses aspects of network building and obstacles to networking. Finds that is difficult to create a link between network characteristics and target achievements of the networks, measured in number of firms established. Identifies characteristics of the regional networks that may contribute to the potential for business founding: the networks are linked with university units; they benefit from participation with higher education; they are based on competition within the network; cooperation is viewed as positive, and a regional environment stimulates entrepreneurship. The EXIST program positively influences regional network formation and the integration of universities in the regional innovation system. (INM)

<http://www.isi.fhg.de/publ/downloads/isi01a04/education.pdf>

Role of Human and Financial Capital in the Profitability and Growth of Women-Owned Small Firms, The.

Coleman, Susan; Journal of Small Business Management; Volume 45, Issue 3, 303(17), (2007-07).

This paper examines the relationship between human and financial capital and firm performance for women- and men-owned small firms in the service and retail sectors. Results indicate that human capital variables, including education and experience, had a positive impact on the profitability of women-owned firms, whereas measures of financial capital had a greater impact of the profitability of men-owned firms. The ability to secure financial capital also had a positive impact on the growth rate of men-owned firms, but did not appear to affect the growth rate of women-owned firms. These findings suggest that the growth aspirations for women-owned firms may be driven by factors other than human capital or the ability to secure external capital.

Romania - Private Sector Institution Building Project.

The World Bank – Implementation Completion and Results Report, (2005).

Project ratings are as follows: Project outcome is satisfactory; sustainability is highly likely; institutional development impact is substantial; Bank performance is satisfactory; and Borrower performance is satisfactory. Among the lessons gleaned from this project: 1) Given a sustained high degree of borrower's ownership of, and commitment to, the program, even a very complex and ambitious program can be implemented successfully. 2) A true assessment of the supervision quality of a TA project that supports an

adjustment operation cannot be done as a stand-alone project; the entire program (the TA as well as the adjustment operation) should be assessed as one activity. 3) The Bank and the Borrower worked closely to be flexible on the design and approaches to implement best practice solutions. During the implementation phase, where donor grant funding was available, the Borrower, in consultation with the Bank, opted to use grant financing. The savings that accrued as a result of such donor intervention, was used by the Borrower (in consultation with the Bank) to fund new activities, that further enhanced the reform program. 4) A well-functioning project management unit, staffed with competent and committed people, trained and fairly remunerated is essential for a successful implementation of a multi-component and complex project such as this one. As a result of the efficient implementation arrangements that were in place for the project, the Bank and the Government were able to attract substantial donor financing. 5) The Bank team that prepared this project supervised it through to completion. This continuity also contributed to the success of the project. 6) Complex technical assistance projects tend to disburse slowly. Overall, the project's assumptions were realistic, but the time frame assumed (three years) for the implementation was short. A complex project like this requires a longer period for implementation.

http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000160016_20050630092809&searchMenuPK=64187511&theSitePK=523679

Skills Development in South Africa's Very Small and Micro Enterprise Sector.

Mcgrath, Simon; Martins, Johan; Smith, Jocelyn; Cachalia, Fahmida; and Kane, Kevin; *Journal of Vocational Education & Training*, Volume 57, Issue 4, 499-517, (2005).

This article explores the state of skills development for smaller enterprises in South Africa through a consideration of two recent empirical studies of very small and micro enterprises (VSMEs - those with 2-10 employees). It provides new evidence about the complexity of the VSME sector and the mixed performance of state attempts to engage with it in the area of skills development. The study suggests that there are relatively high levels of informal training occurring in these enterprises and reasonable take up of a number of elements of the 2001-04 National Skills Development Strategy. However, the study shows that there has been negligible involvement with the National Qualifications Framework. It reinforces international arguments that levy-grant systems are, at best, a difficult tool to use, and that their ability to balance the needs of larger and smaller firms is far from proven. The South African experience also raises a question about the appropriateness of a sectoral approach to skills needs, particularly for smaller enterprises.

Small and Medium-Sized Manufacturing Enterprises in Latin America and the Caribbean Under the New Economic Model. Peres, W; and Stumpo, G.; *World Development* 28(9): 1643-55, (2000).

http://ans.hsh.no/Home/mzs/bilder/Articles/SME/Aquacultura/world_development.pdf

Small Business and Job Creation: A Comment. Carree M; and Klomp L; *Small Business Economics*, Volume 8, Issue 4, 317-322, (1996-08).

Davis, Haltiwanger and Schuh (1996) claim to dissect the myth and reassess the facts on the job creation prowess of small businesses. We disagree with the authors. In this comment we discuss their five chief findings and conclusions and in particular, the use of a "regression-to-the-mean" correction.

Small Business Development Center Programme in the USA: A Statistical Analysis of its Impact on Economic Development, The. Chrisman, James J; and

Katrishen, Frances; *Entrepreneurship & Regional Development*, Volume 7, Issue 2, 143-155, (1995).

Results of the first national impact study of the Small Business Development Center program indicate that the sales and employment increases of its clients were significantly greater than what they would have been

had no assistance been received. The proportion of satisfied clients was significantly greater than the proportion that would be expected by chance.

Small Business Growth in the Short Run. Johnson, Peter; Conway, Cheryl; and Kattuman, Paul; *Small Business Economics*, Volume 12, Issue 2, 103-113, (1999).

The determinants of short run employment growth in very small firms in the services sector are examined. The study shows evidence of non linearities in the growth-size relationship, and it is argued that these non linearities reflect the short run constraints that small firms face in adjusting to demand shocks. It is also suggested that there are other systematic influences on growth apart from size. The study draws on survey evidence from the Northern Region of the UK.

Small Business Growth: Intention, Ability, and Opportunity. Morrison, Alison; Breen, John; and Ali, Shameem; *Journal of Small Business Management*; Volume 41, Issue 4, 417(9), (2003-10).

The article reviews the literature associated with small business growth, intentions, abilities and opportunities with a view to identifying a schema or framework that would assist with the identification of pro-growth small businesses. In addition, it reports the findings of a study that researched businesses located in the municipality of Maribyrnong situated in the west of Melbourne City, Victoria in Australia. The key focus of the study was to obtain a more comprehensive understanding of factors and characteristics that contribute to a pro-growth small business orientation. Growth in relation to small businesses represents a complex matter and is multidimensional in scope and character. It embraces a convergence of owner-manager ambitions, intentions and competencies, internal organizational factors and region specific resources. A key distinguishing feature of a pro-growth small business is a balanced alignment of the owner-manager's intention, the abilities of business and the opportunity environment. The intention is formed, drawing from the owner-manager's personal and demographic variables and internal value system. The range of ability and opportunity variables confirms the literature findings.

Small Business, Growth Patterns and Jobs. Asquith, Daniel; and Weston, J Fred; *Business Economics*, Volume 29, Issue 3; 31-35, (1994).

The relative growth patterns of industries are major influences on the rates of job growth. Small business and entrepreneurial firms are likely to continue to be important vehicles for job creation because much growth will continue to take place in industries in which such firms have relative advantages. Important in this growth are the knowledge industries, which will increasingly require necessary support from advances in education. Job patterns during the 1980s, employment in the manufacturing sector, and the economic performance of high-yield and high-tech firms are discussed.

Small Business in Russia: Any Prospects After a Decade? Astrakhan a, I; and Chepurenko, A; *Futures*, Issue 35, 341–359, (2003).

At the start of the 21st century, there were less than 1 million small and medium sized enterprises (SMEs) in Russia. Most of these were in Moscow or St.-Petersburg. Employment in SMEs has fallen in the last 3 years to about seven million people. The proportion of SMEs per thousand of population is well below European levels. Should these downward trends be changed, and if so how? The potential for entrepreneurship amongst the Russian people appears to be no different from other European countries and the strategies adopted in business are equally resourceful. The authors suggest that the political economic environment requires significant change, not so much in the actual regulations as in the balance given to them relative to other stakeholder groups and the will to implement existing policies. The results could make a huge difference, leading to either a continued fall in SMEs and the associated formal economy, or a quadrupling of their contribution to GDP in the next 10 years.

www.elsevier.com/locate/futures

Small Business in Russia - Factors that Slowed its Development: An Analysis.

Kihlgren A; *Communist and Post-Communist Studies*, Volume 36, Issue 2, 193-207, (2003-06).

In Russia the growth of small business has been much slower compared with the leading transition countries (Poland, the Czech Republic and Hungary). In Poland, and to a lesser degree in the Czech Republic and Hungary, this sector has been the engine of the economic recovery. A natural question is why Russia differs. Apart from the fact that in contrast to these countries Russia does not have an entrepreneurial tradition and has experienced communist rule longer what is especially distinctive about Russia has been the strong influence of interest groups during the transition process which favored the allocation of entrepreneurship to largely unproductive activities.

Small Firm Dynamics: Evidence from Africa and Latin America. Liedholm C; Small Business Economics, Volume 18, Issue 1-3, 227-242, (2002-05).

This paper investigates the determinants of survival and growth among small and very small enterprises in Africa and Latin America. Location is found to be an important factor. Firms located in urban and commercial areas are more likely to survive during a given year than those located in rural areas or those being operated out of home. Urban and commercial location is also associated with faster growth, as measured by the number of employees hired in a given year. Studies are also cited to show that human capital matters, especially when it is in the form of vocational training or prior business experience.

Small Firm Dynamism in East Asia: An Introductory Overview. Iqbal, Farrukh; and Urata, Shujiro; Small Business Economics, Volume 18, Issue 1-3, 1, (2002).

Two trends are common to the experience of most East Asian economies with respect to SMEs in the last quarter century. First, SMEs appear to have either held their own or become more important when their role is measured by their share of employment and value added. Secondly, there is some evidence that, within the class of SMEs, the role of very small firms (those with less than 10 workers) has tended to decline.

SME Growth: The Relationship with Business Advice and External Collaboration. Robson PJA; and Bennett RJ; Small Business Economics, Volume 15, Issue 3, 193-208, (2000).

The paper presents multivariate analysis of the relationship of SME growth with the acquisition of external business advice, whilst controlling for the influence of SME characteristics of age, manufacturing/services, high technology, innovator, level of skill of the workforce, exporter and number of competitors. The relationship of external business advice with SME performance is statistically significant for only a small number of sources and fields. Obtaining external advice in fields such as business strategy and staff recruitment is associated with positive firm performance. The main positive relationships of advice and performance are dominated by private sector sources such as lawyers, suppliers, customers and business friends/relatives. Collaborative arrangements with suppliers nationally/internationally have a strong positive relationship with employment and turnover growth; collaboration with local suppliers has a strong positive relationship with growth in profitability. There is little evidence of statistically significant relationships between government-backed providers of business advice such as Business Link and firm performance.

SME Support in Post-Communist Countries: Moving from Individual to Cooperative Approaches (Reflections on the Polish Case). Woodward, Richard; MOCT-MOST: Economic Policy in Transitional Economies, Volume 11, No. 3, 275-294, (2001).

In the most advanced post-Communist countries of Europe, including Poland, the dynamic growth of the small business sector has been the chief factor driving economic growth since 1992, and has been accompanied by a number of public programs supporting Small and Medium-sized Enterprise (SME) development. However, I argue that something crucial is generally missing from these programs; namely, an attempt to go beyond the problems of individual businesses to approaches based on forms of association and cooperation which preserve, and even enhance, the overall competitiveness of the economy. As a result, while the Visegrad countries are doing well on numbers of SMEs, they are lagging behind in the development of those firms. While proponents of such cooperative arrangements in Poland usually meet the argument

that Polish culture does not provide fruitful soil for them, one can point to a handful of experiments in the area of small business finance which prove that this is not necessarily so. This paper presents reflections on the problems and potential of public SME support programs based on case studies of two mutual loan guarantee funds, an enterprise incubator, and various types of business supports centers in one region

Some Additional Comments on the Sources and Measurement of the Benefits of Small Business Assistance Programs.

Chrisman, James J; and McMullan, W. Ed; Journal of Small Business Management 40 (1), 43–50, (2002).

This article continues a longstanding debate between the authors and Dr. William C. Wood on the usefulness of a particular application of cost-benefit analysis to evaluate small business assistance programs. We provide further discussions of the measurement of primary and secondary benefits with specific reference to the illustrative cases Wood presented in his 1999 article. We then review Wood's suggestions for improvements to small business program evaluations and discuss the progress made in recent evaluations of small business assistance programs. Finally, we reiterate the importance of innovation as an additional source of "secondary" benefits to the economy.

Some Problems in Using Subjective Measures of Effectiveness to Evaluate Entrepreneurial Assistance Programs.

McMullan, Ed; Chrisman, James J; and Vesper, Karl; (2001).

Two samples of entrepreneurs and small business owners who received assistance from entrepreneurship training programs were used to Investigate the relationships between (1) subjective measures of client satisfaction, (2) perceptions of performance Improvements attributable to the programs, and (3) objective measures of post-assistance business performance. The results show that subjective measures are not correlated with either attributions of performance or actual performance. Clients' attributions of the portion of performance Improvements attributed to the programs are generally correlated with the objective measurements. An Implication seems to be that program evaluations relying exclusively upon participants' satisfaction or subjective judgments of program effectiveness may lead to erroneous conclusions about a program's impact on venture performance. Conversely, measures of attribution, used in conjunction with objective measures, may be useful to support claims for causal connections between assistance programs and subsequent client performance.

Standardization in the Midst of Innovation: Structural Implications of the Internet for SMEs.

Katz JA; and Safranski S; Futures, Volume 35, Issue 4, 323-340, (2003-05).

The spread of Internet technologies has heralded the emergence of a 'new economy' with the development of the quintessential new economy type of business, the Internet E-commerce firm. Identification of structural changes emerging from the interaction between business and technology in a society illuminates the way that small and medium enterprises (SMEs) are implicated in societal and economic change and helps us to contemplate their future within society. The authors propose a 5-S extension of the McKinsey 7-S framework (shared goals, strategy, skills, staff, systems, style, and structure). The proposed new factors are standards, size, speed, state, and sales. The rationale and operation of each of these five elements is explored with respect to both new economy, Internet firms and traditional, 'bricks-and-mortar' companies. The likely effect that major future contingencies will have on how the 5-S elements are applied is also explored. This 5-S framework and its future contingencies appear to offer a set of descriptions of a likely future for businesses and for economies as a whole. At present the Internet economy remains largely unexplored and unexploited but it does seem clear that the owners of SMEs will play important roles in its continuing growth and value creation.

State, Private Sector Development, and Ghana's "Golden Age of Business" - African Studies Review, The.

Arthur, Peter; African Studies Review 49.1. 31-50, (2006)

The promotion of the private sector has become an integral part of Ghana's economic development strategy since it embarked on its structural adjustment program (SAP) in 1983. Private sector development, which involves the improvement of the investment climate and the enhancing of basic service delivery, is considered one of the necessary factors for sustaining and expanding businesses, stimulating economic growth, and reducing poverty. This article examines the policies of Ghana's New Patriotic Party (NPP) government and its strategies for making the private sector the bedrock of economic development and for achieving what it calls the "Golden Age of Business."

Static Economic Theory, Empirical Evidence, and the Evaluation of Small

Business Assistance Programs. Chrisman, James J; and McMullan, W. Ed; Journal of Small Business Management, Volume 34, Issue 2, 56(11), (1996-04).

A recent article by William C. Wood in the Journal of Small Business Management (July 1994) criticized a number of different evaluations of small business assistance programs, contending that all economic gains generated by small businesses which receive such assistance are offset by compensating losses to other companies. He also contends that the evaluations to date are fundamentally flawed by a failure to employ the appropriate methodology. In this reply, we examine and critique Wood's arguments and assumptions on a number of bases. At stake is the credibility of the evidential base for continued funding of small business assistance programs in the United States and Canada.

Support for Rapid-Growth Firms: A Comparison of the Views of Founders, Government Policymakers, and Private Sector Resource Providers.

Fischer, Eileen; and Reuber, A. Rebecca; Journal of Small Business Management, Volume 41, Issue 4, 346-366, (October 2003).

The paper contrasts the perspectives of firm owners, government policy advisers, and external resource providers on how rapid-growth firms should be supported. Qualitative data were analyzed to identify similarities and differences in groups' perspectives. The research indicates that each group sees its roles as critical. Policymakers and external resources providers have incentives to interact with rapid-growth firms. Rapid-growth firms have incentives to obtain advice from government sources and external resource providers but prefer to obtain advice from their peers. These findings suggest a network-based approach to the support of rapid growth that is consistent with a new Ontario-based program, the Innovators Alliance.

Supporting Small-Scale Manufacturing in Developing Countries - Lessons from the Metalworking Sector in Ceara, Brazil.

Looye, J; Third World Planning Review, Volume 20, Issue 1, 53-85, (1998-02).

Arguing that small-business policies fail comprehensively to address firms' problems and that project-based assistance focuses too narrowly on individual firms, this paper examines institutional development, which incorporates both approaches. Metalworking in Ceara Brazil, is examined to determine whether this sector matches small-business support patterns predicted for developing countries in general. The individual business requirements (inputs, technology, training, credit, information, market control, common infrastructure, and producer infrastructure) and the institutions that provide each type of assistance are investigated through interviews in businesses and local institutions. The case study reveals that the metalworking sector generally corresponds to expected assistance patterns.

Suriname: Supporting Private Sector Development. Artana, Daniel; Bour, Juan Luis; and Panadeiros, Monica; (2006)

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=917352>

Targeted Consultancy Services as an Instrument for the Development of Remote SMEs - A Brazilian Case.

Schwartz D; and Bar-El R; International Small Business Journal, Volume 22, Issue 5, 503-521, (2004-10).

This article claims that traditional supply of public support programs for small and medium-sized enterprises (SMEs) in remote locations fails to achieve its objective: it is not met by 'hidden' demand. An experiment was conducted in SMEs that did not use available consultancy programs in three remote regions in the state of Ceara in Brazil: a consultant was sent to each of them on a diagnosis mission. The results indicate that there is a 'hidden demand', in the sense that most of the enterprises need consultancy, but do not apply for the available services, and that they are generally incorrect in their assessments of the problems they face and how the issues identified should be prioritized. After benefiting from short-term diagnostic consultancy, they are better able to evaluate problems and, consequently, use available professional consultancy services more efficiently.

Technology and Business Development Services for Small-Scale Coffee Production and Processing in El Salvador.

Stosch, Lisa; and Hyman, Eric L; International Journal of Technology Management & Sustainable Development, Volume 1, Issue 2, 125(18), (2002).

Deals with technology and business development services for small-scale coffee production and processing in El Salvador. Advantages of centralized credit administration; Profitability of some improved environmental practices; Technical assistance for coffee farmers.

Towards “Meta-Innovation” in Brazil: The Evolution of the Incubator and the Emergence of a Triple Helix.

Etzkowitz, Henry; Carvalho de Mello, José Manuel; and Almeida, Mariza; Research Policy, Volume 34, Issue 4, 411-424, (2005).

A “meta-innovation system” has emerged in Brazil, comprising multiple sources of initiative: top-down, bottom-up and lateral. Meta-innovation explains why the same organizational mechanism, successful in one context, may be relatively ineffective or even a blockage to innovation in another. An incubator movement arose in the transition from the large-scale technology projects of the former military regime. The incubator was reconfigured from its original high-tech focus to a broader set of purposes by University–industry–government actors. Business and social goals were aligned in a development model that has potential for transfer to other countries.

Training Entrepreneurs and Small Business Enterprises in South Africa: A Situational Analysis.

Nieman G.; Education + Training, Volume 43, No 8, 445-450(6), (2001).

Gives an overview of the contents of entrepreneurship and small enterprise training in general as well as the specific objectives of these interventions in the South African situation. Briefly covers the problems found and highlighted by researchers in the 1990s and assesses whether the problems or deficiencies of the past are being addressed. Concludes that the training emphasis of small, medium and micro-enterprise service providers in South Africa still seem to be more on conventional training than entrepreneurial training. Also concludes that entrepreneurship and business training are confused as being similar. It is recommended that training interventions should be monitored to determine those that are the most successful and appropriate for the South African situation.

<http://www.ingentaconnect.com/content/mcb/004/2001/00000043/00000008/art00006>

Transfer of Small Business Assistance Strategies to Emerging Countries: The Case of Malawi, The.

Masten, John; and Kandoole, Benson; Journal of Technology Transfer, Volume 25, Issue 3, 289(10), (2000-10-01).

Malawi, located in Southern Africa, was ranked as one of the poorest countries in the world. Small business development was being emphasized by government and donors to expand employment and income. Numerous agencies, financed by government and foreign donors, existed in Malawi to assist the small

business sector expand. The formation and much of the technologic know how used by these agency was originally transferred from donor countries. This paper presents results from a study to determine the capacity of these organizations to carry out national employment objectives. Numerous capacity constraints were identified and suggestions were made to improve agency effectiveness. The diverse source of SME assistance know-how was suggested as one cause of the capacity limitation of the agencies.

Understanding Enterprise, Entrepreneurship and Small Business. Bridge, S; O'Neill, K; and Cromie, S; London: Macmillan Business, (1998).

Providing an accessible guide to the key facts, theories and thinking about enterprise and entrepreneurship, this text considers their relationship to small business and discusses the methods that are taken to promote them.

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[eofs&prev=http://www.google.com/search%3Fhl%3Den%26q%3DUnderstanding%2BEnterprise%252C%2BEntrepreneurship%2Band%2BSmall%2BBusiness&sa=X&oi=print&ct=title](http://www.google.com/search%3Fhl%3Den%26q%3DUnderstanding%2BEnterprise%252C%2BEntrepreneurship%2Band%2BSmall%2BBusiness&sa=X&oi=print&ct=title)

USAID Experience With the Provision of Business Development Services in the Europe & Eurasia (E&E) Region. Pennell, John A.; (1999).

Use of ICT as a Critical Marketing Success Factor in Turkish Agri-food SMEs.

Cetin B; Akpinar A; and Ozsayin D; Outlook on Agriculture, Volume 33, Issue 3, 215-218, (2004-09).

In the mid- to late 1980s, the rapid growth in computer networks and online services steered companies, including those in the agri-food sector, towards the use of information and communication technologies (ICT). Small and medium sized enterprises (SMEs) now need to adapt to remain competitive in the rapidly changing business environment of the twenty-first century, driven by the use of the Internet and Websites. The adoption of ICT as a communication and marketing platform provides considerable advantages to agri-food SMEs. This article examines the impact of the Internet and Websites on the marketing activities of Turkish agrifood SMEs and provides information about their use of ICT. The data result from a two-stage survey undertaken by the Turkish agri-food directorate (KOBİ).

Using Knowledge Within Small and Medium-Sized Firms: A Systematic Review of the Evidence. Thorpe R; Holt R; Macpherson A; and Pittaway L; International Journal of Management Reviews, 7 (4): 257-281, (2005).

This paper provides a systematic review of the literature on how small and medium-sized enterprises (SMEs) use and acquire knowledge. The review was undertaken as part of the Economic and Social Research Council's Evolution of Business Knowledge Program. The paper describes the systematic review protocol and provides a detailed explanation of the methods used. From the review, it is evident that SME knowledge research concentrates primarily on the acquisition and use of knowledge, treating it as an asset that is transferred by routines. The findings suggest that research is focused in three main areas. First, on the influence and abilities of the entrepreneur to extract, use and develop knowledge resources. Secondly, on firm-wide systems and the social capital that facilitates knowledge exploration and exploitation. Thirdly, on the provision of knowledge and learning experiences through government policy. From a practical perspective, the review concludes that policies encouraging entrepreneurship and economic regeneration need to be more flexible and sensitive to the often complex contexts within which knowledge is used by SMEs. From a research perspective, and given the flexible, opportunity-oriented and often novel nature of SMEs identified in these studies, there is a need to consider the relational and embedded qualities of knowledge by which these characteristics are framed; qualities that resist conceptualization as some form of separable, material asset.

Value Chain Analysis for Policy-Makers and Practitioners. Schmitz, Hubert; Institute of Development Studies. University of Sussex. International Labour Organization. Pub 1. (2005)

Voluntary Formalization of Enterprises in a Developing Economy – The Case of Tanzania, The. Nelson, Edwin G; and De Bruijn, Erik J.; Journal of International Development.

The informal sector of the Tanzanian economy is a changing, heterogeneous mixture of enterprises operating wholly or partially outside of the government system of regulation. It flourishes partly because informality offers opportunities of economic necessity to the poor, most of who will never be able to assimilate the costs of formalization, and partly because it offers others a low cost arena for experimentation that can lead to business growth. Some enterprises do formalize voluntarily, the stimulus for which can be represented as an economic function determined by the values that operators assign to institutional incentives, opportunity costs and formalization costs, and the process can be represented as an exchange transaction with government. Government tolerates the informal sector because it reduces unemployment and contributes to poverty alleviation, but it is not officially recognized and government is under some pressure to formalize it. A policy based on formalization seen as a voluntary transaction between operators and government could focus on mutual benefits and reduce the risk of damaging fragile enterprises and livelihoods for little benefit.

What Makes Small Firms Grow? Finance, Human Capital, Technical Assistance, and the Business Environment in Romania. Brown, J. David; Earle, John S; and Lup, Dana;

Economic Development and Cultural Change, Volume 54, 33–70, (2005).

Although the development of a new private sector is generally considered crucial to economic transition, there has been little empirical research on the determinants of start-up firm growth. This article analyzes panel data on 297 new small enterprises in Romania with detailed annual information from the start-up date through 2001. Controlling for heterogeneity with a rich set of firm characteristics and firm fixed effects, our panel regressions imply that access to external credit substantially increases both employment and sales growth. Entrepreneurial characteristics such as gender and education have weaker estimated effects. Neither technical assistance nor a wide variety of measures of the business environment (contract enforcement, property rights, and corruption) have any clear association with firm growth.

Why Do Some Small Businesses Grow Faster and Become 'Successful' while Others Do Not Get beyond the 'Foothills'? Some Evidence from Kenya. Neshamba, Francis; Journal of African Business, Volume 7, Issue 1-2, 9(22), (2006-01-01)

A great deal of research has been undertaken in the area of growth and yet the reason why some small businesses grow faster and more successful than others, has not received sufficient research attention and little is known. This study sought to provide some understanding of the broad question “Why do some small businesses grow faster and 'successful' while others do not get beyond the 'foothills’?”. The conclusion that can be drawn from this study is that it is the actions of the individual entrepreneurs and their management teams that are more significant in achieving business growth. The entrepreneurs in the sample possessed some willingness to pursue opportunities, to marshal resources and initiate actions rather than to react to other people's actions. The owner-managers did not possess the entrepreneurial and management skills automatically but were acquired over time. Our understanding of the growth of small businesses was derived from the in-depth interviews held with the owner-managers themselves on how their businesses evolved over time.

BUSINESS INCUBATORS

A Systematic Review of Business Incubation Research. Hackett, Sean M; and Dilts, David M.; The Journal of Technology Transfer, Volume 29, No. 1, 55-82, (2004).

This article systematically reviews the literature on business incubators and business incubation. Focusing on the primary research orientations—i.e. studies centering on incubator development, incubator configurations, incubatee development, incubator-incubation impacts, and theorizing about incubators-incubation—problems with extant research are analyzed and opportunities for future research are identified. From our review, it is clear that research has just begun to scratch the surface of the incubator-incubation phenomenon. While much attention has been devoted to the description of incubator facilities, less attention has been focused on the incubatees, the innovations they seek to diffuse, and the incubation outcomes that have been achieved. As interest in the incubator-incubation concept continues to grow, new research efforts should focus not only on these under-researched units of analysis, but also on the incubation process itself.

Are Business Incubators Really Creating New Jobs by Creating New Businesses and New Products. Udell, Gerald; Journal of Product Innovation Management, Volume 7, No. 2, 108-122(15), (1990)

This article examines the use of business incubators to enhance industrial innovation and new venture formation. Currently, the number of business incubators is rapidly growing. Yet, we have little solid evidence that such centers actually stimulate the growth and success of either innovations or new ventures. Gerald Udell examines incubators' resources and services in an effort to assess their potential impact. He conducted a survey of two hundred incubators and linked the results to a partial review of the literature to aid in the assessment of business incubators.

Armenia - Enterprise Incubator Project. The World Bank – Implementation and Completion Results Report, (2007).

The Enterprise Incubator Project (EIF) of Armenia had the following ratings: outcomes were satisfactory, risk to development outcome was negligible to low, Bank performance was moderately satisfactory, and borrower performance was satisfactory. The lessons learned included: 1) The enhanced incubator model tested during the project seems to be an appropriate vehicle for addressing the market failures in the Armenia's IT sector; 2) According to sample company data, the service package most in demand in Armenia's IT industry seems to be a combination of business services and training, in both technical aspects of the IT industry and in sales and promotion; 3) With hindsight, the original design of including a control group to test the impact of an incubator enhanced with business services and training may not have been necessary; 4) A Learning and Innovation Loan (LIL) is probably not the most appropriate vehicle for launching any future enterprise incubators based on the experience with EIF, particularly since there already has been considerable global experience with them; 5) It is better not to define pre-set packages of services in designing an enterprise incubator project, due to the diversity of company needs, even within the same sector, and instead allow the service packages to emerge from the market place, hiring experts as needed and using surveys to assess the needs of potential clients; 6) The usual design of the PAD does not provide enough up-front attention to the learning hypothesis and its linkage to the development objectives and monitoring indicators; 7) The lack of sufficient quality control for a LIL, in the absence of the reviews required for Board presentation, essentially transfers the appraisal work to the implementation stage, and this can cause delays that may jeopardize the outcome of the project; 8) In defining a monitoring framework, in order to keep the focus on the main objective, it is important to clarify the hierarchy and inter-relationships of final outcome indicators and intermediate indicators; and 9) Any future incubator project including a building donated or rented by the Government should be in place before the start of the project and therefore should be a condition of effectiveness.

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Best Practices' in Business Incubation: Lessons (yet to be) Learned. Lalkaka, Rustam; (2001).

Business incubators, evolving from experiences with business centers and other support services, have grown rapidly in number from about 200 a decade ago to over 3,000 world-wide today. Incubator programs in the developing and restructuring countries are typically focused on technology ventures. But the interests of civil society call for the government, private sector and universities in all nations to address the wider concerns of empowering disadvantaged groups through employment and facilitated access to capital (human, knowledge, social and financial). While incubators have grown in numbers, the uneven performance and poor sustainability in many situations have become serious issues with the governments and sponsors who continue to subsidize many of them. There has been much recent interest in identifying 'best practices' that could then be used elsewhere. But these practices are location-, culture- and time-specific, and can only be adapted to the conditions prevailing in local situations. This paper reviews the operating experiences in the USA, (which has about 1,000 incubators of the world total), in China, Brazil and Korea (the largest programs in the developing world), and other selected countries. The emerging lessons (yet to be learned) on enhancing performance based on 'good' international practices together with some urgent research issues are outlined. Success in the Olympiad of venture creation and employment generation depends essentially on five inter-linked rings: Public policy, private partnerships, knowledge affiliations, professional networking and community involvement.

http://www.bii.ge/eng/studies_&_Papers/LALKAKA_UK.pdf

Building an Innovation-Based Economy: The Malaysian Technology Business Incubator Experience. Yunos, M.G.M.; Journal of Change Management, Volume 3, No. 2, 177-188(12), (2002).

The first part of the paper provides an insight into business incubation systems in Malaysia, which is becoming an increasingly innovative approach to improving the entrepreneurial base. The overview of the small and medium-scale industries (SMIs), the various government policies for the development of SMIs which play a vital role in the overall economic development, and the role of SIRIM Berhad's SMI development programmes to boost the economic potential of the SMIs are also worth mentioning. The paper further relates SIRIM Berhad's experience in using the business incubation system as an innovative tool in facilitating technology transfer and commercialisation, the distinct features of the incubator initiatives and the continuing efforts towards providing a more integrated incubator system. This includes the pulling together of various resources and expertise from all sectors to create a repository of knowledge to promote and accelerate the growth of new start-up technology and innovation-based companies.

Business Incubation and Enterprise Support Systems in Restructuring

Countries. Lalkaka, Rustam; and Abetti, Pier; Creativity and Innovation Management, Volume 8, No. 3, 197-209, (1999).

After two decades of rapid growth, the United States business incubation industry has reached maturity with 530 incubators. In contrast, growth is still increasing rapidly in restructuring countries with industrializing and transitional economies, which have over 500 incubators. We present a situation analysis of incubators and enterprise support systems in these countries, and discuss the key success factors, based on trends of convergence of all initiatives into an integrated infrastructure. We then offer insights on strategically planning for the future, and policy guidelines useful to governments, international organizations, and local stakeholders that are planning, implementing and managing incubator projects in restructuring countries.

Business Incubation Centers and New Firm Growth in the Basque Country.

Pena, I.; Small Business Economics, Volume 22, Issue 3-4, 223-236, (2004-05).

The purpose of this article is an attempt to identify those factors related to human capital and organizational resources which help in overcoming barriers to survive during the infancy period of firm start-ups. The paper aims to find out the extent to which the support received by entrepreneurs from incubator centers is critical to ensure firm life. Primary data have been used to conduct an empirical analysis on a sample of 114 start-up firms participating in a business assistance program (i.e., business incubation centers). Results from regression analyses suggest that human capital attributes of entrepreneurs and certain start-up firm characteristics seem

to be critical to explain business success. An important implication of this study is that, despite the economic advantages derived from this policy based on the promotion of business incubation centers, policy makers should be cautious in its application. Empirical evidence from our study suggests that a portion of new firms being nurtured in business incubation centers may cause the exit of more efficient incumbent firms not receiving such policy support.

Business Incubation in Argentina. Hoerer PhD, Utz.

This paper gives an overview of the Argentinean business incubation landscape in 2003. Argentina has historically been one of the most “developed” countries in Latin America, but has been surprisingly slow in building up a functioning incubation system. The paper briefly touches upon the history of the Argentinean science and technology system and the changing economic and political context in this country. It then describes the set of actors and policies in the field of incubation, before turning to certain key findings regarding the functioning of the incubators in Argentina today. We show that while a small and clearly defined field of business incubation has grown in Argentina, a take-off, similar to the one in Brazil, has not yet occurred. Several factors have impeded further growth, including a lack of funding, cultural factors, the setting up of incubators without a genuine demand for their services in an unfriendly institutional environment, a lack of embedding in a sufficiently structured institutional network, etc. We argue that Brazil has seen the emergence of a much more successful incubation system, based on local private sector initiatives, and coordinated government support in later stages. This paper is based on a range of interviews conducted with actors within incubators, in local and national government, entrepreneurs and others.

Business Incubator as a Means of Transferring Technology, The. Boesch, Gina; and Mihalasky, John; Stevens Technologies, (2002).

To provide information on the purpose of a business incubator, the history of how it has evolved as an economic development tool and its relevance in academia as an instrument to accelerate the transfer of technology to the marketplace. We cite the process and case studies to illustrate the commercialization process at Stevens Institute of Technology. We conclude that universities will increasingly look to spin out enterprise companies from their intellectual property portfolio rather than just licensing the technology and that university-sponsored, technology-focused incubators will increasingly become the vehicle of choice to accelerate these commercialization efforts.

Business Incubator Life Cycles. Allen, David N.; Pennsylvania State University Economic Development Quarterly, Volume 2, No. 1, 19-29, (1988).

This article examines the development process of business incubators. Nearly 60 stakeholders working with 12 incubators were interviewed. A three-stage life cycle model is posed to describe the development process. The start-up stage is characterized as real estate driven; emphasis is placed on preparing the space and locating initial tenants. The business development stage occurs when the facility is on sound financial footings and attention shifts to managing up tenant firms. Incubator maturation is characterized by a sophisticated enterprise support network and demand for additional user space. Five interdependent forces are posited as influencing the incubator development process. Policy implications focus on realistic development expectations, management philosophy, and performance criteria.

Business Incubators and New Venture Creation: An Assessment of Incubating Models. Grimaldi, Rosa; and Grandi, Alessandro; Technovation, Volume 25, Issue 2, 111-121, (2005).

Incubators assist emerging ventures by providing support services and assistance in developing their business. We map business incubators into four categories: Business Innovation Centres (BICs), University Business Incubators (UBIs), Independent Private Incubators (IPIs), and Corporate Private Incubators (CPIs). We then argue that the variety of incubating organizations is driven by the evolution of companies’ requirements and needs, which encourage incubators to differentiate the range of services that they offer. We believe that differences in the way incubators run their businesses can be described by two main incubating models (*Model 1* and *Model 2*), providing incubators with useful indications on how to position themselves strategically. We

identify a list of incubator 'characterizing' variables to highlight the main differences between the four types of incubators and to describe the incubating models. Empirical evidence is provided on the two incubating models derived from case studies of eight Italian incubators.

Business Incubators and Small Enterprise Development: The Nigerian

Experience. Adegbite, Oyeyemi; *Small Business Economics*, Volume 17, No. 3, 157-166, (2001).

The article reviews the development of business incubators in a developing country, namely Nigeria. The current operational status of the seven existing incubators is highlighted as well as the successes and shortcomings associated with the implementation of the program. This is followed with an assessment of the needs to be addressed before incubators can make the desired impact in stimulating entrepreneurship development and technological innovation. Finally, policy recommendations are made to guide the future development of business incubators in Nigeria so that they can make effective contribution to the goal of promoting small and medium scale enterprises.

Business Incubators as a Technological Infrastructure for Supporting Small Innovative Firms' Activities.

Vedovello, C; and Godinho, M.; *International Journal of Entrepreneurship and Innovation Management*, Volume 3, No. 1/2, 4-21, (2003).

In recent years, the subject of technological infrastructures has commanded increasing interest from several socio-economic and political segments, including policy-makers, development agents, entrepreneurs, academic and research communities. The focus of industrial and innovation policies has been gradually shifting away from the exclusive or dominant use of direct instruments of support to other more indirect forms of assistance. In order to improve the competitive environment of firms, huge amounts of money have been pouring into the building and reinforcing of technological infrastructures. Among the infrastructures that have been stimulated, business incubators seem to be a possible policy tool aiming at the constant increment of firms' competitiveness and economic development, through the promotion of technology-based entrepreneurship, diversification of productive activities and the generation and diffusion of innovation in the economy. Incubators have been implemented all over the world, putting together several social actors and their different sets of purposes and objectives. As a consequence, they have also generated a high level of political and economic expectations in relation to their performance. This paper aims to contextualize and systematize the available information and knowledge on incubators as a technological infrastructure and policy tool, providing background information for the whole set of papers of this Special Issue of the *International Journal of Entrepreneurship and Innovation Management* on "Business incubators and SMEs policy and determinants for their success".

Business Incubators for Central and Eastern Europe.

Kmetz, John L.; (2000). This paper provides a literature review on the "business incubator" as a new-business development tool, based primarily on research done on these organizations in the U.S. Combining this with numerous interactions with University of Delaware and other groups from Ukraine, Bulgaria, and Slovakia since 1989, and experience from a USAID program in Bulgaria since 1991, the author makes recommendations for the formation and management of business incubators in Central and Eastern Europe. The recommendations in the main body of the paper are for general incubators; the Appendix makes specific suggestions for technology incubators.

<http://www.buec.udel.edu/kmetzj/PDF/Incubators.pdf>

Business Incubators in China.

Jin, Chen; Jinrong, Yin; and Miao, Zhu; *International Journal of Entrepreneurship and Innovation Management (IJEIM)*, Volume 3, No. 1/2, 67-77, (2003). The establishment and development of Business Incubators is the key for the high technology industry. As a giant developing country, China has made efforts to accelerate the birth and growth of incubators, with the aim of catching up with technologically more advanced countries. This paper introduces the historical course

of incubators in China. The basic function, location, types, management experience and problems are discussed. A future perspective for incubators in China is also included.

Business Incubators in Developing Countries: Characteristics and

Performance. Lalkaka, Rustam; International Journal of Entrepreneurship and Innovation Management, Volume 3, No. 1/2, 31-55, (2003).

Since the last decade, the revolution in information technologies and liberalization of trade regimes have created enormous opportunities for knowledge-based businesses as well as challenges for planners to create the one billion new jobs now needed the world over. The business incubation centre (BIC) helps tackle the obstacles faced by entrepreneurs and facilitates the venture creation process. While numbers are increasing - to around 3,500 worldwide including over 1,500 in the developing countries - their performance and sustainability are being questioned. The determinants of success in the Olympiad of venture creation can be expressed as five interlinked rings: public policy that stimulates entrepreneurial businesses and provides the business infrastructure; private sector partnerships for mentoring and marketing; knowledge base of learning and research; professional networking, national and global; and community involvement to promote entrepreneurship and cultural change. This paper outlines the distinguishing characteristics of incubators in selected developing countries. Based on recent experiences, good practices and the lessons (to be) learned are drawn. Case examples from China, Brazil and other developing countries indicate the variety of approaches.

Business Incubators in Economic Development: An Initial Assessment in Industrializing Countries.

Lalkaka, Rustam; Bishop, Jack; UN Development Program, NY, (1996).

Business Incubators in Poland. Matusiak, Krzysztof B.; International Journal of Entrepreneurship and Innovation Management, Volume 3, No. 1/2, 87-98, (2003).

The paper focuses on ten years of development of business incubators in Poland. The first concepts of incubators appeared independently in 1990. Since the beginnings of the 1990s, a total of 64 incubators have been established, from among which 44 are still active at the beginning of 2001. In total, approximately 1077 entities have operated in Polish business incubators creating 6503 jobs. Over 700 firms, creating 3200 jobs have already left incubators and are developing very dynamically. The development of business incubators and other institutions of economic support is a success attributable to local societies and those directly connected with particular initiatives. Such institutions contribute to a new quality in the local environment, stimulate local society, transfer new experiences and external support and, most of all, assist people in realizing their business plans.

Business Processes and Networks in University Incubators: A Review and

Research Agendas. McAdam, Maura; Galbraith, Brendan; McAdam, Rodney; and Humphreys, Paul; Technology Analysis and Strategic Management, Volume 18, Issue 5, 451(22).

While the technology aspects of university incubators in university science parks (USPs) receive considerable attention and development, as the primary force in the creation of incubator businesses, the business and social inputs (entrepreneurial networks) are less well defined. Anchoring to the resource-based view of the firm (RBV), it is argued that a business process perspective is useful to conceptualize the deployment of key resources in USPs-namely business support and social support (entrepreneurial networks). This paper reviews existing literature in relation to university incubator business processes and networks. In particular, the paper seeks to link the process and network concepts to define research agendas.

Can Business Incubators Justify Their Existence? They've Brought Hosts of Startups into the World, But at What Price? No One Really Knows. Business Week, Trends, Small Business, (1999).

Classification and Management of Incubators: Aligning Strategic Objectives and Competitive Scope for New Business Facilitation.

Von Zedtwitz, Maximilian; International Journal of Entrepreneurship and Innovation Management, Volume 3, No. 1/2, 176-196, (2003). Incubation has recently attracted increased attention as a model of start-up facilitation. Venture capitalists see incubators as a means to diversify risky investment portfolios, and would-be entrepreneurs approach incubators for start-up support. Incubators face the challenge of managing both investment risks and entrepreneurial risks. More than a thousand incubators have been established in the last few years, most of them as regional business incubators. But new types of incubators are emerging. These incubators pursue different strategic objectives, apply different skills and competencies, and serve different markets. As a consequence, they have developed a new understanding of their sources of competitive advantage and business models. Based on 41 interviews with incubation and R&D managers, this paper outlines five incubator archetypes: the university incubator, the independent commercial incubator, the regional business incubator, the company-internal incubator and the virtual incubator. We describe a generic incubator business model, which is refined for different value propositions to customers and other major stakeholders. We conclude that whether an incubator is for profit or not, it should be run as a business. We also summarize some implications for operational and strategic management of incubators, as well as policy and strategy considerations for universities, venture capitalists, municipalities, corporations and other parent institutions of incubators.

Assessing Technology Incubator Programs in the Science Park: The Good, The Bad and The Ugly.

Chan, K.F; and Lau, Theresa; Technovation, Volume 25, Issue 10, 1215-1228, (2005).

This paper is written to provide an assessment framework of technology incubators in the science park. Based on the past studies, nine sets of criteria are identified and incorporated in the assessment framework: advantages from pooling resources, sharing resources, consulting services, positive effect from higher public image, networking advantages, clustering effect, geographic proximity, cost subsidies and funding support. Using business development data of six technology start-ups in the Hong Kong Science Park, the framework is then applied to examine the effectiveness of incubators from the perspective of venture creation and development process. It is found that the benefits required by technology founders at different stages of development are varied and therefore, the general merits that are claimed by incubators as useful to technology start-ups are debatable. In addition, the analysis of development process of six cases, particularly in the interaction with incubator, reveals some good, bad and ugly things about the incubator program. To meet the needs of technology firms during their stages of development, the paper is concluded with the recommendation that incubators' services and support should be prioritized in accordance with the development process of the technology firms.

Concept of Virtual Technopoles and the Feasibility of Incubating Technology-Intensive Clusters in Latin America and the Caribbean, The.

Quandt, Carlos; The International Development Research Centre.

This is a preliminary exploration of how virtual linkages may help build and improve the effectiveness of technopoles in Latin America and the Caribbean in several ways: a) assisting the creation and operation of Technopoles; b) assisting small, new, technology-intensive enterprises in LA&C to make research and innovation partnerships within and outside the region; c) strengthening academic - industrial - government linkages to encourage technological innovation in the region.

http://www.idrc.ca/en/ev-23089-201-1-DO_TOPIC.html

Development of the Small Business Sector in the Pacific – The Role of Small Business Incubators, The.

Parke, John; (2004).

This paper discusses the potential role of incubators in the development of the small business sector in the Pacific; and reasons for the high success rate of small businesses established in incubators. The flexibility of

the incubator model has allowed incubators to be successfully established in a wide range of business environments in a variety of countries at different stages of economic development. The successful establishment of incubators in the Pacific will depend on how effectively the model can be adapted to the diversity of cultural and economic environments of the region. Key issues are the selection of appropriate incubator managers and the effective training of both the incubator manager and the small businesses operating in the incubator.

<http://www.sbaer.uca.edu/research/icsb/1995/pdf/08.pdf>

Growing New Ventures, Creating New Jobs: Principles & Practices of Successful Business Incubation.

Rice, Mark P; Matthews, Jana B; Kilcrease, Laura; Matlock, Susan; Morgan, Julius; Sherwood, Robert; and Meeder, Robert; Quorum Books, (1995).

In 1980, only 10 business incubators existed in the United States. By 1995 there were nearly 500, and a new incubator is opening every week. Despite the rapid growth, the success of business incubators has been mixed at best. *Growing New Ventures, Creating New Jobs* provides sponsors, boards, and the management teams of business incubator programs with proven strategies for enhancing the creation and development of new ventures and ensuring the success of programs that support business growth and development.

Incubator Leadership and Management.

Pires, Sheila Oliveria; (2003).

Aware of the determinant role human capital - one of the core elements in incubation management - plays in any successful organization or enterprise, Ms. Pires overlays this core concept also on business incubation industry, indicating characteristics, profiles, responsibilities and composition of the incubator staff, as well as their relations with stakeholders, mentors and consultant networks. Throughout this work, the author describes the above issues and embellishes them with rich examples from business incubators around the world. Overlooking incubator team profiles worldwide, Ms. Pires brought up critical factors related to training and managing incubator staff, such as the importance of work team and the needed care in selecting and retaining personnel. In her final remarks, the author calls the readers' attention to the fact that despite the relevance of the intellectual capital to a business incubator, this subject is lacking in more comparative and in-depth studies and references that discuss this issue in details.

Incubators as a Small Business Support in Russia: Contrast of University-Related U.S. Incubators with the Zelenograd Scientific and Technology Park.

Bruton, Garry D.; *Journal of Small Business Management*, Volume 36, (1998).

Entrepreneurship in Russia continues to expand. With this expansion has developed an increasing body of knowledge by researchers about many aspects of entrepreneurial behavior within the country. For example, prior research has established the biographical background of entrepreneurs (Ageev, Gratchev, and Hisrich 1995) and their motivational objectives (McCarthy, Puffer, and Simmonds 1993). However, despite this growth in our understanding of some aspects of entrepreneurship in Russia, other areas have received little examination.

Incubators Growing up, Moving Out - A Review of the Literature.

Albert, Philippe; and Gaynor, Lynda; (2001).

The aim of this document is to analyze the body of academic work undertaken on incubators and the phenomenon of incubation as a prelude to introducing a research proposal. It sets out: - the different types of contributors who have added their contribution to the knowledge on incubators; - a typology of the different themes which have been the subject of the research; - a summary presentation of these different research themes; and - a review of research strands that could be deepened or identified as new territories to be explored.

http://www.ceram.edu/v3/R7_modules/R7-5_contenu/R7-5-1_type1/R7-5-1-0_media/R7-5-1-0-1_contenu_html/ACF8E09.pdf

Incubators in Developing Countries: Status and Development Perspectives.

Scaramuzzi, Elena; *info* Dev Program, The World Bank, Washington, DC, (2002).

The role of SMEs in growth and development is universally recognized, and is demonstrated by the quantity of studies, research, and literature dedicated to the subject. Both in developed and developing countries, governments have been playing a key role in defining policies, programs and instruments which support the development of micro, small and medium enterprises. One of the mechanisms employed to nurture small firms for more than two decades is “business incubation”. Incubators provide qualifying new start-up businesses with a set of facilities -- physical space, shared services, business and legal advice, and financial inputs – to facilitate their creation and assist them until “graduation”, when they have the capacity to “survive” in the outside competitive environment. Success of incubators depends on several factors, and many lessons have been learned so far. Many of them can be applied to incubators in developing countries. Some aspects, however, require specific attention, depending on the status of the private sector development in each country. Many developing countries have experimented with a variety of programs and schemes supporting small and medium enterprises, often with assistance from multilateral and bilateral organizations. Business incubation programs or initiatives have arisen especially over the last decade, with varying degrees of success. From various developing regions, there is evidence that incubator initiatives help promising entrepreneurs launch their business and succeed. However, incubators still do not exist in most developing countries, especially where they could make the most dramatic difference in the development equation. In this paper, an overview of the status and development perspectives of the incubator industry is presented, with a special focus on the needs and challenges observed in developing countries. The role played by national, bilateral and multilateral support in fostering incubators in developing economies is also discussed. The main lessons learned in business incubation, as well as their adaptation to the needs of developing countries, are presented in the final part of this paper.

http://www.bii.ge/eng/studies_&_Papers/%5B6%5D.incubators.pdf

Lessons from International Experience for the Promotion of Business

Incubation Systems in Emerging Economies, Lalkaka, Rustam; paper commissioned by the Small and Medium Industries Branch, UNIDO, Vienna, (1997).

The current 43 pages paper addresses business incubation systems as one of innovative instruments to support small enterprise creation and development. This study estimates that the present 500 incubators in developing and transition economies (of the world total of about 2,000) could grow at the rate of about 20% annually. Establishing incubators and improving their operations in these countries will require increasing technical assistance, which in turn will call upon the severely restricted resources of both the countries themselves and of international agencies

Modeling a Business Incubator. Aranha, José Alberto Sampaio; (2003).

After defining business incubators according to UN-ECE, NBIA and ANPROTEC, Mr. Aranha aims at presenting several different criteria used by various authors for classifying business incubators, such as a leading institution, strategic aim, localization, operational model, type of enterprise, and focus. In a more objective perspective, the author introduces the different concepts of business incubators and gives rich examples, taken from incubators around the world, for every type of classification presented. These given examples make this work a good global reference for readers willing to learn more about business incubation concepts. For example, after describing a corporate business incubator as a type of business incubation connected to a leading institution, the author exemplifies his work with Petrobras Technological Incubator Program, in Brazil, which is "a technology-based corporate incubator that stimulates flexible environments where a series of facilities are offered to create and foster new business". The author does not intend to present an ideal business incubation model. On the contrary, he makes it clear that certain models will work better for certain circumstances and that every situation has a specific model that matches its particular needs.

Networked Business Incubator—Leveraging Entrepreneurial Agency? The.

Bøllingtoft, Anne; and Ulhøi, John P.; *Journal of Business Venturing*, Volume 20, Issue 2, 265-290, (2005).

Recent years have seen the emergence of a new incubator model, the “networked incubator”, which is a hybrid form of the archetypal business incubator (BI), based on territorial synergy, relational symbiosis, and economies of scope. This paper looks at why this new model has emerged and what distinguishes it from the more traditional incubator model. The theoretical basis of the research is social capital theory. Empirically, the paper is based on 6 months of ethnographic data collected in one of the first known and documented networked incubators. The closing section of the paper addresses the implications for research and practitioners.

Rapid Growth of Business Incubation in China Lessons for Developing and Restructuring Countries.

Lalkaka, Rustam (in cooperation with Feng-Ling, Ma, Lalkaka, Dinyar); (2003).

Many developing countries and those in transition from command systems to market economies are characterized by insufficient business infrastructure, weak management and marketing skills, poor productivity of research and inadequate tools for its commercialization, high rates of inflation, taxes and interest, and limited financial resources. In addition, there are cultural constraints such as repressed creativity, reluctance to share information or delegate responsibility. Yet, in order to mobilize the opportunities of the technological revolution and cope with the challenges of globalization now upon us, nations have to develop new strategies to stimulate innovation and entrepreneurship. Technology business incubators can help address some of these problems, as recent work in China has shown. The number of incubators is growing at a more rapid rate in developing countries, albeit over a smaller base, than in the industrial nations. This note outlines the progress of business incubation in the Peoples Republic of China, reviews its effectiveness as an economic development tool, and points to some lessons emerging for practitioners operating under difficult business infrastructure conditions.

<http://www.waitro.org/modules/wfsection/article.php?articleid=104>

Small Business Incubator Industry: Micro-Level Economic Development, The.

Campbell, Candace; and Allen, David N.; *Economic Development Quarterly*, Volume 1, No. 2, 178-191, (1987).

The increasing number of small business incubators reflects the growing importance of the small business sector in conjunction with local and state support for new enterprise development and for public-private cooperation in development. The authors review literature on incubator development and examine how and why incubators continue as aids for new development and redevelopment in declining areas, as well as serve as an enhancement to innovation and entrepreneurship through university-related incubators or innovation centers. The authors conclude that improving the base of small business and nurturing new business formation will be more important in the long run than attempts to attract new employers from the outside. Yet, it is clear that few incubating firms create more than a handful of jobs. Continuing research will contribute to a better understanding of how and if business incubators can make lasting contributions to economic development.

Special Issue on Science Parks and Incubators. Clarysse, Bart; Wright, Mike; Lockett, Andy; Van de Velde, Els; and Vohora, Ajay.

This paper explores the different incubation strategies for spinning-out companies employed by European Research Institutions. More specifically, we focus on two central questions: (i) What differences or similarities are there in the goals and objectives of the Research Institutions for creating new spinout ventures? (ii) What different incubation strategies are employed to achieve these goals in terms of the resources utilized and activities undertaken? The study uses a two-stage approach. In the first stage, seven spin-out services in five European countries were selected for analysis. At the time of the study, each research institute under analysis had only one unique way to stimulate spin-outs. Therefore, the spin-out service and the particular Research Institution they are associated with are interchangeable as units of analysis. Based upon an in-depth analysis of these seven cases, we identified three distinct incubation models of managing the spin-out process: Low Selective, Supportive, and Incubator. The different incubation models have very different resource

implications in managing the process. In particular, we identify resource and competence differences relating to finance, organization, human resources, technology, network, and infrastructure. In the second stage, 43 cases were used to validate these incubation models in terms of resources and activities. This process identified two categories that departed from the normative models, namely, the Resource-Deficient group and the Competence-Deficient group.

Spinning Out New Ventures: A Typology of Incubation Strategies from European Research Institutions. *Journal of Business Venturing*, Volume 20, Issue 2, 183-216, (2005).

This paper explores the different incubation strategies for spinning-out companies employed by European Research Institutions. More specifically we focus on two central questions: (i) What differences or similarities are there in the goals and objectives of the Research Institutions for creating new spinout ventures? (ii) What different incubation strategies are employed to achieve these goals in terms of the resources utilized and activities undertaken? The study uses a two-stage approach. In the first stage, 7 spin-out services in five European countries were selected for analysis. Based upon an in-depth analysis of these seven cases, we identified three distinct incubation models of managing the spin-out process: Low selective, Supportive, and Incubator. The different incubation models have very different resource implications in managing the process. In particular, we identify resource and competence differences relating to finance, organization, human resources, technology, network and infrastructure. In the second stage, 43 cases were used to validate these incubation models in terms of resources and activities. This process identified two categories that departed from the normative models, namely the resource deficient group and the competence deficient group.

Technology-Based Regional Development Strategies and the Emergence of Technological Communities: A Case Study of HSIP, Taiwan. Hu, Tai-Shan; Lin, Chien Yuan; and Chang, Su-Li; *Technovation*, Volume 25, Issue 4, 367-380, (2005).

Less-developed countries always lack well-developed industrial clusters, and nurturing such clusters is essential to their economic development, especially for technology-based industries. Consequently, location specific cluster formation should be promoted, including efficient technological infrastructure, mature innovation–production interaction, and competitive advantages. These factors have a positive accumulative effect on the selected district, and firms in the district compete for these resources through spatial proximity, a focus on certain technologies and technological infrastructure. To establish mature clusters, the Taiwanese government has aggressively developed Science Parks during the past two decades. This study applies this concept to analyze the interaction between agents and the formation of innovation clusters in the Hsinchu district, the location of the first Science Park in Taiwan.

Technology Business Incubation: Role, Performance, Linkages, Trends. Lalkaka, Rustam; *Isfahan Science & Technology Town, National Workshop on Technology Parks and Business Incubators, Isfahan Iran*, (2003).

Business incubators, especially those with a technology-orientation, have grown rapidly to over 3,500 worldwide. Typically, those in the developing countries face unique problems due to the relatively weak infrastructure, inadequate state support, repressed entrepreneurial attitudes and other factors related to their history, geography, culture and other conditions. Nevertheless, they constitute approximately half of the world total. However, the uneven performance and poor sustainability in some situations have become serious issues with the governments and sponsors who support them. This paper reviews the role and performance of incubation, the progress in selected countries, and the synergy of linkages to research organizations and technical universities. Technology parks and technology incubators have a symbiotic relationship and the potential of mutual benefits when properly planned from the start. The evaluation and benchmarking of incubator operations are of increasing importance, in order to improve operations and achieve the outcomes planned. The emerging lessons are outlined on enhancing performance based on the adaptation of 'good' international practices to suit local culture and conditions. Technology incubators and

parks need to adapt flexibly to the globalizing environment, strengthen their linkages to the knowledge system, and move towards a full convergence of skills building, counseling, financing and marketing services.

Technology Business Incubators - Bringing Technology to The Market Place.

Manan, Haji Abdul Aziz Abdul; and Berhad, Sirim; (2000).

The first part of the paper takes a look at the background, origins and the evidence of success of business incubator systems in the US. It also provides an insight on the business incubation systems in Malaysia, which is becoming an increasingly innovative approach to improve entrepreneurial base. The overview of the small and medium-scale industries (SMIs), the various government policies for the development of SMIs which play a vital role in the overall economic development, the role of SIRIM Berhad's SMI development programs to boost the economic potential of the SMIs are also worth mentioning. The paper further relates SIRIM Berhad's experience in using business incubation system as an innovative tool in facilitating technology transfer and commercialization, the distinct features of the incubator initiatives and the continuing efforts towards providing a more integrated incubator system. This includes the pulling together of various resources and expertise from all sectors to create a repository of knowledge to promote and accelerate the growth of new startup technology-based companies.

<http://www.waitro.org/modules/wfsection/article.php?articleid=117>

Technology Business Incubators: Critical Determinants of Success. Lalkaka, Rustam; Annals of the New York Academy of Sciences, Volume 798, Science Based Economic Development, 270-290, (1996).

USAID/RAISE: Ecotourism Enterprise Incubator Concept Paper. Prepared by Conservation International and the George Washington University

University Business Incubator: A Strategy for Developing New

Research/Technology-Based Firms, The. Mian, Safraz A.; The Journal of High Technology Management Research, Volume 7, Issue 2, 191-208, (1996).

This article describes the university business incubator (UBI) as a strategy being employed for promoting the development of new research/technology-based firms (RTBFs). The business incubator is widely believed as providing a nurturing environment for new business start-ups, however, the role played by university relationships in providing a nurturing environment for the survival and growth of small RTBFs has escaped systematic review in the U.S. due to a lack of historical data. To fill this gap, this paper presents empirical data on two established UBI programs: the Enterprise Development Inc. at Case Western Reserve University, and the Ben Craig Center at University of North Carolina at Charlotte. These cases provide insights for policy makers and aspiring entrepreneurs into the various facility design, management policy, and value-added aspects of this modern tool employed by some entrepreneurial universities as a strategy for supporting the development of new RTBFs.

http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6W56-45GNV47-4&_user=10&_coverDate=07%2F01%2F1996&_rdoc=1&_fmt=&_orig=search&_sort=d&_view=c&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=e463c7d534c5604e17b5bd85dd5b871d#m4.coi*

BUSINESS SUPPORT (SERVICE, ASSISTANCE, DEVELOPMENT) CENTERS

A Preliminary Assessment of Outsider Assistance as a Knowledge Resource: The Longer-Term Impact of New Venture Counseling.

McMullan, Ed; and Chrisman, James J; Entrepreneurship: Theory and Practice, Volume 24, (2000).

Using resource-based theory to explain why outside assistance might influence new venture performance, this paper tracks the longer-term performance of two samples of entrepreneurs who received Small Business Development Center counseling and subsequently started businesses. Results indicate that the ventures had higher than expected rates of survival, growth, and innovation, suggesting that outsider assistance during the early stages of a venture's development can influence its subsequent development. Public policy implications of the SBDC's counseling strategy are discussed.

Assessing Community Informatics: A Review of Methodological Approaches for Evaluating Community Networks and Community Technology Centers.

O'Neil, Dara; Journal: Internet Research. MCB UP Ltd. Volume 12, Issue 1, 76 – 102, (2002).

Community informatics can be defined as a strategy or discipline that focuses on the use of information and communication technologies by territorial communities. This paper analyzes the emerging community informatics evaluation literature to develop an understanding of the indicators used to gauge project impacts in community networks and community technology centers. This study finds that community networks and community technology center assessments fall into five key areas: strong democracy; social capital; individual empowerment; sense of community; and economic development opportunities. The paper concludes by making recommendations for future community informatics evaluations.

<http://www.emeraldinsight.com/10.1108/10662240210415844>

Business Service Centers in Ukraine: A Study of the Agency for the Development of Enterprise, the L'viv NewBizNet Business Service Center, and the Vinnytsia Consulting Center.

Lee, Yoo-Mi with contributions by Marshall Bear. USAID, Microenterprise Best Practices (1999).

Article examines three donor-supported BSCs and their direct commercial competitors in Ukraine. Presents four key variables in the BSCs' experiences with the process of business development services (BDS) commercialization:

- start-up of programs looks at implementation methodologies, entry orientation, and stakeholder commitment
- service mix analyses the responsiveness of the BSCs to the changing needs of the marketplace
- client focus examines how the commercialization process is affecting and being affected by demand
- financial viability looks at the likelihood of sustainability, the effects on viability of incentives/subsidies and the adoption of better business principles and practices

Makes recommendations for donors and implementers:

- conduct good diagnostic work before deciding on intervention strategies for BDS
- use a stepped approach to the provision of BDS by filling service gaps with the most cost-effective methodology first
- stimulate demand for services using public relations or redeemable payment vouchers, which put subsidies in the hands of the consumers
- do not automatically pursue institutional development strategies without first assessing other market-based interventions designed to meet the goal of sustainable service access to micro, small, and medium-sized enterprises (MSMEs)
- use a mix of supply- and demand-led incentives and subsidies that are consistent with the overall objective of the program

Case Study on the Operation of Three Romanian Business Centres.

Kennedy, Richard M.; (1999).

This is the first in a series of Technical Working Papers, arising from the work of the Private Sector Development Branch. It is intended as an informal means of communicating important insights and findings from the technical cooperation and research activities of the Branch to a wider public. This case study treats three of 16 business centers which were opened in outlying *judets* of Romania in 1994 and 1995 to provide needed services with local support. The three centers in Brasov, Buyau and Galati are still in business and expanding.

Community Technology Centers and the Urban Technology Gap. Servon, Lisa J; and Nelson, Marla K; International Journal of Urban and Regional Research 25 (2), 419–426, (2001).

This article focuses on the role of community technology centers in bridging the urban technology gap in the U.S. As access to information technology (IT) and the ability to use it effectively increasingly become part of the toolkit necessary to participate and prosper in an information-based society, many fear that the failure to address the gap will likely aggravate levels of poverty and isolation and increase the already large gaps in education and access to opportunity between historically privileged and historically disenfranchised groups. In the absence of comprehensive public or private efforts, community technology initiatives have emerged at the local level to close the technology gap and bring IT resources to those left behind by the information revolution. Community technology centers (CTC) are one type of community-based effort that have emerged to provide computer access and training to disadvantaged populations that would otherwise not have such access. Meanwhile, only through government recognition of the need to remedy imbalances in access to IT and public support for community technology efforts can CTC be an effective solution in bridging the urban technology gap.

Determinants of Executive Compensation in Small Business Development

Centers. Gray, Samuel R; and Benson, Philip G.; Nonprofit Management and Leadership, Volume 12, Issue 3, 213, (Spring 2003).

We develop and test a model of nonprofit executive compensation based on theories of organizational science, economics, and agency theory. Our sample consisted of 114 directors of small business development centers in the United States. Consistent with our model, we find significant effects for human capital, organizational size, and organizational affiliation. We find tentative support for a significant pay-for-performance relationship. We find that when education, tenure, size, performance, and affiliation are held constant, female executives are compensated significantly less than male executives.

Economic Impact of Small Business Development Center: Counseling Activities in Florida 2002-2003.

Chrisman, James J.; Florida Small Business Development Center. This report analyzes the sales and employment changes and financing obtained by a sample of established businesses and pre-ventures (persons aspiring to start a business) that received five or more hours of counseling assistance (long-term clients) from the Florida Small Business Development Center (SBDC) in 2002. The report also provides an estimate of the jobs saved and existing sales retained through SBDC counseling.

Economic Impact of Small Business Development Center Counseling Activities in the United States: 1990-1991, The.

Chrisman, James L.; and Katrishen, Frances; Journal of Business Venturing, Volume 9, No. 4, 271-280, (1994). This research report details the effects of Small Business Development Centers (SBDCs) on the success of small businesses in the US. SBDCs provide counseling to new and existing small businesses in an effort to ensure their long-term survival and growth, and to this end they have been extremely successful. The report includes tables and figures providing detailed data for the years 1990-1994, and breakdowns of how SBDC consultation affected small businesses in different stages of growth. (NG) (CELCEE).

ICT Innovations for Poverty Reduction. Slater, Don; and Tacchi, Jo; UNESCO, (2004).

ICT centers are not schools but they are widely understood in relation to and in contrast to school. They are different in approach and learning style, the technologies involve quite different activities and learning processes, and the range of activities and social connections frame ideas of knowledge and information very differently from school contexts. It is precisely this tension which allows them to reconfigure participants' experiences of learning and education." This is one of the many significant findings made in this research publication by UNESCO on ICTs and poverty reduction.

Indispensable Instruments for Assessing Business Centers. Speech of Mr. Peter Bearnse Ph.D., President and Economist, Development Strategies Corporation, Brussels, (2001).

Kenya - Micro and Small Enterprise Training and Technology Project. The World Bank – Project Performance and Assessment Report, (2005).

The project outcome for the Kenya Micro and Small Enterprise Training and Technology Project is moderately unsatisfactory; sustainability is unlikely; institutional development impact is modest; Bank performance is unsatisfactory; and Borrower performance is unsatisfactory. Important lessons include: 1) Understand markets and institutions before designing the intervention. The nature of market failures (if any) should guide the decision whether to intervene at all, and if so, whether to intervene on the supply side or the demand side of the market. Implementation can be problematic because of institutional and governance issues. Market and institutional assessments should be done prior to project design to identify these issues. 2) Choose the least-cost intervention. It is important not to over-subsidize services, both to avoid distorting markets and to limit the incentive for corruption. Vouchers may be a relatively high-cost way of stimulating demand for business development services compared to alternative methods. And subsidies should not become the centerpiece of the project. 3) Favor private sector management. Current best practice in projects that use matching grants or vouchers to stimulate markets for business development services is to contract a private firm to manage the program. Clear incentives and performance indicators should be established. 4) Allow time to learn from the pilot phase, providing sufficient opportunity to get management and governance issues right.

<http://www->

[wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000160016_20050707130011&searchMenuPK=64187511&theSitePK=523679](http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000160016_20050707130011&searchMenuPK=64187511&theSitePK=523679)

Making Business Development Work: Lessons from the Enterprise

Development Center in Rafaela, Argentina. Oldsman, Eric; Inter-American Development Bank Washington, D. C. Sustainable Development Department Best Practices, (2007).

In order to become more productive and competitive in a market economy, small and medium enterprises (SMEs) require high quality business development services (BDS). During the past five years, the Inter-American Development Bank has expanded its support to create and develop business development services for SMEs through loan and Multilateral Investment Fund financed technical assistance programs. The main objective of the Bank's BDS projects is to establish and develop appropriate markets for business development services as instruments to improve the efficiency and competitiveness of SMEs. The main function of enterprise development centers (EDCs) is to assist SMEs to obtain appropriate business advisory services as well as technical and managerial training. The assumption behind this model is that SMEs require support to identify their specific needs and to find providers that respond appropriately. This report evaluates the performance of the Enterprise Development Center in Rafaela, Argentina, which was established under a program of the Union Industrial Argentina, financed by the MIF. During the evaluation, special attention was given to the EDC's financial self-sufficiency, internal operating efficiency, coverage and effectiveness. The evaluation concludes that the EDC Rafaela performs excellently in terms of efficiency and effectiveness. The issues discussed here were also the topic of an EDC seminar held in April 1997 and a BDS

conference held in March 1999 under the auspices of the IDB. This article includes studies of the effect of the services provided by the EDC Rafaela on two client companies, which give an indication of the types of improvements in SME performance that can be expected from programs such as this one. The lessons that derive from the experience conveyed in this analysis are sure to become a useful guide for designing, implementing and monitoring BDS programs financed by the Bank Group.

<http://www.iadb.org/sds/doc/int373.PDF>

Neo-Liberalism, SME Development and the Role of Business Support Centres in the Transition Economies of Central and Eastern Europe. Bateman, Milford; Small Business Economics, Volume 14, No. 4, 275-298, (2000).

Support for SME development was one of the most important policy interventions initiated by post-Communist governments in Central and Eastern Europe from 1990 onwards. Substantial financial support for this was forthcoming from both the international assistance agencies and western governments. One major result was the formation of networks of Business Support Centres (BSCs). The design of the BSCs was very much informed by the neo-liberal approach to business development which was still in the ascendancy in the late 1980s. As a consequence, the BSC networks were structured to be private sector-led, financially self-sustaining, to involve minimal local government participation, and essentially pressed into focusing upon support initiatives which were consonant with short run market imperatives. With several years of experience now behind them, it is possible to begin to make an assessment of their operations and impact upon the SME development process. Unfortunately, the BSC networks almost everywhere are failing to deliver upon the heady promises of both their domestic and international supporters, and the SME development process is beginning to falter. Crucially, they compare very badly with previous historical episodes of SME development facilitated and coordinated by the local state. A new SME discourse is called for which explicitly recognizes that a "local developmental state" approach could have a much greater, if not a pivotal, role to play in SME development in the transition economies.

<http://www.springerlink.com/content/gl73510k21662333/?p=fe645e67ffb64f01b4e525fb3b54f62f&pi=4>

Principles for Effective Design and Management of Small Business Development Centers.

Santer, J; Nathanson, N; Thalheimer, S; and Campion, A.

Examines the experience of small business development centers (SBCs) in the United States, Western Europe and Eastern Europe. Presents how SBC technology from Western countries has been extended to local and donor-funded SBCs in Eastern Europe and the Newly Independent States (NISs). Identifies the following as principles for effective design and management of SBCs: clear definition of objectives; assessment of context and needs; strong leadership; clear financial plan; qualified and dedicated staff; focused, businesslike approach to service delivery; fee charging; collaboration with other institutions; links to the private sector; and impact evaluation. Concludes that many principles of effective SBC management can be applied in widely differing programs and country contexts.

Review of Nine Selected USAID-Funded Business Service Centers in Ukraine: Reflections on Future Program Considerations -- Final Report. Johnson, Richard; Dangler, Richard; and Pennell, John A.

Role of the Business Incubator as an Economic Development Tool in Provincial Russia: A Case Study, The. Schmertz, Ida F. S; Gruzdev, Igor; and Vishnevsky, Maxim; The Volkhov International Business Incubator, Leningrad Oblast, Russia.

The small business incubator is an important economic development strategy for provincial Russia. The model that the Volkhov International Business Incubator (VBI) has found to be most effective combines the

characteristics of the traditional small business incubator with the objectives and methodology of empowerment or micro-enterprise incubators, plus the functions of a business services center and a training center.

SCIENCE PARKS

Analytical Framework for Science Parks and Technology Districts with an Application to Singapore.

Koh, Francis C.C. Koh; Winston, T.H.; and T'schang, Ted; *Journal of Business Venturing*, Volume 20, Issue 3, 217, (2005-03).

This paper analyzes the question: What does it take for science parks and technology districts to evolve and grow? We propose an analytical framework to examine the gestation, evolution, and sustainability of science parks and related but broader regional phenomena such as technology districts. The framework comprises three aspects of a science park's development: growth mechanisms, level of technological capabilities, and nature of its integration with national or global markets. The main growth mechanisms we identify are government-led infrastructure provision, agglomeration effects, and continual self-renewal through the creation of new businesses. We apply this framework to analyze Singapore's science park strategy and the recent One-North initiative.

China's Science Parks: Production Bases or a Tool for Institutional Reform?

Sutherland, Dylan; *Asia Pacific Business Review*, Volume 11, Issue 1, 83(22), (2005-03).

Over a decade ago China launched a large-scale program to develop science parks with on site business incubators. A major goal of this project was to redesign the economic architecture by creating institutions that would greatly improve the nation's innovation system. Science parks, following the western model, were considered appropriate institutions. This is because they could harness China's many public research institutes and universities and so help promote both existing indigenous firms and emerging new technology-based private firms. Since its inception, however, the program has evolved to serve multiple purposes, of which innovation system reform is arguably only one, minor goal. This article investigates the evolution of China's two-pronged strategy to develop science parks and business incubators in pursuit of institutional reform of its innovation system.

Critical Factors for Science Park Development: The Case of the Singapore

Science Park. Yuehua Zhang; *International Journal of Technology Transfer & Commercialisation*, Volume 4, Issue 2, 1(1), (2005).

The article reports that a science park has been increasingly established as a mechanism to stimulate knowledge-intensive activities for economic development. The Singapore Science Park, one of the earliest parks founded in economies at the developing stage, is ranked the second most popular in the Asia Pacific region. Here the author presents an analyses and identifies factors critical to its development. These provide insights for the management of other parks, particularly those latecomers in developing counties.

Investigation for the Establishment of Science Parks: The Case of Taiwan, The.

Chun-An Chen; *Journal of American Academy of Business*, Cambridge, Volume 8, Issue 1, 62(5), (2006-03).

The establishment of Hsinchu Science Park in Taiwan has led to successful industrial development. However, Taiwan is a small but crowded island and establishing additional science parks will be difficult. Thus, this research will investigate the necessity of creating models for science parks. By knowing the advantages and disadvantages of current science parks, we can explore the feasibility of establishing virtual science parks in Taiwan. We believe that the establishment of virtual science parks will promote further industrial

development. In light of current and planned development of industries, we can learn the most suitable models for future science parks.

Promotion of Innovation Activity in Russia Through the Creation of Science Parks: The Case of St. Petersburg (1992–1998). Kihlgren, Alessandro; *Technovation*,

Volume 23, Issue 1, 65(12), (2003-01).

Following the switch to the market economy, government policy envisaged putting R&D onto a commercial footing, so that state funding could be replaced with private funding. The commercialization of research has, however, not fulfilled expectations due to the dire straits of the Russian economy and to the ingrained tendency to emphasize the high technological level of products without properly investigating the demand for them. The creation of science parks has been one of the few measures adopted in order to favor this transformation, but in the absence of comparative statistics it is hard to judge their contribution to the development of tenant firms. Science parks in St. Petersburg have been rather successful in securing financing for their tenants, but deficient in providing management assistance. The transfer of technology to industry has been weak due to the limited demand for high-tech products. Many firms survive in an embryonic state and this explains why despite the difficulties the number of jobs created has been substantial, although presumably many are low paid. This picture is, however, less applicable to innovation centres because of their policy of accepting mainly firms at a more advanced stage of development.

R&D and Industrial Districts in Asia: An Application to Taiwan. Chong Ju Choi; Philip Cheng; Eldomiatty, Tarek Ibrahim; Chu, Robert T. J.; and Millar, Carla C. J. M.; *International Journal of Technology Management*, Volume 33, Issue 2/3, 10(1), (2006).

This research analyses the role of public policy and the state in science and technology industries in Asia. The research is based on field studies undertaken at the Hsinchu Science and Industrial Park (HSIP) in Taiwan. The state has been seen as crucial to the phenomenal economic success of capitalism and the business systems in Asian countries such as Korea and Taiwan (Wade (1990) *Governing the Market*, Harvard University Press, Cambridge, MA). On the other hand, entrepreneurship has been seen to flourish in countries where the state's role has been minor (in Hong Kong for example), and as concluded in the paper, the state has played a major role in nurturing entrepreneurship in Taiwan. The contributions of this paper are twofold: first, to better understand Taiwan's success and lessons for R&D management, and secondly, to raise the potential role of public policy for entrepreneurship and its close relationship with Asian business systems.

Science Park Phenomenon: Development, Evolution and Typology, The. Zhang, Yuehua; *International Journal of Entrepreneurship & Innovation Management*, Volume 5, Issue 1/2, 1(1), (2005).

The article presents information on the development, evolution and typology of the science park phenomenon. The current study probes the terms and definitions of science park schemes, and analyses the half-a-century development and evaluation of the science park phenomenon. It exposes the increasing functions that science parks have been expected to perform due to the change of major promoters from being universities to governments. It also depicts science park typology, namely park/campus style, centre/incubator style and city/region style.

Science Parks and Incubators: Observations, Synthesis and Future Research.

Journal of Business Venturing, Volume 20, Issue 2, 165-182, (2005).

Problems with the extant literature on science parks and incubators are examined in terms of four levels of analysis: the science parks and incubators themselves, the enterprises located upon science parks and incubators, the entrepreneurs and teams of entrepreneurs involved in these enterprises and at the systemic level. We suggest there is no systematic framework to understand science parks and incubators, that there is a failure to understand their dynamic nature as well as that of the companies located on them, that there is a lack of clarity regarding the performance of science parks and incubators which is associated with problems in identifying the nature of performance. We review briefly the papers contained in this special issue and

demonstrate how each sheds light on an unexplored dimension of this emerging literature. In the concluding section, we synthesize the findings of the papers and outline a broader research agenda.

Science Parks and the Development of NTBFs--Location, Survival and Growth.

Ferguson, Richard; and Olofsson, Christer; *Journal of Technology Transfer*, Volume 29, Issue 1, 5(13), (2004-01-01).

This study investigates survival and growth of NTBFs located on and off two Swedish science parks. We find that firms located on science parks have significantly higher survival rates than off-park firms. However, we observe insignificant differences in sales and employment. Wider variation in the growth rates of firms located on parks together with the better survival suggests that the science parks may be providing favorable locations for NTBFs in a range of development phases. The image benefit associated with a science park location is not helpful in explaining growth, whereas a location benefit associated with cooperation with universities is positively associated with growth.

Science Parks in Developing Countries: The case of BIORIO in Brazil. Cabral, Regis; and Dahab Sapolnik, Sonia; *International Journal of Technology Management*, Volume 16, Issue 8, 726(14), (1998).

Presents information on the role played by science parks in the developing countries, focusing on the Brazil's BIORIO. Discussion of the biotechnology pole of Rio de Janeiro; Suggestion of ten main necessary conditions for the success of a science park; Information on the support which these parks need.

Science Parks in Japan and Their Value-Added Contributions to New Technology-Based Firms.

Fukugawa, Nobuya; *International Journal of Industrial Organization*, Volume 24, Issue 2, 381(20), (2006-03-01).

This study investigates the value-added contributions of science parks to new technology-based firms (NTBFs). In particular, we focus on whether on-park NTBFs are likely to establish knowledge linkage, represented as joint research, with local higher education institutes (HEIs). Based on a bivariate probit model, we show that on-park NTBFs exhibit a higher propensity to engage in joint research with research institutes. However, the geographical range of knowledge linkage is not localized as hypothesized. Furthermore, no significant difference was found between science parks and other types of property-based initiatives with regard to the degree of encouragement provided to tenants to establish localized HEI linkage.

Second Generation Science Parks: From Structural Holes Jockeys to Social Capital Catalysts of the Knowledge Society.

Hansson, Finn; Husted, Kenneth; and Vestergaard, Jakob; *Technovation*, Volume 25, Issue 9, 1039(11), (2005-09).

Several recent studies have concluded that science parks tend to fail in attracting and developing high-tech companies and have therefore not fulfilled their expected role as catalysts of regional economic growth. Based on two in-depth case studies of science parks in Denmark and the UK, this paper introduces and discusses alternative mediating roles for science parks in the science-industry relationship. The conclusion is that the new role of science parks may be to cater for the development of the social capital necessary for enabling and facilitating entrepreneurship in networks.

Utility of Location: A Comparative Survey Between Small New Technology-Based Firms Located On and Off Science Parks—Implications for Facilities

Management. Dettwiler, Paul; Lindelöf, Peter; and Löfsten, Hans; *Technovation*, Volume 26, Issue 4, 506(12), (2006-04).

This paper aims to highlight the role of facilities management (FM) for new technology-based firms (NTBFs) that are located on respectively off Science Parks. It incorporates FM as a contributory background element in the enhancement of the entrepreneurial environment, which is one explanatory factor of the superior performance and growth of NTBFs located inside Science Parks. Differences in location preferences between

on and off park NTBFs are brought into evidence in this paper by means of an extensive quantitative survey. This resulted in the finding that the proximity to university is especially significant among NTBFs inside parks. Furthermore, infrastructure has high significance in both groups whereas significance of facilities cost differs in range of significance. In a model it is argued that FM indirectly contributes to beneficial scenarios for interaction, inter-firm relations and networks that can be found particularly in Science Parks. A discussion and a set of hypotheses in the conclusive part link FM and location issues to the performance for NTBFs.

SME FINANCING

A Firm-Level Analysis of Small and Medium Size Enterprise Financing in

Poland. Klapper, Leora; Sarria-Allende, Virginia; and Zaidi, Rida; 2006, World Bank, Policy Research Working Paper.

The authors test competing theories of capital structure choices using firm-level data on firm borrowings. The majority of firms in the dataset are privately owned, young, micro or small and medium enterprise (SME) firms concentrated in the service sector. In general, the financing pattern of firms is low leverage ratios and, in particular, low levels of intermediated financing and long-term financing. Average firm growth rates decreased during the five years of the sample period. Average profitability growth ratios are also negative across age and sectors and large firms have the highest negative profit growth rates. Statistical tests find a positive firm size effect on financial intermediation. Larger firms have higher leverage ratios (both short term and long term), including higher use of trade credit. There is also a negative influence of profitability on leverage ratios (more profitable firms use less external financing), which supports the "pecking order" theory that in environments with greater asymmetric information (such as weaker credit information) firms prefer to use internal or inter-firm financing. Finally, firms operating in a competitive environment have higher leverage ratios. For instance, young, small firms are the most active employment generators in the Polish economy. In particular, the authors find that although SMEs seem to be very active in creating jobs in recent years. This suggests that a new type of firm is emerging that is more market and profit-oriented. But at the same time, these firms appear to have financial constraints that impede their growth. Improvements in the business environment, such as better credit and registry information, could help promote growth in this sector.

A More Complete Conceptual Framework for SME Finance. Berger AN; and Udell, GF; Journal of Banking & Finance, Volume 30, Issue 11, 2945-2966, (2006-11).

We propose a more complete conceptual framework for analysis of SME credit availability issues. In this framework, lending technologies are the key conduit through which government policies and national financial structures affect credit availability. We emphasize a causal chain from policy to financial structures, which affect the feasibility and profitability of different lending technologies. These technologies, in turn, have important effects on SME credit availability. Financial structures include the presence of different financial institution types and the conditions under which they operate. Lending technologies include several transactions technologies plus relationship lending. We argue that the framework implicit in most of the literature is oversimplified, neglects key elements of the chain, and often yields misleading conclusions. A common oversimplification is the treatment of transactions technologies as a homogeneous group, unsuitable for serving informationally opaque SMEs, and a frequent misleading conclusion is that large institutions are disadvantaged in lending to opaque SMEs.

A Research Note on the Theory of SME - Bank Relationships. Bornheim SP; and Herbeck TH; Small Business Economics, Volume 10, Issue 4, 327-331, (1998-06).

The goal of this paper was to develop a model which could help conceptualize the value and implication of a relationship between an SME (small- or medium-sized firm) and the respective bank(s). Based on an

extensive literature review, this paper argues for a theoretical model, which assists in providing comprehension of the costs and benefits incurred with a relationship between a small-or medium-sized firm and a bank. The model seeks to explain theoretically these derived benefits and costs (barriers) and logically differentiate for distinct national environments, as well as portray these relationship costs and benefits over time.

Access to Financial Services in Zambia, de Luna Martinez, Jose, 2006, World Bank, Policy Research Working Paper.

The author assesses the extent to which Chilean firms have access to sufficient and adequate sources of funds. Access to finance has become an important issue for policymakers in Latin America. Small and medium enterprises (SMEs), in particular, complain that their lack of access to adequate sources of financing is an obstacle to their growth. Chile represents an interesting case study since it has one of the most developed financial markets in the continent, and thus great potential for using products suited to the needs and risk characteristics of SMEs. The author concludes that the largest firms have access to the whole range of financial instruments available in Chile. All smaller firms face financing constraints. She then analyzes the obstacles to downsizing access to the capital market and further increasing the penetration of banks in smaller segments.

African Small and Medium Enterprises, Networks, and Manufacturing

Performance, Biggs, Tyler; and Shah, Manju Kedia; 2006, World Bank, Policy Research Working Paper.

This paper examines the role of private support institutions in determining small and medium enterprise (SME) growth and performance in Sub-Saharan Africa (SSA). It finds that SMEs in SSA get around market failures and lack of formal institutions by creating private governance systems in the form of long-term business relationships and tight, ethnically-based, business networks. There are important links between these informal governance institutions and SME performance. Networks raise the performance of "insiders" and, in the sparse business environments of the SSA region, have attendant negative consequences for market participation of "outsiders," such as indigenous African SMEs. This is indicated through the determinants of access to supplier credit. Policy interventions will be needed to improve the platform for relation-based governance mechanisms and to address the exclusionary effects of tight networks.

Assessing the Employment Effectiveness of Small Business Financing Schemes: Some Evidence from Israel, Felsenstein, Daniel; 1992; *Small Business Economics*, vol. 4, no. 4, 273-285.

This paper presents an empirical assessment of the employment effects of two assistance schemes aimed at improving the accessibility of small businesses to capital. The first scheme is a revolving loan fund operating in two small towns. The second is a capital grant scheme aimed at promoting industrial activity in rural areas. Empirical data relating to the period 1986–89 is analysed for both schemes.

The employment effectiveness of the loan fund is analysed via the estimation of cost-per-job indices and the estimation of the 'deadweight' effect, i.e., employment that would have been created even in the absence of the financing scheme. For the grant scheme, the methodology implemented involves the use of regression techniques in order to isolate the effect of the financial assistance on employment generation. The results point to the cost-effectiveness of this form of assistance. From a public policy point of view, the need for targeting these type of schemes (both spatially and sectorally), is stressed.

Bank Competition and Access to Finance: International evidence. Beck T; Demirguc-Kunt A; and Maksimovic V; *Journal of Money Credit and Banking*, Volume 36, Issue 3, 627-648, (2004-06-02).

Using a unique database for 74 countries and for firms of small, medium, and large size we assess the effect of banking market structure on the access of firms to bank finance. We find that bank concentration increases obstacles to obtaining finance, but only in countries with low levels of economic and institutional

development. A larger share of foreign-owned banks and an efficient credit registry dampen the effect of concentration on financing obstacles, while the effect is exacerbated by more restrictions on banks' activities, more government interference in the banking sector, and a larger share of government-owned banks.

Bank Competition, Financing Obstacles, and Access to Credit, Beck, Thorsten; Demirguc-Kant, Asli; and Maksimovic, Vojislav, 2003, World Bank, Policy Research Working Paper. Theory makes ambiguous predictions about the effects of bank concentration on access to external finance. Using a unique data base for 74 countries of financing obstacles and financing patterns for firms of small, medium, and large size, the authors assess the effects of banking market structure on financing obstacles and the access of firms to bank finance. The authors find that bank concentration increases financing obstacles and decreases the likelihood of receiving bank finance, with the impact decreasing in size. The relation of bank concentration and financing obstacles is dampened in countries with well developed institutions, higher levels of economic and financial development, and a larger share of foreign-owned banks. The effect is exacerbated by more restrictions on banks' activities, more government interference in the banking sector, and a larger share of government-owned banks. Finally, it is possible to alleviate the negative impact of bank concentration on access to finance by reducing activity restrictions.

Bank Concentration and Competition: An Evolution in the Making. Berger AN; Demirguc-Kunt A; and Levine R; Journal of Money Credit and Banking, Volume 36, Issue 3, 433-451, (2004-06-02).

The consolidation of banks around the world in recent years is intensifying public policy debates on the influences of concentration and competition on the performance of banks. In light of these developments, this paper first reviews the existing literature on the impact of bank concentration and competition. Second, the paper summarizes the main findings of the papers in this special issue of the JMBCB within the context of this active literature. Finally, the paper suggests some directions for future research.

Bank Lending to Small Businesses in Latin America: Does Bank Origin Matter?

Clarke G; Cull R; and Peria, MSM; Journal of Money Credit and Banking, Volume 37, Issue 1, 83-118, (2005-02). Recently, foreign bank participation has increased significantly in developing countries, fueling concerns that foreign banks might extend credit only to certain sectors, leaving customers like small businesses unattended. Using bank level data for four Latin American countries during the mid-1990s, we investigate whether bank origin affects the share and growth of lending to small businesses. While, on average, foreign banks seem to lend less to small businesses, regression results reveal significant differences between small and large foreign banks. In general, we find that the latter surpass large domestic banks in their share and growth of lending to small businesses.

Business Development Financial Institutions: Theory, Practice, and Impact.

Caskey, JP; and Hollister, R.; Institute for Research on Poverty Discussion Paper no. 1240-01, (2001). Over the past decade, many communities have sought to promote their economic development by launching business development financial institutions, or BDFIs for short. A BDFI is a private financial institution that seeks to advance the economic development of a community by providing loans or equity capital to small- and medium-size businesses in a targeted region. BDFIs can be for-profit or not-for-profit entities, but to qualify as development financial institutions, they must be willing to accept below-market rates of return on their capital in order to further community economic development goals. Major funders of BDFIs have included local and state governments; the federal government, primarily through its Community Development Financial Institutions Fund; commercial banks, largely motivated by tax credits and the Community Reinvestment Act; and philanthropic foundations. In this paper, that authors analyze the economic development theory underlying BDFIs. We examine their business practices and discuss efforts to quantify their development impact.

Commercial Bank Lending to SMEs in Poland. Feakins M; *Small Business Economics*, Volume 23, Issue 1, 51-70, (2004-08).

This paper explores the processes of financial intermediation that are used by commercial banks in their interactions with SMEs in Poland. The paper develops an argument for examining the empirical realities of commercial bank involvement with the SME sector within the context of economic transformation by suggesting that the connection between them influences the trajectories of economic change within transition. The paper provides a history of re-organization of the commercial banking sector in Poland, paying particular attention to the involvement of foreign capital and foreign banks as the trend towards increasing foreign participation is apparent in the Central European transition economies. The findings from this research suggest that there are some significant variations within the commercial banking sector in the approach to, and practices for, lending to the SME sector.

Credit Alternatives in Rural Finance: Financial Leasing, 2006, World Bank, Policy Research Working Paper.

Enterprises use credit to acquire productivity-enhancing assets. Rural enterprises in developing economies, however, often lack access to the credit they need. Key reasons for this lack of access include the low level and scattered nature of economic activity in rural areas, the enterprises' lack of collateral, inadequate capacity among the country's lenders to lend in rural areas, and legal and policy environments that discourage lending to rural enterprises. Traditionally, leasing has served as an alternative to credit for urban enterprises, but generally it has not been a feasible option for rural enterprises. This paper argues that rural leasing can be viable and highlights the key factors to facilitate successful rural leasing, including the advantages of leasing, an enabling environment, and institutional support. The paper concludes that leasing is a viable tool to finance rural assets.

Credit Reporting and Financing Constraints, Love, Inessa; and Mylenko, Nataliya; 2003, World Bank, Working Paper Numbered Series.

The authors combine firm-level data from the World Bank Business Environment Survey (WBES) with data on private and public credit registries to investigate whether the presence of a credit registry in a country is associated with lower financing constraints, as perceived by managers, and with higher share of bank financing. They find that the existence of private credit registries is associated with lower financing constraints and higher share of bank financing, while the existence of public credit registries does not seem to have a significant effect on these perceived financing constraints. The authors also find that small- and medium-sized firms tend to have a higher share of bank financing in countries where private registries exist and stronger rule of law is associated with more effective private credit registries. Finally, the authors find some evidence that the presence of a public credit registry benefits younger firms relatively more than older firms.

Determinants of the Low SME Loan Approval Rate in Croatia. Cziraky D; Tisma S; and Pisarovic A; *Small Business Economics*, Volume 25, Issue 4, 347-372, (2005-11).

The paper proposes a new methodological framework for investigating consistency in loan assessment decisions and determinants of loan approval based on structural equation modeling and covariance structure analysis. We focus on a governmental SME loan program in Croatia and investigate possible reasons for low loan approval rate that occurred in spite of interest rates subsidization and sufficient supply of the loan funds. The novelty of the methodological approach taken is that it enables simultaneous investigation of the determinants of the loan approval and testing for consistency in the loan assessment decisions, which need not be assumed. We test several hypotheses about consistency in the loan approval decisions and lending preferences in Croatia. The empirical findings reject overall consistency of criteria but indicate a preference toward smaller loans. Among all SME loan requests, banks preferred smaller firms that requested smaller loans. The results suggest that individual banks differ in their criteria and in their loan-size preferences and that there is no positive correlation between the bank's size and its loan-size preference.

Does Foreign Bank Penetration Reduce Access to Credit in Developing Countries - Evidence from Asking Borrowers, Clarke, George R. G.; Cull, Robert; and Martinez Peria, Maria Soledad; 2001, World Bank, Policy Research Working Paper.

Existing evidence on the effect of foreign bank penetration on lending to small and medium-size enterprises is ambiguous. Case studies of developing countries show that foreign banks lend less to such firms than domestic banks do. But cross-country studies find that foreign bank entry fosters competition and reduces interest rates, benefits that should extend to all firms. The authors use data from a large cross-country survey of enterprises to investigate this issue. Their results suggest that foreign bank penetration improves financing conditions (both the quantities of financing and the terms) for enterprises of all sizes, although it seems to benefit larger firms more.

Financial Challenges Facing Urban SMEs under Financial Sector Liberalization in Ghana. Tagoe N; Nyarko E; and Anuwa-Amarh E; Journal of Small Business Management, Volume 43, Issue 3, 331-343, (2005-07).

The paper examines the impact of financial sector liberalization (FSL) policies on the financial management of small and medium-sized enterprises (SME) in Ghana, using six case studies. Its findings, which confirm and extend the conclusions of previous studies, are integrated into a framework that explains the impact of FSL and the factors at work. The main financial challenge facing SMEs is access to affordable credit over a reasonable period. This is determined by the financing needs of SMEs and the action of investors. SME financing needs reflect their operational requirements, while the action of investors depends on their risk perception and the attractiveness of alternative investment (which affects their willingness to invest). Government borrowing, the general economic climate, availability of collateral, quality of SME record keeping, and SME investor relations skills affect the way in which this challenge is managed. The impact of the activities and potential of enterprise development agencies are also discussed.

Financial Development in Latin America : Big Emerging Issues, Limited Policy Answers, de la Torre, Augusto; Gozzi, Juan Carlos; and Schmukler, Sergio L.; 2006, World Bank, Policy Research Working Paper.

This paper argues that the dominant policy paradigm on financial development is increasingly insufficient to address big emerging issues that are particularly relevant for financial systems in Latin America. This paradigm was shaped over the past decades by a fundamental shift in thinking toward market-based financial development and a complex process of financial crises interpretation. The result has been a richly textured policy paradigm focused on promoting financial stability and the convergence to international standards. It argues, however, that there is a growing dissonance between the current paradigm and the emerging issues, which is illustrated by discussing challenges in three areas: stock markets, small and medium enterprise loans, and defined-contribution pension funds. The paper concludes that the dominant policy paradigm is ill-suited to provide significant guidance in relation to the big emerging issues. It emphasizes the need to take a fresh look at the evidence, improve the diagnoses, revisit expectations, and revise the paradigm.

Financial Market Fragmentation and Reforms in Sub-Saharan Africa, Aryeetey, Ernest; Hettige, Hemamala; Nissanke, Machiko; and Steel, William; 1997, World Bank, Publication.

This paper reports findings from surveys of formal and informal institutions and their clients in Ghana, Malawi, Nigeria, and Tanzania to test hypotheses explaining different aspects of fragmentation -which occurs when different market segments are poorly linked and interest rate differentials cannot be fully explained by differences in costs and risks. A central hypothesis this report expresses is that reforming financially repressive policies would not be sufficient to overcome fragmentation of financial markets because of structural and institutional barriers to interactions across different market segments. The study concludes that financial development strategies, and World Bank operations supporting them, should explicitly include informal and semi-formal financial institutions and attempt to reduce structural impediments, foster greater interaction between (and within) market segments, and increase client access to them. This integration would

allow different types of institutions to specialize efficiently for different segments, an extension and improvement of financial intermediation in the medium term.

Financial Structure and Economic Development: Firm, Industry and Country

Evidence. Beck, T; Demirgüç-Kunt, A; Levine, R; and Maksimovic, V.; Papers 2423, World Bank - Country Economics Department, (2000).

This paper explores the relationship between financial structure – the degree to which a financial system is market- or bank-based – and economic development. Cross-country regressions, industry panel estimations, and firm-level analyses provide remarkably consistent conclusions. Financial structure is not an analytically useful way to distinguish among financial systems. More precisely, countries do not grow faster, financially dependent industries do not expand at higher rates, new firms are not created more easily, firms' access to external finance is not easier, and firms do not grow faster in either market- or bank-based financial systems. We find that economies grow faster, industries depending heavily on external finance expand at faster rates, new firms form more easily, firms' access to external financing is easier, and firms grow more rapidly in economies with a higher levels of overall financial sector development. Further, we find that countries with legal systems that more effectively protect the rights of outside investors enjoy greater financial development and economic growth. Thus, it is overall financial development and not financial structure per se that is critical for economic progress.

Financing Patterns Around the World : The Role of Institutions, Beck, Thorsten; Asl Demirguc-Kunt; and Maksimovic, Vojislav, 2002, World Bank, Policy Research Working Paper.

Using a firm-level survey database covering 48 countries, the authors investigate whether differences in financial and legal development affect the way firms finance their investments. The results indicate that external financing of investments is not a function of institutions, although the form of external finance is. The authors identify two explanations for this. First, legal and financial institutions affect different types of external finance in offsetting ways. Second, firm size is an important determinant of whether firms can have access to different types of external finance. Larger firms with financing needs are more likely to use external finance compared with small firms. The results also indicate that these firms are more likely to use external finance in more developed financial systems, particularly debt and equity finance. The authors also find evidence consistent with the pecking order theory in financially developed countries, particularly for large firms.

Financing Small and Medium-Size Enterprises with Factoring: Global Growth and its Potential in Eastern Europe, Bakker, Marie-Renee; Klapper, Leora; and Udell, Gregory F.; 2004, World Bank, Policy Research Working Paper.

Factoring is a form of asset-based finance where the credit is extended based on the value of the borrower's accounts receivable. In recent years factoring has experienced phenomenal growth and has become an important source of financing-especially short-term working capital-for small and medium-size enterprises and corporations, reaching a worldwide volume of 760 billion euro in 2003. Although the importance of factoring varies considerably around the world, it occurs in most countries and is growing especially quickly in many developing countries. The authors explore the advantages of factoring over other types of lending for firms in developing economies, and discuss the informational, legal, tax, and regulatory barriers to its growth. They also examine the role of factoring in the eight Eastern European countries that became EU members on May 1, 2004-the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic, and Slovenia, referred to as the EU 8. The authors conclude that factoring offers key advantages over other lending products and is likely to become more important in these countries, and suggest policies to accelerate its development.

Financing SMEs in Cambodia: Why Do Banks Find it so Difficult, Harner, Stephen M.; 2003, World Bank, Working Paper Numbered Series.

The objectives of this study on barriers to SME Lending in Cambodia commissioned by MPDF are to: 1) identify specific barriers inhibiting banks from extending long- and medium-term loans to locally-owned small and medium enterprises (SMEs) and 2) determine what can be done to promote more efficient lending to the SME market. The fieldwork for this study was conducted in Phnom Penh over a two-week period in June 2002. The research team interviewed 12 banks that were or would be important lenders to the SME sector.

Financing Firms in India, Allen, Franklin; Chakrabarti, Rajesh; De, Sankar; Qian, Jun; and Qian, Meijun; 2006, World Bank, Policy Research Working Paper.

The authors examine the legal and business environments, financing channels, and governance mechanisms of various types of firms in India and compare them to those from other countries. Despite its English common law origin, strong legal protection provided by the law, and a democratic government, corruption within India's legal system and government significantly weakens investor protection in practice. External financing of firms has been dominated by nonmarket sources of financing, while the characteristics of listed firms are similar to those from countries with weak investor protection. The evidence, including results based on a survey of small and medium-scale private firms, shows that alternative financing channels provide the most important source of funds. The authors also find that informal governance mechanisms, such as those based on reputation, trust, and relationships are more important than formal mechanisms (such as courts) in resolving disputes, overcoming corruption, and supporting growth.

Firm Financing in India: Recent Trends and Factors, Love, Inessa; Martinez, Peria; and Soledad, Maria; 2005, World Bank, Policy Research Working Paper.

Using balance sheet information for nearly 6,000 firms between 1994-2003, this study investigates recent firm financing patterns in India. The paper documents the overall use of debt and, in particular, the role of bank financing (short-term and long-term), trade credit, intra-business group borrowing and foreign financing. The study examines financing patterns over time and explores differences across firms by sector, age, ownership type, export orientation, and, in particular, size. In terms of trends, we find that while debt to asset ratios have been relatively stable, nominal debt growth has slowed down in recent years. At the same time, firms' repayment capacity, as measured by the interest coverage ratio has exhibited a U-shaped pattern falling during 1997-99 and recovering in recent years. Throughout the period of study, bank financing as a share of total debt has increased, while borrowing from non-bank financial institutions fell sharply. In terms of differences across firms, the most robust finding is that debt levels increase with firm size. Smaller firms have especially less debt relative to larger firms if they are young (below 10 years since incorporation), if they are in the manufacturing sector, and if they are located in Southern India. Furthermore, while the ratio of debt to assets has been relatively stable for large firms, we observe a significant decline for smaller firms. Overall, the findings presented in the paper provide suggestive (but not definite) evidence of stronger credit constraints for smaller firms.

Foreign Banks in Transition Countries: To Whom Do They Lend and How Are They Financed? de Haas, Ralph; and Naaborg, Ilko; *Financial Markets, Institutions and Instruments*, Volume 15, Issue 4, 159(41), (2006-01-01).

We use focused interviews with managers of foreign parent banks and their affiliates in Central Europe and the Baltic States to analyze the small-business lending and internal capital markets of multinational financial institutions. Our approach allows us to complement the standard empirical literature, which has difficulty in analyzing important issues such as lending technologies and capital allocation. We find that the acquisition of local banks by foreign banks has not led to a persistent bias in these banks' credit supply toward large multinational corporations. Instead, increased competition and the improvement of subsidiaries' lending technologies have led foreign banks to gradually expand into the SME and retail markets. Second, it is demonstrated that local bank affiliates are strongly influenced by the capital allocation and credit steering mechanisms of the parent bank.

Further Evidence on the Link Between Finance and Growth : An International Analysis of Community Banking and Economic Performance, Berger, Allen N; Hasan, Iftekhar; and Klapper, Leora F.; 2003, World Bank, Policy Research Working Paper.

The authors contribute to both the finance-growth literature and the community banking literature by testing the effects of the relative health of community banks on economic growth, and investigating potential transmission mechanisms for these effects using data from 1993-2000 on 49 nations. Data from both industrial and developing nations suggest that greater market shares and efficiency ranks of small, private, domestically-owned banks are associated with better economic performance, and that the marginal benefits of higher shares are greater when the banks are more efficient. Only mixed support is found for hypothesized transmission mechanisms through improved financing for small and medium enterprises or greater overall bank credit flows. Data from developing nations are also consistent with favorable economic effects of foreign-owned banks, but unfavorable effects from state-owned banks.

International Financial Institutions: Enhancing Their Role in Promoting Sustainable Development. Pearce, B; and Ekins, P.; A Report of a Royal Institute for

International Affairs / Forum for the Future workshop held on behalf of DEFRA in preparation for the World Summit on Sustainable Development (WSSD), (2001).

<http://www.sustainable-development.gov.uk/wssd/ifi/04.htm>

Poland - Rural Development Project. The World Bank – Implementation Completion and Results Report, (2005).

The development objectives of the Rural Development Project (RDP) for Poland were to: (i) increase the level of off-farm employment in rural areas; (ii) contributes to the on-going decentralization of self-government and of regional development; and, (iii) assist Poland in building institutional capacity to absorb EU pre-accession and structural funds. The project ratings are as follows: project outcome is satisfactory; sustainability is likely; institutional development impact is substantial; Bank and Borrower performance is satisfactory. The main lessons learned from the implementation of the project can be summarized as follows: 1) a Project Coordination Unit (PCU) based in a single line ministry cannot fully coordinate a national multi-sectoral rural development project, nor would this be desirable; 2) project design should place a maximum emphasis on decentralization of project implementation, especially if political decentralization to elected regional and local governments is already in place; 3) procurement (even for capacity building activities which emphasize a standardized approach) should be decentralized, with centralization of procurement not exceeding the level of a group of four to five regions at most. 4) a web-based management information system (MIS), integrating local activities to the regional level and regional summaries to the national level is a prerequisite for a fully representative monitoring and evaluation system; 5) in cases where such national programs are designed already, project components should follow the design of national programs as much as possible if they have been generally assessed positively; and 6) an initial Bank project in rural development (or in any decentralized community focused project) should view itself as primarily building capacity for subsequent scaling up through further Bank projects, but especially through an allocation of a wider set of donor and state budget funds.

<http://www->

wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&theSitePK=523679&entityID=000011823_20060120161733&searchMenuPK=64187511&theSitePK=523679

Small and Medium-Size Enterprises: Access to Finance as a Growth Constraint.

Beck T; and Demirguc-Kunt A; Journal of Banking & Finance, Volume 30, Issue 11, 2931-2943, (2006-11).

This paper presents recent research on access to finance by small and medium-size enterprises (SMEs). SMEs form a large part of private sector in many developed and developing countries. While cross-country research sheds doubt on a causal link between SMEs and economic development, there is substantial evidence that

small firms face larger growth constraints and have less access to formal sources of external finance, potentially explaining the lack of SMEs' contribution to growth. Financial and institutional development helps alleviate SMEs' growth constraints and increase their access to external finance and thus levels the playing field between firms of different sizes. Specific financing tools such as leasing and factoring can be useful in facilitating greater access to finance even in the absence of well-developed institutions, as can systems of credit information sharing and a more competitive banking structure.

Small-Scale Entrepreneurship and Access to Capital in Peripheral Locations:

An Empirical Analysis. Felsenstein, D; and Fleischer, A; Growth and Change, Volume 33, Issue 2, 196-215, (2002-04).

This paper presents an analysis of a public assistance program for small-scale entrepreneurship in peripheral areas. Public assistance compensates for market inefficiencies where the decision rules of financial institutions discriminate against otherwise viable small firms in capital markets. Lending institutions perceive high risk in providing debt capital when little information is present. Using empirical data from Israel, the determinants of this risk are estimated and the role of location in creating this information asymmetry is stressed. These results empirically establish that (1) location matters in determining the risk profile of the firm, (2) locationally targeted programs can reduce the information asymmetries that make peripheral firms unattractive to lenders, and (3) these programs can also generate positive welfare effects. Finally, there is speculation on the potential role of ICT (information and communications technology) in increasing the visibility of small firms in remote locations and creating a more symmetrical flow of information.

The Role of Factoring for Financing Small and Medium Enterprises, Klapper, Leora;

2005, World Bank, Policy Research Working Paper.

Around the world, factoring is a growing source of external financing for corporations and small and medium-size enterprises (SMEs). What is unique about factoring is that the credit provided by a lender is explicitly linked to the value of a supplier's accounts receivable and not the supplier's overall creditworthiness. Therefore, factoring allows high-risk suppliers to transfer their credit risk to their high-quality buyers. Factoring may be particularly useful in countries with weak judicial enforcement and imperfect records of upholding seniority claims because receivables are sold, rather than collateralized, and factored receivables are not part of the estate of a bankrupt SME. Empirical tests find that factoring is larger in countries with greater economic development and growth and developed credit information bureaus. In addition, the author finds that creditor rights are not related to factoring. The author also discusses reverse factoring, which is a technology that can mitigate the problem of borrowers' informational opacity in business environments with weak information infrastructures if only receivables from high-quality buyers are factored. She illustrates the case of the Nafin reverse factoring program in Mexico and highlights how the use of electronic channels and a supportive legal and regulatory environment can cut costs and provide greater SME services in emerging markets.