Review of Literature

Abdul Latif (2011) "Women entrepreneur play a significant role in the economic development by contributing 3% in GDP share of Pakistan. It is also present in the labor-intensive industries of the traditional Small Enterprise sector and in the services that support it. It is a worldwide phenomenon that Small Enterprises are an important part of a nation's economic and social structure. “Enterprise is the antithesis of command and control”. Small Enterprises are increasingly a major force for national economic growth. The entrepreneurs who drive them are receiving serious attention from economists, planners, multilateral agencies and governments all over the world. The SMEs has recorded the highest growth rate during the last decade. The increase in the female labor force participation in SMES business may also be attributable to improving economic incentives in employment and policies favoring the employment of women. Women are highly important contributors to the country’s economic and social development. Over the years women participation in the economy has increased rapidly and they constitute almost half of the total population.

Adeyemi, Sidikat Laraba, Dr. Aremu, Mukaila Ayanda,(2011) Small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the SME sector is much higher than that of the large enterprises. The role of small and medium enterprises in the economic and social development of the country is well established. The sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. The growth potential of the sector and its critical role in the manufacturing and value chains. There wide spread in Nigeria and the multiplier effects they have on the rest of the economy enable them to be the engine of economic progress. It was also noted that the SME sector is the main driving force behind job creation, poverty reduction, wealth creation, income distribution and reduction in income disparities. Most of the government interventions failed to create a much needed transformation due to poor coordination and monitoring and policy inconsistencies. SME sector also formed the vanguard of the modern enterprise sector and presents the propelling force of economic modernization and growth in Nigeria. They are important sector that need to be adequately factored into policy making and programme implementation in Nigeria.
Small scale industries have a lot of important contributions to make to the economic development of the country. By its less capital intensive and high labour absorption nature, SSI sector has made significant contribution to employment generation and also to the rural industrialization. This sector is ideally suited to build on the strength of the traditional skill and knowledge, capital and innovative marketing practices. So, the importance of small scale enterprise is a global phenomenon encompassing both the developing and developed countries. In both developed and developing countries, the government is turning to small and medium scale industries and entrepreneurs, as a means of economic development and a veritable means of solving problems. Its contribution to the mobilization of domestic savings and utilization of local resources is also a noticeable factor. It is a base for the development of appropriate technology and provides a veritable ground for skilled, unskilled and semi-skilled workers. It has provided productive self-employment to a number of educated and less educated young men and women coming out of schools, colleges, polytechnic, and universities.

Banujam K.V.(1998), in his study entitled, “Poverty Alleviation through Rural Industrialization” suggested that appropriate technology should be developed to promote the rural small industries.

Berna,(2001), in his study entitled, “Entrepreneurship in Madras State” highlighted the main characteristics found in the entrepreneurs such as capital, experience of business, technical knowledge and family background. These factors alone promote the growth of entrepreneurship

CHEN Lixia, MENG Bo (2011), The small & medium-sized enterprises (SMEs) in Jilin Province play more and more important role for the economic development of Jilin. Although the SMEs in Jilin have developed greatly in recent years, their difficulties in financing seriously hamper their development. As the symbiotic units, the SMEs and banks are mutually beneficial in the process of cooperation. On one side, along with the development of SMEs in scale and number, their financing requirements increase correspondingly, as the main way for enterprises’ financing, banks can provide various finance supports for them to ensure their development and get interest on loans and other related financial service revenue, the new energy comes from the symbiotic relationship flows to the banks; on the other hand, the SMEs get bank loans used for expansion, scientific and technological innovation to improve product quality and quantity, and therefore gain more income, and these increased income comes from the symbiotic relationship flows to the SMEs.
Chuthamas Chittithaworn,(2011), Business success is usually the outcome of the way of doing business and cooperation. Inter-firm cooperation, consultation, performance measurement, and flexibility may play an important role in business success. Inter-firm cooperation contributes positively to gaining organizational legitimacy and to developing a desirable marketplace reputation. Cooperation also may enable the small firm to improve its strategic position, focus on its core business, enter international markets, reduce transaction costs, learn new skills, and cope positively with rapid technological changes. Successful firms were likely to spend more time communicating with partners, customers, suppliers, employees. Use of outside professionals and advisors, and the advice and information provided by customers and suppliers is also important for business success. Networking seems to be important both between and within firms. The results show that customer and market, and resources and finance played an important role in ensuring the SMEs business success in Thailand. Innovative product, quality, cost, reliability, and services are the key strategic dimension in business success. Innovative product gives added value to the customer and it is important to achieve a suitable balance between product quality and costs.

Economic Survey, Government of India (2004-05), during 2000-01 to 2004-05 the SSI sector registered continuous growth in the number of units, production, employment and exports. During this period the average annual growth in the number of units was around 4.1%, while employment grew by 4.4% annually. In spite of the progress mention above entrepreneurs faces several problems. Some of the major problems faced are non-availability of timely and adequate credit, technological obsolescence, infrastructural bottleneck, marketing constraints etc.

Gholam Ali,(1999), in his study entitled, “Help makes small scale industries viable” revealed that big and small industries have their share in the development of a nation and the prosperity of its masses. A balance must be struck in the development of these industries. The thrust on the development of SSI through successive Five year plans and Government Policies had helped this sector.
GU Wenlin, Kong Xiangzhong,(2011), GEM is also called the second board market; GEM mainly provides the financing platform for High-tech enterprises which have better prospects. The introduction of GEM has great significance; it not only enriches the building of the multi-level capital market system, but also provides the direct financing channels for high-tech SMEs. But, because the GEM companies generally has features such as high-growth, high-tech and small-scale in market positioning. Systematic risk and non-systematic risk constitute the risk of GEM companies. The systemic risk is mainly caused by common factors, including political risk, interest rate risk, exchange rate risk, purchasing power risk and market risk. While Non-systematic risk is closely linked with the operating conditions of the GEM enterprises themselves, including credit risk, financial risk, operational risk, liquidity risk and operational risk. For GEM enterprises, systemic risk is not controllable; we should focus on the non-systematic risk. Financial risk is the core in the composition of non-systematic risk. Therefore, studying the financial risk factors of the GEM companies has very important practical significance. Therefore, the GEM listed companies have huge potential financial risks. The senior managers of listed companies should strengthen the knowledge of financial management, change awareness of risk management, and make the financial risk management into the core of risk management system. GEM provide a channel for financial intermediation, it solves the problem of financing for SMEs which is difficult before. The proportion of debt financing has declined in the Gem’s capital structure, Capital structure has been optimized. However, the financial risks caused from debt financing remain exist. The GEM listed companies should optimize the structure of capital and arrange rationally the proportion of the sovereignty of capital and debt capital, capital ratio, reducing the financial risk caused by an irrational capital structure. The GEM provide growth opportunities for GEM listed companies, GEM listed companies can access to funds needed for their own development using financing platform provided by GEM. However, the opportunities and risks co-exist, the GEM listed companies have market opportunities, they must also be vigilant delisting risk, especially to prevent and control their own financial risk. Only the GEM listed companies who always set awareness of risk can embark on a healthier growth path.

H.S. Parekh (2004), in his thesis, review the role of financial institutions and state agencies in extending credit to small scale units and pin points their attitude of indifference in catering to the needs of the tiny units. He was of the view that financial distributions have to attain their lending policies in consonance with the need of the small sector in general and the smaller among the small scale units in particular

Jayshri J Kadam, Prof. Dr. V.N. Laturkar,(2011), Small Scale industries encompass vast scope covering activities like manufacturing, servicing, financing, construction, infrastructure etc. In view of Government of India’s ever increasing importance given to the small scale industries in the national economy more & more small scale industries are to be set up in the years to come. By contributing it’s increasing share to the
national production, employment & exports, small scale industries also contribute to the economic development of the country. However, these industries are also plagued by the problems of raw material, finance, marketing, underutilization of capacity, etc. cash has become a big problem for small & even big businesses today. Lack of finance has driven many small business units into bankruptcy. Unfortunately many small businesses will become bankrupt because their owners have neglected the principal of cash management which normally determines their successes or failure. Cash is like oxygen to a business. lack of demand& shortage of working capital are the main reasons behind sickness/ incipient sickness of registered & unregistered small scale industries. Developing cash forecast is essential for new business because early sales do not generate enough cash to keep the company afloat. Better financial management can lead the company ahead in competition as well as it will help the entrepreneur to avoid the situation of bankruptcy & industrial sickness.

K.T. Ramakrishna (2005) , in his study analysis the financial assistance provided by the State in the shape of direct credit order the state aid to Industries Act, non-technical assistance in the form of external aids and credit from State Financial Corporation, State Bank of India and other commercial banks.

Kehinde James Sunday (2011),The small and medium scale business have been Identified as the pivot of growth in the economy. The management of working capital impacts on liquidity, investment portfolio and profitability. All these three factors are decisive in the growth or failure of a business. Hence, good performances in working capital management affects these decisive factors favorably and thus, contribute to growth and success of the business. His work is based on the theory that efficient management of working capital is very vital for a business survival. In 2002, the government in the annual budget also instructed the commercial bank to set aside certain proportion of the profit before tax of their firm as equity participation in the small business. Today, many and almost the large proportion of SMEs are financed by the corporative society. Most people join the corporative society to raise short and long term finance.

Ludovica Ioana (2011),The role of small and medium enterprises is worldwide acknowledged for their unique contribution to the economic development. Both the developed countries and the ones in course of development realise that the SMEs and the entrepreneurs play a vital role in the industrial development of a country. So there is no surprise that the political strategists have often thought that the SMEs can become the “seed” of economic revival. It is necessary that while the observance of thresholds regarding the average number of employees is compulsory, a SME can choose between observing either the threshold regarding the turnover in a year or the one regarding the total assets. It is not necessary to satisfy both criteria and one of them can e exceeded without losing the status of SME.
Malga Weker, (1997), in his study entitled, “Problems of small Industry in Andhra Pradesh” has found the lack of infrastructure as a general problem. The industrial estate alone cannot overcome the vocational disadvantages. The infrastructure facilities are either very weak or non-existent in rural areas. In urban areas with necessary industrial climate and infrastructure facilities, the growth of industries is relatively faster. The scarcity of indigenous raw materials has been a serious bottleneck. Scarce raw materials supplied through quotas are not sufficient to meet the demands of the units. There is a delay in the disbursement of the loans due to the existence of procedural delays and instances of tangible securities.


Musara Mazanai, Olawale Fatoki (2011), Small and medium sized enterprises (SMEs) play a significant role in the economic development of every nation, particularly in developing countries like South Africa. The development of SMEs is seen globally, as a key strategy for economic growth, job generation and poverty reduction. The South African Department of Trade and Industry (DTI) estimates that small businesses employ almost half of formally employed persons, and contribute to 42% of the country’s gross domestic product. Start-up SMEs are a key driver of sustainable economic development of the country.

Paul Half Man, (1998), in “Economic Time” stated that the key to industrialization of the country does not lie in building factories but in building markets.

R.C. Reddy. (2005), In a study based on small scale industries in Vishakapatnam district, K.C. Reddy conducted that bank finance in particular and institutional finance in general have contributed significantly in the promotion of small scale industries.

Raju (2008), It is estimated that Small Medium Enterprises account for almost 90 per cent of industrial units in India and 40 per cent of value addition in the manufacturing sector this shows that SMEs have become engine for economic growth and development in India. Still there are various problems face by small scale industries like lending, financing, marketing, and management of working capital.
Ramakrishna K.T.(2001), in his study entitled, “Finance for Small Scale Industries in India” has described the nature of problems of finance with regard to small scale industries in India and the role played by the government, State Financial Corporations and Banks in financing the small scale units. His study highlighted the methods of financing followed by several countries in North and South America, Asia and Europe.

Rethnam N.V.(1998), in his study entitled, “Rural Industrialization and IRDP” opined that infrastructure development for industrialization in the rural areas and investment in basic services designed to realize the full potential of human resources in the rural areas should receive a high priority.

Rohana Ngah and Abdul Razak Ibrahim,(2011), Knowledge is vital for most of the organizations nowadays; hence, organization must take a big step to change. The first step to change from a traditional company into a knowledge company is to be aware of the knowledge of the organization, known as intellectual capital (IC). Recently, the concept of intellectual capital has been identified as a key resource and driver of organizational performance and value creation (Marr et al., 2004). Organizations perform well and create value when they implement strategies that respond to market opportunities by exploiting their internal resources and capabilities. Knowledge sharing has been highly regarded as an important process in enhancing organizational performance However; knowledge sharing is not easy to be implemented. Sharing knowledge requires willingness, trust, conducive and suitable environment Intellectual capital focuses on building and governing intellectual assets from strategic and enterprise governance perspectives. Knowledge management has tactical and operational perspectives in facilitating and managing knowledge. Intellectual capital needs a process mechanism which is knowledge sharing to give an impact on business performance.

Roxana Gabriela (2011), In Germany, the financial and economic crisis, paradoxically, led to an unexpected development: the interest of individuals in establishing a business, declining in the last years, began to grow. According to the annual report regarding the SMEs(1), once the crisis was felt in all economic sectors, more and more people turned to counseling services in order to open a business.

Sarma, R.K.(1998), in his study entitled, “Industrial development of Andhra Pradesh – A Regional Study” has observed that the backward districts of the state improved their relative positions in terms of units of employment and capital. Majority of the small units are confronted with the problems of raw materials and finance.
Sekhar A. (1998), in his World Bank Staff Working Paper No: 620, entitled, as “Uday Industrial Location Policy- Indian Experience”, have observed that the location policies were successful in narrowing the disparities of industrial location in different states. The value added and employment are more equally distributed among the states during 1960 and 1975. He also examined intra-regional distribution of industry by comparing the degree of concentration of industrial employment in 1961 and 1971 by grouping cities by size and arrive at the conclusion that, for India as a whole, the degree of concentrations of employment in household industry has declined substantially between 1961 and 1971. However the non household industry maintained its level of concentration during the period.

Shouchao He (2011), As a major center in the world’s largest footwear producing and exporting country, China is trying to transform its labor intensive manufacturing industry into a more competitive and internationalized one. However, there are still many uncertainties in the process of internationalization. most of the SMEs face the following challenges in their internationalization process: 1) the issues related to property rights protection, which is related to the product and technology innovation and, 2) insufficient funding sources. The SMEs may “burn out all their cash” in the internationalization process and be easily wiped out by the existing multinational companies; and 3) the barriers to entry and strive in the new markets. The phrase “international of SMEs” here is defined as either the “transformation of attitude of the SMEs towards business activities in another country” or the “actual business activities in other countries”. Of course there is a close relationship between attitudes and actual behavior. The attitudes are the basis for decisions to undertake international ventures and the experiences from international activities influence these attitudes.

Singh Nagendra,(2000), in his article entitled, “Type of Entrepreneurship” has focused the growth of indigenous entrepreneurship after independence in the country as a whole. The contribution of both public and private sectors, including large scale and small scale enterprises for economic development, is discussed and evaluated.

Sushma Rani Verma (2010), Working Capital Management refers to all management decision and action that ordinary influences the size and effectiveness of the working capital. The basic objective of Working Capital Management is to provide adequate support for the smooth functioning of the normal business operation of any firm / company / industry. The study has also shows various components of current assets and current liability of small scale industries. Percentage ratio and index method have been applied for the analysis. The result of analysis shows working capital of the sample firm have grown up rapidly and have got
doubled in the respective time period. The highest part of total current assets has been contributed by stock and debtors. It was observed from the analysis of that a very high proportion of long term fund are being used to finance current assets.

**SYED VASITH HUSSAIN (2004)**, The SSI sector, manufacturing a wide range of more than 7500 products, not only caters to the need of the lower income groups, but also acts as a nursery for the development of entrepreneurial talent. It produces mass consumption items such as leather goods, plastic parts, and ready-made garments as well as sophisticated items such as television sets, electro-medical system, hearing aids, tape recorders, process electro instruments, etc. Ancillary units in the small scale sector supply a wide diversity of products to original equipment manufacturers producing bicycles, scooters, automobiles, tractors, etc. Simple machine tools such as leather, drilling machines printing machines and cutting machines are also being made in the small scale sector. Its contribution is next only to agriculture in India. The growth of SSI sector in the overall industrial sector in the past eight years on an average is 8.9 per cent while in industrial sector it is 6.7 per cent.