Chapter 1

INTRODUCTION

1.1 Background of the Study

Small enterprise sector in India plays a catalytic and important role in the economic development. It is the most dynamic and vibrant sector. Small enterprises are able to quickly respond to changes in the economic environment and operate with lower capital investments. They utilise local resources and skills, and provide greater employment opportunities. Their spread has been countrywide including rural areas. This sector is also known as Small Scale Industries (SSI) sector. The concept of small enterprises includes small businesses and service enterprises, besides small-scale industries.

In the initial years of post-independence period, the Government of India, through its development policies and plans, supported the growth of small enterprises. But the approach was to extend protective measures such as reservation of products/services for small enterprises, price preference, subsidies and so on. By early nineties the policy of liberalisation changed the face of the economic development. The accent of infant industry protection enjoyed for long years by the small enterprises could no more be continued and the need was for an accelerated growth and competitiveness. The enterprises that could not align themselves with the changes did not survive. The resulting sickness and closure of small enterprises became an on-going phenomenon.

The fall of small enterprises, the causes of sickness or stagnation and the related problems cannot be fully attributed to mere policy changes or environmental factors. The
most important and integral part of any small enterprise is the entrepreneur. The entrepreneur is considered as the kingpin for a balanced development and growth of the enterprise. Entrepreneur and enterprise are like the two sides of a coin. Entrepreneurs have an arduous task of converting a carefully selected opportunity into a venture. While creating the venture and the wealth, they are marred with dirt, dust, sweat and blood. An anonymous quote found by Timmons (Kuratko and Hodgetts, 1998: pv) sums up the realities of entrepreneurs. “Any one [can be an entrepreneur] who wants to experience the deep, dark canyons of uncertainty and ambiguity: and who wants to walk breathtaking islands of success. But I caution, do not plan to walk the latter, until you have experienced the former”. Entrepreneurs fail more than they succeed, but they realise that failure is not fatal, success could follow, but that too is not final.

In small enterprises, the entrepreneurs being the owner-managers play a pivotal role in creating, shaping and developing their enterprises. Enterprise and entrepreneur appear to be shadow of one another. Entrepreneur’s managerial capabilities are often reflected in the performance of the enterprise. But it is also observed that they seem to be overburdened with routine operational tasks and responsibilities, unless they have created a second line for managing their businesses. In the face of problems, they may exhibit an open mind that encourages them to contact or consult outsiders such as management consultants, counsellors, friends, and other developmental agencies. On the contrary, there would be another category of entrepreneurs that shows a tendency to operate with a closed mind. Despite insurmountable problems, they would try to solve their problems themselves without contacting or consulting outsiders for help and assistance.

Chachadi (1998) in his research work, studied the decision making process in small industry. In his study he had found that small enterprise owner-managers exhibited
various behavioural styles, which in turn had significant impact on decision-making process in the management of their enterprises. He concluded that the operational behaviour of the owner-manager could be presented in three broad models: 1) the Dominant model, 2) the Intuitive model, and 3) the Survival model. However a rational approach to decision making would certainly lead to a higher performance.

The nature of problems in managing small enterprise varies during different stages of the life cycle of the enterprise, beginning from the start-up stage. Linkage between the performance of a small enterprise to the level of entrepreneurial competencies and managerial capabilities possessed by the owner-manager is also an interesting area of study. Further, several studies including Dun & Bradstreet (1987) study report have concluded that small enterprise failures were mainly on account of managerial incompetence of the owner-managers. Therefore it is of importance to examine, in case of small enterprises, whether managerial deficiencies could be overcome by the intervention of external agencies such as consultants or counsellors.

In the light of above, the present study attempts to examine the problems faced in managing small enterprises, understand the determinants of consultancy intervention and to assess its impact on performance. This study also attempts to get the insights of the perceptions of the owner-managers about use of consultants, their competencies and skill requirements. The coastal district of Dakshina Kannada in Karnataka State has been selected as the geographical area of the study.

Before presenting the purpose and objectives of this study and the specific research questions as well as hypotheses, it would be appropriate to have an overview of small enterprise sector in the country, their role and importance, and the nature of the general problems and challenges faced.
1.2 Overview of Small Enterprises in India

Tracing back the pre-independence period, i.e., before 1947, the traditional business in India was of two types: the craft of the artisans, and trade-cum-money lending activities of mercantile capitalists (Phansalkar, 1996). The highly skilled artisans and village craftsmen could not expand their creativity beyond household gainful employment. To promote and protect their skills, the Government of India encouraged setting up of khadi (the hand-spun, hand-woven cloth) and village industries. Gandhi, who led the country to freedom, had included revival of village industries as one of the main planks of the constructive programme. It was however recognised that the 'healthy expansion of village and small industries depended upon a number of factors like the provision of raw materials, cheap power, technical advice, organised marketing of the products and safeguards against intensive competition by large scale manufacturers as well as on the education of the workers by the use of the best available technologies' (Vepa, 1988). This presents all elements of a development programme that continues to be valid even today. When the nation got Independence in 1947, the number of registered small industries was merely 12,000 (Desai, 1998). As a result of the recommendations made by an International Perspective Planning Team in 1954 (whose visit was jointly sponsored by the Ford Foundation and the Government of India), a first set of a few institutions for the development of village and small industries were set up. These were: The Central Small Industries Organisation (CSIO), The National Small Industries Corporation (NSIC), The Small Industries Extension Training Institute (SIET) and the Khadi and Village Industry Commission (KVIC). These institutions formed the broad institutional frame for the development of small and village industries, by the time second Industrial Policy Resolution (IPR) of 1956 was announced. This IPR stated that 'Small
industries provide large-scale employment, they offer method of ensuring a more equitable distribution of national income and they facilitate an effective mobilisation of resource of capital and skills which might otherwise remain unutilised (Vepa Ram K, 1988). The number of small enterprises increased from mere 12000 in 1947 to 31,000 by 1957. Later, the IPR of 1977, once again reiterated the main thrust on promotion of cottage and small industries and created a new category, namely tiny industry, within small industries.

The small industry sector registered an impressive growth in eighties and nineties. The total number of registered small-scale industries in the country was 3,91,750 in 1979 and by 1984 it increased to 7,89,328 (Vepa, 1988). By 1990-91, the total number almost jumped to reach over 13,78,000. During the period of eighties the growth of small industries was significant. The accelerated growth could be attributed to some of the thrust programmes of the government like establishing District Industries Centres (DICs) in each district. DICs functioned as nodal centres for development of small industries in rural and semi-urban areas. DICs operated as ‘single window’ agency through which all assistance needed for small-scale sector were streamlined. List of products reserved for small industries increased dramatically from 180 to 540 and later to 807. A new sub-sector called the ‘tiny industry’ was announced during this period to cover those units where capital investment was Rs 1 lakh or below, and which were located in towns with a population of less than 50,000.

The value of production from small enterprise sector was around Rs 1,786,990 million (1991-92). Its exports were around Rs 138,830 million in that year. The total number of registered and unregistered small enterprises in the same year was 2.08 million. By 1997-98, the number of registered and unregistered small enterprises was
3.014 million (30.14 lakhs). The sector provided employment to 16.72 million persons (1997-98). The provisional figures for 1999-2000 were 3.225 million units, with production of Rs 5,784,700 million, generating employment of 17.85 million. The overall performance of small enterprises from 1991 to 2000 is presented in Appendix I.

Small enterprises also facilitated removal of regional disparity in business. The item from a paper pin to technology-based products was manufactured in the sector and the units were dispersed in districts, towns and villages all over the country. Thus there was a significant growth of small enterprise population, their production and employment, besides contributing to a major share of country's exports.

Besides, the entrepreneurship movement initiated in the country in late seventies started bearing fruits in promoting new ventures by trained entrepreneurs. Technical Consultancy Organisations (TCOs) were set up in various states by the state governments and All India Financial Institutions. TCOs extended consultancy services for project identification, selection and project formulation. To take advantage of the entrepreneurial movement started in the country, TCOs organised Entrepreneurship Development Programmes (EDPs) to train educated-unemployed, rural youth, women and technical entrepreneurs. The EDPs were organised in urban, semi-urban as well as in rural areas, based on a well-designed model and selection process. The training consisted of modules on entrepreneurial motivation; project identification and feasibility report preparation, small enterprise management and commercial and legal aspects of business. Success rates of EDPs differed depending on the follow-up assistance rendered and the region. Small industries are the natural seed-beds for fostering and nurturing entrepreneurship. The EDPs organised during the last two decades had contributed to the growth of small
industries. Stimulation of entrepreneurship is a function of both an internal and external variable (Desai, 1998) as entrepreneurship is an attitude of mind.

Thus the growth of small enterprises in India was greatly facilitated by the policy level support and promotional programmes of the state and central governments, together with the entrepreneurial movement, which started in late seventies. All through the growth process, the infrastructure development programmes, finance, technology upgradation, modernisation, were also the crucial factors contributing to the development of small enterprises.

But after 1991, one of the major changes caused severe impact on further development of this sector. Ever since Government of India announced the New Economic Policy (NEP) in 1991, several changes have been introduced in the policy for Small Scale Industry (SSI) sector. The basic thrust of NEP was to tackle deep-rooted macro-economic malaises and to restore the economy to even keel through liberalisation, and therefore a separate policy, namely, New Small Enterprise Policy (NSEP) was announced for the first time for development of Small Scale Enterprises (SSE) rather than SSI. This meant that, besides manufacturing, small businesses and services were brought under the expanded scope of SSE.

The New Policy for Small Enterprises aimed at competitive survival as a necessity. Efficient growth and productivity became more important, while the previous role of SSE as employment generator no longer remained the main concern. Technology upgradation and capital intensity became very relevant to the growth of the sector. The new measures of economic liberalisation in the areas of financial sector, trade, investment policy and taxation structure had repercussions on SSE sector. To meet the challenges, the investment limit for small enterprises was raised substantially from Rs 6 million (Rs
60 lakhs) to Rs 30 million (Rs 300 lakhs) with explicit objectives of expansion, technology upgradation and diversification. The investment limit was however, revised to reduce it to Rs 100 lakhs (1999). The globalisation and trade reforms resulted in import of many products manufactured by small enterprises. The competition in market has become intense.

The protected and comfort giving era of small enterprises faded. They were required to be more competitive in terms of quality, price and delivery. The economy of scale, need to grow by expansion / diversification, additional capital investments, and expansion of market from local to region to national and even for global reach became important. The dictate was to grow or go. Obviously this situation has brought an enormous change in behaviour and business practices of small enterprises. The business needed, better management practices and induction of professionals for growth needs of the firm.

For small enterprises, search for new strategies has already commenced. Abid Hussain Committee Report on Small Enterprises (1997) has already recommended for a cluster – based approach to develop small enterprises. The discussion is no more on scales of production or technology as in the past; it is more on flexible forms of organisation of production, to keep in pace with world economy. The world of small enterprises is by no means small, but will have vast access to varied activities.

Small enterprises in the country, thus, have come a long way. The sector has grown in terms of number of units, employment and production over the years. However certain deficiencies have been noticed on account of which the sector remained stagnant in critical areas of technology upgradation, quality and productivity.
1.3 Problems of Small Enterprises

Small enterprise sector contributed significantly to the industrial output in our country. The total output from this sector was Rs 5,78,470 crores (1999-98). In the same year, exports from this sector were Rs 48,979 crores registering 11.5 per cent increase over previous period. The contribution of the sector to the economic development is significant. Over 95 per cent of total industrial units are in small enterprise sector. This sector has provided employment to over 167.2 lakh persons.

Small enterprises produce goods and offer services to cater to local, regional or national markets by the advantage enjoyed in flexibility in their operations. In export front also the sector contribution is around 40 per cent of our exports, in value. Despite all these, small enterprises face a host of problems, which finally lead to poor performance and sickness.

1.3.1 Sickness in Small Enterprises

Though the growth of small enterprises in the country is on the progressive path, this sector is facing several challenges and problems. The units are very much gullible to economic and industrial recessions, policy changes of government such as dereservation, opening up of economy through liberalisation, globalisation, and flow of imported goods. Immediately after liberalisation in 1991, the effects were not seen. But in the past 3-4 years, the impact is seen, as the large scale industry is facing stiff competition from multinational companies which have established their manufacturing / assembly base in India. Small enterprises having dependency on medium and large industries are badly affected due to lack of orders and price cuts. Quality standard specified are of higher order to meet global standards.
There is an increasing tendency of sickness in small enterprise sector. There were around 3.06 lakhs sick units in 2000, as reported in Economic Survey 2000. These units had availed loans from banks and it was reported that an amount of Rs 4,313 crores was blocked in these units. Of these only 18,692 units were considered potentially viable by the banks. Of the remaining units with outstanding bank credit of Rs 3,746 crores were non-viable. Unreported figures of sickness are higher, at 40-45 per cent of units. Behind these non-viable units are the heart and soul of owners, who took initiative and risk to establish their ventures. Reasons for failures could be many, attributable to external factors such as economic slow down, competition in market place, low demand levels, new technological developments and financial problems. Some of the factors are attributable to the owners, such as inadequate managerial capabilities (particularly single owner-manager based units), lack of product marketing orientation to changing needs, lack of proper financial disciplines resulting in poor fund management.

In case of sickness, if the units cannot be rehabilitated, the units have to be closed down. Recovery of dues is, no doubt, a difficult task for banks and lenders. Legal actions against non-performing assets in sick units take long years. Owners find it almost impossible to liquidate accumulated debt burden. This causes tremendous psychological pressure, distress and disturbed family environment among affected. It leads to loss of revenue, unemployment and social tensions. Cases of failure are often quoted as deterrents to new entrepreneurs, discouraging them choosing entrepreneurial career.

1.3.2 Causes of Sickness

Many studies have been conducted in the past to identify the causes of sickness and to assess their effects. Census of small enterprises was conducted by Government of India to identify working units and report was published in 1977. The next census was
conducted in 1991. State Bank of India had constituted a study team in 1974 to study the condition of working small enterprises. According to this study, covering 120 units, the main causes for sickness were identified as problems in marketing, finance and production areas. Lack of managerial capability was reported in 34 per cent of units. Lack of working capital was the most common cause, with 69 per cent units facing the working capital crunch. Lack of organisation was reported in case of 40 per cent units.

Among the causes of sickness, the lack of management capability is quite a serious one, threatening the enterprise right from its survival to growth stage. The research study on 'Decision making in small industry' conducted by Chachadi (1988, p19) hypothesised that “Although decision making skills are important to all stages of management, the neglect or inadequate appreciation of this aspect in management of the small firm, is the most important cause of failure in the small industry sector”. The small enterprise owner-manager cannot, in normal course of his functioning, gather all the information needs required for decision making, particularly the marketing intelligence, demand-supply gap, technological development and so on.

1.4 Managing Small Enterprises

Small Enterprises pass through different stages in their life cycle, commencing from start-up or inception stage. This initial stage is a critical one, as many small enterprises tend to become sick and / or closed in this stage. The reasons are many but key factors resulting in problems are low market penetration, competition, clubbed with weak fund base of the enterprise. Sales are inconsistent and often do not meet owner-manager's expectations. There will be struggle to survive. ‘Despite attempting to modify
products, distribution, and pricing strategies, the owner-manager is fighting fire every day' (Holt, 1998)

If an enterprise moves from the start up stage to growth stage, chances of its existence and further growth are better. Initially the owner-manager attends to almost all the functional areas to manage the enterprise according to his own plans and intentions, because he cannot afford to employ specialists or functional area manager. The management of the enterprise is closely monitored. The owner-manager shoulders problem solving and decision-making tasks. Often he gets overloaded. But there could be reluctance to seek help from external agencies such as consultants or counsellors. The other stages in life cycle after expansion or growth stages are consolidation, revival and decline.

During all these stages, the entrepreneurial roles necessarily change. They experience a metamorphosis. Initially at the inception stage the owner-manager and the enterprise appear to be synonymous, almost bound as one entity. As the enterprise grows, business related skills are necessary. Such skills often are beyond the skills possessed by the founding owner-managers. The owner-managers must make a transition from an individualistic, entrepreneurial role towards that of a competent manager possessing multiple skills required for managing the growing enterprises. The capabilities called for are planning, organising, monitoring, controlling and leading the operations and expansion of the enterprise. The growth pains of an enterprise result from poorly managed organisation, owner-manager getting overwhelmed with work, and losing track of where the enterprise is going (Holt, 1998).

There are, of course, instances of business failures also. Particularly first 4-5 years of operations are considered to be very crucial period for survival of small
enterprises. Dun & Bradstreet, a financial research firm had done study regarding business failures (The Business Failure Record, 1990). Business failure, according to them, is a failure i) due to actions such as bankruptcy, foreclosure, or voluntary withdrawal from business with a financial loss to the creditor ii) any business involved in court action like receivership or re-organisation. It was also noted that rates of business failure varied greatly by industry and were affected by type of ownership, size of business and expertise of the owner. One of the causes of business failures, as reported by the Dun & Bradstreet study is inadequate management. Lack of experience in management is the pressing problem. The small enterprise needs an owner-manager who must be a leader, a planner, and a worker.

The question is how small enterprise owner can acquire management competencies needed to effectively manage his business. Should he have a formal management education as a pre-requisite to setting up the enterprise, or should he acquire through training? Can he not take the assistance of external agencies i.e., consultants and counsellors? The answer to the question of usefulness of engaging consultants appears to be positive. But, in practice, intervention of consultants, as seen in case of Indian entrepreneurs, is very limited. The reasons could be many for not engaging the consultants. A few studies on this topic have been completed abroad and in India. Findings vary. But in case of small enterprises in India, in-depth study on consultancy study does not appear to have been undertaken so far.

1.5 Role of Consultants

A consultant may be required to perform a variety of functions such as problem analysis and resolution, improving performance or to initiate action. The role played normally by the consultant may be multi-faceted. He may be engaged as a trainer-
educator, joint problem solver, information provider, specialist, fact finder, process counsellor, diagnostician, system analyst and designer as well as a negotiator.

Consultant’s intervention is essentially to aid problem solving and decision-making. The areas of consultancy could be many such as technical consultancy, project based consultancy, management consultancy (marketing, finance, production / operations and human resource development), legal and tax consultancy and so on.

The most common services provided by consultants include an independent analysis to identify important issues, resulting in an impartial assessment of the situation, so as to advice and enterprise on pros and cons of the different options. Such assistance rendered by a consultant acts as a catalyst to enable the enterprise owner-manager to make decisions. The objective way, in which a consultant looks at the situation afresh and independently without any bias, is the main advantage in engaging an external consultant. A consultant’s ability to ask right questions and to identify the issues and hindrances to improvements are essential attributes he must possess. However his ability to work together with the owner-manager is also important, if the outcome of the decision and the subsequent implementation has to be successful.

Other useful role of a consultant is to provide technical consultancy, as an advisor, because for any small enterprise, it cannot afford to employ persons, on full time basis as a technical expert in the field.

Yet another important role of the consultant could be that of an organisational problem solver and conflict resolver. In specific cases he can play a critical role of an intermediary between the enterprise and a governmental department or institution or bank, involving liaison work. The consultant, with credentials as well as professional
background, may also act as a project leader for the enterprise’s projects under consideration.

In all the above roles, consultant is seen as an agent. In the present scenario, change is the common factor for most of the surviving or growing enterprises, because of rapid technological advancement being witnessed. Knowledge becomes the engine of growth and consultant can impart knowledge.

However, consultants are still not very welcome persons to small enterprise owner-managers. Reasons for low utilisation of consultation in this sector need to be studied. Despite the benefits likely from external consultancy intervention, the owners of small enterprises have been reluctant to use the services of consultants.

1.6 Need for the Study

The topic for the current study was chosen after review of related literature on small enterprise development and detailed discussion had with researcher’s supervisor, Dr A H Chachadi. In his research study on Decision making in Small Industries (1988, ch9) he concluded that one of the inadequacies found in decision-making process was the ‘one-man rule’, besides lack of necessary source of information as an inherent characteristic. But the process of consultation, both internal and external, could augment the efforts of entrepreneurs. The services of professional external consultants could be a vital source of help to them. Further, he suggested that future research be initiated to study the problems of small enterprise consultancy, its determinants and impact on performance.

Focused group discussions were also held with selected owner-managers of small enterprises in undivided Dakshina Kannada district, and the managers of banks, financial
institutions and Government Department of Industries and Commerce to ascertain their interest and suggestions on the study. The outcome was encouraging and all of them felt the relevance and usefulness of such a study, if undertaken. The researcher himself has worked in a Technical consultancy organisation and an Entrepreneurship Development Centre for nearly 20 years, and was involved in consulting and promotional work for a large number of small enterprises.

Though a few studies on use of consultancy were completed abroad, similar works done in India were found limited and mainly focussed on sickness of small enterprises—their symptoms, causes and remedies. The intricate and inter-personal issues in small enterprise consultancy such as attitudinal issues, managerial competencies, perceptions of owner-managers, and impact of consultancy on performance of the enterprises were found to be less explored. There was no evidence of similar studies being done earlier in the country. Thus the researcher felt the need for doing the current research focussing the on the above issues.

1.7 Statement of the Problem

As discussed earlier, the small enterprise sector is considered as the vital and dynamic component of the economic development of the country. However, the performance of small enterprises depends much on the capabilities of the owner-managers. Lack of managerial competency of owner-manager is one of the important factors that result in poor performance, leading to failure of the enterprise. In this context, use of consultancy assistance as an external intervention, is generally expected to improve the enterprise performance. Therefore the research problem can be articulated as follows:
From the perspective of owner-manager of the small enterprise, being the client, to identify the attitudinal issues that pose as problems or prospects for the growth and development of small enterprise consultancy, and also to examine the determinants of consultancy and nature of its impact on enterprise performance.

Thus the theme of the present study is expressed in the title:

Growth and Development of Small Enterprise Consultancy – Problems and Prospects: A Case Study of Dakshina Kannada District

1.8 Objectives of the Study

The main objective of the study was to examine the problems and prospects of small enterprise consultancy, its determinants and impact on performance. The specific objectives of this study were:

1. To study the background of the owner-managers and the possible linkages if any, to the enterprise performance and use of consultants.

2. To understand the attitudes of owner-managers of small enterprises towards consultants.

3. To assess the type of problems faced and the nature of assistance availed by small enterprises from their start-up stage to current operational stage.

4. To find out the determinants of small enterprise consultancy intervention.

5. To study the relationship between owner-manager competency and use of consultancy, as well as managerial competency level and use of consultancy.
6. To find out the impact of consultancy on the performance of the small enterprise, as reflected in overall perceived success / failure of the enterprise.

7. To make appropriate suggestions for consideration of business schools, training organisations and researchers towards creating competent and certified small enterprise consultants.

8. To suggest the policy makers to formulate specific programmes for enabling better governance and overall performance improvement of small enterprises.

The purpose of the study to understand the relationship among external consultancy intervention, owner-manager competency and managerial competency, as well as performance improvement and success of the enterprise is schematically represented in Fig. 1.1.

![Fig. 1.1 Relationship among External Consultancy, Managerial Competency, Performance and Success of Small Enterprise](image-url)
1.9 Significance of the Study

The study will be useful to the small enterprises, its owner-managers and the consultants serving the sector. Besides, the findings of the study have relevance for government, banks, SIDBI and other financial institutions involved in the policy formulation and promotional work for small enterprises.

The study is significant because it provides an insight to the problems of rendering consultancy assistance to small enterprises, the vital sector of our economy. Hence the topic needs to be addressed. It is expected that findings of this study could open the doors to consultants to tap the latent potential for consultancy assignments to small enterprises.

Owner-managers of small enterprises can stand to gain, by use of consultants, in improving their managerial competency, and thus improve the performance of their units and in effect improve the general health of the small enterprise sector. The incidence of sickness and accompanying blockage of our scarce resources could be considerably reduced.

1.10 Organisation of this Thesis

This thesis is organized in eight chapters. The chapter sequence and the topics dealt with are as follows:

The first chapter, 'Introduction', introduces the topic of research, initially presenting the background of the study. An overview of growth and development of small enterprise sector, its role and economic importance are dealt with. Need for the study is stated, based on the problems faced by owner-managers of small enterprises, the incidence of sickness, and the direction for future research made in previous research.
work done by Chaehadi (1988). The need for the study, statement of problem and objectives of the study are presented. The concluding part of the chapter, presents the hypotheses formulated and the organisation of the thesis.

The second chapter, 'Review of Literature', presents the review of the related literature in the fields of entrepreneurship and small enterprise management. The literature review includes the concepts and theoretical underpinning relevant to the topic of small enterprise consultancy. The sections deal with definition of small enterprises, problem solving, decision-making and management of small enterprises, performance and growth, consultancy, and success / failure of small enterprises. The brief findings from the review of previous research work on small enterprise consultancy provided the basis for statement of problem, research topic and formulation of hypotheses.

The chapter three, 'Research Methodology', addresses the methodology and design used in the study. The sections of this chapter deal with sampling frame and samples, research hypotheses and questions, measures used, data collection and procedure, and method of data analysis. The study used a combination of survey method and case study method. From the angle of the purpose of the study, this was mainly of descriptive type. However it attempted a mixed approach by continuing some of the research issues towards explanatory type.

The chapter four deals with, 'Socio-economic Profile of the Study Region'. The study was conducted in Dakshina Kannada District of Karnataka State. The chapter presents the district profile, in particular, the status of development of small enterprises, and the availability of infrastructure. This chapter was relevant because the topic of study involved study of owner-managers, their socio-economic background, problems faced
and the enterprise life cycle. The study of economic and social environment was considered useful for analysis of the research data.

The chapter five, 'Analysis of Determinants of Consultancy Services' presents the analysis of the data collected from 60 small enterprise survey questionnaires, together with findings that resulted from the survey. It has sections containing i) analysis of general information and background, ii) enterprise start-up data analysis, iii) enterprise current performance analysis. The sections thereafter are specific to consultancy services to small enterprise. The analysis of problems of small enterprise consultancy and consultancy needs are presented. The section on determinants of consultancy services presents the analysis of attitudes of owner-managers, benefits derived, competency of consultants and related issues. Together with the analysis, this chapter contains a number of tables to present the statistical data used in analysis.

In the sixth chapter 'Testing of Hypotheses and Performance Assessment' the hypotheses are tested and the results are presented. Four main hypotheses have been tested and all the four were sustained, thus supporting the objectives of the study. The sections in this chapter test the hypotheses related to relationship between consultancy intervention on one side and success of the venture, and managerial competency, management complexity, and functional area competency of owner-managers. Subjective performance analysis of the enterprises is also presented. The latter part of this chapter examines the relationship among owner-manager competency, managerial competency and use of consultancy in small enterprises.

The seventh chapter, 'Analysis of Impact of Consultancy Services on Operating Performance' contains brief presentation on 20 selected case studies of small enterprises. These case studies provide qualitative information and sensitive insights
about the problems faced by small enterprises, information seeking behaviour, use of consultancy service and the impact on operating performance. The last section presents a typical classification based on use of consultancy and the overall impact on operating performance, leading to success / failure of enterprises.

The chapter eight, 'Summary of Findings and Suggestions', presents the conclusions based on the findings of the study. Besides, a few specific suggestions for small enterprise consultancy as well as suggestions for policy makers, concerned with small enterprise development, have been presented. The chapter concludes with directions for future research.

The next chapter deals with the review of literature.