ABSTRACT

The Small and Medium size Enterprises (SMEs) are considered to be one of the major source of economic growth and job creation of a nation. Small and Medium Enterprises sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. SMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth.

Chapter one discusses significance of SMEs and its role in economy development of nations. The sections also discuss how developed and developing nations define SMEs and concept of firm competence. The onset of globalization, with expanded regional economic integration has intensified the competitive pressures on regional SMEs in both domestic and international markets. Despite numerous protection and policy measures for the past so many years, SMEs have remained mostly small, technologically backward and lacking in competitiveness. Despite their significant importance and SME contribution to economic growth, SMEs across the whole world and in India in particular, are still faced with numerous challenges that inhibit entrepreneurial growth. Although there has been a significant amount of research on SMEs, empirical research has fallen short considering the important economic contributions made by this group.

Chapter two present details study of empirical research to find out existing research and identified research gap. This research stream has largely focused on small and medium-sized enterprises (SMEs) in the major developed countries. In the manufacturing sector specifically, empirical research on SMEs is severely lacking. More specifically, there is a lack of empirical research in understanding the decision of financial competence, strategy development, and the metrics of performance as well as the relationships between them. The study of such relationships can possibly help us to find out the level of financial
competitiveness in manufacturing SMEs. The study addresses this shortfall in empirical research by studying financial performance and firm competency of SMEs. This research effort contributes to the literature on understanding financial competitiveness and performance of SMEs in general, and manufacturing SMEs in particular.

The third chapter provides information about the hypotheses and methodology used to examine the hypotheses. Later part of chapter discusses methodology of study, data collection, sample size, sampling methods, and data analyzing procedures. Total 175 manufacturing SMEs financial statements collected from the various database software and agencies. The collected data was in secondary nature.

The fourth chapter describes the procedure and the results of data analysis and hypotheses testing in details. The profiles of various SMEs for this study are described. The primary data examination includes descriptive statistics of mean and standard deviation, followed by the testing of hypotheses. In the fifth chapter, findings derived from the analysis are discussed and compared to the past study results. The study results found some partial relationship between firm’s growth and growth explanatory variables. This result found in line with some of the past empirical studies done at transition economies. A comparison of finding between the current research and past studies was found similar in context of impact of leverage on financial performance of small and medium sized enterprise. The conclusions about the research problem and research questions are provided based on the findings in the sixth chapter. The implications of the findings for management and policy makers are discussed in the sixth chapter. The limitations of the current study and suggestions for future research are also discussed at the end of chapter.