

# Contents

<i>List of figures and tables</i>	vii
<i>List of authors</i>	xi
<i>Preface</i>	xiii
<b>1 Background and scope of the text</b>	1
<b>2 The economics of small-firm performance, growth and internal organization</b>	11
<b>3 Non-economic explanations of firm structure, management and performance</b>	41
<b>4 Small-firm performance and managerial labour markets: a framework for empirical analysis</b>	67
<b>5 Research methods and company characteristics</b>	92
<b>6 The labour market for managers</b>	115
<i>Appendix 6.1: Variables extracted from interview data</i>	153
<b>7 Owners and firm size</b>	156
<i>Appendix 7.1: Entrepreneurial characteristics</i>	196
<b>8 Ownership, organization and the financial performance of firms</b>	201
<i>Appendix 8.1: Correlation matrix</i>	219
<b>9 Teams and teamworking</b>	220
<b>10 Conclusions</b>	241
<i>Bibliography</i>	251
<i>Index</i>	261

# Figures and tables

## FIGURES

1.1	Strategy, performance and organization	6
2.1	Efficient governance	22
8.1	Description of variables	207
8.2	Relationship between performance and directors' ownership	215

## TABLES

2.1	Entrepreneurship as market making	18
2.2	Management role and style in the five stages of small business growth	34
5.1	Sectoral composition of USM companies	108
5.2(a)	Arithmetic mean profitability of USM companies in years prior to flotation	109
5.2(b)	Arithmetic mean profitability of USM companies	109
5.3	Regional distribution of sampled firms	110
5.4	Other characteristics of surveyed firms	111
5.5	Employment growth in USM and match firms	112
6.1(a)	Job moves	118
6.1(b)	Job moves	119
6.1(c)	Logit model for managers' job moves	120
6.2	Job history characteristics	122
6.3	Managers' characteristics	125
6.4	Current job characteristics	127
6.5	Wage model results	133
6.6	Organizational characteristics mean scores and standard deviations	140
6.7	Boss rating	141

6.8	Correlation coefficients	143
6.9	Satisfaction model results	145
6.10	Expectations in two years	147
6.11	Probability of moving firms model	149
7.1	Motivations for firm creation	158
7.2	Founder characteristics and firm size: summary statistics for the characteristics of owners	160
7.3	Founder characteristics and firm size	161
7.4	Stepwise regressions of entrepreneurial and firm-specific characteristics on size ( $\ln(\text{size})$ )	163
7.5	Expertise within the business	165
7.6(a)	Pearson correlations of expertise within business with size	167
7.6(b)	Change in expertise from start-up to current	167
7.7	Stepwise regression of levels of expertise at start-up, at time of interview and changes in expertise, on size ( $\ln(\text{size})$ )	168
7.8	Method of increasing expertise	170
7.9	Methods of increasing expertise by employment size of firms	171
7.10	Stepwise regression of method of increasing expertise by size ( $\ln(\text{size})$ )	173
7.11	Qualities and skills required in managerial appointments	175
7.12	Stepwise regression of qualities and skills required in managers on size ( $\ln(\text{size})$ )	177
7.13	How managers were recruited	178
7.14	Stepwise regression of managers on employment size of firm	179
7.15	Reasons for joining the firm	181
7.16	Stepwise regression of reasons for joining firm on performance ( $\ln(\text{size})$ )	182
7.17	Provision of training	183
7.18	Stepwise regression of provision of training on size ( $\ln(\text{size})$ )	184
7.19	Fringe benefits	185
7.20	Stepwise regression of all variables on size	187
7.21	Synthesis	192
8.1	Summary statistics	211
8.2	OLS regression estimates – linear form dependent variable = $RTA$	213
8.3	OLS regression estimates – curvilinear form dependent variable = $RTA$	214
8.4	OLS regression estimates – piecewise form dependent variable = $RTA$	216
A8.1	Correlation matrix	219

9.1	Managers who are most significant to the success of the business	222
9.2	Reasons managers are crucial	224
9.3	Managers who are least important to the success of the business	226
9.4	Reasons why managers are least crucial	228
9.5	Formality of managerial information provision	235