	7 1 4 6 C	viii
	List of figures	ix
	List of tables	
	Preface	xii
	ESRC initiative – definitions and sample size	xvi
	Participants in ESRC small business programme	xviii
1	Introduction	1
•	Why do long-term research on small firms?	1
	Structure of the book	5
_		7
2	Small firms: definitions, descriptions and patterns	7
	Introduction	8
	Definitions	16
	How many small firms are there in the United Kingdom?	21
	International comparisons	25
	Changes in the importance of small firms over time	34
	Why these changes?	3.
	The quantitative studies of changing importance of self-	43
	employment	47
	Conclusion	.,
3	The birth of firms	49
J	Introduction	49
	Births data	50
	The theory of new firm births	60
	Explaining spatial variations in rates of new firm formation	67
	Explaining spatial variations in vales of the formation	71

Explaining temporal variations in rates of new firm formation

Conclusions

Introduction

Data

The death of small firms

vi	Contents
----	----------

	Some theoretical issues	89
	Some theoretical issues	91
	A review of failure rates	105
	Why do some small businesses fail? Which small businesses fail and which ones will survive?	105
	Which small businesses juit and which cover who	109
	Conclusions	111
	Appendix: UK business failure statistics	
5	The growth of small firms	112 112
	Introduction	113
	The significance of growth businesses	119
	The wish to grow	121
	Towards a theoretical framework	125
	The empirical evidence	154
,	Barriers to growth	156
	Mature small firms	158
	Conclusions	130
	Concins	160
6	Employment	160
	Introduction	161
	The quantity of jobs in smaller firms	173
	Types of job	179
	The quality of jobs	196
	Interaction with the labour market	201
	Conclusions	
7	Finance	204 204
,	Y . I . Alam	
	Introduction The theory of bank lending in the small business sector	205
	The bank's response	209
	Implications for the market-place	212 214
	TIL - frotual background	214
	In there competition in the provision of loan capital:	231
	Gaps, market failure and credit rationing	_
	Two 'special' cases?	246
	Conclusions	249
		253
	8 Public policy	253
	Introduction	254
	Why have public policy?	257
	The objectives and targets of small firm policy	263
	CME policies in the United Kingdom	301
	SME public policies in the European Community	303
	Conclusions	2.01

		Contents	vii ——
			307
9	Conclusions		307
	Overview		309
	Some lessons for the small firm community		312
	Implications for financial institutions		314
	Implications for government		<i>J</i> 17
			324
	Notes		330
	References		347
	Index		517

Figures

2.1	Percentage distribution of employment by size class for each	23
2.1	1088	25 26
2.2	The importance of small firms in the United Kingdom	33
2.3	C-16 amployment rate in OECD countries	55
3.1	Name formation rates in the total economy, 1760–70	55
3.2	Spatial variations in new firm formation in West Germany,	56
	1006	50
3.3 (a)	Ratio of the stock of VAT-registered businesses to the labour	58
,	force	58
3.3 (b)	New registrations relative to the labour force	59
3.4	Company incorporations	83
4.1	Trends in UK business deaths data, 1966–92	93
4.2	Half-year VAT deregistration data by age	101
4.3	Firm closure rates in the total economy, 1980–90	124
5.1	Growth in small firms	162
6.1	The job generation process	182
6.2	The effect of employment size on mean weekly wage levels	187
6.3	Types of employer control in small firms	190
6.4	Firms providing formal training	197
6.5	Environmental characteristics	198
6.6	Recruitment and incidence of labour problems, by size Types of problem perceived as very important, by size	199
6.7	Types of problem perceived as very important, by	220
7.1	Start-up overdraft security rates, 1988	226
7.2	The Loan Guarantee Scheme Financial constraints and market failure	242
7.3	Financial constraints and market rando Small firm policy-making framework in the United Kingdom	296
8.1	Small firm policy-making trainework in the	

Tables

2.1	Bolton Committee definitions of a small firm	9
2.1	'Grounded' definitions of small firms in the services	
2.2	- A-m	15
2.2	Main official data sources on employment and smaller	
2.3		18
	Number of businesses by legal status, 1986	19
2.4	Numbers of businesses, employment and turnover share	
2.5	by size band in the United Kingdom	21
	EC enterprise by member states, 1988	22
2.6	Employment by enterprise classes, 1988 Employment by enterprise classes, 1988	24
2.7	Employment shares by enterprise size: time series for the	
2.8	Employment snares by emerprise size.	30
	total economy Employment shares by enterprise size: time series for	
2.9	Employment snares by enterprise size.	32
	manufacturing	
2.10	Time series pattern of self-employment in OECD	33
	countries of small-scale	
2.11	Reasons given for the re-emergence of small-scale	35
	enterprise	
2.12	Proportion of the self-employed in the global labour force	41
	by per capita income categories	, -
2.13	Factors influencing changes in the proportion of the labour	44
	c -1-seified as self-employed	
3.1	and the small firm birth share, and not only	
3.2	compared between high- and low-birth industries. Officed	53
	g 1079 90	54
3.2	Start-ups as a percentage of the active labour force, 1989	65
3.3	France influencing self-employment	03
3.4	Factors influencing spatial variations in new firm	68
J. "	C	80
3.5	Time series studies of new firm formation in the United	74
ر.د	Kingdom	74
	1 mile	

X	Tal	b	es

X	Tables		
<u></u> -		Business failure: some terms	79
4.2		Types of deregistration for VAT in 1987	85
4.3		Deregistrations for VAT by form of organisation, 1960–90	86
4.4		New firm survival in the United States, 1970–80	95
4.4		Six year survival rates of firms classified by beginning	
4.5		employment size and number of jobs created: born 1976–8	
		surviving to 1984–6	96
		Businesses with different types of support	104
4.6		Concentration of sales by firm size	107
4.7	•••	Concentration of sales by firm one	111
		UK business failure statistics Employment in surviving openings of wholly new	
5.	l	Employment in surviving openings of wholly its	114
		manufacturing firms in northern England, 1965–78	
5.	2	Estimated employment in surviving small manufacturing	114
		firms	116
5.	3	Employment change 1985–91 in UK small firms	120
5.	4(a)	Growth aspirations – micro-firms	120
5.	4(b)	Growth aspirations – smaller firms	120
5.		Management role and style in the five stages of small	121
		business growth	123
5.	6	Factors influencing growth in small firms	123
5.		The entrepreneur	
	.8	The firm	138
	.9	Strategy	144
	.10	Constraints on ability to meet business objectives	156
	.10	Share of not job change by firm SIZE, 19/0-88	164
	.2	Components of job generation by firm size in the United	
U	.2	Kingdom 1987–9	166
-	.3	Job generation in the United States and the United	
C	.3	Kingdom: key ratios	167
,	. 4	Job generation in the United States and the United	
C	5.4	Vinadom: key ratios by firm SIZE	169
		Job generation in the United States, 1984–8 and 1988–90:	
(5.5	1 motion	170
		key ratios Job generation in the United States, 1984–8 and 1988–90:	
•	5.6	Job generation in the Officer Guites, 199	171
		key ratios by firm size Wage and salary workers in the United States, 1979–88	174
	5.7	Wage and salary workers in the United Kingdom.	
•	5.8	Employees of business owners in the United Kingdom,	173
		1987	170
	6.9	Non-employee workers in smaller firms	17
	6.10	The skill composition of labour in smaller firms	
	6.11	Gross weekly earnings by size of establishment, United	18
		Kingdom 1986	10
	6.12	Comparisons of gross wages, selected countries and year	
	0.12	Comparison 8	18

9.3