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The Place of Small-scale Industry in Economic Theory

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ABSTRACT

The question that is investigated in this study is whether there is an economic theory that can explain the existence of small-scale industries (SSIs) in almost all countries. This study tries to find an answer to this controversial issue. The researcher concludes that although, in the microeconomics literature, there does not seem to be any explicit theory to account for firm size, the size of a firm is determined to a large extent by the size of the market in terms of total demand for a given product, the need for specialization and diversification, the optimum size of production or production expansion-path that achieves efficiency and the management capability which constitutes the ultimate limit of size growth of the firm. There exists also a place for SSIs among the different economic growth models and in the industrialization strategies. The overall emphasis on small sized firms is best explained either in terms of a model of absorption of unemployed labour, or in terms of creating diffusion-spreading out - effects which are specially suitable for creating a new class of businessmen.

INTRODUCTION

Manufacturing firm size is affected to a great extent by several factors such as: simplicity of technology (or technological constraint), the little initial investment (capital constraint), the managerial and skills required by certain operations (entrepreneurial constraint), type of ownership and control, the output size (economies of scale constraint), structure of the market (regulated, unregulated, competitive monopolistic) location, specialization, factor intensity, government policy and the stage of economic development. However, these factors do not constitute an economic theory that can explain the existence of the small-scale industries in most of the economies of developed and developing countries. Thus, the question that needs an investigation is whether there is an economic theory that can explain the existence of small-scale industies in almost all countries. This study tries to find an answer to this controversial issue and explains the small-scale industry within the framework of the informal sector concept, theory of the firm, output expansion path, place of small-firm in economic growth models and industrialization strategies, in terms of country's stage of development and other conceptual framework.

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Definition, Structure and the Notion of Informal Sector

For analytical purposes, it is necessary to define the target group of small industries. Definition of small industry is an important aspect of government policy, since it identifies the specific groups for which programme is intended and any definition of SSI to be effective must be conceptually simple, precise, acceptable to all departments and institutions, easily understood by the entrepreneurs and officials, and capable of being administered easily. Although there is no clear-cut definition for SSIs, small-scale industries can be defined in diverse ways depending on a country's pattern and stage of development, policy aims and administrative set-up. There are two common ways of categorizing the small industry. One is to employ some objective quantitative measures. The most common being employment and fixed capital assets. The other is by a functional definition by which small industries are distinguished from large ones on the basis of characteristics (Vepa, 1988).

Staley and Morse, (1965) divided industry into craft or household industry employing up to 10 persons, modern small-scale industry employing 10 to 99 employees, and medium and large scale industry employing 100 or more people per establishment. According to this definition, small-scale industry is classified into factory small industry and non-factory small industry. The non-factory small industry includes traditional, household or cottage industry and artisan and

handicraft establishments. The factory small industry is distinguished from non-factory industry by the degree of specialization of labour, and it is distinguished from large industry by its small capital and absence of middle management group.

There is no single definition of SSIs which is ideal, as there are different definitions in different countries and even in the same country there are sometimes several definitions used by different institutions according to the criteria set by these institutions. For example, UNIDO (1987:2) gave the following size-classification for industries in the developing countries:

"Micro-enterprises employing up to 4 workers, small-scale enterprise employs from 5 to 19 workers, medium-scale enterprise employs from 20 to 99 workers, and large-scale enterprise employs over 100 employees. The definition for the size-classification for industries in developed countries is as follows: a small-scale enterprise may have up to 99 employees, medium-scale from 100 to 499 employees, and large scale over 500 employees" (UNIDO, 1987:2).

Estimates suggest that in the developing countries, manufacturing firms with less than 50 employees can be considered SSIs.

Definition of SSIs according to *value of capital* faces many difficulties due to the unwillingness of some owners of SSIs to declare the real capital, and many of them do not keep records to register the expansion of capital, in addition of the difficulty of comparing size of SSIs in different countries, due to different levels of inflation and different real exchange rates.

SSIs and the Notion of Informal Sector

The underlying notion of the informal and formal sector distinction is that of a dual economy approach which is related to the conceptual distinction between modern and traditional sectors. This approach asserts that, the formal sector supersedes or absorbs the informal sector mainly because of the higher labour productivity in the former (Mazumdar, 1976: 655-667). Mazumdar describes the informal sector as "unprotected" as compared with the formal protected sector. Market forces together with institutional arrangements give the formal sector low labour turnover, with difficulty of entry, capital intensive production and large scale organization. Workers in the protected formal sector enjoy better fringe benefits, good working conditions, social security provision, and better job security than those in the unprotected informal sector. Weeks (1975:2) makes a distinction between the informal and formal sectors and stresses factors external to the enterprise, such as the role of the state which favours formal sector operations by measures such as: tariff and quota protection for import substitution industries, import tax rebate, on capital and intermediate goods, tax holidays, low interest rates, selective monetary controls and licensing measures. By comparison, the informal sector is characterized by the absence of such benefits. He recommends strengthening the linkages between the two sectors.

Innovation, Linkages and Regional Development of Small-scale Industry

Firm Size and Innovation

It is noticed that the greatest technological advances in the industrialized countries have been made by small firms and often by individuals working in small firms or even on their own with minimum equipment (Bolton Report, 1971) and according to Ludovico (1992:37) one specific advantage of new technologies is that, they allow small firms to reduce quality differences with large ones and give them the opportunities of competing successfully by improving on service. An initial empirical evidence indicates that there are constraints facing SSIs engaged in innovative activities such as inadequate funds for R & D, lack of qualified manpower resources particularly technical and management, lack of information on market development, new technologies and scientific advances. From recognizing such disadvantages facing SSIs, Shumpeterian approach concludes that large firms, particularly those which enjoy the benefits of monopoly position, tend to be more innovative than smaller-sized firms (Wright, 1995). Moreover, an ILO study on technological capability in the informal sector (ILO, 1991) has shown that SSIs are often obliged to adapt their capital equipment or even construct their own, simply because the equipment available in the market does not respond to their needs and capacity, as it is only rarely that technologies are developed exclusively for SSIs and that R & D efforts are mainly focused on

medium and large industries. Therefore, special effort should be made in form of a number of policies and supportive measures to help SSIs get out of the trap of low investment and low innovation.

Linkage Effects of SSIs and Subcontracting

Linkages creation between small industry and large industry as well as with other segments of the economy is one of the other claimed benefits of the SSIs (Rasmussen, 1992). A source of demand on SSI's products comes from the two subsectors agriculture and large industries. As output in these sectors increases, the demand for intermediate and capital inputs can generate background and forward linkages to SSIs. Subcontracting has been viewed by many as necessary component of SSIs' development. Subcontracting enables SSIs to benefit from a variety of services from a contracting firm such as technical assistance in product design, quality control and help in overcoming production problems. The contractor may help the subcontractor obtain credit. Subcontracting relationships between small and large scale firms is usually increased through voluntary linkages in which each party finds it to its advantage to enter into a contractual arrangement and mutual confidence that gradually develops. For developing effective subcontracting system, government support programmes for developing and promoting inter-industry linkages are needed (Sriyani, 1992:23). In relation to the backward linkages, SSIs are seen to use less imported inputs and more domestic inputs. Anderson (1982:938) observed that SSIs do have an advantage in utilizing and recuperating waste materials, often from large scale firms such as scrap metal, wood, rubber, and packing containers. UNIDO (1985) also observed that rural SSIs provide linkage support to agriculture and rural transport sector by fabricating spare parts for maize mills, bicycles and ox carts for rural transport sector.

SSI and Regional Development

Furthermore, SSIs help achieve regional development within the country. Small industries are widely spread and are located in almost every town and village, whereas large industries are concentrated in a few cities and large urban centres or in areas close to raw materials. Thus, SSIs distribute the benefits of industrialization more widely and reduce the incentive to migrate to towns from the country side (World Bank, 1978:234).

Theory of the Firm

The term 'scale' refers to size of output or capacity of production units, while 'economies of scale' refer to reductions in unit costs due to increases in scale of output. Economies of scale are said to exist if total cost rises less proportionately than output, and "optimal scale" occurs at the point where any increase in output no longer reduces but raises unit costs. According to the theory of the firm, as the size of a firm expands economies of scale may be reaped due to greater specialization and division of labour as well as technological factors. However, expansion beyond a certain size will give rise to diseconomies of scale in the form of greater organizational rigidity and declining efficiency in managerial functions. There exists for the firm an optimum size whereby the two opposing forces are optimized, with the firm operating on the minimum point of its U-shaped long-run average cost curve (LAC). LAC may not reach its minimum point until a very large volume of output is attained. In other businesses where economies of scale are negligible, diseconomies may quickly set in causing the LAC to surpass its minimum point at a relatively small-scale of operation which is the case for the small-scale. In other economic activities, a very modest scale of operations may not be sufficient for a firm to capture all the economies of scale while diseconomies may not set in until the volume of output is very great.

On the other hand, firm size can be briefly explained in terms of the output-expansion path which is a locus of points of tangency between isoquants where firm size measured by capital, labour and output will grow along the output-expansion path provided that there are no capital and labour constraints. An efficient firm will enjoy certain degrees of economies of scale, depending on the market structure. In perfect competition-which exists in theory-firm size is not likely to be large. However, in the case of an oligopoly or a monopoly, firm size is expected to grow rapidly in order for firms to reap the benefits of large-scale production.

Beng (1988: 28-30) identifies three types of small firms in relation to their output-expansion paths: one under capital constraints, one under

output constraints and one under entrepreneurs' constraints. These constraints are explained as follows: Firm size cannot grow owing to a binding capital constraint (or a binding labour constraint). A firm with a capital constraint cannot produce an output greater than certain number of units. A firm under such a condition is more labour intensive. Since the firm does not produce along its output-expansion, this leads us to conclude that firms under capital constraints might be inefficient.

Firm size may fail to grow owing to an output constraint. If the market demand for the firm's output is small, then the size of the firm is small. However, the firm may produce on the output-expansion path. Therefore, firms under this condition can be efficient as they minimize the cost of production. Firms under output constraints are likely to be found in monopolistic competition, where product differentiation is very important to the survival of the firms. Firm size may also be subject to an entrepreneur constraint. Many owners, who are operating small enterprise, do not want their firms to grow beyond a point where they have to delegate most of their managerial function to staff. It is likely that firms under management constraints may also face labour constraints and/or capital constraints in their operation. In such cases, firms will not be efficient as they do not produce along the output-expansion path.

Small-scale Industry and the Growth Models

In this section, we try to find out the availability of economic development models which emphasize small-scale industry as shown in the following paragraphs.

Neo-classical growth (Harrod-Domar)

It is the most widely accepted model of growth process, which emphasizes that the equilibrium growth rate is narrowly defined by the relation between the growth of capital and the growth of output in which capital is allocated sectorally to investment goods, factory-produced goods, small-scale industry, agriculture and services. The marginal capital-output ratio is the parameter used in this model. Small sized enterprises produce consumer goods, simple tools, and intermediate products, all of which can contribute little to overcoming the economic bottle necks. Since SSIs are less capital-intensive than larger units, SSIs are emphasized by Harrod-Domar framework. Nevertheless, their small units might be favoured as providing larger savings by touching savers who would otherwise hoard or consume. In general, the neo-classical model does not explain the general preference in the literature for SSIs.

Economic stages (W.W Rostow)

Rostow's model suggests that large investment in some key industry or industries would trigger a take-off into sustained growth. This stage of take-off might take 25 years at best, as the level of savings is quite far from the amount necessary to support sustained growth. It is estimated that investment is needed to grow by 10% of national income before the economy has a take-off. As SSIs have little investment in their operations, Rostow's model would suggest little, if any, emphasis on small firms.

Dual sectors (H. Boeke, B. Higgins and G. Meier)

Dualism is introduced whenever there is an importation of capitalist methods into a pre-capitalist economy. One sector (large) becomes technically advanced, and dominated by foreign capital and another sector (small) appears pre-capitalistic. Another form of the model, described by B. Higgins and G. Meier states that, as development occurs in capital intensive sectors, such as metals, unemployment occurs in the labour-intensive sectors and a special effort on their behalf is suggested to restore the balance to economic growth. Hence, the dual sector model may provide a unique explanation toward the small scale units.

Development with excess labour (W.A. Lewis)

Lewis distinguishes two sectors (capitalistic and subsistence) and asserts that development must be centred in the capitalistic sector if development is to approach take-off proportions. In his model, workers are drawn from the subsistence sector, where they are unemployed, possibly in some disguised sense, into the capitalistic sector, in order to enable the growth to take place. It is clear that much of the reason for advocating SSIs is that they are labour intensive and labour is excessive because a pool of unemployed already exists. SSIs are not intended to contribute much towards capital growth, but they try

to meet the demand for consumer goods. It seems that Lewis's model is too general but on the whole, the model fits the small-scale industries.

Vicious circles and cumulative growth (Gunnar Myrdal)

Myrdal mentioned that the traditional equilibrium (classic static model) is not natural and suggested that a country embedded in relative poverty will be unable to lift itself out because its adjustment processes are weak. A vicious circle between low incomes, low rates of saving and political dishonesty will cause domestic efforts to fail if they arise from the stimulus of the market economy. He indicated that hope arises from the possibility of cumulative movements, rises in income permit increased expenditures on education which has an economic multiplier effect on income. There are two ways such a process of cumulative growth and break the vicious circle can be achieved: (i) one can provide shocks to the vulnerable parts of the economic and social structure through new social investment, (ii) one can strengthen the spread effects, which transmit the original impulses throughout the economy by creating a class of entrepreneurs of creating a pool of skilled workers by training. Here, the desire to create class of entrepreneurs and the diffusion of small units is especially suitable for SSIs and give a place for SSIs in development policy.

Fisher (1968) discussed the Indian case of small-scale industry in relation to the development models and had the following conclusions: the overall emphasis on small sized units in the growth model literature is best explained either in terms of the W. A. Lewis model of absorption of excess unemployment in the subsistence labour-intensive sector, where an effort on behalf of SSIs is suggested to restore the balance to economic growth or in terms of Myrdal's model, which concentrates on creating diffusion effects to strengthen the economic base of the economy by first, providing shocks to the vulnerable parts of the economic and social structure and second, by strengthening the spread effect which transmits the original impulses throughout the economy. This could be done through creating a class of entrepreneurs or a pool of skilled workers by SSIs (Fisher, 1968: 33-138).

In sum, while the overall approach of planners in many developing countries is cast within the Harrod-Domar framework, emphasis on SSI is best explained either in terms of a model of absorption of excess unemployment or in terms of creating diffusion effects to strengthen the economic base of the economy. These models rationalise some but not all of the efforts to emphasis small-scale industries as their efficiency could not be emphasized.

Small-scale Industry and Stages of Economic Development

Firm size categories, small, medium and large, are related to the stage of economic development of the country. Anderson identifies three stages which form a pattern of change in the size distribution of manufacturing plants (Anderson, 1982: 944).

Stage I: is characterized by a dominant household, cottage and handicraft industry sector where industrial plants are very small using very simple technologies and serve small markets. Such industries constitute one-half to three-quarters of the total manufacturing employment.

Stage II: in which urban, modern small-scale production plants and factories are rapidly replacing household manufacturing in several sectors.

Stage III: where large-scale plants emerge to the point of dominating industrial production, displacing the remaining household and inefficient small industries.

It is noted that when small and large industries are complementary, both size categories of plants will tend to grow together such as in the case of subcontracting (Schmitz, 1982: 435-7). It is also suggested that such stages are not totally separate and there is some overlap between them, and in more advanced stages of industrialization, large firms tend to predominate due to their utilization of economies of scale, their marketing, technological and management capabilities and their access to infrastructure services and external finance and tariff benefits. The question that arises in this context is why we are interested in small firms if smallness of a firm is a temporary feature during its growth into a large firm. If small firms exist only as a phase, is it interesting to study them at all if most of them will eventually grow into large firms or simply die out? In view of the large number of small firms in existence and their persistence in the history of economic development of all countries, small firms are definitely not a passing phase as they have contributed

significantly to the development of most economies. Thus, SSIs can be looked upon as a distinctive sub-sector within the total industrial firm population.

Place of Small-scale Industry in Industrialization Strategies

In the literature, four industrialization strategies have been identified: (i) import substitution, (ii) export promotion, (iii) basic needs and (iv) resource based.

Import substitution is an inward-looking strategy to accelerate industrialization, produce commodities for the domestic market by replacing of manufactured goods previously imported. The objectives of this strategy are saving of foreign exchange, employment generation, development of industrial base with comparatively low market risk and to develop joint-venture with overseas producers (Ramesh Adhikari, 1989). This strategy is generally biased towards imported capital machinery and capital-intensive large industries. It is less favourable to labour-intensive small-scale industries as much of substantial subsidies, protection and other concessions are offered mainly to large scale firms (Enyinna Chuta and Carl Liedholm, 1974). However, small-scale industries can find a place in the import-substitution strategy as many of their products are import substituted products such as food, furniture, footwear, metal and garments. The capacity of SSIs to substitute imports is mostly in consumption goods more than in intermediate and capital goods, as intermediate and capital goods need protection and rely extensively on imported raw materials and equipment which are mostly not available for SSIs.

Export promotion is an outward looking strategy that aims at generating of foreign exchange, develop of an industrial base with modern technology, exploit the comparative advantage potentials of a country with limited domestic market and to use abundant cheap labour and unutilized capacity of manufacturing plants. Export manufacturing can be economically viable provided transport and marketing costs are not so high. The main problems of the export promotion strategy is its need to satisfy overseas market requirements to ensure acceptability and trade restrictions of other countries. Large industries benefit more than small industries from export subsidies and remission of import duties due to the capacity of the former to compete and penetrate foreign markets and due to the biased export policy toward the large establishments. It has been argued that small economies are likely to opt for outward looking export oriented strategy as they have small markets, a way to gain foreign exchange and improve the quality of their products on a competitive basis (Ramesh Adhikari, 1989). Generally, small-scale industry has limited opportunities to produce for foreign markets as they do not have the marketing expertise, financial and technological capabilities to export their products and compete successfully in international market as large industries. However, there are successful stories of SSIs specializing in certain products for export such as fashion clothes, footwear and touristic industries.

The basic need strategy firmly relates industrial production to real domestic rather than externally determined products and technology characteristics; stimulates development of adapted products technologies which are more relevant to domestic needs, stimulates the use of domestic raw materials and other domestic resources. This strategy aims at establishing an industrial base that gives priority to supplying agriculture with pesticides, fertilizers, and heavy and light farm machinery at reasonable prices. Basic needs strategy may fit the nature of production of SSIs as small-scale industries mostly produce some of the basic needs for the consumers. However, the basic needs strategy is more favourable to large-scale industries which have the capacity to produce the bulk of the basic needs at large scale benefiting from their economies of scale. Hence, small manufacturing firms can only play a complementary role to large industries that are the main focus of this strategy, as large industries are more able to set-up big basic industries than small industries.

The resource based strategy aims at adding value to local resources which are currently exported in raw form, generating of domestic income and employment in a locally based industrial sector and exploitation of available local resources of energy, agricultural products, minerals and manpower. This strategy gives priority to resource-based core industries such as agro-based industries. Whether this strategy is pursued in the context of import substitution or export promotion, it can strengthen a country's inter-sectoral and inter-industry linkages.

The main problem of this strategy is that international market may not relate to the characteristics of the resources and economic circumstances of a particular developing country, so the access to foreign markets may be difficult and generating foreign exchange essential for purchasing of some essential inputs and equipment may not be possible by concentrating on domestic market alone. In this context, small scale industrial firms can be useful as they have potentials to utilize domestic resources and their needs of foreign exchange is much less than large industries as SSI's propensity to import is much less than large industries. Such a resource-based industrialization can make it possible for SSIs to strengthen the country's inter-sectoral and inter-industry linkages basically in industries such as food processing, metal and construction industries.

Other Economic Determinants of Small-scale Industry

SSIs in developing countries usually predominate in certain types of industries such as food products, wearing apparel, leather and garments, wood products, furniture, non-metalic mineral products and metal products (Nanjundan, 1987:2). Staley and Morse (1965) have listed eight types of industries in which SSIs predominate in developing countries. The factors accounting for this may be grouped under three headings: local influences, process influence and market influence.

A. Local Influence

i. Where raw materials are widely dispersed throughout the country, it is cheaper to reduce the bulk cost by local processing rather than transporting raw materials such as butter and saw mills.
ii. Where products are with scattered local markets and high transfer cost as in bricks and ice.
iii. For service industries where close proximity to customers is important as in printing and car re-pairing.

B. Process Influence

iv) When manufacturing operations can be easily separated and specialized, such as machine shop products as pistons and valves.
v) Where specialization can be obtained with relatively small items by craftsmen such as jewelry.
vi) Simple assembly, mixing or finishing operations where only light machinery is required, such as shoe lasts and cleaning products.

C. Market Influence

vii) Differential products where variety is important and low-scale economies, such as clothing.
viii) Industry serving small markets, such as leather goods.

Furthermore, the distribution of the firm-size of an industry between small and large-scale industries are affected by other factors. At the early stage of development, SSIs may compete with LSIs in the production of consumer goods. Later as markets become more developed and diversified, creating opportunities for product differentiation and vertical specialization, the industrial structure tends to shift more towards complementary relationship. Firm sizes structure-very small, small and large-do vary in respect to characteristics, use of technology, pattern of employment, nature of products, orientation of markets, and financing arrangement.

There are constraints that prevent small-scale industry firm growing to become medium and large scale industries. The *internal constraints* of the SSIs are: deficiencies in entrepreneurial quality, shortcomings in management, lack of appropriate accounting procedures, inability to estimate demand correctly and insufficient technological capability. The *external constraints* which make SSIs at a disadvantageous position *vis-á-vis* LSIs are: policy biases that result from trade regime and fiscal incentives for investment and export promotion such as reduction or exemption of duties on imported inputs, drawback facilities, access to commercial credit at reasonable cost. Financing of working capital requirements is often mentioned as a major problem. Procurement of inputs is conducted at higher prices in case of SSIs. Problems of penetrating export markets, irregular orders of subcontractors, inadequate infrastructure affect availability of inputs and marketing output. SSIs have a disadvantageous position in regard to information about international trading practices, knowledge about demand and supply. Furthermore, factors such as low capacity utilization, low profitability and inefficient use of factors have an impact on SSIs.

CONCLUSION

The concept of size scale of the firm-small, medium and large- is not static but changing with time as new firms are being formed, some remain small, some grow, some decline, others fail. Although, in the microeconomics literature, there does not seem to be any explicit theory to account for firm size, the literature review shows the size of a firm is determined to a large extent by size of market in terms of total demand for a given product, the need for specialization and diversification, the optimum size of production or production expansion-path that achieve efficiency and the management capability which constitutes the ultimate limit of size growth of the firm. There exists a place for SSIs among the different economic growth models and in the industrialization strategies. The overall emphasis on small sized firms is best explained either in terms of a model of absorption of unemployed labour or in terms of creating diffusion-spreading out-effects which is specially suitable for creating a new class of businessmen. In the context of resource based strategy, SSIs can be useful as they have the potential to utilize domestic resources because their propensity to import is much less than large industries. Such a resource-based industrialization can make it possible to strengthen the country's inter-sectoral and inter-industry linkages.

In the initial period of industrialization, small firms dominate the industrial scene in terms of the percentage share of employment, but as the economy develops and the industrialization speeds up, the economy moves more and more towards big firms and the percentage share of employment of SSIs decreases and becomes stable when the economy matures. This leads to the conclusion that SSIs can coexist with large firms even in a modern manufacturing economy (Staley and Morse, 1965: 20-21).

More specifically, SSIs predominate over LSIs in the following situations: (1) when scale economies are not particularly important in applying manufacturing processes or in making of products. (2) SSIs may be expected to have a comparative advantage in simple assembly, mixing or be broken into separate operations. (3) High transport costs and the small size of the total market may offer natural protection for SSIs. (4) SSIs have an advantageous position *vs.* LSIs when markets are dispersed and production is close to local markets. (5) Basically, SSIs may be viewed in the perspective of their relation with large industries. In other words, the existence and growth of the SSIs are, to a large extent, determined by their relative advantage and disadvantage *vis-á-vis* LSIs regardless of whether their relationships are complementary or competitive.

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مكانة الصناعات الصغيرة في النظرية الاقتصادية

خليل عليـان*

ملخص

استهدف هذا البحث تحديد موقع الصناعات الصغيرة في النظرية الاقتصادية، والتعرف على الأسس الاقتصادية التي تفسر دور هذه الصناعات في معظم اقتصاديات الدول النامية والمتقدمة. وتحقيقاً لهذا الهدف فقد تم استعراض الأوجه الاقتصادية للصناعات الصغيرة من حيث الحجم، والصناعات الرسمية وغير الرسمية، ونظرية المنشأة، ومسار توسع الانتاج الأمثل، ونظريات التنمية الاقتصادية، ومراحل النمو الاقتصادي، واستراتيجيات التصنيع، والمؤثرات والعوامل المحددة لوجود الصناعات الصغيرة.

كشفت نتائج البحث عن انه على الرغم من عدم تطرق نظرية الاقتصاد الجزئي الى الصناعات الصغيرة بشكل مباشر، الا انها قدمت تفسيرات عديدة لأهمية الصناعات الصغيرة ودورها في الانتاجية، وخلق فرص عمل جديدة، وإعطاء الفرص المناسبة لتكوين طبقة من منظمي ومؤسسي الاعمال، وايجاد ترابط اقتصادي أمامي وخلفي مع بقية القطاعات الاقتصادية.

* رئيس وحدة الإدارة، منظمة «يونروا»، عمان، الأردن. تاريخ استلام البحث ١٩٩٦/١٠/٥، وتاريخ قبوله ١٩٩٧/٤/٣٠.