

1 The Global Economic Outlook 2008

1.0. Introduction

Businesses come in different sizes, and there is no clear or universal way of defining what constitutes a small, medium or large enterprise. This confusion exists even within individual countries, and across associations and SME-related bodies (Fox, 2005). SMEs account for about 90% of businesses worldwide, employing 50-60% of the world's workforce (CRI, 2008).

The term 'small and medium enterprises' (SMEs) (in India, they are called micro, small and medium enterprises or MSMEs) is very much in currency both in academic circles and in the popular press. It generally connotes all enterprises below a cut-off level of employment/ investment, which varies from country to country. However, in many countries, including India, there are subcategories within such as, micro, small, medium, unorganised/organised etc, which are often overlapping. While such analytical distinctions exist, for policy purposes and for the understanding of the layman, it only means the lower layer of the enterprise system.

The attempt in this document is not just to make sweeping generalizations at a very macro level. It also does not confine largely to the micro-meso levels and ignore the global dimensions. By outlining a picture of the comparative scene, we propose to help the reader analyse and understand the situation independently. Before we go through the chapters of this report, it would be useful to have a brief digression on terminology.

The economic linkages of the SME sector are, by no means, simple. Their forward linkages are dual in nature. On the one hand, they are directly linked with the large sector. Besides, they are directly, and often indirectly, linked with the larger enterprises and markets abroad. SMEs are often differentiated and classified based on distinct stages of relationships with SME support networks as follows:

- 'just do it' enterprises (managed by entrepreneurs that act as independently as possible).
- flying solo enterprises (managed by successful entrepreneurs, but too embarrassed to seek advice).
- Support seekers enterprises (managed by entrepreneurs that employ others and who think strategically)

Purchase Full Copy from our Portal

or

write to us:

Institute of Small Enterprises and Development

ISED House, ISED Enclave, ISED Road,
Vennala, Cochin- 682028, Kerala, India

Tel : 0484-2808171, 2808727, 2809884

Fax: 2809884

Mail: info@isedonline.org, bds@isedonline.com

Institute of Small Enterprises and Development

ISED House, ISED Enclave, ISED Road, Cochin - 682028

Tel: 0484 2808171, 2808727, 2809884

Email: info@isedonline.org Web: www.isedonline.org