

Proposed Growth Model for SMEs Using the Delphi Method

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Abstract

Using the Delphi method to engage experts in the field, the intention in this paper is to offer a predictive growth model for small-firm growth. The purpose of this model is to allow small business owners, decision-makers and researchers to assess the growth of the business through a four-stage model over time. The research used a qualitative paradigm with a DELPHI approach, involving data analysis using interpretation and structural analysis of the data sent by the experts. In this study, a consensus of a Delphi group for a proposed small business predictive model was used. The resulting model may offer a better fit to small businesses now, and it may be used pragmatically with small business owners and managers in the future. The results indicated a consensus within the Delphi group, allowing for an understanding that a different conceptual framework may impact small business growth and future development.

Key words: Growth model, Small-medium enterprise, homogeneous

Introduction

Small and medium-sized enterprises (SMEs) possess unique qualities that make them unique from most of the other large counterparts (Abdulsaleh & Worthington, 2013). Consequently, for SMEs, there is a requirement to incorporate the related existing measurement and growth methods and to recognise a pragmatic procedure for the implementation, design, and measurement of measurement systems based on growth strategies (Zortea-Johnston et al. 2012). This research provides a brief overview of the current literature related to the dynamics of growth models for SMEs, which associates with distinctive characteristics, issues, and requirements of growing SMEs. Models of SME growth suffer from many critiques and are overlooked by SME managers and decision-makers (Edvardsson & Durst, 2013). Hence, there is a requirement for the critical evaluation of the current studies relevant to it. The research is based on highlighting a framework based on the concept of pragmatism, in which it will be represented that the growth of a small business is based on the series of 4 stages of growth. Hence, for development, every business has to pass all the stages successfully. Using the Delphi method to engage experts in the field, this paper intends to offer a predictive growth model for small-firm growth and measurement in a pragmatic manner that will be served as a huge intangible framework required for conducting the research. Moreover, business owners and managers will design policies based on the business growth phenomenon.

1. Small and Medium-Sized Enterprises

Different jurisdictions, such as the European Union and the United States, have varying definitions of the size of businesses that fall into the category of SMEs. The European Union comprises businesses that have a workforce of fewer than 250 employees. SME businesses are divided into groups, including micro-businesses i.e. up to 9 workers, in addition to the entrepreneur, small businesses i.e. up to 10-49 workers, and medium-sized businesses i.e. up to 50-250 workers (Neagu, 2016). In the USA, the Small Business Administration or SBA, the standard size for small businesses is dependent on the explicit sector of the industry. According to the North American Industry Classification System or NAICS, classification has been done to reflect the differences between labour-intensive and capital-intensive businesses; however, federal agencies typically considering the corporations with around 35.5 million dollars in sales and around 1,500 workforces as a small business (Prieto-Sandoval et al. 2018). As the definition varies with the state, therefore, it has been described in Israel differently. The small business is one working with only 50 or fewer employees (Cagno & Trianni, 2013).

SMEs are considered the backbone of the modern economy, and most businesses are SMEs. It has been reported that around 99.7 per cent of the businesses running in the USA are SMEs (Karadag, 2015). Here in the USA, SMEs are contributing to offer around 1.86 million job opportunities every year (Neagu, 2016). By considering the private sector, it has been reported that around 50.9 per cent of the employees are working here. Not only this, but they also account for around 50.7% of the production based on local business in the country. In the OECD, over 95% of enterprises are SMEs, and they account for 60%-70% of employment in most countries (Okr glicka et al. 2015). Some researchers make the point that governments cannot rely on SME growth, and they have raised significant doubts over the effectiveness of government policy to increase the performance of SMEs (Edvardsson & Durst 2013).

In Israel 99.5% of businesses are SMEs, employing around 1.1 million workers, hence it can be identified that 55 per cent of the employees are constituted in the public sector (Tomši et al. 2015). SMEs are recognised as engines for creating jobs and economic growth. Data reported from one of the authentic sources known as the Israeli Central Bureau of Statistics or CBS depicts that around 51 per cent of the businesses running in Israel are running based on self-employment hence, they are not involved in the activities to employ someone. On the other hand, it has been observed that around 70 per cent of these businesses hire workers limited to 4 and 92 per cent of these kinds of businesses hire workers up to only 20 (Neagu, 2016). From the data, it has also been evaluated that the SME businesses that are newly started (2012) in Israel, are successful in providing around 84,400 employment opportunities (CBS n.d.). This result has supported the concept that SME businesses are running in large numbers especially in Israel. Not only this, they have a strong contribution to the growth of the economy in Israel.

2. Differentiating Small and Medium Size Enterprises

Although the literature addresses SMEs as a united, well-defined, homogeneous group, for this paper, we have elected to address only small business enterprises (Marom et al., 2019). Some argue that small business owners lack the expertise and the resources to grow (Krajnáková, Navikaite & Navickas, 2015; Peake et al., 2019). Therefore, it can be estimated that they will remain small, and instruments related to the policy are designed in a way that will help the overall growth procedure of SMEs and it can also be estimated that it will have a minor, or no impact on this kind of businesses. Furthermore, the vast majority of small firms are more interested in maintaining their current levels of profit than in expansion (Ndubisi & Iftikhar, 2012). Another attribute is that most of the working capital comes from the owners themselves, which limits resources (Bamiatzi & Kirchmaier, 2014). Besides, and by their nature, small businesses capture only a small share of the market in which they are operating (Parnell et al. 2015). Most of the qualitative attributes of small businesses, such as management structure, are not embedded in the core of their classification by government and public institutions, as they are difficult to gauge and codify.

Owners usually make decisions in small businesses. However, due to the idiosyncratic conduct of some owners (Sundgren & Svanström, 2013), managerial duties and operations are often carried out by the same people, leaving little if any time for the process of management and decision making (Müller, 2019), or for gaining new information about the business. In addition to this, the managerial infrastructure of such kind of small businesses is usually based on simplicity, but informal with the social perspective, the link present between the associates are in most cases do not follow any sort of hierarchical structure, the organisation typically does not depend on distinct goals. Moreover, the valuable tools required for successful management are not utilised hence, the overall business is found to be managed without the element of perfection as compared to huge companies (Wynarczyk et al. 2013). Some argue that small businesses are different from medium-sized businesses in management, resources, and goals. It is not always clear that most small businesses want to grow into larger businesses, thereby increasing the workforce, administrative work, etc. (Voss & Voss, 2013). Further, given the unpopularity of using qualitative measures within the business at large (Welch and Piekari 2017; Pett & Wolff, 2016), classifications of small businesses tend to rely on quantitative measures. Most such classifications use two measures of size: the number of employees and a financial indicator such as annual sales (Garay & Font, 2012). This may limit perspectives and knowledge for researchers, owners, and the government.

3. Marketing Capabilities and Accounting Capabilities of SMEs

According to Sekhar et al. (2015), the components that make the dynamic capabilities include marketing and accounting capability. In this context, Cho and Lee (2013) stated that there is a fundamental relationship between the competitive advantage and dynamic capability, one of which is regarded as marketing capability. Marketing capa-

advantage and dynamic capability, one of which is regarded as marketing capability. Marketing capabilities are considered identical for capabilities and competencies but they are not limited to capabilities (Pulka et al., 2018). Marketing capabilities are also identical to a process that is designed for the business marketplace. By this process, the collective knowledge, resources, skills of SMEs are integrated which enables the addition of the goods and services that are competitively valued and hence, meet the requirements of the business (Rekarti et al., 2018); for instance, in the restaurant business, the presentation of food (menu, look, temperature, freshness and taste). Michna (2018), predicted that the satisfaction of the customers meets the expectations; even though there might be some gaps of dissatisfaction; but the customers must express satisfaction. Thus, SMEs are required to develop this capability dynamically. It is extremely significant for the business to develop the capabilities by acknowledging the uncertainty within the environment of the organisation that is faced by them (Eikelenboom & de Jong, 2019).

According to Rekarti & Doktoralina (2017), in the role of professional reporting, the accounting capability plays a significant role. Nevertheless, the extensive use of external accountants' services is used by some of the SMEs for their business reports. Moreover, by acknowledging the speed of changes in technology, the owners of SMEs are required to consider the technological developments within their organisation by understanding the accounting information system (AIS) (Trabulsi, 2018). Implementing the technological development within the organisation for the accounting information system can enhance the gathering and handling of the accounting data beginning from the primary data to the final reporting of the transactions, for providing the valuable information to the decision-makers of the organisation. Owing to the quality information, the quality decisions will be made by the decision-makers which will further enhance the performance of the organisation (Sekhar et al., 2015). For adapting the environment of the business, the performance of the business is the organisation's ability which escorts the changes in the environment of the business that includes competitors, customers and other various power forces, by which the working environment of the business can be altered. The ability of the management for developing harmony between the internal organisation and the environment are the factors on which a good strategy is dependent; therefore, the ability to adapt is enormously significant (Rekarti et al., 2018).

Florici (2016) stated that the taste of the markets will change tremendously by the occurrence of the several new modern culinary offers along with the occurrence of competitors from comparable culinary traditions. Moreover, adaptability is not only important for keeping up with the changes but instead, anticipating them. Therefore, business persons are required to be more creative and innovative (Yacob et al., 2020). For generating the growth in performances of sales and profitability, the SMEs are required to be more innovative, courageous, and proactive for performing the strategic risks behaviour and the non-financial behaviour follows this approach. Due to this reason, in order to grab the accounting opportunities

and capabilities, the SMEs are required to develop their adaptability through marketing for developing an understanding of their inner business and capitalise on those opportunities (Murwatiningsih et al., 2019). The monetary circumstances of the region where the SMEs are operating will be improved due to the ability to adapt and maximise the performances of the business. The changes in the business enable the owners of SMEs to determine and prioritise the strategies in order to overcome the challenges that arise for becoming competent and remaining relevant within the SME sector (Rekarti & Doktoralinak, 2017).

4. Impact of Marketing Capabilities and Accounting Capabilities on Performances of Business

According to Takata (2016), the better market sensing, development of the customer relationship and the ability for strengthening the bonds among the channels within the market can be provided by the marketing capabilities. Thus, the activities of the business can be widened and more market can be attained by the organisation having marketing capabilities (Cacciolatti & Lee, 2016). The SME having marketing capabilities are enabled to perform efficiently as compared to its competitors with regards to growth, the satisfaction of the customers, profitability, and adaptability due to the strong market research, distribution capabilities, and marketing management. The increase in the business activities will certainly increase the transactions of the business that will further generate the source of income for SMEs (Liu et al., 2015). Moreover, Wilden and Gudergan (2015) determined that the performance of marketing is positively affected by the marketing capabilities of the organisation. Therefore, the performances of the organisation are significantly affected by the marketing capabilities of the organisation and the income is regarded as one of the measurements of the performances (Hernández-Linares et al., 2021).

Takata (2016) stated that the organisations having accounting capability will tend to produce quality information due to which the quality business decisions will be made within the organisations. Therefore, the accounting capabilities play a significant role in determining the performances of SMEs. The main concern of the decision is how the financial resources are being used within the organisation to operate, or how they are being used for generating revenues with the minimum amount for the sustainability of the SME organisation along with the improvement in the performance of the results for sales growth of SMEs (Cacciolatti & Lee, 2016). The accounting information system supports the quality decision that can be used within an indefinite market in order to identify the viability of the economics and finance ROI (return on investment) by which the quality of the product can be affected (Liu et al., 2015). Wilden and Gudergan (2015) identified that the effectiveness of the business can be increased by an accounting information system; therefore, the corporate earnings will be increased from the total cost incurred by the investment capital, relationships, increased profitability, and the measurements of non-financial performances.

5. Business Adaptability, Accounting and Marketing Capability

According to Johnson & Schaltegger (2016), SMEs that are developed, positively have a long-term orientation, which means their prime focus is on the future sustainability of the organisation. Due to this, it is determined that all the businesses are required to change their course of action according to the development of the environment and the markets. The business can lead to a difficult situation to sustain and survive within the market if the changes are delayed within the organisation. Moreover, the delays in the changes will tend the organisation to display a constant process that enables the organisation to balance the active agents along with a dynamic environment (Michna, 2018). However, offers are regarded as the products of local traditions that require some adaptation to the conditions of the market for obtaining good performances within the SMEs. Furthermore, Farida et al. (2017) argued that better marketing analysis can be specifically provided by the marketing capabilities that transform the relationship of the customers and the ability for strengthening the bonds among the channels with the market. However, value of the prevailing market is the basis on which this change is still based on, as according to the traditions that are offered by the SMEs. Hossain et al. (2020) stated that the changing situations within the market or the region must be adapted quickly. Naturally, by fulfilling the obligations of a careful citizen and by respecting their traditions (Hanifah et al., 2019).

It is extremely significant that adaptability is committed with the organisation as the objectives of the organisation can be shaped with capability by the commitment and it will also determine the final way to act in the long term along with respecting the right environment in shaping the goals and relationships within the organisations. Thus, the SME will be responding by the awareness of the change (Laine & Galkina, 2017). Moreover, the organisation will be encouraged to act in the market context due to the awareness of change. Many SMEs are not able to sustain in the market and its environment because they possess low marketing capabilities. In fact, confidence and encouragement to the organisations is provided by the high marketing capabilities, in order to implement changes, due to which adaptability is highly needed by the SMEs (Sulistyo, 2016). Hermawati, (2020) determined that the understanding of the internal capabilities of the organisation are the basis on which the awareness and an ability to implement changes are dependent. The quality of the accounting information system determines the understanding of the internal conditions. Therefore, the accounting capability is enormously significant for determining the availability of the right information completely and accurately. The organisations are allowed to use the internal strength for adaptive decision making by this information (Johnson & Schaltegger, 2016).

6. Challenges faced by SMEs

According to Avevor (2016), the increase in the competition, the ability to adapt to rapidly changing market demand, technological change, and capacity constraints that are related to innovation, knowledge, and creativity are the components by which a lot of challenges are faced by SMEs. In addition to this, Vendrell-Herrero et al. (2017), identified in his study that most

of the SMEs face the issues of competitive disadvantage due to their geographical isolation. Despite this fact, many economies rely on SMEs especially for generating employment opportunities. Notwithstanding its perceived weaknesses, SMEs are not cleared with the process of regional integration and globalisation, but instead of that the role of SMEs have evolved and changed, due to which they are internationally competitive and collectively regarded as the significant source of employment generation (Bilal & Al Mqbali, 2015).

Nkwabi & Mboya, (2019), determined that one of the significant challenges that are faced by SMEs is the lack of information infrastructure that is required to be addressed. The information is dealt with intrinsically by the financial industry; however, the problem between the suppliers and the demanders of funds, in general, is inappropriate information. Therefore, the infrastructure of information is essential to address this issue. Moreover, another main challenge that is faced by SMEs is the low level of research and development (R&D). The expenditure of any organisation in R&D is considered significant for driving innovation and economic growth within the organisation. The SMEs are accountable for the significant share of the total business R&D effort. This may be due to a large body of SMEs or to SMEs, which perform a huge amount of R&D. For instance, the specialised units of R&D are part of the larger group. Afolayan et al. (2015), stated that another main challenge that is faced by SMEs is the lack of use of advanced information technology. In recent years, information technology has been rapidly increased. The ownership of mobile phones, tablets, computers and smartphones have also increased in recent years. Hence, most of the consumers prefer internet sales and therefore, for individuals, the e-commerce market is expanding. Consequently, SMEs are identified to be unable to utilise such opportunities. Most of the SMEs do not have their own websites due to which, they face the issues of competitive advantage (Avevor, 2016).

7. SME Growth

During the past decade, the failure of SMEs to transform themselves into large firms regionally and globally has been of great concern (Schoonjans et al. 2013). Researchers have argued that constant growth with interest has been observed for around 50 years. The complete knowledge is not available associated with this type of occurrence, therefore, misunderstanding and conflicts are present related to it; they have called for more theoretical development on the subject of business growth (Eggers et al. 2013). In the context of SME growth, there is still limited research, and most such studies have proposed holistic models (Eggers et al. 2013). It can be critically evaluated that smart growth stage models are easily obtainable by SMEs for addressing their limitation related to the business skills and to evaluate SME's growth (Karada, 2016). However, for the review of relevant material in this article it has been recommended that this identified supposition might be doubtful, precisely as a result of the position of this kind of growth stage models (Simpson et al. 2006).

Researchers tend to agree that there are life cycles in the development of SMEs (Yukhanaev, et al. 2015) and that the life cycle phenomenon is significant for business owners and managers

(Xheneti & Bartlett, 2012). A brief look at SME-related research will show that models based on the life cycle of any organisation and SME development phases have often been used as variables to understand the changes and problems SMEs face. These models used 3 to 5 steps for highlighting the growth of SMEs on which any business will grow during the life cycle of the organisation. Ullah (2020) argued that the needs of the research are required to incorporate the most innovative method of the research for addressing the numerous queries which will remain untied. Consequently, intrusions from both of the mentioned sectors persist to be sub-optimal (Khan et al. 2012)

Marjanski et al. (2019) applied a lifecycle model with 4 stages of development: (a) start-up, (b) extension, (c) maturity, and (d) diversity. Their research describes the growth phase as a unique configuration of variables relating to the organisational context or structure. Contextual dimensions include the size and age of the organisation, the pace of growth, and the challenges it faces (Mutalemwa, 2015). Structural dimensions include structural form, formalisation, centralisation, vertical distinction, and several organisational levels.

To date, most measurement of businesses in the SME sector has relied only on manpower and financial indicators. Some have suggested that this may not be sufficient, especially in the small business realm. A company's ability to increase profitability, to survive or expand, is a more complicated issue these days due to the existence of the free market and fierce competition (Xheneti & Bartlett, 2012).

Thus, more than ever it may be argued that there are other measures for SMEs' growth (Rafiki, 2020). Some have proposed increased employment as a possible measure of growth (Marjanski et al. 2019), even though the owner of the SME may not refer to increased employment as a business goal and it may be perceived as more of a government goal (Stoian et al. 2018). SME growth has also been measured through the growth of sales and turnover (Khan et al. 2012). Thus, there is widespread agreement among researchers that it is difficult to determine one best measure for small business growth (Shinozaki, 2012). Moreover, using different measures may produce different results (Eniola & Ektebang, 2014). The model of Mutalemwa (2015) offers limited reference, since it covers businesses in the technology sector only, and it does not represent all businesses, let alone small business.

The above models do not offer explanations for various small business processes such as the need to manage external and internal knowledge of the business. Additionally, the Lewis and Xheneti & Bartlett (2012) model offers a direct relationship between business growth and manpower, which does not necessarily hold in the contemporary, technological era. In modern times, the use of ICT in business organisations is common in facilitating operations (Pisar & Bilkova, 2019). Furthermore, the Eniola & Ektebang (2014) model mainly refers to the organisational, hierarchical side, and it does not relate to the marketing aspect of the business, which is particularly crucial for SMEs (Shinozaki, 2012).

It has been extracted that the size, diversity, complexity, and individual management aspect of the standard SME growth model can be considered as the drawback, as this failed to advance the business practices for each sort of small business (Xheneti & Bartlett, 2012). Other than this, it has been observed that robust growth rate and lack of business skills are among the factors that do not work efficiently for advanced small businesses. The study of Khan et al. (2012) suggested that the small business realm is based on the growth model considering the manpower as the major functions; however, this is considered as the drawback along with the financial indicators. Apart from this, Schoonjans et al. (2013) shared that the business growth model has 4 stages of development that are directed to the unique configuration of the variables, hence these variables do not apply to all small businesses therefore are considered as a drawback.

The current models offer no pragmatic, easy-to-follow, method for assessing the outcomes at each stage of the model. However, the notion that upholding strategy will induce growth is agreed upon among researchers (Ullah, 2020), but it lacks pragmatism. The assessments the models offer may be perceived as descriptive only, which may make it difficult for a small business owner to follow a model to achieve movement towards the next stage of growth. Thus, we address the gap in knowledge about SME growth, as described by O'Farrell and Hitchens (Marjanski et al. 2019):

"Which firms achieve growth? Our thesis is that it will be those which can identify the key criteria upon which to compete in certain segments (for example, design, after-sales service, price, quality, delivery reliability, and so on) and can then build a competitive advantage based upon these criteria."

According to Marjanski et al. (2019), with the changes in competencies of business, there is a need to change the business model for innovation and practical transformation. Moreover, Mutalemwa (2015) mentioned the need to include the model practices that would be in the favour of external and internal knowledge of business so that this can emerge as the changes required by the management.

We address this gap in the knowledge by adding a flow of stages in key areas for SMEs such as marketing and business process that can be measured pragmatically.

Methodology and Research Design

This chapter describes the research method, the participants, the research setting, and the procedure.

We used a qualitative paradigm (Mohajan, 2018) with a DELPHI approach, involving data analysis using interpretation and structural analysis (Basias & Pollalis, 2018) of the data sent by the experts. We performed this analysis using the software application ATLAS.ti 8.

The Delphi method was developed by the Rand Corporation during the 1950s and the 1960s to gather information from different experts about future technology trends for

issues, or desirable directions in specific research fields (Ngozwana, 2018). The Delphi group aimed to achieve consensus between experts in their judgments on certain issues by using group communication while using a series of questionnaires interspersed with controlled opinion feedback (Glesne, 2016).

Different scholars have addressed the minimum target, with some arguing that just 51% consensus is required (Mohajan, 2018), while others require 51-75% consensus (Basias & Pollalis, 2018).

It is important to point out that the goal of the Delphi process and the comprehension of external support was to validate the model before further research.

We began by approaching 14 experts, of whom only 8 participated through the full process. We set criteria for the Delphi experts as follows (Glesne, 2016):

- Minimum of 10 years of working with SMEs in different capacities
- Minimum of 1 article published regarding SME.
- Hold a senior position.
- Have direct involvement in the organisational process, marketing operations, or human resources in their organisation of employment.
- Experts must be interested in and well informed on the topic.

The Delphi process was administered according to the following guidelines (Hsu and Sandford 2007):

- All the information was written and emailed to avoid misunderstandings.
- All communications were discrete, preventing a bias in the results and avoiding conflict within the Delphi group.
- An online two-round Delphi study was performed among eight experts. Representative interpretation and structural analysis (Basias & Pollalis, 2018) of the data sent by the experts in the first and second rounds were analysed using ATLAS.ti 8 software.
- Experts replied openly to statements provided with the theoretical text to 10 statements in the first round and 6 statements in the second round.
- A feedback report was provided in Rounds 1 and 2, including response percentages and answers to all questions in the previous round. Round 3 was considered unnecessary due to the majority agreement and the scope of the questions (Figure 1)

Data analysis

Data analysis is a process of arranging and structuring the information gathered to interpret it and to understand its meanings (Brady, 2015). In qualitative research, there are two approaches to data analysis: structural analysis and thematic analysis. The current study used both structural and thematic

content analysis methods, which related to participants' descriptions, feelings, and sensations while emphasising how what they said and how they said it aligned with a structural analysis of the contents, a combination of the analytical perspective and the analytical standards taken from the literature. Data analysis was performed while gathering data and again subsequently. The data analysis process was divided into four stages: the initial stage, the charting stage, the focused stage, and the theoretical stage (Kezar & Maxey, (2016).

Data analysis was performed with ATLAS.ti 8 a qualitative data analysis program designed to examine the information collected in the form of visual data, audio data and in text form. This also helps to analyse or interpret the data with the help of coding and other annotating activates as shown in sample analysis (see Appendix A).

The issue of the model inclusion for all businesses, part of small experts has difficulty to generalize and there is an application to qualify under the field, size, etc., for measurement.

This subject occurred at one research proposition 3, 6, and phases 2 study proposition 6.

Regarding the issue of measurement, it was proposed by one specialist to make the measurement steps simpler. The expert expressed concern that the measure will be complicated to part of the businesses, this concern expressed by the expert reinforces the concern of the expert to the inclusion suggested by the proposed model.

Proposed SME Growth Model

The growth model for SMEs has been described that is based on the results of the Delphi process. The purpose of this model is to allow small business owners, decision-makers, and researchers to assess the growth of the business through a four-stage model over time.

Table 2 (page 12) shows the proposed growth model and thinking and working assumptions for the model.

The model offers different thinking about small business growth based on several assumptions:

1. There is no critical need to increase staff numbers to experience an improvement in business results, as other models suggest.
2. Small businesses differ materially from medium businesses in their resources and objectives.
3. There is a basic 'layer', a common ground, that is equivalent to all businesses, which in its very existence will provide a solid basis for the growth of the business, such as the need for marketing operations, the need to develop unique knowledge supporting the operations of the business, the need for observation of the market, clients, law, etc.
4. Small businesses may or may not experience better business results due to intangible assets.

Table I gives a short, anonymised description of the Delphi group

Identification	Expertise	Academic Degree
Expert#1	Business consultant, over 15 years of experience in the business community in Israel	PhD
Expert#2	Academic lecturer, a business consultant with over 17 years of experience	PhD
Expert#3	CEO of the factory, serving the I.D.A and private contractors, employing over 25 people, more than 20 decades of experience	BA
Expert#4	CMO of the large software company, over 15 years of experience	BA
Expert#5	CEO, owner of the business employing over 100 people	N/A
Expert#6	CEO of insurance company, business consultant, over 20 years of experience	MA
Expert#7	CEO of software company, business consultant, over 15 years of experience	BSc
Expert#8	Owner of property company, business consultant and mentor, over 15 years of experience	BA

Figure 1: Delphi Process

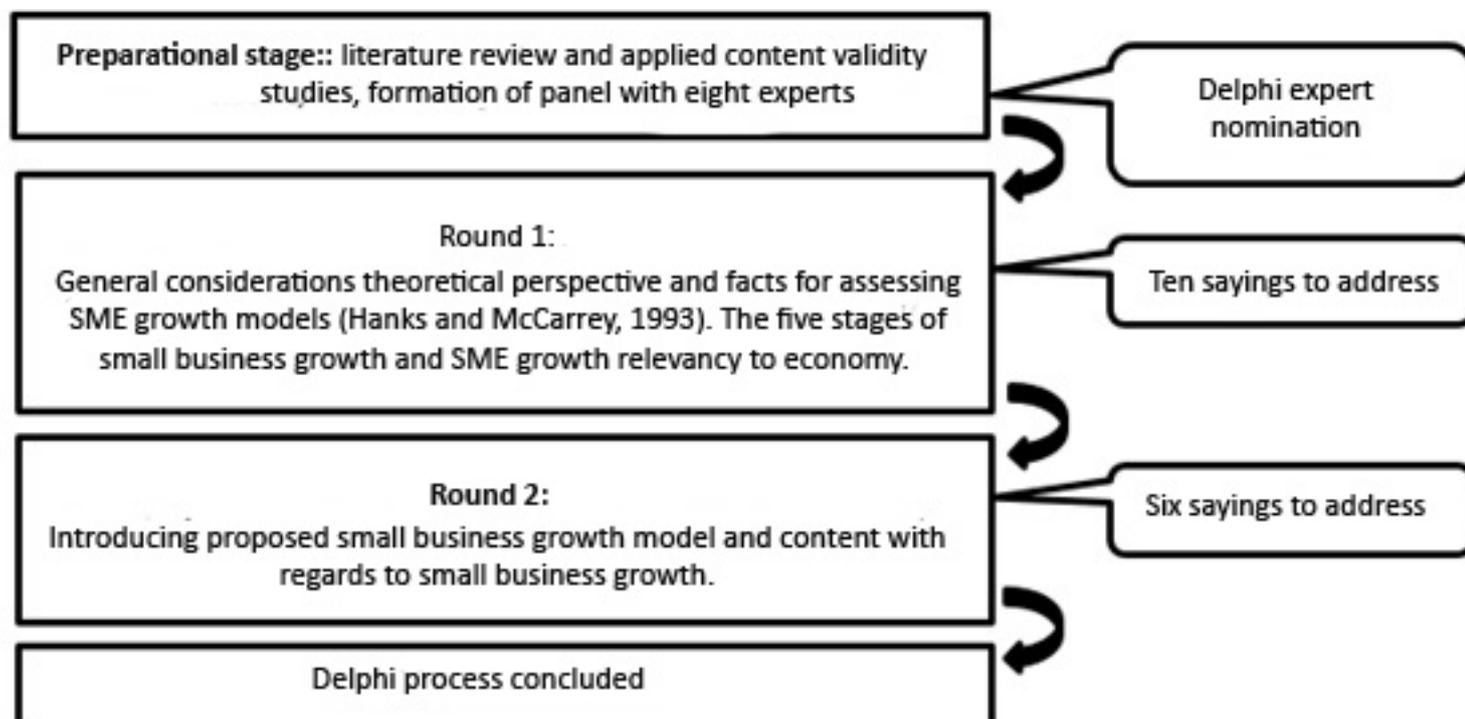
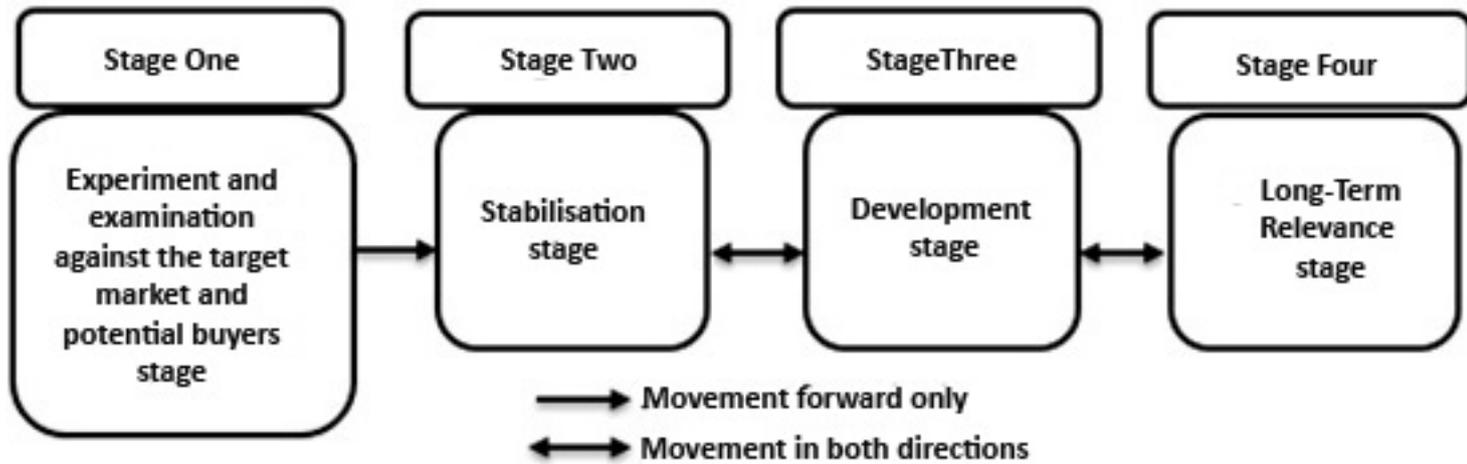


Table 2: Four Stages of SME Development

Stage	Criteria and Options	Description
Stage 1: Experiment and examination against the target market and potential buyers	Criteria: - Passing the break-even point Possible outcomes: - Go - No Go	The business manages to pass the economic balance point, break-even point: the revenues cover the expenses. The assumption is that the business has a certain demand in the target market and therefore it can exist in its initial configuration and to sustain itself
Stage 2: Stabilization	Criteria: - Development of specific organisational knowledge Possible outcomes: - Fail - Grow	The organisation does not/does succeed in developing its unique knowledge, how things are done in the organisation, what methods it needs to maintain to support its business proposals, adapting technological systems, budgets, manpower and more. Knowledge is specific to the organisation, but it is assumed that parts of it overlap with the industry in which the organisation operates.
Stage 3: Development	Criteria: - Identifying and deepening key services or products Possible outcomes: - Fail - No Change - Grow	The organisation succeeds/does not succeed in developing and deepening its unique products or services that help it to reach its business goals and advance them. If it does not succeed, it will fail to increase its income and to improve its total share of the target market. If it does succeed, it will increase its total income, profitability, and share of the target market. This stage can lead to the significant physical growth of the organisation as a whole, in terms of manpower, physical location, and even the opening of branches.
Stage 4: Long-Term Relevance	Criteria: - Relevancy Possible outcomes: - Death - Sustainment - Relevancy	The organisation succeeds in becoming/fails to remain relevant to the target market over time if its performance improves over time. If it fails to remain relevant, it is likely to close. A second possibility is a sustainability that allows continued activity without real ability to develop. There is a fear of reducing market share and reducing profits over time. If the organisation succeeds in carrying out relevant actions at various levels, it will remain relevant and enable growth over time.

Figure 2: The Four Stages of Development



The working assumption is that management and stakeholders are interested in continuing to invest energy and resources for the continued development and growth of SMEs. Additionally, pragmatic evaluation of the firms' growth phase will follow the following stages (Figure 2):

- **Stage 1:** An evaluation can be performed through company documents and accountancy as it passes the break-even point; thus, the profits cover all costs of the business, including salaries.
- **Stage 2:** An evaluation can be carried out through questionnaires for employees and management and through a systematic examination of the organization based on existing models.
- **Stage 3:** An evaluation can be performed through omnibus research and the financial reports of the organization.
- **Stage 4:** An evaluation can be carried out through questionnaires for employees and management, omnibus research, and the financial reports of the organization.

Summary and Conclusion

This study offers a new predictive model for small enterprises to serve as a practical, pragmatic tool to measure and delineate firm development toward growth based on the writer's practical experience and theoretical review.

Pragmatic models for small business development are very important and scarce: they must be very resource-effective and produce notable short-term and long-term benefits.

In this study, a consensus of a Delphi group for a proposed small business predictive model was used. The resulting model may offer a better fit to small businesses now, and it may be used pragmatically with small business owners and managers in the future.

The results indicated a consensus within the Delphi group, allowing for an understanding that a different conceptual framework may impact small business growth and future development. The need for business growth was discussed many

times in the literature: enterprise is under pressure to grow. To survive in spite of the competition, the enterprise must maintain its growth by improving its capability. Further, in recent decades, the business environment has been experiencing instability due to changes in economic, social, and technological issues; these may be better resolved using the proposed model with small businesses.

The definition of SME may impede business growth, and there was a consensus in this paper on the importance of a new perspective. This perspective approaches SME segmentation with an in-depth resolution offering to analyse the SME group in smaller segments with specific needs, rather than using a broader approach.

The proposed pragmatic model can be applied to any small enterprise. However, an adaptation of the different stages may be necessary to meet the internal and external context of each small enterprise. For instance, the manufacturing and service sectors may present different external difficulties and opportunities. Further, different managerial paradigms may allow for different interpretations and operations in different small firms. Small enterprise growth should be considered a continuous process that requires the collaboration of all stakeholders. The study of firm growth is a complex phenomenon, and it needs pragmatic models specifically designed for unique specifications of a segment in the business complexity that is not generic. Accordingly, our model gives a direction on how to predict small enterprise growth. Moreover, this research also provides a broader understanding of the significance of marketing and accounting capabilities for the growth, sustainability, and survival of SMEs. The marketing capabilities of the businesses enable the organization to develop good customer relationship, better market sensing, and the ability for strengthening the bonds among the channels within the market. Furthermore, a significant role is played by accounting capability, as the organization that possesses the effective accounting capability will be producing quality information that will highly affect the business decisions positively.

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Appendix A

Delphi stage 1:

<p>Statement No 1: So far, measuring business in the SME range relies only on manpower and financial results, and it is not certain that the size of the business today is solely based on manpower and financial results. Today, the business world appreciates and seeks to succeed in a unique knowledge of processes, sales offers and services, accessible to customers and more, it is necessary to express these issues in measuring the size of business</p> <p>It seems that here is full acceptance with all the experts about the necessity of different measuring methods than the proposed models, which were presented to them.</p> <p>The experts answers were divided into 2 main groups: First group- responded with full and brief agreement Second group- responded with full agreement but expressed further reference to the statement</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#) Example Response: Expert #1- "Totally agree" Expert #4- "I think success is not measured only the amount of force a person and money" Expert #2- "agree very " Expert #6- "I was thinking more about Statement 1, and as I wrote, the measurement based on financial results and number 25 is limited. Today, in the midst of a technological revolution, in the long run many professions will become extinct and machines will increasingly replace humans.</p> <p>Already, many organizations are undergoing a digitalization process and are reducing the dependency on human resources. Therefore, measurement on a human growth basis is less and less relevant and reflects an existing reality. However, today there is still no real alternative to objective and accurate measurement that cannot be interpreted personally.</p> <p>Therefore, it is the difficult setting non-numeric universal standards."</p>	<p>Statement No 5: The Harvard model offers a direct relationship between business growth and manpower. Perhaps today, because of technology it can be argued that the ratio does not have to be mainly honest in small businesses.</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#) Example Response: Expert #1 - "Totally agree"</p>
<p>Statement No 1, structural analysis: 100% agreement between experts</p>	<p>Statement No 5, structural analysis: 100% agreement between experts</p>

(continued)

Appendix A (continued)

<p>Statement No 3: The model of Hanks and McCarrey (1993), offers limited reference since it examines business in technology only (HI-TECH), so we do not represent business as a whole.</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#)</p> <p>Example Response: Expert #4 - "Totally agree, also refers solely to statistical numerical data"</p>	<p>Statement No 5: It will be difficult, perhaps impossible, to quantify processes accurately so that they can be an accurate map for growth and open business in general.</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#)</p> <p>Example Response: Expert #6 - "Don't think there is a model that will suit all businesses" "Disagree, there are distinct and common stages of development that can serve as milestones for strategy and tactics."</p>
<p>Statement No 3, structural analysis: 57.1% of the experts agree 42.8% of the experts disagree</p>	<p>Statement No 5, structural analysis: 57.1% of the experts agree 28.5% of the experts disagree with the statement 14.2% of the experts agree with the term but limit it</p>

Appendix B

Delphi stage 2:

<p>Statement No 1: Do you have any comments or questions about the results of the first round?</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#)</p> <p>Example Response: Expert #5 - "Everything is clear to me"</p>	<p>Statement No 5: I agree that it will be possible to measure through the model the progress of businesses that will follow the model (phases)</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#)</p> <p>Example Response: Expert #2- "Agree and this is also perhaps the most important thing that it is measurable for every stage " Expert #1 - "Yes"</p>
<p>Statement No 1, structural analysis: 100% agreement between experts</p>	<p>Statement No 5, structural analysis: 100% agreement between experts</p>
<p>Statement No 2: I understand and agree that the above model does not offer direct or indirect reference to a product type or service and thus allows a broader business reference, that is, the general model for business and not specific to one or the other area</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#)</p> <p>Example Response: Expert #3 - "Totally agree"</p>	<p>Statement No 6: For me, the model is exhaustive and should provide measurement and evaluation for small businesses.</p> <p>Respondents Agreement Distribution: Yes (#), No (#), Partial (#)</p> <p>Example Response: "... in most businesses"</p> <p>Expert #7 – "Agreeing with reservations, a pilot of the model that has been tried on at least 4 businesses with the same classification in different areas of the country should be shown "</p>
<p>Statement No 2, structural analysis: 100% agreement between experts</p>	<p>Statement No 5, structural analysis: 100% agreement between experts, 2 reservations.</p>