
Editorial

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Biographical notes: Milind Kumar Sharma has taught many subjects related to production and industrial engineering and to operations management. Prior to joining the Department of Production and Industrial Engineering, M.B.M. Engineering College, J.N.V. University, Jodhpur in 1998, he served in industry for four years. He has been awarded research projects under the Career Award for Young Teacher Scheme by the All India Council for Technical Education (AICTE) and University Grants Commission (UGC), New Delhi, India. His research interests include management information systems, performance measurement, supply chain management and small business development. He has published research papers in *Production Planning and Control*, *Computers & Industrial Engineering*, *International Journal of Productivity and Quality Management*, *Journal of Manufacturing Technology Management*, *International Journal of Globalisation and Small Business*, *International Journal of Enterprise Network Management* and *Measuring Business Excellence*. He is currently interested in researching performance measurement of supply chain management, information systems and small business management.

I am pleased to introduce this special issue of the *International Journal of Globalisation and Small Business (IJGSB)* on Performance Measurement in Small- and Medium-Sized Enterprises (SMEs). This special issue, published in two parts, Vol. 2 No. 4 and Vol. 3 No. 1, proposes and fosters discussion on the various issues of performance measurement in SMEs. SMEs cover a wide spectrum of industries and play an important role in both developed and developing economies. The adoption of new technologies and management practices by SMEs has been regarded by many academics and practitioners as a fundamental requirement for competitiveness in today's business scenario. They argue that more competitiveness of the SMEs is based on effective and faster day-to-day business performance across and within firms. For this, the performance measurement system is a major force in the era of globalisation for SMEs. Studies on the adoption of the performance measurement system are relatively recent, especially in developing countries. However, research reporting the impact, benefits, barriers, success and failure of performance measurement systems in SMEs is scarce. Thus, the objective of this special issue is to establish an effective channel of communication among SMEs, practitioners, consultants, entrepreneurs, managers,

academics, policy-makers, government agencies, academic and research institutions and persons concerned with performance measurement. Another purpose is to collect and present experiences and findings of an international research community working in this area. It aims to bring together current research, development and application in improving enterprises' performance.

This special issue published in two parts contain eight research articles discussing a range of issues dealing with the performance measurement in SMEs. A brief overview of the papers that appear in Vol. 2, No. 4 and Vol. 3, No. 1 is provided here.

This issue begins with an interesting paper, 'Investigating causal relations between labour productivity and JIT in SMEs' by Aghazadeh, which illustrates the relationship between Work in Process (WIP), inventory and productivity. This paper statistically examines the inventory-productivity relationship and uses historical data for 33 SMEs from various manufacturing industries in the USA. It further develops and tests a model to determine the correlation between labour productivity and JIT minimising inventory.

In their paper, 'Performance measurement system for lean manufacturing – a perspective from SMEs', Anand and Kodali claim that in recent years, many organisations – be it a small, medium or large-scale enterprise – are attempting to transform their organisation using the principles and philosophies of World-Class Manufacturing (WCM), but after the initial implementation efforts, it is observed that the firms have not achieved the expected benefits and growth. The principal reason attributed to it is "improper understanding of Performance Measurement Systems (PMSs) and its corresponding metrics by the managers and executives". This paper attempts to understand the performance measures and PMS for an organisation under a Lean Manufacturing (LM) environment. The authors propose a conceptual PMS framework for LM that can be suitably customised, even for SMEs.

The paper by Brem *et al.*, 'Performance measurement in small and medium-sized enterprises: literature review and results from a German case study', presents a literature review of PMS in SMEs and suggests that the main research contributions are focused on the development of theoretical models, but not on guidelines for practical implementation. The authors identify the general fitness or readiness of an SME as a missing link to implement a PMS in the organisation. This paper determines critical prerequisites for successful PMS implementation in SMEs and reports findings of a case study of a German SME.

Bhagwat *et al.*, in their paper 'Performance measurement model for supply chain management in SMEs', present a review of the existing Supply Chain Management (SCM) performance measurement framework based on the Analytical Hierarchy Process (AHP) and Balanced Scorecard (BSC) models reported in the literature. A typical supply chain usually comprises SMEs and large enterprises. Supply networks at every tier have a different level of complexity, and specific types of enterprises and firms have dedicated characteristics and constraints. Therefore, new and adapted theories, configurable performance models and frameworks are essential for enterprises to compete and perform in such a dynamic, complex and evolving supply chain. The paper further develops a mathematical model to optimise the overall performance measurement of SCM for SMEs.

The following papers are published in Part 2 of the special issue Vol. 3, No. 1 2009.

The paper, 'How does subcontracting matter for SME performance? An empirical examination in the Indian context', by Kumar and Subrahmanya brings together some subcontracting issues for SME performance. This paper probes how far Indian SMEs

carry out technological innovations as a result of technology and other related inputs acquired through subcontracting relationships and how they achieve growth, using a case study approach covering two SMEs. This paper presents insights into the technological innovations of Indian autocomponent SMEs, focusing on causal factors, objectives, sources, dimensions and achievements.

The paper by Hoxha, 'The performance of microfirms in Kosova: size, age and educational implications', addresses and measures the performance of microfirms operating in Kosova's trade sector, and analyses how firm size, its age and the entrepreneur's educational background influence the firm's performance. In a two-stage analysis, the author first employs the Data Envelopment Analysis (DEA) technique, and afterwards, a censored tobit regression. Based on the results of the analysis, the paper proposes several policy recommendations for entrepreneurs and policy-makers.

In their paper 'A systems model for performance appraisal in small manufacturing industries', Khanduja *et al.* argue that small-scale industries mostly have tangible and simple objectives, so levels of productivity and profitability ought to be the major indices for sustainability in today's dynamic and competitive environment. Perceiving these indices as a major manifestation of industrial sickness, this paper presents a study carried out over 500 small units (covering six labour-intensive clusters) to segregate them into four categories: critically sick, sick, apparently normal and normal. Further, a six-step plan is suggested to enhance capacity utilisation as a productivity improvement strategy. A Systems Model is devised, and another case study is cited to quantitatively compute improvement in productivity for different subsystems and the whole unit as a system.

Finally, the paper 'Performance improvement through statistical process control: a longitudinal study' by Mishra and Dangayach deals with the issue of better utilisation of scarce resources to increase production at minimum time and cost by reducing defects in an enterprise. It presents a longitudinal study of the application of statistical process control in a cigarette-manufacturing company in Nepal.

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