



Specificity and Denaturing of Small Business

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This article is based on a long consideration of the concept of small business after 30 years of conceptual development. Most, if not all, researchers in small business have accepted the idea that small business is *specific* (the preponderant role of the owner-manager, low level of functional breakdown, intuitive strategy, etc.). However, the somewhat excessive assertion of this idea may suggest that *all* small firms adopt a specific management method, with the result that management specificity becomes a *universal principle*. If we allow that small business management can be specific, we must also allow the corollary of this statement, namely *the possibility of denaturing* (loss of specificity). In other words, a small-sized firm does not necessarily have to adhere to the classical management method. The authors of this article advocate a contingency approach to small business managerial specificity that would allow for the definition of a *validity framework* for the thesis of small business managerial specificity.

KEYWORDS: classical theory; denaturing; management method; paradigm; small business; specificity; validity

Introduction

Research into small business management has progressed steadily over the last 30 years (Katz, 1991), and the number of journals, conferences and specialist associations in the field has grown significantly. The small business research community is increasingly structured, organized and hence recognized. The level of research development on the theme of small business is so advanced that we have begun to see the creation of sub-communities and sub-groups such as small business finance, marketing, strategy and teaching associations, among others. The time therefore appears ripe for a review of past small business research. However, such a review must take a critical stance.

The purpose of this article is to propose a ‘critical approach’ to the ‘classical

theoretical body' of small business research in the management science field. First, we will see that much of the work done so far does not really raise critical questions about the theoretical concept dominating small business research. The main reason for this is that the managerial specificity thesis has, over the years, become the dominant and structuring system of beliefs or paradigm of 'orthodox' thinking by the small business scientific community.¹ Second, current developments (market and industrial globalization, networking, the new economy, etc.), however, suggest that it may be appropriate to question the relevance of this thesis, as some researchers have begun to do. At the same time, it is important to regard it as 'a contestable research hypothesis' only, rather than as a new theoretical corpus or a paradigm. The question we attempt to answer is this: To what extent and on what conditions is the theoretical concept of small business used as a basis by researchers still valid? Third, the approach we have called 'denaturing' aims more to define the limits of the validity framework and/or field of application of the small business theoretical model than actually to validate it, and perhaps to show that 'the exception confirms the rule' as a contribution to further consideration of the now orthodox thinking on this topic.

The Classic Approach of Small Business Specificity in Management Science: An Approach that is too Deterministic

More than 30 years ago, a debate was launched on the specific status of small and medium-sized enterprises (SMEs) in the management sciences, with a view to answering the following question: Can the lessons and precepts of big business be applied to small business, or is there in fact a species barrier between small and big business, meaning that new theories, new models and new analysis grids must be invented specifically for small business? In other words, is a small firm a miniature large firm, or is it a specific entity, that is, a particular instance separate from the large firm? Over the years, the idea of specificity has emerged as the majority opinion among the small business scientific community, becoming a kind of 'ideology', to use Gibb's (2000) term. Most researchers studying small firms, when they introduce their work, talk about the need to take into account the specific nature of small business management problems.² Small business managerial specificity is the central argument invoked by these researchers to claim their share of independence within the management sciences and to assert their epistemological identity (their nature and principal elements). Over the years, the specificity thesis became a point of established doctrine (Bygrave, 1989; Filion, 1997; Gartner et al., 1992; Hjort and Johannisson, 1998; Stevenson and Jarillo, 1990), regarded as a basic premise, a fundamental and incontestable truth. It can therefore now be considered the model, if not the 'dominant' paradigm.

Generality versus Heterogeneity

This paradigmatic orientation is due in part to the fact that the notion of small business object has become increasingly general, if not vague, as research has

progressed, in spite of the multiple differences between types of SMEs (Hertz, 1982). Originally, in the late 1970s, some authors took a ‘protesting’ tone. The titles of some of the articles published at that time are explicit in this respect – for example, ‘Children are not “Little Grown-ups”’: Small Business needs its own Organizational Theory’ (Dandridge, 1979), ‘A Small Business is not a Little Big Business’ (Welsh and White, 1981). This was an attempt to force matters and convince a part of the community that was against the specificity of SMEs of the validity of a research trend still in its early days. The specificity thesis was subsequently found to be too homogeneous and thus contradictory to the deep-seated heterogeneity of the small business field. This homogeneity comes from the quantitative definition of SMEs. As noted by Curran and Burrows (1993):

Another major problem of quantitative definitions of size is that they often imply a false homogeneity among those economic units distinguished by the quantitative indicator(s) selected. In an extreme form, this leads to the postulation of a small firm sector in the economy whose members are assumed to share some set of characteristics which separates them from other, larger-sized economic units. The idea that, for example, the owner-manager of a corner grocery shop with one full-time and two part-time employees, the owner-manager of a high tech electronics firm near Cambridge with ten employees (half of whom, like him, have PhDs) and a farmer with 300 acres, two employees, plus occasional contract labour, share the same world-views, organisational and labour problems and relations with the wider economy, is clearly highly questionable. (Curran and Burrows, 1993: 180)

Curran and Blackburn (2001) add:

Small enterprises have an extreme range of forms; they operate in every sector of the economy, from computer software to candle-making and from insurance (brokering) to instrument manufacturing. Entrepreneurs and owner-managers come from different genders and/or a wide range of ethnic, cultural, and educational backgrounds and from every age group. While some start their own business from scratch, others inherit or buy an on-going business. Some are sole owners while others run their business with partners or other directors. Some are family businesses with owners, partners or fellow directors and even employees linked by blood or marriage. (Others are made up of people) who have come together solely because they share common goals, complementary skills or access to capital. (Curran and Blackburn, 2001: 6)

As many researchers became aware of this diversity, they naturally softened their positions, and the small business model became, for them, a ‘fuzzy form’ (D’Amboise and Muldowney, 1988). Indeed, the newly elastic small business form was ideally suited to the extreme diversity characterizing the small business community, and represented a real step forward in small business research, in that it provided the theoretical synthesis required to build the specificity paradigm. As pointed out by Chalmers (1994), it is in the nature of a paradigm to resist a precise definition. A paradigm must be fuzzy enough to encompass a wide range of different situations or points of view, offering a good compromise between the theoretical unity of the object under study and the diversity observed empirically. The categorical assertion of the late 1970s, to the effect that ‘small businesses are specific’ was moderated in the late 1980s to read ‘small businesses are more or less specific’ (Brooksbank, 1991).

The paradigmatic assertion of the small business specificity thesis was a sign of maturity and brought a certain unity to small business research. However, it also raised a number of problems. To some extent, the small business specificity belief, beyond its scientific attraction, may also have validated a needlessly protectionist discourse for a majority of researchers. For example, how certain can we be that all big business research without exception should be rejected as irrelevant? Although the specificity paradigm is dominant because it certainly represents the greatest majority of small firms, it is nevertheless important to remember that there may be other explanations, or that the logic of concept transposition from the big business field may in certain cases be more useful for understanding the management methods used by some smaller firms.

A General Research Program

Paradigmatic development is certainly not conducive to this type of research. On the contrary, like any paradigm, the small business specificity paradigm is ill-suited to refutation (or disproving):

Finally, all paradigms will contain some very general methodological prescriptions such as: Make serious attempts to match your paradigm with nature. (Chalmers, 1994: 91)

The small business form, like any general topic, indicates how we must imagine what we cannot see. It channels the researcher's vision. To use the terminology proposed by Lakatos (1976), we might say that the specificity thesis is the universal statement constituting the hard core of the small business research program:

The hard core of a programme is, more than anything else, the defining characteristic of a programme. It takes the form of some very general theoretical hypotheses that form the basis from which the programme is to develop . . . The hard core of a programme is rendered unfalsifiable by 'the methodological decision of its protagonists'. (Chalmers, 1994: 80, 81)

It is a negative heuristic. Every research program is defined by the requirement to maintain the hard core intact and unchanged during program development, meaning that a researcher who decides to change the hard core also decides to move out of the research program. Clearly, then, in this epistemological orientation, small business specificity and the more or less explicit model that emerges from it is 'the only right' way of addressing smaller firms. As Popper (1965) pointed out:

Our propensity to look out for regularities, and to impose laws upon nature, leads to the psychological phenomenon of *dogmatic thinking* or, more generally, dogmatic behaviour: we expect regularities everywhere and attempt to find them even where there are none. (Popper, 1965: 49)

As we would point out, one of the main reasons for this dogmatic drift is that small business researchers usually take quantitative size variables (number of employees or turnover) as their starting point, and believe that this alone means their sample is composed of small businesses. However, small businesses are much more than small-sized units. It is for this reason that many authors have

worked so hard to identify the distinctive features of small firms (usually described as the small business concept) (Curran and Blackburn, 2001; D'Amboise and Muldowney, 1988; Miller and Toulouse, 1986). Size alone is therefore not sufficient to conclude that a firm necessarily forms part of the small business population and vice-versa.

From Small Size to Small Business

The shift from the small size concept to the small business concept is not automatic. In our view, there are 'two potential mistakes' that can be made at this stage. The first would be 'to accept small-sized firms as part of the small business concept validity framework'. This corresponds to what we have called the 'anti-small business concept', to be defined later in this article. The second mistake would be to 'reject firms from the small business concept validity framework' just because they are large in size. Woodward (cited in Mintzberg, 1979) notes the existence of many small firms whose fully developed hierarchical and functional structures are similar in standard to those of large firms. Conversely, it is easy to think that large-sized firms may be able to preserve small business organizational characteristics, as some consulting firms try to develop in large enterprises with the concept of intrapreneurship (Carrier, 1994; Finch, 1985; Lessem, 1987). For example, Van Hoorn (1979) states that:

There is no definite demarcation line between 'small and medium-sized' and 'large'. Even large companies can show characteristics in their strategic planning or make mistakes which are typical for small companies. (Van Hoorn, 1979: 87)

The reductionist trend of the critical boundary (small and medium-sized enterprise, small enterprise, very small enterprise) is likely to reduce the risk of the first type of mistake, because the smaller the size of the firm, the stronger its specificity. In other words, the theoretical reference to the small business concept is more reliable as the size of the sample firms decreases. However, this is a trend only. In trying to emphasize the specificities arising from small size, authors are inclined to treat as certainties elements that are no more than probabilities.

Any Model can be Refuted

As D'Amboise (1993) proposed, small business research will only be able to progress if the effects of new business practices are compared on the basis of the same theoretical corpus. Such a perspective must necessarily be part of a critical approach. Indeed, some new business environmental trends may well raise fundamental questions about the *classical concept*. One such question is this: How far is the traditional small business concept developed in the late 1970s able to incorporate new phenomena such as globalization, new information and communication technologies, networks and so on? The production of a scientific theory is a long process, and in the meantime new elements emerge and are added to its corpus. To what extent can they be incorporated without changing the rules of the game? It is always possible to find aspects of new developments that support traditional models. However, it is not possible to protect a model indefinitely from the refutation test. Small firms are subject to internal and

external developments that can sometimes cause ruptures and generate transformations. It is a matter of being able to determine which of the new strategic maneuvers and recent environmental developments contradict the small business form and which can be attached to that form. If we do not question possible ruptures with the small business form, we are acting *as though* that form were insensitive to environmental and strategic developments by firms, and hence admitting implicitly that all developments are compatible with the current form. Consequently, the small business form would be immutable, eternal and universal; in other words, the exact opposite of what a scientific concept should be. To be scientifically and socially productive, forms must be contingent.

For a Contingent Approach to Specificity: The Small Business Denaturing Approach

A contingency approach to small business specificity consists in admitting that the validity of the specificity thesis is subject to certain conditions, and that outside its field of application the thesis is either irrelevant or obsolete. The research program would no longer be 'small business is specific, try to test this in your research', but 'on what conditions and to what extent can small business be said to be specific?' Set out in these terms, the small business specificity thesis is no longer a basic premise transformed into a universal principle, but a simple, refutable research hypothesis suggesting that small businesses may not be specific in certain contexts. Indeed, if we allow that small business can be specific in nature, we must also allow for the corollary of this statement, namely *denaturing*. A small business may sometimes not be, or no longer be, specific.

Typology Serves to Identify Diversity in the Same Family

As Julien (1990) showed, the typological approach has been and continues to be used frequently in small business research. The first examples are probably Thain (1969) and Steinmetz (1969), and more recent examples include Merz et al. (1994) and Westhead (1995). When researchers establish a typology, they usually argue that behavioral diversity is inherent to the small business community, even if they have previously used the basic premise of specificity to define the common framework for their typology. In other words, 'the diversity of the identified types means only changes of degree within the specificity framework'. Generally speaking, typologies will only be consistent if 'one or more characteristics are shared by the identified types, so that they can be considered to form part of the same family'. Types 1, 2, 3 and 4 in Figure 1 illustrate this. They belong, to different degrees, to the framework defined by the small business specificity paradigm, some are on the boundary (type 3) and others are partly in and partly out (type 4). Their differences are of degree only, not of nature. They always have one or more common characteristics linking them to the small business type. This means that the typological method cannot throw light on the denaturing process. Consideration of contingency is limited to the theoretical framework set up by the specificity paradigm. The typological method can therefore only identify diversity within specificity, and the contingencies are local only. To function

properly, the contingency approach must be extended to the very idea of small business specificity. Indeed, it may well be that in some cases ‘a change in degree may be accompanied by a change in nature’. This is the case of type 5 in Figure 1, which lies outside the paradigm. It is a case of ‘non-specificity’. In a paradigmatic approach, researchers may be tempted to exclude it from their analysis. However, from the standpoint we have taken here, it is precisely this case that is of most interest. According to Huberman and Miles (1991), there are usually exceptions to every result. Researchers are tempted to underestimate, ignore or justify them, but these atypical cases are in fact the researcher’s *allies*. Close attention to exceptions or extremes allows the main result to be tested and strengthened. The exception helps to confirm the rule. A deliberate search for contrasting cases (negative, extreme, contradictory, etc.) may be both useful and profitable at the theoretical generalization phase. There is often more to be learned from extreme situations than from ordinary cases. According to Bonoma (1985), the search for extreme cases can be useful in identifying the limits of generalization.

Popper’s (1936/1968) refutation approach appears to be perfectly justified in this type of process. According to this philosopher of science, the logic of scientific discovery can always be broken down into two phases, the theoretical generalization phase and the critical examination or refutation phase. Initially, researchers follow their own theories even in the very early days, because without a theory they cannot begin their work. They must then adopt a more critical attitude towards the elements that generated progress, and try to replace them with more suitable elements, based on what their initial proposals allowed them to learn. The denaturing approach is not completely distinct from earlier work, because it is based on that work. It is simply another way of stating the problem of small business specificity, by proposing the small business concept as the central object of the research. Its goal is a refutation of the closed classical small business conception validity framework. The interest of the refutation approach is discussed by Curran and Blackburn (2001):

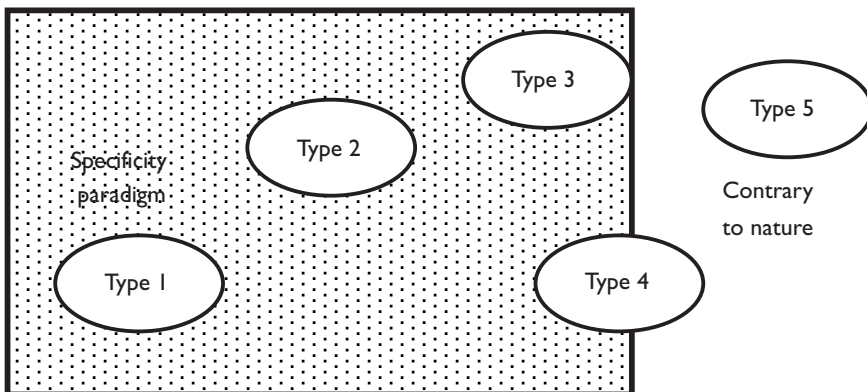


Figure 1. Diversity and Contingency of Small Business Specificity

A very useful working principle . . . is always to put any proposition in a form where it can be observed to be false . . . One of the main tasks of the operational criteria associated with concepts, whether quantitatively or qualitatively based, should be to supply the means of falsifying a hypothesis or proposition. The above emphasis on falsification rather than on proving any assertion is correct, might look odd at first sight. It is linked to a widely recognized principle in the philosophy of knowledge commonly associated with Karl Popper (1972). Curran and Blackburn (2001: 42)

In these conditions, the denaturing approach is particularly justified for researchers addressing research themes that are paradoxical from the standpoint of small business research. For example, a number of studies have shown that the smaller the firm, the smaller the number of products it produces. This trend, pushed to its extreme, has led some researchers and practitioners to believe that small businesses are generally characterized by a single production model, as Brooksbank (1991) has pointed out. Consequently, a highly diversified small firm appears, if not paradoxical, at least to be an extreme case. Does this mean it is no longer a small firm? More specifically, is a diversification strategy contrary to nature in the small business form?

Key Concepts and Methodological Choices for the Denaturing Approach

While small business research has achieved a level of maturity that enables it to enter the critical examination phase, there is still one crucial aspect that this article has not yet addressed, namely the question of ‘what’ needs to be refuted. This question is all the more sensitive in that there is no single, unified concept of small business (D’Amboise, 1993) despite the common idea of specificity. Individual authors are tempted to introduce their own qualifications, often based on the research subject or theme they are studying. So which definition should we choose, and what criteria should we use to do so?

For the purposes of demonstrating denaturing, we are inclined to question the ‘normality’ of small business research, or what Chalmers called ‘acquired knowledge’. The definition to be selected must therefore be representative of normal science and of the scientific community.

However, the criterion of ‘representativeness’ applied to the knowledge acquired by the scientific community is not, of itself, sufficient. According to Chalmers (1994), the concept needs to be precise enough to be refuted:

The demand that theories should be highly falsifiable has the attractive consequence that theories should be clearly stated and precise. If a theory is so vaguely stated that it is not clear exactly what it is claiming, then, when tested by observation or experiment it can always be interpreted so as to be consistent with the results of those tests. (Chalmers, 1994: 44)

Falsificationism therefore requires that theories should be formulated clearly enough to run the risk of being refuted.³

It is with these principles of clarity and representativeness in mind that we propose the choice of the ‘small business concept’ as formulated by Julien (1990).

This relatively recent formulation is not only representative of accumulated small business knowledge, but it is also clear enough to be refutable. It provides a precise list of features, in addition to small size, defining the small business concept as centralized management, intuitive and short-term strategy, low level of internal specialization, simple and informal internal and external information systems, local market.⁴ It is on the basis of these features that it is possible to define the antithesis of the small business concept and develop the key concepts of the denaturing approach.

The Concept of ‘Anti-Small Business’

It is possible that a small-sized firm may not satisfy some of the characteristics of the small business concept. Julien (2000: 14) states in this respect that the characteristics in question can be viewed on a continuum where firms that have more small business characteristics can be considered to be small businesses,⁵ whereas others can be seen more or less as medium-sized or even large firms. The firm’s situation may therefore be more or less faithful to the theoretical image produced by the list. A certain divergence between empirical observation and theoretical representation must be tolerated. However, the problem arises where all these characteristics are either weak or non-existent in a given firm. For example, what are we to think of a small firm that exhibits none of the characteristics except small size that should, in theory, be present? This would clearly be a case of ‘non-specificity’.

We define the ‘anti-small business’ concept as a small-sized firm with most or all the opposite characteristics of the classical small business conception. If we use Julien’s small business concept as a basis, the anti-small business can be defined as a small-sized firm that is highly decentralized, with a high level of job specialization and an explicit, long-term strategy, having complex, formal internal and external, information systems and working on a world market (see Figure 2). This is the antithesis of a small business without being a big business. Although the anti-small business has the attributes of a large business, it is still small in size. In some ways, the anti-small business is a miniature big business.⁶

The theoretical utility of the anti-small business concept is that it refutes the universalism of small business specificity (the classical conception). In other

<i>The Small Business Concept (according to Julien, 1990)</i>	<i>The Anti-Small Business Concept</i>
Small size Centralized management Low level of labour specialization Intuitive and short-term strategy Simple and informal internal and external information systems Local market	Small size Decentralized management High level of labour specialization Explicit and long-term strategy Complex and formal internal and external information systems World market

Figure 2. The Small Business Concept and its Antithesis, the Anti-Small Business Concept

words, a small-sized firm is not necessarily a small business, which is equivalent to saying that the 'small size – small business' concept link is not automatic and that constructing a sample solely on the basis of size is insufficient to explore the specificity paradigm (Brooksbank, 1991). From a strictly falsificationist perspective, a single case of non-specificity may be enough for the demonstration. The formula is well known: *a single black swan* is sufficient to refute the statement that *all swans are white*. Consequently, the case study method appears to be appropriate here. Indeed, we have seen that the denaturing approach is legitimate where the researcher is considering a phenomenon posterior to the theoretical corpus.

A Case Study as an Element of Falsification

But is the identification of one atypical case sufficient to refute a research proposal that is as firmly anchored in the scientific community as the one under consideration here? Rejecting a theory is always a decisive act. As Chalmers (1994) pointed out, it is here that the falsificationists claim their title. He adds:

... if a universal statement or complex of universal statements constituting a theory or part of a theory clashes with some observation statement, it may be the observation statement that is at fault. (Chalmers, 1994: 60)

Clearly, an observation statement is not infallible. Thus, the demonstration of small business denaturing cannot rely on a single case. The case study can therefore be exploratory only, suggesting a research path that is more general in scope, namely the identification of denaturing contexts: 'would another small-sized firm, if placed in the same context, behave in the same way as the anti-small business in question?' The case study is merely a step (the first) in the denaturing research methodology, and requires a complementary empirical study to validate the denaturing. This raises the question of the replication and generalization of denaturing, which we refer to as the denaturing context.

The denaturing context is a context where all the characteristics associated with small-sized firms situated in that context are radically different from the characteristics associated with small-sized firms situated in their natural context. Here, 'natural context' means the context theoretically associated with small size. If we take the example of diversification, the natural context associated with the small business concept would be defined by a sample of small-sized single-production firms (Brooksbank, 1991). If we compare a sample of diversified small-sized firms with the original sample, we could show the extent to which the level of diversification dissipates small business specificity. It is only if all the dimensions of the small business concept are statistically different that we can begin to envisage the hypothesis of denaturing.

Analytical and Theoretical Refutation

Here, the small business concept serves as a yardstick for measuring the compliance of an empirical situation with the traditional theoretical small business concept. It is useful mainly for diagnosing the dissipating effect that some contexts have on small business specificities. However, it is clear that a research

standpoint such as small business specificity cannot be refuted solely on the basis of a set of purely formal criteria. It is always possible to consider that such a formulation of the small business concept is insufficient and that other criteria could be added. But however many criteria are used to define the small business concept, the list will never be exhaustive. It therefore appears necessary to continue the process by seeking the basic reasons for denaturing. To what extent is such a context theoretically incompatible with the small business form? Empirical and statistical refutation is not sufficient to explain denaturing. An additional step is required, namely analytical and theoretical refutation. The purpose of this step is to provide an explanation for denaturing. It invites the researcher to question the reasons that may justify denaturing. The refutation of the specificity hypothesis (and its corollary, validation of the denaturing hypothesis) can only be undertaken if the mechanisms on which the hypothesis is founded are established at the theoretical level. Thus, the researcher must reread the small business literature in order to find the reasons that may justify the theoretical incompatibility between the denaturing context and the small business object. This phase leads to a reformulation of the small business concept. A researcher who believes that diversification denatures small business must show the extent to which the theoretical small business model can be regarded as a single production model. Can the single production activity itself be regarded as an essential mechanism on which small business specificities are based? This appears to be the thesis defended by Brooksbank (1991), as noted.

The theoretical utility of denaturing contexts is that they help define the validity framework for the classical small business conception. Indeed, identification of a denaturing context allows the researcher to give the reasons for denaturing and thus explain a hitherto implicit aspect of the validity framework for the classical small business conception.

The methodology associated with this type of process is quantitative and is based on specially constructed empirical samples. The researcher deliberately builds two samples based on the criterion to be considered (e.g. the number of products or activities). Identification of a denaturing context in no way calls the relevance of the small business concept into question, as long as that context remains marginal. However, if it becomes generalized, it would be described as a trend that is contrary to nature.

Such a situation would correspond to a generalization of a denaturing situation among small-sized firms. Some structural environmental changes or strategic practices may go against the classical small business concept. The utility of contrary-to-nature trends is that they lead to a major reformulation of the small business concept because generalization of such practices invalidates the classical concept. Hence, the methodology used for such a process must necessarily be based on samples that are representative of the small business population. Indeed, we must show that such behavior has spread through the small business fabric. This step is the last phase in the denaturing 'demonstration' methodology.

Sample Cases: The Globalization Strategy Denatures Small Business

Today, businesses become international at a much earlier stage in their development. Growing numbers of small firms export to a range of countries in the first year of their existence (Christiansen, 1991; Oviatt and McDougall, 1997). Some do not hesitate to enter international business networks (Choy, 1995). However, the most notable fact is the growing number of small firms making direct foreign investments (Fujita, 1995a,b). More and more small firms create or locate production or marketing units abroad. They are known as 'baby multinationals'. Some adopt veritable globalization strategies (Roth, 1992). They are characterized by a scattered operating space coordinated in several different countries (Julien, 1995; Porter, 1986). This type of strategy is probably the best response to the constraint of globalization. However, it requires a number of changes, in particular to the firm's management and control systems. Global small businesses are nothing like their classical counterparts. They apply distance management methods and are quick to adopt the sophisticated approaches developed by large corporations. The thesis we are defending here is that classical small business management hardly seems compatible with a globalization strategy. This thesis is based on a case that we studied.

The case in question is a small business with 40 employees (20 employees in Saint Julien de Peyrolas in France and 20 employees in a production branch in Tunisia) and 5m Euros turnover, with an export rate of 80% to more than 20 countries and an import rate of 70% from more than 10 countries. The firm is the world leader in the natural red colorant market. Its expertise lies in knowing how to extract the natural pigment, called anthocyanin, which gives the red colour in grapes, and then refining it to produce a natural colorant. The production process involves many leading-edge technologies, most of which have been developed in collaboration with the Atomic Energy Committee. The firm's principal customers are large enterprises in the soft drinks industry, including Coca-Cola and Schweppes, and in the pharmaceutical industry, which needs natural colorants to enhance the value of its pills. The firm's Tunisia branch and its many alliances, in Spain and in Italy, provide it with a larger international structure.

Data collection was based on three long interviews with the chief executive officer (CEO). The results were checked by the entrepreneur himself (Torrès, 1997, 1998).

In this example, the management centralization found in the classical small business structure quickly becomes a source of dysfunction in a global context. The geographical distance undermines the efficiency of direct supervision, as Mintzberg (1979) noted. The globalization strategy demands more decentralization within the organization. For example, in this case, many employees enjoy significant autonomy and the decision process is essentially consultative. Although strategic decisions continue to be made by the parent corporation, responsibility for subsidiary operations is usually delegated to a local manager. The globalization strategy thus leads to a better separation of strategic and operational problems, which are generally closely linked in classical small businesses.

The low level of task division also seems to disappear in the wake of a globalization strategy. On the contrary, this 'global' small business is one that takes task breakdown to its maximum, to be able to situate individual tasks in the best possible implementation context. The task diversity assumed by its staff gives this enterprise an unusual profile. We are a long way from the stereotype of the 'one-man-show' leader. Many employees hold positions rarely found in small businesses; for example, a researcher who runs the research and development service. In addition, an auditor and a director are in charge of the Tunisian branch. This seems to be the case of all small businesses that locate part of their production operations abroad to take advantage of cheap labor and thus reduce their manufacturing costs.

Similarly, the preference of small business managers for more informal media and oral communication quickly becomes ineffective in many international contexts. When a market expands geographically as in this case, it is more difficult for managers to maintain close, direct contacts with their customers. Obviously, the situation is more complicated when the firm also situates part of its production activity abroad. The distance of the firm's main partners (customers, suppliers, employees, distributors, etc.) means that managers need much more sophisticated information collection systems. We have seen that information sources are highly varied, including market studies and regular attendance at international fairs and exhibitions. At the same time, the firm often employs consultants and specialists in management. Ultimately, a reporting system was introduced after the creation of the Tunisian branch and the signing of partnership agreements, justifying the hiring of the auditor. Global small businesses with units abroad often have to ask their subsidiary managers to submit regular written reports: activity reports, trend charts, budgets and so on. Information transmission therefore becomes more formal. Geographical distance forces firms to formalize by obliging them to rely more on written communication.

When a firm scatters its activities, it must also change its coordination mechanisms. Global small businesses tend to implement such mechanisms, but in standardized form. For the firm in our case study, training allows it to maintain a high level of coordination in spite of geographical distance by standardizing qualifications. Similarly, standardized procedures and results, which are other forms of coordination, have also been used for many years by our firm to manage their branch and their partners throughout the world. Global management requires a highly developed form of planning and control to ensure that geographically scattered activities fit comfortably into the group's objective systems. There is a shift from mutual adjustment and direct supervision, which are simple and flexible mechanisms, to a much more standardized system that requires more cumbersome, longer and more costly procedures, which are nevertheless very effective for managing a spatially dispersed organization. It is because the group's various units use the same rules, obey the same principles and apply the same procedures that they can be properly coordinated regardless of their location. For example, our firm is certified ISO 9002 and, during interviews, it had introduced a three-year training plan requiring nine percent of the wage bill to attain the ISO 9001 norm.

The globalization strategy also has an impact on decision processes as the intuitive, reactive decisions of classical small business managers give way to a much more structured, longer-term approach.

Lastly, with regard to the market, it is clear that the global small business is defined by a global market. In marketing terms, our global small business is an e-commerce enthusiast, using the most advanced forms of information and communication technologies. The Internet has also simplified market surveillance and techno-watch activities. Remote sales become commonplace for global small businesses, and their competitive capacities depend on their remote communication capabilities.

The organization and strategy of global small businesses are totally opposite to those of classical small businesses. The only common element is their small workforce; their management model is radically different. This is because globalization requires a distance management method that is contrary to classical small business management, which is based more on proximity (Torrès, 2002, 2004). Management from a distance forces these firms to function like 'baby big businesses' or 'miniature large firms', in contradiction of the specificity paradigm.

Other Denaturing Environments

Other environments can be denaturing. In a collective book (Torrès, 1998), many authors attempt to relativize the specific management thesis in SMEs. The classical model of management for SMEs cannot justify certain practices, such as the generalization of Electronic Data Interchange (EDI), just-in-time (JIT) and quality certification. Networking behavior or risk capital use are other examples showing that the specific management system for some small businesses can disappear to produce other management models probably closer to the big business model. These practices are denaturing: they aim to reduce informality, strengthen explicit behaviors, relieve personalization and enhance procedures. Authors who have addressed these issues include Messegheem (1998, 2003), who identifies some of the phenomena of denaturing with the adoption of ISO norms. Other examples arise when small businesses take on the form of hypogroups (small business groups: Marchesnay, 1982), when they develop several branches, producing complex organizational strategies (Debray and Leyronas, 1998), when alliances lead to a loss of independence in strategy formulation (Puthod, 1998), and finally, when SMEs take over other firms (Guieu, 1998). Guieu, using a sample of 19 SMEs, has developed a typology of the purchasing process:

Main trends are consistent with the presentation of processes into two dominant patterns. Most 'solo-conducted processes' are emergent (6 among 8). The practice of acquisitions is close to the traditional management mode of the small business. The management of the takeover process is consistent with an entrepreneurial design, that is to say, a centralized and informal management. Planned processes are mostly 'shared'. About four analysed planned acquisitions, three are shared. This is due to the joint adoption by small business of formalization practices and procedures and of a broader sharing of the decision. The strict definition of the traditional working of small business does not apply in these cases. (Guieu, 1998: 8)

All these authors push for the removal of some classical characteristics linked

to small and medium-sized businesses in specific environments and the adoption of a managerial model based on large business.

Denaturing can also be synonymous with loss of control, mainly when the entrepreneur is unable to master the growth of the business or when new relationships require radical changes. This happens every time the firm is obliged to embark on a denaturing path (EDI, JIT, ISO standardization) imposed by a large order-giver, particularly when the CEO is not prepared (psychologically or technologically). We have frequently observed this behavior in the Bombardier network,⁷ although in some cases the CEOs manage to extricate themselves in spite of pressure from the big firm (Julien et al., 2003). All these cases suggest dissonance between the entrepreneurial behavior of the SME leader and the managerial implications of the change. Gibb (1997) evokes other types of dissonance when he talks about 'discontinuity' with some partners in the SME environment, for example small business support measures that he considers to be bureaucratic, or relations with bankers:

Bankers, for example, generally have no experience of running small business and work in an organisation culture that is very far removed from that of the entrepreneur. As a result they tend to have attitudes, values and beliefs rather different from those of the entrepreneurs. They do not know intimately the customers, suppliers or the personal network with whom the entrepreneur actively engages and the day-to-day demands that are made upon him/her . . . It is clear that, within the context of a learning relationship, the banker/small business problem can not just be seen to be one of formal information asymmetry but one involving values, attitudes, beliefs, influence and judgement and trust. (Gibb, 1997: 24).

Without being a hazard, these discontinuities do sometimes seem to be equivalent to the denaturing context discussed here, as do supply chain management and strategic alliances.

Conclusion

In this article we suggest two distinctive paths to guide discussions regarding the specificity in SMEs. The first path adopted by the majority of the scientific community consists in building a set of propositions on the specificity of SMEs. The specificity thesis is then erected into a paradigm that predicates the existence of certain facts. The strength of the paradigm comes from the help and guidance it provides the researcher to establish hypotheses for a research agenda. The researcher's contribution will be to provide 'proof' of the specificity paradigm's efficiency, possibly in a new research area on SMEs. This approach will likely bring the researcher to a systematic classification or study of SME types according to a specific typology in order to account for their diversity (Curran and Blackburn, 2001; Julien, 2000). A logic of validation is used in research of this type. Because this approach is adopted by the majority of the SME research community we may call it the 'classical school'.

The second path adopts a 'critical stance' towards the specificity paradigm. Here the researcher will not attempt to validate specificity; this approach will rather bring him or her to explore the limitations of the specificity paradigm.

Under what circumstances will the specificity of SMEs not apply? What contextual factors will render the specificity of SMEs difficult to accept? What are these exceptions? The examples that we have provided show us that there are different fields where different SME management practices apply that are far removed from what we expect. These examples show that specific SME management practices tend to disappear to be replaced by practices more closely associated with large organizations. These practices are denaturing: they do away with informality; they increase procedures and mitigate personal contacts. The logic used in this critical stance is one of refutation.

This path is still fresh; it is used by a minority of researchers. The evidence of pathological practices that refute the general model helps us identify the limits of the specificity paradigm and detail the extent of its validity. When such practices are contrary to the specificity paradigm, research consists in finding explanations of this denaturing. Why are such practices outside of the specificity paradigm?

Finally, the question of denaturing brings us back to the problem of Popper's black swan. What status should we give it? Three attitudes are possible:

1. The first possibility is to ignore or reject it as a kind of five-legged sheep, an epiphenomenon that does not cast doubt on the classical conception – in other words, a statistical aberrant value.
2. The second possibility is to regard it as a dark grey element: that is, with a suspicion of white, linking it to the frontier of the classical conception (type 4 in Figure 1).
3. The third possibility is to consider it as a serious element of refutation (type 5 in Figure 1).

Only this third attitude provides a critical approach towards the management specificity of SMEs.

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Notes

1. According to Kuhn (1970b), the term paradigm in its broadest sense means 'disciplinary matrix'. It represents a set of beliefs, acknowledged values and techniques shared by the members of a given group, even that this one is not closed.
2. The existence of a nature or specificity differentiating SMEs from large firms is rejected by Watson (1995: 34): 'The essential nature of the managerial task is the same in all firms, indeed in all organisations.' But most SME specialists postulate, implicitly or explicitly, in favor of the specificity or typical nature of SMEs (Storey, 1994). Examples include Atkins and Lowe (1997: 43) who oppose Watson's (1995) findings: 'The aim of this paper is to examine in more detail the nature of smallness and provide a methodology for its measurement based on the nature of the managerial processes encountered in the firm.' Also worthy of note is the work of Gibb (1997: 16, 2000: 18): 'Managing relationships with the stakeholder networks (external and internal) is the

very essence of management of the small company', and Curran and Blackburn (2001), who, on the back cover of their book *Researching the Small Enterprise*, state that: 'Although there are plenty of books devoted to business and management research, few give much attention to the small- or medium-sized enterprise (SME) as it is often assumed that these concerns are scaled-down versions of large firms. The authors' aim is to highlight the *special characteristics* of the SME, examine the problems these produce for researchers and then offer solutions.' Such conclusions make us think that there really is a specific model of the smaller business, referred to as the *hypofirm model* by Marchesnay (1982).

3. Popper's falsificationism is not exempt from criticism. On the one hand a statement of an observation is never infallible (Chalmers, 1982/1994). Such statements reflect conventions by a community of researchers (Kuhn, 1970a; Lakatos, 1970). On the other hand refutability requires that scientific theories be precise; therefore there is a bias in Popper's epistemology towards formalism (Chalmers, 1982/1994). Although Popper considers his theory as an antidote against induction, the acceptance of refutation is seldom a single and definitive act; it is the result of a repetitive inductive process (Lakatos, 1970).
4. These are the closed criteria of Miller and Toulouse (1986) or D'Amboise and Muldowney (1988), who speak of a simple organizational structure, the prime role played by the owner-manager, an essentially local market, an implicit strategy and little planning and control.
5. The notion of continuum is found too in the work of Chell et al. (1991: 59). They compare the entrepreneurial with the administrative aspect using six characteristics (strategic orientation, commitment to opportunity, commitment to resources, control of resource, management structure and reward philosophy).
6. Messeghem (2003), situating himself within the denaturing trend, writes: 'We shall consider that a context is denaturing when it results in the disappearance of an SME's specificity in a situation where the firm is not growing. The symptoms of this phenomenon are an increasingly bureaucratic structure and a more complex planning and control system.' Although other authors are not as explicit, they do suggest the idea of denaturing and anti-SME. For example, Gibb (2000: 17) draws up a list of characteristics, including planning, formalization and standardization, which are 'essentially corporate in nature and possibly anti-entrepreneurial'. It is precisely on the basis of these two anti-entrepreneurial characteristics that he proposes the possibility of 'clash', which we have referred to as 'denaturing'. Similarly, in 1991, Brooksbank proposed a sample building method based on a combination of quantitative (workforce and turnover) and qualitative (scope and number of product lines) criteria. Using these three criteria, he established a correspondence scale defining small businesses, medium-sized businesses and large businesses. For example, a small business has a workforce of less than 100 employees, a turnover of less than £2.5m and a 'product' strategy based on a single product. This definition is an ideal situation, one in which the criteria coincide perfectly. However, the author envisages situations where perfect concordance is not verified. 'When all three criteria are not met, then a company is classified according to the degree of difficulty of its classification, i.e. either "borderline", "difficult", "very difficult" or "extremely difficult". The degree of difficulty is calculated on the basis of the expected relationships between the proposed cut-off points on each of the three criteria' (Brooksbank, 1991: 27). If Brooksbank's method is to homogenize samples, it would have another use, that of identifying the most atypical or 'extremely difficult' cases. In the classical approach, researchers are encouraged to reject such firms from their samples. Using our denaturing approach, these are

the very firms researchers should seek first. The more atypical the case, the more interesting it is, like the black swan.

7. The Bombardier Recreational Products Network is made up of 29 subcontracting SMEs in the plastics, rubber, metal and electronic products sectors. It was created in 1994 with the goal of enhancing innovation by multiplying information exchanges. It is supported by an academic team of nine professors in different management and engineering disciplines and one technician, who help the firms to attain world class and work as a network to increase their innovative capacity. The network's annual research budget is about CAN\$300,000, one-third of which is paid by government, one-third by the pivot firm and one-third by the member small businesses.

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Torrès & Julien: Specificity and Denaturing of Small Business

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Spécificité et dénaturation des petites entreprises

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Le présent article s'appuie sur une étude approfondie du concept de la petite entreprise après 30 ans de développement conceptuel. En fait, même si presque tous les chercheurs spécialistes des petites entreprises ont accepté l'idée de leur *spécificité* (reposant sur le rôle prépondérant du propriétaire exploitant, la répartition des fonctions, la stratégie intuitive, etc.), l'affirmation quelque peu exagérée de cette idée laisse supposer que *toutes* les petites entreprises adoptent une méthode de gestion spécifique, avec pour conséquence l'acceptation que la spécificité managériale devient un *principe universel*. Donc, dès l'instant où nous reconnaissons à la gestion des petites entreprises un caractère spécifique, nous devons accepter le corollaire de cette affirmation, à savoir *la possibilité d'une dénaturation* (soit la perte de la spécificité). En d'autres termes, ceci ne signifie pas nécessairement qu'une petite entreprise ait à adhérer au système de gestion traditionnel. Les auteurs de cet article sont partisans d'appliquer le principe de la théorie contingente à la spécificité managériale des petites entreprises, qui permettrait de définir une *structure de validité* soutenant la thèse de la spécificité de la gestion des petites entreprises.

Mots clés: théorie traditionnelle; dénaturation; méthode de gestion; paradigme; petites entreprises; spécificité; validité

Especificidad y desnaturalización de la pequeña empresa

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Este artículo se basa en un estudio exhaustivo del concepto de la pequeña empresa tras 30 años de desarrollo conceptual. Casi todos los investigadores en el campo de la pequeña empresa han aceptado la idea de su *especificidad* (el papel preponderante del director propietario, bajo nivel de desglose de gastos para funciones, estrategia intuitiva, etc.). No obstante, la aseveración un tanto exagerada de esta idea puede sugerir que *todas* las pequeñas empresas adoptan un método de gestión específica, con la consecuencia de que la especificidad se convierte en un *principio universal*. Si aceptamos que la gestión de pequeñas empresas puede ser específica tendremos que aceptar, asimismo, el corollario de esta afirmación, concretamente la *posibilidad de desnaturalización* (pérdida de especificidad). En otras palabras, no significa forzosamente que una pequeña empresa tiene que adherirse al método de gestión clásica. Los autores de este artículo abogan por un enfoque condicional de la especificidad directiva que establecería la definición de una *estructura de validez* para la tesis de la especificidad de la gestión directiva de las pequeñas empresas.

Palabras clave: teoría clásica; desnaturalización; método empresarial; paradigma; pequeña empresa; especificidad; validez

Spezifität und Denaturierung der mittelständischen Wirtschaft

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Dieser Beitrag gründet auf einer langen Betrachtung des Konzepts der mittelständischen Wirtschaft nach 30 Jahren Konzeptentwicklung. Der Großteil, wenn nicht sogar alle Forscher der mittelständischen Wirtschaft haben die Denkweise akzeptiert, dass die mittelständische Wirtschaft *spezifisch* ist (die bestimmende Rolle des Eigentümer-Unternehmers, der geringe Grad funktionalen Versagens, intuitive Strategie, usw.). Wo diese Denkweise jedoch ins Extrem getrieben wird, kann dies zur Schlussfolgerung führen, dass *alle* mittelständischen Unternehmen eine spezifische Managementmethode anwenden, mit dem Ergebnis, dass Managementspezifität zu einem *universalen Prinzip* wird. Falls wir zulassen, dass das Management der mittelständischen Wirtschaft spezifisch sein kann, dann müssen wir ebenfalls das Korollar dieser Aussage zulassen, nämlich die *Möglichkeit der Denaturierung* (Verlust von Spezifität). Mit anderen Worten muss ein mittelständisches Unternehmen nicht unbedingt der klassischen Managementmethode folgen. Die Verfasser dieses Beitrags sprechen sich für eine Kontingenzmethode zur Managementspezifität der mittelständischen Wirtschaft aus. Dies würde die Definition eines *Gültigkeitsrahmens* für die These der Management-spezifität der mittelständischen Wirtschaft zulassen.

Schlagwörter: Klassische Theorie; Denaturierung; Managementmethode; Paradigma; mittelständische Wirtschaft; Spezifität; Gültigkeit