

# **Understanding Small Business Growth and Development in the Context of an Extreme, Transitional and Marginalized Environment**

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## **Abstract**

The literature on small firm growth is extensive. However, an important question that remains unclear is whether small business growth models of western developed economies are applicable to transitional and underdeveloped economies, especially in post-war/conflict contexts. The main purpose of this doctoral thesis is to examine entrepreneurial and institutional determinants of small business growth and the interrelationships between institutional factors in the context of an extreme, transitional and marginalized environment. In order to investigate these issues, we use both Institutional theory and Human Capital theory. These theories have been considered as useful theoretical frameworks for analysing the determinants of small business growth but have not previously been integrated within this literature. Empirically, the doctoral thesis is based on data collected from face-to-face interviews with more than 500 entrepreneurs in Kosova. Entrepreneurship is developed under extreme conditions in Kosova, which can be considered a marginalized context. Institutional deficiencies of a post war yet emerging country, continued political and social and ethnic turbulence, and high level of poverty and corruption, offer an interesting setting for examining entrepreneurial behaviour and small business development. The findings from a series of multivariate regression models suggest that entrepreneurs' specific human capital attributes and intentions to grow are significant determinants of start-up size and (fast) firm growth. Results also confirm the interrelationship between formal and informal institutional factors. By drawing the research from Kosova, this doctoral thesis offers a contextualized view of entrepreneurship and small business growth, enabling a better understanding of the importance of context for research in this field. The thesis concludes by discussing theoretical and practical implications derived from the findings. Limitations and future research directions are also suggested.