

Sociological explanation of bottlenecks and challenges affecting the economic development of small and medium-sized enterprises with a data-based approach

Mahdi Salehi¹ , Hamid Boorghani Farahani² , Narges Moulaei² 

1- PhD student, Department of Sociology, Arak Branch, Islamic Azad University, Arak, Iran.

2- Assistant Professor, Department of Sociology, Arak Branch, Islamic Azad University, Arak, Iran.

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Abstract

The aim of this research is to sociologically explain the bottlenecks and challenges affecting the economic development of small and medium-sized enterprises with a data-based approach. The research method is applicable developmental in terms of purpose, descriptive exploratory in terms of strategy, and qualitative in terms of implementation method, with a grounded theory approach. The statistical population of the research includes 14 experts and academic scholars in the economic-sociological field. The sample size was selected using the snowball sampling method. A semi-structured interview was used to collect information. A grounded theory approach was used to analyze the data. The validity of the interview questions was confirmed by the content method; and its reliability by implementing the test-retest method (0.897). Based on data-based theorizing; causal conditions (including interactional/identity conditions and generational gap conditions), the central category (the process of lack of economic development and growth), the context makers (including weak cultural capital and lack of competitiveness), contextual factors (including lack of development thinking and low investment rates), strategies (including lack of purpose-centeredness and lack of value-centeredness), and consequences (including continued underdevelopment and business collapse) were explained in the paradigmatic model, and finally the relationships between them were identified in the selected model.

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Corresponding Author: Hamid Boorghani Farahani

Email: h_boorghani@iau.ac.ir

Extended Abstract

Introduction

Sociological components and factors cause differences among humans in ethics, responsibility, spirituality, dynamic management, entrepreneurial initiatives, risk-taking, and many other behaviors that are likely to affect the economic success of individuals (Throsby, 2001). Iran's economy is currently facing bottlenecks in various areas, for which a solution must be found for each of them. Perhaps one of the most important challenges is in the field of production. Although production and how to make it flourish is itself an important challenge, we will also face other challenges to make production flourish. The fragile recession caused the closure of many economic enterprises in the country; so much so that the government's 16 trillion rial financial assistance could not seriously solve the problems of small and medium-sized enterprises (Rezaei & Safa, 2016).

The interest of economists and sociologists in the institutional manifestations of small enterprise development and their role in economic development has recently increased. This socio-economic concern is well reflected in the fact that all theories of entrepreneurship tend to trace the sources of economic change to the activities exerted by certain types of individual or collective agents (Gruzina et al, 2021). Unlike economics, sociology has been interested in analyzing companies as social institutions or social organizations from the very beginning, and a sophisticated analysis of this tradition remains today. Max Weber initiated this tradition, which has continued in the field of industrial sociology and today in the sociology of organizations, and is still alive in the field of industrial sociology and related fields, namely the sociology of work (Swedenborg, 2012).

The most important influential factor is the marketing power of these companies to sell their products; therefore, the lack of sufficient information of companies in Arak city about the needs of the market at home and abroad is weak, which has faced these companies with the problem of lack of demand for their products, and this has an impact on sales and profitability. The results of comparisons of the implementation performance of the regulations on quick-turnover enterprises in Markazi province during the period under review also show that, in general, the industry and mining sector has had a negligible contribution to most of the indicators examined in this study. Due to the industrial nature of this city, it is desirable that by implementing effective support policies, the effectiveness of industry in the province's GDP and employment can be realized. Therefore, serious support for early-stage industrial projects, removing existing obstacles in small and medium-sized enterprises, using the effective model of priority industries in Arak city, and providing the grounds and preparations for more investment in this city can be effective in increasing the share of small and medium-sized enterprises and their role in the development of the province. Accordingly, the present study seeks to answer this question: What are the sociological bottlenecks and challenges affecting the economic development of small and medium-sized enterprises with a data-based approach?

Theoretical Framework

Economic Development

Economic development is economic growth accompanied by fundamental changes in the economy and an increase in production capacities, including physical, human, and social capacities. In economic development, a small growth in production will be achieved, but along with it, social institutions will also change. Economic development has goals that include: increasing the wealth and welfare of the people of society, reducing poverty, and creating employment, which are goals for achieving social justice. The view of economic development in developed and underdeveloped countries is different. In underdeveloped

countries, the main goal is to increase the welfare and opportunities of the people, while in underdeveloped countries, the main goal is to eradicate poverty and increase social justice (Vahed Moghadam & Kaykha, 2015).

Small and Medium Enterprises

Small and medium enterprises are considered the backbone of an economy because they play an important role in poverty reduction, employment generation, promotion of foreign trade and technical innovation, and also significantly contribute to the growth of developing economies (Elahi Shirvan et al, 2023).

Taromi (2024) studied the impact of small and medium enterprises and their role in economic development. The results showed that what is effective in the efficiency of these units in the economy of any country is that these units provide their goods or services to consumers in a competitive environment with the lowest cost and time, while complying with various standards of transportation - storage - sale.

Rostamian et al, (2023) studied the effects of small and medium enterprise credit on economic growth and employment (a dynamic computable general equilibrium model). The results of the analysis of the employment rate in small, medium (and large) enterprises showed that the employment rate increased during the period from 2005 to 2012), considering the credit ceilings of 20, 30, 40 and 50 percent made by the government. Therefore, it can be said that the amount of credit allocation has a direct relationship with the production rate of small, medium (and large) enterprises and consequently the amount of employment. The amount of employment in large enterprises was higher compared to small and medium enterprises, which is due to the centralization of the integrated management system and the greater type of support that the government provides to these types of enterprises.

Research Methodology

The research method is applicable developmental in terms of purpose, descriptive exploratory in terms of strategy, and qualitative in terms of implementation method, with a grounded theory approach. The statistical population of the research includes 14 experts and academic scholars in the economic-sociological field. The sample size was selected using the snowball sampling method. A semi-structured interview was used to collect information.

Research findings

A grounded theory approach was used to analyze the data. The validity of the interview questions was confirmed by the content method; and its reliability by implementing the test-retest method (0.897). Based on data-based theorizing; causal conditions (including interactional/identity conditions and generational gap conditions), the central category (the process of lack of economic development and growth), the context makers (including weak cultural capital and lack of competitiveness), contextual factors (including lack of development thinking and low investment rates), strategies (including lack of purpose-centeredness and lack of value-centeredness), and consequences (including continued underdevelopment and business collapse) were explained in the paradigmatic model, and finally the relationships between them were identified in the selected model.

Conclusion

The present study was conducted with the aim of sociologically explaining the bottlenecks and challenges affecting the economic development of small and medium-sized enterprises using a grounded theory approach. The results of this study are consistent with the results of Taromi (2024), Rostamian et al, (2023), Muthuraman et al, (2021), Pedraza (2021), Nazari et al, (2021), Kushins et al, (2020), Kawaguchi (2019), and Bani Fatemeh et al, (2017). Nazari et

al, (2021) showed that business cultural components have a positive effect on the production-commercial performance of industrial units. The research findings also indicate that the components of low power distance, individualism, low uncertainty avoidance, long-term orientation, and masculinity have a positive effect on the production-commercial performance of industrial units.

One of the causal conditions affecting the bottlenecks and challenges affecting the economic development of small and medium-sized enterprises from a sociological perspective is the interaction/identity conditions. Maintaining power is highly valued in collectivist societies; therefore, there is no desire to delegate authority and involve colleagues in decision-making. In this regard, industrial managers are suggested to place the types of management on a bipolar scale according to the amount of authority delegated to subordinate colleagues. If these types of economic enterprises want to develop and continue in generations, they must first remove the obstacles and problems within the organization in terms of realizing meritocracy, prioritizing expertise, training members, etc. by observing organizational principles and management hierarchy. They should try to provide easier generational transition areas by using non-family specialist managers and by separating ownership from management.