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Small and the Early Return Enterprises and Effective Factors in Their Success

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ABSTRACT

In this study we are trying examine effective factors in the success of small enterprises in 3 cases:
A: characteristics of entrepreneur (entrepreneurship skills and education).
B: features of enterprise (size of enterprise and connection to capital resources)
C: Business environment (market and technology conditions)
In this research we have selected descriptive –analytical method. The study population are consisted all the owners of small enterprises (10-49 employees) in Guilan province. Total number of small businesses was 410 businesses in Guilan province. By using formula sampling for limited population was selected the total number of sample 158 (small enterprises owner). Results obtained from analysis of data from questionnaires distributed (through Chi square test and analysis of variance), showed that entrepreneurial skills, enterprises size, degree of dependence on sources of capital, market conditions and technology of small enterprises (as independent variables) affect in success of these enterprises. The results showed that education (independent variables) and success of small enterprises, there isn't significant relationship.
Keywords: Entrepreneurial characteristics, features of enterprise, Business environment, Commercial success

1. INTRODUCTION

Today, any country does not live in complete separation from other countries. (Gilaninia& et al, 2012, Eilbeigi & et al, 2012).View of large industries are modern economic development began based on from industrial revolution. The majority of the industrial production in the twentieth century is under the authority of large industries. But gradually from early 1970s appear the gap in the manufacturing industries of advanced countries, including some of the largest factories and industries. At the same time was revealed some signs indicate that small industries have surpassed in terms of performance from its major competitors. Perhaps the best example was steel industry in United States where new industries in this field enter into small steel factories and with limited job creation to market while big companies have closed their factories and number of employees was reduced in several countries (Majidi, 2002, p27). It`s clear that mutual effort of governments and people is the critical element for the progression of companies and actual promotion of their activity levels (Rezvani, Gilaninia& et al, 2011, Hanifi & et al, 2012). Increased competition, changing business environment and globalization are the major changes (Alipour & et al, 2012). In the past two decades with the advent of new technologies and public access to the internet network created developments in industrial capacity, production and distribution methods and organizational structure of firms that has increased generally on the importance and role of small and medium units in the country's industrial structure so industrial and commercial small units are known as integral and essential part of any country's economy. These units, while in many developing countries to achieve development goals play a decisive role in the expansion and diversification of industrial production and in dedication to some fundamental objectives such as creating jobs, eradicating poverty, improving income distribution and meet of basic needs in developing countries have effective role. In many countries these industries have been the main suppliers of new jobs, innovation and development center and a leader in new technologies developed. On the other hand these industries with significant exports play effective role in economic development (Nategh, 2006, P3).

2. LITERATURE REVIEW

In today's business environment is characterized by increasing competition (Ziakhosoosi & et al, 2011). An organization to achieve its overall objectives has required to planning and accurate control of tasks process with corrects management (Ahani & et al, 2012). With regard to very large changes in content and quality that have occurred from recent decades in global markets and began moving toward the globalization of markets and the parallel production-oriented period at the end of the life, and customer orientation is in the maturing. Industrial

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manufacturers with the goal of optimal use of resources and avoid wasting valuable resources have to take provisions that the result is industrial restructuring from profile of this is restructuring to promote more and more small industry (Nategh,2006). In today's business environment is characterized by increasing competition (Ziakhosoosi & et al, 2011). Many companies try to review their managerial patterns and to find basic solution so that they can access to competitive advantage (Ramzani & et al, 2011). According to professor's theory "Bo Carlssonl ", there are two groups from factors that can explain the observed changes. The first group is related to some fundamental changes that occurred in 1970 in the global economy and is caused by 1 - The intensity of global competition 2 - to increase the uncertainty 3 - share markets due to growing consumer demand for different products. The second group is related to the technological developments that have taken a new direction (Majidi, 2002, pp 74-75). Small industries will help to the global economy at least from four aspects:

a) Entrepreneurship: small industries to help develop entrepreneurial spirit and role as change agents in the modern economy are helping economic growth.
b) Innovation: small industries have an important role in the process of changing technology. They are a significant source from innovation activities.
c) Industry dynamics: small industries have an important role in the transformation process of industry.
d) Job opportunities creation: small industries in recent years have contributed significantly in creating new jobs (Haghgooy, 2008).

In other words, in today's modern world, small industries with specifications its own in different topics and important economic growth, competitiveness and solve of unemployment crisis of epidemic have significant effects (Majidi, 2002, p61).

In our country, despite a significant presence of small industries in the industrial structure (about 94 percent of the country's industrial units are small-scale industry) units are facing with multiple problems and significant retardation. So that has been unable expected strategic role for them such in developing and developed countries. Barriers and obstacles to the growth of small industries in our country can include:

- Having the traditional structure from various aspects of management, manpower and machinery
- Limited to small markets and local packages
- don't have necessary financial resources
- The low rate of new investment
- Inflexible laws of labor and social security and tax
- Lack of support system for small industries, entrepreneurs and innovators
- The low entry rate of small industries to the market and not identify actual rate of its exit (Haghgooy, 2008).

If we consider experience of a successful and leading countries in this field that have achieved to considerable success in organizing small industries, we also realize that we required to collective efforts and work and the fundamental actions in theory and provide appropriate solutions and rationale for organizing our industries (Majidi,2002,p81). In studies conducted by UNIDO also has presented many obstacles for continued existence of small firms that some of them are as follows: (Nategh, 2006, p32)

- Market barriers such as lack of marketing mechanisms and the resulting an inability to access national and international distribution channels, weakness in marketing research and market access.
- Financial obstacles such as lack of commercial banks and specialized that can provide loans to small and medium enterprise, and lack of the same obtain loans conditions for all different companies.
- Weak business environment for small and medium enterprises
- Lack of access to various information, including marketing and technical information and scientific data
- Technology and problems related to it

The importance of small units in Iran can be examined from both quantitative and qualitative. In term of quantitative dimension a very high percentage of companies in our country and many countries are small and medium units that in terms of numbers employees and value added generated by them is considerably. From quality dimension these units can encourage the private sector in investment, because private sector to create large units don't have usually adequate facilities (Nategh, 2006, pp3-4).

It should be noted that only startup a small enterprise don't involving to achieve optimum benefits for these units, but the circumstances and affecting factors in the success or failure of these firms are investigated and identified in order to by strengthening the positive points and overcome the disadvantages and existent obstacles in the way of activity in this units has increased small enterprise successfully percentage and in the path of further economic development achieve to the successful operation and more complete of these units and to answer to basic question: what do factors influence on success of small and the early returns enterprises?

3. Theoretical Framework for Research

David Storey In 1994 a book entitled "Understanding the Small Business Sector," Factors affecting the growth and success of small businesses have been classified into three general categories which include:

As can see in the following models:

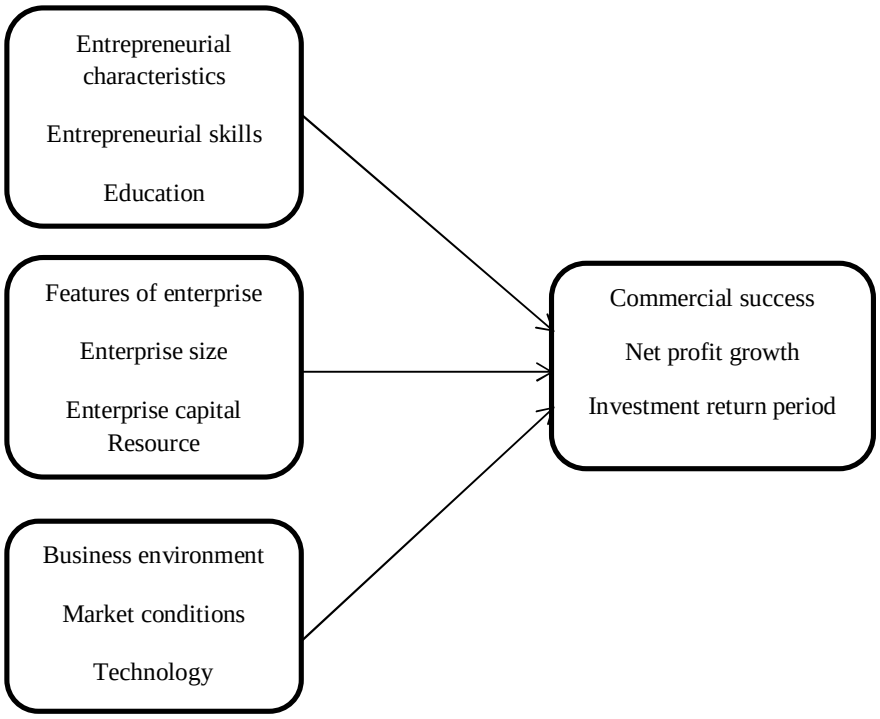

Figure 1) Conceptual model of research

4. Research Hypothesis

1- There is significant difference between impact of different levels of entrepreneurial skills of small business owner and business success.
2- There is significant relationship between educational level of small business Owner and business success.
3- There is significant difference between impact of different levels of small business size and business success.
4- There is significant difference between impact of different levels of dependence on capital resources (personal, family and the bank) of small business and business success.
4-1) there is significant difference between impact of different levels of dependence to capital resources of personal of small business and business success.
4-2) there is significant difference between impact of different levels of dependence to capital resources of family of small business and business success.
4-3) there is significant difference between impact of different levels of dependence to capital resources of the bank of small business and business success.
5- There is significant difference between impact of different levels of small business Market conditions and business success.
6- There is significant difference between impact of different levels of small business Technology and business success.

5. RESEARCH METHODOLOGY

According to nature of the subject and purposes, this study is descriptive - analytical and field study. In terms of extent of applications of this research is placed in applied research. The study population are consisted all the owners of small enterprises (10-49 employees) in Guilan province. Total number of small businesses was 410 businesses in Guilan province. For sample selection is used from available random sampling method. The obtained sample is 158 enterprises. Questionnaire is a collection tool of data. Collection of questions in questionnaire has content validity that through has been made by the Delphi method measurement of the relevant professor’s opinion. Cronbach's alpha was used to for reliability of the questionnaire that Cronbach's alpha coefficient is obtained for commercial success variable 82.5% and 73.8% for entrepreneurial skills and market conditions 79.1% and 81.4% for the technology. For data analysis was used analysis of variance and chi-square test.

6. Data Analysis

Table 1) summery of testing hypotheses

Hypotheses		Variables	sig	Result
First hypothesis		Impact of different levels of entrepreneurial skills of small business owner and business success	.001	Confirmed
Second hypothesis		educational level of small business Owner and business success	.775	Rejected
Third hypothesis		impact of different levels of small business size and business success	.000	Confirmed
Fourth hypothesis	First sub-hypothesis	Impact of different levels of dependence to capital resources of personal of mall business and business success.	.025	Confirmed
	second sub-hypothesis	impact of different levels of dependence to capital resources of family of small business and business success	.018	Confirmed
	third sub-hypothesis	between impact of different levels of dependence to capital resources of the bank of small business and business success	.011	Confirmed
Fifth hypothesis		impact of different levels of small business Market conditions and business success	.000	Confirmed
Sixth hypothesis		impact of different levels of small business Technology and business success	.000	Confirmed

First hypothesis: According to the results obtained can be seen that the value sig = 0.001 and is less than α = 0.005. Thus research hypothesis is confirmed, it means that there is significant difference between impact of different levels of entrepreneurial skills of small business owner and business success.

According to Duncan test results was observed that Low and high levels of entrepreneurial skills together don't have significant difference but average level with high and low levels are different and in high level of entrepreneur, business success is more.

Second hypothesis: According to the results obtained can be seen that the value sig = 0.775 and is more than α = 0.005. Thus research hypothesis is rejected, it means that there isn't significant relationship between educational level of small business Owner and business success.

Third hypothesis: According to the results obtained can be seen that the value sig = 0.000 and is less than α = 0.005. Thus research hypothesis is confirmed, it means that there is significant difference between impact of different levels of small business size and business success.

According to Duncan test results was observed that the average and high levels in firm size together don't have significant difference but low level with high and average levels are different and in low level of business size, business success is more.

Fourth hypothesis (first sub-hypothesis): According to the results obtained can be seen that the value sig = 0.025 and is less than α = 0.005.thus research hypothesis is confirmed, it means that there is significant difference between impact of different levels of dependence to capital resources of personal of small business and business success.

According to Duncan test results was observed that low and high levels in dependence to capital resources of personal together don't have significant difference but average level with high and low levels are different and in average level of dependence to capital resources of personal, business success is more.

Fourth hypothesis (second sub-hypothesis): According to the results obtained can be seen that the value sig = 0.018and is less than α = 0.005. Thus research hypothesis is confirmed, it means that there is significant difference between impact of different levels of dependence to capital resources of family of small business and business success.

According to Duncan test results was observed that low and high levels in dependence to capital resources of family together don't have significant difference but average level with high and low levels are different and in average level of dependence to capital resources of family, business success is more.

Fourth hypothesis (third sub-hypothesis): According to the results obtained can be seen that the value sig = 0.011and is less than α = 0.005.thus research hypothesis is confirmed, it means that there is significant difference between impact of different levels of dependence to capital resources of bank of small business and business success.

According to Duncan test results was observed that low and high levels in dependence to capital resources of bank together don't have significant difference but average level with high and low levels are different and in average level of dependence to capital resources of bank, business success is more.

Fifth hypothesis: According to the results obtained can be seen that the value sig = 0.000 and is less than α = 0.005. Thus research hypothesis is confirmed, it means that there is significant difference between impact of different levels of small business Market conditions and business success.

According to Duncan test results was observed that low and high levels in market conditions together don't have significant difference but low level with high and average levels are different and in high level of market conditions, business success is more.

Sixth hypothesis: According to the results obtained can be seen that the value sig = 0.000 and is less than α = 0.005. Thus research hypothesis is confirmed, it means that there is significant difference between impact of different levels of small business technology and business success.
According to Duncan test results was observed that low and high levels in Technology together don't have significant difference but average level with high and low levels are different and in high level of Technology, business success is more.

7. Conclusions and Recommendations

1- According to first hypothesis, there is significant difference between effect of different levels of entrepreneurial skills of small business owner and business success and in high level of entrepreneurial success of enterprise is more. Therefore for success of business suggested that be performed efforts to training the techniques and entrepreneurial skills to owners of small enterprise (through training courses and conferences) they are able to benefit from these skills, improve success rate of small industries.
2- According to third hypothesis, there is significant difference between impact of different levels of small business size and business success and in the low level of enterprise size, success of small business is more; Thus, according to the results is recommended, entrepreneurs pursuing new business in the area of small industries, firms establish with 10 to 19 employees, In order to use from less costs as a success factor. Public support agencies such as Ministry of Industry and Mines and industrial towns could also increase the success rate of small industries in the country with the support of the development of small enterprises.
3- According to fourth hypothesis, there is significant difference between impact of different levels of dependence on capital resources (personal, family and the bank) of mall business and business success. So in average level of dependence on any capital resources (personal, family, and bank) success of small firms is more. So to owners of small enterprise active in the field of economy recommended for to increase their enterprise success rate and reduce the risk of financing the business activities of each of the capital resources (personal, family and the bank) take advantage on average.
4- According to fifth hypothesis, there is significant difference between impact of different levels of small business market conditions and business success and in high level of competitive market conditions, business success is more. So that in larger markets with more growth opportunities and more profitable, the success rate is more for small businesses. So recommended to entrepreneurs, who seek to establish small businesses: First, the market conditions that will be entered as a company examine comprehensively and gain information about variables such as market size, market growth rate and profitability, and to increase the likelihood of their success, they tried to entered markets that are larger in terms of the current size and potential, have more growth opportunities and in terms of profitability are in higher order.
5- According to sixth hypothesis there is significant difference between impact of different levels of small business technology and business success. . So recommended to entrepreneurs, who seek to establish small businesses: Deployment of advanced technologies and avoid with very old technology and a low level to do business, and to increase their likelihood of success in industry activity, try to maintain a moderate level of technology in their businesses.

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