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MICROENTERPRISE SUCCESS AND FAILURE FACTORS

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ABSTRACT

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The purpose of this study is to identify factors contributory to success or failure of a microenterprise. Microenterprise is an enterprise with less than 10 employees. About 99 % of all Finnish enterprises fall in this category. Earlier studies do not provide a comprehensive view on microenterprise success and failure factors.

The theoretical part discusses the definition of success and failure, previous research and results already established about the topic and categories of business environment. The empirical part is founded on quantitative survey results from 204 Finnish microenterprises. The questions of the survey were based on previous surveys, literature and intuition. Both success and failure factors were enquired. Summary of the results was made and the results were compared among successful and unsuccessful enterprises.

In open-end questions, the most important factors mentioned to affect enterprise performance positively were "Employees", "Customers" and "Skills, knowledge, education and experience." The most important factors affecting enterprise performance negatively were "Economical situation",

"Employees availability and attitudes" as well as "Political decisions and passed laws".

In Likert-scale set of questions, the most significant factors from the point of view of enterprise performance were "Product and / or service good quality", "Good reputation of the company" and "Staff's strong skills". The least significant factors were "Effect of marketing and promotion", "Conflicts" and "Differences of points of views of different generations".

By Likert-scale set of questions, it was also tested which operations the enterprises perform, and according to the results, successful enterprises found "Performing a market research", "Use of distribution channel in sales" and "Expanding to new markets" less important than unsuccessful enterprises.

The tests proved that the age of the enterprise correlates with the level of success of the enterprise: The younger the enterprise, the more successful it is. In addition, the results show that if the enterprise is family based, the less successful it is. In addition, there was also slight correlation between success and the level of growth, indicating that higher the level of growth the more successful the enterprise is.

From the business environment point of view, the key finding was that internal factors affect more on the success of an enterprise than external factors, and that external factors affect more on the failure of an enterprise than internal factors.

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1 INTRODUCTION

This chapter describes the topic of this research. First the background information about the topic is given. Next, the literature review is described, after which the aim of the research and research problem including research questions are presented. Then, theoretical framework, definitions of the key concepts and limitations of the research are described. Finally, the research methodology and thesis structure are given.

1.1 Background of the research

Microenterprises are companies that employ less than 10 people, and whose turnover or balance sheet total is no more than two million Euros. (European Commission 2014). These businesses are important players in our economy, as most of the businesses (93 %) in Finland are microenterprises. Microenterprises employ as much as 26 % of workforce in Finland and their turnover is 17 % of the total turnover of Finnish businesses. (Yrittäjät 2012) Microenterprises are considered as a part of small enterprises (that inter alia employ less than 50 employees) and small and medium sized enterprises (SME's) (that inter alia employ less than 250 employees) (European Commission 2005). In this thesis the terms are used depending on the level of examination, or usage in the source literature

According to Beaver (2003) a successful economy depends on its firms that are innovative, productive and competitive. The importance of SME's has been recognized by the European Commission (Euroopan komissio 2011) as they state that it is important to support small enterprises, since these companies are important for the economy of the European Union, and the best creators of growth, vacancies and innovation. Furthermore, the significance of small enterprises has been acknowledged by the Finnish government, as financial support is granted for example for

investment and labor costs at start-up and expansion stage, and for improving SME's competitiveness, internationalization, production, products, management and marketing (Yrittäjät 2014a). Some small enterprises with low turnover also gain tax concession (Verohallinto 2011), and under way is a proposal for government to decrease small enterprise taxable income from 100 % to 95 % (Yrittäjät 2014b).

In addition to microenterprises, this work produces useful information for startup companies, since majority of businesses start at micro-level (Monahan et al 2011). It is important to add to the knowledge in this field, since as Gupta et al (2013) writes, during the last decade, 60 % of the innovations were made in the SME sector, but many of the innovations were not successful due to lack of professionalism. There is also a political perspective in this study, as according to Gomezelj & Kušce (2013), it is important to identify and perceive the factors affecting the performance of businesses for the development of suitable economic policies.

Running a business in today's economy can be challenging. As globalization pushes forward, it is more and more important to be present at any market and to keep the business running prosperously. According to Ladzani and Van Vuuren (2002), not many small companies are able to evolve so that they can remain in the market for a long time - In fact several small firms fail during the initial start-up or some years after a market entry. SME's are forced to operate in more narrow business context compared to large companies. Small businesses have restricted resources, strategic possibilities and opportunities provided by the industry and the location. For example, acquiring market information and changing the direction of the business accordingly is much more complicated for small enterprises compared to large businesses. Large businesses may even exit from one business area, continuing its operations in other areas, which is often impossible for a small company. (Philip 2010)

1.2 Literature review

Conduct of the literature review

Studies related to microenterprise success and failure factors were searched from the Lappeenranta University of Technology Nelli portal of electronic articles. The articles were searched by (advanced) MetaSearch, which collects articles from multiple databases. The search was restricted to articles from the economics-category, and the title of the articles had to include some or all of the following words: microbusiness / microenterprise / small business / small enterprise / SME, success / growth / failure and factors. Altogether 109 articles that seemed appropriate from title- or description-wise were selected and downloaded for closer examination. Finally 38 articles were selected as background literature for the research.

The search of recent studies was not fully free from problems: There is no universal definition for the term microenterprise, small enterprise and SME, but it varies across countries, continents and industries. Sometimes a microenterprise is defined as an enterprise of less than 10 employees, in some cases it is defined three or more times larger. According to Monahan et al (2011) the literature is limited regarding microenterprises, and it especially lacks determination of success and challenge factors. Due to this lack of previous studies targeted exactly to microenterprises (as how we want to understand it in this study) success factors, the search was extended to include small enterprises and SME's. The underlying assumption of this research is that the success and failure factors of small businesses and SME's includes the success and failure factors of microenterprises, and that those will be automatically extracted in the actual research phase, since questions will be asked only from microenterprises.

Research already made

The topic of small business success and failure factors has brought about a lot of research within the last 50 years. Previous research has been conducted through surveys and case-studies, and there is also synthesis of results of previous work. However, according to Rogoff et al (2004) uniform results have not been established.

Most of the research has been narrowed down to certain context, such as the effect of entrepreneur's characteristics, gender, firm age or industry on small business success and / or failure. Fabling & Grimes (2007) concluded that the association between specific business practices and firm success is mostly independent of firm size, age and industrial sector. Monahan (2011) found that there are statistically significant differences in success factors based on gender, ethnicity, sales volume, years in operation and type of business.

Overall, the array of resultant success factors is wide. Philip (2010) found out that the success factors include products and services, the way of doing business, management know-how and, external environment. Simpson et al (2004) concluded that the affecting factors are industry structure, competition, entrepreneurial decisions, employee relations, entrepreneurial objectives, organizational culture, education, training and prior experience. Fabling & Grimes (2007) resulted that capital investment choices, R&D practices, market research and a range of employee practices are positively associated with firm success. They also deduced that the association between specific business practices and firm success is mostly independent of firm size, age and industrial sector. Gomezelj & Kušce (2013) concluded that entrepreneur's characteristics (risk propensity, self-efficacy and need for independence) are more important factors than any environmental factor. However, of the environmental factors, market conditions are important. Volkema & Wetzel (2013) found that factors associated with entrepreneurial success include years in business, employees-to-years in business and perceived success.

The results of these studies were quite different; they depend on a measure that is used to consider the entrepreneurs' success. However, important results have not been established, since small businesses have different characteristics, operating contexts, objectives and qualities, which vary between industries. (Simpson et al 2004; Beaver 2003) In addition, the definition of success has brought upon problems, since it can be defined in many ways. Problematic has also been finding the right methodological approach, and consequently, the results of the studies have varied. (Simpson et al 2004)

1.3   Aim of the research and research problem

As Rogoff et al (2004) states, "How great it would be, if business educators could give their students a list of key indicators that would ensure business success or help avoiding business failure!" This list of indicators is far from done, but hopefully available some day through multiple studies performed in the field.

The aim of this thesis is to find out which factors affect the success and failure of microenterprises. Managers of businesses may than reflect the results to their business, and consider if some things should be done differently. Below established research questions can be found, which will help to fulfill the aim of the research.

The main research question is:

 "Which factors affect the success and failure of a microenterprise and how can the factors be categorized?"

Supportive questions are:

1. *Which factors affect the enterprise performance positively / negatively?*
2. *Is there difference in factors affecting enterprise performance between successful and unsuccessful enterprises?*
3. *How can factors affecting enterprise performance from the inside and outside be categorized? Which of these business environment categories are the most important from the point of view of microenterprise performance?*

1.4 Theoretical framework

The theoretical framework of this study is presented in the Figure 1 below. From the illustration, it is possible to perceive that the study focuses on microenterprise success and failure. First, single factors affecting enterprise performance are studied. Then, the study focuses on viewing the affecting factors from a larger perspective, through business environment models.
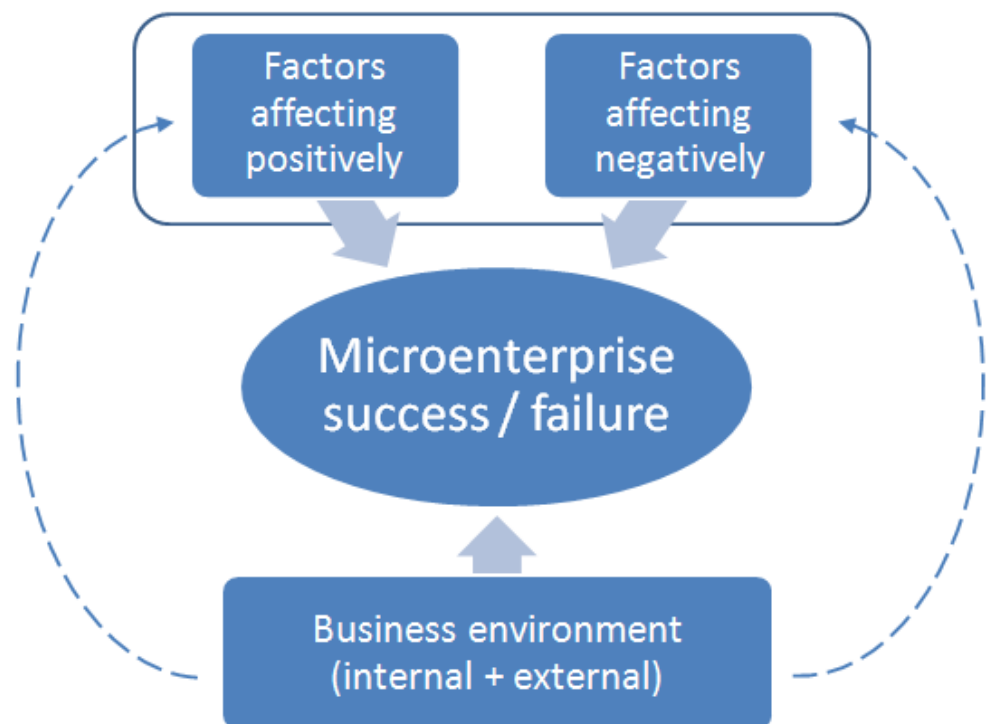
Figure 1: Theoretical framework of the study

1.5 Definitions

Microenterprise

Microenterprise is defined as an enterprise with less than 10 employees and turnover and / or balance sheet total not more than two million Euros (European Commission 2014).

Small enterprise

A small enterprise is defined as an enterprise with less than 50 employees and turnover and / or balance sheet total not more than 10 million Euros (European Commission 2014).

Medium-sized enterprise

Medium-sized enterprise is defined as an enterprise with less than 250 persons and turnover and / or balance sheet total no more than 43 million Euros (European Commission 2014).

Small- and medium-sized enterprise (SME)

Small- and medium-sized enterprises are comprised of micro, small and medium-sized enterprises (European Commission 2005)

Success

In this work we use success interchangeably as a synonym for growth except in places where "stages of growth" are discussed. A successful enterprise is also described as an enterprise with positive performance.

OECD-Eurostat defines high-growth enterprises as businesses experiencing 20 % annual increase in number of employees or turnover over a three-year period (OECD 2007). Following the example of OECD, in this study a growing company is defined as an enterprise that increases its number of employees or turnover over a three-year period.

<u>Failure</u>

In this work we use a failing enterprise interchangeably as a synonym for unsuccessful enterprise as well as an enterprise with negative performance.

As opposed to the definition of success, we define an enterprise that is failing as an enterprise that decreases its number of employees or turnover over a three-year period.

1.6 Limitations

The term microenterprise is often used to describe a business in the developing countries. However, this study concentrates on microenterprises in developed countries.

The results are based on research performed with Finnish microenterprises, which should be taken into account, if applying the results elsewhere.

The study was conducted in year 2014, which is no more considered as a recessionary period, but it should be considered, that the recession between years 2008-2013 has affected the economy, and may thus influence on the results of this work.

1.7 Research methodology

Theoretical part of this work is based on a review of academic articles and books related to enterprise success and failure factors, different business environments and growth stages.

Empirical part of this study includes a quantitative research of factors affecting an enterprise performance. The research was performed as an e-

mail survey. The data was collected in spring 2014 among Finnish microenterprises.

These methods are suitable for this work, as they provide a general understanding of the concept, whereas for example interviews and qualitative research provides more in depth information of the target of the research.

1.8   Structure of the thesis

The study is organized in the following manner: The first chapter (1), introduction, describes the background of the thesis, as well as sets the goal of the work. The introduction chapter is followed by theory chapters, of which the first describes the concepts of success and failure (chapter 2). Next, studies related to enterprise success and failure, as well as the results of the studies are presented (chapter 3). Then, the concept of business environment is described (chapter 4). The research methodology chapter (5) describes how the research is conducted, after which the research results are presented (chapter 6). The final chapter (7) concludes the study and discusses about the findings.

2 ENTERPRISE SUCCESS AND FAILURE

To gain a profound understanding of the topic of this research, this chapter discusses how success and failure are defined in the related literature. First, the term success is discussed and then the term failure is covered.

2.1 Definition of success

There is a lot of variation in the definition of a successful enterprise. However, Philip (2010) states, that despite that the definition of success is strongly subjective, people usually seem to have a similar idea of what kind of business is successful.

In literature, the terms success and growth are often used as synonyms, to describe the direction of business performance and the factors contributing to it. The phenomenon is also described by other terms, such as performance (Philip 2010).

Gomezelj & Kušce (2013) define success as the achievement of set goals and objectives. Tahir (2011) states, that successful SMEs can be defined by survival of the company, or continued transaction of the business. According to Kruger (2004) growth can be defined in by turnover, added value, volume, profitability and shareholder value, but it can also be measured by qualitative factors such as competitiveness, quality and customers service. According to Philip (2010) success can be defined by return on investment, sales growth, number of employed people, or by survival, happiness and reputation. Chell and Baines (1998) find that performance is usually understood as increasing turnover or more high profit margins, and success is described as reaching of previously defined and measurable goals. Sandberg et al (2002) describe performance of a small business as capability to create employment and wealth via business start-up, survival and growth.

The perception of success from the perspective of business owner may be different from the perspective of a manager or an entrepreneur. Also external stakeholders, support infrastructure and the wider public may have their own understanding of business success. For many small firm owner-managers the success can be measured in their capacity to sustain an independent lifestyle with acceptable income at a "comfort level" of activity. (Beaver 2003).

However, this is not all there is to small business success definition. According to Rogoff et al (2004) research uses continued viability or longevity as a definition for business success and termination for definition of business failure. However, a business might continue to exist and therefore be categorized as a success but might disappoint its owners by achieving only minimal profits, while another business might terminate but because of the sale of its assets leave its owners wealthy. Perez and Canino (2009) point out, that a newly established enterprise, achieve poor results during its first years due to high start-up costs, cannot be called unsuccessful. In addition, Headd (2003) finds that several companies closing are often successful when they close the business.

When studying small business success, it is important to know, that all small businesses do not want to grow. The reluctance towards growth stems from the fact that the owner perceives the business more as a source of livelihood than a route to wealth. (Aalto University 2013) According to Hogarth-Scott et al (1996), one of the main barriers is a reluctance to employ other people in the business. The smaller the business, the more risky it is to recruit each new person. In addition, the pursuit of growth requires more hours at work. Finally, non-economical factors, such as the health of the employees, are usually more important to small businesses than pursue of wealth. (Aalto University 2013)

2.2   Definition of failure

Business failure is often perceived as a synonym to business death, discontinuance, bankruptcy, insolvency and closure. However, the terms do not always mean the same thing. The same way as success is subjective, so is failure. For example, only small amount of discontinued businesses file for bankruptcy. It is also wrong to associate business closure with business failure, since closure may happen for so many reasons. The entrepreneur may even start a new venture after closing the other. Businesses may be categorized to the ones that close and to the ones whose owners close them. (Beaver 2003)

According to Altman (1983, cited by Beaver) failure can be defined through opportunity cost definition: failure occurs when "the realized return on investment capital is significantly and continually below prevailing rates on similar investments". However, many firms may continue their operation for a long time after crossing this border. In order to clarify the concepts of success and failure, Beaver (2003) suggests the use of pluralistic view by adopting a stakeholder perspective.

3   ENTERPRISE SUCCESS AND FAILURE FACTORS

This chapter summarizes studies conducted on factors that affect on enterprise success and failure. Among other things, methodology of the studies and research results are described. Firstly, studies related to success factors are described. Then, studies related to enterprise failure factors are presented. At the end of the subchapters, a summary of the factors is given. This chapter discusses about the theory related to the first sub-question of this research.

3.1   Success factors

Tahir (2011) reviewed literature about the following factors contributing to SME success: entrepreneurial characteristics, entrepreneurial training and marketing. As a result she states that an entrepreneur must have certain skills to operate successful business venture. She points out, that there are several studies about which entrepreneurial skills are important, but no uniform results. Also, the results are often perceptions of the entrepreneur rather than relying on accurate skill measurement. She also stresses, that there is lack of empirical evidence, whether the skills can taught to owners and managers, and whether it has important positive impact on SME performance.

The objective of Philip's (2010) study was to identify determinants of small and medium enterprises (SMEs) business success in an underdeveloped country. As a source material he used business success related literature, not only focusing on underdeveloped countries. The study examined six factors that influence the SMEs business success. A questionnaire was sent to 300 front-line and middle management SME employees. The outcome of the research showed the factors affecting business success positively were products and services, management know-how, the way of doing business & cooperation, and external environment. However, the characteristics of SMEs, resources and finance were found to have no

significant effect. From the demographic factors the age of the organization affected significantly the business success of SMEs, however gender did not seem to affect the success. The author summarizes, that to achieve business success, many factors, both internal and external, should be optimal simultaneously, since SMEs success is a multidimensional phenomenon.

Fabling & Grimes (2007) studied which business practices set successful firms apart from others. They used data from a survey of nearly 3000 New Zealand companies. They found out that the factors positively associated with business success are capital investment choices, R&D practices, market research and a range of employee practices. They also found that industry is an important factor in success.

Gupta et al (2013) studied internal and external factors influencing on SME growth from available literature. She also summarized theories related to the topic. According to the review, there are theories that suggest that growth is linear and predictable, and others that the growth is unpredictable. She also states that there are many studies on identifying the growth stage of an enterprise, but lack of data on how enterprises grow and what the influencing factors are. The author states, that the business growth depends on the vision and motivation of entrepreneur. The vision and motivation is affected by the operational environment of the firm, including social setting, formal and informal structure of organization, country of origin, culture and family.

Gomezelj & Kušce (2013) carried out a quantitative study about the influence of personal and environmental factors on entrepreneurs' performance during the first years of their operation by the method of survey questionnaires on Slovenian micro- and small companies. They found that both personal and environmental factors have significant influence on the entrepreneur's performance. Among the personality factors, the risk propensity, need for independence and personal reasons

have shown a significant impact on the business performance. They did not find any environmental factor being more important than the personal performance of the entrepreneur.

Chawla et al (1997) studied perceptions of small business owner of critical success factors from the perspective of organizational life cycle. The study was carried out by means of descriptive research. According to the results owner experience and knowledge as well as industry trend are more important for a manufacturing / construction firms in early stages of their life cycle than at a later stage. Market knowledge is more important for retail firms in the later stage of their life cycle than for manufacturing / construction firms in the same life cycle. Industry trend was found to be more significant success factor for manufacturing / construction firms than for retail firms in the early stages of their life cycle. Location was found more important success factor for retail businesses than manufacturing / construction businesses at early and late stage of the life cycle. In addition, purchasing / inventory control was found to be more important for small retail firms than for manufacturing / construction firms in early and late stage of their life cycle.

Monahan et al (2011) examined the success and challenge factors as perceived by microenterprise owners (with 0-4 employees) in Maryland USA. A survey with nearly 1000 respondents was conducted. The survey enquired success factors and challenges to the businesses as well as other things related small business core functions. The most important success factors were national economy, penetrating new markets, trained workforce, and use of internet were found important. The least important success factors were exporting, outsourcing, mergers, quality initiatives, additional capital, strategic alliances and equipment upgrades.

Rogoff et al (2004) conducted open-end surveys to collect small business owners' insights of the business success and failure. The first survey was conducted among independent pharmacists and the second among broad

sample of business owners. The results were compared with a survey conducted among experts. The main success factors include internal factors, such as individual characteristics of the entrepreneur and marketing activities of the firm.

High growth companies are usually considered being successful. Compared to non-high-growth enterprises, they have usually higher amount of startup capital and more extensive base of owners. High-growth companies also employ more people already at the start-up-stage. Normally, high-growth companies operate in B2B-markets and have established versatile cooperation networks. High-growth businesses are also innovative and they are usually founded as a result to an innovation, which is why they often have intangible assets, such as patents. High-growth companies do not operate only locally, but (aim to) operate in national markets as well as internationally. (Pajarinen et al 2006)

A summary of success factors described in the literature above is given in the Table 1 below.

Table 1: Summary of success factors

Tahir (2011)	Entrepreneur's skills
Philip (2010)	Products and services
	Management know-how
	The way of doing business
	Cooperation
	External environment
	Age of the organization
Fabling & Grimes (2007)	Capital investment choices
	R&D practices
	Market research
	Range of employee practices
Gupta et al (2013)	Entrepreneur's vision
	Entrepreneur's motivation
Gomezelj & Kušce (2013)	Environmental factors
	Risk propensity
	Need for independence
	Personal reasons
Chawla et al (1997)	Owner experience

	Owner knowledge
	Industry trend
	Market knowledge
	Location
	Purchasing control
	Inventory control
Monahan et al (2011)	National economy
	Penetrating new markets
	Trained workforce
	Use of internet
Rogoff et al (2004)	Entrepreneur characteristics
	Marketing activities
Pajarinen et al (2006)	High amount of start-up capital
	Extensive owner-base
	Operation in B2B-markets
	Innovativeness
	Ownership of patents
	Wide area of operation

3.2 Failure factors

According to Dun and Bradstreet (1980, cited by Beaver 2003), the primary reason for business failure in the USA is management incompetence of the business owner, including inability to plan, analyze, control and satisfactory to direct the business. Gibb and Webb (1980, cited by Beaver 2003), who studied over 200 bankrupt firms, found that the main reasons for failure were lack of knowledge and neglect by management. Beaver (2003) finds that most of the results of business failure studies are related to exogenous instead of endogenous factors, which is result from one-sided perspective of the studies, and that publishing one-sided results is simplistic, immature and dangerous. Beaver (2003) states that "there are likely to be both endogenous and exogenous factors and their relative significance depends on the posture and composition of the firm and the prevailing characteristics of the operating environment". Beaver (2003) suggests carrying out replication studies "on a sector-specific basis so that findings would result in applicable and relevant information for the small firm community, rather than the more general, amorphous information that exists at the present."

According to the study by McCabe (1998, cited by Tahir 2011) the businesses of the entrepreneurs that have undergone training and becoming more task-oriented may be more vulnerable to failure compared to businesses of untrained entrepreneurs. This may be consequence of formal and rigid training, which ignores the effect of a changing environment or the different business structures in different industries.

Headd (2003) aimed to challenge the wide held concept that new firm closure rates are high and that a closure is a negative outcome. For this, he used data from a governmental U.S. survey, which asked owners of closed firms whether their business were successful at closure. He found out that about a third of all closed businesses had remained open for a reasonable time period. He also found out that about a third of all closed businesses closed while successful, and about a one-third of new businesses closed under unsuccessful circumstances. The factors that correlated with survival were size of the business, the fact of having employees, a good amount of starting capital and an educated owner. The factors that correlated with closing were being young and having no start-up capital. However, these factors also correlated with firms that were successful at closing. Headd (2003) summarizes that the prospects of entrepreneurs, especially planning small ventures, have reasonable prospects to survive or close successfully.

Gaskill and Van Auken (1993) conducted a study on perceived causes of small business failure. The study was conducted in apparel and accessory retailing industry within a region of the USA. They divided the failure factors into four groups: poor managerial functions, capital management, competitive environment, and growth and expansion. From this set the poor managerial functions was considered as being most powerful function to affect a business success or failure. The most important failure factors in the group of poor managerial functions were inadequate knowledge of pricing strategies, ineffective advertising / promotional

strategy, failure to generate a long-term business plan and failure to generate a personnel plan. The most important failure factor in the second group "capital management" was poor relations with vendors. The most important failure factors in the third group were competition from discount stores and inability to compete in trading area. The most important failure factor in the third group was premature business growth or overextension. According to the author, owners of businesses that have failed may not have performed operational and strategic planning that has than resulted in lack of personnel, inventory, marketing and financial planning. The authors stress that neither the factors nor the variables within each factor should be viewed independently.

Beaver (2003) in his editorial finds that there are many reasons for business failure, but in case of small firms, especially issues of finance, demand forecasting, management, marketing, capitalization at start-up as well as strategy and planning may cause problems. Critical factors for a new company are also the business idea, necessary resources, experience and understanding to manage the business. He points out that founding a firm as a desperate response to unemployment may easily lead to firm failure. Failure may be caused by key players and/or managers lack of talent and necessary abilities, mismanagement, inadequate training and advice. It may be also due to poor timing and bad luck. There are two dimensions of influencing factors: A firm may encounter a crisis if there is a change in the general business environment that changes the mix of dominant influences. A firm may also encounter a crisis from within, as it over time firm develops, grows and alters itself. The both dimensions stress the managerial ability to adapt to changing circumstances. The author points out that resolving the failure factors of small firms is more difficult than with larger firms, since several small firms exist only a very short period of time. Failure rates are more than ten times as high for new businesses than for larger already established businesses. (Beaver 2003)

In a study conducted by Monahan et al (2011), the most important challenge factors were economy, finding new customers, tax burden, state regulations, healthcare costs and finding new employees. The least important challenge factors were maintaining quality standards, managing technology, labor costs, balancing family and work, access to capital, cash flow management and competition.

According to study conducted by Rogoff et al (2004), the main factors impeding business were regulation, human resources market and financing issues. The majority of the impeding factors were external factors. The results showed that there were explicit differences between the entrepreneur-owners and experts.

A summary of success factors described in the literature above is given in the Table 1 below.

Table 2: Summary of failure factors

Dun and Bradstreet (1980)	Owner's management incompetency
	Inability to plan
	Inability to analyze
	Inability to control
	Inability to direct the business
Gibb and Webb (1980)	Lack of knowledge
	Neglect by management
McCabe (1998)	Formal and rigid training
Gaskill and Van Auken (1993)	Poor managerial functions
	Inadequate knowledge of pricing strategies
	Ineffective promotional strategy
	Failure to generate long term business plan
	Poor capital management
	Poor relations with vendors
	Competition from discount stores
	Inability to compete in trading area
	Premature business growth
	Overextension
Beaver (2003)	Financial issues
	Demand forecasting
	Management
	Marketing

	Capitalization at start-up
	Strategy and planning
	Lack of talent and abilities
	Mismanagement
	Inadequate training and advice
	Poor timing
	Bad luck
	Poor adaptation to changing circumstances
Monahan et al (2011)	Economy
	Finding new customers
	Tax burden
	State regulations
	Healthcare costs
	Finding new employees
	Family enterprise
Rogoff et al (2004)	Regulation
	Human resources market
	Financing issues

3.3 Development of the survey questions

3.3.1 Factors affecting enterprise performance positively / negatively

In order to capture a comprehensive understanding of success and failure factors affecting an enterprise, two open-end questions for the survey were developed. The first question asked the respondents to write down a list of factors that affect the enterprise performance positively. The next question asked the respondents to write down a list of factors that affect the enterprise performance negatively. This way, as the questions were not set in beforehand for the respondent to evaluate, the responses do not depend on the presumptions of the researcher or from possible flaws in previous studies (from which beforehand set questions stem from).

3.3.2 Significance of factors to enterprise performance and operations performed

In addition to the open-end questions described above, two sets of Likert-scale questions with factors affecting enterprise performance were

developed. The first set of questions enquired how much particular operations are performed in the enterprise. The second Likert-scale set of questions enquired how significant certain factors are from the point of view of an enterprise performance. This kind of distinction was made, as during the research of factors affecting enterprise success and failure the found factors clearly separated in two groups. For example "networking" as a factor affecting enterprise performance is not the same as "networks". Thus, to test the both types of factors, the respondents were for example asked, "how important is networking" and "how much networking is performed in the enterprise". Traditional way to enquire success and failure factors is to only ask "how important something is", but asking "which operations are performed" is perhaps even more practical way from the point of view of an enterprise,

In developing Likert-scale set of questions for the questionnaire, the questionnaires of Pasanen (2003) and Komppula (2004) were mainly used as they had carried out extensive studies about SME performance factors. The questionnaires were firstly combined, and to avoid too heavy questionnaire, too many questions related to the same factor was deleted. The remaining questions and categories were compared with factors found from the literature, and if there were such factors mentioned in literature that were not covered by the questionnaires of Komppula (2004) and Pasanen (2003), new questions were added to the questionnaire. This kind of method enabled covering even wider array of factors affecting enterprise success than in the works of Komppula (2004) and Pasanen (2003) as well as maintaining tolerate length in the questionnaire. The following Table 3 and Table 4 presents the questions selected as well as their source.

Table 3: Operations performed in the enterprise / sources

Factor	Source
Managerial business research and planning	Pasanen (2003)
Goal-oriented business development	Pasanen (2003)

Prediction of issues potentially affecting the business from the outside	Pasanen (2003)
Search of new business opportunities	Pasanen (2003)
Managerial decision-making and goal-setting	Unger et al (2009)
Use of customer feedback in business development	Komppula et al (2004), Pasanen (2003)
Staff training and development	Komppula et al (2004), Pasanen (2003)
Staff motivation and investment in staff commitment (e.g.. employee benefits)	Komppula et al (2004)
Proactively sustaining existing customer relationships	Jyothi & Kamalanabhan (2010)
Establishing new customer relationships	Rogoff et al (2004)
Proactive sales, use of resources to sales	Philip (2010)
After-sales/marketing, keeping in contact with the customer after deal	Komppula et al (2004), Pasanen (2003)
Use of resources in marketing and promotion	Stefanovic et al (2010)
Performing market research	Pasanen (2003)
Proactively sustaining existing supplier relationships	Philip (2010)
Search for new suppliers and asking for offers	Philip (2010)
Use of the latest technology, tools and solutions for working	Gorgievski et al (2011)
Monitoring competitors' activities, benchmarking	Frey (2002)
Use of public business advisory services	Komppula et al (2004), Pasanen (2003)
Use of private business advisory services	Komppula et al (2004), Pasanen (2003)
Use of public financial support and grants	Komppula et al (2004), Pasanen (2003)
(Proactively) sustaining existing cooperation networks	Philip (2010)
Search of new cooperation partners (not customers / suppliers)	Philip (2010)
Use of distribution channel in sales	Pasanen (2003)
Expanding to new markets	Komppula et al (2004)
Keeping track of financial reports on the (sales, purchases, income statement, balance sheet ...)	Frey (2002)
The work is busy, the days are long	Coy et al (2007)

Table 4: Significance of factors to enterprise performance / sources

Factor	Source
Managerial skill and knowledge	Coy et al (2007)
Managerial human leadership	Stefanovic et al (2010)
Management personality and characteristics	Stefanovic et al (2010)
Innovativeness	Volkema & Wetzel (2010)
Working hard / long days at work	Stefanovic et al (2010)
Ability to cope with stress	Walker & Brown (2004)
Support from the family	Stefanovic et al (2010)
Conflicts	Doub & Edgcomb (2005)
Differences of points of views of different generations	Doub & Edgcomb (2005)
Good work atmosphere and team spirit	Gomezelj & Kušce (2013)
Staff's strong skills	Komppula + Pasanen (2003)
Staff's experience and educational background	Monahan et al (2011)
Long-term customer relationships	Komppula + Pasanen (2003)
Good knowledge of customers and their needs	Komppula et al (2004), Pasanen (2003)
Ability to adjust to customers' special demands	Komppula et al (2004), Pasanen (2003)
Better than competitor customer service	Pasanen (2003)
Sales skills	Gomezelj & Kušce (2013)
Effect of sales	Gomezelj & Kušce (2013)
Marketing and promotion skills	Komppula et al (2004), Pasanen (2003)
Effect of marketing and promotion	Stefanovic et al (2010)
Good relationships with suppliers / manufacturers	Pasanen (2003)
Product and / or service good quality	Pasanen (2003)
Product and / or service availability (customer persp.)	Komppula et al (2004)
Product and/or service low price	Komppula et al (2004)
Product and/or service good reputation	Komppula et al (2004)
Good reputation of the company	Pasanen (2003)
Well known company	Komppula et al (2004)
Representatives' market position	Jyothi & Kamalanabhan (2010)
Competitiveness of the industry	Jyothi & Kamalanabhan (2010)
Characteristics of the industry	Philip (2010)
National/International economical situation	Rogoff et al (2004)

4   ENTERPRISE AND ITS BUSINESS ENVIRONMENT

In order to understand factors contributory to enterprise success and failure, it is reasonable to first form a big picture of all the possible forces affecting the operations of an enterprise. In this chapter, theories related to enterprise's business environment are explained. At the end of this chapter, a synthesis of the models is created, which is then used in the following parts of this thesis.

The models by Kotler et al (1996), Jain et al (2010) and Stokes and Wilson (2006) are described below, but as the models are similar, and in order to avoid tautology, only the model by Kotler et al (1996) is described in detail. The models by Jain et al (2010) and Stokes and Wilson (2006) are explained briefly.

4.1   Business environment

As Jain et al (2010) aptly states, a "business does not function in a vacuum". Instead, it is affected by internal and external environmental factors. The internal and external factors altogether comprise a business environment. Internal environment refers to the internal factors, of which the enterprise has a control over, such as "human resources". The external environment refers to the external factors, which are out of reach of the business, such as "economic environment".

The business environment is constantly changing and brings along possibilities and risks. The success of a business lies in the understanding of the changes in the environment. By quickly adapting to the changes in the environment enables an organization to survive and grow. (Jain et al 2010) According to Kotler at al (1996) the business environment is often perceived as an "uncontrollable" element to which an enterprise must adapt. However, many other companies take the perspective of environmental management. These firms take aggressive actions to affect

the publics and forces in their marketing environment. Smart managers take a proactive rather than reactive approach towards the environment. (Kotler et al 1996)

4.2 Marketing environment model by Kotler et al (1996)

The model of marketing environment by Kotler et al (1996) is divided in two sectors: micro environment and macro environment. The micro environment includes the company, suppliers, marketing intermediaries, customers, competitors and publics. The company is furthermore divided into internal environment, which includes top management, finance, R&D, purchasing, manufacturing and accounting. The macro environment includes demographic, economic, natural, technological, political and cultural forces.
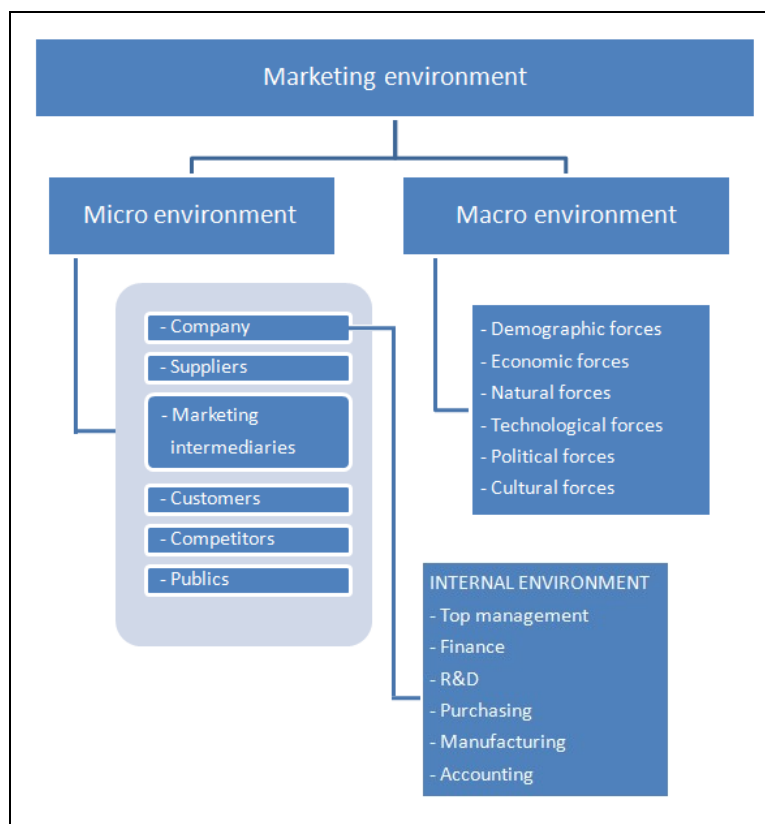
Figure 2: Marketing environment by Kotler et al (1996)

Micro environment

According to Kotler et al (1996) the micro environment's factor **company** refers to the internal environment by the company. Top management sets the company's mission, objectives, broad strategies and policies. Financial department's responsibility is to find and use funds to carry out the marketing plan. The research and development (R&D) department concerns with designing safe and attractive products. Purchasing focuses on getting supplies and materials. Manufacturing's aim is to produce the desired quality and quantity of products. Accounting measures revenues and costs in order to inform marketing how well it is attaining its goals. All the departments work together for the same goal, which is to satisfy target customer's needs in a profitable way.

The second factor in the micro environment is **suppliers**. Suppliers are defined as firms and individuals that provide the needed resources by the enterprise to produce its goods and services. Risks related to suppliers include supply shortages or delays, labor strikes, rising supply costs, increase in price trends and other events that can decrease the sales in the short run and damage customer goodwill in the long-run.

Marketing intermediaries are companies that help the enterprise to promote, sell and distribute its goods to end customer. These are intermediaries (wholesalers, resellers, retailers), physical distribution firms (stocking, warehousing, transporting), marketing services agencies (marketing research, advertising, media, marketing consultation) and financial intermediaries (banks, credit companies, insurance companies). Risk related to intermediaries is that the organizations have grown big with a lot of negotiation power. Risk related to marketing service agencies is the quality, service and price. Risk related to financial intermediaries include rising credit cost and limited credit. For example, SME's in Britain have had difficulties with funding of market and product development activities. On the other hand a Japanese system "kieretsu" enables lower cost financing for large and small companies. It is important that the

enterprise create strong relationship with the most important financial institutions.

The **customer markets** can be divided in six categories, that include consumer markets (individuals and households), business markets, reseller markets, institutional markets (schools, hospitals, nursing homes, prisons), government markets (government agencies) and international markets (consumers, producers, resellers and governments of other countries). The enterprise may deal with one or more customer markets at the same time, but each market type has special characteristics that must be studied carefully.

To be successful, a company must satisfy the needs and wants of consumers better than its competitors'. Thus, it is important to do more than just adapt to the needs of target consumer. Strategic advantage must be gained by positioning the offering against competitors' offering in the mind of the consumer. The strategy should be considered uniquely for each firm taking into account its competitors size and industry position.

Publics are groups that have interest in or impact on organization's ability to achieve its objectives. These kinds of groups are financial publics (banks, investment houses, stockholders), media publics (newspapers, magazines, radio, television), government publics (new government initiatives), citizen-action publics (consumer organizations, environmental groups, minority groups, pressure groups), local publics (neighborhood residents, community organizations), general public and internal publics (workers, managers, volunteers, board of directors). In order to decrease the negative influence to the enterprise that the public may infer, a marketing / communication plan can be prepared.

Macro environment

The **demographic environment** within the macro environment refers to the human population (size, density, location, age, gender, race,

occupation). It is important factor, since the people in the population make up the markets. For example the rise in size of population indicates to increasing overall demand for goods or services, changing age structure may refer to increasing demand for services for elderly people, and increase in level of education points to growing need for quality products, books, magazines and travel.

The economic environment refers to factors that affect consumer buying power and spending. Economic environment may change for example due to upheavals of technology. If the purchasing power reduces, "value for money" becomes the most important purchasing criterion. Economic environment includes such variables as income, purchasing power, spending, cost of living, interest rates, savings and borrowings.

The natural environment refers to the natural resources that are needed as inputs to the business operation or that are affected by the firm's operations. Factors such as shortages of raw materials, increased cost of energy, increased pollution and government intervention in natural resource management affect the operations of the business.

Technological environment refers to the fact that new technologies create new markets and opportunities. It is important to keep in the pace with technological change and trends and to reflect those to the firm.

Political environment refers to laws, government agencies and pressure groups that influence and limit various organizations and individuals in a given society.

Cultural environment refers to institutions and other forces that affect society's basic values, perceptions, preferences and behaviors.

4.3   Business environment model by Jain et al (2010)

In the model of components of business environment / factors affecting business environment by Jain et al (2010) there are two main levels: internal environment and external environment. Jain et al (2010) divides the factors affecting the internal environment of a business into financial resources; physical and human resources; objectives of business; managerial policies; morale and commitment of human resources; work environment; brand and corporate image; labor and management relationship; technological and R&D capabilities and promoter's vision. The external environment can be divided in micro / operating environment and macro / general environment. According to Jain (2010) the micro / operating environment consists of suppliers, customers, market intermediaries, competitors and public. The macro / general environment includes economic, political, socio-cultural, technological, natural, demographic and international / global factors.
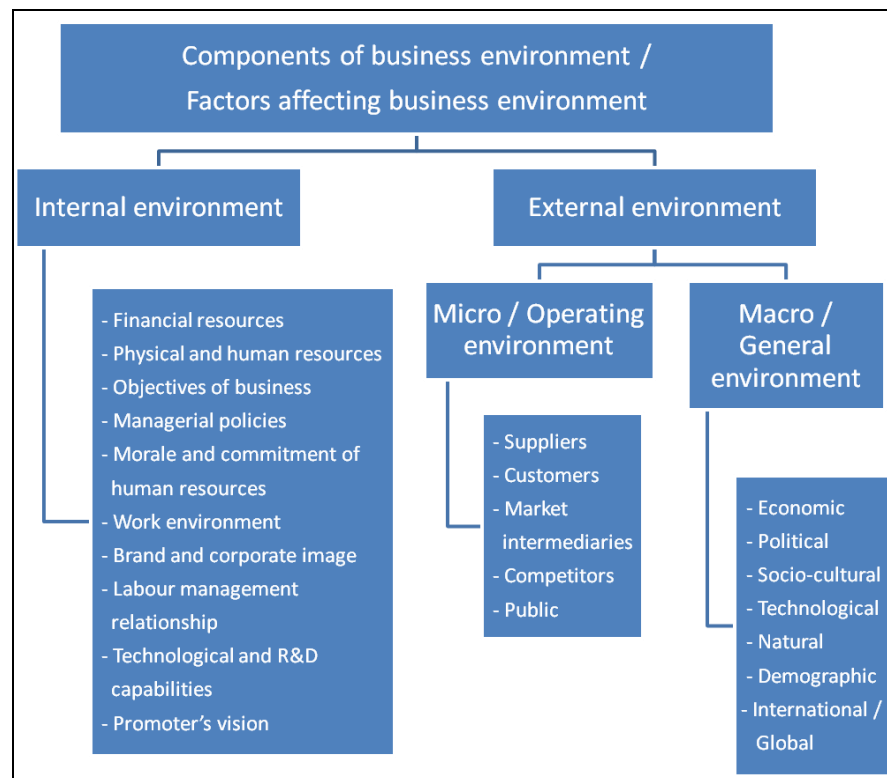
Figure 3: Components of business environment by Jain et al (2010)

4.4 Influences on small firm model by Stokes & Wilson (2006)

Stokes and Wilson (2006) divide the influences on small firm formation and survival into internal and external influences. The internal influences include owner-manager motives; personal attributes; technical skills; management competencies in marketing, finance and people-management; and entrepreneurial management behaviors, such as opportunity discovery and exploitation, resource acquisition and coordination, entrepreneurial networking and entrepreneurial decision making. The external influences are divided in to influences in micro and macro environment. The micro environment includes local economy, market sector, competitors and customers. The macro environment consists of political, economic, social and technological influences.
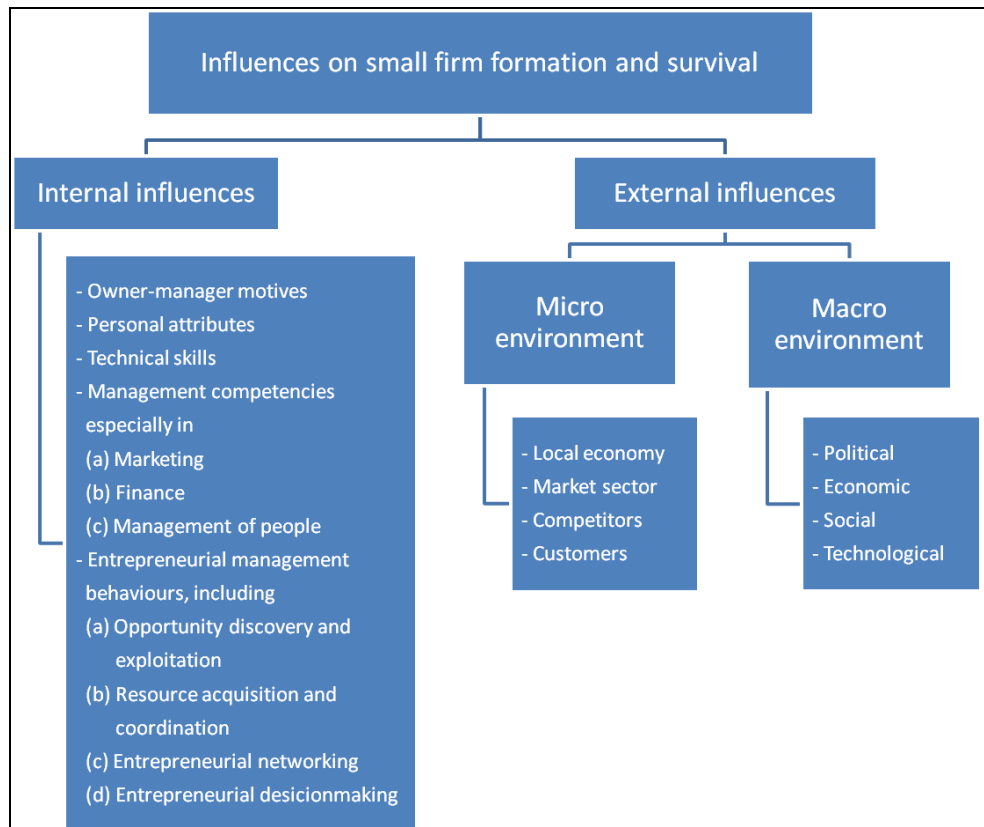
Figure 4: Influences on small firm by Stokes & Wilson (2006)

4.5   Synthesis of the business environment models

Multiple theoretical models of business environment can be found from business related literature. A model of marketing environment by Kotler et al (1996) is similar to the models of business environments of Jain et al (2010) and Stokes and Wilson (2006).

In the models by Jain et al (2010) and Stokes and Wilson (2006), the main division is made between internal and external environments. Then, the external environment is divided in micro and macro environments. In the model by Kotler et al (1996) the internal environment is included in the micro environment.

The micro and macro environments are similar in all of the models, except that in the model by Stokes and Wilson (2006) the demographic and natural forces are not mentioned. Also the model of Jain et al (2010) is the only one that includes international / global environment. Also, when Jain et al (2010) mentions socio-cultural environment, Kotler et al (1996) mentions merely cultural and Stokes and Wilson (2006) merely social environment. The micro environments include similar factors, but compared to the other two, the model by Stokes and Wilson (2006) does not include suppliers, market intermediaries or publics. However, it is the only one that includes local economy and market sector.

Compared to the previous environments, the internal environments have the most variation in their contents. Kotler et al (1996) has approached the concept by listing different departments of an enterprise in the internal environment. This is a good approach, although, enterprises include much more than the departments and practical tasks related to those. Jain et al (2010) has approached the internal environment from the point of view of different resources, and Stokes and Wilson (2006) from the point of view of different capabilities and behaviors. The both models mention

management related factors, such as managerial policies, vision and motives.

In order apply a business environment classification in the empirical part of this work, a synthesis of the previously described models was created, and it is illustrated in the Figure 5 below. The external environments are quite similar to the previous models, but the internal environment is divided in the following main topics: governance, operations, resources, individuals and status quo.
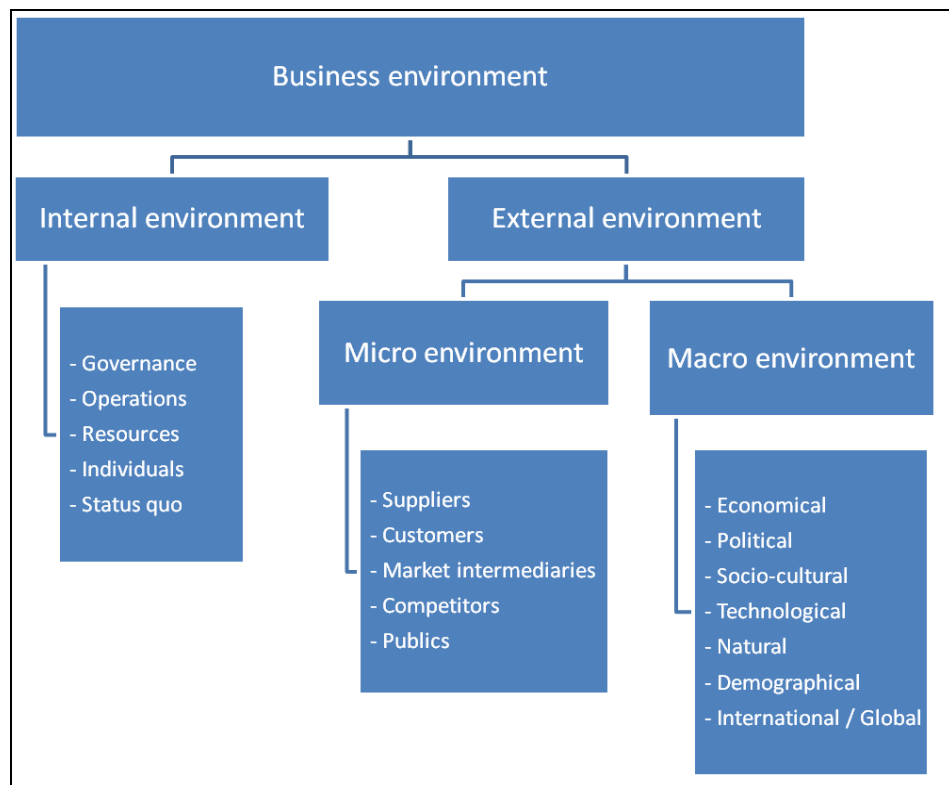
Figure 5: Synthesis of business environment models

The topic governance refers to tasks that managers carry out, for example setting managerial policies, objectives and vision, decision-making, people management, resource acquisition and coordination, opportunity discovery and exploitation, and networking. The topic "operations" refer to tasks (except managerial ones) that must be performed in an enterprise. This can be approached from departmental point of view, however keeping in mind that there may not be several departments within a small company -

Instead, the tasks are divided among managers and employees. A distinction between managerial tasks (governance) and "other" tasks (operations) is made, since the managerial tasks can be presumed so much more important for the enterprise. The topic "operations" include tasks related to finance, r&d, purchasing, accounting and marketing. The topic "resources" refers to assets and capabilities that the enterprise has. The resources may be tangible and intangible of nature. Factors such as financial and physical assets, and skills and knowledge of human resources are included within this topic. The topic "individuals" refers to humane factors affecting business operations, such as morale, commitment, motives, personal attributes, as well as team spirit and work environment. The topic "status quo" refers to factors such as smallness, industry, flexibility and busyness in the daily operations.

In this kind of division of internal environment, not too many factors overlap with each other. A mental picture can be drawn, in which there is an empty field. When adding "resources" in this picture, we can complete the image with a factory and office building with production machinery and furniture. We also add robot-like people with divergent skills into the picture. However, in this picture no-one is yet doing or producing anything. When we add "governance" and "operations" in this picture, some of the robot-like people start fulfilling managerial tasks and some departmental tasks. When we add "individuals" in this picture, the robot-like people transform into feeling and thinking individuals, who have different attitudes, morale and commitment. This picture is completed with "status quo" factors, making the enterprise big or small, busy or calm, and flexible or rigid.

To answer the third research question, the respondents were asked to write down factors that affect positively on the enterprise performance, and negatively on the enterprise performance. The answers were than divided according to the classification (synthesis) described above, and thus it was

possible to test which factors of the business environment are the most important from the point of view of a microenterprise performance.

5   RESEARCH METHODOLOGY

This chapter discusses the empirical section of the study. The structure of the questionnaire is described, as well as the process of sampling, pre-testing the survey and sending it out to the respondents. Finally, the data analysis method is presented.

5.1   The questionnaire

The study was performed as a quantitative research. The data was collected through an e-mail survey in spring 2014 from Finnish microenterprises. The design of the survey was based on previous surveys, literature, intuition and discussions with colleagues. The survey consisted of multiple-choice, open-end and Likert-scale set of questions. The survey was created and published online by using Qualtrics LLC survey software. Answers primarily from the decision makers of the company were enquired. The questionnaire can be found attached (Appendix 1 - English; Appendix 2 - Finnish).

The questionnaire consists of three parts. In the first part, information related to the respondent was enquired. In the second part information related to the enterprise in question was asked. The third part comprised of questions related to performance of the enterprise. The respondent related demographics included questions such as gender, age and education. In addition, the respondents work status and experience was enquired. In the second part, questions related to the enterprise included the year of foundation, industry, whether the business is a family business, as well as number of employees, turnover and profit in years 2011, 2012 and 2013. In the third part, questions related to the enterprise performance included among other things the following topics: whether the enterprise aims at increasing the financial performance, how they define a successful company, what kind of impact has the recession had on the financial performance, and at which stage of growth (model by Churchill and Lewis

1983) the enterprise is. The respondents were also asked to write down factors that affect the business performance positively and that affect the business performance negatively. After that, Likert-scale was used to question how much particular operations are performed in the company, for example decision making, marketing and staff training. Finally, Likert-scale was also used to question how much particular factors affect the performance of the enterprise, for example work-atmosphere, field of industry and national economical situation.

The latter part of the questionnaire is perhaps the most interesting from the perspective of this study: In most studies, the businesses have been asked, "how important particular factors are from the point of view of the enterprise performance". This is a good way to distinguish between important and non-important factors, but perhaps more direct or practical way to collect advice for businesses thriving to succeed, is to find out what successful businesses actually do. This is why the questionnaire includes a section asking, "how much particular operations are performed in the enterprise". There is however a section asking "how significant particular factors are", since it is impossible to study factors such as industry, economical situation or entrepreneur characteristics with the question "how much...".

The extensive Likert-scale set of questions explained above (about operations carried out in the enterprises and significance of particular factors) were based on the questionnaires of Pasanen (2003) and Komppula et al (2004), who studied SMEs' success factors. The questionnaires were combined and somewhat modified according to literature and intuition.

The questionnaire was compiled in Finnish language as the target group consisted of Finnish microenterprises. Translation from English to Finnish had to be applied in places where the questions stemmed from English

source material. Finally, the Finnish questionnaire was translated to English language to be consistent with the language of this study.

Before sending the questionnaire to the final respondents, it was pretested by sending it to six acquaintances including four microenterprise managers and two professors. The microenterprise managers were sole entrepreneurs and members of Junior Chamber International Finland. The proposed changes related mostly to modifying the questionnaire so that it is less heavy to fill. The proposed changes were considered and partially implemented prior to sending the questionnaire to the final respondents.

An e-mail along with a few foreword lines and a link to the online questionnaire was sent to the respondents on Friday at lunchtime, as it was presumed that this was the most opportune time of the week when the respondents might have time to answer to the questionnaire. The foreword was compiled to be short and inviting, but it also included the most important information about the study. A reminder to answer the questionnaire was sent a one week after, also on Friday at lunchtime. Sending the reminder proved important as it tripled the amount of answers.

The number of e-mails sent was 5326, the number of e-mails bounced or failed (could not be sent) was 707 (13 %). The number of e-mails opened was 981 (18 % of sent e-mails), the number of surveys started was 397 (40 % of opened e-mails) and the number of surveys completed was 163 (41 % of started surveys). The response rate was 4 %. 204 responses were used in analyzing the data. This number is greater than the number of surveys completed, because it was possible to use some of the responses despite having some unanswered questions. The most of the respondents, who had started the survey but did not finalize it, stopped answering just before the two extensive Likert-scale set of questions. This means that the respondents were most likely overwhelmed by the extensiveness of the questions and did not want to spend any more time

with the questionnaire. If the respondents had not answered to any of the questions in the third section (enterprise performance), the answers were deleted.

5.2 Sampling

The respondents' e-mail addresses were collected from Bisnode Finland Oy's "Kompass business directory". The search in the directory was limited to Finnish enterprises with less than 10 employees, turnover not more than two million Euros, and the contacts had to have an e-mail address. The business directory searches businesses according to the financial data from the previous full year (2013). This means that the search ruled out companies that had for example been microenterprises in 2011 but have been able to grow in year 2012 and 2013 beyond the definition of a microenterprise. This limits the type of respondents, but we satisfy with the resultant e-mail addresses. In total, the amount of microenterprises in the database was 10.769. The amount of microenterprise with e-mail address was 7.583.

5.3 Analysis of the data

The data was described and analyzed with spreadsheet software Microsoft Excel 2007 and statistical analysis software SAS Enterprise Guide 5.1. Firstly, the data collected in the survey was explained and graphically illustrated. This included describing all the tree sections of the survey: respondent related information, enterprise related information and information related to enterprise performance. Next, the respondents were divided in two groups: successful and unsuccessful enterprises. In addition, a division between very successful and very unsuccessful enterprises was made, with expectation, that if there were slight difference among successful and unsuccessful enterprises, the differences should be extensive among very successful and very unsuccessful enterprises. Multiple tests by SAS Enterprise Guide were conducted to find out

differences in answers between successful and unsuccessful (as well as among very successful and very unsuccessful enterprises). The tests included t-Tests, Mann-Whitney and Chi-square tests. The results of the study can be found from the next chapter (6).

6   RESEARCH RESULTS AND ANALYSIS

This chapter includes discussion and analysis of the empirical results of this study. Firstly, descriptive information of the respondents and the enterprises is presented, including information on the enterprise performance. Next, the research questions are covered. Within this chapter, the respondents are also divided in successful and unsuccessful (as well as in very successful and very unsuccessful) enterprises, and the responses are viewed from the perspective of these groups. The number of responses in the descriptive part of the results was 204.

6.1   Descriptive information

6.1.1   Descriptive information of the respondents

The sample consisted 77 % of men and 23 % of women as presented in the Figure 6 below.
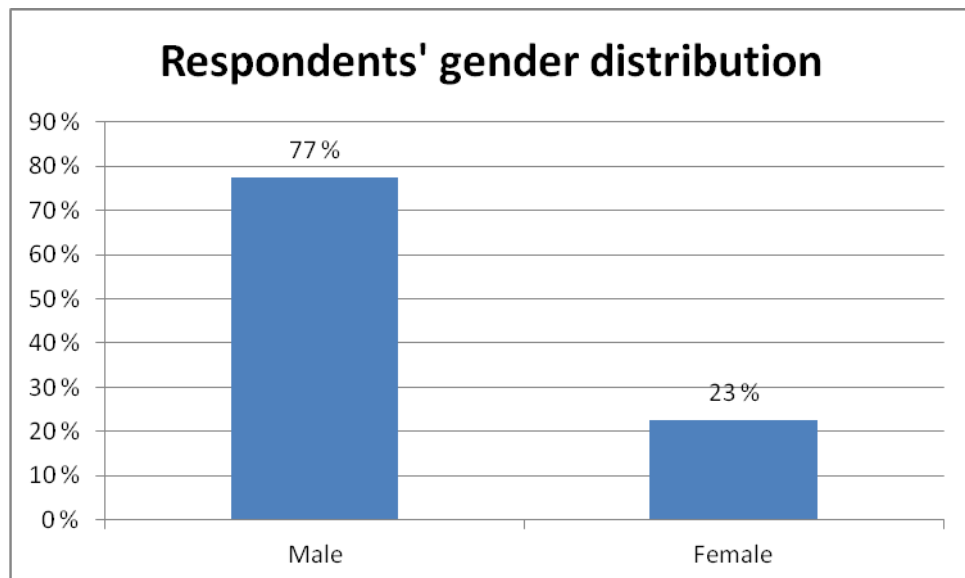
Figure 6: Respondents' gender distribution

Most of the respondents belonged to the age group of 45-54 as can be seen from the Figure 7 below. The calculated average age of the respondents was 44 years.
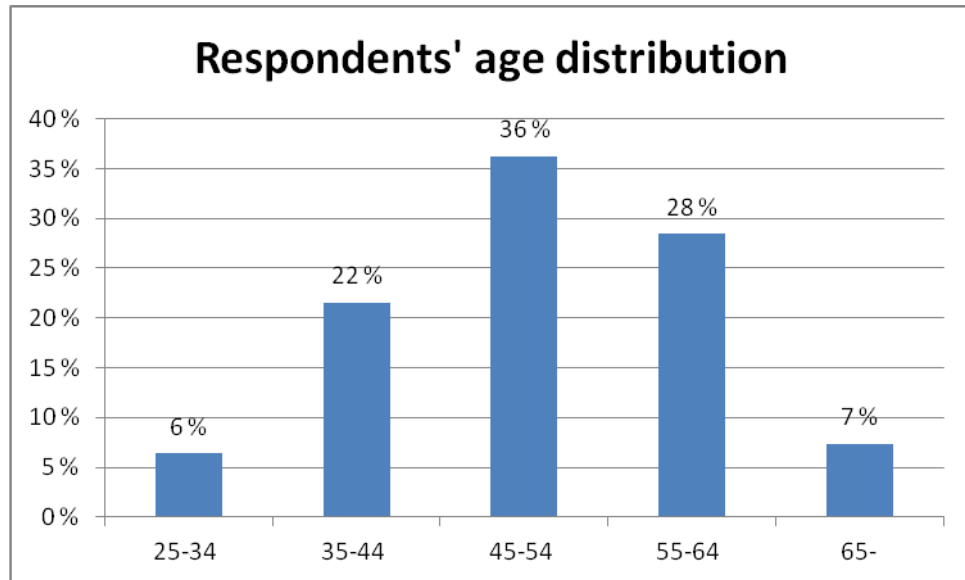
Figure 7: Respondents' age distribution

The respondents' status in the enterprise is illustrated in the Figure 8 below. In this question, the respondents were able to select from several options. By 54 %, most of the respondents belonged to the owner-manager-group. The second largest group was founders by 32 %.
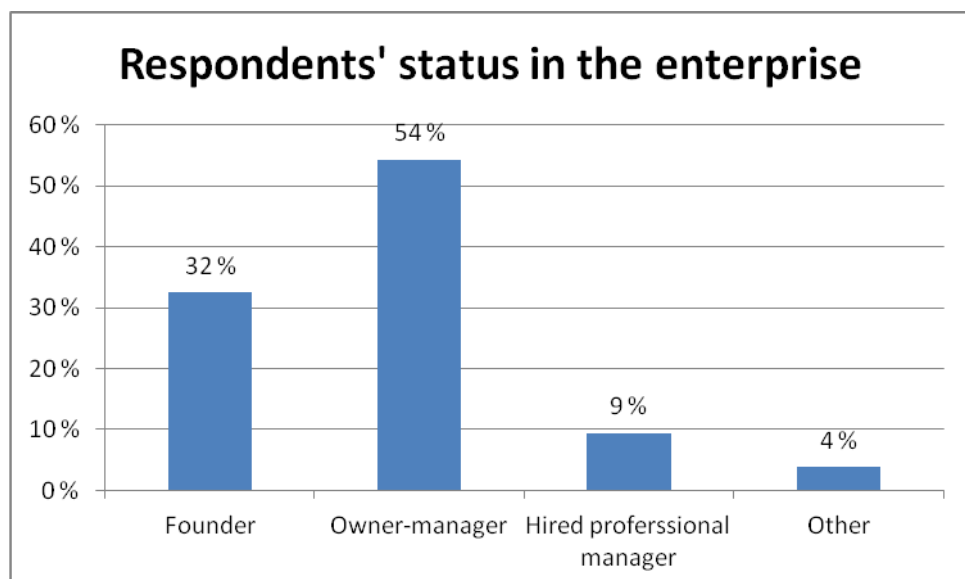
Figure 8: Respondents' status in the enterprise

The educational level of the respondents is pictured in the Figure 9 below. Most of the respondents (56 %) had bachelor, master or equivalent degree. Thus, the majority of the sample can be characterized as well educated.
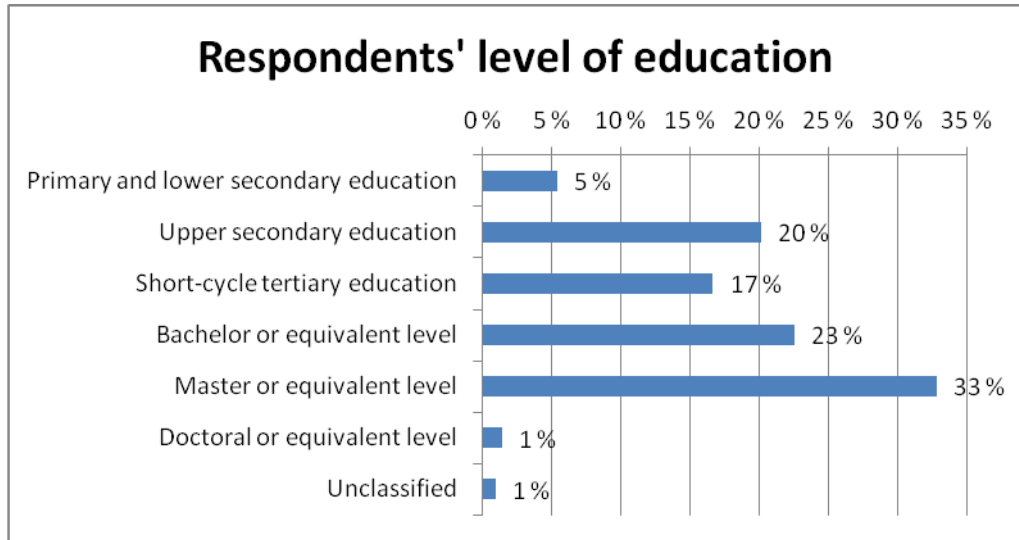
Figure 9: Respondents' level of education

Years employed in the enterprise forms a downward trend, as can be seen from Figure 10 below. It means that the most of the respondents have been employed in the enterprise for a short time. The average amount of years employed in the enterprise was 15,9.
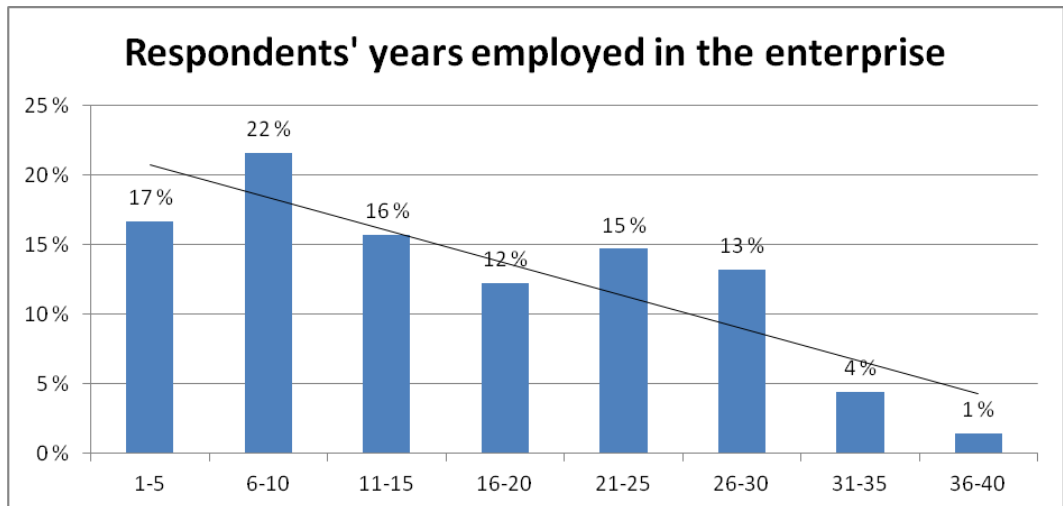
Figure 10: Respondents' years employed in the enterprise

Most of the respondents have had previous work experience prior to the current position mainly as an employee (41 %) or equal amount of work experience as an employee and as a manager (39 %), as can be seen from Figure 11 below. Compared to the respondents' status in the enterprise above, in which most are owner-managers, it can be concluded that most of the respondents have been in employee-position prior to the current work and have then founded their own enterprise.
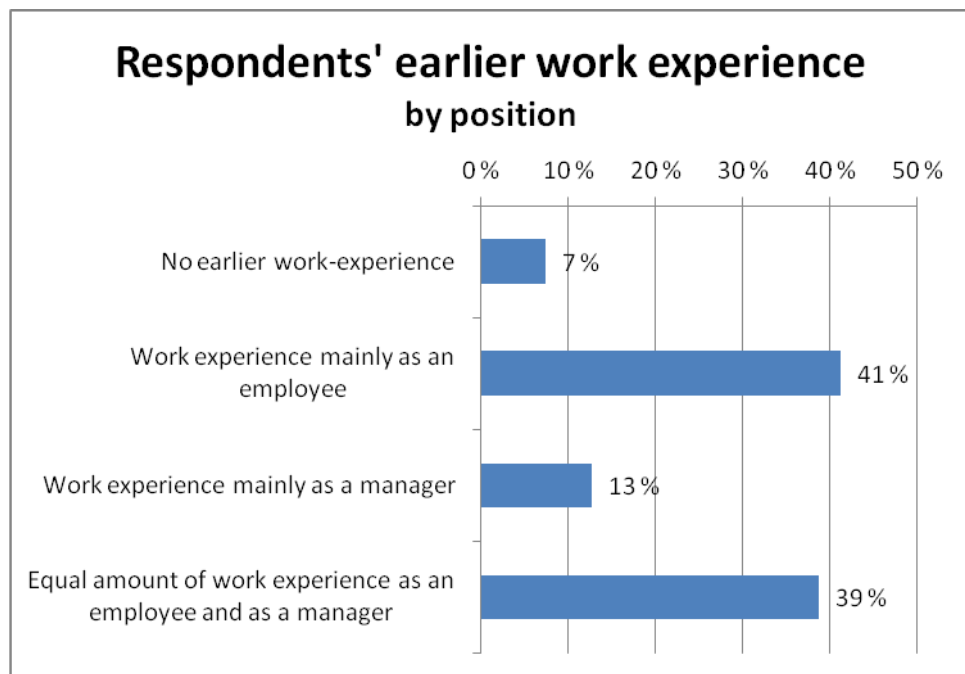
Figure 11: Respondents' earlier work experience by position

The respondents' earlier work experience by field of operation emphasizes respondents' prior experience in the fields of production, sales, management and planning. In this question, the respondents were able to select multiple answers. Division of earlier work experience by position is described in Figure 12 below.
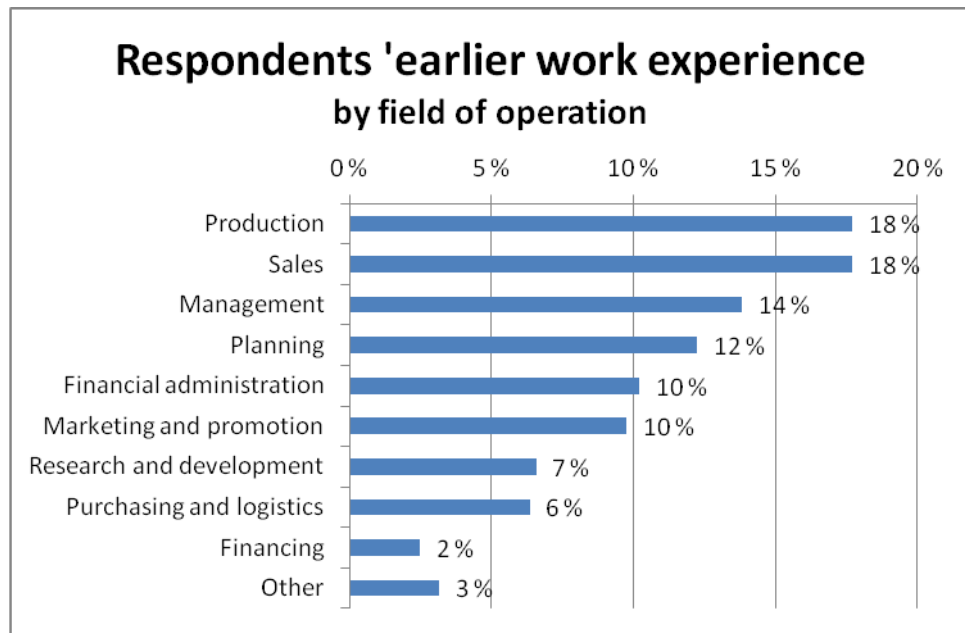
Figure 12: Respondents' earlier work experience by field of operation

The respondents' years of earlier work experience also forms a downward trend, which means that most of the respondents do not have many years of earlier work experience, as illustrated in Figure 13 below. The average amount of prior work experience is 13,7 years.
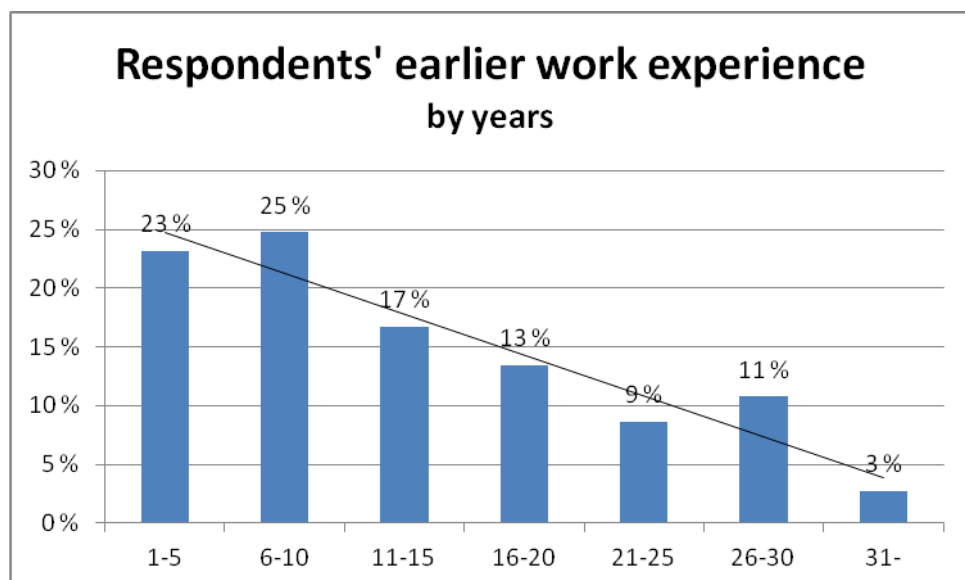
Figure 13: Respondents' earlier work experience by years

6.1.2 Descriptive information of the enterprises

The most of the enterprises (75 %) were established between years 1980 and 2009. The average year of establishment was 1988. This is described in the Figure 14 below.

Year of establishing the enterprise
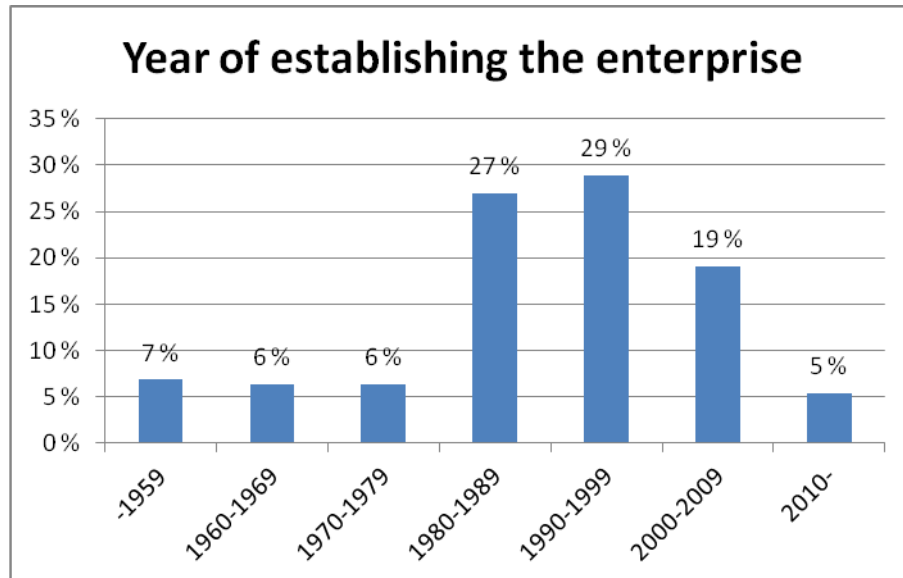
Figure 14: Year of establishing the enterprise

The main industry of the enterprises was enquired, and the official "Statistical Classification of Economic Activities in the European Community" was used. Most of the enterprises operate in the field of "Manufacturing" (24 %). The next biggest fields of operations were "Professional, scientific and technical activities" (13 %) and "Wholesale and retail trade; repair of motorcycles" (13 %), as can be seen from Figure 15 below.

Industrial classification of the enterprise

Industrial classification	Percentage
Agriculture, forestry and fishing	2 %
Mining and quarrying	1 %
Manufacturing	24 %
Electricity, gas, steam and air conditioning supply	1 %
Water supply; sewerage, waste management and remediation	0 %
Construction	11 %
Wholesale and retail trade; repair of motor vehicles	13 %
Transportation and storage	8 %
Accommodation and food services	5 %
Information and communication	6 %
Financial and insurance activities	1 %
Real estate activities	3 %
Professional, scientific and technical activities	13 %
Administrative and support service activities	2 %
Public administration and defence; social security	0 %
Education	0 %
Human health and social work	3 %
Arts, entertainment and recreation	1 %
Other service activities	5 %
Households as employers and production for own use	0 %
International organisations	0 %

Figure 15: Industrial classification of the enterprise

Most of the enterprises (64 %) of this study belonged to the group of family-enterprises. To receive correct answers to this question, a web-link to the Finnish Family Firms Association's description of a family firm was provided along with the survey question. The division of family and non-family enterprises can be seen from the Figure 16 below.
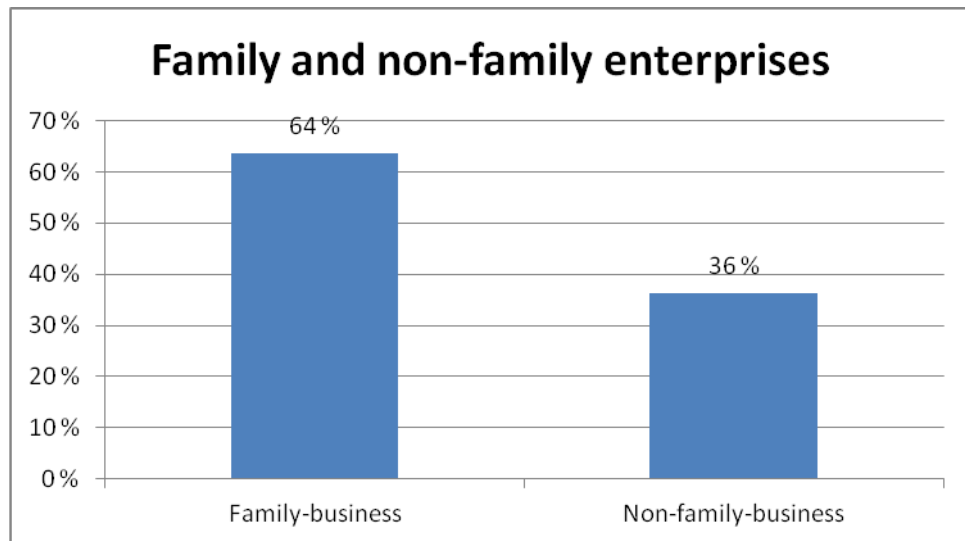
Figure 16: Family and non-family enterprises

The average number of employees in years 2011, 2012 and 2013 was enquired. The respondents were instructed to answer so that the number of employees would include the number of employees as well as entrepreneurs, and that the number of part-time employees would follow pattern: two part-time employees equals one full-time employee and so on. The average number of employees was in year 2011 8,0, in year 2012 8,2 and in year 2013 8,4, which is also visible from the Figure 17 below.
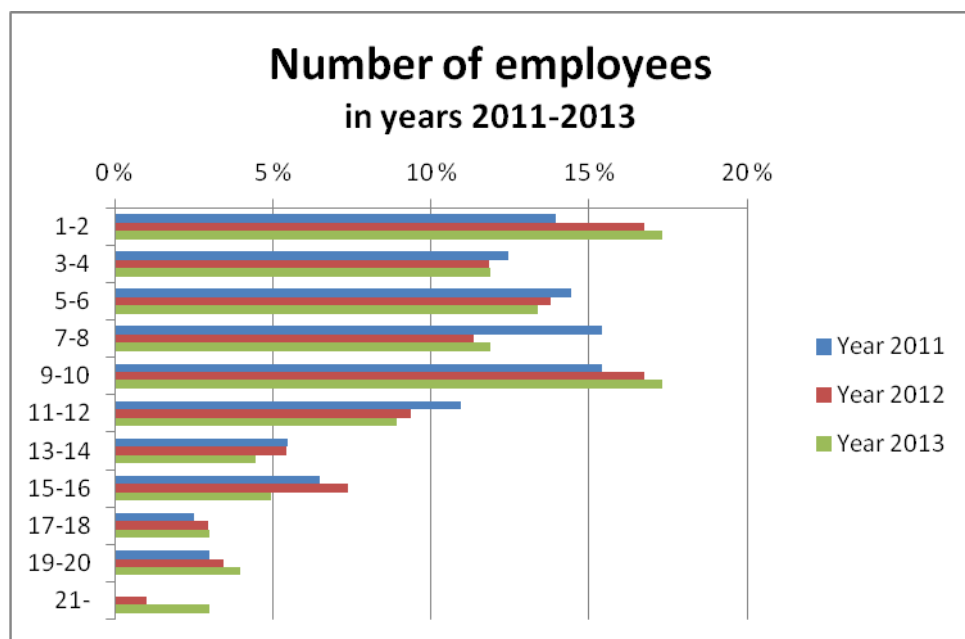
Figure 17: Number of employees in years 2011-2013

The turnover of the enterprises in this study was fairly similar each year (2011-2013). The turnover of the most of the enterprises (about 55 %) was 500.000 - 1.500.000 Euros, as illustrated in the Figure 18 below. The average turnover in year 2011 was 1.025.000 Euros, in year 2012 1.034.000 Euros and in year 2013 1.020.000 Euros.
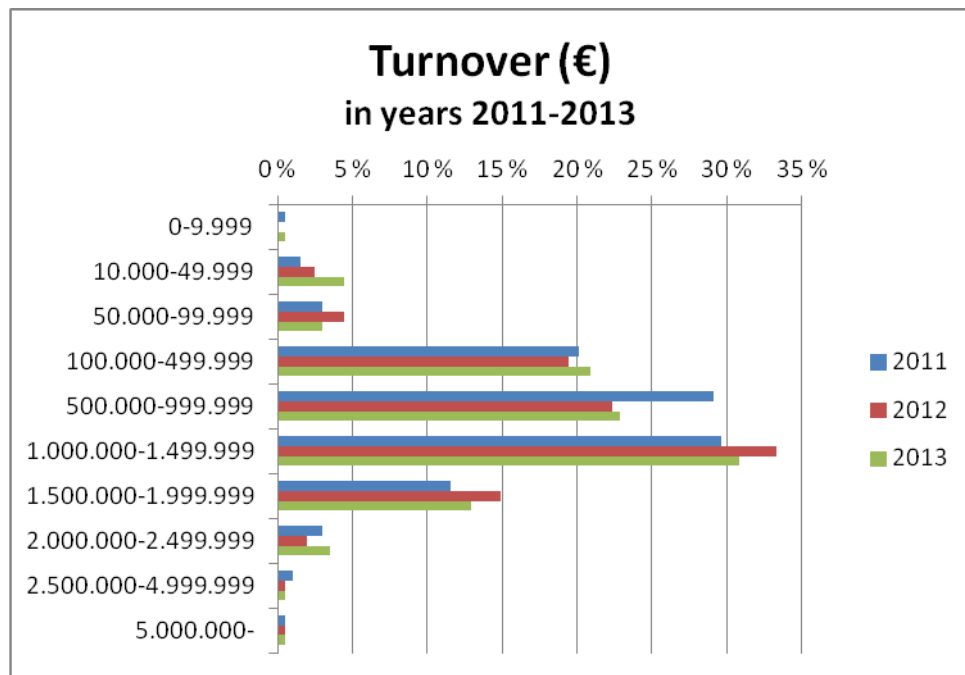
Figure 18: Turnover (€) in years 2011-2013

Also the profit of the enterprises in this study was fairly similar each year (2011-2013). The most of the enterprises in this study (about 30 %) gained profit for 10.000 - 49.999 Euros, as can be seen from the Figure 19 below. The average profit in year 2011 was 47.000 Euros, in year 2012 43.000 Euros and in year 2013 57.000 Euros.
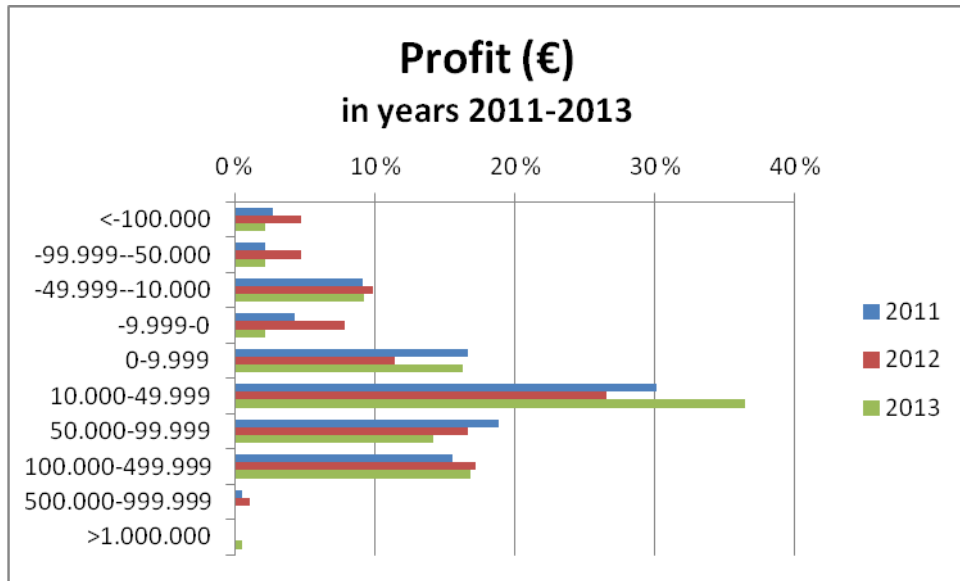
Figure 19: Profit (€) in years 2011-2013

The respondents were asked whether the goal of enterprise was or was not to increase its financial performance. Most of the enterprises (39 %) answered of this survey informed that their goal is to somewhat increase financial performance. This is illustrated in the Figure 20 below.
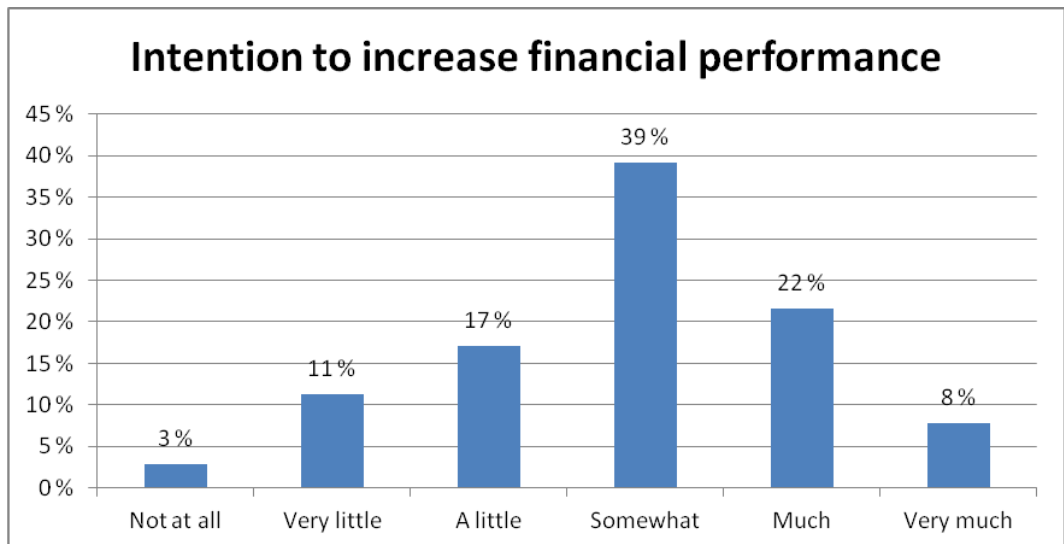
Figure 20: Intention to increase financial performance

The respondents were asked to describe how certain statements represent their understanding of success on a 5-point Likert scale. The most representational statements were "Satisfied customers", "Good

reputation of the enterprise" and "Continuity of the operation". The least representational statements were "Constant increase of financial success", "Sustaining independent life with acceptable income at comfort-level contribution" and "Minimizing expenses, maximizing incomes". The order of importance of the answers lets us conclude, that among the respondents, "soft values" are appreciated higher than "hard", strictly financial values. This is illustrated in the Figure 21 below.

Perception of success
1=Strongly disagree; 3=Do not know; 5=Strongly agree

Satisfied customers	4,8
Good reputation of the enterprise	4,7
Continuity of operation	4,6
Constant development of the enterprise	4,5
Gaining the set goals	4,3
Good position at the market	4,2
Happiness of management and staff	4,1
Constant increase of financial performance	3,7
Sustaining independent life with acceptable income at comfort-level contribution	3,6
Minimising expenses, maximising incomes	3,6

Figure 21: Perception of success

The respondents were asked to evaluate how the recession between years 2008 and 2013 had affected their financial performance from the point of view of number of employees, turnover and profit. The respondents were asked to select the best option from a 5-point Likert scale. The most (50 %) of the respondents evaluated that the recession had not affected the number of employees. However, about 40 % of the

respondents found that the recession had negative impact on the amount of turnover and profit. The division of the answers can be seen from the Figure 22 below.
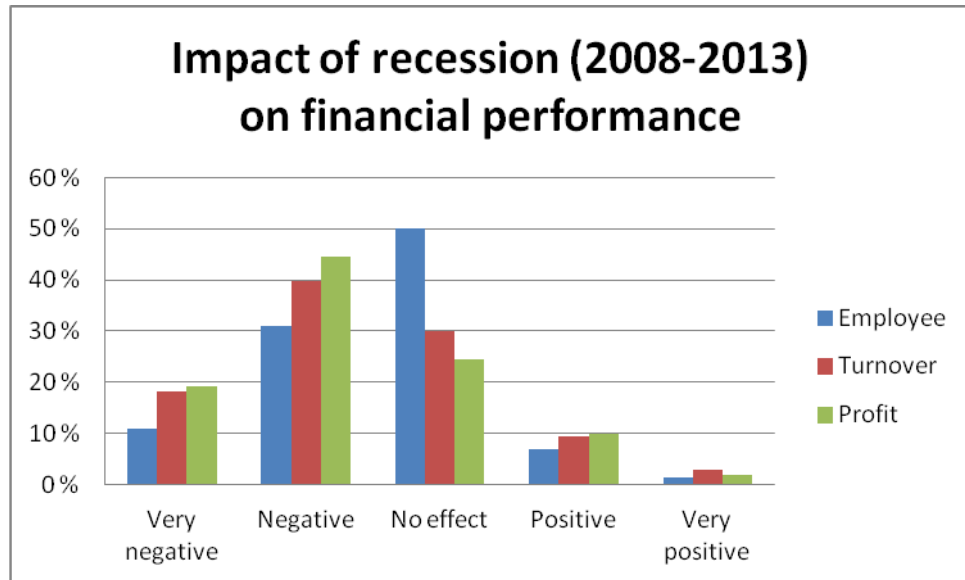
Figure 22: Impact of recession (2008-2013) on financial performance

The respondents were asked to evaluate at which stage of growth the enterprise is. The growth stages of model by Churchill and Lewis (1983) were given and described to the respondents. The description of the stages can be found from the questionnaire attached (Appendix 1 - English; Appendix 2 - Finnish). The most of the respondents (42 %) found that the enterprise is at survival-stage of growth. This is illustrated in the Figure 23 below.
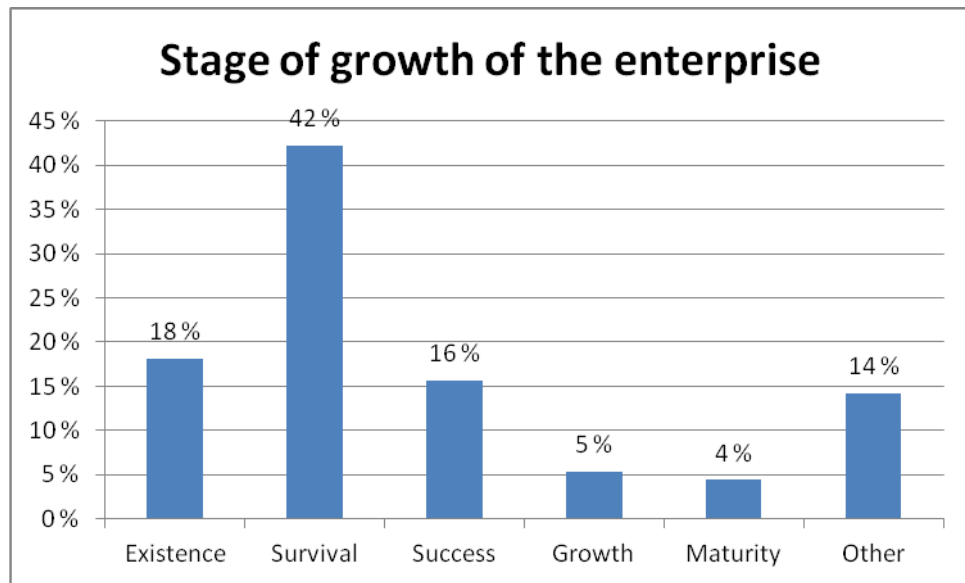
Figure 23: Stage of growth of the enterprise

The respondents were asked to evaluate on a 7-point Likert-scale how much certain operations are carried out in the enterprises. The scale was named in following manner: "1=Not at all, 2=Very little, 3=A little, 4=Somewhat, 5=A lot, 6=Very much, 7=I do not know". According to the respondents' answers, the most frequently performed operations were "Keeping track of financial reports", "Proactively sustaining existing customer relationship" and "Establishing new customer relationships". The least frequently performed operations included "Use of business advisory services", "Performing market research" and "Use of public financial support and grants". The answers in more detail are listed in the Table 5 below.

Table 5: Operations carried out in the enterprises

Operation	Mean	Std Dev
Keeping track of financial reports (sales, purchases, income statement, balance sheet…)	4,59	1,24
Proactively sustaining existing customer relationships	4,41	1,2
Establishing new customer relationships	4,25	1,16
Proactively sustaining existing supplier relationships	4,15	1,34
The work is busy, the days are long	4,10	1,36
Use of the latest technology, tools and solutions for working	4,07	1,29
(Proactively) sustaining existing cooperation networks	4,06	1,21
Search of new business opportunities	4,01	1,23

Goal-oriented business development	3,99	1,2
Prediction of issues affecting the business from the outside	3,96	1,15
Use of customer feedback in business development	3,95	1,38
Staff motivation and investment in staff commitment (e.g. employee benefits)	3,89	1,39
After-sales / marketing, keeping in contact with the customer after deal	3,88	1,32
Managerial decision-making and goal-setting	3,81	1,23
Staff training and development	3,78	1,21
Proactive sales, use of resources to sales	3,75	1,39
Monitoring competitors' activities, benchmarking	3,70	1,26
Search for new suppliers and asking for offers	3,55	1,23
Search of new cooperation partners (not customers / suppliers)	3,53	1,23
Use of resources in marketing and promotion	3,24	1,24
Expanding to new markets	3,23	1,54
Managerial business research and planning	2,86	1,44
Use of distribution channel in sales	2,80	1,68
Use of private business advisory services	2,20	1,21
Use of public business advisory services	2,19	1,19
Performing market research	2,11	1,23
Use of public financial support and grants	2,10	1,42

6.2   Factors affecting enterprise performance

6.2.1 Factors   affecting   enterprise   performance   positively   / negatively

The respondents were asked to write down factors that affect the performance of the enterprise positively, and factors that affect the performance of the enterprise negatively. About 500 factors that affect positively and about 400 factors that affect negatively were mentioned. The factors were collected and combined into groups. The factors are described in the Table 6 and Table 7 below. The tables include only those factors that were mentioned more than 10 times.

Clearly, the most important factor mentioned affecting enterprise performance positively was "Employees". The next most important factor was "Customers", after which "Skills, knowledge, education and

experience" within the enterprise was mentioned. In addition, "Product / service" was also often mentioned.

Table 6: Factors affecting enterprise performance positively

Factor	No. of mention
Employees	98
Customers	44
Skills, knowledge, education, experience	36
Product / service	33
Reputation, image, well-known, reliability	27
Enterprise finance	25
Strategy	23
Cooperation with others, networks	19
Effectiveness	19
Management	17
Team-spirit, work-environment, well-being	15
Marketing, sales, promotion	14
Development efforts	13
Financial / market situation	12
Enthusiasm, motivation, passion, attitude	11
Flexibility	11

The most important factor affecting enterprise performance negatively was "Economical situation". The next most important factor was "Employee availability" and "Employee attitudes". In addition, "Political decisions and passed laws" were evaluated as one of the most important factors.

Table 7: Factors affecting enterprise performance negatively

Factor	No. of mention
Economical situation	39
Employees availability and attitudes	37
Political decisions, passed laws	33
Competition	29
Management	20
Decreasing / small / altering demand	18
Price-competition	17
Being small	16
Industry	14
Overall expenses	11

6.2.2 Significance of factors to enterprise performance

The respondents were asked to evaluate on a 6-point Likert-scale how significant certain factors were from the point of view of the enterprise's performance. The scale was titled as follows: "1=Very insignificant, 2=Insignificant, 3=Neutral, 4=Significant, 5=Very significant, 6=I do not know". The most of the given factors were evaluated as significant of very significant. The most important factors were "Good product and / or service quality", "Good reputation of the company" and "Staff's strong skills". The least important factors were "Conflicts" and "Differences of points of views of different generations", whereby we can conclude, that the above mentioned events do not much take place in the enterprises. The answers in more detail are listed in the Table 8 below.

Table 8: Significance of factors from the point of view of enterprise performance

Factor	Mean	Std Dev
Product and / or service good quality	4,70	0,61
Good reputation of the company	4,68	0,60
Staffs' strong skills	4,66	0,72
Product and / or service good reputation	4,65	0,65
Good knowledge of customers and their needs	4,62	0,69
Long-term customer relationships	4,54	0,84
Better than competitor customer service	4,52	0,82
Managerial skill and knowledge	4,52	0,7
Good work atmosphere and team spirit	4,52	0,76
Ability to adjust to customers' special demands	4,49	0,79
Product and / or service availability (customer persp.)	4,49	0,70
Well known company	4,33	0,85
Managerial human leadership	4,32	0,80
Management personality and characteristics	4,32	0,78
Staff's experience and educational background	4,32	0,82
Innovativeness	4,29	0,92
Ability to cope with stress	4,29	0,79
National / International economical situation	4,25	0,88
Competitiveness of the industry	4,24	0,87
Support from the family	4,22	1,08
Characteristics of the industry	4,22	0,91
Sales skills	4,06	0,97

Good relationships with suppliers / manufacturers	4,02	0,98
Effect of sales	3,97	1,04
Representatives' market position	3,65	1,29
Marketing and promotion skills	3,51	1,10
Product and / or service low price	3,48	1,01
Working hard / long days at work	3,47	1,04
Effect of marketing and promotion	3,30	1,11
Conflicts	2,87	1,50
Differences of points of views of different generations	2,75	1,40

6.3 Division between (very) successful and (very) unsuccessful enterprises

As previously explained in this thesis, a **successful** company is defined as an enterprise that is able to increase its number of employees **or** turnover over a three-year period. An **unsuccessful** company is defined as a company that decreases its number of employees **or** turnover over a three-year period. The respondents were divided in successful and unsuccessful enterprises according to the previous definition. Those enterprises that did not experience continuous increase or decrease in the number of employees or turnover over a three-year period were left out. Also, enterprises that had continuous increase in the other variable but continuous decrease in the other, thus overruling each other, were left out. Among the successful enterprises, the number of employees increased from year 2011 to year 2013 to 139 %, and the turnover to 164 %. Among the unsuccessful enterprises, the number of employees decreased to 81 % and turnover to 67 %. This can be seen from Table 9 below.

Table 9: Successful and unsuccessful enterprises

	Successful	Unsuccessful
Change in number of employees	139 %	81 %
Change in turnover	164 %	67 %
Number of enterprises	67	46

Following the previously mentioned definition, a very successful company could be defined as a company able to increase its number of employees

and turnover over a three-year period, and a very unsuccessful company could be defined as a company decreasing its number of employees and turnover over a three-year period. To distinguish these two "extremes", the data from the survey was divided between successful, very successful, unsuccessful and very unsuccessful enterprises, of which the very successful and very unsuccessful are emphasized in the latter parts of this work. The differences of these groups can be seen from the Table 10 below. Among the very successful enterprises, the number of employees increased from year 2011 to year 2013 to 182 % and the turnover to 152 %. Among the successful enterprises, the number of employees increased to 119 % and the turnover to 169 %. Among the unsuccessful enterprises, the number of employees decreased from year 2011 to year 2013 to 87 % and the turnover to 68 %. Among the very unsuccessful enterprises, the number of employees decreased to 66 % and the turnover to 64 %.

Table 10: (Very) successful and (very) unsuccessful enterprises

	Very successful	Successful	Unsuccessful	Very unsuccessful
Change in number of employees	182 %	119 %	87 %	66 %
Change in turnover	152 %	169 %	68 %	64 %
No. of enterprises	20	47	33	13

To make sure if this kind of further segmentation was rational, a t-Test was used to test whether there was significant difference between the groups very successful and successful, as well as between the groups' unsuccessful and very unsuccessful enterprises. The results of the t-Test can be found attached (Appendix 3). Risk-level 0,05 vas used. The results show, that there is significant difference in the change of number of employees between the groups successful and very successful, as well as between the groups unsuccessful and very unsuccessful. Thus, the division in very successful and very unsuccessful enterprises is justified.

In the future parts of the thesis, there is discussion about successful and unsuccessful or very successful and very unsuccessful enterprises. A visual illustration is provided in the Figure 24 below.
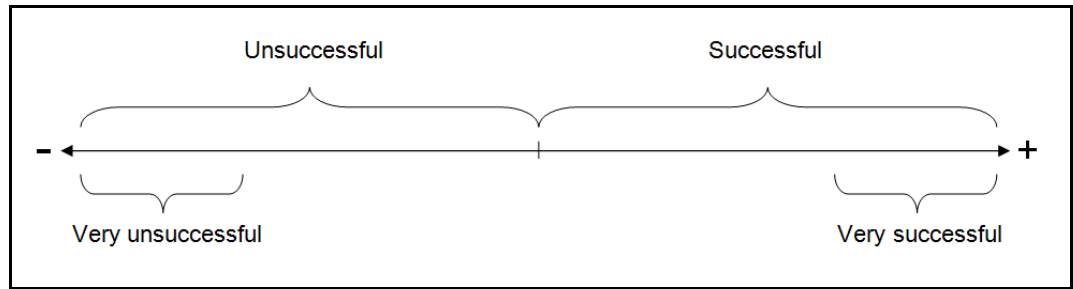
Figure 24: (Very) Successful and (very) unsuccessful enterprises

6.3.1 Significance of factors to enterprise performance

One of the goals of this study was to find out, how significant particular factors are from the point of view of the enterprise's performance. Similarly to the test above, a T-test to compare answers between successful and unsuccessful enterprises was performed. It was also tested, whether there was difference among the extreme-ends (very successful and very unsuccessful). The t-Test results can be found attached (Appendix 6). Risk-level 0,05 and 0,10 was used. Successful enterprises found that "Good work atmosphere and team spirit" as well as "Staff's experience and education" are more important than from the point of view of unsuccessful enterprises. Unsuccessful enterprises found that "Effect of marketing and promotion" and "National / International economical situation" are more important than from the point of view of successful enterprises. Very successful enterprises found that the factor "Better than competitors' customer service" is more important than from the point of view of very unsuccessful enterprises. Very unsuccessful enterprises found that "Product and / or service low price**,** "Working hard / long days at work" and "Long-term customer relationships" are more important than from the point of view of very successful enterprises. A 6-point Likert-scale was used (1=Very insignificant, 2=Somewhat insignificant, 3=Neutral, 4=Somewhat significant, 5=Very significant, 6=I do not know) and the division of the answers can be seen from the Table 11 below.

Table 11: Enterprise performance and significant factors

Factor	Successful		Unsuccessful		Very successful		Very unsuccessful	
	Mean	St. dev.	Mean	St. dev.	Mean	St. dev.	Mean	St. dev.
Good work atmosphere and team spirit	4,69	0,66	4,38	0,88				
Staff's experience and education	4,51	0,73	4,05	0,91				
Effect of marketing and promotion	3,35	1,34	3,71	0,99				
National / International economical situation	4,14	0,9	4,43	0,83				
Better than competitors' customer service					4,33	0,38	4,18	0,98
Product and / or service low price					3,89	0,92	3,91	0,54
Working hard / long days at work					3,22	1,06	4,1	0,57
Long-term customer relationships					4,22	0,46	4,36	0,67

6.3.2 Operations performed in the enterprise

One of the goals of this study was to find out what are the differences in the operations between successful and unsuccessful microenterprises. A t-Test to compare the answers of successful and unsuccessful enterprises was performed. It was also tested, whether there was difference among the extreme-ends (very successful and very unsuccessful). The t-test results can be found attached (Appendix 5). Risk-level 0,05 was used. According to the results unsuccessful enterprises found the following operations more important than successful enterprises: "Performing market research", "Use of distribution channel in sales" and "Expanding to new markets". A 7-point Likert-scale was used (1=Not at all, 2=Very little, 3= A little, 4=Somewhat, 5=A lot, 6=Very much, 7=I do not know) and the division of the answers can be seen from the Table 12 below. There was no significant difference between answers among very successful and very unsuccessful enterprises.

Table 12: Enterprise performance and operations performed

Operation	Successful		Unsuccessful	
	Mean	St. dev.	Mean	St. dev.
Performing market research	1,85	1,13	2,51	1,02
Use of distribution channel in sales	2,92	1,05	3,48	1,39
Expanding to new markets	3,09	1,71	3,95	1,78

6.3.3 Enterprise characteristics and performance

In the survey, the respondents were asked to give descriptive information about themselves, the enterprise as well as answer to some enterprise performance related questions. Now that the respondent enterprises had been separated in successful and unsuccessful ones, it was possible to test based on this previously given information, whether there is correlation between the information given by the respondent and enterprise success. The dependency between the variables can be seen from the Table 13 below, and more accurate test results can be found attached (Appendix 4). Risk-levels 0,05 and 0,10 were used.

The dependency was tested between the enterprise performance and...

- ...education level of those respondents that were in a managerial position (founder, owner-manager and / or hired professional manager).
- ...type of earlier work experience (none, mainly as an employee, mainly as a manager, equally as employee and manager) of those respondents that were in a managerial position (founder, owner-manager and / or hired professional manager).
- ...years of earlier work experience of those that were in a managerial position (founder, owner-manager and / or hired professional manager).
- ...age of the enterprise
- ...industry of the enterprise

- ...whether the enterprise was a family enterprise or not
- ...the aim of the enterprise to increase its financial performance
- ...stage of growth of the enterprise

The tests show that there is no dependency between the enterprise success and manager's level of education, type of earlier work experience or number of years of earlier work experience. There also is no dependency between the enterprise success and the industry, in which the enterprise is operating. In addition, there is no dependency between the reported aim at increasing financial performance and enterprise success. In other words, this means that the enterprise may be performing either well or badly despite the fact that the managers have been or have not been aiming at increasing the financial performance of the enterprise. According to the results, the age of the enterprise does correlate with the level of success of the enterprise. It seems, that the younger the enterprise, the more successful it is. In addition, when testing between the groups successful and unsuccessful enterprises, the results show that if the enterprise is family based, the less successful it is. When focusing to the extreme ends (very successful and very unsuccessful), there however was no more dependency between family- and non-family companies. We cannot however pass the fact that there was dependency between the groups of successful and unsuccessful. The difference may stem from the fact that family companies have "softer" values and they aim more at sustaining their livelihood, as when non-family enterprises have "harder" values and aim at increasing profits. Among the groups of successful and unsuccessful enterprises, there was no correlation with the stage of growth. However, when observing the very successful and very unsuccessful enterprises, there was correlation, but only at 0,10 risk-level. When studying the results more accurately, it seems that the higher the level of growth the more successful the enterprise is.

Table 13: Difference between performance and characteristics

No.	Factor	Successful / unsuccessful	Very successful / very unsuccessful	Test
1	Manager level of education	No	No	Mann-Whitney
2	Manager earlier work experience / type	No	No	Chi-square
3	Manager earlier work experience / year	No	No	t-Test
4	Age of the enterprise	Yes	Yes	t-Test
5	Industry	No	No	Chi-square
6	Family enterprise	Yes	No	Chi-square
7	Aim at increasing financial performance	No	No	Mann-Whitney
8	Stage of growth	No	No / Yes	Mann-Whitney

6.4 Business environment results

This section answers the third sub-question of this work. The answers to open-end questions of the survey about factors that positively and negatively affect the performance of the enterprise were divided into different classes according to the model (synthesis) presented in chapter 4.5. Please note that the importance of the classes is based on the number of mentions.

According to the results, the factors in the internal environment of the enterprise have been mentioned more often than the factors in the external environment to affect positively the enterprise performance. This would suggest, that an enterprise could itself affect on its success, instead of relying the success to "come to the enterprise from the outside". The factors in the external environment were however mentioned more often than the factors in the internal environment to affect negatively the enterprise performance. This would suggest that if the enterprise is to fail, the reason behind it is most likely external factors than internal factors.

Similar behavior can be seen between micro and macro environments. The factors in the micro environment were mentioned more often than the factors in the macro environment to positively affect the enterprise

performance. The factors in the macro environment were mentioned more often than the factors in the micro environment to negatively affect the enterprise performance. The classification of affecting factors is described in Table 14 below.

Table 14: Classification of affecting factors

Business environment	Positive	Negative
INTERNAL ENVIRONMENT	415	97
Governance	104	23
Operations	15	10
Resources	89	14
Individuals	137	17
Status quo	70	33
EXTERNAL ENVIRONMENT	154	442
Micro environment	57	89
Suppliers	8	35
Customers	42	8
Market intermediaries	3	0
Competitors	4	46
Publics	0	0
Macro environment	20	132
Economical	12	59
Political	3	62
Socio-cultural	2	1
Technological	1	0
Natural	2	0
Demographical	0	10
International / Global	0	0

6.5   Summary of research results

The aim of this work was to find out which factors affect the success and failure of a microenterprise. The success and failure factors were studied from multiple points of views.

The most of the respondents were male in age group 45-54. The respondents' status in the enterprise was mainly founder or owner-manager. Majority's level of education was equivalent to bachelors or master level of education, but also the lower levels of upper secondary

education and short-cycle tertiary education were represented. The respondents' average number of years employed in the enterprise was 15,9. The largest part of the respondents had "Earlier work experience mainly as an employee" or "Equal amount of work experience as an employee and as a manager". Most of the respondents' previous work experience was from following fields of operations: production, sales, management and planning. Majority's amount of earlier work experience was 1-15 years.

Most of the enterprises were established between years 1980 and 1999. The main industry among the enterprises was manufacturing, after which wholesale and retail trade, as well as professional, scientific and technical activities were represented. The largest amount of the businesses was family-based. The average number of employees per year was 8. The average turnover was 1.000.000 - 1.500.000 Euros, and the average profit 43.000 - 57.000 Euros.

Most of the respondents informed, that they "somewhat" aim at increasing their financial performance. "Satisfied customers", "Good reputation of the enterprise" and "Continuity of operation" were chosen as the most describing statements to enterprise success. "Minimizing expenses and maximizing incomes" was chosen as the least describing statement. Most of the enterprises informed that the recession had affected negatively their turnover and profit, but not on the number of employees. The majority of the enterprises reported that they were in the "survival" stage of growth. Within Likert-scale set of questions, the operations that were carried out the most in the enterprises were "Keeping track of financial reports (sales, purchases, income statement, balance sheet…)", "Proactively sustaining existing customer relationships", and "Establishing new customer relationships". The operations that were carried out the least were "Use of business advisory services", "Performing market research" and "Use of public financial support and grants".

The most important factors mentioned in the open-end questions as affecting enterprise performance were "Employees", "Customers" and "Skills, knowledge, education and experience." The most important factors affecting enterprise performance negatively were "Economical situation", "Employees availability and attitudes" as well as "Political decisions and passed laws".

Within the second set of Likert-questions, the most significant factors from the point of view of enterprise performance were "Product and / or service good quality", "Good reputation of the company" and "Staff's strong skills". The least significant factors were "Effect of marketing and promotion", "Conflicts" and "Differences of points of views of different generations".

When comparing the answers of Likert-scale questions between successful and unsuccessful enterprises, successful enterprises found the following factors more important in affecting business performance than unsuccessful enterprises: "Good work atmosphere and team spirit" as well as "Staff's experience and education". In addition, unsuccessful enterprises found that "Effect of marketing and promotion" and "National / International economical situation" are more important than compared to successful enterprises. Very successful enterprises found that the factor "Better than competitors' customer service" is more important than from the point of view of very unsuccessful enterprises. Very unsuccessful enterprises found that "Product and / or service low price", "Working hard / long days at work" and "Long-term customer relationships" are more important than from the point of view of very successful enterprises.

In addition, the results show that unsuccessful enterprises found the following operations more important than successful enterprises: "Performing market research", "Use of distribution channel in sales" and "Expanding to new markets".

According to the results, the age of the enterprise correlates with the level of success of the enterprise: The younger the enterprise, the more successful it is. In addition, the results show that if the enterprise is family based, the less successful it is. There was also slight correlation between success and the level of growth, indicating that the higher the level of growth the more successful the enterprise is.

The research to find out what kind of categories there are for the factors affecting enterprise performance resulted in creating a synthesis of existing business environment models. Application of the synthesis to open-end questions about factors affecting enterprise performance positively / negatively resulted in the following findings: If an enterprise is to succeed, it is mostly due to internal factors. If an enterprise is to fail, it is mostly due to external factors. Comparison of the categories in the external environment indicates that if an enterprise is to succeed, the micro environmental factors have more effect then macro environmental factors, and that if the enterprise is to fail, the macro environmental factors have more effect then micro environmental factors.

7   CONCLUSIONS / DISCUSSION

The aim of this work was to study factors contributory to microenterprise success and failure. The empirical part of the study was built upon three chapters of theory relative to the topic. The first theoretical part (chapter 2) dealt with the definition of success and failure. The next theoretical chapters (3-4) described what kind of factors affecting enterprise performance positively and negatively stem from previous research, and what kind of comprehensive (business environment) models there are about factors affecting enterprise performance. The research method was described in chapter 5. The data was analyzed and described from multiple points of views (chapter 6), and conclusions on factors contributory to microenterprise success and failure were drawn in chapter 7.

The next chapters present the theoretical and managerial implications of this study. In addition, the reliability and validity of this work is reasoned. Lastly, limitations related to this work, as well as future research proposals, are given.

7.1   Theoretical implications

Factors contributory to microenterprise success and failure have not been studied widely and comprehensive previous results were not found. Previous research has focused more on small business or SME performance factors. Thus, the results of this work contribute to the existing theory of microenterprise success and failure factors.

There are many works about enterprise success factors but many of the works have not identified the target group or defined success and failure clearly. This leads to difficulty of positioning the work among all other works and comparing the results. In this work, success and failure are clearly defined (as continuous growth / decrease of number of employees

within three-year period) as well as the target group of microenterprises (who employ less than 10 people and whose turnover is less than two million Euros). Thus, positioning this work among the existing theory is straightforward.

Comparison of the results to existing research results is challenging, as there is no much research on factors affecting microenterprise success and failure, the term microenterprise is understood differently in different countries and continents, and success and failure are concepts that are approached from several points of views.

The research results of this study support the findings of Tahir (2011), Chawla et al (1997) and Monahan et al (2004) in that skills, knowledge, education and experience are important from the point of view of enterprise success. Important are also the products and services of the enterprise, which is also agreed by Philip (2010). Monahan et al (2011) find that factors affecting the enterprise failure are the state of the economy, availability of suitable staff and political / legal regulations, which is in line with the results of this study. Also Rogoff et al (2004) agree about the availability of suitable staff and political / legal regulations.

7.2 Managerial implications

Operating is today's business world is challenging and not least for microenterprises, that often do not have many resources and capabilities to sustain uncertainty. The importance of microenterprises is however great, as in number they represent the biggest group of enterprises. It is important to support microenterprises by producing material to further their strive not only to sustain uncertainty but also in their efforts to grow, succeed and increase their financial performance. Successful enterprises create taxable income for the nation as well as new vacancies, which aid the development of the nation's economy.

The work at hand identified factors contributory to microenterprise success and failure. Microenterprise managers being now aware of factors contributory to success and failure may improve the performance of the enterprise by comparing the results of this work to the operations in practice. The study was performed among enterprises from all industries, and industrial-specific factors cannot be mentioned, but as this is known, each manager may reflect to the results at the best way they perceive it.

7.3   Reliability and validity

As the survey was conducted without researcher's participation, it was not possible to ensure that the respondents understood all questions correctly and that all questions were answered. In order to strengthen the reliability of the study a pretest of the questionnaire was performed prior to sending the questionnaire to the final respondents. The pretest aimed at finding out how the questionnaire could be improved so that answering would be comfortable to the respondents (thus decreasing the number half-filled questionnaires), whether the respondents understood the questions correctly and whether the questionnaire collected information correctly.

The e-mail addresses of the respondents were collected randomly, which enhances the generalization of this research. The random sampling can be verified by explaining the search method of suitable respondents of the Kompass database: After defining what kind of enterprises to search, the Kompass database presents the results in a random order. When selecting to download a list of respondents (including their e-mail addresses) from the first respondent onwards, one can be sure that the sampling is random.

A There is however a defect in the search from Kompass database. At the end of the search, the user is asked if the preference is to save only one e-mail address per enterprise or multiple e-mails. When selecting only one e-mail address per enterprise, it is not clear, whose e-mail it is: Is it just

any of the company or the "general" e-mail address of the enterprise. For this study only one e-mail per respondent company was chosen. When paging through the list of respondent e-mail addresses, it luckily seemed that most of the e-mails were "general" ones, starting with "info@..." or starting with a name of the enterprise. The number of responses would probably decrease, if the questionnaire would be sent to totally wrong person's e-mail address. The aim of this research was to collect responses primarily from the managerial level respondents, which was also emphasized in the questionnaire and in the text of the e-mail.

Armstrong and Overton (1977) found that if there is statistical difference between certain variables among early and late respondents, late responses may be considered similar as non-responses. In this survey, the early respondents were considered as those who answered before the reminder and the late respondents as those who answered after the reminder. About 59 % of the respondents answered early and 41 % respondents answered late. To test the validity of the late responses, the answers related to enterprise performance was compared. There was significant difference between four factors at 0,05 risk-level and difference between one factor at 0,10 risk-level. The factors are presented in the Table 15 below. The response rate of this study was 4 %, which can be considered low.

Table 15: Difference between early and late respondents

Question	Factor	t Value	Pr > |t|
18	Managerial skill and knowledge	-2.32	0.0213
18	Management personality and characteristics	-2.65	0.0087
19	Goal-oriented business development	1.93	0.0550
19	Use of resources in marketing and promotion	2.4	0.0431
19	Expanding to new markets	2.96	0.0034

A distinction between successful and unsuccessful enterprises was made according to the development of the turnover and number of employees within to three-year period. Despite this definition follows the official definition of OECD (2007), the three-year period may be too short for

distinguishing between successful and unsuccessful enterprises. Some of the financial information (turnover, profit) had to be verified in cases where it was unclear what the respondent had meant. The respondent could have for example entered "1,3" as describing the enterprise's turnover. When from public databases including enterprise information what the turnover in reality was, it became clear, that the respondent had meant a turnover of 1.300.000 Euros. During the process of correcting some of the unclear financial information, it was possible to view the financial of several previous years. With many enterprises, the financial information fluctuated vastly from year to another. This observation brings about a thought, that maybe a three-year growth or decline in turnover or number of employee is merely a coincidence, and that those enterprises cannot be considered as successful or unsuccessful. Instead, the definition of a successful or unsuccessful should include also some other determinants than the above-mentioned turnover and number of employees.

7.4   Limitations and future research proposals

The current work is submitted to multiple limitations, which should be considered when reviewing the results.

The sample included only Finnish respondents, which enables generalization only within Finnish context. Confirming the results within wider international population could be appropriate.

There is difficulty in comparing previous studies of business success and failure factors, as a universal definition of microenterprise / small enterprise / SME has not been established. The definitions vary across countries and continents. Recently, European Commission (2014) has established official definitions for enterprises by their size, but it is still far from a universal definition. In addition, many of the studies also have not defined what is meant by success and failure, which would be important, as the definitions have a variety of meanings. These issues limit the study

of microenterprise success factors, and for future research, it would be advisable at least to define what kind of enterprises are studies (by number of employees and turnover) and how success and failure are defined. In this work, the target group and the terms are carefully described.

It seems that a comprehensive business environment model including factors that affect the enterprise is not yet established. Problematic is especially to group the factors in the internal business environment. It would be advisable to create a comprehensive model of all possible factors affecting an enterprise, because than factors affecting enterprise's success and failure could be viewed more comprehensively. In the current situation the studied factors seem to stem from "here and there". Creating a comprehensive business environment model is most likely difficult, since many of the factors overlap each other, and for example a factor "Good networks" (mainly external micro environmental factor) as a factor positively affecting enterprise performance, is not the same as "networking" (mainly internal factor). Also factor "competitiveness" may be internal factor, if an enterprise manufactures products and is able to affect on the end-result, but it also may be external factor, if the enterprise only resells products of another manufacturer (thus competitiveness relying mainly on the manufacturer's decisions and market position).

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9 APPENDICES

Appendix 1: The questionnaire

FACTORS AFFECTING SMALL BUSINESS PERFORMANCE

The aim of this survey is to find out which factors affect small business performance and at which extent. The survey is a part of the undersignee's master's thesis project for Lappeenranta University of Technology in spring 2014. All answers are very important. There are no right or wrong answers - please answer according to your own opinion and experience. It takes about 10 minutes to answer the survey.

Among the respondents 40 bars of chocolate are drawn. In case you want to take part in the raffle, please give your contact information at the last page of the survey.

A summary of the research results is sent to interested respondents by e-mail. If You will, you may use the results of the survey in developing your own business.

All answers will be treated confidentially. The personal information will not be used for purposes other than the draw and sending the research results to the respondents.

The survey is available until Friday 2.5.2014.

Thank you for cooperation!

Amanda Niinisaari

Use this link to start the survey: - - -

You may also copy-paste the following URL-address to your browser: - - -
Use this link to stop receiving e-mails from this sender: - - -

Respondent information

1. Gender?
- male
- female

2. Respondent's age?
- less than 18 years

- 18-24 years
- 25-34 years
- 35-44 years
- 45-54 years
- 55-64 years
- more than 65 years

3. Respondent's position in the enterprise? *(You may select multiple responses.)*
- founder
- owner-manager
- hired professional manager
- other, what? _____

4. How many years have you been in this position in the enterprise? (Round to the nearest full number.)
- _____ years

5. What is your highest level of education?
- primary and lower secondary education
- upper secondary education
- short-cycle tertiary education
- bachelor or equivalent level
- master or equivalent level
- doctoral or equivalent level
- other, what? _____

6. Which of the following statements best describes your professional experience (excluding the experience from current work)?
- no prior work experience
- work experience mainly as an employee
- work experience mainly as a manager
- as much work experience as an employee and as a manager

6. (b) If you have prior work experience, from which sectors it is (excluding the experience from current work)? *(You can select multiple responses.)*
- management
- planning
- research and development
- procurement and logistics

- production
- sales
- marketing and promotion
- finance
- financial administration
- other, what? _____

6. (c) If you have prior work experience, how many years it has been in total (excluding the experience from current work)? *(Round to the nearest full number.)*
- _____ Years

Company information

7. In what year was your company founded?
- In year _____

8. What is your company's main line of business? *(The Statistical Classification of Economic Activities in the European Community classification is used.)*
- agriculture, forestry and fishing
- mining and quarrying
- manufacturing
- electricity, gas, steam and air conditioning supply
- water supply; sewerage, waste management and remediation
- construction
- wholesale and retail trade; repair of motor vehicles
- transportation and storage
- accommodation and food services
- information and communication
- financial and insurance activities
- real estate activities
- professional, scientific and technical activities
- administrative and support service activities
- public administration and defense; social security
- education
- human health and social work
- arts, entertainment and recreation
- other service activities
- households as employers and production for own use

- international organizations
- other, what? _____

9. Is the enterprise a family-owned company *? *(* Definition of a family business: www.perheyritystenliitto.fi/mika_on_perheyritys.67.html.)*
- yes
- no

10. What was the average number of full time employees in following years? *(* The number of employees refers to both hired employees and managers; 2 part-time = one full-time.)*
- 2011: _____
- 2012: _____
- 2013: _____

11. What was the enterprise's turnover (EUR) in following years? *(For example, 2 123 456,78 € → 2 123 000)*
- 2011: _____
- 2012: _____
- 2013: _____

12. What was the enterprise's company's profit (EUR) in following years? *(For example, 51 234,56 € → 51, 000; -51 234,56 € → -51, 000)*
- 2011: _____
- 2012: _____
- 2013: _____

Company performance

13. Does the enterprise aim at growing its financial performance*? (Scale: Not at all / Very little / A little / Somewhat / A lot / Very much)*

14. How do you think the following statements describe the term "successful business"? (*Scale: Strongly disagree / Disagree / I do not know / Agree / Strongly agree*)
- constant increase of financial performance
- minimizing expenses, maximizing incomes
- constant development of the enterprise
- gaining the set goals
- continuity of operation
- good position at the market

- satisfied customers
- good reputation of the enterprise
- ability to sustain independent way of live with acceptable income and comfort-level work contribution
- happiness of management and staff

15. How has the recession (2008-2013) affected the enterprise's financial performance? (*Scale: Very negative / somewhat negative / No / To some extent the positive / very positive)*
- Effect on the number of employees
- Effect on turnover
- Effect on profit

16. At which stage of growth you find the enterprise is? Please note that the company's growth may halt to any of the steps described below for several years. In addition, it is possible to move back to previous growth stages. (The model of five stages of growth by Churchill and Lewis from year 1983 is used.)
- Stage 1 - Existence: The entrepreneur and the enterprise's business are closely intertwined. The challenge is to find customers, deliver products and services to customers, and make sure there is sufficient number of liquid funds for the start-up phase. The owner is involved in all the company's activities and directly controls the employees. The structure of the organization is very simple. The company's main objective is to remain viable and alive.
- Stage 2 - Survival: The enterprise has proven to be a functional unit. The customers are satisfied and there are enough of them. The entrepreneur is still the enterprise's main leader, even though a few executives may have been hired. The main problem is balancing revenue and expenditure and achieving profitability. Business planning is not vastly performed, and at maximum, it includes sales forecasting. The company's organizational structure and control systems are simple. The company's main objective is to remain viable.
- Stage 3 - Success: The company has reached a sufficient size and a solid market position. The enterprise is rich in funds. The company has hired its first specialized employees, such as a controller. The company has grown to such size, that professional managers are needed to run it. The company actively uses financial and marketing systems, and business planning includes for example preparation of budgets. The entrepreneur may decide to maintain the current productive but a steady business, determine to start to expand the company or

withdraw from the company's operations and possibly start other parallel activities.

- Stage 4 - Growth: At this stage of growth the owner and the business are separated from each other. The organization is divided at minimum into sales and production units. The organization's management systems are developed, and they are more extensive than before. The company implements operational and strategic business planning. The main goal is rapid growth, and the main problem is to secure enough liquid funds to finance expenditure brought upon increase in growth and demand. The challenge withholds the owner's ability to delegate responsibility to other managers.

- Stage 5 - Maturity: At this point, the owner and the business are nearly completely separated from each other. Management level implements operational and strategic business planning. The organization is well developed and the organization's management systems are versatile and sophisticated. The main challenge is control and resettlement of funds brought about by the fast growth. A challenge is also to maintain the flexibility and entrepreneurial spirit of a small enterprise.

- None of the above mentioned phases apply, because... _____

17. Write down a list of factors that you find positively affecting the company's performance.

- _____

18. Write down a list of factors that you find negatively affecting the company's performance.

- _____

19. Which operations are performed in the enterprise and how much?
   Scale: Not at all / very little / a little / somewhat / very much / very much / I do not know

- Managerial business research and planning
- Goal-oriented business development
- Prediction of issues potentially affecting the business from the outside
- Search of new business opportunities
- Managerial decision-making and goal-setting
- Use of customer feedback in business development
- Staff training and development
- Staff motivation and investment in staff commitment (e.g. employee benefits)
- Proactively sustaining existing customer relationships
- Establishing new customer relationships

- Proactive sales, use of resources to sales
- After-sales/marketing, keeping in contact with the customer after deal
- Use of resources in marketing and promotion
- Performing market research
- Proactively sustaining existing supplier relationships
- Search for new suppliers and asking for offers
- Use of the latest technology, tools and solutions for working
- Monitoring competitors' activities, benchmarking
- Use of public business advisory services
- Use of private business advisory services
- Use of public financial support and grants
- (Proactively) sustaining existing cooperation networks
- Search of new cooperation partners (not customers / suppliers)
- Use of distribution channel in sales
- Expanding to new markets
- Keeping track of financial reports on the (sales, purchases, income statement, balance sheet ...)
- The work is busy, the days are long

20. How important are the following factors in terms of your company's performance? *Scale: Very unimportant / Somewhat unimportant / Neutral / Somewhat important / very important / I do not know*
- Managerial skill and knowledge
- Managerial human leadership
- Management personality and characteristics
- Innovativeness
- Working hard / long days at work
- Ability to cope with stress
- Support from the family
- Conflicts
- Differences of points of views of different generations
- Good work atmosphere and team spirit
- Staffs' strong skills
- Staff's experience and educational background
- Long-term customer relationships
- Good knowledge of customers and their needs
- Ability to adjust to customers' special demands
- Better than competitor customer service
- Sales skills
- Effect of sales
- Marketing and promotion skills

- Effect of marketing and promotion
- Good relationships with suppliers/manufacturers
- Product and / or service good quality
- Product and / or service availability (customer persp.)
- Product and / or service low price
- Product and / or service good reputation
- Good reputation of the company
- Well known company
- Representatives' market position
- Competitiveness of the industry
- Characteristics of the industry
- National/International economical situation

Additional information

21. Additional information and feedback on research.
- _____

22. Name and address for participating in the lottery (confidential):
- _____

23. Do you want a summary of the study results to your email (confidential)?
- yes, e-mail: _____
- no

Appendix 2: The questionnaire (in Finnish)

PIENYRITYKSEN SUORITUSKYKYYN VAIKUTTAVAT TEKIJÄT

Tämän kyselyn tavoitteena on selvittää mitkä tekijät vaikuttavat pienen yrityksen suorituskykyyn ja missä määrin. Kysely on osa allekirjoittaneen pro gradu -projektia Lappeenrannan teknilliselle yliopistolle keväällä 2014. Kaikki vastaukset ovat erittäin arvokkaita. Oikeita tai vääriä vastauksia ei ole - pyydämme vastaamaan oman mielipiteenne ja kokemuksenne mukaisesti. Tutkimuksen vastaamiseen kuluu aikaa noin 10 minuuttia.

Kyselyyn vastanneiden kesken arvotaan 40 suklaalevyä. Mikäli haluat osallistua arvontaan, jätä yhteystietosi kyselylomakkeen viimeisellä sivulla.

Yhteenveto tutkimuksen tuloksista toimitetaan niistä kiinnostuneille vastaajille sähköpostitse. Voitte halutessanne käyttää tutkimuksen tuloksia oman liiketoimintanne kehittämiseen.

Kaikki vastaukset käsitellään luottamuksellisesti. Henkilökohtaisia tietoja ei käytetä muuhun kuin arvontaan ja tutkimustulosten lähettämiseen vastaajille.

Kysely on avoinna perjantaihin 2.5.2014 asti.

Kiitos yhteistyöstä!

Amanda Niinisaari

Tästä linkistä pääset kyselyyn: - - -
Voit myös kopioida alla olevan URL-osoitteen selaimeesi: - - -
Mikäli et halua saada lähettäjältä sähköpostia jatkossa: - - -

Vastaajan tiedot

1. Vastaajan sukupuoli?
   - mies
   - nainen

2. Vastaajan ikä?
   - alle 18 vuotta
   - 18-24 vuotta
   - 25-34 vuotta
   - 35-44 vuotta

- 45-54 vuotta
- 55-64 vuotta
- yli 65 vuotta

3. Vastaajan asema yrityksessä? *(Voitte valita useita vastauksia kerrallaan.)*
- perustaja
- omistajajohtaja
- palkattu ammattijohtaja
- muu, mikä?

4. Kuinka monta vuotta olette toimineet tässä tehtävässä yrityksen palveluksessa? (Pyöristäkää lähimpään kokonaislukuun.)
- _____ vuotta

5. Mikä on korkein koulutusasteenne?
- perusaste (kansakoulu, kansalaiskoulu, keskikoulu, peruskoulu)
- keskiaste (mm. ammatti- ja erikoisammattitutkinto, ylioppilastutkinto)
- alin korkea-aste (teknikko, merkonomi)
- alempi korkeakouluaste (mm. alempi yliopistotutkinto, ammattikorkeakoulututkinto)
- ylempi korkeakouluaste (mm. ylempi ammattikorkeakoulututkinto, maisteri, diplomi-insinööri)
- muu, mikä? _____

6. Mikä alla olevista väittämistä kuvaa parhaiten työkokemustanne (poislukien kokemus nykyisessä työpaikassa)?
- ei aiempaa työkokemusta
- työkokemusta pääasiassa työntekijänä
- työkokemusta pääasiassa johtajana
- yhtä paljon työkokemusta sekä työntekijänä että johtajana

6b. Jos teillä on aiempaa työkokemusta, miltä aloilta sitä on (poislukien kokemus nykyisestä työstä)? *(Voitte valita useita vastauksia kerrallaan.)*
- johtaminen
- suunnittelu
- tutkimus ja kehitys
- hankinnat ja logistiikka
- tuotanto
- myynti
- markkinointi ja promootio

- rahoitus
- taloushallinto
- muu, mikä? _____

6c. Jos teillä on aiempaa työkokemusta, kuinka monta vuotta sitä on yhteensä (poislukien kokemus nykyisestä työstä)? *(Pyöristäkää lähimpään kokonaislukuun.)*
- _____ vuotta

Yrityksen tiedot

7. Minä vuonna yrityksenne on perustettu?
- Vuonna _____

8. Mikä on yrityksenne päätoimiala? *(Luokittelussa on käytetty Tilastokeskuksen TOL 2008 toimialaluokitusta.)*
- maatalous, metsätalous ja kalatalous
- kaivostoiminta ja louhinta
- teollisuus
- sähkö-, kaasu- ja lämpöhuolto, jäähdytysliiketoiminta
- vesihuolto, viemäri- ja jätevesihuolto, jätehuolto ja muu ympäristön puhtaanapito
- rakentaminen
- tukku- ja vähittäiskauppa; moottoriajoneuvojen ja moottoripyörien korjaus
- kuljetus ja varastointi
- majoitus- ja ravitsemistoiminta
- informaatio ja viestintä
- rahoitus- ja vakuutustoiminta
- kiinteistöalan toiminta
- ammatillinen, tieteellinen ja tekninen toiminta
- hallinto- ja tukipalvelutoiminta
- julkinen hallinto ja maanpuolustus; pakollinen sosiaalivakuutus
- koulutus
- terveys- ja sosiaalipalvelut
- taiteet, viihde ja virkistys
- muu palvelutoiminta
- kotitalouksien toiminta työnantajina; kotitalouksien eriyttämätön toiminta tavaroiden ja palvelujen tuottamiseksi omaan käyttöön
- kansainvälisten organisaatioiden ja toimielinten toiminta

- muu, mikä? _____

9. Onko yrityksenne perheyritys*? *(* Perheyritysten liiton määritelmä: www.perheyritystenliitto.fi/mika_on_perheyritys.67.html.)*
   - kyllä
   - ei

10. Mikä oli yrityksenne kokoaikaisen henkilöstön* määrä keskimäärin seuraavina vuosina? *(* Henkilöstö käsittää palkansaajat ja yrittäjät; 2 osa-aikaista = yksi kokoaikainen.)*
    - 2011: _____
    - 2012: _____
    - 2013: _____

11. Mikä oli yrityksenne liikevaihto (EUR) seuraavina vuosina?
    (Esim. 2 123 456,78 € → 2 123 000)
    - 2011: _____
    - 2012: _____
    - 2013: _____

12. Mikä oli yrityksenne tulos (EUR) seuraavina vuosina?
    (Esim. 51 234,56 € → 51 000; -51 234,56 € → -51 000)
    - 2011: _____
    - 2012: _____
    - 2013: _____

Yrityksen suorituskyky

13. Tähtääkö yrityksenne mielestänne taloudellisen suorituskyvyn kasvuun? (*Asteikko: Ei lainkaan / Erittäin vähän / Vähän / Jonkin verran / Paljon / Erittäin paljon*)

	Ei lainkaan	Erittäin vähän	Vähän	Jonkin verran	Paljon	Erittäin paljon	
- Toiminnan tasainen jatkuvuus - Vähäinen riskinotto - Hyväksyttävä tulotaso - Mukavuustason työpanos	○	○	○	○	○	○	- Taloudellisen suorituskyvyn jatkuva kasvu - Korkea riskinotto - Tulojen maksimointi - Kova työpanos
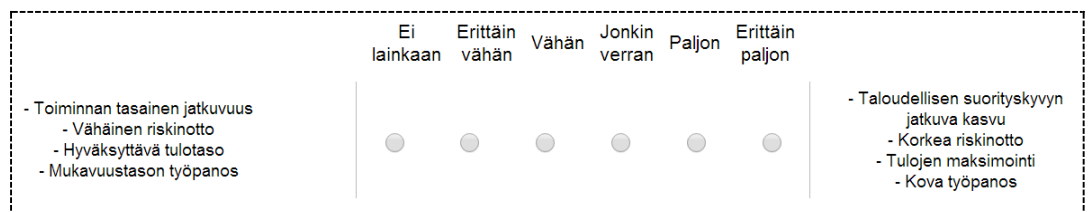
14. Miten seuraavat asiat kuvaavat mielestänne termiä "menestyvä yritys"?
    (Asteikko: Täysin eri mieltä / Jokseenkin eri mieltä / En osaa sanoa / Jokseenkin samaa mieltä / Täysin samaa mieltä)

- taloudellisen suorituskyvyn jatkuva kasvu
- kulujen minimointi, tuottojen maksimointi
- yrityksen jatkuva kehittyminen
- asetettujen tavoitteiden saavuttaminen
- toiminnan jatkuvuus
- hyvä markkina-asema
- tyytyväiset asiakkaat
- yrityksen hyvä maine
- kyky ylläpitää itsenäistä elämäntapaa hyväksyttävällä tulotasolla, mukavuustason työpanoksella
- johdon ja henkilöstön onnellisuus

15. Minkälainen vaikutus taantumalla (vuosina 2008-2013) on ollut yrityksenne taloudelliseen suorituskykyyn? (*Asteikko: Erittäin negatiivinen / Jonkin verran negatiivinen / Ei vaikutusta / Jonkin verran positiivinen / Erittäin positiivinen*)
- Vaikutus henkilöstömäärään
- Vaikutus liikevaihtoon
- Vaikutus tulokseen

16. Missä kasvun elinkaaren vaiheessa yrityksenne on mielestänne tällä hetkellä? Huomatkaa, että yrityksen kasvu voi pysähtyä johonkin edellä kuvatuista vaiheista useiksi vuosiksi. Lisäksi etenemisen sijaan elinkaarella voi siirtyä takaisin edellisiin vaiheisiin. (Malli perustuu Churchillin ja Lewisin kehittämään yrityksen viiden kasvuvaiheen malliin vuodelta 1983.)

- Vaihe 1 - Olemassaolo: Yrittäjä ja yrityksen liiketoiminta ovat vahvasti kietoutuneet toisiinsa. Haasteena on asiakkaiden löytäminen, tuotteiden ja palvelujen toimittaminen asiakkaalle sekä käynnistämisvaiheessa tarvittavien likvidien varojen riittävyys. Omistaja osallistuu kaikkiin yrityksen toimintoihin ja valvoo suoraan mahdollisia alaisiaan. Organisaatio on rakenteeltaan yksinkertainen. Yrityksen päätavoitteena on pysyä elinkelpoisena ja elossa.
- Vaihe 2 - Selviytyminen: Yritys on osoittautunut toimivaksi kokonaisuudeksi. Asiakkaat ovat tyytyväisiä ja heitä on riittävän suuri määrä. Yrittäjä on edelleen yrityksen päävetäjä, vaikka mahdollisesti muutama johtotason henkilö onkin jo palkattu. Pääongelmana on tulojen ja menojen tasapainottaminen ja toiminnan kannattavuuden saavuttaminen. Liikkeenjohdollinen suunnittelu on vähäistä ja sisältää enintään myynnin ennakointia.

Yrityksen organisaatiorakenne ja sen hallintajärjestelmät on edelleen yksinkertaisia. Yrityksen päätavoitteena on elinkelpoisena pysyminen.

- Vaihe 3 - Menestyminen: Yritys on saavuttanut riittävän koon ja vakaan markkina-aseman. Varoja on runsaasti. Yritykseen palkataan ensimmäiset erikoistuneet työntekijät, kuten kontrolleri. Yritys on kasvanut siihen kokoon, että sen johtoon tarvitaan ammattijohtajia. Yritys käyttää aktiivisesti talous- ja markkinointijärjestelmiä ja liikkeenjohdollinen suunnittelu sisältää mm. budjettien laadintaa. Yrittäjä voi päättää ylläpitää nykyistä tasaista mutta tuotteliasta liiketoimintaa, lähteä kasvattamaan yritystä tai irtaantua yrityksen toiminnasta ja mahdollisesti aloittaa muuta rinnakkaista toimintaa.
- Vaihe 4 - Kasvu: Tässä kasvun vaiheessa omistaja ja yritys ovat melko pitkälti eriytyneet toisistaan. Organisaatio on jakautunut ainakin myynti- ja tuotantoyksiköiksi. Organisaation hallintajärjestelmät ovat kehittyneet ja aiempaa laajemmat. Yrityksessä toteutetaan operationaalista ja strategista liikkeenjohdollista suunnittelua. Päätavoitteena on nopea kasvu ja pääongelmana riittävät likvidit rahat kasvun ja kysynnän tuomien kulujen rahoittamiseen. Haasteena on omistajan kyvyt delegoida vastuuta muille johtajille.
- Vaihe 5 - Kypsyys: Tässä vaiheessa omistaja ja yritys ovat miltei täysin eriytyneet toisistaan. Johtoportaassa toteutetaan operationaalista ja strategista liikkeenjohdollista suunnittelua. Organisaatio on pitkälle kehitetty ja organisaation hallintajärjestelmät ovat monipuolisia ja kehittyneitä. Päähaasteena on nopean kasvun mukanaan tuomien tulojen hallinta ja uudelleensijoittaminen. Haasteena on myös pienelle yritykselle ominaisen joustavuuden ja yrittäjähenkisyyden säilyttäminen.
- Mikään kasvuvaiheista ei päde yritykseemme, sillä... _____

17. Listatkaa tähän allekkain tekijöitä, jotka mielestänne vaikuttavat yrityksenne suorituskykyyn positiivisesti.

- _____

18. Listatkaa tähän allekkain tekijöitä, jotka mielestänne vaikuttavat yrityksenne suorituskykyyn negatiivisesti.

- _____

19. Mitä toimia yrityksessänne toteutetaan ja kuinka paljon? (*Asteikko: Ei lainkaan / Erittäin vähän / Vähän / Jonkin verran / Paljon / Erittäin paljon / En osaa sanoa*)

- Liikkeenjohdollinen tutkimus ja suunnittelu
- Tavoitteellinen yrityksen kehittäminen
- Yritykseen sen ulkopuolelta vaikuttavien asioiden ennakointi
- Uusien liiketoimintamahdollisuuksien etsintä
- Liikkeenjohdollinen tavoiteasetanta ja päätöksenteko
- Asiakaspalautteen käyttö yrityksen kehittämiseen
- Taloushallinnon raporttien seuraaminen (myynti, ostot, tuloslaskelma, tase...)
- Henkilöstön kouluttaminen ja kehittäminen
- Henkilöstön motivaatioon ja sitoutumiseen panostaminen (mm. henkilöstöedut)
- Olemassa olevan asiakassuhteen proaktiivinen ylläpito
- Uusien asiakassuhteiden luominen
- Proaktiivinen myynti, resurssien käyttäminen myyntityöhön
- Jälkimarkkinointi, yhteydenpito asiakkaaseen kaupan jälkeen
- Resurssien käyttäminen markkinointiin ja promootioon
- Markkinatutkimusten teko
- Olemassa olevien toimittajasuhteiden ylläpito
- Uusien toimittajien etsintä ja kilpailutus
- Uusimman teknologian, työvälineiden ja ratkaisujen hyödyntäminen työnteossa
- Kilpailijoiden toimien tarkkailu, benchmarkkaus
- Julkisten yritysneuvontapalvelujen käyttö
- Yksityisten yritysneuvontapalvelujen käyttö
- Julkisen rahoitustuen ja avustusten käyttö
- Olemassa olevien yhteistyöverkostojen ylläpito
- Uusien yhteistyökumppaneiden (ei asiakkaat / toimittajat) etsintä
- Jakelukanavan käyttö tuotteiden myynnissä
- Uusille markkinoille laajentaminen
- Työ on kiireistä, työpäivät pitkiä

20. Miten merkittäviä seuraavat tekijät ovat yrityksenne suorituskyvyn kannalta? (*Asteikko: Erittäin merkityksetön / Jokseenkin merkityksetön / Neutraali / Jokseenkin merkittävä / Erittäin merkittävä / En osaa sanoa*)
    - Liikkeenjohdon tiedot ja taidot
    - Liikkeenjohdon ihmisten johtotaidot
    - Johdon luonteenlaatu ja ominaispiirteet
    - Innovatiivisuus
    - Kova työtahti / pitkät työpäivät
    - Kyky hallita stressiä

- Yrittäjän perheen tuki
- Johdon keskinäiset riidat
- Sukupolvien väliset näkemyserot
- Hyvä työilmapiiri ja yhteishenki
- Henkilöstön vahva osaamistaso
- Henkilöstön kokemus- ja koulutustausta
- Pitkäaikaiset kanta-asiakassuhteet
- Hyvä asiakkaiden ja heidän tarpeidensa tuntemus
- Kyky sopeutua joustavasti asiakkaiden erityistoivomuksiin
- Kilpailijoita parempi asiakaspalvelu
- Myyntitaidot
- Myynnin vaikutus
- Markkinointi- ja promootiotaidot
- Mainonnan ja promootion vaikutus
- Hyvät suhteet toimittajiin
- Tuotteiden ja/tai palvelujen korkea laatu
- Tuotteiden ja/tai palvelujen helppo saatavuus (asiakkaan kannalta)
- Tuotteiden ja/tai palvelujen alhainen hinta
- Tuotteiden ja/tai palvelujen hyvä maine
- Yrityksen hyvä maine
- Yrityksen tunnettuus
- Päämiesten markkina-asema
- Alan kilpailutilanne
- Toimialan luonne
- Vallitseva taloustilanne

Lisätiedot

21. Mahdolliset tarkennukset ja palaute tutkimukseen liittyen:
    - _____

22. Nimi ja postiosoite arvontaan osallistumista ja palkinnon toimittamista varten (luottamuksellinen):
    - _____

23. Haluatteko yhteenvedon tutkimuksen tuloksista sähköpostiinne (luottamuksellinen)?
    - kyllä, sähköpostiosoite: _____
    - ei

Appendix 3: Significance of difference between very successful, successful, unsuccessful and very unsuccessful enterprises

Difference between successful and very successful enterprises in the change of number of employees:

t Test

The TTEST Procedure

Variable: hlö-muutos

1_tosimen_2_men	N	Mean	Std Dev	Std Err	Minimum	Maximum
1	20	1.8209	0.8858	0.1981	1.1579	5.0000
2	47	1.1904	0.4387	0.0640	0.6667	3.3333
Diff (1-2)		0.6305	0.6046	0.1614		

1_tosimen_2_men	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
1		1.8209	1.4063	2.2355	0.8858	0.6737	1.2938
2		1.1904	1.0616	1.3192	0.4387	0.3645	0.5510
Diff (1-2)	Pooled	0.6305	0.3081	0.9528	0.6046	0.5162	0.7299
Diff (1-2)	Satterthwaite	0.6305	0.1999	1.0610			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	65	3.91	0.0002
Satterthwaite	Unequal	23.068	3.03	0.0060

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	19	46	4.08	<.0001

Difference between successful and very successful enterprises in the change of turnover:

t Test

The TTEST Procedure

Variable: lv-muutos

1_tosimen_2_men	N	Mean	Std Dev	Std Err	Minimum	Maximum
1	20	1.5213	0.5012	0.1121	1.0753	3.0000
2	47	1.6874	2.1990	0.3208	0	16.0526
Diff (1-2)		-0.1661	1.8696	0.4991		

1_tosimen_2_men	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
1		1.5213	1.2867	1.7559	0.5012	0.3812	0.7321
2		1.6874	1.0418	2.3331	2.1990	1.8273	2.7619
Diff (1-2)	Pooled	-0.1661	-1.1630	0.8307	1.8696	1.5962	2.2570

Diff (1-2)	Satterthwaite-0.1661-0.84680.5145

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	65	-0.33	0.7403
Satterthwaite	Unequal	55.901	-0.49	0.6268

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	46	19	19.25	<.0001

Difference between unsuccessful and very unsuccessful enterprises in the change of number of employees:

t Test

The TTEST Procedure

Variable: hlö-muutos

3_epäonn_4_tosiepäonn	N	Mean	Std Dev	Std Err	Minimum	Maximum
3	33	0.8650	0.3143	0.0547	0	2.0000
4	13	0.6581	0.1312	0.0364	0.4000	0.8333
Diff (1-2)		0.2070	0.2767	0.0906		

3_epäonn_4_tosiepäonn	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
3		0.8650	0.7536	0.9765	0.3143	0.2528	0.4157
4		0.6581	0.5788	0.7374	0.1312	0.0941	0.2166
Diff (1-2)	Pooled	0.2070	0.0244	0.3895	0.2767	0.2290	0.3495
Diff (1-2)	Satterthwaite	0.2070	0.0745	0.3394			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	44	2.28	0.0272
Satterthwaite	Unequal	43.745	3.15	0.0029

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	32	12	5.74	0.0026

Difference between unsuccessful and very unsuccessful enterprises in the change of turnover:

t Test

The TTEST Procedure

Variable: lv-muutos

3_epäonn_4_tosiepäonn	N	Mean	Std Dev	Std Err	Minimum	Maximum
3	33	0.6752	0.2686	0.0468	0.0833	1.0139
4	13	0.6421	0.2111	0.0585	0.3193	0.9571

Diff (1-2)		0.0331	0.2542	0.0832

3_epäonn_4_tosiepäonn	Method	Mean	95% CL Mean	Std Dev	95% CL Std Dev	
3		0.6752	0.5800 0.7705	0.2686	0.2160	0.3553
4		0.6421	0.5145 0.7696	0.2111	0.1514	0.3484
Diff (1-2)	Pooled	0.0331	-0.1346 0.2009	0.2542	0.2104	0.3211
Diff (1-2)	Satterthwaite	0.0331	-0.1203 0.1866			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	44	0.40	0.6924
Satterthwaite	Unequal	27.933	0.44	0.6616

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	32	12	1.62	0.3770

Appendix 4: Difference between very successful, successful, unsuccessful and very unsuccessful enterprises with several variables

1a. Manager level of education / successful and unsuccessful enterprises

Nonparametric One-Way ANOVA

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Johtajan_koul_aste Classified by Variable 2-jako_1men_2epäo					
2-jako_1men_2epäo	N	Sum of Scores	Expected Under H0	Std Dev Under H0	Mean Score
1	63	3387.0	3433.50	154.309189	53.761905
2	45	2499.0	2452.50	154.309189	55.533333
Average scores were used for ties.					

Wilcoxon Two-Sample Test	
Statistic	2499.0000
Normal Approximation	
Z	0.2981
One-Sided Pr > Z	0.3828
Two-Sided Pr > |Z|	0.7656
t Approximation	
One-Sided Pr > Z	0.3831
Two-Sided Pr > |Z|	0.7662
Z includes a continuity correction of 0.5.	

1b. Manager level of education / very successful and very unsuccessful enterprises

Nonparametric One-Way ANOVA

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Johtajan_koul_aste Classified by Variable 4-jako_1_tosimen4_tosiepäo					
4-jako_1_tosimen4_tosiepäo	N	Sum of Scores	Expected Under H0	Std Dev Under H0	Mean Score
4	12	194.0	198.0	24.299044	16.166667
1	20	334.0	330.0	24.299044	16.700000
Average scores were used for ties.					

Wilcoxon Two-Sample Test

Statistic	194.0000
Normal Approximation	
Z	-0.1440
One-Sided Pr < Z	0.4427
Two-Sided Pr > |Z|	0.8855
t Approximation	
One-Sided Pr < Z	0.4432
Two-Sided Pr > |Z|	0.8864
Z includes a continuity correction of 0.5.	

2a. Manager earlier work experience by its type / successful and unsuccessful enterprises

Table Analysis
Results

The FREQ Procedure

Table of Johtajan työkok.tyyppi1-4 by 2-jako_1men_2epäo				
		2-jako_1men_2epäo		
		1	2	Total
Johtajan työkok.tyyppi1-4				
1	**Frequency**	4	4	8
	Expected	4.6667	3.3333	
	Col Pct	6.35	8.89	
2	**Frequency**	22	16	38
	Expected	22.167	15.833	
	Col Pct	34.92	35.56	
3	**Frequency**	10	3	13
	Expected	7.5833	5.4167	
	Col Pct	15.87	6.67	
4	**Frequency**	27	22	49
	Expected	28.583	20.417	
	Col Pct	42.86	48.89	
Total	**Frequency**	63	45	108
Frequency Missing = 97				

Statistics for Table of Johtajan työkok.tyyppi1-4 by 2-jako_1men_2epäo

Statistic	DF	Value	Prob
Chi-Square		32.2904	0.5144

2b. Manager earlier work experience by its type / very successful and very unsuccessful enterprises

Table Analysis
Results

The FREQ Procedure

Table of 4-jako_1_tosimen4_tosiepäo by Johtajan työkok.tyyppi1-4						
		Johtajan työkok.tyyppi1-4				
		1	2	3	4	Total
4-jako_1_tosimen4_tosiepäo						
1	**Frequency**	1	7	4	8	20
	Expected	0.625	6.875	2.5	10	
	Col Pct	100.00	63.64	100.00	50.00	
4	**Frequency**	0	4	0	8	12
	Expected	0.375	4.125	1.5	6	
	Col Pct	0.00	36.36	0.00	50.00	
Total	**Frequency**	1	11	4	16	32
Frequency Missing = 173						

Statistics for Table of 4-jako_1_tosimen4_tosiepäo by Johtajan työkok.tyyppi1-4

Statistic	DF	Value	Prob
Chi-Square	34.07	27	0.2537

3a. Manager earlier work experience years / successful and unsuccessful enterprises

t Test

The TTEST Procedure

Variable: Korjattu_työkok_johtajat

2-jako_1men_2epäo	N	Mean	Std Dev	Std Err	Minimum	Maximum
1	57	15.3509	11.0623	1.4652	2.0000	60.0000
2	42	11.7619	7.5249	1.1611	1.0000	28.0000
Diff (1-2)		3.5890	9.7254	1.9777		

2-jako_1men_2epäo	Method	Mean	95% CL Mean		Std Dev	95% CL Std Dev	
1		15.3509	12.4157	18.2861	11.0623	9.3394	13.5707
2		11.7619	9.4170	14.1068	7.5249	6.1916	9.5956
Diff (1-2)	Pooled	3.5890	-0.3362	7.5142	9.7254	8.5283	11.3165
Diff (1-2)	Satterthwaite	3.5890	-0.1218	7.2997			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	97	1.81	0.0727
Satterthwaite	Unequal	96.461	1.92	0.0578

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	56	41	2.16	0.0110

3b. Manager earlier work experience years / very successful and very unsuccessful enterprises

t Test

The TTEST Procedure

Variable: Korjattu_työkok_johtajat

4-jako_1_tosimen4_tosiepäo	N	Mean	Std Dev	Std Err	Minimum	Maximum
1	18	14.7222	10.1680	2.3966	2.0000	38.0000
4	12	13.7500	6.9821	2.0156	1.0000	28.0000
Diff (1-2)		0.9722	9.0512	3.3732		

4-jako_1_tosimen4_tosiepäo	Method	Mean	95% CL Mean	Std Dev	95% CL Std Dev	
1		14.7222	9.6658 19.7787	10.1680	7.6300 15.2433	
4		13.7500	9.3138 18.1862	6.9821	4.9461 11.8548	
Diff (1-2)	Pooled	0.9722	-5.9374 7.8818	9.0512	7.1828 12.2413	
Diff (1-2)	Satterthwaite	0.9722	-5.4429 7.3874			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	28	0.29	0.7753
Satterthwaite	Unequal	27.946	0.31	0.7585

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	17	11	2.12	0.2071

4a. Age of the enterprise / successful and unsuccessful enterprises

t Test

The TTEST Procedure

Variable: Yrityksen_ikä

Men_epäonn	N	Mean	Std Dev	Std Err	Minimum	Maximum
1	33	16.3030	12.4210	2.1622	2.0000	63.0000
2	47	29.3404	17.8560	2.6046	4.0000	86.0000
Diff (1-2)		-13.0374	15.8533	3.6005		

Men_epäonn	Method	Mean	95% CL Mean	Std Dev	95% CL Std Dev
1		16.3030	11.8987 20.7073	12.4210	9.9888 16.4291
2		29.3404	24.0977 34.5832	17.8560	14.8379 22.4269
Diff (1-2)	Pooled	-13.0374	-20.2054 -5.8694	15.8533	13.7086 18.7999
Diff (1-2)	Satterthwaite	-13.0374	-19.7766 -6.2982		

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	78	-3.62	0.0005
Satterthwaite	Unequal	77.998	-3.85	0.0002

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	46	32	2.07	0.0333

4b. Age of the enterprise / very successful and very unsuccessful enterprises

t Test

The TTEST Procedure

Variable: Yrityksen_ikä

Tosimen_tosiepäonn	N	Mean	Std Dev	Std Err	Minimum	Maximum
1	20	15.2000	9.4122	2.1046	3.0000	30.0000
2	17	29.8824	24.2973	5.8930	4.0000	86.0000
Diff (1-2)		-14.6824	17.8317	5.8824		

Tosimen_tosiepäonn	Method	Mean	95% CL Mean	Std Dev	95% CL Std Dev
1		15.2000	10.7950	19.6050	9.4122	7.1579	13.7472
2		29.8824	17.3898	42.3749	24.2973	18.0959	36.9788
Diff (1-2)	Pooled	-14.6824	-26.6243	-2.7404	17.8317	14.4630	23.2604
Diff (1-2)	Satterthwaite	-14.6824	-27.7325	-1.6322			

Method	Variances	DF	t Value	Pr > |t|
Pooled	Equal	35	-2.50	0.0174
Satterthwaite	Unequal	20.067	-2.35	0.0293

Equality of Variances				
Method	Num DF	Den DF	F Value	Pr > F
Folded F	16	19	6.66	0.0002

5a. Industry / successful and unsuccessful enterprises

Table Analysis
Results

The FREQ Procedure

Table of Korjattu toimiala by 2-jako_1men_2epäo			
		2-jako_1men_2epäo	
		1	2 Total
Korjattu toimiala			
1	Expected	0.5877	0.4123
	Col Pct	1.49	0.00
3	Expected	16.456	11.544

		Col Pct	19.40	31.91	
	4	Expected	0.5877	0.4123	
		Col Pct	0.00	2.13	
	5	Expected	0	0	
		Col Pct	0.00	0.00	
	6	Expected	6.4649	4.5351	
		Col Pct	11.94	6.38	
	7	Expected	9.4035	6.5965	
		Col Pct	8.96	21.28	
	8	Expected	5.8772	4.1228	
		Col Pct	8.96	8.51	
	9	Expected	4.114	2.886	
		Col Pct	10.45	0.00	
	10	Expected	4.7018	3.2982	
		Col Pct	7.46	6.38	
	11	Expected	0	0	
		Col Pct	0.00	0.00	
	12	Expected	2.3509	1.6491	
		Col Pct	5.97	0.00	
	13	Expected	7.6404	5.3596	
		Col Pct	13.43	8.51	
	14	Expected	1.1754	0.8246	
		Col Pct	1.49	2.13	
	16	Expected	0.5877	0.4123	
		Col Pct	0.00	2.13	
	17	Expected	2.3509	1.6491	
		Col Pct	4.48	2.13	
	18	Expected	1.1754	0.8246	
		Col Pct	0.00	4.26	
	19	Expected	3.5263	2.4737	
		Col Pct	5.97	4.26	
Total		Frequency	67	47	114
		Frequency Missing = 91			

Statistics for Table of Korjattu toimiala by 2-jako_1men_2epäo

(Rows and Columns with Zero Totals Excluded)

Statistic	DF	Value	Prob
Chi-Square	14	21.0443	0.1005

5b. Industry / very successful and very unsuccessful enterprises

Table Analysis
Results

The FREQ Procedure

Table of Korjattu toimiala by 4-jako_1_tosimen4_tosiepäo				
		4-jako_1_tosimen4_tosiepäo		
		1	4	Total
Korjattu toimiala				
1	Frequency	0	0	0
	Expected	0	0	
	Col Pct	0.00	0.00	
3	Frequency	1	5	6
	Expected	3.6364	2.3636	
	Col Pct	5.00	38.46	
4	Frequency	0	1	1
	Expected	0.6061	0.3939	
	Col Pct	0.00	7.69	
5	Frequency	0	0	0
	Expected	0	0	
	Col Pct	0.00	0.00	
6	Frequency	4	1	5
	Expected	3.0303	1.9697	
	Col Pct	20.00	7.69	
7	Frequency	2	1	3
	Expected	1.8182	1.1818	
	Col Pct	10.00	7.69	
8	Frequency	2	2	4
	Expected	2.4242	1.5758	
	Col Pct	10.00	15.38	
9	Frequency	3	0	3
	Expected	1.8182	1.1818	
	Col Pct	15.00	0.00	
10	Frequency	1	1	2
	Expected	1.2121	0.7879	
	Col Pct	5.00	7.69	
11	Frequency	0	0	0
	Expected	0	0	
	Col Pct	0.00	0.00	
12	Frequency	1	0	1
	Expected	0.6061	0.3939	
	Col Pct	5.00	0.00	
13	Frequency	3	1	4
	Expected	2.4242	1.5758	

	Col Pct	15.00	7.69	
14	**Frequency**	0	0	0
	Expected	0	0	
	Col Pct	0.00	0.00	
16	**Frequency**	0	0	0
	Expected	0	0	
	Col Pct	0.00	0.00	
17	**Frequency**	1	0	1
	Expected	0.6061	0.3939	
	Col Pct	5.00	0.00	
18	**Frequency**	0	1	1
	Expected	0.6061	0.3939	
	Col Pct	0.00	7.69	
19	**Frequency**	2	0	2
	Expected	1.2121	0.7879	
	Col Pct	10.00	0.00	
Total	**Frequency**	20	13	33
Frequency Missing = 172				

Statistics for Table of Korjattu toimiala by 4-jako_1_tosimen4_tosiepäo

(Rows and Columns with Zero Totals Excluded)

Statistic	DF	Value	Prob
Chi-Square	11	13.9425	0.2362

6a. Family enterprise / successful and unsuccessful enterprises

Table of 1_men_2_luu by Q14				
		Q14		
		1	**2**	**Total**
1_men_2_luu				
1	**Frequency**	16	17	33
	Expected	20.37	12.63	
	Col Pct	32.00	54.84	
2	**Frequency**	34	14	48
	Expected	29.63	18.37	
	Col Pct	68.00	45.16	
Total	**Frequency**	50	31	81
Frequency Missing = 123				

Statistic	DF	Value	Prob
Chi-Square	1	4.1343	0.0420

6b. Family enterprise / very successful and very unsuccessful enterprises

Table Analysis
Results

The FREQ Procedure

Table of 4-jako_1_tosimen4_tosiepäo by Q14-Perheyritys		Q14-Perheyritys		
		1	2	Total
4-jako_1_tosimen4_tosiepäo				
1	Frequency	10	10	20
	Expected	10.909	9.0909	
	Col Pct	55.56	66.67	
4	Frequency	8	5	13
	Expected	7.0909	5.9091	
	Col Pct	44.44	33.33	
Total	Frequency	18	15	33
Frequency Missing = 172				

Statistics for Table of 4-jako_1_tosimen4_tosiepäo by Q14-Perheyritys

Statistic	DF	Value	Prob
Chi-Square		10.4231	0.5154

7a. Aim at increasing financial performance / successful and unsuccessful enterprises

Nonparametric One-Way ANOVA

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Q26_1-Tähtääkö_kasvuun Classified by Variable 2-jako_1men_2epäo					
2-jako_1men_2epäo	N	Sum of Scores	Expected Under H0	Std Dev Under H0	Mean Score
1	67	4002.50	3852.50	165.907050	59.738806
2	47	2552.50	2702.50	165.907050	54.308511
Average scores were used for ties.					

Wilcoxon Two-Sample Test	
Statistic	2552.5000
Normal Approximation	
Z	-0.9011
One-Sided $Pr < Z$	0.1838
Two-Sided $Pr > |Z|$	0.3675

t Approximation	
One-Sided Pr < Z	0.1847
Two-Sided Pr > |Z|	0.3694
Z includes a continuity correction of 0.5.	

7b. Aim at increasing financial performance / very successful and very unsuccessful enterprises

Nonparametric One-Way ANOVA

The NPAR1WAY Procedure

Wilcoxon Scores (Rank Sums) for Variable Q26_1-Tähtääkö_kasvuun Classified by Variable 4-jako_1_tosimen4_tosiepäo					
4-jako_1_tosimen4_tosiepäo	N	Sum of Scores	Expected Under H0	Std Dev Under H0	Mean Score
4	13	211.50	221.0	25.733004	16.269231
1	20	349.50	340.0	25.733004	17.475000
Average scores were used for ties.					

Wilcoxon Two-Sample Test	
Statistic	211.5000
Normal Approximation	
Z	-0.3497
One-Sided Pr < Z	0.3633
Two-Sided Pr > |Z|	0.7265
t Approximation	
One-Sided Pr < Z	0.3644
Two-Sided Pr > |Z|	0.7288
Z includes a continuity correction of 0.5.	

8a. Stage of growth / successful and unsuccessful enterprises

Wilcoxon Scores (Rank Sums) for Variable Q30-Kasvuvaihe Classified by Variable Men/ Epäonn					
Men/ Epäonn	N	Sum of Scores	Expected Under H0	Std Dev Under H0	Mean Score
1	30	1157.50	1035.0	73.991063	38.583333
2	38	1188.50	1311.0	73.991063	31.276316
Average scores were used for ties.					

Wilcoxon Two-Sample Test	
Statistic	1157.5000
Normal Approximation	

Wilcoxon Two-Sample Test	
Z	1.6488
One-Sided Pr > Z	0.0496
Two-Sided Pr > |Z|	0.0992
t Approximation	
One-Sided Pr > Z	0.0519
Two-Sided Pr > |Z|	0.1039
Z includes a continuity correction of 0.5.	

8b. Stage of growth / very successful and very unsuccessful enterprises

Wilcoxon Scores (Rank Sums) for Variable Q30-Kasvuvaihe Classified by Variable Tosimen/ Tosiepäonn					
Tosimen/ Tosiepäonn	N	Sum of Scores	Expected Under H0	Std Dev Under H0	Mean Score
1	17	318.0	272.0	23.223667	18.705882
2	14	178.0	224.0	23.223667	12.714286
Average scores were used for ties.					

Wilcoxon Two-Sample Test	
Statistic	178.0000
Normal Approximation	
Z	-1.9592
One-Sided Pr < Z	0.0250
Two-Sided Pr > |Z|	0.0501
t Approximation	
One-Sided Pr < Z	0.0297
Two-Sided Pr > |Z|	0.0594
Z includes a continuity correction of 0.5.	

Appendix 5: Differences in operations carried out in the enterprises

t Test	Successful / unsuccessful		Very successful / very unsuccessful	
Variable	**t Value**	**Pr > |t|**	**t Value**	**Pr > |t|**
Managerial business research and planning	-0,09	0,9259	-0,74	0,4648
Goal-oriented business development	-0,53	0,5944	-0,76	0,4529
Prediction of issues potentially affecting the business from the outside	-0,42	0,6787	-0,74	0,4656
Search of new business opportunities	-1,51	0,1348	-0,53	0,6005
Managerial decision-making and goal-setting	-0,57	0,5668	-0,99	0,3317
Use of customer feedback in business development	0,35	0,7241	-0,31	0,7556
Staff training and development	1,37	0,1739	0,05	0,9606
Staff motivation and investment in staff commitment (e.g. employee benefits)	1,39	0,1664	0,46	0,6469
Proactively sustaining existing customer relationships	0,30	0,7671	0,30	0,7666
Establishing new customer relationships	0,41	0,6828	-0,25	0,8050
Proactive sales, use of resources to sales	-0,71	0,4762	-1,16	0,2565
After-sales/marketing, keeping in contact with the customer after deal	-0,35	0,7259	0,00	1,0000
Use of resources in marketing and promotion	-0,89	0,3738	-0,58	0,5653
Performing market research	-2,26	**0,0256**	-1,61	0,1197
Proactively sustaining existing supplier relationships	-0,63	0,5292	-0,55	0,5856
Search for new suppliers and asking for offers	-0,72	0,4717	-0,41	0,6814
Use of the latest technology, tools and solutions for working	1,29	0,2003	0,43	0,6681
Monitoring competitors' activities, benchmarking	0,13	0,8973	0,67	0,5096
Use of public business advisory services	-1,01	0,3128	0,95	0,3522
Use of private business advisory services	-0,03	0,9730	1,16	0,2572
Use of public financial support and grants	-0,44	0,6616	1,60	0,3005
(Proactively) sustaining existing cooperation networks	1,62	0,1073	0,70	0,4914
Search of new cooperation partners (not customers / suppliers)	-0,02	0,9824	1,31	0,2004
Use of distribution channel in sales	-2,54	**0,0126**	-0,96	0,3457
Expanding to new markets	-2,51	**0,0134**	-0,17	0,8684
Keeping track of financial reports on the (sales, purchases, income statement, balance sheet ...)	0,59	0,5554	0,65	0,5242
The work is busy, the days are long	-0,69	0,4893	-1,02	0,3231

Appendix 6: Differences in factors affecting the enterprise performance

t Test	Successful / unsuccessful		Very successful / very unsuccessful	
Factor	**t Value**	**Pr > |t|**	**t Value**	**Pr > |t|**
Managerial skill and knowledge	1,52	0,1321	-0,17	0,8628
Managerial human leadership	1,31	0,1921	0,33	0,7404
Management personality and characteristics	1,20	0,3098	0,10	0,9242
Innovativeness	1,40	0,3001	0,05	0,9572
Working hard / long days at work	0,23	0,8153	-2,42	**0,0229**
Ability to cope with stress	-0,22	0,8283	-0,09	0,9273
Support from the family	-0,20	0,8419	0,78	0,4449
Good work atmosphere and team spirit	1,96	0,0539	0,79	0,4387
Staff's strong skills	1,31	0,1926	0,29	0,7752
Staff's experience and educational background	2,88	**0,0048**	1,51	0,1415
Long-term customer relationships	0,92	0,3583	1,70	0,0997
Good knowledge of customers and their needs	1,09	0,2779	0,64	0,5271
Ability to adjust to customers' special demands	-0,45	0,6560	0,08	0,9340
Better than competitor customer service	1,32	0,1894	2,11	0,0572
Sales skills	-1,01	0,3152	-1,61	0,1194
Effect of sales	-1,58	0,1168	-1,11	0,2759
Marketing and promotion skills	-1,28	0,2028	-0,87	0,3913
Effect of marketing and promotion	-1,68	0,0961	-0,07	0,9477
Good relationships with suppliers/manufacturers	-0,05	0,9583	0,17	0,8668
Product and/or service good quality	-0,08	0,9370	0,50	0,6194
Product and/or service availability (customer persp.)	-0,63	0,5314	-1,64	0,1119
Product and/or service low price	-0,34	0,7338	-1,70	0,0999
Product and/or service good reputation	-0,12	0,9086	0,83	0,4132
Good reputation of the company	1,29	0,1985	0,10	0,9202
Well known company	0,89	0,3747	-0,52	0,6104
Representatives' market position	0,56	0,5788	0,53	0,6026
Competitiveness of the industry	-1,37	0,1728	-0,41	0,6864
Characteristics of the industry	0,89	0,3757	1,13	0,2678
National/International economical situation	-1,68	0,0962	-1,18	0,2484
Conflicts	0,52	0,6075	0,05	0,9630
Differences of points of views of different generations	1,50	0,2957	1,00	0,3269