

Impact of Business Management on Small Business

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Abstract

In a management field, success and failure can be interpreted as measures of good or indifferent management, but it may occur for other reasons such as luck. Numerous terms have been used in the literature to describe firm failure, for example: bankruptcy, insolvency, liquidation, death, deregistering, discontinuance, ceasing to trade, closure, and exit. The overall aim of this research was to develop a clearer understanding of the factors that influence success of Micro Enterprises in Bamenda, as perceived by local small business managers. The prime motive for conducting this study is to get a comprehensive model relating to the various success factors for small business managers. The mixed methods approach is used to avoid common method bias that could affect the results of this research study. In the first phase, a quantitative approach was employed in the form of a survey questionnaire, in order to identify the critical success factors for small businesses in the city of Bamenda as perceived by small business managers and to classify and compare successful and less successful small businesses with respect to the identified factors.

The second phase adopted a qualitative approach to explore how small business managers see the factors that facilitate business 'success' in relation to their experiences in Bamenda. This study has shown that understanding the success of small businesses from the perspective of small business managers is a complex challenge. Findings of the two phases of the study showed that a host of internal as well as external factors, which are usually moderated by other variables, seem to influence business success in Bamenda. However, while many factors are conceptually similar to other studies in different contexts, others are context-based and closely linked to the specific characteristics of the situation in Bamenda. This finding suggests a close relationship with networking and business success. It can be suggested that the ability to develop relationships and to build a method of business that strengthens and manages relationships is a significant factor in Cameroonian business and society in general.

KEYWORDS: *Small Business Growth, Business Innovation, Entrepreneurship, Business Success, Strategies Planning, Financial Planning, HRM (Human Resource Management), Operations and Logistics.*

1. Introduction

The important contribution of a vibrant small businesses sector in the national economic and social development of a country has been widely recognized. In view of its increasing importance, the success of small businesses has been of interest to researchers, international organizations, and policy makers, at least since the Bolton report (1971), [1] and therefore has become the subject of a great deal of analysis. Attention to the Small business sector has

heightened because of the globalizing economy and the increasingly severe competition that is inherent in this development.

The importance of small businesses is well recognized in academic and policy literature [2]. Both developed and developing countries have realized the importance of small businesses in economic and social development. In Europe, the annual report of European small businesses confirmed that small businesses remain the European Union's economic backbone despite the global financial crisis [3]. Representing 99.8 per cent of all enterprises, small businesses contribute to 66 per cent of employment in the European Union. Small businesses in Cameroon play a pivotal role in the development of the country. The importance of small businesses is evidenced by their high presence in the economic structure of the country. According to the United Nations Economic Commission for Africa (UNECA) in 2008, stated that 90% of all Cameroonian firms are small businesses and account for 40% of production, 42% of investment, 35% of exports and 50% of all jobs. Through the conclusion of a series of free trade agreements with its main trading partners (European Union), Cameroon has embarked in a global economy characterized by fierce competition. This has left no choice for small businesses but to adapt to the hostile environment and engage in the process of identifying strategies to ensure their business success. Given this situation and being aware of the socio-economic importance of small businesses, the Cameroonian government has been taking necessary measures and actions to promote the sector and ensure its success. In this regard, the government has deployed the Emergence Covenant that aims to develop a very competitive small business sector [4].

The performance of Small Businesses has been of interest to many researchers, international organizations, and policy makers, at least, since the Bolton report (1971), [5] and therefore has become the subject of a great deal of analysis. This performance may have two strategic outcomes that are often referred to in the literature as firm success or failure. In a management field, success and failure can be interpreted as measures of good or indifferent management, but it may occur for other reasons such as luck [6]. Numerous terms have been used in the literature to describe firm failure, for example: bankruptcy, insolvency, liquidation, death, deregistering, discontinuance, ceasing to trade, closure, and exit. These terms overlap each other to some extent and thus, the concept of failure is ambiguous, as it can have different interpretations by different people [7]. The many different interpretations and definitions of both success and failure make it very hard to compare research findings on the performance of small firms. Very often, the terms 'success', 'survival', 'growth' are very closely linked and sometimes used interchangeably. Besides the multi-dimensional aspect of success, variables that contribute to the success of small business managers are not unanimously

agreed upon by researchers. While some analysts suggested that the dynamics of the success of businesses remain a black box, others argued that the success of enterprises is a function of both external and internal factors [8].

Small business managers are driven to achieve success by several motivators. A driving force for most owner managers to succeed in business was poverty. There is also a strong desire to provide a better life for their children, which is the result of the small business manager's own economically deprived childhood. They have a determination to succeed and have control of their life. They achieve self-determination by economic independence. The need to network and interact with non-indigenes of Bamenda is therefore essential for the business success. The intrinsic motivator for small business managers is to provide for their

family, to give their children a better life than what they experienced, and to escape the entrapments of poverty. Discrimination combined with lack of capital and access to micro-credit was seen as the major inhibitors to business success. These broad ranging topics were seen to be of related interest and in the spirit of the, deemed to require further discussion. As argued by Man and Lau Small businesses are more likely than larger firms to be affected by changes in their internal and external environment. Thus, an important issue arises concerning the ability of small and medium firms to scope in a very challenging environment [9]. In attempt to address this issue, the present study has been undertaken with the aim of developing a clearer understanding of the factors that influence success of small businesses in Bamenda, as perceived by local small business managers.



Figure: Flowchart of Effective Business

The prime motive for conducting this study is to get a comprehensive model relating to the various success factors for small business managers. Although there have been a number of studies, these have focused solely on a narrow range of financial success measures. None of these prior studies adopted a systematic review process and the majority of them lie in the grey literature. Arguably, this limits their value and explains their limited research approaches. The need for this present study seems therefore self-evident. Based on a systematic literature review, the study addresses this knowledge gap by developing a comprehensive model of various success factors in the context of Bamenda, using both financial and non-financial measures of performance. It is the first study to be conducted in such context. Bamenda is unequivocally a cosmopolitan city, rich in historical and multi-cultural background. The choice of Bamenda rests firstly on its strategic location, secondly on the recent and increasing investment in the city and thirdly its role as the third most important business city in Cameroon. The present study is expected to make a number of contributions in a number of ways. From a theoretical perspective, the study adds new knowledge and extends the growing body of literature in the field of Entrepreneurial Business Innovation. The study has the potential to contribute to the understanding of the critical success factors for small business managers in the city of Bamenda. It is designed to give rise to a situational model, based on the Bamenda small business managers' perceptions, that enriches current research by offering new insights with rich information on the factors that tend to be perceived as associated with business success, which has not been done before in this geographical context. From a

practical perspective, understanding business success through the different perceived factors covered in this present study is very important. This study could provide small business managers of small businesses with knowledge and guidance about the way they could manage and run their businesses in a very successful manner.

2. Literature Review

The study titled "Impact of Business Management on Small Business" aims to explore aspects of small businesses. Many small business leaders struggle with successfully implementing product diversification when seeking new ventures to ensure growth and sustainability. Understanding the multidimensional decision-making process involved in implementing product diversification is a challenge affecting businesses' abilities to obtain a competitive advantage (Bianchi & Saleh, 2020; Hung & Hager, 2019). Having a larger number of resources, financial independence, and organizational stability is linked to reducing the likelihood of financial fragility and supporting a business's stability goals (Despard et al., 2017, Phillips, 2017; Phillips & Hernandez, 2018). Bachtari (2020) and Vogl (2018) argued that the lack of strategic knowledge and long-term vision capacities of some small business owners diminishes the company's growth and competitive potential, thereby placing the business's survival at risk. Some business leaders lack the knowledge to develop the needed strategies for competitiveness and business survival (Raju, 2018, Turner & Endres, 2017, Vogl, 2018). Jayathilake (2018) determined that using product diversification, organizations can cross-sell their products, enter new markets, produce hybrid products, and increase and improve their brand image. In the current qualitative multiple case study, I sought to

explore product diversification strategies used by successful small retail companies that have proven to be useful in helping the companies improve and sustain their competitive advantages. The purpose of this qualitative multiple case study was to explore strategies small business leaders use to effectively diversify their products to achieve and sustain a competitive advantage. The growth and stability of small business could result in additional economic community development by increasing job opportunities that in turn contribute to the local tax base. This economic benefit could contribute to a higher quality of life for local residents.

3. Research Methodology

This research study sought to explore issues surrounding the successful performance of small businesses in Bamenda from the perspective of local small business managers, informed by the theoretical framework identified from the literature review. The overall aim of this research was to develop a clearer understanding of the factors that influence success of Micro Enterprises in Bamenda, as perceived by local small business managers.

3.1. Research Approach

The research uses a mix of methods to get better and more detailed results, kind combining the best of both worlds. The strategy is sequential and emergent, evolving from quantitative to qualitative as the study progressed. Initially, a quantitative approach was used, following traditional positivist business research trends. This first phase used deductive reasoning to profile respondents and test a theoretical framework. However, quantitative results were inconclusive because they imposed pre-defined literature constructs on participants. To address this, a qualitative phase was added to capture personal perspectives on business success. The quantitative data served as a springboard to select appropriate interviewees for the second stage. This inductive second phase aimed to "illuminate" findings and provide a richer understanding of success in Bamenda. Ultimately, the mixed approach avoids method bias and enables the creation of a situational success model.

3.2. Data Collection

Following the refinement of the questionnaire, data collection was carried out. The questionnaire was distributed to the business small business managers of the selected firms. The distribution of the questionnaire was done in two phases: The 'drop and collect' phase and the 'online phase'.

3.2.1. Drop and Collect Phase

This phase took place in November 2016. Companies were approached in person. The purpose of the study was explained to them, and they were briefed about the ethical considerations and then were asked to fill in the questionnaire. It should be noted here that network connections were used in order to ease the access to these enterprises. Some Small business managers did fill in the questionnaire on the spot, whereas, some others requested their collection at a later time. A time frame of one week was agreed in order to allow these Small business managers to fill in the questionnaire at their convenience. The process was completed in three weeks, precipitating a total of 97 collected questionnaires.

3.2.2. The Online Phase

The online phase of the study was conducted between December 2016 and January 2017 (noting a likely typo in the original text regarding 2015) using a multi-step email campaign targeting 100 small businesses in Cameroon. To encourage participation, researchers provided both English and French versions of the survey and included a "resume later" feature for convenience. Despite two follow-up reminders and deadline extensions, the online phase yielded a low engagement rate, which the authors attribute to year-end inventory audits and the general difficulty of surveying small business managers. Ultimately, the study achieved a total of 104 responses—97 from the "drop and collect" phase and 7 from the online phase—resulting in 100 usable questionnaires and a net response rate of 35%, which is notably high compared to the 10% average typical of this sector.

3.3. Data Analysis

Quantitative data refers to numerical and standardized data, which usually can be analyzed through using of diagrams and statistics. In this research study, the process of analyzing quantitative data included: data preparation, descriptive analysis, inferential analysis, and content analysis. In order to analyze the data, the software Microsoft Excel with add-ons was used. The reason for this is that the software allows the discovery of differences and relationships in data. As mentioned previously in section the developmental phase, the levels of measurement were not considered in this study.

3.4. Discussion of Findings

At the outset, it was stated that the overall aim of this research study was to develop a clearer understanding of the factors that influence success of Micro Enterprises in Bamenda, as perceived by local small business managers. To achieve this aim, the study utilized a "mixed-method" approach. In the first phase, a quantitative approach was employed in the form of a survey questionnaire, in order to identify the critical success factors for small businesses in the city of Bamenda as perceived by small business managers and to classify and compare successful and less successful small businesses with respect to the identified factors. The second phase adopted a qualitative approach to explore how small business small business managers see the factors that facilitate business 'success' in relation to their experiences in Bamenda.

The present section discusses the findings of both the quantitative and qualitative phases. Discussion of the findings is made in accordance to the objectives of the study, with reference to the theoretical overview outlined in the systematic literature review. The four factors of discussion of findings:

1. Individual Success Factors.
2. Micro Environmental Factors.
3. Macro-environmental Factors.
4. Socio-cultural Factors.

3.5. Limitations of the Study

This study takes a step back to analyse what drives small business success, looking at existing research and case examples. It's more about understanding the bigger picture than testing new ideas or building systems. The catch is, it might not have the latest performance numbers, but it shares some solid takeaways on what makes small businesses thrive in today's world.

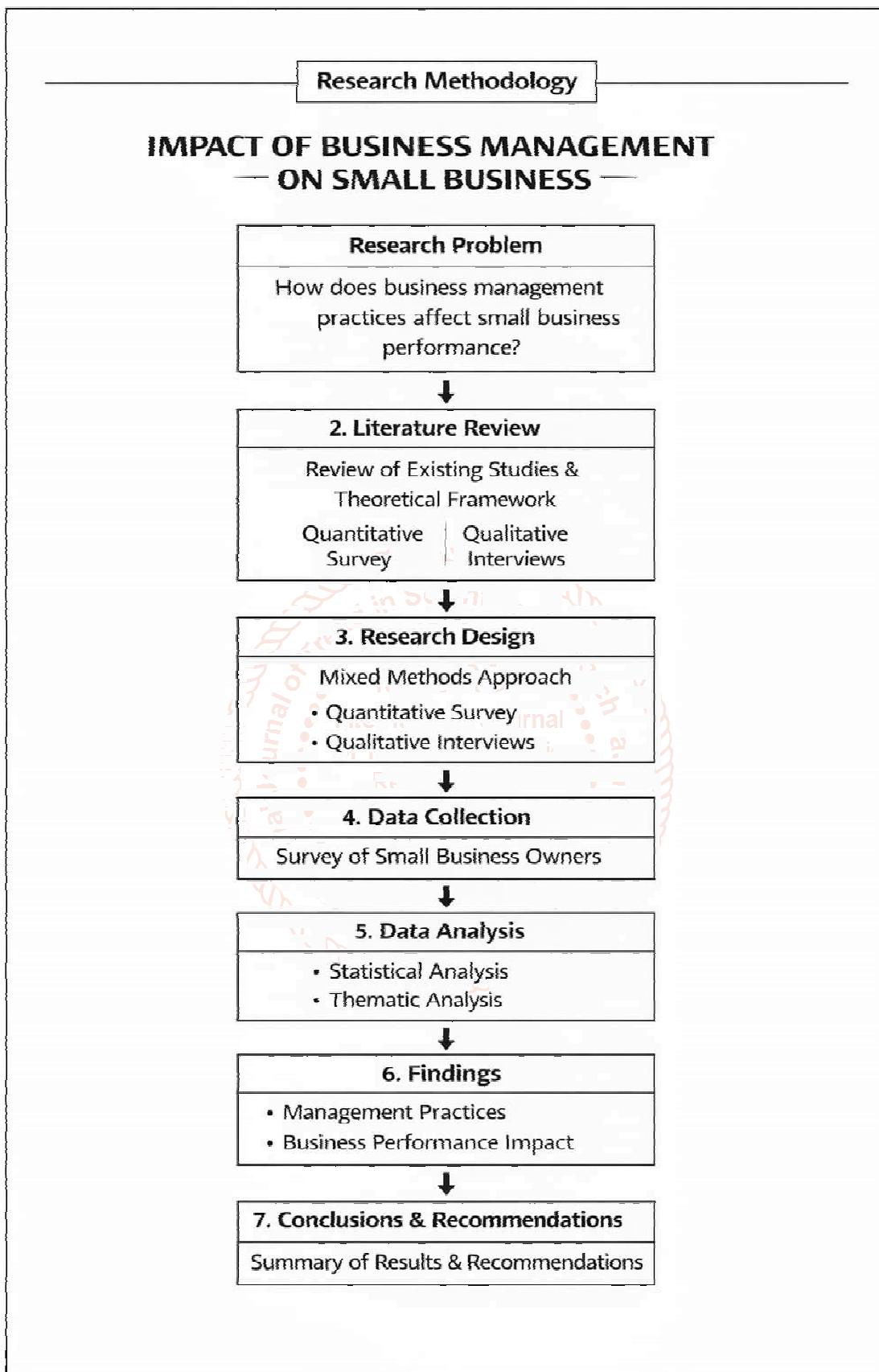


Figure 1: Workflow Diagram

4. Result

Small businesses that do well are usually the ones that get their management game strong and innovate like crazy. They've got a game plan, know what they're aiming for, and keep tabs on how they're doing. And they're always pushing the boundaries - new products, tech tricks, marketing hacks... you name it. Good leaders make a huge difference too - they're the ones who make

quick calls and pivot when needed. And let's not forget about managing the money side of things - it's not the most glamorous job, but it keeps the business afloat. Of course, there are challenges - funding can be tight, skills can be lacking, and competition is fierce. But the businesses that tackle these challenges head-on are the ones that come out on top.



Figure 2: Result Analysis Of The Impact of Business Management on Small Businesses

5. Conclusion

As for the external factors, it is widely recognized that successful organizations are those that best adapt to fit the opportunities and the constraints inherent in the environment in which they operate, the external environment of the enterprise can be classified into two dimensions, namely the general and competitive environments. The general environment consists of the political-legal, macroeconomic, socio-cultural, technological, demographic and global factors that might affect the organization's activities. On the other hand, the competitive environment consists of other specific organizations that are likely to influence the profitability of the enterprise, such as customers, suppliers and competitors. Several previous studies in both developed and developing countries have identified a range of external performance factors that relate to the general as well as the competitive environment of the firm.

This study has shown that understanding the success of small businesses from the perspective of small business managers is a complex challenge. Findings of the two phases of the study showed that a host of internal as well as external factors, which are usually moderated by other variables, seem to influence business success in Bamenda. However, while many factors are conceptually similar to other studies in different contexts, others are context-based and closely linked to the specific characteristics of the situation in Bamenda. This study confirms that general finding of diversity and specificity but offers a conceptual model that summarizes the key factors identified by small business managers in this research. According to business small business managers, the major problem is not shortage of manpower but the lack of motivated workers in Bamenda. Over half of the participants in the qualitative phase reported that Bamenda workers, in particular males, are indolent and unmotivated. It is difficult to explain this result, but it might be related to the specific characteristics of the male workforce in Bamenda. While it would appear that with a high rate of unemployment, there should be an available pool of skilled labour, this is significantly reduced by migration to other regions of Cameroon on the part of qualified workers. This may be a particularly acute issue in the Bamenda region because of the political instabilities in Bamenda and chronic lack of infrastructure. This finding suggests a close relationship with networking and business success. It can be suggested that the ability to develop relationships and to build a method of business that strengthens and manages relationships is a significant factor in Cameroonian business and society in general.

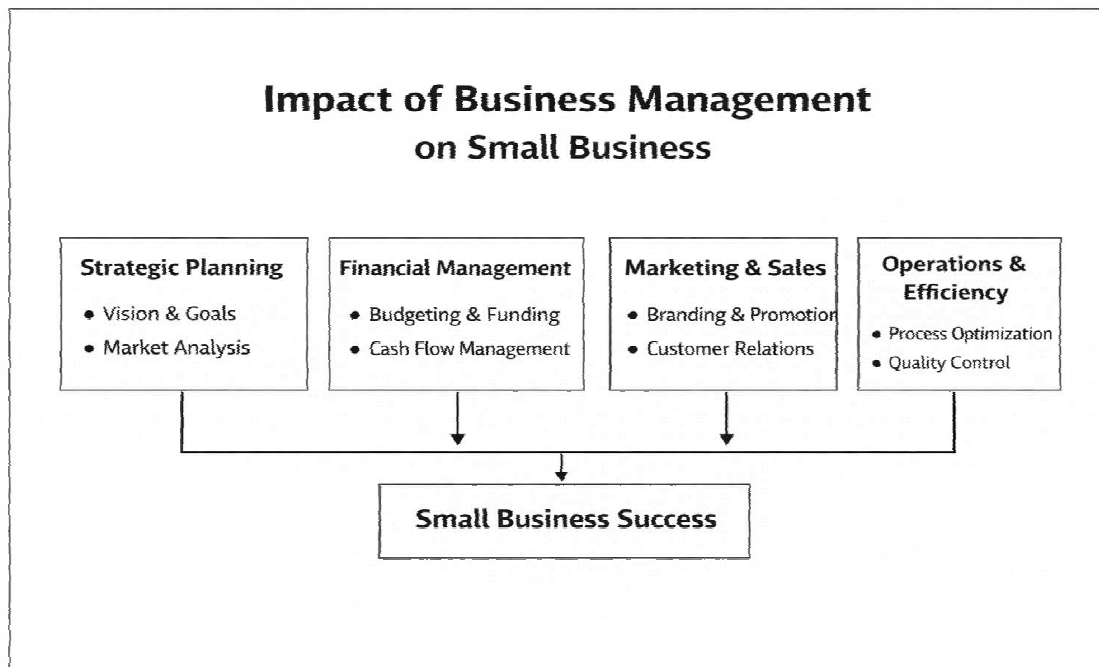


Figure 3: Conclusion Block Diagram

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