What Creates a Successful SME:

An Investigation on Entrepreneurship in Quebec

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ABSTRACT

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Entrepreneurship is the driving force of economic growth in Canada. Small and Medium size Enterprises (SMEs) are where innovation is born; they contribute to half of GDP and majority of total private workforce in Canada. Therefore, it is vital for the government to support and enforce factors making SMEs successful. This research examines the key characteristics of entrepreneurs who established successful firms. Furthermore, entrepreneurs have been categorized based on three aspects: industry, strategic plan and founders' gender; each category has been separately investigated.

This study employed different statistical methods such as descriptive, contingency and logistic regression analysis on a sample consisting of 107 cases of successful entrepreneurs reported in the business section of the Montreal Gazette. Further data collection was obtained by visiting the ventures' website and conducting telephone interviews.

Results of this study reveal that almost all of successful entrepreneurs had some forms of formal training prior to starting their businesses. Results also suggest that female entrepreneurs compared to male entrepreneurs tend to have smaller firms and less prior work experience. They rely more on a network consisting of family and friends and start their businesses in non-technology sector of industry. From another point of view, results suggest that technology entrepreneurs have more education, industrial work experience and business partners compared to entrepreneurs in non-technology sector of industry. Furthermore, technology entrepreneurs are more likely to have clear growing strategy. Finally, entrepreneurs with clear growing strategy tend to have larger firms, higher levels of education and stronger passion for entrepreneurship.

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Literature Review

To define the term “entrepreneur”, scholars focus on different aspects of entrepreneurs such as trait, behaviour, process, environment, etc. and define the term through the lens of that specific aspect. For example, scholars focussing on the trait, define an entrepreneur as a set of traits such as risk-taking, locus of control, need for achievement, creativity and etc. while those focussing on the environmental approach put emphasis on the role of environment on entrepreneurs and entrepreneurial activities. They specifically concentrate on the role of government policy, economy and educational system in entrepreneurial activities. Many researchers take a behavioural approach in order to describe an entrepreneur; they assume that entrepreneurial activities are a set of functions that lead to value creation. In this approach scholars use the term entrepreneur, business founder and owner-manager interchangeably. Finally, some scholars define the term entrepreneur based on the entrepreneurial process from finding opportunities to producing new products, services or methods. In this approach the emphasis is on the entrepreneurial opportunity and the entrepreneur is an individual who recognizes and exploits an opportunity. To define entrepreneur in this research, the process approach has been taken and the specific definition used is the one introduced by Shane and Venkataraman (2000, p. 218): “The study of sources of opportunities and the process of discovery, evaluation and exploitation of opportunities and study of individuals, who discover, evaluate and exploit the opportunities”. It is important to note that although opportunity exploitation may lead to creation of new organization, but it is not necessarily limited to start-ups (Shane & Venkataraman, 2000). However all of the entrepreneurs in this study are small business owners who have started at least one business.

Schools of Thought in Entrepreneurship

As stated in the previous section, researchers have viewed entrepreneurship from various aspects using different disciplines; in their cross-disciplinary study, Ireland and Webb (2007) found following diciplines related to entrepreneurship: accounting, anthropology, economic, finance, management, marketing, operation management, political science, psychology, and sociology in addition to genetics (Nicolaou, Shane, Cherkas, Hunkin, & Spector, 2008). In order to understand entrepreneurs, this research reviews the literature of different schools of thought in entrepreneurship:

Entrepreneurship and Individual Differences

Throughout this approach, the emphasis is on the "who" and "why" of entrepreneurship. Who is an entrepreneur? What characteristics does he/she have? Why do some people become entrepreneur and others don't? To answer these questions, researchers have investigated and studied entrepreneurs' personal traits, psychological and social backgrounds and genetic factors.

Psychological Approach

Researchers who study entrepreneurship from a psychological perspective, believe that the fundamental attributes and stable characteristics possessed by entrepreneurs differentiate them from non-entrepreneurs (Shane, 2000). Numerous studies have shown a positive relationship between entrepreneurial behaviour and some personal attributes such as internal locus of control, need for achievement (McClelland, 1961), self-efficacy (Chen, Greene, & Crick, 1998), tolerance for uncertainty and ambiguity (Begley & Boyd, 1987), optimism (Krueger & Brazeal, 1994), creativity (Vesalainen & Pihkala, 1999) and risk taking propensity (Stewart & Roth, 2001). Furthermore, some researchers distinguish entrepreneurs from non-entrepreneurs by characteristics such as high need for autonomy, dominance, independence, low need for support and conformity and capacity for endurance (Sexton & Bowman, 1985).

Psychological cognition such as high self-efficacy and internal locus of control (Chen, Greene, & Crick, 1998), tolerance of ambiguity (Begley & Boyd, 1987), lower risk perception (Palich and Bagby,1995; De Carolis and Saparito, 2006), and need for achievement (McClelland, 1961) influence the entrepreneur's decision to exploit opportunities.

Genetic Factors

Since genes can affect human behaviour in different ways (Plomin & Walker, 2003) including personality, traits (Benjamin, Ebstein, & Belmaker, 2003), intelligence (Plomin & Spinath, 2004), attitude and interests (Lykken, Bouchard, McGue, & Tellegen, 1993), it is suggested that genetic factors influence the tendency towards becoming an entrepreneur (Nicolaou, Shane, Cherkas, Hunkin, & Spector, 2008). Furthermore, Nicolaou and his colleagues (2008) review mechanisms in which genetic factors can influence entrepreneurs. They (Nicolaou, Shane, Cherkas, Hunkin, & Spector, 2008) believe, not only genes affect brain activities which lead to behaviours such as risk taking but also, genes can make an individual liable or inclined to a specified attitude or personal factor such as extraversion which influence his or her tendency to engage in entrepreneurial activity. On the other hand, genes can also affect entrepreneurship tendency through a phenomenon called gene-environment correlation (Plomin, DeFries, & Loehlin, 1977); In fact genes influence an individual's decision to choose an educational environment which contributes to information and skills that the individual attempts to learn. Finally, genes can affect sensitivity to environmental stimuli through a process called gene-environment interaction (Plomin, DeFries, & Loehlin, 1977) which helps to recognize entrepreneurial opportunities.

Sociological Approach

Some researchers attempt to distinguish entrepreneurs via demographic characteristics. From this perspective, entrepreneurs are suggested to be better educated, they are also different from non-entrepreneurs in terms of employment status (Ritsila & Tervo, 2002), age (Bates, 1995), income (Amit, Muller, & Cockburn, 1995), marital status, career experience (Evans & Leighton, 1989) and social skills (Baron, 2004). Cooper and Dunkelberg (1987) also add that entrepreneurs' parents are more likely to have their own businesses.

From cultural perspective, it has been reported that some entrepreneurs have disadvantaged background such as color, racial and ethnic traditionally disadvantages. This lack of social mobility through other channels might provoke entrepreneurship (Low & MacMillan, 1988).

Motivation Approach (Push-Pull Factors)

In the motivation approach, scholars attempt to answer questions such as what factors motivate entrepreneurs to be involved in entrepreneurial process or what their personal motivations are. In motivation theories, satisfaction is the critical factor in determining the motivating behaviour of an individual who has been either pushed or pulled toward a career choice (Gartner, Bird, & Starr, 1992; Katzell & Thompson, 1990; Landy & Becker, 1987; Perry, 1993). Therefore, motivation theories suggest that there are two main categories of factors which lead entrepreneurs to their career choices (Schjoedt & Shaver, 2007):

- Motivators and satisfiers (pull factors): this category includes factors such as job satisfaction, economic opportunity, need for authority, autonomy and challenge (Kolvereid, 1996) which pull entrepreneurs in their career choices.

- Dissatisfiers (push factors): in this category scholar try to identify what factors push entrepreneurs to their career choice. Factors in this category that may lead individuals to prefer entrepreneurial process include dissatisfaction and frustration with a previous job or termination of their previous job (Brockhaus, 1980; Stoner, 1982).

Based on motivation theory, people are pulled toward entrepreneurship since they are willing to increase life satisfaction while they are pushed toward it since they are willing to reduce job dissatisfaction (Schjoedt & Shaver, 2007).

Entrepreneur's Decision Making and Cognition

Since entrepreneurs are decision makers who involve in novel decision making and actions more than any other economic actors, scholars are interested to identify how entrepreneurs recognize, evaluate and exploit opportunities and what their cognitive process looks like (Kalantaridis, 2004). In fact Entrepreneurs don't necessarily use logical or rational models such as cost-benefit analysis of all alternatives to evaluate opportunities or pursue entrepreneurial activities (Mitchell, Bird, Gagilo, McMullen, & Morse, 2007). Numerous studies report some cognitive biases in entrepreneurs. The term "bias" refers to potential errors that are due to use of shortcut in making decisions (Haley & Stumpf, 1989). Fober (2005) defines cognitive bias as a process of thought that involves erroneous assumptions and inferences. The most studied cognitive biases are:

- Overconfidence (De Carolis & Saparito, 2006; Forbes, 2005; Hayward, Shepherd, & Griffen, 2006) : the tendency to overly estimate the probability of being right (Busenitz & Barney, 1997)
- Over optimism (Cooper, Woo, & Dunkelberg, 1988; Palich & Bagby, 1995; Shane & Venkataraman, 2000): tendency to overly estimate the chance of success.

- Illusion of control (Busenitz & Barney, 1997; De Carolis & Saparito, 2006; Simon, Houghton, & Aquino, 2000) which is evident when an individual cannot recognize that certain tasks are beyond his or her controls (Simon, Houghton, & Aquino, 2000)
- Representativeness and the law of small numbers (Busenitz & Barney, 1997; Simon, Houghton, & Aquino, 2000; De Carolis & Saparito, 2006; Keh, Foo, & Lim, 2002) . Representativeness refers to generalizing significant features of a category to all of its members (Gilovich, Griffin, & Kahneman, 2002) based on few characteristics or observations (Busenitz & Barney, 1997). On the other hand, the law of small numbers is a special case of representativeness that many scholars have studied (Simon & Houghton, 2002) and based on that, a cognitive bias occurs "when an individual uses a limited number of informational inputs (a small sample of information) to draw firm conclusions" (Simon, Houghton, & Aquino, 2000, p. 114).

Building on these cognitive biases, different approaches to entrepreneurial decision making have been suggested, which include entrepreneurial heuristic (Busenitz & Barney, 1997), entrepreneurial alertness (Gaglio & Katz, 2001), entrepreneurial expertise, script theory (Mitchell, Seawright, & Morse, 2000) and effectuation theory (Sarasvathy, 2001). In the following, a brief introduction of each approach has been given:

Entrepreneurial Heuristic

Prior studies on entrepreneurial activity show that entrepreneurs extensively use simplifying heuristics in their decision making (Burmeister & Schade, 2007). In fact entrepreneurs are making decisions in a novel setting where there is insufficient information about historical trends, prior performance levels, and specific markets (Holcomb, Ireland, Holmes Jr., & Hitt, 2009). Therefore in such a context with high uncertainty, time pressure or information overload, entrepreneurs employ heuristics in order to response to environmental conditions (Forbes, 2005) and provide acceptable solutions (Busenitz & Barney, 1997).

Entrepreneurial Alertness

Alertness is paying close attention to opportunities. Since entrepreneurs' alertness helps them to think and reason differently from non-entrepreneurs (Mitchell, Bird, Gagilo, McMullen, & Morse, 2007), it can assist them in discovering new opportunities (Busenitz & Arthurs, 2007). Entrepreneurial alertness or awareness is defined as "a propensity to notice and be sensitive to information about objects, incidents, and patterns of behavior in the environment, with special sensitivity to maker and user problems, unmet needs and interests, and novel combinations of resources" (Ardichvili, Cardozo, & Ray, 2003). Baron (2006) argues that in order to recognize opportunities, entrepreneurs use one or a combination of the following three ways: active and systematic search, alertness to opportunities (passive search) and prior knowledge or experience about opportunities. However, it is less likely for an individual with a factually-based mindset to discover new opportunities (Mitchell, Bird, Gagilo, McMullen, & Morse, 2007). On the other hand, Ardichvili, Cardozo and Ray (2003) propose that entrepreneurial alertness is positively related to successful opportunity recognition and development.

Causation and Effectuation

Given a set of means, effectuation is concerned with the selection from the set of effects that can be created by a set of means (Sarasvathy, 2001). On the other hand, given a specific effect, causation is concerned with the selection from set of means to create the effect (Sarasvathy, 2001). Furthermore Sarasvathy (2001) argues that effectuation is suitable for an environment with uncertainity and early entrants in a new industry, tend to use the effectuation approach rather than the causation approach, however the selection of an approach might be reversed for later entrants.in their meta-analysis of 9897 new ventures, Read, Song and Smit

(2009) found a positive relationship between the effectual approach to strategy making and new venture performance.

Entrepreneurship and Environment (Market)

As mentioned previously, entrepreneurship is about discovering and exploiting opportunities, therefore "opportunity" is tied to the concept of entrepreneurship. Prior research suggests that the nature of opportunities which entrepreneurs could exploit have the following characteristics: on average they occur in industries that have high profit margins (Dunne, Roberts, & Samuelson, 1988), have a young technology life cycle (Utterback, 1994), are not too competitive (Hannan & Freeman, 1984) and have a low capital cost (Shane, 1996).

Baron (2006) indicates that inputs or sources of entrepreneurial opportunities are changes in market, demographics, government and regulations in addition to changes in technology and trends in relevant businesses. On the other hand the outputs of entrepreneurial opportunities are new goods, services, raw materials and organizing methods which have added value for customers (Shane, 2000; Casson, 2003)

Entrepreneurship and Opportunity

Some entrepreneurial opportunities are obvious for a few entrepreneurs, and not so for others. Neoclassic economists assume that individuals are all equally capable of entrepreneurial activity. However, entrepreneurs choose one opportunity over another, based on their perception of risk and their risk-taking attributes (Kihlstrom & Laffont, 1979). On the other hand, Austrian economists argue that idiosyncratic information and not their ability or willingness, lead entrepreneurs to see and recognize opportunities even if they don't actively search for the same (Shane, 2000). Also, it can be due to the prior knowledge and experience along with relevant cognitive characteristics, that gives the entrepreneurs the ability to recognize and discover the opportunities (Shane & Venkataraman, 2000).

Another factor that helps entrepreneurs to combine information and to connect events and unrelated changes in order to make new business ideas is cognitive structure which refers to individuals' framework that has been developed through the previous experiences in life (Baron, 2006). Similarly researchers show that exploitation of opportunities is more common among people with stronger social ties, relevant experience (Cooper, Woo, & Dunkelberg, 1988) and prior entrepreneurial experience (Carroll & Mosakowski, 1987). As previously stated, cognitive biases influence entrepreneurial opportunities and decision making process. On one hand, entrepreneurs' over optimism and overconfidence about value of their opportunities leads to higher rate of decisions to allocate, use and attain resources to exploit an opportunity (Shane & Venkataraman, 2000); On the other hand, these cognitive biases can also result in increase in the likelihood of venture failures (Hayward, Shepherd, & Griffen, 2006). Furthermore, higher illusion of control and representativeness leads to lower risk perception and therefore, the probability of entrepreneurial opportunities exploitation gets higher (De Carolis & Saparito, 2006).

Network Theories

Social capital is helpful attitude of others available to an individual (Adler & Kwon, 2002) through his or her relationships with friends, colleagues and other general contacts (Burt, 1992). Ardichivili, Cardozo and Ray (2003) assert that social network is necessary element for successful opportunity recognition. The four proposed components of social network are weak ties, action set, partnership and inner circle.

To start new firms, entrepreneurs mostly rely on informal networks such as friends and family rather than formal networks such as banks and lawyers (Birley, 1985). De Carolis and

Saparito (2006) assert that social capital has fundamental role in entrepreneurial behaviour and it consists of network ties, trust in the network, structural holes and shared codes and language.

Institutionalism Approach

Institutional theory is concerned with how society, culture, rules, regulation and norms of an institutional environment shape different groups and organizations in order to survive and to be legitimated (Bruton, Ahlstrom, & Li, 2010). Magurie, Hardy and Lawrence (2004, p. 657) define institutional entrepreneurship as "activities of actors who have interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing one". Scholars have studied institutional theory from different perspectives such as sociology (DiMaggio & Powell, 1983), organization theory (Meyer & Rowan, 1991), economics (North, 1990) and political science (Bonchek & Shepsle, 1996). From sociology and organizational theory point of view, the principal driving force for decision making is achieving legitimacy and stability through values and norms. But, from economics and political science point of view, it is shaped by rules through formal incentives and governance system (Lim, Morse, Mitchell, & Seawright, 2010).

Building on Shane and Venkatraman view of entrepreneurship (2000), Sarson, Dean and Dillard (2006) propose that entrepreneurship is a dynamic process where both sources of opportunities and entrepreneurial activities are result of co-evolutionary interaction between entrepreneurs and the socio-economic system. Baumol (1990) argues that institutional context and policy influence entrepreneurship and entrepreneurial activity. In their research, Lim, Morse, Mitchell and Seawright (2010) study the effect of institutional systems on entrepreneurial cognition[1] and activity. They found that various institutional elements such as legal, financial and

[1] Entrepreneurial cognition is "the knowledge structure that people use to make assessments, judgments or decision involving opportunity evaluation, venture creation and growth" (Mitchell, Busenitz, Lant, McDougall, Morse, & Smith, 2002, p. 97)

educational system affect the entrepreneurial cognition which influence venture creation decision. In addition, institutional environment can also influence the allocation of entrepreneurial efforts (Bowen & De Clercq, 2008) and entrepreneurial resources (Boettke & Coyne, 2006). Particularly, using Whitley's (1999) dimensions of a country's institutional context, Bowen and De Clercq (2008) show that while countries' entrepreneurial efforts have a positive relationship with financial and educational activities; it has a negative relationship with the country's level of corruption.

Entrepreneurship and Policy

Entrepreneurial activities and new firms have a great impact on job creation, innovation, productivity, economic growth, economic renewal and business ownership across countries. The government also has a crucial impact on the degree of entrepreneurship development, particularly through smoothing regulations and relaxing barriers to start and grow business, rewarding productive entrepreneurial activities, removing market imperfection and discouraging unproductive activities such as corruption (Baumol, Litan, & Schramm, 2009). The interaction between government role and entrepreneurial activities caught the attention of many scholars and motivated them to study the entrepreneurial policy and the role of public policy on entrepreneurship (Lundström & Stevenson, 2005).

In their review of policy dimensions of entrepreneurship, Lundström and Stevenson (2005) list the following factors through which public policy or entrepreneurial policy can affect entrepreneurship:

- Entrepreneurship education
- Smooth business entry and exit
- Positive and supportive climate and infrastructure for entrepreneurs at the regional level
- Government support for entrepreneurship at the margins

- Financial support to start and grow firms
- Public sector procurement
- Taxation
- Entrepreneurial networks
- Entrepreneurship advocates

Core Functional Activities in SMEs

In this section, the functional activities that are critical during the start up phase are discussed; particularly, the three most important functional areas in management of SMEs have been investigated in details. These areas are finance, strategy and marketing.

Finance in SMEs

One of the management skills that got extensive attention by scholars in area of entrepreneurship is financial skills. Some researchers suggest that financial problems are the main source of failure of SMEs (Bates, 2005; Kuratko & Hodgetts, 2007; Thornhill & Amit, 2003). Such problems include inadequate working capital, lack of external financier and cash-flow problems. Financial issues might challenge the entrepreneurs survival after they established their firms (Davidsson, 2006) but it's not such a problematic issue for entrepreneurs at the entry level of their business, though it might be experienced frequently (Davidsson & Gordon, 2009; Grilo & Irigoyen, 2006; van Gelderen, Thurik, & Patel, 2011); The reason for that is because entrepreneurs have proactive and a make-it-work behaviour. Therefore they start running their business with whatever they can obtain or already have (Baker & Nelson, 2005; Sarasvathy, 2001). Scholars agree that financial skills and knowledge is very critical to success of an SME. In fact, SMEs' owner-manager need to have a good grasp of financial records or in other words they should have financial management capacity in order to be able to evaluate an opportunity and venture viability, (van Gelderen, Thurik, & Patel, 2011) and to make effective decisions based on accurate, meaningful and timely information (Longnecker, Donlevy, Moore, & Petty, 2003).

Funding and capitalization is a critical aspect of financial management that play an important role in SMEs' future viability (Cassar, 2004) and its growth rate (Alsos, Isaksen, &

Ljunggren, 2006). On one hands, studies show that funding has a direct impact on the success, failure and survival of start-ups and on the other hand, it is very difficult for founders of new ventures to (externally) finance their businesses, (Atherton, 2009; Chaganti, DeCarolis, & Deeds, 1995; Smallbone, Ram, Deakins, & Baldock, 2003), particularly in case of knowledge-based small businesses which don't have much of fixed assets.

Since there are many different types of financing method and investment for SMEs and each has its own advantages and disadvantages, it is important to understand which financing method suits which kind of new venture. Depending on the type of financial sources, there are different reasons why the founder and the external investors don't make covenants.

Investments can be categorized in different ways. One way is to categorize investment into outside and inside investment. Outside investment includes venture capital, banks and angels and inside investment includes informal investment and bootstrapping. From another perspective, financing methods can be categorized is to debt and equity. These financing methods have been elaborated in details in appendix 1. Here, only a brief discussion about the proper method of investment/financing method for SMEs has been given.

According to US national GEM report (2003), it has been shown that equity finance including venture capital and business angels have a very small impact on financing new ventures. Only less than 0.5 percent of entrepreneurs have been reported to launch their businesses with formal venture capital or business angel investments (Bygrave, Hay, Ng, & Reynolds, 2003). The reason for such a small percentage is because equity investors tend to invest in established business with positive returns or large scale start ups that appear to have growth potential (Bhide, 2000); therefore equity investment don't apply to most start-ups (Atherton, 2009).

Myers (2000) asserts that external equity finance can be an indicator of low quality firm because it makes entrepreneur's control over the firm weaker. Furthermore, there are information asymmetries between an investor and investee; therefore an investor might not value the entrepreneurs' idea and the new firm as much as the entrepreneurs do (Myers, 2000). In contrast to Myers' view (2000) , Garmaise (2000) proposes that sometimes investors have greater capability of project assessment than entrepreneurs therefore if this is the case, external equity finance not only increases the quality of the new firm, but also it leads the firm to prosperous promises.

Inderst and Mueller (2009) propose that in highly competitive industries, ventures that are financed by active investors such as venture capitalists dominate their rivals in the industry in terms of growth, investment and market share. However in less competitive industries, being financed by active or passive investors doesn't make difference, since the firms which are financed by passive investors such as banks would eventually catch up in long run.

Howorth (2001) suggests that the pecking order in financing small firms should be internal finance, short term debt, long term debt and external equity. In fact, founders attempt to finance their projects by internal finance which is firm's cash-flow. They choose external finance when there are no other ways to finance the projects since external finance is more costly due to information asymmetries (Cosh, Cumming, & Hughes, 2009; Myers, 2000). Among different methods of external financing, entrepreneurs prefer debt finance to equity finance, because latter would weaken the entrepreneurs' power over the firm (Cosh, Cumming, & Hughes, 2009).

Huyghebaert et al. (2007) suggest that entrepreneurs' decision to choose between bank debt and trade credit depends on three following factors: failure risk of the venture, entrepreneurs' benefit of control and the liquidation value of the assets. Because banks have a strict liquidation policy when there is financial distress, whenever entrepreneurs realize that their firms suffer from high risk of failure, they tend to choose trade credit over bank debt although they have to pay higher interest rate upon taking trade credit. On the other hand, when entrepreneurs are more certain about future cash-flow, they are more likely to choose bank debt over trade credit. The choice between bank debt and trade credit depends also on entrepreneur's benefit of control and firm's asset. Entrepreneurs with high benefit of control and high firm's liquidation value are reluctant to expose their firms to bank's restrict policy of liquidation.

Business Strategy in SMEs

Compared to large firms, small businesses are more vulnerable, more conservative and are more likely to change incrementally (Kelliher & Leana Reinl, 2009). In his article, Ensign (2008, p. 25) describe four issues that make the strategy for small businesses important to consider: (1) complexity (in the business and its environment), (2) change (that occurs at all levels), (3) heterogeneity (every business's situation is different), and (4) time (every period is unique). Small businesses differ from other businesses in these four factors; for example, Miller and Toulouse (1986, p. 50) suggest that "Small organizations tend to have inexplicit, intuitively derived strategies . . . Time horizons may be very short as executives of small, simple firms react in unplanned and piecemeal fashion to conditions".

Many scholars suggest that in small businesses, niche strategy should be considered as the business strategy[2]. They particularly recommend that small businesses pursue customer service, product specialization and product customization rather than a cost leadership strategy whereas large firms in general have natural advantages in cost leadership or differentiation (Covin & Covin, 1990; Nelson & Ratliff, 2005; Watkin, 1986). Some scholars have contradicted this view about small business strategies. For example, McGee (1996) proposes that in order to compete with larger merchants, small merchants should pursue lower prices and additional

[2] Different types of strategy have been discussed in Appendix 2

promotional offers. In their study of small businesses, Ebben and Johnson (2005) show that small firms that pursue a low cost or a flexible strategy, demonstrate higher performance compared to those with both strategies at the same time. Furthermore many other strategies have been considered and studied for small businesses: Tigiuri and Davis (1992) suggest pursuing production and customer excellence as small businesses' strategy while Lyman (1991) proposes customer service and personal interaction. In this regard, Miller, McLeod, and Young Ob (2001) emphasize on long term customer satisfaction and service/product quality as a proper strategy for small businesses to follow. For small retailers, many researchers suggest personal relationship with customers as the suitable strategy to beat larger chains (Nelson & Ratliff, 2005). In general, many scholars suggest customer satisfaction and customer intimacy as a successful small business strategy (Nelson & Ratliff, 2005).

In functional level strategy, different scholars suggest different strategies as the means to success for small businesses. For example, Kara, Spillan and DeShields (2005) emphasize on market orientation, while Verhees & Meulenberg (2004) emphasize on innovativeness. In this vein, some other factors are also reported to be associated with small business performance such as flexibility and quality practices (Kuratko, Goodale, & Homsby, 2001), risk taking, new opportunities, innovativeness, emerging products/services (McCann, Leon-Guerrero, & Haley, 2001) and common cultural values between and among owner managers and employees (Haugh & McKee, 2004).

Marketing in SMEs

In order to grow, SMEs have to leverage from their advantage in entrepreneurial marketing (Morrish & Deacon, 2011). Morris, Schindehutte and LaForge (2002, p. 5) defined entrepreneurial marketing as "proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches for risk management, resource leveraging and value creation". In order to have such customers and to build a long-term relationship with them, SMEs' managers should be aware of four components which are suggested to facilitate entrepreneurial marketing (Bjerke & Hultman, 2002); these components are entrepreneurship, resources, process and actors; actors in this framework include entrepreneur, focal growing firm and network.

In their study of 59 small businesses, Hills, Hultman and Miles (2008) suggest that entrepreneurial marketing can be distinguished from administrative marketing using the seven dimensions of entrepreneurial marketing proposed by Morris, Schindehutte and LaForge (2002). These seven dimensions are opportunity-driven, pro-activeness, innovation-focused, customer intensity, risk management, resource leveraging, and value creation.

SMEs have limited access to the resources such as finance, time and marketing knowledge (Gilmore, Carson, & Grant, 2001), many scholars agree that SMEs' marketing is different from larger companies' (Fillis, 2002; Gilmore, Carson, & Grant, 2001; Hill, 2001a; Coviello, Brodie, & Munro, 2000) and it is characterized as spontaneous, informal, loose, reactive and unstructured (Gilmore, Carson, & Grant, 2001) compared to marketing in larger firms which is more formal, planned and well-structured (Reijonen, 2010).

Möller and Anttila (1987) argue that marketing is viewed from a very narrow operative perspective by small firm's owner-manager, which is close to sales management. In this regards, Stokes (2000) proposes that marketing from SMEs' point of view consists of values and beliefs that the owner-manager hold about the importance of the customers to their operations therefore he (Stokes, 2000) state that SMEs' marketing is unconventional in terms of segmentation, targeting, positioning. Furthermore in SMEs, marketing doesn't include extensive analysis or long term plans and strategies (Reijonen, 2010) and it is argued that given the day-to-day pressure, marketing can be considered as an unnecessary luxury for SMEs. Therefore, complex theories and sophisticated processes cannot be applied to small enterprises (Hogarth-Scott, Watson, & Wilson, 1996). In other words, marketing in small firms is mostly used to react to the needs of the moment and mostly perceived as a synonym to selling or advertising (Marcati, Guido, & Peluso, 2008; Stokes, 2000) that is because SMEs are sales focused, although they do other things in addition to sell (Hill, 2001b). Specifically, Stokes (2000, p. 47) suggests that entrepreneurs "focus first on innovations, and only second on customer needs. They target customers through a bottom-up process of elimination, rather than deliberate segmentation, targeting and positioning strategies. They rely on interactive marketing methods communicated through word-of-mouth, rather than a more conventional marketing mix. They monitor the marketplace through informal networks, rather than formalized market research".

Previous research suggests that comparing to larger firms, SMEs' relationship with customers is informal, close, accessible and frequent (Reijonen, 2010) to the point that McPherson (2007) proposes that SMEs are probably informal customer-centric in terms of marketing philosophy. Such closeness in the relationship between SMEs and their customers is caused by drivers such as local feeling, easy accessibility, lack of bureaucracy, concentration on long term profit and having personal information about customers (Barnes, 2001). Given the high level of customers contact, simple structure and limited resources and scope in SMEs, it is said that the owner-managers place high emphasis on personal relationship with customers especially for primary customers. They stress on direct and interpersonal contacts (Coviello, Brodie, & Munro, 2000) which is the main part of marketing in SMEs (Simpson, Padmore, Taylor, & Frecknall-Hughes, 2006). Therefore, SMEs invest in customer understanding and satisfaction and try to develop meaningful and sincere relationship with their customers (Reijonen, 2010).

Appiah-Adu and Singh (1998) argue that SMEs with more emphasis on customer-orientation have better performance and are likely to be more profitable. However, given their limited resources, SMEs have certain methods of communication with customers in order to sell their products or services. Among these methods, one of most influential ways to promote a product is word of mouth which eventually leads to a relatively large network of customers but on the other hand, because word of mouth cannot be controlled by SMEs and is bounded with the network that spread the word, this strategy per se is probably not sustainable (Reijonen, 2010; Stokes, 2000). Gilmore, Carson and Grant (2001) propose that SMEs' network is bounded with the normal interactions and activities of the owner-manager, which are relatively small and non-expensive (Curran & Blackburn, 1994). SMEs network can be divided into different categories: personal contact network (Knoke & Kuklinksi, 1982), social networks (Starr & MacMillan, 1990), business networks (Donckels & Lambrecht, 1997), industry (Andersson & Soderlund, 1998)and marketing networks (Piercy & Cravens, 1995).

Success in Entrepreneurship

Researchers and entrepreneurs have become more interested in the area of success in small business (Beaver, 2002). In order to understand causes of success or common success factors in SMEs, one should first make a clear definition of the success. There are various interpretations and perceptions from the term “success” in SMEs and numerous factors reported as success criteria for SMEs. Previous research focused on different aspects of the success, specifically objective criteria such as longevity and profitably of a business. However recently, subjective aspects of success such as satisfaction and fulfillment have got much attention from scholars in the field of SMEs and entrepreneurship (Simpson, Tuck, & Bellamy, 2004). Although common measures of success in SMEs have not yet been defined, but in the literature, several potential indicators of success in SMEs have been mentioned (Alsbury, 2001; Beaver, 2002; Simpson, Tuck, & Bellamy, 2004).

Objective Criteria of Success

Watson, Hogarth-Scott, and Wilson (1998) simply considered continuation of trading as success and cease of trading as failure for a business. For a long time, survival has been stated as a consecutive symptom of business success (Brüderl & Schüssler, 1990). It is “an expression of the ability to react to (rapidly) changing environmental conditions in order to ensure that the new business does not fail” (Korunka, Kessler, Frank, & Lueger, 2010, p. 1025); the assumption behind such a statement is the hypothesis named “the liability of the newness” (Stinchcombe, 1965) which indicate that the risk of failure decrease as the business grows older. Therefore, it is central to the area of entrepreneurship to investigate reasons behind business survival (Cooper, 1993). Findings show that various economic and psychological factors such as financial capital and the founders’ personality and behavior contribute to the longevity of an SME. In their study, Korunka and his colleagues (2010) attempted to predict SMEs' survival based on the new business's resource, its environment and its founder's characteristics.

Conventional theorists assume that owner-managers decide to continue their businesses if their business is profitable while those with loss decide to exit the business (Simpson, Tuck, & Bellamy, 2004). Although this assumption can be true in many cases, but making profit is not necessarily the only reason or factor for staying in a business; in fact characteristics of the entrepreneur could play a major role in such a decision (Harada, 2002). For large firms, financial criteria seems to be the most appropriate factors for measuring the success of a business, but the motivation for many small business owners to start their businesses might be personal factors and lifestyle. On the other hand many Small Business Owners (SBOs) are not motivated to grow their business after reaching a certain size, because they don't want to lose their control over their firm (Greenbank, 2001). Therefore, considering only financial criteria to judge the success of an SME cannot be accurate. Furthermore, referring to the number of employees as an only criteria for measuring the success is not accurate nor applicable especially in the case of SMEs (Walker & Brown, 2004) this is because although taking on employees could be financially beneficial for the business but many SBOs deliberately avoid hiring employees (Baines, Wheelock, & Abrams, 1997; Walker & Brown, 2004) as they are afraid of relinquishing power (Greenbank, 2001). On the other hand the decision to employ or create jobs for others is not the main motivation of starting a business (Smallbone & Wyer, 2000).

It is also important to notice that financial criteria are easier to measure and they are known as "hard" measure. Based on this reason, they are popular among researchers and practitioner for measuring success of SMEs (Barkham, Gudgin, Hart, & Hanvey, 1996; Gibb, 1992; Ibrahim & Goodwin, 1986). However sometimes SBOs are reluctant or incapable to provide researchers with objective information of their firms (Fiorito & LaForge, 1986), therefore, in such cases, subjective criteria provide more complete information (Covin & Slevin, 1989). But, still non-financial criteria such as job satisfaction are based on factors that are personally determined and are difficult to quantify since they are subjective.

Subjective Criteria of Success

Another approach to find out about success in SMEs is to study SBOs' purpose of establishing a business. Greenbank (2001) found that SBOs' objectives are set subconsciously rather than formalized or written as business plans. While for some, objectives are growth related, for most of the entrepreneurs, objectives are personal goal related. He (Greenbank, 2001) also, suggests that the main criteria of success in small businesses are income level, job satisfaction, working hours, flexibility and control.

In their study, Walker and Brown (2004) asked 290 small business owner-managers to rate the importance of items relating to lifestyle and financial measures; results showed that SBOs use both financial and non-financial criteria to judge the success of their business; however they place more emphasis on the non-financial criteria such as personal satisfaction and achievement, pride in the job and lifestyle. In the same study (Walker & Brown, 2004), they state that using non-financial criteria suggests that a certain level of financial security has already been established whether through the same business or another business which plays as the primary source of income. Jennings and Beaver (1997) also agree that for SBOs, personal involvement, responsibility, independence and life style have a more significant role in perception of success than economic criteria. Moreover, some studies (Sturges, 1999; Greenbank, 2001) show that in the eyes of business manager/owner the most common success criteria are sense of achievement, recognition, job satisfaction, enjoyment from doing the job well and fulfillment of the desire to own a business. Choueke and Armstrong (2000) emphasize on job satisfaction and fulfillment for owner and staff as the success factors, they also state that having a firm with unique culture and shared values and using core competencies and strength of the owner and staff contributes to the success of SMEs. Other researchers (Buttner & Moore, 1997; Green & Cohen, 1995; Kuratko, Hornsby, & Naffziger, 1997; Parasuraman, Purohit, Godshalk, & Beutell, 1996) suggest that autonomy and ability to balance work and family could also be considered as measures of success.

Success Factors in Entrepreneurship

Researchers have proposed many different causes for success based on individual personality and behaviour, managerial and environmental factors. Individual personality and behaviour consist of attributes and values of the person including need for independence, calculated risk taking, High need for achievement, intuition and etc. whereas managerial aspect is about ability to manage personnel and maintain accounting (Benzing, Chu, & Kara, 2009) and can be achieved through training, work experience and education. Finally, environmental factors include government assistance, support of friends and family and access to financial capital. Curran, Stanworth, and Watkins (1986) suggest what makes entrepreneurs successful is the combination of knowledge, experience, personality and their interaction with the society. In following section, various factors contributing to success of SMEs have been investigated; these factors are not unanimously agreed among scholars (Benzing, Chu, & Kara, 2009). Ack and Szerh (2006) state that entrepreneurship is local and therefore entrepreneurial success factors are also local meaning that in different regions or countries, different factors might contribute to success of entrepreneurs.

Individual's Characteristics

Deacon (2002) proposes that personality of the firm and its subsequent marketing activities is connected to the personality of the owner/manager. McCartan-Quinn and Carson (2003) add that the personality also depends on owner-manager's attitude, experience and expertise. Many researchers suggest that there is a positive relationship between personal attitudes and business success (Chell, Haworth, & Brearley, 1991; Cooper & Gimeno-Gascon, 1992; Beaver, 2002; Harada, 2002; Curran, Stanworth, & Watkins, 1986), particularly, in a recent meta-analysis done by Rauch and Frese (2007), the contributing role of personal characteristics in success of a business has been confirmed. Furthermore, Hill and McGrown (1999) state that founders' commitment and vision is a crucial factor in success of an SME and the firm simply reflects their personality and behaviour. Such personality and behaviour may include biological determinants (e.g. temperament), broad personality factors (e.g. big five), motives (e.g. achievement motive) or generalized attitudes and beliefs (e.g. self efficacy) (Rauch & Frese, 2007). High need for achievement (McClelland, 1961) is probably the most popular entrepreneurial trait contributing to business performance and is positively related to success of the business. There are many other studies including two meta-analysis (Collins, Hanges, & Locke, 2004; Stewart & Roth, 2004b) that address the strong needs in entrepreneurs for achievement; both studies confirmed the role of founders high need for achievement in the SMEs' success. Risk propensity is another popular factor that has been studied by various researchers. First, Knight (1921) suggested that entrepreneurs are risk takers comparing to non-entrepreneurs. Other scholars such as Stewart and Roth (2001; 2004a) confirmed that there is a significant difference in risk propensity attitude between entrepreneurs and managers. Ibrahim and Ellis (2002) also suggested that entrepreneurs are calculated risk takers meaning that they take risks after carefully considering all consequences.

Innovativeness has also been suggested as a distinguishing factor in entrepreneurship (Davidsson, 2004a) which can help the entrepreneurs to bring novels and innovation to the firm (Heunks, 1998). Kim and Maubourgne (2005) state that innovation is not only a key element in entrepreneurship, but also the only solution for SMEs to survive in today's market. In a recent meta-analysis by Rosenbuscha, Brinckmannb and Bausch (2011) results confirm that innovation, in general, has a positive impact on SMEs' performance however they also add that factors such as cultural context, type of innovation and age of the firm have an effect on innovation-performance relationship.

To marshal resources, implement an opportunity or apply the innovation in the firm, initiative behaviour is necessary. In order to be able to influence the environment and have a successful business, entrepreneurs must show initiative behaviour (Frese & Fay, 2001) and be proactive (Crant, 1996). At management in SMEs, there are a variety of tasks which are mostly unanticipated and entrepreneurs need to make various decisions in uncertain situations, therefore they should be confident of their capabilities and have tolerance for ambiguity and stress (Baum & Locke, 2004). Furthermore, competing in today's market, demands a challenging appetite, higher hopes and long term view of success which all indicate that in order to have successful SMEs, entrepreneur must have high generalized self-efficacy (Poon, Ainuddin, & Junit, 2006; Utsch, Rauch, Rothfu, & Frese, 1999).

One of the main reasons behind the foundation of SMEs is the founders' desire for autonomy and independence. They want to be in control and they don't appreciate working for others since they can hardly stand constraints and established rules of an organization (Brandsttter, 1997; Cromie, 2000). Internal locus of control is another trait of successful entrepreneurs. Due to the fact that people with internal locus of control believe that they can control outcomes and all consequences are resulted from their own actions (Brockhaus, 1980; Brockhaus & Horwitz, 1986), they exert more effort towards the outcome which enhances the probability of success (Rauch & Frese, 2007). Furthermore, behaviours such as quick decision making, tolerance for ambiguity, working hard in addition to having leadership, management and marketing knowledge are essential for success in entrepreneurship (Sarasvathy, 2001; Shane, 2003).

In their meta-analysis addressing big five personality factor, Zhao and Seibert (2006) found that entrepreneurs score significantly higher on conscientiousness and openness to experience, and lower on neuroticism and agreeableness.

Knowledge and Skills

Prior research suggests that successful entrepreneurs have variety of skills which can broadly be split into three categories: 1) Industrial knowledge, including technical skills related to product, service and the process of venture formation 2) Human skills, including communication and networking skills and 3) Conceptual skills such as entrepreneurial and administrative skills. Scholars assert that prior knowledge of markets, customer problems and ways to serve market assist in both discovery and exploitation of entrepreneurial opportunities (Shane, 2000; Ardichvili, Cardozo, & Ray, 2003). In addition, it has been suggested that entrepreneurs with higher quality of skills and knowledge are expected to have a higher success rate (Davidsson & Honig, 2003; Ucbasaran, Westhead, & Wright, 2008). It is noteworthy to mention that different types of skills and knowledge are required in different phases of entrepreneurship. From the process perspective, entrepreneurship has at least three phases, identification, evaluation and pursuit of opportunity (Ardichvili, Cardozo, & Ray, 2003). In their article, Scott and Bruce (1987) suggest that small business owners/managers have different and specific roles in each stage of their businesses. In the table below, different stages of small business besides specific management style required for each stage, has been demonstrated. For instance, the characteristic of the entrepreneur and his technical knowledge might be more important in the identification phase, while the conceptual and administrative skills, such as management skills are crucial in the evaluation and pursuit of opportunity.

The role of management in running a business is fundamental. For SMEs to survive and grow, it is essential to be run by an owner/manager with sufficient management skills.

Stage	Top management role	Management style	Organization
Inception	Direct supervision	Entrepreneurial individualistic	Unstructured
Survival	Supervised supervision	Entrepreneurial administrative	Simple
Growth	Delegation co-ordination	Entrepreneurial co-ordination	Functional centralized
Expansion	Decentralization	Professional administrative	Functional decentralized
Maturity	Decentralization	Watchdog	Decentralized functional/product

Table 1: Stages of small business management (*Source*: Adapted from (Scott & Bruce, 1987, p. 48)

Key management skills may include marketing, financial, human resource and operation management, strategic planning and some soft skills such as communication, networking, team building and decision making (Fuller-Love, 2006). Prior research (Curran J. , Blackburn, Kitchins, & North, 1996; Mangham & Silver, 1986; Stanworth & Gray, 1992) shows that management skills lead to growth of the firm and reduce the risk of failure. Smith and Fleck (1987) propose that management experience and willingness to gain management skills contribute to success in small businesses.

The chance of success in small businesses increases when the manager-owner is experienced in core functional areas such as marketing, strategy planning, finance, operations and human resource management (Balderson, 2003).

Prior Work Experience

Baum and Locke (2004) assert that experience is the most appropriate predictor of skills. Previous research shows that work experience increases the success of entrepreneurs (Wech, Martin, Martin, & Dolowitz, 2009) and they are more likely to discover or identify new opportunities to start a business if they have prior work experience. Harada (2002) states that entrepreneurs' administrative experience and industrial knowledge help them to turnover their businesses. Furthermore, Aldrich and Martinez (2001) suggest that in order to have a successful business, a minimum amount of business knowledge is required which can be obtained through formal education, work experience or training. For SBOs with less experience, training can enhance the process of creation, development and maintenance of the entrepreneurial business which lead to success (Wech, Martin, Martin, & Dolowitz, 2009). In the case of minority entrepreneurs, it has been stated that education and work experience are very important factors for their success (Bates, 1995; Bowser, 1980).

Fairlie and Robb (2007) found that prior work experience in a managerial capacity and business positively contributes to the increase of small businesses' outcome. On the other hand, Baldwin and Gellatly (2003) propose that, for Canadian SMEs, the key factor contributing to the failure of the business is lack of management experience. Storey (1994) agrees with them on that, but he also suggests that findings about sector or relevant industrial experience are equivocal. Nandram and Samsom (2006) assert that knowledge of market and business know-how are substantial in start-up success.

Education

To gain entrepreneurial knowledge and skills, one can obtain formal education through college, university education or informal education through workshops. Results of two meta-analyses (van der Sluis, van Praag, & Vijverberg, 2004; 2005) suggest that, in both developed and developing countries, there is positive and significant relationship between level of general education and entrepreneurial performance criteria such as growth, profit and entrepreneurs' earning power. Similar relationship can be found in a report presented in GEM (Acs, Arenius, Hay, & Minniti, 2004), which suggests that the link between general education and entrepreneurial performance is strong. However, the link between general education and selection to entrepreneurship is ambiguous. In this regard, Dickson, Solomon, & Weaver (2008) reviewed the literature from 1995 to 2006 and came to the conclusion that there is positive and strong relationship between educational level and venture performance criteria such as growth, profitability and innovation, but the relationship between educational level and venture survival is weak and not significant.

Researchers found that a country's educational level has a significant and positive impact on variables such as its rate of venture formation (Acs & Armington, 2005), level of entrepreneurial activity (Camp, 2005) and rates of self-employment (Uhlaner, Thurik, & Hutjes, 2002). Also, many scholars studied the impact of one's total years of education on the likelihood of becoming entrepreneur (Wagner & Sternberg, 2004), rates of nascent entrepreneurship (Reynolds, Carter, Gartner, & Greene, 2004) and probability and rates of venture formation (Acs & Armington, 2005; Delmar & Davidsson, 2000); They all found a significant and positive relationship which implies that educational level has positive effect on entrepreneurial activity. However there is not yet enough evidence that entrepreneurs' education can boost their success rate. Although some studies suggest that SBOs with college education have less failure rate than SBOs without any college education, but many scholars couldn't find a significant relationship between the two variables (Cooper, Dunkelberg, Woo, & Dennis, 1990; Gaskill, Van Auken, & Manning, 1993; Lussier, 1996a; Lussier, 1996b).

Business Partnership

Another factor that may contribute to the success of an SME is the number of business partners. Many researchers propose that number of business partners is one of the success factors for SMEs (Schutjens & Wever, 2000; Simpson, Tuck, & Bellamy, 2004). Partnership can provide smooth access to more capital and opportunities, since partners could bring new ideas, skills, knowledge and social capital to the companies, which eventually help to grow the business further. In addition, Storey (1994) and Headd (2003) confirm that number of business founders positively influences business growth and success rate in SMEs. In their study of SBOs, Jyothi and Kamalanabhan (2010) found that SME owners believe that it is necessary to have a good team and it contributes to their success if they start their business with partners. However, partnership has some disadvantages. As already stated, entrepreneurs and SBOs have internal locus of control trait and are afraid of relinquishing power which is inevitable if there is a partnership. Hence, partnership can be source of conflicts. Based on their study of SMEs, Bhutta, Rana and Usman (2008) assert that performance of SMEs with two partners are more than companies with sole proprietorship or the ones with three or more partners.

Social Capital

Not every small business has direct access to external financial resources such as venture capital, banks or angels. Therefore it is worth asking what other capital, beside financial resources, can impact new firm's revenue and growth? Along with financial sources that have been mentioned in previous sections, some researchers focused on nonfinancial resources which can influence new firm's revenue. For example, Khaire (2010) studies the role of social resources such as legitimacy and status in new firms and she found that these two variables can influence new firm's growth, financial and human resources.

Social capital is considered as an important cognitive and tangible asset of entrepreneurs (Adler & Kwon, 2002). It includes support of family and friends and it helps entrepreneurs to have a successful business (Davidsson & Honig, 2003). Support of family has been emphasized in the research as a success factor for entrepreneurs and SME owners, especially female entrepreneurs (Greve & Salaff, 2003). Built on that, Hattery (2001) suggests that women are more likely to experience conflicts in their businesses since they have more tendencies to take the responsibility of home and child caring. Fernandez (1981) proposes that in contrast to women's career, men's careers don't depend on their spouses' decisions. Alam, Jani, and Omar (2011) found that family support, whether emotional or instrumental, is a crucial success factor for women entrepreneurs and it strongly influences the success of women entrepreneurs in their small businesses. Moreover, Lee and Choo (2001) show that family support results in fewer conflicts for women entrepreneur which can lead to a greater success in their businesses. Chu, Zhu, and Chu (2010) propose that family support is one of the most important factors to make an SME successful, particularly for small businesses owned by immigrants.

It is important to note that the impact of social capital, such as family support, varies depending on the country and culture of the region that SMEs have formed in (Davidsson, 2004b). For example, in countries with collectivistic cultures such as China and Vietnam there is a strong emphasis on the development of cohesive groups which leads to social identity and loyalty among group members (Baughn, Cao, Linh, Lim, & Neupert, 2006). Liao and Sohmen (2001) assert that the role of family in Chinese business success cannot be stressed enough because family members play both as a source of funds for the start up and also as a support in daily tasks of the business, especially when no reliable employees could be found. Therefore interdependence and motivation to comply with the norms of the group is stronger in collectivistic culture than in individualistic culture (House, Hanges, Javidan, Dorfman, & Gupta, 2004).

Methodology

Study Sample

The sample used in this study consists of 107 cases of successful entrepreneurs reported in the business section of the Montreal Gazette. The sample is extracted from the Gazette archives and covers a period of four years from June. 2007 to June 2011. The entrepreneurs/ventures were selected by Gazette based on the pattern of profit as a measure of success. An initial sample compiled 213 entrepreneurs/ventures based on Industry Canada's definition of small and medium sized businesses. However, some cases focused on a specific aspect such as family business or new products/services and as such provided insufficient data.

The wealth of data compiled about these successful entrepreneurs and their ventures provided a great opportunity to study successful entrepreneurs. Further data collection was obtained by visiting the entrepreneurs'/ventures' website and in some cases telephone interviews were conducted to clarify some information.

Table 2 provides descriptive statistics of entrepreneurs' age, venture longevity, venture's size in terms of number of employees and revenue in millions of dollars.

Besides economic criteria of success, subjective criteria were also taken to consideration (all entrepreneurs in the study sample expressed satisfaction with their businesses and jobs).

Characteristic	Minimum	Maximum	Mean	SD
Number of Employees	1	200	24.85	36.765
Annual Revenue	.010	75.000	6.099	12.382
Entrepreneurs age	24	82	43.20	10.931
Business Age	2	30	9.67	7.077
Number of Partners [a]	1	5	1.86	.926

Table 2: Profile of successful entrepreneurs/ventures

As previously mentioned, several studies suggest that entrepreneurs' satisfaction is a crucial indicator of success in their SMEs. All entrepreneurs in the study sample stated in different ways that they:

- Are passionate about their jobs and very happy with what they are doing
- Love their businesses and enjoy every day and every task of their jobs

Variables

To do a comprehensive study, each case of successful entrepreneur in the sample was investigated separately. Key characteristics and various important factors relating to their success were collected. After a thorough study, common characteristics were chosen and further analysis was done on them. These characteristics are as follows:

Educational Background

Founders' educational background was measured with a four point categorical scale capturing formal levels of education: high school or lower, some college studies, undergraduate s and post-graduate studies. Furthermore, the study measured the relationship between the entrepreneurs' educational background and the type of businesses/industries they were involved in[3].

Prior work experience

Prior work experience is another important factor that could influence entrepreneurs' success. In order to study the role of this factor in entrepreneurs' success, three separate variables were formed: prior industrial[4], administrative and entrepreneurial work experience.

Previous Job Status:

To gain more insight about successful entrepreneurs, their employment status before they started their businesses was investigated. Some entrepreneurs were employed while some were

[3] Entrepreneurs who studied business were considered to have relevant education regardless of the industry they were involved in.
[4] To find out if an entrepreneur's education is related to his or her business, the two digit North American Industry Classification System code (U.S. Census Bureau, 2007) was employed.

jobless or retired. Furthermore, data was collected to reflect if entrepreneurs quitted their previous job, were laid off or kept their job.

Passion for Entrepreneurship

Data was also collected on passion for entrepreneurship. Many entrepreneurs stated that long before they started their businesses, they always dreamt about becoming an entrepreneur, having their own business and being their own boss.

Immigration Status

Immigration status was investigated to identify the proportion of immigrants in the sample and to examine if their businesses are related to their home country.

Opportunity Type

How entrepreneurs discovered the opportunity was also examined. 1)Some of the entrepreneurs used to struggle with a problem which motivated them to start their business. 2) For some entrepreneurs, the opportunity was not discovered only by them, but it was suggested by their friends, family or people around them. 3) Some always had some passion to work in a specific industry; so as soon as they had access to resources they started their business. 4) Finally, some had a long-track work experience in a specific industry and they reached a point in which they knew the industry and business well and then an opportunity was presented to them. These four types of opportunities are not necessarily mutually exclusive. Therefore it is possible that an entrepreneur was attracted to an opportunity because of his passion and extensive knowledge in that specific industry.

Outside Investment

Different methods of financing SMEs used by successful entrepreneurs were also examined including bootstrap financing, creative ways to finance a business without any outside investments, equity and debt financing methods.

Business Strategy

For this variable, only two types of business strategy were identified: price leadership where entrepreneurs try to make the final product or service as inexpensive as possible, and Differentiation where entrepreneurs try to present a unique product or service. These two strategies are not mutually exclusive.

Family Business

The study also examined if a successful business tended to be a family type business.

Number of Partners

When starting a business, some entrepreneurs do it in a sole-proprietorship way but the rest prefer to team up with some partners and then start the business. This variable measures the number of partners at the starting point of a business. This ordinal variable has 4 levels which are sole-proprietorship, two partners, three partners or more.

Variable (X_i)	% (N=107)	Variable (X_i)	% N=107)
Educational Level		**Opportunity Type**	
High School or Lower	**26.2**	Problem Solving	**36.4**
Some College Degree	**22.4**	Industry Incubated	**42.0**
Some undergrad. Degree	**36.4**	Industry Attraction	**40.2**
Some Graduate Degree	**15**	New opportunity	**20.5**
Industry Type		**Partners No.**	
professional Services	**31.8**	1	**42.1**
Other services	**34.6**	2	**37.4**
Merchandise	**12.1**	3	**14**
Manufacturer	**21.5**	4 or more	**6.5**
Gender		**Business Strategy**	
Male	**28**	Price Leadership	**24.3**
Female	**72**	Differentiation	**35.5**
Relevant Education	**59.8**	**Tech-Knowledge Based Firm**	**30.8**
Previously Employed	**65.4**	**Growing Firm**	**44.9**
Prior Industrial Experience	**75.7**	**Outside Investment**	**27.1**
Prior Administrative Experience	**86.9**	**Family/Friends Support**	**46.7**
Prior Entrepreneurial Experience	**37.4**	**Immigrant**	**21.5**
Passion for Entrepreneurship	**42.1**	**Business Related to Homeland**	**87.5**
Family Business	**26.2**		

Table 3: Other characteristics of successful entrepreneurs/ventures

Family/Friends Support

Data on family and friend support was also collected. Some entrepreneurs mentioned the role of their family and friends as a key factor in their success.

Growing Firm

Data was also collected to study if entrepreneurs had a specific plan to grow their businesses in the near future.

Table 3 provides the distributions of the mentioned variables in the study sample.

To get a better feel of the representation of the study sample, a comparison between the industry distribution in the sample and the Quebec's SMEs were conducted. The firms in the sample are distributed into four different industries in the following manner: professional services[5], manufacturing and production, merchandise, and other services[6]. Figure 1 demonstrates a comparison between the distribution of SMEs by sectors in Quebec and in the sample.

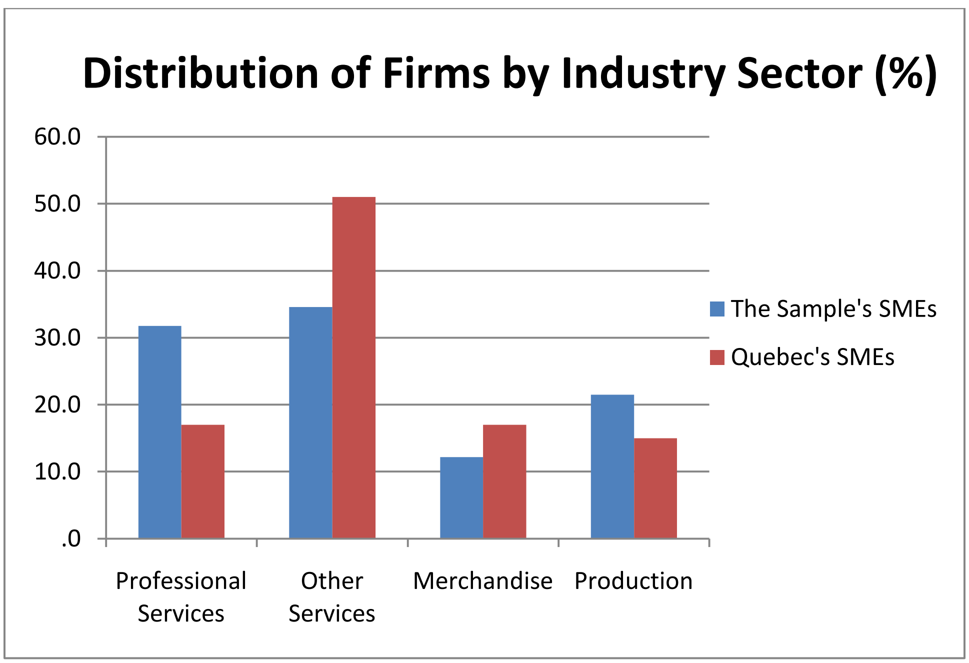

Figure 1: A comparison between the sample's and Quebec's industry sectors

[5] This category includes industries such as information technology services, software and educational services

[6] This category includes food and beverages, personal services such as spa and other services such as home staging and transportation.

In the study sample, the percentage of professional services is significantly higher while the percentage of other services is significantly lower than that of Quebec's SMEs. Based on Figure 1, one can conclude that the rate of success is considerably higher in the professional services comparing to other services.

The data for Quebec's distribution of firms by sectors is extracted from SME Financing Data Initiative, Statistics Canada (2004).

According to the SME Financing Data Initiative, Statistics Canada (2004), 30% of SMEs in Quebec are owned (50% or more of the business) by women while the rest are owned by men. In our sample, 28% of the businesses are started by women and the rest are started by men7. In terms of age, only 9% of entrepreneurs are under 30 years and 5% are above 65 years old. The rest lie between 30 to 64 years old. This is almost in accordance with the SME Financing Data Initiative, Statistics Canada (2004) which shows that 3% of entrepreneurs in Quebec are younger than 30 years old while 7% of them are above 65.

In terms of education and experience, almost half of the successful entrepreneurs in the study sample have university degree and 60% of entrepreneurs are working in an industry where they can benefit highly from their education. It is interesting to note that only 26% of the SMEs owners in Canada have university degrees (Industry Canada, Key Small Business Statistics, 2009), which indicates that the rate of success among highly educated entrepreneur is considerably higher than lower or poor educated ones. Furthermore, among the entrepreneurs in the study sample, 76% of them have had prior work experience in the same industry, 87% have had administrative experience and 37% had started more than one business. According to SME

[t] There were also cases of equal partnership, however in those cases, only the person who has the most influence on the company (i.e. CEO) were taken as the owner,

Financing Data Initiative, Statistics Canada (2004), 88% of the SMEs owners in Quebec have 5 years of managerial experience or more.

Study Focus

The purpose of the study is to examine the key characteristics of successful entrepreneurs. More specifically the study investigates the following key questions:

1. Are there any differences between successful male and female entrepreneurs
2. Do successful technology entrepreneurs exhibit different characteristics from those of non-technology entrepreneurs?
3. Do successful entrepreneurs with a growth strategy differ from those with no growth strategy?

There are other questions which can also be investigated. Such questions are regarding the immigrants, family type businesses and etc. Do immigrant entrepreneurs differ significantly from native ones? Are there any significant differences between entrepreneurs who started a family type business and other entrepreneurs? Although these are very important questions and need further investigation, but the sample size in this study is not large enough to do analysis for these aspects of entrepreneurship. However these questions will remain open and will be suggested for future studies.

Statistical Method

Frequencies and descriptive statistics were used to describe the sample profile and to find out the common characteristics among successful entrepreneurs. Furthermore, in order to shed light on differences between successful male entrepreneurs and successful female entrepreneurs, contingency analysis was employed. Two statistical tests were used: Pearson Chi-Squared test for categorical variables and t-test for continuous data.

The same method was used to describe the differences among the entrepreneurs in different industries. Particularly it has been investigated if entrepreneurs in technology and knowledge based industries have different characteristics from the rest of the firms.

The last step in the analysis is about growing firms. When explaining future of their businesses, some entrepreneurs state that they have specific plans to grow their businesses. Therefore a dummy variable is formed, which is 1 for the entrepreneurs with a growth plan, and 0 otherwise. These growing firms might have something in common that the other firms don't have. To find out the common characteristics among growing firms, and to compare them with other firms, contingency analysis was employed. Furthermore, the association between the growth and other characteristics of the firm was further investigated by employing the logistic regression analysis. Growth orientation was modeled as a dependent variable where it took a value of 1 if the founders had a specific plan to grow their businesses in the near future and a 0 otherwise. Since most of the variables used in this study are categorical and the dependent variable is dichotomous, logistic regression was employed to analyze the data (Aldrich & Nelson, 1984; Maddala, 1983). This method is the most important method when dealing with categorical data and it is popular in business applications (Agresti, 2002).

The dependent variable is the growth of the firm while the predictors or covariates are: The founders' characteristics such as their gender, education level, immigration status and prior work experience; and the firms' characteristics such as the industry, firms' age, family business and number of employees working in the firm.

Results

Successful Male vs. Female Entrepreneurs

Are there any differences between successful male and female entrepreneurs?

Results suggest that successful male and female entrepreneurs tend to exhibit different characteristics such as following characteristics (See tables 4 and 5):

- The number of successful immigrant female entrepreneurs are significantly higher than that of successful male entrepreneurs ($p<0.1$)
- Family, friends and their support play a more important role in success of female entrepreneurs than in success of male entrepreneurs ($p<.01$)
- Male entrepreneurs tend to have larger firms with higher revenue compared to female entrepreneurs ($p<0.01$, $p<0.1$ respectively)
- Successful technology-knowledge based firms are dominated more by male entrepreneurs rather than by female entrepreneurs. ($p<0.05$)
- Prior administrative experience ($p<0.01$) and industrial experience ($p<0.1$) are more common among successful male entrepreneurs compared to successful female entrepreneurs.

Variables	Female (μ)	Male (μ)	t	S
Number of Employees ***	**12.30**	**29.7**	**3.036**	**0.003**
Annual Revenue *	**3.37**	**7.16**	**1.782**	**0.078**
Entrepreneurs age	**43.57**	**43.05**	**.241**	**.810**
Business Age	**9.90**	**9.58**	**.204**	**.839**
Number of Partners [a] *	**1.67**	**1.94**	**1.674**	**0.098**

* Significant at .1 Level ** Significant at .05 Level *** Significant at .01 Level
Table 4: A comparison between successful male vs. female entrepreneurs (continous variables)

Variables	Female (%)	Male (%)	χ^2	P
Immigration Status *	**33.3**	**16.9**	**0.462**	**0.063**
Outside Investment	**16.7**	**31.2**	**2.298**	**0.13**
Differentiation	**36.7**	**35.1**	**0.024**	**0.876**
Price Leadership	**16.7**	**27.3**	**1.32**	**0.251**
Family Business	**36.7**	**22.1**	**2.378**	**0.123**
Friends/Family Support *	**63**	**40**	**4.617**	**0.051**
Educational Level			**2.809**	**0.422**
High School or Lower	**26.7**	**26**		
Some College Degree	**13.3**	**26**		
Some undergrad. Degree	**46.7**	**32.5**		
Some Graduate Degree	**13.3**	**15.5**		
Knowledge Based Industry **	**16**	**36**	**3.927**	**0.048**
Related Education	**56.7**	**61**	**0.172**	**0.679**
Previously Employed	**60**	**67.5**	**0.541**	**0.462**
Growing Firm	**50**	**42.9**	**0.445**	**0.505**
Passion For Entrepreneurship	**40**	**42.9**	**0.072**	**0.788**
Administrative Experience***	**73**	**92**	**6.763**	**0.009**
Industrial Experience *	**63**	**80**	**3.467**	**0.063**
Entrepreneurial Experience	**33.3**	**39**	**0.393**	**0.589**
Opportunity Type				
Problem Solving	**40**	**35.1**	**0.227**	**0.634**
Industry Incubated	**40**	**42.9**	**0.072**	**0.788**
Industry Attraction	**43.3**	**39**	**0.172**	**0.679**
New Opportunity***	**3.3**	**27.3**	**7.575**	**0.006**

* Significant at .1 Level ** Significant at .05 Level *** Significant at .01 Level

Table 5: A comparison between successful male vs. female entrepreneurs (categorical variables)

- In terms of opportunity type, the proportion of successful male entrepreneurs to whom the idea of the business was suggested by others, is significantly higher than that of successful female entrepreneurs. Successful female entrepreneurs tend to create their own ideas (P<0.1).
- The number of business partners among successful male entrepreneurs is larger than that of successful female entrepreneurs (p<0.1).

Results suggest that other variables such as business age, entrepreneurs' age, financing method, business strategy and education and etc. were not significantly different between successful male and female entrepreneurs.

Successful Technology vs. Non-Technology Entrepreneurs

Do successful technology entrepreneurs exhibit different characteristics from those of non-technology entrepreneurs?

Results suggest that the following variables are significantly different between the non-technology and the technology based firms in the sample. See tables 6 and 7.

- Successful technology-knowledge based firms are less likely to be established by immigrants than by native Canadians (p<0.01)

Variables	Non-Tech (μ)	Tech (μ)	t	S
Number of Employees	**22.61**	**29.88**	**.955**	**.343**
Annual Revenue	**4.65**	**9.33**	**1.552**	**.128**
Entrepreneurs age	**43.36**	**42.82**	**.252**	**.547**
Business Age	**10.2**	**8.48**	**1.301**	**.197**
Number of Partners	**1.78**	**2.03**	**1.128**	**.265**

* Significant at .1 Level ** Significant at .05 Level *** Significant at .01 Level
Table 6: A comparison between successful technology vs. non-technology entrepreneurs/ventures (continuous variables)

Variables	Non-Tech(%)	Tech (%)	χ^2	P
Immigration Status * **	**28.4**	**6.1**	**6.736**	**0.009**
Outside Investment	**28.4**	**24.4**	**0.198**	**0.657**
Differentiation	**40.5**	**24.2**	**2.647**	**0.104**
Price Leadership	**28.4**	**15.2**	**2.171**	**0.141**
Family Business **	**32.4**	**12.1**	**4.873**	**0.027**
Friends/Family Support	**45.9**	**48.5**	**0.059**	**0.808**
Educational Level * **			**22.31**	**0**
High School or Lower	**35.1**	**6.1**		
Some College Degree	**27**	**12.1**		
Some undergrad. Degree	**31.1**	**48.5**		
Some Graduate Degree	**6.8**	**33.3**		
Gender (Male) **	**66.2**	**84.8**	**3.927**	**0.048**
Related Education * **	**48.6**	**84.8**	**12.442**	**0**
Previously Employed * **	**55.4**	**87.9**	**10.639**	**0.001**
Growing Firm * **	**36.5**	**63.6**	**6.801**	**0.009**
Passion For Entrepreneurship	**41.9**	**42.4**	**0.003**	**0.959**
Administrative Experience	**87.8**	**84.8**	**0.179**	**0.672**
Industrial Experience **	**68.9**	**90.9**	**6**	**0.014**
Entrepreneurial Experience	**40.5**	**30.3**	**1.022**	**0.312**
Opportunity Type				
Problem Solving ***	**27**	**57.6**	**9.195**	**0.002**
Industry Incubated	**41.9**	**42.4**	**0.003**	**0.959**
Industry Attraction	**51.4**	**15.2**	**12.442**	**0**
New Opportunity	**21.6**	**18.2**	**0.165**	**0.684**

* Significant at .1 Level ** Significant at .05 Level *** Significant at .01 Level

Table 7: A comparison between successful technology vs. non-technology entrepreneurs/ventures (categorical variables)

- Successful family businesses are more likely to be involved in the non-technology sectors of industry rather than in the technology sectors ($p<0.05$)
- The percentage of successful entrepreneurs with a higher education in technology sectors of industry is significantly higher than that in non-technology sectors. In other words, the founders are more likely to be highly educated in technology-knowledge based firms comparing to non-technology based firms. ($p<0.01$)
- Technology-knowledge sectors of industry are more dominated by males than by females ($p<0.5$)
- Successful technology entrepreneurs are more likely to have relevant education with their businesses compared to non-technology entrepreneurs ($p<0.01$)
- Founders of technology based firms are more likely to be employed prior to when they started their business compared to those of non-technology sectors ($p<0.01$)
- Technology based firms are more likely to grow than non-technology firms ($p<0.01$)
- Prior industrial experience is more common among founders of technology-based firms than among founders of non-technology based firms.
- Compared to non-technology firms, the type of opportunity for the technology-based firms is more likely to be problem-solving.

Other variables such as firm's size, annual revenue, age, longevity, number of partners, financing method, business strategy type and etc. were not found to be significantly different between successful technology and non-technology entrepreneurs.

Successful Growing vs. Non-Growing Ventures

Do successful entrepreneurs with a growth strategy differ from those without a growth strategy?

Results suggest that the following characteristics are significantly different in non-growth oriented ventures from growth oriented ones (See tables 8 and 9).

- Entrepreneurs with a higher level of education tend to be growth-oriented.
- Technology-based firms are more likely to be growth-oriented
- Compared to non-growth oriented ventures, the reason behind starting a growth-oriented firm is less likely to be industry attraction.

Other variables were not found to be significantly different between successful growth-oriented and non-growth-oriented entrepreneurs.

To further investigate the association between characteristics of entrepreneurs/ventures and growth-orientation, logistic regression was employed. Table 10 demonstrates the result of the logistic regression. The model is significant at .012 and the overall correct percentage for classification is %70.1. Results suggest that among all independent variables investigated in this study, only the firm size and the industry can influence the growth-orientation of a venture. Founders of technology based firms appeared to be more concerned about the growth of their firms. Furthermore, among SMEs the larger firms are more likely to be growth-oriented.

Variables	Non-Growth Oriented (μ)	Growth Oriented (μ)	t	S
Number of Employees	**22.61**	**29.88**	**.955**	**.343**
Annual Revenue	**4.65**	**9.33**	**1.552**	**.128**
Entrepreneurs age	**43.36**	**42.82**	**.252**	**.547**
Business Age	**10.2**	**8.48**	**1.301**	**.197**
Number of Partners	**1.75**	**1.98**	**1.275**	**.205**

* Significant at .1 Level ** Significant at .05 Level *** Significant at .01 Level

Table 8: A comparison between growth-oriented vs. non-growth oriented entrepreneurs/ventures (continuous variables)

Variables	Non-Growth Oriented (%)	Growth Oriented (%)	χ^2	P
Immigration Status	**23.2**	**19.6**	**.206**	**.650**
Outside Investment	**26.8**	**27.5**	**.006**	**.938**
Differentiation	**33.9**	**37.3**	**.129**	**.720**
Price Leadership	**26.8**	**21.6**	**.396**	**.530**
Family Business	**25.0**	**27.5**	**.083**	**.773**
Friends/Family Support	**39.3**	**54.9**	**2.615**	**.106**
Educational Level * **			**13.747**	**.003**
High School or Lower	**26.8**	**25.5**		
Some College Degree	**30.4**	**13.7**		
Some undergrad. Degree	**39.3**	**33.3**		
Some Graduate Degree	**3.6**	**27.5**		
Gender (Male)	**75**	**68.6**	**.537**	**.464**
Related Education	**60.7**	**58.8**	**.40**	**.842**
Previously Employed	**62.5**	**68.6**	**.443**	**.506**
Technology Based Firm * **	**16.1**	**47.1**	**12.016**	**.001**
Passion For Entrepreneurship	**35.7**	**45.1**	**.978**	**.323**
Administrative Experience	**91.1**	**82.4**	**1.784**	**.182**
Industrial Experience	**73.2**	**78.4**	**.395**	**.530**
Entrepreneurial Experience	**39.3**	**35.3**	**.182**	**.670**
Opportunity Type				
Problem Solving	**30.4**	**43.1**	**1.882**	**.170**
Industry Incubated	**44.6**	**39.2**	**.323**	**.570**
Industry Attraction **	**50.0**	**29.7**	**4.707**	**.030**
New Opportunity	**19.6**	**21.6**	**.061**	**.806**

* Significant at .1 Level ** Significant at .05 Level *** Significant at .01 Level

Table 9: A comparison between growth-oriented vs. non-growth oriented entrepreneurs/ventures (categorical variables)

Variables	B	S.E.	Sig.	Exp(B)
Immigration Status	**.062**	**.599**	**.918**	**1.064**
Differentiation	**.651**	**.493**	**1.743**	**1**
Price Leadership	**-.181**	**.550**	**.742**	**.834**
Family Business	**.429**	**.619**	**.489**	**1.535**
Educational Level	**.323**	**.258**	**.210**	**1.382**
Gender	**-.824**	**.554**	**.137**	**.439**
Number of Employees**	**.479**	**.190**	**.012**	**1.615**
**Tech-Knowledge Based Firm ** **	**1.479**	**.605**	**.014**	**4.389**
Administrative Experience	**-.559**	**.722**	**.439**	**.572**
Industrial Experience	**.061**	**.560**	**.914**	**1.062**
Entrepreneurial Experience	**-.095**	**.502**	**.851**	**.910**
Constant	**-1.160**	**1.190**	**.330**	**.314**

** Significant at .05 level

Table 10: Association between entrepreneurs/ventures' attributes and business growth-orientation

Discussion

Results of the present study of successful entrepreneurs suggest a number of issues regarding the key areas investigated:

Successful Male vs. Female Entrepreneurs

The study suggests that female entrepreneurs tend to have a higher percentage of immigrants. They have smaller ventures in terms of number of employees. Furthermore, successful female entrepreneurs focus less on knowledge and technology sectors of the industry, they have less administrative and industry experience and have fewer partners compared to their male counterparts. Finally, while the present study suggests that successful female entrepreneurs rely more on family and friends for support, the idea of their business is less likely to be suggested by their friends or family. Simply they tend to be more innovative than male entrepreneurs.

Several studies have examined differences between male and female entrepreneurs in terms of education, work experience, industry sectors, social networking, growth intention and etc. For example, previous research suggests that there is no significant difference between male and female entrepreneurs in terms of age (Hisrich R. , Brush, Good, & DeSouza, 1997; Minniti, Arenius, & Langowitz, 2005; Neider, 1987) and education level (Birley, Mos, & Sanders, 1987; Dolinsky, Caputo, Pasumarty, & Quazi, 1993). However, in regards to work experience, several studies suggest that female entrepreneurs have less administrative and industrial work experience than male entrepreneurs (Boden & Nucci, 2000; Brush, 1992; Carter, Williams, & Reynolds, 1997).

Greve and Salaff (2003) assert that female entrepreneurs have a larger social network. However, their network tends to be more informal consisting of family and friend (Hisrich & Brush, 1986). To establish their businesses, female entrepreneurs, rely heavily on their family (especially their spouse) and friends, which is not the common case for male entrepreneurs (Bruce, 1999; Caputo & Dolinsky, 1998; Grundy & H., 1994). Support of family and friends for female entrepreneurs in developing countries is reported to be more important (Aculai, Rodionova, & Vinogradova, 2006; Lituchy & Reavley, 2004; Welter, Smallbone, Mirzakhalikova, Schakirova, & Maksudova, 2006).

Several scholars made an attempt to compare male and female entrepreneurs in terms of their firm's performance (Yordanova, 2011). Findings show that male entrepreneurs have stronger intentions for growth, while female entrepreneurs tend to be less aggressive in growth decisions (Orser & Hogarth-Scott, 2002; Rosa, Carter, & Hamilton, 1996) and have smaller size businesses (Cliff, 1998). In fact female entrepreneurs' perception of success differs from that of the male entrepreneurs as they put less emphasis on the objective criteria of success such as profit and size (Brush, 1992; Buttner & Moore, 1997; Romano, 1994). Therefore, comparing to male entrepreneurs, female entrepreneurs have firms with smaller number of employees (Bevear, 2002; Scott, 1986) and generate less revenues (Brush, 1992).

Female and male entrepreneurs also tend to work in different industry sectors (Loscocco & Robinson, 1991). Female entrepreneurs tend to start their businesses in the retail or service industry (Neider, 1987; Scott, 1986) while male entrepreneurs are more active in manufacturing and high technology sectors (Miskin & Rose, 1990). Furthermore, scholars suggest that in Science, Engineering and Technology (SET) sectors of industry, women are under presented (Smallbone & Wyer, 2006). This sector is mainly considered as male dominated and has masculine culture such as working under high pressure for long hours (Agilhole, Powell, Barnard, & Dainty, 2008; Blackwell & Glover, 2008) which tends to help the success of male technology entrepreneurs.

Successful Technology vs. Non-Technology Entrepreneurs

The study suggests that successful technology and knowledge based firms are less likely to be established by immigrants or be a part of a family business. In addition, founders of such firms tend to have higher level of education and prior work experience related to their businesses, and to employ a growth strategy. The technology and knowledge sectors of industry are dominated by male entrepreneurs and the idea for starting the business for these technology based firms tend to be problem solving. Founders of technology and knowledge based firm are more likely to team up with larger number of business partners compared to their counterparts in non-technology sectors.

Studies in different countries such as Finland (Autio, Kanerva, Kaila, & Kauranen, 1989), UK (Westhead & Storey, 1994) and Germany (Licht, Nerlinger, & Berger, 1995) show that entrepreneurs in the technology sectors pursued higher education. Furthermore, Barringer, Jones and Neubaum (2005) also confirm that for entrepreneurs in knowledge intensive firms, higher education in relevant fields is advantageous as it can equip an entrepreneur with the essential skills to start a business. Previous studies suggest a positive relationship between technical and engineering skills of entrepreneurs in technology based firms (Almus & Nerlinger, 1999; Storey & Tether, 1996). In addition, the role of prior technical work experience in the success of technology based firms has been confirmed by several scholars (Colombo & Grilli, 2005; Cooper & Bruno, 1977; Feeser & Willard, 1990). However the impact of management or administrative experience on the success of technology-based firms has not yet been settled (Almus & Nerlinger, 1999; Colombo & Grilli, 2010; Stuart & Abetti, 1990; Westhead & Cowling, 1995).

It is common for high-technology entrepreneurs to start their own business after they discovered a new business idea while they were working in another firm (Corman, Perles, & Yancini, 1988). Entrepreneurs in technology sectors are reported to spin-off from an existing organization (Dahlstrand, 2007). In fact after the opportunity recognition phase, entrepreneurs' problem solving mind set helps them to marshal resources in order to establish their business based on the opportunity (Corman, Perles, & Yancini, 1988).

Technology entrepreneurs tend to team up with one or more business partners to start a business (Dahlstrand, 2007). Furthermore, many scholars assert that in a high technology industry, number of founders has a significant positive impact on the firms' performance especially on growth rate (Cooper & Bruno, 1977; Eisenhardt & Schoonhoven, 1990). However, these researchers didn't report a significant difference between the number of founders in technology sectors and in non-technology sectors.

Prior studies show that immigrant entrepreneurs in developed countries are less likely to be involved in the knowledge and technology intensive sectors of industry. For example, in his study of immigrant entrepreneurs in Greece, Piperopoulos (2010) found that the industry that has the least number of immigrant entrepreneurs is the knowledge based sector of industry. Razin and Light (1999) suggest that immigrant entrepreneurs prefer to establish a business in the traditional sectors of industry such as retail and restaurants. However some studies suggest that the presence of immigrants in professional sectors is growing (Kloosterman, 2003).

Successful Growing vs. Non-Growing Ventures

The result of logistic regression and other statistical analysis suggest that firms that have a specific plan for future growth tend to be larger in terms of number of employees. Founders of such firms tend to have a high level of education and a strong passion for entrepreneurship. Industry attraction is less likely to be the reason for starting a business for growing firms. However, the type of industry could be a predictor of growing firms. In fact technology based firms tend to have a growth strategy in opposition to non-technology based firms.

Previous studies confirm that entrepreneurs with higher levels of education are more likely to expand and grow their business (Kangasharju, 2000; Smallbone & Wyer, 2000) as they are motivated to earn more money (Dobbs & Hamilton, 2007). However, only few studies investigated the correlation between types of work experience and growth (Colombo & Grilli, 2005); the relationship between work experience and growth is controversial. While some scholars reported a positive relationship between the two variables, some found no significant relationship between them. For example, Colombo and Grilli (2005) suggest that founders' prior technical work experience has positive influence on the growth of their SMEs while administrative work experience has no significant influence. On the other hand, many scholars found no significant relationship between prior technical or administrative work experience and growth of firms in general (Stuart & Abetti, 1990; Westhead & Cowling, 1995). Regarding prior entrepreneurial experience, Singer (1995) suggests that it has a positive impact on the firm's performance since serial entrepreneurs are more familiar with the complexity of establishing a business and make fewer mistakes during early stages of starting their firms (Barringer, Jones, & Neubaum, 2005). However, Chandler and Jansen (1992), on the other hand, found no significant relationship between founders' prior entrepreneurial experience and the growth of their SMEs.

Several studies investigated the relationship between the growth and the size of firms in the SMEs' context. Some scholars report a negative relationship between the two (Evans, 1987; Hall, 1987) while some found no significant relationship between them (Audretsch, 1995; Wagner, 1992). However, results of the present study suggest that larger SMEs are more likely to grow and the reason behind that is probably due to the way that growth has been measured. Firstly, the focus of the present study is future growth particularly in the next few years, not the past. Secondly, only those entrepreneurs who reported that they had "a specific plan for growth in the near future" have been considered as those pursuing a growth strategy. Therefore, many micro firms may grow very fast but since they are not as structured as larger firms, their growth might not be planned. The results of the present study suggest that founders of larger SMEs tend to have a more structural plan to grow their business because the process of organizational learning, sophistication, bureaucratization and structural change are often enhanced as the SMEs become larger (Dobbs & Hamilton, 2007). Another characteristic of a firm is its age which follows the same pattern as the firm's size. Although small and young firms are reported to grow more rapidly (Dobbs & Hamilton, 2007; Kangasharju, 2000; Lotti, Santarelli, & Vivarelli, 2003), expansion is reported to be common in a variety of sizes and ages (Rutherford, McMullen, & Oswald, 2001; Smallbone, Leigh, & North, 1995).

The larger the size of the founders' team, the more extensive is their human and financial capital. However, studies investigating the role of partnership or the number of founders on the firm's performance couldn't suggest unanimous results. While some studies suggest that the size of the founders' team has a positive influence on the growth of their firms (Barringer, Jones, & Neubaum, 2005; Eisenhardt & Schoonhoven, 1990) some failed to find a significant relationship between the two (Brüderl & Preisendörfer, 2000; Almus & Nerlinger, 1999). In addition, Hamilton and Lawrence (2001) found that the size of the entrepreneurial team has a negative impact on the rate of the growth.

Conclusion

This study helps to grasp important factors contributing to success of entrepreneurs in Quebec or Canada. The results could be used to effectively educate and train nascent entrepreneurs and small business owners. The sample study includes 107 Quebec's successful SMEs whose average size is around 25 employees, annual revenue is 6 million dollar and average business age is less than 10 years. 30% of these firms are in technology-knowledge sectors of the industry. Founders of these ventures expressed their satisfaction with their businesses and their jobs. They stated in different ways that they really enjoy their businesses. Therefore, satisfaction is considered as one of common factors among successful entrepreneurs. Other common characteristics among successful entrepreneurs are prior work experience and level of educations. 74% of successful entrepreneurs in the study sample have some college degrees or higher levels of educations. Furthermore, more than 80% of them have prior work experience. In other words, before starting their businesses, almost all of successful entrepreneurs had some forms of formal training whether through education or previous work experiences.

The environment where entrepreneurs used to work is the main source for their idea generation. In fact majority of entrepreneurs in the study sample got the idea of their business from their previous work. Some of them encounter some problems in their previous experience and they decided to come up with an idea to overcome them; others found an attractive opportunity in the industry while they were working in that specific industry.

21% of the successful entrepreneurs in the sample study are immigrants. Among them, 87.5% started their business in a domain which is related to their home countries. Therefore, business concepts of immigrant entrepreneurs are about some products, services or knowledge that their country of origin is very good at.

The present study suggests that successful female entrepreneurs tend to have smaller venture size in terms of annual revenue and number of employees; they rely more on informal network consisting of family and friends. Males and female successful entrepreneurs have the same level of education in average. However, successful male entrepreneurs tend to have more administrative and industry experience, to focus more on technology-knowledge based sectors of industry, and to build larger team of partnership for starting their businesses. No significant differences were found between successful male and female entrepreneurs in terms of their age, business age, business strategy and growth strategy.

Results of the study suggest that technology entrepreneurs are likely to team up with larger number of partners to start their businesses. Furthermore, they tend to be more educated, to have more industry work experience and to employ growth strategy to expand their business comparing to their non-technology entrepreneur counterparts. Furthermore, according to the study, percentage of successful immigrant entrepreneurs is higher in non-technology sectors of industry.

Based on the result of the present study, growing firms tend to have larger number of employees and to be in technology-knowledge sector of the industry. Furthermore, founders of such firms tend to have higher levels of education and to have a strong passion for entrepreneurship while founders of non-growing firms are more likely to start their businesses because of their strong passion for the industry.

Limitation and Future Studies

The study sample might suffer from not being truly representative. There might be some biases in the study sample as it was limited by the pool of successful entrepreneurs from the Gazette. In other words the sample might not be randomly selected from the all successful entrepreneurs. Furthermore, the study sample is limited to the successful entrepreneurs in Quebec and as already mentioned success factors in entrepreneurship may depend on the location of the business and culture of the entrepreneur. Therefore caution should be taken when generalizing the results of the present study.

Since the majority of the entrepreneurs in study sample were male, the results of the study, particularly the gender study might be biased which leads to skewness toward successful male entrepreneurs characteristics.

One venue to extend the study is investigating successful entrepreneurs in different sectors of industry separately. In this study, only the industry was divided into two sectors, technology and non-technology sectors. As the result of this studies show, technology entrepreneurs differ from non-technology entrepreneur in many characteristics. However the industry could be categorized to more sectors such as manufacturing, wholesale, retail, professional service and etc. Therefore the questions still remains that what common/different characteristics exist among entrepreneurs in each of these sectors?

Another venue could be categorizing successful entrepreneurs on other aspects. In this study, three factors used to categorize entrepreneurs: gender, industry sectors and growth strategy. Other aspects may include immigrations status or family type businesses. Do immigrant entrepreneurs differ from native entrepreneurs? Are success factors in family type businesses different from other businesses? Moreover, repeated studies with larger sample size could help to be able to generalize findings of the study.

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Appendices

Appendix 1: Investment/Financing Methods for SMEs

As stated in chapter 2, investment can be categorized into inside and outside investment:

Outside Investment

Outside investment includes different methods of financing in which investees ask for external financial resources rather than their own investment and internal sources. In this section, the three most common methods of external investment which are Venture Capitals, Banks and Angels are explained.

Venture Capital

Venture capitalists are interested in high-growth industries such as biotechnology, telecommunication and computer industries, which account for more than half of all venture capital investment, but constitute less than 10% of GDP (de Bettignies & Brander, 2007).Therefore, most of researchers, who study venture capital investment, usually use the database of high-tech firms. For example, Davila, Foster, and Gupta (2003) study the relationship between presence of venture capital and the employee growth of startups, using firms in Silicon Valley-based companies.

Berger & Udell (1998) show that venture capitals provide only 2% of all small-businesses' financing. Freear, Sohl and Wetzel (2002) assert that venture capitals have trivial influence on financing business start-ups and new ventures as they tend to invest in larger or listed ventures (Lehmann, 2006) and repeat their investment in the same ventures. Investments of VCs are almost in the form of convertible securities or a combination of debt and equity (Kaplan

& Stromberg, 2003) .Convertible bonds cause managers to bring about effort and it is less risky than common bonds (Casamatta, 2003).

When VCs invest in a firm, it is more likely that the firm succeeds in the market. The firms which have been invested in by VCs are more likely to be higher in professionalization measures (Hellmann & Puri, 2002; Winton & Yerramilli, 2008). Studies show that venture capitalists have a strong ability in providing the ventures with added values and they are more skilled in screening the ventures with potential success (Keuschnigg & Nielsen, 2004; Ueda, 2004). They have higher growth objectives comparing to other investors such as banks (Cosh, Cumming, & Hughes, 2009). Their investments are more risky, with positively skewed return, sometimes with even negative return and sometimes with extremely high return (Winton & Yerramilli, 2008)

VCs' reputation will be undermined if they are involved a in non-efficient firm; therefore they typically invest in firms which are in the growth-stage rather than early stages (Huyghebaert, Van de Gucht, & Van Hulle, 2007). On other hand, liquidity risks, the risks of not being able to exit effectively, force venture capitals to invest in firms which can provide high returns (Lerner & Schoar, 2004; Cumming, Fleming, & Schwienbacher, 2005). In fact when the market has high liquidity risk, VCs tend to invest in later-stages of projects while in less liquid markets, VCs prefer to invest in early stages of projects in order to postpone exit from the market (Cumming, Fleming, & Schwienbacher, 2005).

VCs take an active position in firms that they have invested in, meaning that they influence the original executive team of the firm (Heger & Tykvová, 2009) are faster. They are also more likely to replace the founder with an outside CEO (Hellmann & Puri, 2002), and monitor the firm's performance closely. Kaplan and Stromberg (2003) state that VCs strongly hold seats on the firm's board and vote in their cash-flow right, and even in case of covenants violation, they can substitute the entrepreneur with a new manager (Winton & Yerramilli, 2008). Knowing this fact, entrepreneurs don't tend to negotiate with a VC, because they have high attitude of autonomy they are reluctant to these changes and prefer to keep the original executive teams of the firm (Heger & Tykvová, 2009; Paul, Whittam, & Wyper, 2007).

Dessí (2005) suggests that an optimal financial contract between an entrepreneur and a VC should consider three following issues: 1) it should avoid moral-hazard problems by motivating VCs to monitor the firm 2) it should provide sufficient incentives for each of the contractors to efficiently continue their work and to make proper financing decisions, in this regard, de Bettignies & Brander (2007) argue that an entrepreneur's only motive to be involved with venture capital investment is the VCs' managerial inputs, and 3) it should take to consideration the information asymmetry and possibility of collusion.

Banks

Among formal sources of debt, banks are the most used source for financing new ventures. In fact Smallbone, Ram, Deakins, and Baldock (2003) report that banks were responsible for more than 91 percent of cases for external investment where the firms could obtain finance. Based on Berger and Udell's (1998) study of new US firms whose age is up to 2 years, commercial banks and suppliers are the largest providers of debt financing and 19% of financial resources of all small-businesses is provided by banks with different loans.

Bank loans are typically considered as a cheap form of debt financing compared to other forms of debts (Wilson & Summers, 2002). However banks generally have strict liquidation rules meaning that banks liquidate the firms upon the firms' financial distress (Chemmanur & Fulghieri, 1994; Huyghebaert, Van de Gucht, & Van Hulle, 2007; Repullo & Suarez, 1998).

In terms of controlling, banks' behaviour is less intensive than VCs', in fact banks usually monitor the small firms that they have lent loans to, once or twice in a year (Blackwell & Winters, 1997) while VCs visit their portfolio firms about 19 times per year on an average (Gorman & Sahlman, 1989). However banks strictly monitor for what might jeopardize their loans such as violation from covenants, devastation of collateral quality. Therefore they control the firms by their strict policy of default and liquidation (Winton & Yerramilli, 2008).

Angels

According to Wong, Bhatia and Freeman (2009, p. 222), an angel investor refers to "a high net-worth individual who typically invests in small, private firms on his or her own account". Similar to venture capital investors, angels also typically invest in industries which they are familiar with (Wong, Bhatia, & Freeman, 2009). Compared to VCs who obtain convertible securities, angels obtain common stocks since the amount that they invest in ventures is smaller and small investment is usually associated with common stock (Casamatta, 2003).

Two types of angels can be found in the literature (Wong, Bhatia, & Freeman, 2009): one is entrepreneurs who dispose their long-held asset for profit and have a strong desire for new high-growth ventures. The other type refers to wealthy local businessmen.

Some researchers consider angels as informal venture capitals because angels are less visible and organized, and difficult to find and their amount of investment is less than venture capitals (Freear, Sohl, & Wetzel, 2002; Lam, 2010). There are some other differences between angel investors and venture capital investors as well: unlike venture capitalists, angels invest their own money in firms and they tend to invest in earlier stages of ventures (Wong, Bhatia, & Freeman, 2009) and generally they can't add value to the borrowing firms (Chemmanur & Chen, 2003). Furthermore, angels might be involved in financial statement or operation management of the firm but they usually don't interfere with strategic management of the firm. They are less likely to rely on traditional control mechanism such as control board and staging (Wong, Bhatia, & Freeman, 2009).

Since they invest in younger firms or first stages of a firm, angels bear more risks than venture capitalists. However to compensate for such high risks, their investment would usually differ with that of venture capitalists in following factors (Wong, Bhatia, & Freeman, 2009):

1) Angels invest smaller amount of money in small businesses
2) Angels use syndication investment in order to share the risks and monitor the firm
3) Angels invest in close geographical proximity

Inside Investment

Cassar (2004) proposes that founders of new ventures would not ask for external funds unless the internal financial sources are exhausted. There are various challenges in external/outside investment in order to launch a new business, both from the investee and the investor's side. More specifically, depending on the type of external sources of funds (debt or equity), different challenges have been reported. From investors' point of view, lack of trading history is the most evident cause of difficulty for financing new ventures because it would make it difficult for financier to assess the viability of such a venture (Verheul & Thurik, 2001). Therefore, investment in start-ups, compared to investment in established firms, has some risks and in order to compensate such risks, external financiers who invest in new ventures would normally ask for higher rates of repayment or return (Atherton, 2009). In case of equity, funders not only ask for large return of payment but also for control over the venture. On the other hand, from investees' point of view, since they are entrepreneurs who appreciate autonomy and internal locus of control, they are reluctant to relinquish control over the management of the venture (Heger & Tykvová, 2009; Paul, Whittam, & Wyper, 2007).

In summary, lack of trading history and information opaque are two most common challenges of new ventures to get external finance and since they usually don't have large source of internal finance yet, they are pushed to use other ways of financing such as bootstrapping, self-financing or other kinds of debt such as leasing and factoring (Binks & Ennew, 1996; Bhide, 2000; Harrison, Mason, & Girling, 2004; Van Auken, 2005)

In the following sections, informal financing and bootstrapping are explained.

Informal Financing

According to GEM report (2004) more than 60% of the financial resources of start-ups are provided by the founders and more than 90% of new ventures are financed by informal sources of investment including founders, their family and friends (Lam, 2010) . In addition, according to GEM report (2007), the amount of informal investment in new ventures is more than 50 times that of venture capital (Paré, Rédis, & Sahut, 2009). Therefore informal investment typically does make the largest part of financing a new venture.

Harrison, Mason, and Girling (2004) identify two categories of informal financing: 1) the creative ways to acquire finance from sources other than traditional sources and 2) the ways in which financial needs are minimized or eliminated. In his articles, Lam (2010) provides different strategies of financing for each of the two categories: while the former includes financing by personal and family saving, borrowing from friends and social network and relatives, spouse employment, part time employment and informal saving club to get further financial capital, the latter includes choosing an industry type that requires low start-up capital, hiring low cost labours, having family members work in the business, taking credit letters and advantages from banks, renting machinery or buying used machinery, working from home, or chenabo (contracting state-owned enterprises) to eliminate some of the start-up expenses.

Bootstrapping

Bootstrapping is probably the most common technique of financing new venture in the world (Carter & Van Auken, 2005) which attributes to 35% of all small businesses investment (Berger & Udell, 1998). According to data from the National Survey of Small Business Finances, principal owners' equity makes 31% of all financing for small businesses while trade credit makes 16% (Berger & Udell, 1998). Winborg and Landstrom (2001) define financial bootstrapping as "the use of methods for meeting the need for resources without relying on long-term external finance from debt holders and/or new owners" (p. 238).

From Carter and Van Auken's (2005) perspective, bootstrapping includes different methods of financing small businesses that don't need to inject new cash to business by traditional sources of financing such as debt from institutional or personal equity. These methods of bootstrapping are either normal part of business activities, such as delaying payments to suppliers and withholding owner's salary, or they are more creative such as sharing employees or equipment. Studying 900 small businesses in Sweden, Winborg and Landstrom (2001) identify six most common techniques of bootstrapping as follows: delaying payments, minimizing accounts receivable, minimizing investment, owner-financing, resource sharing and subsidy financing.

Though it is considered as an expensive financing method for a long-term period, trade credit accounts for many cases of bootstrapping; nearly 34% of total debt in US small-sized firms is associated with trade credit (Cunat, 2007). The most frequently used trade credit by supplier is "2/10 net 30" (Ng, Smith, & Smith, 1999) which has interest rate equal to 43% (Huyghebaert, Van de Gucht, & Van Hulle, 2007).

Equity or Debt?

Hellmann and Puri (2000) show that innovator firms have more tendencies to be financed by VCs than imitator firms. Parallel to this statement, de Bettignies (2008) identifies two types of entrepreneurial firms based on their goal for growth: one is high-growth entrepreneurial where the founder's goal is value creation and growth. The other is lifestyle firms where founder's goal is to have a good living and comfort. Based on this categorization, he (de Bettignies, 2008) asserts that high-growth ventures tend to have equity-type contracts while lifestyle ventures are more likely to have debt-type contracts. Fraser (2005) reports that in UK only 6% of lifestyle venture used equity finance while 20.6% of them used bank loans.

Considering intellectual property importance, Ueda (2004) compares financing by banks with financing by VCs. She (Ueda, 2004) argues that entrepreneurs can keep their private information if they obtain bank debt while they should give up that information when considering VCs' investment (Gans, Hsu, & Stern, 2003). In case of equity, the investor is able to expropriate the entrepreneurs' innovative projects. However, in contrast to banks, VCs can bring about managerial input and productivity to entrepreneurial firms since they have an active role in the management level of the firm (Ueda, 2004).

In summary, entrepreneurs' decision wether to choose bank debt or VCs's investment is based on entrepreneurs's tradeoff between advatages such as productivity and managerial input that VCs can bring, and disadvantages such as dilution of control and surrendering private information (Ueda, 2004).

Appendix 2: Types of Strategy

There are many definitions given for the term “strategy”. Each definition has considered specific aspects of the term. Simply speaking, strategy refers to a plan of action designed to achieve a particular goal. In addition, “Strategy” could be defined as a set of procedures. It can also be considered as a concept to create consistency between environment and organization.

Some formal definitions of the term “Strategy” can be seen below:

- Company’s behaviour in the market, including policies, plans and procedures (Ritter & Gemunden, 2004, p. 550).
- the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals (Chandler, 1962, p. 63)
- a systematic series of actions directed to some ends that seek to maintain or optimize a firm's position, plan, pattern, or perspective (Ensign, 2008, p. 29)
- Orienting metaphors constructed for the purpose of conceptualizing and guiding individual attitudes of organizational participants (Chaffee, 1985, p. 94).

Based on different definitions and perception of strategy, different types of it have been suggested. The most popular strategy frameworks have been briefly described below:

Porters Framework

This Framework has been introduced first by Porter (1985; 1980). Based on Porter’s original framework, there are five competitive forces facing all organizations: suppliers, distributors, customers, new entrants and substitute products or services. Based on this framework, an organization should manage these five forces and take one of cost leadership, differentiation or focused strategies.

Cost leaders concentrate on financial management, operational efficiency and cost controls (Walters, Priem, & Shook, 2005) and compared to differentiators, they put minimal expenditure on R&D, marketing research and overhead (de Kluyver, 2000). In short, cost leadership is about low priced production and the focus is on high market share, standardized products and economies of scale.

Differentiators pay attention to "what customer value, what relative importance they attach to the satisfaction of different needs and wants and what they are willing to pay extra for" (de Kluyver, 2000, p. 65). Differentiation imposes extra expenses for customers since they will get unique product or service which calls for market research for understanding customer needs and high budget on R&D (Miller D. , 1987; Miller D. , 1988; Porter, 1985; Walters, Priem, & Shook, 2005). In short differentiation lead to higher prices and the emphasis is on marketing and R&D.

Focus strategy is not an explicit strategy and in fact, it is a choice in a strategy. A firm, which is based either on the cost leadership or differentiation, can choose to work on a narrower segment of the market (Kald, Nilsson, & Rapp, 2000).

Miles and Snow's Framework

This framework has been introduced by Miles and Snow (Miles & Snow, 1978) and it includes three types of strategies: Prospector, Defenders and Analyzers.

Prospectors are technology leader and they spend large amount of money on R&D (Hambrick, 1983) and they consider product development very important (McDaniel & Kolari, 1987). They are high risk takers and actively looking for new opportunities or in other words they have entrepreneurial identity (Shook, Voges, & Payne, 2005). Prospectors work in turbulent domain and uncertain environment and are seeking new products and market opportunities and use a flexible structure in the organization.

Defenders have an engineering identity, meaning that they are low risk takers; focusing on operational efficiency and they function in a narrow domain (Shook, Voges, & Payne, 2005). The domain they are working in is stable with limited number of products. However the competition is about low cost or high quality, so they are constantly looking for maximum efficiency and they use centralized structure.

Analyzer's strategy consists of combination of both Prospector and Defender's strategy, therefore it is not considered as pure strategy.

Helund and Rolander Framework

This framework consists of two types of strategies, implementation and experimentation; and it is introduced by Hedlund and Rolander (1991) and March (1991). While Implementation (Exploitation) strategies focus on current resources and potential of the firm, Experimentation (Exploration) strategies emphasize on learning new ways to do tasks. These types of strategies are identified as a learning strategy and not a general business strategy.

Gupta and Govindarajan's Framework

Introduced by Gupta and Govindarajan (Gupta & Govindarajan, 1984), this category of strategy is simply based on the lifecycle of production and market development and it includes Build, Hold and Harvest strategy:

In build strategy the goal is to increase market share. The investment capacity is very high since there are not many competitors. Market share is relatively low but the industry is growing fast. Businesses with a Hold strategy seek quality improvements. Holders try to keep the existing market share since the industry has become mature and the market share is relatively high. Marketing campaigns are crucial for success at this stage. Finally in Harvest strategy, the focus is on short term earning and investment is rapidly decreasing since the industry is declining. However there are still relatively high market shares at this stage.

Michael Treacy and Fred Wiersema's Framework

Using porter's framework, Michael Treacy and Fred Wiersema (1993) introduced three basic "value disciplines" that can create customer value and provide a competitive advantage. They are operational excellence, product leadership, and customer intimacy.

The goal in operational excellence strategy is to provide reasonable quality at a very low price. Therefore, the organization's focus is on efficiency, streamlining operation and supply chain management. Companies with product leadership strategy operate in a very dynamic market and they emphasize on innovation and brand marketing. The focus is mostly on high margins in a short time and companies put lots of effort on development, innovation, design and time to market. Lastly, in the Customer Intimacy strategy, customer service is the goal therefore organizations focus on product or service customization for individual customers. In this strategy, organizations make an attempt to exceed their customers' expectation and they focus on personal relationship with customers.