The Relationship between the Internal Environment Variables and the Small Business Success

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Abstract

This study aims to identify the relationship between the internal environment variables and the small business success, The study population consists of the small-business owners in the Mafraq Governorate, (200) questionnaire were distributed for this purpose, (192) were restored to identify analysis valid, the recovery rate was (87%) the questionnaire consists of two parts: The first part was contains personal and occupational characteristics (gender, age, qualification, occupation, years experience years, work field) The second part includes four fields contains (30) items: The first field includes:(Requirements availability, The second field: is the organizational structure, third field: businesses resources and the fourth field was: organizational culture). The questionnaire items were drafted on (Likert) scale, the most importance result of the study is: a business requirements availability was moderately achieves small business success, and internal environment a variable was moderately achieves small business success. There is a strong correlation between businesses requirements availability and small businesses success, and there is a strong correlation between the internal environment variables analysis and small businesses success.

Keywords: Small Business, Small Enterprise, success factors, internal environment variables analysis, requirements availability.

1. Introduction:

Many studies have defined small business concept, such as (UNCTAD) have defined this Concept more than (500) different definitions (AlKhathlan, 2010, p 506). The concept definition due to the employees number, or depending on size of the capital, or the sales volume, or according to the breadth of its activity, but there is a Compatibility on its important role on the local economy development, in addition to the importance of its role in the job creation, and improving the individual income level (Mejren, 2000.232). Jordanian Statistics department define small business' concept as a project that employs less than (5) employees, but Amman Industry Chamber has defined it as a project that employs less than (100) employees (Department of Statistics, 2008). we noticed that a large disparity between the two definitions at the local level, the world bank studies have shown that; small businesses in India and Japan running unskilled labor by 65% compared to 50% in large enterprises, and the cost of works opportunity in small businesses equals to one-third of the work's opportunity cost in big businesses (World bank, 1998) which means that unemployment rate reduction.

Micro environment factors consideration affect directly small businesses success, and contribute to achieve its goals, the organization starts to analyze the external environment, industry environment, and the internal environment factors, this research was confined to discuss the internal environment factors because of its importance in small businesses success, its location under the control of small business, and directly affect its goals, at this point the organization identifies the strong factors that enable exploitation of opportunities, and weak factors that must be overcome and minimized.

The organization understands its internal environment contribution, to identify its capabilities and its competitive advantages, which makes it a unique organization, and locates its physical and cognitive resources, so that the organization can develop realistic options to be implemented, focusing on driving force elements, Identifying any activities or sectors that achieve high performance, the internal environment variables consist of the following:

1.1-The organizational structure includes the following modules: (Executive organization, functional organization, executive advisory organization, matrix organization, networking organization, team work organization, and virtual organization).

1.2- The organization's resources include the following factors: (marketing, productivity, financial, management information systems, human resources, and research and development factors).

1.3- The 0rganizational culture includes the following: (traditional, values, norms, organization philosophy, rules of language, the prevailing sentiment in the organization, common work standards, rites and rituals).

2. The Study Importance

The internal environment variables constitute a crucial factor 0f small businesses' success and achieve its goals.

3. Study Objective

This study aims to identify the relationship between the internal environment variables and small businesses' success.

4. Literature Review

There are many researches that have addressed this subject as follows:

- Al-Nsour (2012), entitled measuring economic and social role of small businesses in Saudi Arabia, the research findings that : there was an increasing in the cost of wages, or benefits prices to (10%) led to a reduction of job opportunity and operating levels.

-Jamal Abu- Sardaneh,(2010) entitled ownership structure and Corporate Performance in the Jordanian manufacturing companies, which aimed to test the effect of ownership structure on the performance of the company during the period (2002-2006) covered (56) company, concluded that profitability decreases when focusing on the property at the higher levels, also, the profitability rises when it increases the share of institutional investors of owned shares.

- Khathlan (2010) entitled measuring the efficiency of small businesses funded by the employment fund and development in Jordan, concluded that these projects have achieved economic efficiency relatively higher than that achieved by other projects.

- Al- Wadi (2005) entitled small businesses' challenges, with a reference to its role in development in Jordan, aimed to diagnose the challenges facing small businesses, and concluded that small businesses are receive increased attention by governments at developing countries level.

- Bundagji (2005) entitled small industrial businesses in the city of Jerash problems and constraints, this study aimed to discover the real situation of small industrial businesses operating in Jerash, elements discussed: incorporation capital, the average number of workers, and the problems and obstacles encountered these businesses, concluded that the most important economic problems were because of increasing in sales' tax.

- Al-Abbasi (2003) entitled small industries' role and competition in the economic development in Jordan, it aimed to identify the reality of small industries in Jordan and its role in the economic development, and finds out its competitiveness, and its role in achieving the economic development in Jordan, this study concludes that small industries constitute distinctive reality and substantially in the Jordanian economy, and shows existence of a positive impact on the gross domestic product (GDP) increased , and small industries' role on job creation.

- Al-Salem (2002) which aimed to investigate the relationship between clarity and scientific concept of strategic planning ,and its practicing level in industrial organizations in the governorate of Irbid, this research concluded that 37.5% of managers have clarity in the concept of strategic planning.

5. The Study Hypotheses

Four hypotheses will be tested in this study, and could be formulated as follows:

5.1-The requirements availability may achieve the small businesses success.

5.2- There exit a role for internal environment variables analysis in achieving the small businesses success.

5.3- There exit a relationship between the requirements availability and small businesses success.

5.4- There is a relationship between the internal environment variables analysis and the small businesses success.

6. The population

The population consists of small businesses in the governorate of Mafraq, (200) a questionnaire have been distributed, (193) of them returned and valid for the identification and analysis. Thus the ratio of recovery was (87%).

7. Method and procedures

The researcher uses the descriptive analytical method to answer the study questions and its hypotheses.

8. Study tool

The researcher has been building and developing a questionnaire to collect data, the questionnaires consist of the following parts:

the questionnaire consisted of two parts: The first part contains of personal and occupational characteristics (gender, age, qualification, occupation, experience years, work field) the second part includes four fields and contains (30) items: first field includes:(requirements availability, the second field: contains organizational structure, third field: the business resources, and the fourth field is: the organizational culture), the questionnaire

paragraphs wre drafted on (Likert) Quintet scale which has been used for each paragraph of this part as following: (very large, large, medium, few, and very few). Five degrees has been given to the highest approval, and one degree to the lowest approval. The following standard has been adopted for the purposes of analyzing the research results: a few degrees if the mean of the responses are (2.4 or less), medium degree if the mean of the responses is (2.5- 3.4), and large degree if the mean of the responses is (3.5- over).

9. Validity and reliability

The researcher tested the reliability of the questionnaire by distributing it on specialists and experts. The researcher goes in for their observations in terms of clarity, the relevance of paragraph, and whether it measures relevant areas of the questionnaire. In addition, the researcher used (Test-Retest) method by distributing the questionnaire to (10) of small business from outside the study sample, and re-test after two weeks from the date of the first test. The correlation coefficient between the two areas was also extracted, where the correlation coefficient for the relationship between requirements a availability and small businesses success was (0.87). And for the relationship between the internal environment variables analysis and small businesses success was (0.84).The total reliability coefficient for the entire tool was (0.85). Thus it can be concluded that the instrument used in this study was valid and reliable.

10. Statistical analysis

To achieve objectives of the present study, the researcher adopted the descriptive statistical methods to test the study hypotheses through using the Statistical Package for Social Sciences (SPSS), such as percentages, frequencies, means, and standard deviation to demonstrate the characteristics of the study sample, as well as the (Spearman) correlation coefficient to identify the relationship between study variables.

11.Theoretical part
Small businesses requirements success

The small entrepreneur businesses define their markets according to its system, which means that they move according to the market or the customer regardless of their size (Hemphill & Thomas, 2005, p.471), while the big businesses based on different basis, small businesses that recently arising, tend to take risk because it does not have much to lose, so it'll be the closest of taking risk and innovations adopting ,deal with a high degree of risk, it is usually seen as the employment opportunities generator, flexibility and it does not follow the restrictions of bureaucracy.

A study of researches Company showed that (55%) of the innovations in the (362) different industry, that (95%) of radical innovations was from the small businesses. A study indicated the existence of major reasons make small businesses moving towards innovation and entrepreneurial business more than large businesses (Stringer ,2000,pp.70-88,Cogentics,Inc) some of these reasons:

- It's directed by the manager or the owner, who has the spirit of initiative and leadership skills, where he exploits opportunities that others failed in realizing.

- Simple on its organization, direct its activity toward primary goal, while big businesses have many functions to share with the main activity.

- Characterized by small size, its ability of change, and the transition to a new with less seriousness degree.

- Closer to the market, so it can reacts with the fast variables and customers changes.

But there are a lot of reasons that may lead to small businesses failure, Such as some conditions that is out of control of the small businesses owner, like economic conditions, but the reality and many studies have shown that the reasons behind the failure of these business due to wrong practices of the owners or managers , that must be taken into consideration in these businesses and these reasons can be summarized as follow (Bernouti, 2005, pp 92-96), (Al-Attiyah, 2009, pp 19-21):

- Economic recession: The small businesses are the most affected by the recession because of their inability to deal with these effects as a result of a shortage in its resources and possibilities.

- Large company's competitive intensity offers the same products or some alternative products at very competitive prices.

- Debt owed by small business that cannot be repay, which may eventually lead to a lack of necessary cash level to run the operations.

- Excessive in investment and operational expenses: the overstatement in exchange on equipment, buildings and infrastructure requirements, salaries and other supplies imposes extra costs.

- Keeping a large amount of stock without excuses, thus exposing inventory risks of damage, getting old, expiration or inability to discharge.

- Mismanagement of credit caused by excessive of debt Sales, which cause inability to recover these amounts, which will lead to a financial deficit.

- lack of experience: who owns or manage the small business, must have the sufficient experience in the field of desire work.

- Uncontrolled growth: growth is a wanted case, but within rules and possibilities of the business.

12. Data analysis and test the hypotheses
12.1 First: Characteristics of study sample analysis
Table (1) below describes the characteristics of the study sample, as follows:

Table 1. Research sample characteristics Description

Variables/ Indicators	Category	Frequencies	Percentage (%)
Gender	Male	175	91.1
	Female	17	8.9
Age	25- less than 35	51	26.5
	35- less than 45	63	32.9
	45- less than 55	48	25
	More than 55	30	15.6
Qualifications	Secondary	39	20.3
	Bachelor	81	42.2
	Master	53	27.6
	PhD	19	9.9
Experience years	Less than 5 years	26	13.6
	5- less than 10	78	40.6
	10 - less than 15	58	30.2
	More than 15	30	15.6
Work fields	Production	20	10
	Services	130	68
	Industries	42	22

-Gender:
The study sample consisted of (192) respondent, majority of them was male gender (91.1%), while (8.9%) of them was female gender. Thus it is observed from these distributions the females have low participation rate.
-Age:
In light of the data listed in Table (1) it is clear that the higher proportion was of those aged between (35-45years) with a percentage (32.9%) and the number was (63) respondent, aged between (35-45) were (51) respondent, accounted for (26.5%), while the lowest rate was for those aged (more than 55) with a percentage (15.6%) with (30) respondent. It is noted that the majority of members of the study sample is concentrated between the ages (25-45), reaching (114) respondent, and at a rate of (59.4%).
-Qualification:
Table (1) shows that the number of respondents who hold a secondary degree was (39) accounting for (15.6%) and the number of respondents who hold bachelors degree was (81) accounting for (42.2%) and the number of respondents who hold a master's degree was (53) accounting for (27.6%) and the number of respondents who hold a doctoral degree was (19) accounting for (9.9%).
-Experience years:
Table (1) shows that the number of respondents who have experiences of (5-10 years) was (78) accounting for (40.6%), (58) respondents with experience of (10-15 years) accounting for (30.2%), (26) respondents with less than (5) years accounted for (13.6), and the number of respondents who have experiences of more than 15 years was (30), accounted for (15.6%). It is noted from the above analysis ratios that proportion of respondents with experiences between (5-15) years has reached to (136) respondent accounted for (70.8%) indicating that small businesses enjoyed long experience.
- **Work field:** Table (1) also shows that the number of respondents who worked in   production field was (20) and accounted for (10%), the number of respondents who worked in services field was (130) and accounted for (68%), the number of respondents who worked in industries was (42) and accounted for (15.6%), indicating that increased in services field.

12.2 Second: The first hypothesis: Requirements availability may achieve the small businesses success.
Table (2) below shows the averages and standard deviations for all items,   paragraph No.(11): (expertise availability role) came first in- order- with a mean (4.8523) and a standard deviation (1.2658). The second in –order- paragraph No.(10) was (cash availability) with a mean (4.6541), and standard deviation (1.3956),The third –in order- was paragraph (9) focusing on entrepreneurial management with a mean (3.9974)   and standard

deviation (0.8852), the Last paragraph -in order- was (Simplicity in organization) with a mean (2.6514) and standard deviation (1.5812), the total grand mean for requirements availability was a significant degree with a mean of (3.5122) and standard deviation(0.85356) which means that requirements availability was moderately achieve small business success.

Table 2. Requirements availability

item number	Items	Mean	Standard deviation	Rank
1	Close to the market	3.4566	0.9886	6
2	Seize opportunities	3.7412	1.0472	5
3	Adopting innovations	3.2014	1.6323	8
4	Flexibility	3.1540	0.7425	9
5	Adopting initiative	3.2256	0.94551	7
6	Administered by employer	3.8430	1.0641	4
7	Simplicity in organization	2.6514	1.5812	10
8	smallness size	1.8577	0.6652	11
9	entrepreneurial management	3.9974	0.8852	3
10	cash availability	4.6541	1.3956	2
11	expertise availability	4.8523	1.2658	1
	general average	3.5122	0.85356	

12.3Third: The second hypothesis: There is a role for internal environment variables analysis in achieving the small businesses success.

Table (3) below shows the averages and standard deviations for all fields and paragraphs as follows: First field in order (business culture**)** by focusing on traditions, values and management philosophy, with a mean (4.5169) and a standard deviation (0.9401), second field -in order- was (business resources) by focusing on financial factors, information management systems, and marketing   with a mean (3.6498) and a standard deviation (0.48586), third field -in order- was (organization structure) by focusing on Team organization, Matrix organization, and functional organization with a mean (2.9893) and a standard deviation (1.7458), but the first paragraph – in-order- was the financial factors with a mean (4.9412) and standard deviation (1.7895), second paragraph – in-order- was human resources factors with a mean (4.7352) and standard deviation (0.9583), third paragraph – in-order- was team organization with a mean (4.6901) and standard deviation (0.0258), and the total grand mean for internal environment variables was a very significant degree with a mean of (3.4751) and standard deviation(0.96050) which means that internal environment variables was moderately achieve small business success.

Table 3.The internal environment variables

number	Fields	mean	Standard deviation	Rank
Organizational structure				
1	Executive organization	3.6648	1.07663	**2**
2	Functional organization	3.1263	1.6971	4
3	Advisory organization	2.1473	0.4581	6
4	Matrix organization	2.0392	0.5874	7
5	Networking organization	3.2314	1.9510	3
6	Team organization	4.6901	0.0258	1
7	Virtual organization	2.0259	1.1593	8
Grand mean		2.9893	1.7458	5
Resources				
8	Marketing factors	3.5847	0.5524	4
9	productivity Factors	3.2325	1.0469	6
10	Financial factors	4.9412	1.7895	1
11	Information Management Systems	3.2471	1.0125	5
12	human resources Factors	4.7352	0.9583	2
13	research and development	2.1581	1.7458	7
Grand mean		3.6498	0.48586	3
Organizational culture				
14	Prevailing values	4.3638	1.2365	2
15	Management Philosophy	4.6652	0.8741	1
16	language rules	4.2450	0.6542	3
17	prevailing Sentiment	4.1478	0.66054	4
18	Common labor standards	3.1117	1.7754	6
19	Rites and rituals	2.8422	1.3480	7
20	Behavioral habits	3.9847	0.40792	5
Grand mean		4.5169	0.9401	
Total Grand mean		3.4751	0.96050	

Fourth: The third hypothesis: Table (4) below shows There exit a relationship between requirements availability and small businesses success, evidenced by (Spearman) test presence a strong correlation between some requirements availability and small businesses success, where the correlation coefficient of Spearman was (0.89).

Fifth: The fourth hypothesis: Table (4) below shows there exit a relationship between the internal environment variables analysis and small businesses success, evidenced by (Spearman) correlation coefficient presence a strong correlation between the internal environment variables analysis and the small businesses success, where the correlation coefficient of Spearman was (0.82).

Table 4. Relationship between requirements availability and small businesses, and a relationship between the internal environment variables analysis and small businesses success

variables	Small businesses success	
	R. Spearman	significant
requirements availability	0.89	0.003
internal environment variables	0.82	0.000

13. Results and recommendations:
The study concluded the following results:

13.1-Results related to research sample
A-Gender: high rate of male participation in small business activities which is reaching at (91.1%).
B-Age: the majority of the research sample is concentrated between the ages (35-55), where the number reached (111) respondents, at a rate of (57.9%).
C-Qualifications: The number of the bachelor degree holders was (81) with a proportion of (42.2%) from the research sample.
D-Experiences: the percentage of respondents with experiences between (10-15) years has reached at (70.8%) indicating that small businesses depending highly on long experience.

E -work fields: the majority of the research sample is concentrated on service field where the number reached at (130) respondents, at a rate of (68%).

F - Businesses requirements availability moderately achieves the small business success.

G- Internal environment variables moderately achieve the small business success.

H - There exit a relationship between businesses requirements availability and the small businesses success.

I - There exit a relationship between the internal environment variables analysis and small businesses success.

13.2 Recommendations: depending on the study conclusion the researcher recommends the following:

A -Enable women's to participate in small businesses.

B- Provide physical and knowledge support for ages between (25-45) because it's known as the entrepreneurial age.

C - Provide Assistance for productive the small businesses and enable them to get the competitive advantage.

D – Provide the necessary requirements to achieve small businesses success, especially (cash availability, expertise availability, entrepreneurial management).

E – Take internal environment variables analysis on to consideration, especially (financial, human resources, and organization Teams).

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