FACTORS AFFECTING BUSINESS SUCCESS: EVIDENCE ON SMALL AND MEDIUM ENTERPRISE

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Abstract

Any country's economy is highly dependent on the sustainable development sectors for its income contributions to solve the economic and social issues. Although the Sri Lankan government has designed various economic and social diversification programs, the main focus has been on the introduction and enhance of the development of Small and Medium Enterprises (SMEs). The most prominent argument in favor of SMEs is that they create substantial employability and able to start low capital requirements as they use relatively labor-intensive technologies. SMEs invest more people per capital of investment as compared to other firms. The declining productivity in the country, the prevalence of unskilled labor force in the economy and the tendency of the government to reduce its role as the primary employer made the promotion of SMEs primary sources of employment creation. and poor performance is often endorsed to external factors among the most significant factors are legal framework, limited scope to penetrate the export market, access to finance and labour market forces. Altogether internal factors such as marketing, operation and in particular accounting services may be equally responsible to success of SMEs. Structured questioner was used questionnaires and with a sampling frame of sixty firms as the representative sample under random sampling, regression analysis and descriptive analysis. In addition to outlining the major reasons for exploring these motivations, it is identify the major weaknesses that have limited the predictive power of previous research on this topic. This study offer categorical solutions for future research to adopt to overcome these problems.

Keywords: Small and medium scale entrepreneur, Employability, Performance, External factors

Introduction

Small and Medium Enterprises (SMEs) contribute to the economic development of any country. Entrepreneurs of SMEs play a major role in economic development and recognized as the economic drivers and growth of engine in private sector investment. And provide job opportunities to people; this benefit is to satisfy the macro economic issues in the country. Conversely, in order to achieve business objectives as historically define maximization of the shareholders wealth. However, there is a lack of unifying theory as to discuss why most of the SMEs fail and others succeed. One has to understand that while SMEs play a major role in economic growth and social development towards the solving economic issues, remarkable economic, social and welfare cost arising due to these failures or underperforming. Successive of prominent requirement and increase their contribution to the economy. Before anticipation, understanding why businesses success is an important, as it helps to find remedial business actions to prevent business failure. An entrepreneur is characterized as a risk taker. The early recognition of potential risk alarming of business failure is a more beneficial alert for entrepreneurs, enabling them to be proactive against all threats of business failure risks. Contribution of SMEs to Gross Domestic Product (GDP) development, it is imperative to develop an understanding of the failure and survival of

the SMEs. This study provides both the determinants as well as clear statistics on the nature of SMEs enable the user to predict the performance of a particular SME in terms of success in predictable future. Further, this study examining the reasonable criteria against which the entrepreneurs can evaluate the performance of their business strategy to drive such entity towards success, in case it depicts symptoms of failure.

Literature Review

Business success is difficult task for any business when firm is SMEs it is understand firm making profit is difficult for every business organization. However, SME are more vulnerable to business failure due to various reasons. Business failure could be prevented or controlled by the managers; hence better understanding on why, how and business fail is an important matter for entrepreneurs, policy makers, investors, financial institutes and business consultants (Duncan and Handler, 1994 McNeil & Burgar, 1991). It says that business failure is not a sudden event or accident, but it has a dynamic process. Empirical findings tend to highlight all time that there are many reasons for business failure. Some factors are common in nature, while others are unique to the individual businesses. Businesses in the SME sector, especially new firms, face the business development process. Scarce startup and development capital with excessive guarantees, lack of knowledge of the available alternatives, lack of prior business experience, and undeserved bureaucratic barriers to initiate business activities (Lussier & Halabi, 2010; Ahmad & Seet 2009). are some of the hurdles. As a result, successful continuation of business is always challenged by various factors. All these causes of business success can be divided into as internal and external factors.

Most of the scholars argued that the internal deficiencies are the main causes of business success, while others argue external causes had affected the business perform well. However, almost firms in most of the countries fail or success not because of externally generated problems, but because of internal deficiencies (Baldwin, et al., 2009), and researcher recognize labor rule and regulation, employee motivation, technological change, supplier difficulties, unforeseen circumstances, government regulations, frequently changes in market conditions, customer difficulties and attitude, competition and the economic downturn as external factors that affect business survival (Thornhill & Amit, 2003). They particularly stated that internal successes are an important for business survival. It was observed in their study that failed businesses had not developed internal strengths for survival. These variables were recognized as in the form of management skills, business strategies, expansions and buyouts, financial planning and management and, record keeping, human resource management, marketing, production and operations.

Business history and regulatory environment for SMEs

Sri Lanka has a long trade history it goes beyond a thousand years. The country is located as customary important place in the global context for merchants of the ancient business world with facilitating newel road to access the entire globe. Many ships from various parts of the world arrived for trading purpose. Hence, Sri Lanka has always been long historical evidence an important newel center to trading hub in the ancient world. North central province (NCP) being the first kingdom of Sri Lanka, makes a significant contribution in recognition of properly organized trade center in early civilization stages of the Sri Lankan ancient society. In its process of growth in trade had eventually

acquired the means of trade of goods and services (Gamage, 1995). The economy had faced economic variations during the period and was unable to perform to countries such as Asian reign countries in the Sri Lanka economy; the service-sector contribution to the economy is greater than any other sector. In 2016, the service sector's contribution to Gross National Product (GNP) was 57.1%, whereas other sectors such as agriculture contributed 10.8% and industry 31.1% (Central Bank, 2016). Economy mainly depends on agriculture, garments, tourism and foreign employment. It means that the number of employment opportunities in any form and the less foreign currency generation by these sectors is considered substantial, when compared to the other sectors. The SMEs in Sri Lanka has a long historical experience prior to the free trade liberalization in the 1970s and open economy 1977s. Though major industries carried out the substantial share of the national industrial economy and agricultural the SMEs continued to play a major role. SMEs are established in geographical region the country and they are formed either as individual enterprises or as groups. Many of the SMEs are structured in an informal manner and scattered throughout the country. Some SMEs operate in industrial estates established and managed by the government sector institutes. Government is involved in SMEs in terms of granting approvals, licensing and implementation of regulatory procedures. Statutory bodies are involved with SMEs in promoting and supporting them to conduct their business. Kelegama, et al., (2002) noted more than fifty statutory bodies are involved in this process. Though many institute, departments and authorities are responsible in Sri Lanka to regulate, promote, provide guideline, rule and manage the SME sector, there are many hurdles that SMEs face. Among them are low levels of technology, marketing knowledge and management skills, high production costs caused by the high electricity tariff, high taxes, difficulty of financing due to various reasons including shortage of collateral, and lack of knowledge on bank procedures, lack of know-how to deal with the rather complicated government procurement procedures and lack of entrepreneurship.

Factors affecting business performance
Empirical studies have recognized that the managerial and planning functions they contend that pricing strategies, sustain the long-term business planning, advertising and promotional strategy, managerial experience, skills, training, generate a personnel plan, generate a merchandise assortment plan, experience in the product line, sound and efficient decision-making, knowledge of current business innovations, use of outside advisors, effective interior store layout patterns and inputs market are causes of business success. Literature evidenced by Rauch & Frese (2000). that SMEs are struggling with the marketing of products and bookkeeping tasks. proper education, training and experience therefore were needed to develop managerial skills of business leaders. Thus, educational background of beneficiaries is important and it should be viewed as a criterion for acceptance of business initiatives (Petrus, 2009). On the other hand financial management practices, risk management and capacity and owners commitments are the empirically exported factors.

Accounting, finance management and initial capital
Common issues in the SMEs is record keeping, financial management and project evaluation are common, some other critical factors that have been discussed in many empirical as causes for business success. Inappropriate capital structure, financial

planning, inadequacy of accounting information and less attention to working capital problems were some of the issues recognized to under capacity business operations in the lack of financial management in failed businesses were identifies among other issues (Longenecker, et al., 2000; Chaston, 1997); Temtime & Pansiri, 2004) stated that up to 55% of all respondents in Global Entrepreneurship Monitor (GEM) report stated financial problems as the primary reason for quitting their business. Therefor SMEs is being attending their effort to manage these ears unless and otherwise they are unable to achieve their objectives. Experts recognize that having budgetary controls over financial transactions is a best practice of financial management. Budgets preparation on monthly basis is highly recommended practice for SMEs. Arasti, et al., (2014) have stated that the preparation of financial budgets along with the functional budgets, its adherence and regular reviews directly address the potential working capital issues and establish financial stability and meet the financial variability. Adequacy of working capital is a primary need of a business. Lack of working capital hinders day-to-day operations and leads it into financial crisis. (Gaskill, et al.,1993). Lussier and Halabi (2010) have concluded if this issue is determined the possibility to retain the losing customers from the business is higher. Essence of this conclusion is to be a market culture where customers are willing to start businesses, requires waking up the entrepreneurship spirit in order to commence businesses.

Wu and Young (2003); Sommers and Koc (1987) studied based on a large number of cases worked on by student teams in the SMEs educational and identify the key critical factors for business survival. They found it is be critical factors for business survival, record keeping was considered as an important factor. According to Theng and Boon (1996) and Wu and Young (2003) reported that there is a lack of trained accountants is found as a relatively unimportant factor than the record keeping and liquidity problems for business survival. However, within marketing and sales; liquidity, financial and accounting issues were common in SMEs and were ranked highest in all variables. Liquidity and financial issues were factors along with marketing, project appraisal, credit, transportation, stock keeping, inventory, tax and legal as the most important problems affecting the survival of small local SMEs. Moreover, the chances of survival may vary from industry to industry. According to Knotts, et al., (2003) revealed that the financial leverage is another factor for business success. Under the financial leverage SMEs pay more attention to balance the equity and debt at the point of optimum cost of capital (Petrus, 2009; Bowen et al., 2009). Strong credit and debt collection policies are essential to establish a sustainable future for the business. Ahmad and Seet (2009) and Pratten (2004) have stated that lack of financial management especially the inability to manage debt collection was particularly tested and found that it has a clear link to business failure (Okpara, 2011; and (Gaskill et al., 1993).

2.4 Marketing strategies, education and owners interest

Skilled labours, marketing, innovative knowledge, creation and entrepreneur education were recognized as the business successive factors. Education of entrepreneurs was identified as a notable factor for business success. Many scholars noted those who have a higher education have less of a tendency for business failure (Ooghe & Prijcker, 2007; Ghosh, et al., 2001; Lunce, et al.,2006; Temtime & Pansiri, 2004). Marketing knowledge

and skills related to SMEs has various dimensions to study. It could be initiated with the product and process development Carter and Auken (2006) recognized under strategic issues, specific market segment and competitive conditions are issues for business success (Jefferey, 2003). Lussier (1996) and Petrus (2009) have revealed in the competitive advantage grater factor in business success. If a customer remarks that SMEs has quality differentiated products, quality, and after-sales service compared to the products of competitors is key features of competitive product and services (Watson, et al., 1998; Alwis, and Senathiraja.,2003). Under the competitive market key challenges of SMEs is; how to market products and services were challenges for small owner-managers. Marketing skills, knowledge and experience are stronger to business success than larger firms (Baldwin, et al., 2009). Quality of product, customize products, introduce new products, customer relationship, strong customer service, location, pricing strategy, failure to establish a market niche were the factors that affected failed firms (Baldwin, et al.,2009). Lussier and Halabi (2010); Ahamad and Seet (2009); Flahvin, (1985) suggested that businesses had greater marketing skills and grater relationship has to be a greater chance of success. Empirical conclusions presented by Petrus (2009). Gaskill, et al., (2009) noted that the pricing may eliminate the market competitors from the market then make higher profit.

This study is identifying to test the following five hypotheses which were developed by based on the study empirical findings.

H_1: Business accounting significantly affects business success and it provided the information to enhance the decision making in a SMEs success therefore bookkeeping activities are significantly positive related with SME performance.

Accounting record keeping is one of the main issues found by many researchers to provide information to make decisions to enhance the performance (Reynolds ,1987). These scholars suggested frequently that proper record keeping has positively associated with the business success. Basically cost benefit analysis is needed to estimate when before preparation of account records keeping does not provide meaningful support to a business unless the management accounts does not account with the need for SMEs (Buddhadasa, 1999 and Liao, 2004). This variable is measured by considering with following core items; degree of accounting record keeping does the business maintain, frequency of the management prepare and review management accounts, records maintain the business on accounts receivable and records maintain the business maintain on accounts payable.

H_2: Marketing strategies enhancing SMEs business performance therefore the Market factors significantly associate to increase the SMEs performance.

Second stated hypothesis focus to the market factors, product life cycle is a preventive action for business performance and survival (Gaskill, et al., 1993; Lussier, 1996). SMEs categorically identified businesses strategies that select products and services its new or existing market have a greater chance of success than SMEs select products and services categorized under the growth stage. Therefore, marketing strategies has been also considered by scholars as a key factor for business success and it is noted that SMEs has

not unique marketing strategy commonly they can formulate their own strategy. According to Gamage and et al., 2003) a business having a poor relationship with market and customers has a less chance of success than a firm that started by owners with marketing knowledge and close customer satisfaction. Balcaen & Ooghe.,2005; Theng & Boon 1996). Market factor of SMEs variable is measured by following core items; stage in the life cycle is the product and service, level of relationship having the SMEs with its customers and other related parties, continuity of SMEs perform in the market, and level of SMEs invests in advertising and business promotion activities.

H_3: Enhance the risk management practices and level of internal controls quality increase the business success.

Impact of risk management practice and level of internal control quality greatly effect on the SMEs performance increases. Identifying, assessing and responding to business risk management is vital to manage in a SMEs performance but its impact highly influencing the safeguard from threats and vulnerable in the SMEs business performance (Everet & Watson, 1998). SMEs maintain strong internal control system which enables to optimize the discipline and favorably affect to the business processes. Further, an internal and external risk assessment should be executed with target regular intervals in order to ensure all significant risks both inside and outside, the business identified properly neutralized. Related variable in this concept is formulated on the basis of following items; degree and level of understanding management have on business risks, level of internal control system of the SMEs, rate of internal and external risk assessment and evaluation mechanism on SME performance, level of mandatory and non-mandatory regulatory compliance on SMEs.

H_4: Overall aspect of the financial management practices and principles significantly impact on increasing the business performance.

Core and compulsory component of the financial management practices and principle on SMEs business performance has to use SMEs operations having a greater chance of business performance. Ropega (2011) and Zacharakis et al., (1999) concluded that excessive internal consumption is one of the patterns of business performance. SME are to use adequate budgetary controls have a greater chance of business performance. Further, insufficient initial investment capital was cited by number of scholars as a cause of business failure. Identified variable is calculated by using following items; cash management significantly affects the business performance, frequently manage SME business issue in accounts management, budgetary controls influence on the business performance, level of income and expenditure budget, initial SMEs capital and business performance,

H_5: SMEs business capacity and commitment of owner and manager considerably effect on business success.

Overall capacity of business and the commitment of the owner manager entrepreneur education enhance knowledge, development of skills, and improve the decision making and analytical abilities in the SME. Thus, education supports entrepreneurs to manage the business efficiently as said in the literature. SMEs started by owners with lower levels of education have a greater chance of failure than owners who started business with higher levels (degree/professional) of education (Scott Shanea et al., 2003). The

results of other studies show that the survival rate is higher with businesses that were started by entrepreneurs who had prior business experience (Gaskill, et al., 1993). The down turn of the business starts because of apathy by business leaders. Study variable has formulated base on the level of education for owner and management of the business keep in optimum level, business experience for owner and management of the business keep in optimum level, degree of business knowledge and skill of owner and management of the business keep in optimum level.

Research Design, Methodology and Data
This study approach mainly based on quantitative research methods. As it takes a deductive approach and hypothesizes are built to begin the empirical research conclusions. The variables were developed based on empirical conclusions. Target population of this study is registered SMEs is 2000 approximately in the NCP region. Using random sampling technique study selected 120 SMEs as a sample size. This study business success (BP) formulated as dependent variable which consisted with three dimensions; continuous increase in sales, continuous profit, optimum use of working capital. Study identify the five independent variables namely, business record keeping (BRK) which consisted with operational and financial disciplines, business performance review, control over accounts receivable and payable. Second independent variable is market force (MKF) which consisted of awareness of the product, customer care, and awareness of the market and reputation of the business. Third independent variable is financial management (FIM) which consisted of owner characteristics, business disciplines, budgetary control, and advance readiness. Fourth independent variable is risk management and internal controls (RMI) which consisted with awareness of business risks, strength of the internal control system, assessment of risk, and regulatory compliance. Fifth independent variable is capacity and the commitment of owner managers (CCO) which consisted of education, business experience, business knowledge and skill, and interest of owner manager.

Thus the descriptive research approach was used as primary techniques accomplish to understand the behavior of study variables. Structured survey questioner was used to gather data from respondents SMEs. Dependent and independent variable dimension construct and SMEs opinion ranking 1 to 4 ranking Likert scale score. The collected data was tested and analyzed under the descriptive techniques and moved to inferential analyses. First step is to testify the data validity and reliability by calculating Cronbach's Alpha. Under the correlation analysis is to determine the strength of each factor as a contributor in BP through analysis of coefficient indicators. Formally, the model for multiple linear regressions, given n observations, is:

$y_i = \beta_0 + \beta_1 x_{i1} + \beta_2 x_{i2} + ... \beta_p x_{ip} + \sum_i$ **for i = 1,2, ... n.**

This empirical study above equation reformulated as bellow

$$BS = \alpha_0 + \beta_1\ BRK + \beta_2 MKF + \beta_3\ FIM + \beta_4\ RMI + \beta_5\ CCO + \varepsilon_{it}\ ....Eq\ 2$$

Where, BS= business performance, α_0 = intercept, β_1, β_2, β_3 β_4, and β_5= coefficients of the variables, BRK= business record keeping, MKF = market force, FIM = financial management, RMI risk management and internal controls, and ε_{it}= error term

The dependent variable and the primary interest of this research is business success. There are five independent variables estimated to analysis the study problem. Given the numerous factors identified to suitable fitted data in this study pilot survey instrument were employed and follow up interviews (10 respondents) were undertaken to modify the relevance of the factors in the study.

Data analysis and discussion

Study results are summarized in tables 1,2,3, and 4 and analyzed the all context of the each analytical tools and equations were tested in this study. Before proceeding with further statistical analysis on research data, Cronbach's Alpha values were used to determine the internal consistency of these SMEs variables reliability. Since the all coefficients are closed to or above 0.70 indicate sound and reliable measures for further analysis.

Table 1: Reliability Statistics

Variable	Cronbach's Alpha	Number of Items
Business Record Keeping (BRK)	0.713	4
Market Factors (MKF)	0.702	4
Risk Management and Internal Controls (RIC)	0.686	4
Financial Management (FMG)	0.689	4
Capacity and Commitment of Owners (CCO)	0.780	4

Factors affected to SMEs business performance: Based on the responded were considered to rate the extent to which business record keeping, market factors, risk management and internal control, financial management and capacity and management control may impact on the SMEs performance. A Likert scale of the level of agreement and analysis the descriptive statistic results are presented in table 2.

Table 2: Descriptive Statics for SMEs factors on performance

Variables	Mini	Max	Mean	Std. Deviation
Business Record Keeping	1.25	3.50	2.170	0.481
Market Factors	1.50	3.75	2.447	0.554
Risk Management and Internal Control	1.25	3.25	1.939	0.428
Financial Management	1.50	3.00	2.370	0.404
Capacity and Commitment of Owners	1.50	3.00	2.400	0.335
Business Performance	2.67	3.67	3.216	0.250

The study established that the SMEs performance, which reported a high mean value of 3.216 (SD=0.250), and market factors is second ranked with mean of 2.447 (SD=0.554). Capacity and commitment of owners has 3rd rank of the mean value of 2.400 (SD=0.335). However, study confirmed that the risk management and internal control has low mean value. Lowest mean value is reported risk management and internal control which is 1.939 (SD=0.4280).

The correlation between the variable were reported table 3 and results indicated no multicollinearity problems as the correlations were relatively low. The correlation results for BS indicated a significant positive coefficient with MKF (r=0.243,p<0.01), FIM (r=0.377, p<0.01), and CCO(r=0.451,p<0.01) while positive coefficient with BRK (r=0.114,p<0.214) and RMI (r=0.106,p<0.251). Although the results of the estimated correlation coefficient indicate positively correlated however it still consider low, therefore, it is not large enough to ensure any impact in the regression model.

Table 3: Correlation Metrics

	BRK	MKF	FIM	RMI	CCO	BS
BRK	1					
MKF	0.381**	1				
FIM	0.579**	0.464**	1			
RMI	-0.080	-0.283**	-0.209*	1		
CCO	0.068	-0.093	-0.101	0348**	1	
BS	0.114	0.243**	0.377**	0.106	0.451**	1

**Correlation is significant at the 0.01 level 2-tailed.

Test the hypotheses that SMEs performance determinants are BRK,MKF,FIM,RMI and CCO is a function of SMEs business performance, the multiple regression analysis was performed using 2880 SMEs observations and the result is presented in table 4. To quantify the severity of multicollinearity for this study, the variance inflation factor (VIF) test was performed, and results indicate a very low level of multicollinearity was present for model since all the VIF value for all variable tested is less than 10. Even though there is no formal VIF.

Table 4: Results of Multiple Regression

R=0.670	R^2 = 0.448			Durbin-Watson = 1.764	
	Unstandardized Coefficients		Standardized Coefficient		
	B	Std. Error	Beta	t-statistics	p- value
(Constant)	1.733	0.190		9.133	0.000
BRK	-0.150	0.046	-0.288	-3.286	0.001
MKF	0.078	0.037	0.173	2.126	0.036
FIM	0.309	0.053	0.528	5.785	0.000
RMI	0.038	0.048	0.061	0.795	0.428
CCO	0.387	0.056	0.518	6.904	0.000

a. Dependent Variable: BP

The interpretations of the coefficients associated with each independent variable are now considered in turn.

Business record keeping. The results find significant negative impact between SMEs business performance and the level of business record keeping ($\beta = -0.150, p < 0.001$). At business record keeping coefficient tend to be moderate value. The result confirmed the hypothesis H_1 is accepted.

Market factors. The empirical results of the market factors affect the SMEs performance, the study result leads significant positive relation $(\beta = 0.078, p < 0.038)$, the size of the coefficient tend to be small. The result confirmed the study hypothesis H_2, hence accepted the hypothesis and generally marketing strategies enhancing the SMEs business performance.

Financial management. Result of the regression analysis table 4 of financial management confirmed the hypothesis $H_3 (\beta = 0.309, p < 0.000)$ is accepted. The result of the SMEs performance depicted a significant positive coefficient with FIM. The result evidence the implementation of financial management policy and practices among the SMEs is concerned which contributed towards a significant a significant improvements in firm's performance.

Risk Management and Internal Control. In term of risk management and internal control policy of the SMEs is concerned with the result indicates table 4 of a positive impact RMI $(\beta = 0.038, p < 0.428)$ and SMEs performance. The coefficient value of the regression result is small. Concerning the H_4 hypothesis for SMEs depict insignificant relationships and reject the hypothesis for RMI that any changes of Internal control and Risk management cannot explain the changes in SMEs performance.

Capacity and commitment of the owners. According to the analysis, results are indicated in the table 4, it is clear that the highest coefficient value of regression result of CCO $(\beta = 0.387, p < 0.000)$ is observed in the study results H_5 is accepted. The recognition of this capacity and commitment importance of the SMEs has understood considerable attention by SMEs owners.

In terms of R^2, the most influential variable for explaining firms' variation in BS of SMEs (R^2=0.448) when pulling all the explanatory factors together, they explain of the variation of several SMEs performance at the 44.8% of the total variations. The variables those are statistically significant except RMI.

Conclusions

The main purpose of this study is to examine the impact of bookkeeping accounts, market factors, financial management, risk management and internal control and capacity and commitment management of owners on SME success by untangling the relationships among innovation capability, customer participation, service quality, and firm performance. Recent empirical research on enhancing the small and medium entrepreneur's performance has focused largely on macroeconomic environmental forces SMEs, the characteristics of SMEs opportunities and SME performance. Although this emphasis has focused on empirical understanding of SMEs performance, it is extensively examined the role of other aspects. SME activity based on the many drivers and decisions such as motivations, SMEs opportunities, environmental conditions, cognitive factors, opportunity recognitions, idea creations and execution that make, suggesting that the attributes of the decision makers should influence the SMEs entire process towards the enhancing the firm performance. Although this study have investigate the book record keeping, market factors, financial management, risk management and internal control, capacity and commitment of the internal control. To

explore a strategies and target planning, the study have deeply investigate the major motivational and highly concentration that prior researchers have suggested should influence the SME entrepreneurial successive process, as well as this study suggested some strategies and motivations that are less commonly studied in this area. Study has explored the problems that prior research has faced that the limitation of book keeping recording imply that there is not enough financial information to enhance the business decision process without adequate financial information optimum resource allocation and optimum decision making are unable to accomplish. Empirical conclusions have been limited in this field and specially developing countries, on the other hand they identify SME is key economic sectors to develop. Market factors often identify critical factor for any business performance, specially SME behavioral signs are more difficult to identify, the importance of market factors symptoms of the deteriorating situation of the company appears to be particularly useful in SMEs, in which SMEs accounts often do not countenance the use of financial measures rather they account other mechanism to understand the positive symptoms and run business accordingly. Conversely, the assessment of non-market symptom are a highly subjective rather than objective methods and are not easy to identify, but combined with the analysis of basic indicators, such as the increasing expenditures and profit or loss of liquidity, can induce the owner to take corrective action.

Financial management, it is the important for SMEs to quickly and skillfully recognize symptoms of business performance rather the crises in order to optimize the performance. As a consequence, the financial management perspective for SMEs is becoming increasingly competitive and complex, although far from saturated level, with profitable growth prospects. Even if SMEs were ever a niche bank business and financial management, the data confirm that they no longer are, financial management perspective in the SMEs rather important same as the other aspect. Besides, this study suggest that SMEs do not entirely obtain financing via relationship loans but also access financing products in the finance sectors that do not depend on the bank processing soft information on the SME.

Risk management and internal control related factors seem to be driving success patterns, suggesting that these SME activities are not simply a cyclical phenomenon. To serve SMEs, risk management and internal control devices are developing new SME business models, technologies, and risk management systems. Internal control is only a fraction of what SMEs accomplish or not accomplish as mangers try to serve SMEs in a holistic way through a wide range of operations, with successive protective based operations rising in importance.

Capacity and commitment of the owners and managers are invisible energetic effort in the SME performance development; most of the business is not employed manager's position and this role is played from owners rather the managers. The level of owner capacity and commitment to enhance the SME performance is primal and core ingredient. SME should seek owner or manager who will bring knowledge and commitment of strategic methods to the issues that must be addressed. The owner encourage, moreover, must be provided with time to think and requisite resources.

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