Descriptive Comparison of SME Performance Between Iran and UK

S. Sorooshian, Z. Norzima and I. Yusof

1Department of Industrial Engineering, Science and Research Branch, Islamic Azad University, Kerman, Iran
2Department of Mechanical and Manufacturing Engineering, University Putra Malaysia

Abstract: This paper is a part of an on-going research effort to derive, characterise and employ an empirically-based development taxonomy for Small and Medium Enterprises (SMEs) aim to help the government SMEs strategists within which the companies operating to benchmark and to determine the level of their success potential and relate it to the benefit to the region. This research attempt to examines the general characteristics and performance capabilities of Chief Executive Officer (CEO) of Iranian SMEs compared with SME CEOs of United Kingdom (UK) using data made through independent SME studies in Iran and UK. Data from 321 SME CEO in Iran and 132 SME CEO in UK analysed. Descriptive statistics for various enterprise performance potential and CEO’s characteristics facilitate provide a comparison analysis between Iranian SMEs and UK’s. Main result of this study is a deep understanding of SME capacities in Iran and UK.

Key words: Small and medium enterprise • Chief executive officer • Iran • United kingdom

INTRODUCTION

SMEs development and success have received considerable attention from strategists and scholars around the world for major reasons. There is considerable interest within the field of small firms policy and research in the identification of features that distinguish firms which grow from those that perform of not. Identifying distinctive features of more and less successful firms may also provide insights into the factors influencing small firm performance.

SMEs face severed and numerous challenges [1] and their capable CEOs can play a great role in this challenge [2-4]. At the theoretical level previous studies have identified some of internal performance drivers for SMEs. Studies have acknowledged different factors that are attributable to the success of an entrepreneur especially to SMEs. However, given the limited resources and time available for this research, only six factors related to CEO characteristics and managerial capabilities for small businesses are included for this study.

The paper proceeds as follows; After briefly considering some background literature that encourages this context, the research method is outlined. Thereafter, the findings of the research are presented, followed by conclusions and further research recommendations arising from the investigation.

Corresponding Author: S. Sorooshian, Department of Industrial Engineering, Science and Research Branch, Islamic Azad University, Kerman, Iran.
back ground contains the level of formal education and field of it. And CEO’s gender, age, also training managerial courses that he/she attend.

Briefly the purpose of current research will help the SMEs within which the companies running to determine the level of their potential performance and relate it to the benefit to the Iranian SMEs. The paper also summarizes policies adopted by the government of Iran and UK and practice the effective benchmarking for planning and controlling supportive governmental policies related to SMEs. Putting in other way; the paper addresses a descriptive comparison analysis of these two countries, Iran and UK, regarding policies to enhance SMEs performance potential.

The Specific Objectives of this Paper Are:

- To examine the general characteristics of the capabilities of Iranian SME CEOs.
- To review the general characteristics of the capabilities of UK SME CEOs.
- To compare the CEO capabilities adopted by Iranian SMEs and UK SMEs.

Karami [4] in his empirical research had received 132 sets of data gathered from randomly chosen UK SMEs. His instrument for data collection was survey questioners. Karami in his report mentioned that the survey was limited to UK SMEs and it was his research limitation, he suggested for further research to cover this limitation.

MATERIALS AND METHODS

Following Karami’s research [4] and in a similar survey using the same instrument (close-ended questioner) of data collection for SMEs in the geographic area of Iran, we collect 321 completed questioner. In this area the sample frame used firms with employing less than 250 employees. This criterion has widely been used in literature in defining SMIs [9-10]. SMEs of the survey were selected by a random. The data collected from respondents used for the descriptive statistics analyze for general understanding of CEOs characteristics in SMEs. All descriptive analysis of this study, conducted SPSS 18.0 statistics software.

In following section the result of the study will be present and also an attempt will be consider in order to compare the result with Karami’s foundlings [4] related to UK SMEs.

RESULTS AND DISCUSSION

The majority of the respondents in both studies were male. In Iran with a higher participation of females in managing SMEs, 14.1% of respondents and in UK just 7.6% of respondents were female. This result confirms that, most of the top managers in SMEs are occupied by men rather than women.

The analysis of the data shows that the Iranian respondents age ranged from minimum 21 to maximum 67 years old, compared with UK respondents age ranged from minimum 32 to maximum 65 years old. Mean of CEO age in Iranian respondents were 38.12 years (StD=9.8) while in UK respondents were 44 (StD=8); this comparison brings the idea that in Iranian top managers of SMEs may start from the earlier age rather than UK’s. Figure 1 presents the distribution of age between Iranian respondents.

Karami categorized the UK respondents age into three groups; group one (less than 40 years old) which 29.5% of the respondents reported their age in this group; group two (between 40 and 50 years old) which the majority of the respondents (46.2%) were in this group; and group three (more than 60 years old) with 24% of respondents. The same grouping in Iran survey shows

![Fig. 1: Age of Iranian respondents](image)
the majority of respondents in group one With 59% of CEOs and minority of respondents in group three with 15.6% of CEOs. Group two contains 25.4% of the CEOs in the mentioned range of 40 to 50 Years old. Figure 2 presents age group of respondents in Iran and UK.

Karami in his study prepared the cross tabulation of age and work experience of UK respondents (Table 1) to propose the idea that age of CEOs is highly correlated to their work experience. In Karami’s study average number of years work experience was 15.9 years. The result shows 27.3% of UK CEOs had less than 10 years work experience, while in Iran majority of CEOs (49.2%) categorized in this group of work experience. Majority of respondents in UK fall into the category ranging from 10 to 20 years of work experience while in this group Iranian CEOs was not many (22.1%). Minority of work experience in both UK (1.5%) and Iran (0.9%) were realized in last group ranged total of work experience of 40 years or more. Other work experience categories is presented in Figure 3. Figure 4 shows the distribution of Work experience for Iranian respondents.

The cross tabulation of age and work experience of Iranian respondents is presented in Table 2. The result support the Karami’s proposition regarding a high correlation between age and work experience of CEOs.

Another performance driver for SMEs is CEOs education potential. The educational level of the respondents in UK was divided into four categories including: up to A level, undergraduate, master degree...
In Iran, the category of educational level was a bit different. The educational level of respondents in Iran divided into four categories including: up to diploma level, post diploma, bachelor degree and master degree or higher level. More than half (53%) of respondents in Iran have bachelor degree in field of engineering, management and technology. 16.5% of them reported their education and PhD. 50% of the respondents in UK reported that, they had fist degree in area such as engineering and management. 22.7% of them reported their education up to A level, whilst 26.5% of the respondents reported that they possessed postgraduate degree. The postgraduate includes master degree with 21.2% and PhD with 5.3% was the result that Karami mentioned in his study.
Table 3: The cross tabulation of educational level and educational field

<table>
<thead>
<tr>
<th>Educational level</th>
<th>Management</th>
<th>Engineering</th>
<th>Technology</th>
<th>Science</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to diploma % of total</td>
<td>0.3</td>
<td>0.3</td>
<td>3.4</td>
<td>1.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Post diploma level % of total</td>
<td>0.3</td>
<td>3.1</td>
<td>10.2</td>
<td>7.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Bachelor degree % of total</td>
<td>9.2</td>
<td>38.1</td>
<td>1.4</td>
<td>2.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Postgraduate degree % of total</td>
<td>6.5</td>
<td>6.5</td>
<td>0.3</td>
<td>2.0</td>
<td>7.0</td>
</tr>
</tbody>
</table>

as post diploma level, 15.2% of the respondents reported that they possessed diploma degree or lower degrees. The postgraduate includes master degree and PhD with 15.2% (can be divided to 15.2% for master degree and non of the respondents had PhD) was the result. Figure 5 tries to compare educational level of respondents in UK and respondents in Iran. The result provide an idea that Iranian SME have better opportunity to use potential of CEO’s educational level.

As Figure 6 represents, in order to explore educational background of the CEOs, five groups were categorized. Engineering group of educational field included the majority of respondents in both Iran and UK. The result shows, Iranian CEOs have more technical skills than UK’s CEOs, though managerial education field among UK’s CEOs are higher founded.

The cross tabulation of educational level and educational field of Iranian CEOs is presented in Table 3. Last part of questionnaire was designed to check if CEOs have had any managerial training. In this regards respondents reported that they have attended some form of management training programme, while only 11% of the UK respondents and 29.9% of Iranian respondents reported that, they have not attended any managerial training programmes at all. The management training programs reported here are different from those of the formal degree offered in management. However, by checking the details of the responses provided, it was realized that, all the respondents with a formal degree in management, answered Yes to this question.

CONCLUSION

Strategies cannot be classified as good or bad unless the results suggest so. Like manner the note describes Iran and UK government strategy practices toward SMEs on the present and past. The study attempt to illustrate major policies that supported the development of SME in Iran related to CEO characteristics aspects. Researchers revisited major performance potential on SME in both countries in a descriptive manner and regarding to CEO capabilities. The potential benefits of this and the other lines of inquiry identified above to SME policy-making and scholarship are readily apparent.

Researchers suggest further researchers divide the methods employed in this research to SMEs in specific clusters, so that a range of industry-specific development taxonomies become available benchmark for strategists and policy maker’s use.

ACKNOWLEDGEMENT

Researchers thank the support of Industrial Parks Organization of Iran.

REFERENCES