

Article

Success Factors of SMEs: Empirical Study Guided by Dynamic Capabilities and Resources-Based View

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Abstract: This study aims to identify and analyse the success factors of small and medium-sized enterprises (SMEs) following the lines of dynamic capabilities and resources-based views. To achieve this objective, the multiple case study method was followed, where 10 SMEs/cases in Portugal were selected. From a content analysis of the interviews conducted to the owner-managers of these SMEs, the most important success factors identified were: (1) strategic planning, (2) manager/management capacity, (3) entrepreneurship and innovation, (4) human resources, (5) networks/partnerships, and (6) financing. These factors are considered as drivers of sustained growth and creation of competitive advantage for SMEs in their regions. The results also show that SMEs are oriented towards success, although some evolution is still needed in the way they are managed, where the transition from a “domestic/entrepreneurial” management to a “professional” management and a greater focus on the rarity of their resources and on the dynamic capabilities of their human capital stand out. Conclusions, implications and a future research agenda are also outlined.

Keywords: SMEs; success factors; owner-managers; dynamic capabilities; resource-based view



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1. Introduction

The creation and development of small and medium-sized enterprises (SMEs) represents one of the main objectives of the contemporary economy. It is a complex challenge that includes a high number of directly interested parties, whether public or private, meaning that SMEs play a vital role in the economic development of a country [1,2], being visualized as an important axis for the promotion of a country's economic growth [2], as they are generators of wealth and employment [3,4]. Additionally, SMEs are endowed with flexibility, understood as one of their fundamental characteristics, which provides an easier adjustment to the volatility of supply and demand in the market [5–7]. The relevance of these companies for the economic development of countries was also pointed out by Pedauga, Sáez, & Delgado-márquez [8], when they argued that their importance for the business fabric is a recurrent topic in academia, due to the fact that they have constituted a component of the strategic development of many countries [9]. These arguments are supported with 2018 data from STATISTA, where it was written that “...there were estimated to be approximately 25.1 million SMEs in the European Union in 2018, with the vast majority of these enterprises micro-sized firms which only employed fewer than nine people. A further 1.47 million enterprises were small firms with between 10 and 49 employees and approximately 236 thousand were medium-sized firms that had 50 to 249 employees” (<https://www.statista.com/statistics/878412/number-of-smes-in-europe-by-size/>, accessed on 23 March 2021). Also, Gouardères (p. 1) [10] noted that “micro, small and

medium-sized enterprises constitute 99% of enterprises in the EU. In 2015, almost 23 million SMEs generated EUR 3.9 trillion in added value and employed 90 million people, representing a key source of entrepreneurship and innovation, crucial for the competitiveness of EU businesses. EU SME policy aims to ensure that the Union's policies and actions are small business friendly and contribute to making Europe a more attractive place to set up companies and do business." This means that SMEs are contributors to the economic progress of numerous countries.

SMEs have also contributed to the improvement of competition, innovation and aggregate productivity, being the primary vehicle for new entrepreneurs to provide the economy with continuous ideas of innovation and skills [11]. Although the economic crisis has affected SMEs worldwide, their ability/flexibility to adapt has acted as a lever to combat this phenomenon in order to survive and simultaneously generate economic growth and employment [12]. Although SMEs stimulate innovation, initiative and global entrepreneurship, being more flexible as in times of crisis, they have greater adaptive capacity due to their organizational structure [13,14]. However, this segment of companies commonly faces the shortage of proper management and tiny funding resources, among others [13].

Against this backdrop, there is a large literature on SMEs in their various aspects, given their importance to the European Union as creators of growth, employment, and economic and social cohesion [14]. In this context, Muhammad et al. [1] pointed to SMEs as the leading thread of entrepreneurship, fostering research and development [15] and stimulating the use of local resources [16].

Recently, studies have been developed on the performance of SMEs [17], on the dimensions of innovation [18], on their environmental impacts [19], on their productivity [20], among other topics. Also, SME success factors have been disseminated by the academic community [5,21–25]. The main factors mentioned in the international literature, identified as success factors, empirically tested, are the capital structure, the financial control, the experience (namely in management), the strategic planning, the owners' skills, the quality of the human resources, the founders' age and the existence of a marketing policy, the type of market, the business area and the surrounding economic context [25].

On the other hand, and despite all this interest in this topic, the heterogeneity of SMEs and the panoply of factors that affect their success is complex, so there is no single theory that explains the growth and success of these companies [26]. Under these circumstances, the empirical study presented here was guided by two theories/views that complement each other, since for Chumphong, Srimai, & Potipiroon (p. 131) [27], "the Resource-Based View and Dynamic Capability Strategy play a vital role in assisting SMEs in choosing the correct strategies to implement for their business". These theories show that a company is visualized as a set of tangible and intangible resources, in which core competencies must be developed internally while other competencies can be obtained from the outside [28]. Here, core competencies are defined as those that are rare, valuable and non-transferable [29]. As a complement to this theory comes Dynamic Capabilities, which seeks to explain how companies act to proactively transform their resources for rapid adaptation to ever-changing internal and external environments [30]. The use of this theoretical framework, intends to bridge the gap between theory and practice in empirical studies on SMEs, because as postulated Zaluski et al. [31], it is pertinent that research with these approaches is conducted, although it is still scarce.

Also, Souza et al. [32], through a systematic literature review, identified that inputs on how capabilities influence management success and how they can be improved to increase performance, yet are also still scarce. Thus, supported by these gaps, this study aims to determine the critical success factors in SMEs, in the Portuguese context, whose response was obtained through multiple case studies. As contributions of this study, we highlight the diversity of opinions about the success factors for managers, the theoretical framework used and the importance of the managers' profile to guide their businesses in rapidly changing environments

2. Literature Review

2.1. Resource-Based View and Dynamic Capabilities

The success factors of SMEs are shrouded in complexity, since they encompass a panoply of determinant constructs for these companies to achieve a successful performance. In this context, tangible resources are crucial for their growth; however, intangible resources such as, for example, the capabilities and skills of their human capital are something that can dictate and/or facilitate the success of this type of company. Thus, the Resource Based View and Dynamic Capabilities provide a suitable theoretical framework for the empirical study of the drivers of SME survival. Corroborating this line of thought, Chumphong et al. [27] argued that these views are a vital support to provide SMEs with the necessary tools to select the most appropriate business strategies to implement. This means that these theoretical insights enable the improvement of productivity and the increase of operational efficiency and the formulation of an internal strategy to ensure the achievement of superior performance [33]. Previous studies have reported that they bring lasting advantages to generate organisational success, becoming a driving vehicle for competitive advantage in a rapidly changing business environment [29,34].

Capabilities are the valuable intangible assets of a company [35,36], emerging as the result of a learning and selection process, so Teece et al. [30] explained that dynamic capabilities include two constructs: (a) dynamics, defined as the ability to be consistent in a business change in response to innovations; and (b) capability, defined as the role of strategic management, which assists the integration of resources into a new group of resources or the reconfiguration of resources. Additionally, internal and external competencies are required to meet the needs required to adapt to change in a rapidly evolving environment, which includes the complex problem-solving process, training, and the trust [37].

Finally, they postulated that firms can change their resources and capabilities, which will lead to an increase in dynamic capabilities, particularly in market fluctuations, which can be transferred from one model to another. SMEs must also adopt a unique and innovative stance to ensure the attractiveness of their activity, where their owners/managers must be endowed with dynamic capabilities [27] to sustain positive performance [36,38]. SMEs must assume the value of their resources, their rarity, imitability and non-substitutability in order to be more likely to achieve higher growth and thus better positioned to reap the benefits and rewards of such performance in the future [29,37,39–41].

2.2. Success Factors in SMEs

Although most SMEs are operating on a small scale, this does not mean that their managers should neglect the importance of strategic planning for their business [42], as it increases their success rate and sustains their long-term growth [23]. This means that strategic planning provides a quick adaptation to the ever-changing environment due to the flexibility that characterizes this planning [23]. In this sense, strategic planning/guidance has been defined as the appropriate path that the company has to follow in order to have an adequate posture/behaviour, in order to achieve high levels of performance and growth [43]. For these authors, the strategy to be followed by SMEs is conditioned by their level of human, financial and organizational resources.

The strategy provides advantages and assists in driving the company's success, involving internal factors (e.g., competition, productivity, among others) and external factors (environment), in which companies can opt for aggressive, conservative, defensive and aggressive strategies [44,45]. In the case of SMEs, decision-making is concentrated on the owner/manager, which implies that the choice of strategy is related to the owner/manager's perception of the business [44].

One of the common characteristics in SMEs is the lack of time available for planning, the organization of the business itself, even the entrepreneur's lack of organization of ideas and his thinking on how to optimize the functions of the business. The entrepreneur usually has the impression that the SME has no need for reform, or if there is such a need, he can

execute it himself without external help, showing a lack of trust in external consultants and the so-called scientific management [25].

SMEs are an important channel for the flow of knowledge, as well as having the ability to transform new ideas into new businesses, therefore, a challenge for them is the implementation of a strategy which ensures the overall increase of their innovation capacity and growth factors (entrepreneurship, knowledge and human resources, among others), thus ensuring the sustainability of their competitive advantage. In short, the strategy defined by SMEs should include alternative scenarios based on the key success factors of each one, as well as take into account the changes in their environment [46].

Most SME managers measure the success of their companies by business growth and financial performance [47,48], and these constructs are the main motivators for business continuity [23]. However, this motivation will weaken in the long run if they do not verify such success [49]. On the other hand, the absence of this success may be associated with poor strategic planning and lack of managerial skills of SME managers [23,50]. Therefore, CEOs can play a key role in shaping the company's strategy [51]. This influence may be more important in SMEs, where the owner-manager has a greater impact on their employees and firm-level decisions [51].

As the owner-manager is at the epicentre of the SME management, their decisions are greatly affected by their interpretations as they reflect their personal experience, values and perceptions [51]. The fact that in SMEs, decision-making is done through the owner/entrepreneur suggests that their creative talent is critical to the success of the firm [52].

In this sense, the proper management of the financial resources of an SME is dependent on the skills/skills/experience of its owner/manager, which can be valuable in discovering and exploiting entrepreneurial opportunities, which will lead to the success of the firm [22].

Considering the general characteristics of SMEs, Ahn et al. [51] highlighted some factors that can influence the managerial ability in these companies, such as employee turnover rate, organizational structure, the unclear division between owner and manager, scarcity of resources, low educational qualifications on the part of the owner/manager, previous work experience, their entrepreneurial characteristics, and even their personal qualities.

Taking the above factors into account, managerial skills should include budget planning and control, acting quickly in detecting changes in the environment, maintaining good relations with customers, ensuring that financial records are kept, assessing sales problems, securing capital, management experience, attracting and retaining competent employees, organising the organisational structure with clear lines of authority, focusing on product quality and design, working together with other companies in the same industry, providing an attractive range of products, delegating tasks to employees (where necessary), adopting marketing strategies. Thus, an entrepreneur/manager must ensure that he/she is at all times equipped with all the managerial skills to cope with the uncertainties inherent in the business and thus achieve its success [53].

Increasing the investment readiness of SMEs is seen as one of the most important strategies in public policy to promote entrepreneurship and SME growth in Europe [54].

Entrepreneurship can be defined as the identification and exploitation of entrepreneurial opportunities, however to create greater entrepreneurial value, businesses must act strategically [55].

Despite all the business efforts to start an SME, few gain significant size, thus requiring an increase in managerial skills. This aspect separates the concept of entrepreneur from that of business owner. Thus, the entrepreneur is the one who discovers the market needs and creates a company to meet them, running the risk inherent to this action [25]. Thus, it can be inferred that companies are strategically entrepreneurial when they detect opportunities and obtain an advantage in the search for these opportunities. This attitude is reflected in the motivations of the entrepreneur/manager, in the strategic orientation of the company and in the characteristics of its environment. Growing companies tend to develop an

entrepreneurial strategic orientation supported by aspects such as proactive attitudes, innovation and risk taking [26].

The theories developed regarding entrepreneurship and SMEs highlight the important role of certain factors, such as the size of the business, the market share, management and ownership, data concerning the survival and competitiveness of SMEs, the potential for fundraising, sales, profitability and liquidity, the lack of qualified personnel in the industry, the channels of distribution of market data and information, the barriers to entry into certain markets, the changes currently occurring in the market, the emergence of new niche markets, the operation within a niche, the acquisition data of a particular business, the use of new technologies, innovation, the organizational structure, customers, suppliers, creditors, the relationship with public and political institutions, the lack of confidence in external consultants, trade networks and “clusters” [25].

SMEs are basic contributors to the global economy and the knowledge advantage is critical for these firms, while innovation and new product development, in some sectors, are efficient ways to gain competitive advantage in the market [56]. In addition, the factors that affect the business size of SMEs, such as the characteristics of the entrepreneur, management strategies and the influence of the external environment, constitute elements for the success or failure of a business [25].

In short, creativity, innovation and value creation are the key to success in turbulent and rapidly changing markets. Thus, several academics study the cases of entrepreneurial firms, and in this way, this field evolves [57].

Furthermore, networks and partnerships have been identified as a very important factor in several studies that have been done regarding innovation processes. Research findings suggest that innovation in SMEs is becoming more open, mainly due to the lack of resources for developing and marketing new products on their own. Thus, SMEs’ managers are more inclined and even forced to collaborate with other organisations. Networks, therefore, not only provide external access to new resources but also facilitate the creation and exploitation of social capital, which in itself is considered a source of competitive advantage. The creation of external relationships should be mainly directed towards increasing innovation, being a mechanism that increases the performance and value of networks [58].

Networks/partnerships are seen as one of the strategies that can lead to the success of a company [59]. This author also pointed out that the importance of this type of cooperation between companies has increased significantly due to the growing international competitiveness, the acceleration of technological progress, and the continuous sophistication of markets, customers and suppliers.

Bengtsson, Johansson & Näsholm [60] pointed out that networks are an important strategy for SMEs as a way to develop, acquire resources and ensure business sustainability, however, this strategy implies that SMEs have a proactive and agile attitude in order to maintain their independence.

In the specific case of SMEs, the lack of resources (temporal, human and financial) may determine the direction of partnerships/cooperation, and may also allow the sharing of experiences and knowledge. As for cost reduction, this can be materialized through alliances/partnerships/cooperation that provide obtaining synergies between companies. Regarding the market, partnerships/cooperation can provide access to new markets or the consolidation of the position already acquired, increasing the competitive advantage of the company [61].

In short, alliances/partnerships/cooperation are an exchange between independent firms that are seeking mutual benefits, which can enhance their competitive advantage and organisational performance and hence their sustained growth [62].

The existing literature on the impact of training and performance has been investigated more frequently. The association of these resources with firm performance has a positive relationship between the use of formal human resource practices and firm size [63–66]. Furthermore, formal human resource practice is positively associated with owner per-

ception of firm performance [67]. Messersmith & Guthrie [68] found that the use of high performance work systems was positively associated with sales growth and innovation. Patel & Cardon [69] examined the role of the adoption of human resource management (HRM) practices on labour productivity in SMEs facing high levels competition in the market. They concluded that group culture reinforces a firm's propensity to adopt HRM practices and increases the effect of these practices on labour productivity.

Training can help organisations establish and sustain a competitive advantage by increasing productivity, quality and financial results. The literature suggests that competitive advantage based on knowledge and skills is less visible to competitors and therefore more difficult to imitate, which provides a basis for superior competitive advantage [70].

Most products require services from multiple resources, and multiple resources can be used in multiple products. By specifying the size of the firm's activity in different product markets, it is possible to infer what minimum resources are required. On the other hand, by specifying the profile of a particular product for the firm, it is possible to find the optimal activities for the market the product is in [71].

A deeper understanding of the resource-based view, based on empirical research of strategic human resource management, focuses primarily on the competencies and capabilities of firms and the role that HRM systems play in developing these. Thus, rather than simply postulating a relationship between human resource practices and sustainable competitive advantage, it is necessary to realize that these systems can affect that advantage in a variety of ways [72].

The role of the human resource manager is to implement strategies in response to declining environmental conditions; it becomes clear if the company is considered as a composite of knowledge and skills that its employees possess. The manager must also manage the body of knowledge and skills possessed by the organisation and ensure that it has the skills to adapt to changing conditions in the environment [73].

Dynamic capabilities can be used as a basis for understanding the processes of opportunity, detection and apprehension as well as for the processes of strategy and renewal. Managers in this paradigm play an essential role, both in identifying and capturing new strategies and opportunities, and in orchestrating the necessary complementarities and other organisational assets to thereby invent new business models and new organisational forms [74].

Access to finance by SMEs is also of crucial importance for their continued and sustainable growth, as well as for their profitability, as it facilitates the creation of new firms, fosters the innovation process and boosts existing firms, providing for the economic growth of a country [75].

Financial resources can be seen in two dimensions: household wealth and bank financing, which can have an influence on entrepreneurship [76]. If personal financial resources are inadequate, entrepreneurs should turn to credit markets to capitalise their new businesses. However, obtaining funding through bank loans or investors can be difficult. Firstly, because these businesses are small and high risk and lenders are often reluctant to provide capital and, secondly, they increase borrowing costs [76].

The financing needs of SMEs depend on the stage of the growth/life cycle they are in, which implies different financing strategies [75]. In the start-up/start-up phase, where there is little organisational competence or trading experience and a high risk of failure, it becomes important to prioritise funding sources. During the growth phase, SMEs mature and adjust their capital structure, start to have history and to be able to provide guarantees, thus improving their ability to obtain credit. Thus, the substitution of internal sources of finance by external ones, such as bank loans and venture capital, begins. These financial decisions affect the firm's performance and growth [75].

According to Abdulsaleh & Worthington [75], the characteristics of SMEs influence the choice of the type of financing that they use, namely their size and age, the type of ownership and legal form, their geographical location, activity sector, asset structure, and the personal aspects of the owner/manager, such as skills and experience.

Table 1 summarises the success factors studied, associated with their characteristics versus advantages.

Table 1. Summary of success factors in SMEs and their characteristics/advantages.

Success Factors	Features/Benefits
Strategic planning	<ul style="list-style-type: none"> - Increases organisational performance - Sustained growth - Increased competitive advantage
Management capacity	<ul style="list-style-type: none"> - The owner/manager must have management skills/competencies, otherwise you should consider hiring a qualified manager to make your business successful (business management versus professional management)
Entrepreneurship and innovation	<ul style="list-style-type: none"> - It is very important that the owner/manager has an entrepreneurial and innovative spirit, in order to have a competitive advantage over his competitors - Networks can be a crucial factor - Proactive and visionary attitude to detect opportunities and threats for their business
Human resources	<ul style="list-style-type: none"> - Associated to the owner/manager attitude - Important to adopt/apply human resource management practices (e.g., training, recruitment and selection, performance evaluation and rewards)
Forms of financing	<ul style="list-style-type: none"> - SME sore spot - May be based on family wealth, bank loans or state incentives - May depend on the life cycle the SME is in
Networks/Partnerships	<ul style="list-style-type: none"> - Enable business development at local and international level - Can be carried out in all functional areas of SMEs - The choice of the partner is fundamental, in which the trust in it is one of the most crucial factors

Source: Own elaboration.

3. Methodology

3.1. Type of Study and Case Selection

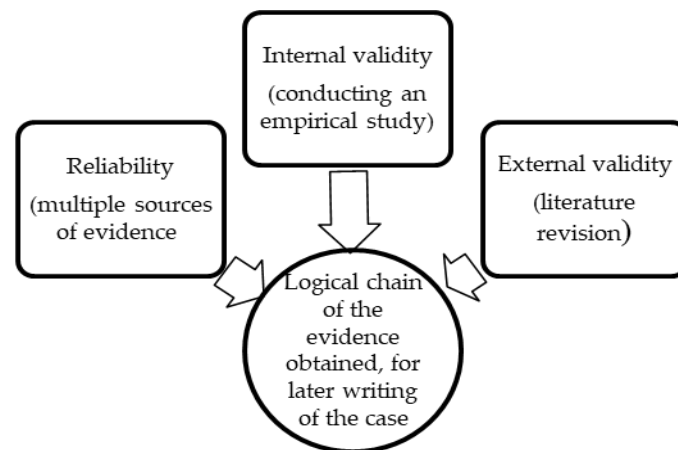
Due to the exploratory nature of this study and taking into account the question posed at the beginning of this study, qualitative research (inductive and subjectivist method) was adopted. Thus, the qualitative methodology (multiple case studies) was adopted, which was mentioned by Langfield-Smith [77] as a pertinent research approach in the study of companies. This argument is corroborated by Piekkari, Welch & Paavilainen [78] when arguing that this approach allows studying all the surrounding contexts of organisations. On the other hand, to endow this case study with the credibility that is implicit in this approach, we followed the methodological steps defined by Yin [79] and, simultaneously, the topics enunciated by Dube & Paré [80], as shown in Table 2.

Table 2. Methodological procedures.

Stages [79]	Procedures [80]
Case study design	Case and process description
	Fieldwork notes
	Grouping the information and checking its reliability (by category)
Preparation for information gathering	Data visualisation (tables)
Evidence gathering	Empirical tests (interviews, among others)
Evidence analysis	Explanation construction
	Search for patterns (data triangulation)
Writing up the case study	Comparison with the literature reviewed

Source: Adapted from [79,80].

During the conduct of the methodological steps outlined above, the principles defined by Yin [79] were always kept in mind to endow this study with internal and external validity (Figure 1).

**Figure 1.** Validity of case studies (adapted from [79]).

It is evident that in any case study it is pertinent to guarantee its reliability, internal and external validity [79]. Thus, in the research presented here, reliability is ensured by the multiplicity of sources of evidence used (interviews, document analysis and observation); internal validation is ensured by obtaining empirical evidence and, finally, external validity is supported by the literature review and the analysis of the evidence in light of it. The adoption of the multiple case study approach proves to be pertinent to respond to the defined research objective, given that the success factors vary from company to company. This means that this approach enables the in loco study of a social phenomenon.

The sample studied here is of convenience in order to provide ease of access to data, and therefore did not take into consideration the size of the company, the volume of sales and the sector of activity. Furthermore, it is important to study micro and small enterprises given their proportionality in the business fabric in Portugal. Furthermore, the interviews obtained reflect the saturation of the researchers' convenience ($n = 10$) and were conducted in December 2019. In this sense, 10 SMEs were selected by convenience sampling, as a form of ease of access to information, which carry out their economic activity in various regions of Portugal. Table 3 presents the characteristics of the companies studied. It should be noted that all the interviewees are the managers of the SMEs (three female and seven male), besides being partners, in which four have a degree (case 4, 5, 8 and 9) and six have secondary education and basic education.

Table 3. Characteristics of the SMEs studied.

Case	Sector of Activity	No. of Employees	Volume of Sales	Legal Form
1	Aesthetics and Wellness	3	165.000 €	Private limited company Two partners: 50%
2	Trade in machines for cutting metal and PVC elements	16	2.700.000 €	Private limited company Two partners: 90% e 10%
3	Forestry and related	22	700.000 €	Private limited company Two partners: 96% e 4%
4	Construction	14	566.000,00 €	Private limited company Three partners: 50.00%, 44.00% e 6.00%
5	Construction	10	504.324,00 €	Private limited company Two partners: 95.00% e 5.00%
6	Construction	21	662.000,00 €	Private limited company Two partners: 90.00% e 10.00%
7	Construction	17	1.464.725,82 €	Private limited company Four partners dois com 33.33% e dois com 16.65%
8	Construction	11	545.000,00 €	Private limited company Three partners, each with 1/3 of the capital—33.33%
9	Construction	34	1.261.561,00 €	Private limited company Two partners: 50.00% e 50.00%
10	Construction	16	1.410.775,00 €	Private limited company Two partners: 67.00% and 33.00%

3.2. Data Collection and Analysis

The sources of information focused on personal and open-ended interviews, documents and records (information taken from the companies' websites and formal company documents on its history and others). As noted by Patton [81] and Eisenhardt & Graebner [82], interviews are often the main source of data in case studies. All interviewees were chosen on the basis of convenience. Semi-structured interviews conducted with owner-managers had an average duration of 1 h 30 min, and respondents were contacted by telephone to present the purpose of the study and arrange a date for the interview.

The data collected from the interviews was subjected to content analysis [83] in order to define and analyse the success factors of SMEs. This overall content analysis was performed using the translated summary information. Consequently, the main themes/factors emerged.

4. Results and Discussion

4.1. Success Factors in SMEs

Empirical evidence highlights that manager characteristics, management strategies and the influence of the external environment, among others, constitute the elements for the success or failure of a business, as well as its competitive advantage [25,56]. These success factors identified in this study and highlighted in the literature review are described below.

4.1.1. Strategic Planning

Regarding the importance of strategic planning, in case 1 and case 2, in accordance with what is mentioned by Ejdy [46], it proved to be a success factor for these two entities, ensuring their sustainability and competitive advantage, being attentive to changes in their environment and acting accordingly. In case 1, "a SWOT analysis was performed,

which identified opportunities, threats, strengths and weaknesses, which were strategically addressed”, also the “customer satisfaction/quality/price/cost reduction” was verified, aiming at the appropriate strategic planning, in which the manager demonstrated to have a good perception of the business that implied an appropriate strategy for the success intended for the company [44].

As for case 3 its strategic planning is short-term and is carried out by the managing partner, which is in line with what is stated by Zaradis and Mousiolis [25], who highlight that the SME entrepreneur has the belief that he/she can carry out the tasks himself/herself without having to plan them or resort to external help. In case 2, strategic planning is handled “fundamentally by acting with drive, rigor and professionalism, motivating the team so that we have common goals, always prevailing excellence in customer service that buys services, quality, credibility speed and brand. Eliminating weak points in areas where there are risks and increasingly strengthening areas where opportunities are identified—more effectiveness in sales, quality of products and services and market expansion”. Finally, in case 3, its owner/manager pointed out that it is “essentially quality in the services we provide, responsible employees and customer satisfaction”. Case 4 has a conduct of strategic where “the whole organizational structure is based on the company’s higher performance through its financial control”. Cases 5, 7, 9 and 10 portray what is advocated by Oliveira [84], in which the success of strategic planning is transcribed by the degree of innovative and differentiating interaction of company performance. In turn, cases 5 and 8 have a strategy focused on the owner-manager through all the internal and external surroundings of the companies. This aspect is highlighted by Dehbokry & Chew [45] and García-Pérez et al. Thus, the arguments of Ejdys [46] are corroborated by the fact that everyone has a strategy (e.g., financial control of the company) in order to ensure the company’s sustainability and competitive advantage; short-term strategic planning is carried out by the entrepreneur/manager who does not resort to the external help of consultants [25].

4.1.2. Management Capability

With regard to managerial ability, Ahn et al. [51]) argued that most managerial decisions are based on their personal experience, values and perceptions. Also, Lefebvre and Lefebvre [52] point out that a manager’s decisionmaking is influenced by their creativity, which maintains the success of the company. Regarding this factor, it was found that in case 2, the owner-manager highlights the importance of following the information and knowledge era: “nowadays it would be essential, in addition to the tax system that forces it, the speed and demand that we face (globalization) forces any company to be aware of new technologies and follow them”. In cases 4, 6, 7 and 8, the owner-manager is present through their multifaceted competences in all business activities, considering their management capacity to be the main axis of success, while the entrepreneur/manager of case 8 stated that “the entrepreneur’s management capacity is the main success factor, influencing all the others”. In case 9, the owner-manager’s management capacity is the epicentre of the entire company. Cases 5 (e.g., entrepreneurial opportunities) and 10 (e.g., business diversification), on the other hand, are in line with the advocacy of Rahim & Bakar [22], in which the entrepreneur/manager’s skill/competence/experience is the appropriate for managing the financial resources of the firm, contributing to entrepreneurial opportunities and the success of the firm.

4.1.3. Entrepreneurship and Innovation

Regarding entrepreneurship and innovation, case 3 only makes some investment in regional advertising, not having any innovation policy, while entrepreneurship boils down to the manager’s motivation to remain SME leader in the following years, as the owner-manager indicated that “the innovations introduced in the company came from internal staff”. This situation contradicts Ferreira’s argument [26], when stating that the growth of companies is related to their entrepreneurship and innovation. In the same

sense, the fact that it does not invest in the innovation process can affect its results and consequently its performance [58].

In cases 1 and 2, these SMEs assume attitudes of entrepreneurship and innovation through proactive decisions regarding their business and the environment, seeking to make investments in state-of-the-art equipment, as well as participating in events that promote their business. According to the literature reviewed, Hitt et al. [56] define entrepreneurship as the exploitation of opportunities to create greater value for firms. This aspect is also referenced by Welbourne et al. [57] who point out that creativity, innovation and value creation are the key to success, given the constant changes in the markets where they operate. In this sense, the owner-manager of case 2 made the following comment: “it has always been my purpose to anticipate changes instead of waiting for them to react”.

In cases 4, 5 and 9, innovation is evidenced by the proactive and/or visionary attitudes of their managers, as well as the effectiveness in the development of their services and/or customer satisfaction. The SME (case 5) is endowed with “a quality system (which is reflected in the organizational chart of the company) being considered as a preferred company by several reputable clients of private works.” This SME corroborates Bucha [85], since in a business, innovation results from the ability to create, acquire and manage knowledge. Cases 6, 7 and 8, on the other hand, innovate through differentiation, which reflects a strategy that could be based on investment for greater business performance [58]. Case 10, in addition to increasing innovation, also holds “extralaboratory meetings with all the company’s stakeholders”. It is an SME within the framework patented by Bruyat & Julien [86], in which transformations in the social and economic context serve as activators for the creation of innovative processes.

In turn, cases 5, 9 and 10 confer entrepreneurship to the strategic performance of the company in capturing the best entrepreneurial opportunities, as advocated by Hitt [56]. In case 5, it may be added that the owner-manager postulated that “interprets and perceives the needs and problems, idealizes solutions, transforms dreams and ideas into competitive advantage” (company was considered PME Excelência in 2000, 2001 and 2011 and PME Líder in 2010, by IAPMEI). The mentioned falls within the mention of Dornelas [87], when considering that the entrepreneur is who makes it happen, who anticipates the facts and has a strategic vision; also in case 7, the entrepreneur/manager assumes entrepreneurship to achieve business success. In case 8, the entrepreneur/manager mentioned that “the company does not have an entrepreneurial culture, however it has the conviction and awareness its management capacity influences all the other success factors.”, meeting the theory of Schumpeter [88], who argued that the concept of entrepreneurship is linked to the entrepreneurial man, to the innovation of the context of his business, because if he does not innovate he will hardly be an entrepreneur. In other words, the entrepreneur-manager is innovative, considers himself an entrepreneur, but does not assume the existence of entrepreneurship in the company.

4.1.4. Networks/Partnerships

In the case of networks/partnerships, only case 1 has made some, “we have made partnerships with local offices of promotion of public spaces, of open air commerce” which according to Franco & Haase [61] increases its competitive advantage. Hung et al. [62] concluded that this factor increases organizational performance and sustained business growth. Case 2 has made “business partnerships in Europe and the PALOPs, but not at another level”, which according to Franco [59] reflects, among other things, strategic reasons and increased competitive advantage. In what concerns case 3, it has not bet on this factor as being a success factor for its business, which contradicts what is stated by Franco [59], Franco & Haase [61]. Cases 5, 6, 8, 9 and 10 form partnerships. In this way these SMEs increase their competitive advantage. Hung et al. [62] concluded that business cooperation can increase organisational performance and sustained business growth. However, cases 8 and 10 consider local partners more favourable, considering them

a primary source of knowledge, being companies from the same geographical area [61], i.e., with the same nationality [89].

Cases 5 and 6 form alliances with companies that do not own their activity, on a subcontracting basis, the strategy being not to lose business opportunities as a guarantee of the company's sustainability [61]. Also in agreement with the mentioned authors is case 6, which has partnerships with companies that provide labour. Finally, cases 4 and 7 contradict Franco & Haase [61] and Hung et al. [62], and do not establish alliances/partnerships or cooperate with other companies.

4.1.5. Human Resources

Case 3 has human resources with adequate technical qualifications, however, it does not have a policy to provide training to them, as indicated by the owner-manager: "The human resources are technicians with adequate qualification and knowledge, we do not have defined training plans and the employees are aligned with the company's objectives". Which contradicts Augier & Teece [74], as they argued that managers have a key role in complementing the needs of their organizational assets (e. g. human resources) to reinvent their business. Furthermore, Ceranic & Popovic [89] argue that human resource management in SME is very sensitive. As for cases 2 and 3, they both bet on the continuous training of their human resources. This bet is evidenced in the answers given by the respective owners/managers, namely in case 1, where they indicated that "the human resources are technicians with adequate qualifications and knowledge, we have defined training plans and the employees are aligned with the objectives of the company" and in case 2, "Yes, mainly the technical and commercial part. We invest in the qualification of our employees namely in training more precisely in the factories of the equipment we represent". These statements are in agreement with what Brien & Hamburg [70] argue, which is that training can help organizations to have a sustainable competitive advantage, increase their productivity, quality and financial results.

Cases 4 and 6 do not have a true HR policy. As the entrepreneur/manager of case 3 referenced, "HR are technicians with adequate qualification and knowledge by the experience of the years of service they are endowed with", in turn the entrepreneur/manager of case 4 mentioned the endowment of versatility of HR, originating the different functions they perform. These two cases contradict Augier & Teece [74], in which managers should play a key role in complementing the needs of their organizational assets (e.g., HR) to reinvent their business. The cases mentioned meet the advocacy of Ceranic and Popovic [89], as human resources in SMEs are a very sensitive area, due to not lacking the means that a large company has. In cases 5, 7, 8, 9 and 10, the entrepreneur-managers bet on "continuous training of their human resources". According to Sheehan [67], Augier & Teece [74], it is positive the perception of the entrepreneur/manager for the human resources policy. The entrepreneur/manager of case 4 considers "investment in human capital as one of the ways of sales growth" as proffered by Messersmith & Guthrie [68]. Cases 6 and 7 consider "continuous investment in HR training as an increase in their productivity." In turn, cases 5 and 8 put more emphasis on the practices and investment made in the human capital of the company, in order to have a greater strategy and business opportunity, as stated by Augier & Teece [74].

4.1.6. Financing

The three companies studied resorted and still resort to bank loans as a form of financing, since their personal financial resources were inadequate, as indicated by Kim et al. [76]. Similarly, Abdulsaleh and Worthington [75] note that the characteristics of SMEs influence the type of finance they resort to. In case 2, the owner/manager even states: "I have resorted to bank loans even bearing 30% interest", in case 1 he indicates "I have resorted to bank financing", while in case 3, the owner/manager states "we have resorted to bank loan, however in the medium long term we do not plan to make external financing". Also according to Abdulsaleh & Worthington [75], the characteristics of SMEs influence the

type of financing that companies resort to. These authors also argued that access to finance by SMEs is of crucial importance for their continued growth and sustainability in order to be profitable. In all cases their continuity in the market is relevant and notorious, providing economic growth for the country. In case 6, the company always resorts to the form of financing “supplies” when necessary, the other SMEs, with the exception of case 8, resorted to and/or used other forms of bank financing. Kim et al. [76], referenced two dimensions of financing: household wealth (for example, in case 6, where the owner/manager of the company mentioned several times during the interview that the company was family owned) and bank financing (the form of financing for most of the SMEs analysed).

4.2. Comparative Summary

It is argued that the success factors for the aforementioned companies (10 SMEs), that contribute most to organizational sustainability, financial performance and growth are the flexibility to adapt to the market and environment; the dynamism and knowledge of the business and the sector where it operates; the adoption of an aggressive strategy, which allows obtaining greater competitive advantage over the competition; and the entrepreneurial and innovative sense of the owners/managers.

Although the differences between the 10 case studies are evident, management and decisionmaking is centralised in their owner-managers, who manage to have an effective and efficient management style, providing positive direction to the success and growth of their business. The measurement of their organizational performance is also important for their owners, who adopt strategies aimed at reaching the performance level they set themselves, in addition to taking measures in that sense by contributing to the economic and social development of the region where they are located. In this scenario, Table 4 shows a comparative summary of the companies in relation to the success factors perceived as crucial.

Table 4. Most relevant success factors in each case/SME.

SME	Strategic Planning	Management Capacity	Entrepreneurship and Innovation	Human Resources	Forms of Financing	Networks/ Partnerships
Case 1	✓	✓		✓		✓
Case 2	✓	✓	✓	✓		✓
Case 3		✓			✓	
Case 4	✓	✓				
Case 5			✓			
Case 6		✓				
Case 7		✓	✓	✓	✓	✓
Case 8		✓				
Case 9			✓			
Case 10				✓		✓

5. Managerial Implication

According to the success factors identified in this study, it is suggested that, for SMEs to grow, governments need to reduce the bureaucracy that surrounds them, to have adequate access to public and private financing, to have knowledge, skills (transition from business management to professional management), adequate information systems (e.g., integrated management systems, networks), to manage innovation as a crucial vehicle, to form networks and partnerships, motivation/entrepreneurship to access new clients/markets, visibility, dynamism and recognition by regional and governmental entities. In this context, the European Strategy 2020 tries to meet these needs, creating specific programmes for them, which in the case of Portugal is embodied in the incentives of IAPMEI and other regional business associations. However, there are two primary factors that can hinder

the success of SMEs, these being business motivation (opportunity versus necessity) and entrepreneurial human resources (related to education, experience and contact network).

Strategic planning will also provide managers with a tool, which provides various types of information, that is essential for decision making, not only in relation to the company itself but also in relation to the competition. In a company where planning is not a practice, the owners/managers will not have a concrete notion of the company's situation in the market.

The growth of each company is full of accidents and difficulties, and it is clear that its presence and rise depends on the ability to adapt to changes, the environment and the anticipation of the competitors. For this reason, the correct use of information resulting from planning can be an excellent competitive means for SMEs, which will allow them to find answers to external threats, improve their understanding of competitors' strategies, increase staff productivity, reduce resistance to change, understand the performance-reward relationship, improve their ability to prevent problems, and increase sales, profits and productivity. It is important to highlight that, increasingly, intangible resources and dynamic capabilities (resource-based vision and dynamic capabilities) should not be neglected by SME managers, as they are driving vehicles for the survival of this typology of companies in increasingly changing, turbulent and uncertain environments. This means that it is fundamental that these managers assume a posture based on the Resource Based View and on Dynamic Capabilities if they intend to be successful in their businesses, since their uniqueness and inimitability are the trump card for the competitive advantage in the long term.

In the particular case of SMEs in Portugal, it is postulated that they still have a lot of evolving to do, in the sense of betting more on innovation for sustained growth, in a strategy defined in the medium and long term, to continue to be successful and thus contribute in a larger scale to the increase of the Portuguese business fabric, for the creation of employment and economic development. g. IAPMEI) supported by the European Union and evidenced in the European Strategy for 2020.

6. Limitations and Future Agenda

As with any study, this one is not without limitations. One relates to the size of the sample, which did not allow a greater triangulation of data, although it does not invalidate the internal and external viability of the results obtained. Another limitation relates to the selection of cases, which did not follow an objective criterion, but one of convenience. In addition to addressing the above-mentioned limitations, it would be relevant to conduct a future study of the business community in Portugal by business sector (e.g., SMEs), with the purpose of identifying the strengths, weaknesses, opportunities and threats that they face in the current pandemic moment.

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