

What are the Critical Success Factors for Microbusiness Survival?

By

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When COVID-19's shutdown rolled out, many owner-manager entrepreneurs were forced to close their microbusinesses since their businesses were not considered essential services and activities. These microbusinesses had to scramble to find new ways to conduct business and retain customers to survive. This research question review summarizes key critical success factors

that would help prevent microbusinesses from permanent closure. The seven success factors identified in this paper are: Management Skills, Learning Agility, Survival Tactics, Technology, Community, Business Alliances, and Marketing. These identified success factors could lead future research to develop suggestive models for microbusinesses to follow for closure preventions.

Microbusinesses demonstrated resilience through creative ways to survive and prevent closures. Seven critical success factors of are found from this research question review.

Keywords: microbusinesses, critical success factors, closure prevention, management skills

The motivation for this research question arises from observing several microbusiness operations during the COVID-19 pandemic and their maneuvers to survive. Closures during 2020 were elevated at least among small firms and particularly in industries most sensitive to social distancing (Crane et al., 2020). The context of this Research Question Review is to discover what critical success factors (CSFs) are required for preventing permanent microbusiness closures.

Extensive research has been done on small business, but little research has been done on microbusinesses specifically. Although not one definite definition for microbusinesses exists, resources cite that they are businesses with nine or fewer full-time employees (Headd, 2017). Microbusiness uniqueness should

not be overlooked as microbusiness employers comprise 74.8 percent of all private-sector employers in the United States in 2016, and they provide 10.3 percent of private sector jobs (Headd, 2017).

Not much existing research is found on microbusinesses, specifically located within the United States; most microbusiness research is within developing countries. As a result, a clear gap exists in scholarship on microbusinesses, though they play a major role in the U.S. economy. This paper plans to extend the knowledge obtained for microbusinesses' use by identifying key CSFs used for resilience. Reviewing what CSFs should be in place could offer insight to microbusinesses for survival and closure prevention.

This paper begins with summarizing the protocol used to identify the articles covered in the review. Then, key findings from the articles are presented in a series of two tables that include definitions for the base constructs and key themes discovered. The tables lead into a discussion section where the findings are summarized into a diagram that captures the key themes identified in the study. Finally, the paper concludes by returning to our original research question and summarizing what was learned in the process.

Protocol

The general databases searched included Google Scholar via Harzing's Publish or Perish software and ABI/Global Database via the Library Services link on MyUSF portal. The keywords used in these databases were: microbusiness crisis, microbusiness resilience, and microbusiness success factors. Most matches were from developing countries and had little application to the U.S. However, there were a few from the U.S. and several from European countries with similar economies. Ultimately, only 14 articles matched the criteria for keywords in similar economies. These articles were downloaded to EndNote for citation. An additional 12 articles were cited from those 14 articles' references. Two additional references were also used from the U.S. Small Business Administration (SBA) and the Federal Reserve's Finance and Economics Discussion series (FEDS). As a result, a total of 28 references were cited.

Literature Summary

The following tables identify definitions for base constructs and common critical success factors found for a successful microbusiness. Table 1 defines the base constructs for microbusinesses and resilience. Then, Table 2 summarizes main themes that are internally within the microbusiness. Table 3 summarizes external critical success factors.

Table 1 defines the base constructs of a microbusiness and the term resilience in the context of this research question review. Brian Headd (2017), Research Economist for the U.S. Small Business Administration (SBA), states in the SBA infographic for

Table 1: Defining the Base Constructs

Finding	Sources
A microbusiness (MB) is a business with 9 or less full-time employees.	(Headd, 2017); (Rupasingha, 2017); (Gherhes et al., 2016); (Drnevich & West, 2021); (Van Hoang et al., 2018); (Branicki et al., 2018); (Bouette & Magee, 2015); (Barnes et al., 2012); (Perren, 2000a); (Baines & Wheelock, 1998)
A microbusiness distinguishes themselves from larger SMEs by being owner-manager entrepreneur (OME) centric.	(Gherhes et al., 2016); (Hayes et al., 2015); (Perren, 2000a)
Organizational resilience is defined as the ability to adapt to change in the context of extreme events (e.g., natural disasters, pandemic disease, and terrorism).	(Branicki et al., 2018); (Yang & Danes, 2015)

Table 2: Internal Critical Success Factors (CSFs) for Closure Prevention of Microbusiness

Construct	Findings	Sources
Management's Skills:	<p>Successful entrepreneurs possess well-established survival instincts, as they have a positive attitude toward risk, remain positive in the face of setbacks, and sometimes view failure as an opportunity to renew or re-start.</p> <p>The critical role those individual entrepreneurs play in promoting these alternative sources of resilience through their attitudes and behaviors.</p> <p>The most important skills for a successful practice were artistic, problem solving, communication, marketing, adaptability, technology, and new media.</p> <p>The importance of acting like strategic entrepreneurs, rather than enthusiastic opportunity seekers.</p> <p>Resilience within the entrepreneurship literature has been primarily conceptualized as either a trait or a state of entrepreneurs.</p> <p>Accessing and using internal resources to operate as protective mechanisms against the demands of stressor events.</p> <p>Business confidence is built on both mastery and positive self-evaluation, both of which are valuable qualities for entrepreneurs.</p> <p>The founder's experience and skills and abilities were identified as CSFs.</p> <p>Entrepreneurs are generally associated with independence and innovation, breaking existing modes of organizing and producing goods and services.</p> <p>It is the owner-manager, his traits and background, which are among the most important factors.</p> <p>The owner-manager being willing to accept the risk of challenging orders or opportunities can be a positive influence (active risk taker).</p> <p>Active risk taker, owner's motivation, innovator skills</p>	<p>(Branicki et al., 2018)</p> <p>(</p> <p>Hennekam & Bennett, 2017)</p> <p>(Culkin, 2016)</p> <p>(Yang & Danes, 2015)</p> <p>(Hayes et al., 2015)</p> <p>(Nieminen & Lemmetyinen, 2015)</p> <p>(Lean, 1998)</p> <p>(Perren, 2000a)</p> <p>(Perren, 2000b)</p>

<p>Learning Agility:</p>	<p>It is essential for OMEs to develop the ability to learn from experience, “one of the key abilities in entrepreneurship.”</p> <p>To sustain their work and manage their careers across multiple economic sectors, creative workers create their own learning experiences, build a broad base of skills and networks, and remain informed of industry trends.</p> <p>Research set specifically in the micro business context reflects this ongoing, business-based nature of learning.</p> <p>Learning is the by-product of a business process</p>	<p>(Gherhes et al., 2016)</p> <p>(Hennekam & Bennett, 2017)</p> <p>(Devins et al., 2005)</p>
<p>Survival Tactics:</p>	<p>Using these survival techniques, many MEs [Micro-enterprises] traversed this difficult economic period without too much harm, preserving their core competence and market positioning.</p> <p>Creating a team and employing staff</p> <p>Repeated positive interactions create positive expectations; these positive experiences enhance the likelihood of future interactions.</p> <p>Ability to communicate with customer</p>	<p>(Van Hoang et al., 2018)</p> <p>(Bouette & Magee, 2015)</p> <p>(Kelliher et al., 2018)</p> <p>(Lean, 1998)</p>
<p>Technology:</p>	<p>New website and new email application for effective marketing of products</p> <p>Use of Information and Communication Technology (ICT) technologies and benefited with new customers and new business model.</p> <p>Strong Information Technology skills and operations.</p> <p>ICT benefits identified in categories as internal operational efficiency, enhanced capability, external communications, enhanced service offerings and lifestyle benefits</p>	<p>(Jones et al., 2014)</p> <p>(Fielden et al., 2000)</p> <p>(Barnes et al., 2012)</p>
<p>Marketing:</p>	<p>They competed mainly by developing the intangible assets of the firm, in terms of human skills, advertising, networking, brand name, and customer awareness.</p> <p>Brand awareness, availability, and visibility build revenues and new business opportunities for the small business organization.</p> <p>Building brand-identity</p> <p>Marketing issues was found to be a major factor for microbusiness problems</p>	<p>(Van Hoang et al., 2018)</p> <p>(Yang, 2016)</p> <p>(Nieminen & Lemmetyinen, 2015)</p> <p>(Hayes et al., 2015)</p>

microbusinesses that “While no definitive definition exists, microbusinesses are defined here as employers with fewer than 10 employees” (Headd, 2017, p. 1). Additional resources cited are from the United States and European countries with similar economic environments to the United States. For the purposes of this literature review, microbusinesses are owner-manager entrepreneurs (OMEs) as well (Gherhes et al., 2016). Also, the term resilience, in the context of microbusinesses, is the ability to adapt to change (Branicki et al., 2018).

Table 2 summarizes four main themes for internal CSFs required by microbusinesses for closure prevention. These themes are management skills, learning agility, survival tactics, technology, and marketing.

Table 3 summarizes three prominent themes of externally related CSFs for closure prevention. These themes are community and business alliances.

Discussion

Most research found on microbusinesses is from developing countries. Some literature was found from

European sources; since Europe and the U.S. both have similar economies, European research is used. Although the U.S. and European economies are similar, less research is done from within the United States. Three of every four businesses in the United States are microbusinesses (Brawley & Pury, 2017). The research available on U.S. microbusinesses is not nearly as extensive as the European research found, though the microbusiness industry in the United States is considerable.

As illustrated in Tables 2 and 3, common CSFs are found for preventing microbusiness closure. The CSFs summarized within the tables identify seven success factors for microbusinesses: Management Skills, Learning Agility, Survival Tactics, Technology, Marketing, Community, and Business Alliances.

Management skills include the entrepreneur’s attitude towards risk, commonly referred to as being an “active risk taker” (Perren, 2000b). The OME remains positive when he/she meets setbacks and demonstrates resilience with his/her experience and problem-solving skills. The microbusiness gains learning agility that helps prevent closures, whether

Table 3: External Critical Success Factors (CSFs) for Closure Prevention of Microbusinesses

Construct	Findings	Sources
Community:	<p>“In small firms which are embedded into their local community such as a micro-brewery where all other stakeholders are also drawn from that same local community, ‘the community’ may be at the center of the stakeholder map of which the small firm is a satellite.”</p> <p>The business was supported by a hard-core group of loyal customers from the local community or by their family network.</p> <p>Rural micro firms are embedded in the social context of the rural community where repeated positive interactions lead to a cyclical process of mutual learning, exploration, testing and negotiation.</p> <p>Effective business learning from getting information and ideas through contacts. Being fully immersed in the field both in a professional and social capacity.</p> <p>Involvement in local Chamber of Commerce.</p> <p>Extensive or moderate participation networks which are either business related or a combination of business and social.</p>	<p>(Spence, 2016)</p> <p>(Van Hoang et al., 2018)</p> <p>(Kelliher et al., 2018)</p> <p>(Raffo et al., 2000)</p> <p>(Baines & Wheelock, 1998)</p>

<p>Business Alliances:</p>	<p>Networks which offer other opportunities for shared services and business acumen workshops.</p> <p>An environment within which the MB [Microbusiness] participants could take a step back from running their businesses, enabled them to engage with a process, whereby they could assume a different identity and feel part of a connected supportive business community.</p> <p>Programs that seek to encourage networking and knowledge sharing between larger SMEs and micro-businesses are also key to promoting growth through business-to-business collaboration.</p> <p>The most useful information is obtained from someone known from experience to be reliable.</p> <p>Business networks and the support can offer help in overcoming such barriers to survival and progression.</p> <p>However, many small businesses also operate collaboratively, working closely with other small businesses, seeking complementary resources and expertise, to overcome their individual paucities of resources and expertise.</p>	<p>(Gray & Jones, 2016)</p> <p>(Gherhes et al., 2016)</p> <p>(Nieminen & Lemmetyinen, 2015)</p> <p>(Fielden et al., 2000)</p> <p>(Barnes et al., 2012)</p>
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it be the businesses' operations or the OME's ability to learn (Gherhes et al., 2016). In addition, survival tactics prevent closures for the microbusiness that help keep its core business and market place (Van Hoang et al., 2018). The use of technology, such as information and communication technology (ICT), up to date websites, and email applications for effective marketing, helps to prevent closures (Jones et al., 2014). Lastly, developing a strong brand awareness with the community through marketing helps the microbusinesses survive.

Community is an external force that helps support microbusinesses. The businesses supported by a hard-core group of loyal customers from the local community or their family network can sustain difficult times (Van Hoang et al., 2018). Business alliances for microbusinesses provide a network of sharing of information and support with each other. They offer help in overcoming barriers to survival and progression (Fielden et al., 2000).

Figure 1 below summarizes the internal and external CSFs from the literature review process. While reviewing the management skills construct, it became clear that without these skills, many of the other constructs could not be successful. For example, unsuccessful survival tactics may be executed when there is not an OME who possessed strategic skills. These strategic skills could be categorized as the

OME's innovativeness, stress tolerance, and proactive personality (Branicki et al., 2018). Furthermore, the microbusinesses' learning agility could start with management's resilience and willingness to tackle problem solving. Micro-business managers deliberately experiment to acquire new knowledge (Devins et al., 2005). This requires active risk taker skills.

External CSFs are connected to each other as well. A microbusinesses' community would include business alliances. Business alliance is the idea of having shared identity, shared values, and shared goals in staying in business, which is achieved for the most part in the culture of a shared learning environment (Gray & Jones, 2016). Within the microbusinesses' environment, their networks for collaboration are usually part of their learning community. Networks are used for the exchange of new knowledge and skills (Nieminen & Lemmetyinen, 2015).

An overlap between the internal and external CSFs are noticeable too. These constructs include:

- Successful marketing in the internal aspect linked with the microbusiness having successful information and communication technology
- Survival tactics and learning agility for the OME obtained from the exchange of new knowledge and skills with the community and business alliances

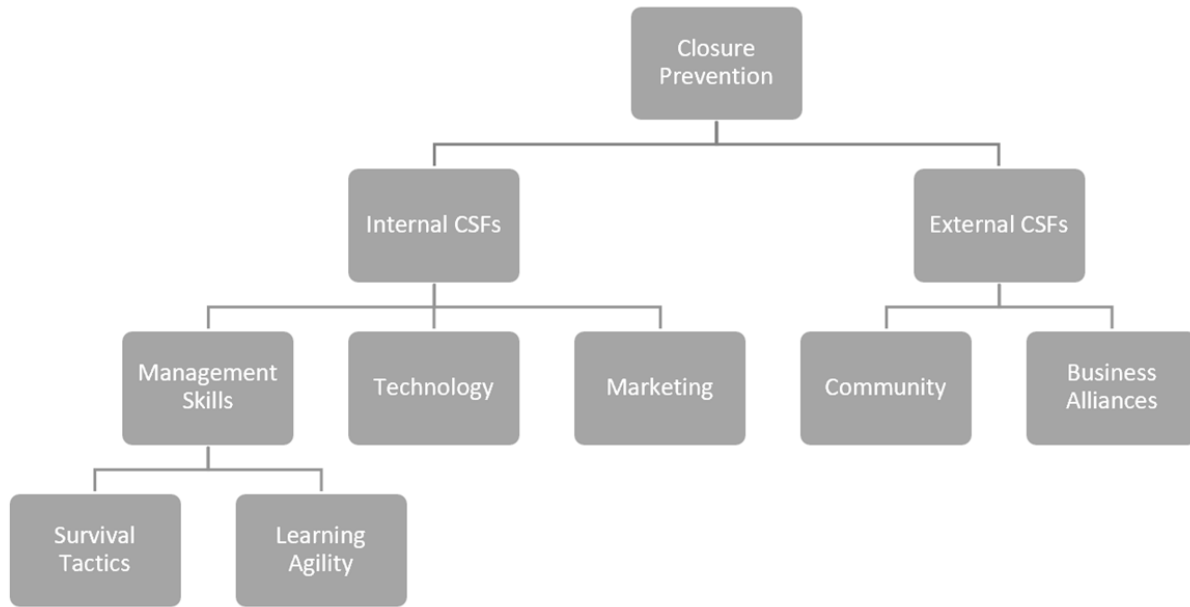


Figure 1: Internal and External CSFs

Conclusions

This Research Question Review sought to identify critical success factors (CSFs) necessary to prevent microbusiness closure. The literature has many CSFs identified for a successful microbusiness, but little is written on closure prevention specifically. In addition, there is a lack of research literature on U.S. microbusinesses, though microbusinesses have a significant impact within the United States. A gap exists in the literature on U.S. microbusinesses and key critical success factors for closure preventions.

Key Takeaways:

- There are seven commonly found CSFs that successful microbusinesses could have; these CSFs have overlapping qualities.
- Management skills play a lead role in prevention of microbusiness closure.
- There is a link between the internal and external critical success factors for closure prevention.
- A gap exists in U.S. microbusiness literature and closure preventions.

There are potential opportunities for future research on success factors for microbusiness closure preventions. Further research will help build models for U.S. microbusinesses to adopt for help with strengthening their businesses as well as the ultimate likelihood of surviving. In addition, possible exploration, and comparison of CSFs from non-microbusinesses could be done to discuss why they may or may not work for microbusinesses.

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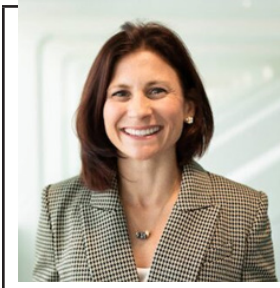
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Review

This article was accepted under the *constructive peer review* option. For further details, see the descriptions at:

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