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The contribution of business experience and knowledge to successful entrepreneurship☆

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A R T I C L E I N F O

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A B S T R A C T

The objective of this article is to discover the relationships between selected organizational predictors and entrepreneurial success through examination of a sample of 294 companies. The study uses two questionnaires: Multidimensional Business Data Sheet, gathering information on the entrepreneur and the company, and Successful Entrepreneurship Scale, measuring entrepreneurial success. The examination involves statistical analysis with a parametric Student's t-test and a non-parametric U Mann–Whitney test. The author employs stepwise regression to verify the predictive value of variables. The findings show that entrepreneurs with managerial experience, an effective entrepreneur in the family, unique knowledge, and whose employees have unique knowledge obtain higher mean scores in the general indicator of entrepreneurial success. Furthermore, entrepreneurs whose employees have unique knowledge achieve greater entrepreneurial success. The results may help both people intending to start a business and organizations granting funds to companies as they might facilitate estimation of one's chances for success.

1. Introduction

Entrepreneurship stimulates interest not only from the ruling elites, who see this phenomenon as an antidote to contemporary economic and social problems, but also from scientists whose approach to examining entrepreneurship is becoming increasingly sophisticated. Entrepreneurship also interests people seeking their own professional development as an alternative to salary-based employment and to exerting effort into accumulation of their employer's wealth. The reason behind this interest is that entrepreneurship is very beneficial from both societal and economic perspectives. Entrepreneurship prevents unemployment (Fritsch, 2008), contributing to better application of the human capital, and stimulates the development of innovation, technology, and the economy (Mulhern, 1995).

All the benefits of entrepreneurship are the outcome of the work of the entrepreneur, who creates new enterprises, faces numerous risks and uncertainties on their way to success (Kuratko & Hodgetts, 2004), is an individualist intrinsically capable of seeing chances/possibilities on the market, and can obtain the necessary resources and take necessary actions (Makhbul, 2011; Meredith, Nelson & Neck, 1982). For obvious reasons, such actions should lead to the success of both the entrepreneur and their company; however, due to the existence of a variety of entrepreneurs, the understanding of success also differs. One entrepreneur perceives success as, for example, higher income, whereas another entrepreneur might believe that success equals proving one's effectiveness. Evidently, not every attempt at running a business ends in success, and many newly-established companies fail within the first years of operation (Vesper, 1990).

Which Predictors, then, contribute to entrepreneurial success? Extensive literature shows the importance of an array of factors (of a varied nature). However, this article focuses on knowledge-related predictors, such as knowledge and skills (of the entrepreneur/or their relatives'/employees' experience), which (for the sake of simplification) receive a collective name: organizational predictors (at a company's disposal). Thus, the objective of this article is to discover the relationships between selected organizational predictors and entrepreneurial success.

This article contains the theoretical background section that describes entrepreneurial success from two (quantitative and qualitative) perspectives. This section also elaborates on organizational and non-organizational predictors of entrepreneurial success. The Methods section presents the study sample and two author's measures. In the Results section, the relationships between selected organizational factors and entrepreneurial success undergo verification. Finally, the article closes with a discussion on the results regarding current knowledge on the determinants of entrepreneurial success.

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Table 1
Chosen indicators of entrepreneurial success.

Indicator of entrepreneurial success	Authors (year)
Revenue, firm growth, personal wealth creation, profitability, sustainability, turnover	Perren (1999) Amit et al. (2000)
Employment growth, rate of return, productivity	Reid & Smith (2000)
Profits, employment, duration	Bosma, van Praag & de Wit (2000)
Profits	Fu, Ke & Huang (2002)
Creation of employment and financial assets, profits, turnover	McCartan-Quinn & Carson (2003)
Financial and non-financial criteria (personal satisfaction and achievements, pride in the job and a flexible lifestyle)	Walker & Brown (2004)
Self-evaluation indicator of satisfaction with one's own enterprise	Kessler (2007)
Number of employees	Caliendo & Kritikos (2008)
Growth rate, sales volume, business stability, customer acceptance, overall satisfaction of the entrepreneur	Sebora, Lee & Sukasame (2009)
Profitability, growth, firm size	Unger, Rauch, Frese & Rosenbusch (2011)
Firm survival, growth in sales, income, and staff members	Sullivan & Meek (2012)
Earnings, firm size, firm growth, survival probability	Fried & Tauer (2015)

2. Theoretical background

2.1. Entrepreneurial success

Entrepreneurial success is very subjective; therefore, this phenomenon has various meanings, which depend on age (Walker & Brown, 2004), an entrepreneur's motivation behind commencing business activity, or on the formulated objectives (Rodríguez-Gutiérrez, Moreno & Tejada, 2015). Additionally, such objectives often evolve over time and change the perception of success (Camisón & Cruz, 2008).

The indicators of entrepreneurial success fall into at least two categories: quantitative and qualitative (Table 1). The most common quantitative factors cited by the literature are: economic/financial indicators, including profitability, productivity, or growth rate, a favorable

Table 2
Chosen determinants of entrepreneurial success.

	Authors (year)
Organizational determinants of entrepreneurial success	
Age, **education, managerial know-how, industry experience,** and owner's/manager's social skills	Cragg & King (1988)
Experience at work	Pfeiffer & Reize (2000)
Company's age and size	Mata & Portugal (1994) Agarwal & Audretsch (2001) Manjon-Antolin & Arauzo-Carod (2008)
Managerial skills and competences, experience	Saridakis, Mole & Storey (2008)
Entrepreneurial parents	Duchesneau & Gartner (1990)
Capital, revenue-generating ability	Smallbone (1990)
Technical knowledge and customer relations	Huck & McEwen (1991)
Technical skills	Hodgetts & Kuratko (1992)
Ownership structure	Mata & Portugal (1994)
Initial stocks of financial and **human capital**	Cooper, Gimeno-Gascon & Woo (1994)
Education and prior experience in business	Yusuf (1995) Wijewardena & Cooray (1996)
Human capital	Youndt, Snell, Dean & Lepak (1996) Gimeno, Folta, Cooper & Woo (1997) Mata & Portugal (2002)
Entrepreneur's management skills, customer focus, resource creation, soft attitudes, **skills, and operating methods**	Lin (1998)
Management leadership, measuring result, progress and performance, **appropriate staff training**, quality assurance system	Yusof and Aspinwall (1999)
Financial flexibility	Kristiansen, Furuholt & Wahid (2003)
Support from others (financial, technology, **strategic partnerships**, industrial contacts)	Carrier, Raymond & Eltaief (2004)
Customer orientation, product quality, **efficient management**, supportive environment, capital accessibility, marketing strategy	Wijewardena & De Zoysa (2005)
Managerial experience, ownership structure, and capital constraints	Jensen, Webster & Buddelmeyer (2008)
Entrepreneur's education level, work experience, business ownership by parents	Rose et al. (2006)
Leadership	Jong & Hartog (2007) Dafna (2008)
Explicit and implicit knowledge, experience, managerial skills, human capital, knowledge management	Staniewski (2008)
Knowledge	Makhbul (2011)
Innovation capabilities, intellectual property, **human resources**, organizational capital	Rodríguez-Gutiérrez, Moreno & Tejada (2015)
Non-organizational determinants of entrepreneurial success	
Technology, scale economies, entry rates, and sector growth rates	Agarwal & Audretsch (2001)
Business cycle	Caves (1998)
Multiple birth cohorts of firms	Box (2008)
Industry growth	Disney, Haskel & Heden (2003)
Spatial and geographical factors	Falck (2007)
Government policies (government grant provision)	Girma, Gorg & Strobl (2007)
Marginal tax rates	Gurley-Calvez & Bruce (2008)
Government policies (direct government assistance)	Hansen, Rand & Tarp (2009)
Macroeconomic and social factors related to the general business environment (e.g., infrastructure, technology, human and social capital, etc.). Market structure or the number of companies comprising a firm, their size, the size of their demand, product differentiation degree, concentration level, or entry barriers	Rodríguez-Gutiérrez, Moreno & Tejada (2015)
Overall state of the economy, competitive environment (market concentration and entry)	Geroski, Mata & Portugal (2010)

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