



INVESTIGATION ON SMEs FEATURES IN BOTH CHINA AND IRAN

 **Babak Besharati Loroun¹⁺**

 **Xu Ming²**

 **Syed Ahtsham Ali³**

^{1,2,3} *Glorious School of Business Management, Dong Hua University
Shanghai, China*

¹ *Email: babak_besharati@yahoo.com Tel: +8613818331882*

² *Email: xuming@dhu.edu.cn Tel: +8613901978217*

³ *Email: brillpak@yahoo.com Tel: +8613918164595*



(+ Corresponding author)

ABSTRACT

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Implication.

In this article the Chinese and Iranian SMEs features have been investigated and briefly pointed out some common features and differences. Comparable table has been developed. It is also mentioned that how the Chinese entities started the low price strategies to capture the foreign markets. It has been discussed that how SMEs of China could overcome the challenges and barriers they have encountered. But recently Chinese companies have lot of advantages to go to the market with low price strategy due the elements which influences their cost to be low is getting expensive. On the other side, SMEs of Iran are more risk taker and also interested to be more active in international markets. But due to the lack of interest to develop their initial relationship with overseas companies, political risks, sanctions, lack of banking and finance support of government, fluctuation of exchange rate occurs. So they are not so successful in entering the foreign markets despite of their suitable capacities and possibilities. Chinese SMEs are more cautious and playing a role in stable economic and political environment and having also better access to the market intelligence, fund and wide range of business services render by different providers. By studying the feature of SMEs in both countries we will have a better study on similarity and differences and we will find out the effect of any specific feature in business cooperation of two sides. It could be also helpful how to identify and recognize the ways and methods to make SMEs of two countries to be closer to each other and maintain the stable economic and commercial ties between two nations.

Contribution/Originality: This paper has been studied for a practical orientation results which enable managers of SMEs from both countries to get familiarity with features and specialty of the other side in order to maintain the best possible ways and approach to be closer and start their collaboration.

1. INTRODUCTION

Iran and China have built and maintained a strong relationship with each other over the last two decades and they have mutually benefits from the relationship. China and Iran enjoy an extensive economic relationship despite of USA and some western countries guided UN Security Council sanctions. Figures show that Iran-China trade value was \$3.5 billion 13 years ago and currently it has reached to \$50 billion in 2014 and \$ 35 billion dollars in 2015, but Iran and China has drawn plans to increase the value of bilateral trade exchange in next ten years according to the agreement between two presidents in their last meeting in Tehran on 2016.

We believe that active presence of SMEs of two countries is the best guarantee for such purpose.

The role of SMEs in the development process continues to be in forefront of policy debates in most countries. Governments at all levels have undertaken initiatives to promote the growth of SMEs (Patrick, 2009). Development can encourage the process of both inter and intra-regional decentralization; they may become a countervailing force against the economic power of larger enterprises. More generally, the development of SMEs can accelerate the achievement of wider economic and socio-economic objectives, including poverty alleviation (Saani, 2012). SMEs have played an important role in developing of both economy, evidences show that SMEs play a key role in stabilizing and maintaining a long lasting relation between two nations which cannot be ignored by decision makers, mentioning that it can be affected by any political and economic crisis which both countries can encountered.

1.1. Research Purpose

By studying the feature of SMEs in both countries we will have a better picture on similarity and differences as well as it would be helpful for us that how to identify the ways and methods to make SMEs between these two countries and maintain the stable economic and commercial ties between two nations.

2. LITERATURE REVIEW

Currently, Chinese economy has entered in a “new normal” state, as it changes from high-speed growth to medium-high growth and also changes from factor/investment driven to the innovation-driven. And the double-digit rapid growth in the past has gone. This forum aims to create a high-profile international exchange platform to study and discuss the missions, growth points and challenges and solutions, so as to promote SMEs to make great contributions to supporting strong, sustainable and balanced growth in both Chinese and world economy.

Former South Korean President Lee Myung-bak said that, SMEs are playing an extremely important role in Korean economy. He himself used to be a worker at Hyundai which started from a small business, only to develop to a world conglomerate today. Just as that in South Korea, small-and medium-size enterprises (SMEs) in China have been gaining importance. They have provided 77% of all jobs and made brilliant achievements. Alibaba, Xiaomi, Lenovo and other companies, which were originally founded as SMEs, have walked out of China and grown to world-class enterprises. Many more SMEs take them as models and numerous young people follow their steps with great enthusiasm which is strength of China. He said, industrial pattern dominated by heavy industry in the past was very favorable to large-scale enterprises, which possessed vast capital and played leading roles in world economy; while SMEs lagged behind. Nowadays, hardware-centered industrial pattern has converted into a software-centered one, knowledge is becoming increasingly important and highly shared information brought by Internet provides equal opportunities for enterprises to compete. The key for a successful business is not the size, but the insights and fast decision-making.

Mr. Carlos Magariños, Global Chairman of GASMES and Former UNIDO Director-General, delivered a speech on issues as financial difficulties of 89% of SMEs across the globe are facing serious challenges in the current economic situation, with profits shrinking and inflationary pressure mounting. Carlos is very concerned about the issues of small and medium-sized enterprises credit crunch. He pointed out that the macroeconomic situation caused SMEs to obtain financing only through a credit transaction or intended payment usually. This situation is dealing a hard blow to SMEs business confidence and they can only seek survival through niche markets and market segmentation. Governments and international organizations should join hands to help SMEs to activate innovation spirit, get access to financial resources, enhance credit guarantee mechanism, recover stable business environment, and simplify complicated formalities and excessive supervision. They should promote cooperation between SMEs and large - scale enterprises, thus facilitate their participation in the global supply chain. This is the only way for SMEs to get out of the global economic crisis.

Mr. Cai Zhangsheng, Standing Vice Chairman of Zhejiang SMEs Association, pointed out that, SMEs are backbones of the Zhejiang economy and society, which 3.5 million SMEs and 35 million entrepreneurs are the main body and support of Zhejiang, like blue sky and green grassland nourishing local people's survival and development. Mr. Cai emphasized specifically that international cooperation and exchanges is very important for SMEs development. He said Zhejiang SMEs Association cooperate with Global Alliance of SMEs (GASMES) on SMES Global EZ path program which makes a great strategy for SMEs going abroad. According to him, GASMES is the best, brightest and most resourceful platform in SMEs international cooperation.

According to a study done by Monika Březinová, Majority of the examined small and medium enterprises have a formulated strategy, however, in most cases only the enterprises with more than 25 employees also have a written version. From the business activity point of view, a distinctly lower frequency of formulated strategy at wood processing companies is obvious. Strategy is formulated and put down also in words mostly often by trading and service (transport included) enterprises. Based on the tested data the most frequently followed strategy is quality and stabilization, regardless of employee's number category or business activity (Monika, 2013).

Ahunjonov Umidjon, Hu Shuhua, Bandula Jayathilake, Mu Renyan from School of Management, Wuhan University of Technology has done another research on SME characteristics. The main objective of their research was to increase knowledge about main predictors of innovation behavior of SMEs based on their sample SMEs from two developing countries of China and Uzbekistan they tried to explain "how's" and "why's" of SME innovation behavior.

CEOs with higher education, their innovation goal-oriented determination, and competition pressure from home market and abroad due to high export orientation of the SME and government incentives for innovations are being main forces making SMEs realize innovations. Internally, innovative SMEs are being led by CEOs with higher education degree and who well fits the great importance of innovations in their company strategy. Innovative companies have also reported that their home market is competitive enough and they sell more than fifty percent of their production abroad which means that they play in the market feeling harsh competition inside and outside. And, to our opinion, especially those companies are advantageously and skillfully using some types of available public incentives to financially support their innovations.

Learnt lessons from the findings of this study bring us to following conclusions.

- As it was proven in our results, innovativeness is a deliberately chosen and pursued policy which is mostly pushed by Government-built market infrastructure (public innovation oriented policy, pure competitive business environment, export support and availability of knowledge providing actors) and by highly educated CEO efforts. Since the State plays an important role as regulator and intermediary between different actors of innovation system as well as a regulator of financing structures to innovations, its intervention to enhance innovativeness of country's national companies, particularly SMEs, is highly important.
- Environments conducive to SME innovativeness are significantly different even within the context of different developing countries which results in the different extents of innovation outputs and in-process innovation activities. This necessitates a need for benchmarking.
- Most of the determinants which were found to have some impact on firm innovativeness in different contexts are equally important for developing country SMEs;
- Innovativeness can at least partially be controlled by management, policy-directed action;
- Market environment (domestic market competition, availability of public support, environment that supports exports) and firms' strategic attitude (CEO innovation orientation) in general are main driving forces for innovations as it is stated in several other studies; Given the key role of innovations in economic growth, wealth creation and prosperity of the nations, the results of our empirical study serve to be important lessons for other developing countries of the world (Ahunjonov *et al.*, 2014).

Deanna Tanner Okun, Chairman AND HIS COLLEAGUE in a report on Small and Medium-Sized Enterprises TITLED Small and Medium-Sized Enterprises: Characteristics and Performance, which is the third in a series by the U.S. International Trade Commission (USITC) that examines the domestic and global operations of U.S. small and medium-sized enterprises (SMEs). The Commission found that U.S. exporting SMEs outperform their no exporting SME counterparts by several measures. Whether they deal in services or manufacturing, exporting SMEs show higher total revenues, faster total revenue growth, and higher labor productivity than their no exporting SME counterparts. The Commission also found several noteworthy contrasts between exporting large firms and exporting SMEs. Across all sectors, large firms primarily sell to foreign clients via foreign affiliates rather than through direct exports, while SMEs serve foreign clients primarily through direct exports. Exporting services SMEs, which represent a very small share of all U.S. services SMEs, are more export-intensive than large services exporters. U.S. services SME multinational companies, which are even less common, are nearly three times more export-intensive than large U.S. multinationals. On the other hand, trade barriers, including both tariffs and nontariff measures, disproportionately affect SMEs relative to large firms, as do many business impediments, such as high transportation costs. In addition to their role as direct exporters, U.S. goods and services SMEs also participate in the export economy by exporting indirectly through wholesalers and other intermediaries or selling intermediate goods or services domestically to large and small firms that use these intermediate inputs to produce exported goods or services. The Commission estimates that SMEs contribute a substantially higher share of the value-added content embedded in exports than suggested by traditional trade statistics (Deanna *et al.*, 2010).

3. RESEARCH METHODOLOGY

We will do qualitative research and investigation on the features of SMEs in both countries and then compare them with each other. For this purpose, we have gathered some relevant information's and features of SMEs among the existing studies and texts and papers beside of some finding through case studies of writer who has spent more than 15 years in trade organization and chamber of commerce of Iran and China and he has been a good witness of SMEs behavior specially in their cooperation time.

- First we will investigate to list features of Chinese SMEs,
- Second based on investigation we will list the features of Iranian SMEs,
- Third we will develop a comparative table to get common features and point out each party unique features,
- Finally, we will have some practical and implication discussion.

4. RESEARCH FINDING

4.1. Investigation of Chinese SMEs

The Interim categorizing criteria on SMEs published in 2003 and based on the SMEs Promotion Law of China, sets the guidelines for classifying SMEs. It replaced the old guidelines that came into effect in 1988, and the supplementary criteria of 1992.

The guidelines mainly cover the payrolls, revenue and total assets of enterprises (see Table 1). Specific criteria apply to the industrial sector, construction, transportation, wholesale and retail business, and hotels and restaurants. Guidelines for the industrial sector requires SMEs to employ a maximum 2,000 people and an annual revenue not exceeding to RMB 300 million. Their total assets should not exceed to RMB 400 million. Medium-sized enterprises should employ a minimum of 300 people. Their annual revenue and total assets should not be exceeding RMB30 million and 40 million respectively. The rest are classified as small enterprises. The definition of SMEs in China is quite complex and can include relatively large firms.

In APEC (Asia-Pacific Economic Cooperation) economies, the definition of SMEs also varies, but in generally most commonly is based on the number of employees. SMEs commonly employees are 100 to 500 persons. But vast bulk of SMEs comprise around 70 percent, employ five persons or less are run by self-employed individuals. SMEs

definition in China depends on the industry category and is defined based on the number of employees, annual revenue, and total assets comprising a company. 40 an industrial SMEs is defined as having up has up to 2,000 employees; while a medium-sized business has between 301 and 2,000 employees; and a small business has less than 300. Consequently, what is regarded as an SMES in China may be quite large relative to an SMEs in other countries. This paper mainly focuses on small enterprises (SEs), including the problems of SE, the field survey of SEs, and the policy recommendations for SMEs (Liu, 2008).

Table-1. Definitions of SMEs in China

Size Category	Industries	Employment based	Total assets	Business revenue
Small	Industry	< 300	< ¥ 40million	< ¥ 30million
	Construction	< 600	< ¥ 40million	< ¥ 30million
	Wholesale	< 100		< ¥ 30million
	Retail	< 100		< ¥ 10million
	Transport	< 500		< ¥ 30million
	Post	< 400		< ¥ 30million
	Hotel & restaurant	< 400		< ¥ 30million
Medium	Industry	300- 2000	¥ 40million¥ - 400million	¥ 30million-300million
	Construction	600- 3000	¥ 40million¥ - 400million	¥ 30million-300million
	Wholesale	100- 200	¥ 40million¥ - 400million	¥ 30million-300million
	Retail	100- 500	¥ 40million¥ - 400million	¥ 10million-150million
	Transport	500- 3000		¥ 30million-300million
	Post	400- 1000		¥ 30million-300million
	Hotel & restaurant	400- 800		¥ 30million-1500million

Note: SMEs meet one or more of the conditions. SMEs should meet three conditions, the others are SE. Source: SMEs promotion law of China, 2003.

If we consider the ratio of function/price for any products and services which produce and supplied by SMEs and increment of this ratio will be lead to increment of economic and commercial cooperation between two sides, then we will explain how this ration works through low price strategy in China which led to more economic and commercial ties with other nations specially with Iran.

There is another important feature which author of thesis could realize it through his long experiences with china. Chinese SMEs are mostly like a mirror and reflect the action of the other party. if the other party is honest, professional and committed to business etiquette then they will treat the same and if the other party going on the wrong way the you should have sometimes expectation the fault in Chinese side as well.

4.1.1. Empowerment Strategies for Small and Medium Businesses

Over the past 10 years, many Chinese factories and industries have widely reduced their prices. The Chinese use the strategy of low price to reduce the marginal costs and avoid from increase of costs. Low price strategy is provided against the increasing trend of marginal cost in exporting goods into foreign countries. Today, in China this strategy as an applied strategy has been drawn into attention where on this strategy has been institutionalized totally in this country, so that if Chinese enterprises know their sales objectives and ensuring their interests in beginning or continuing the low Prices, so they would consider it in all their projects. In China, the early low prices strategy and decrease of marginal cost start from the domestic markets, where they develop as the marketing strategy through the SMEs in international level. Generally, the number of SMEs in China has been reported equal to 43 million enterprises where this number composes approximately 99.6% of the entire Chinese enterprises (Carlos and Long, 2002).

According to the study of Pitter Navarra about China's price economy, 8 main factors can lead to reduction of final price of Chinese products and their competitiveness in global market. The factors include low payments of workforce (39%) foreign direct investment as a catalyst (3.09%) exportable subsidies, which would be paid mainly in form of production subsidies (16.71%) cluster production of industrial network (16%) low value of national currency (11.44%) industrial espionage (9%) safety and health of staff (2.44%) and regulations for neglecting natural environment (2.25%) (Peter, 2006).

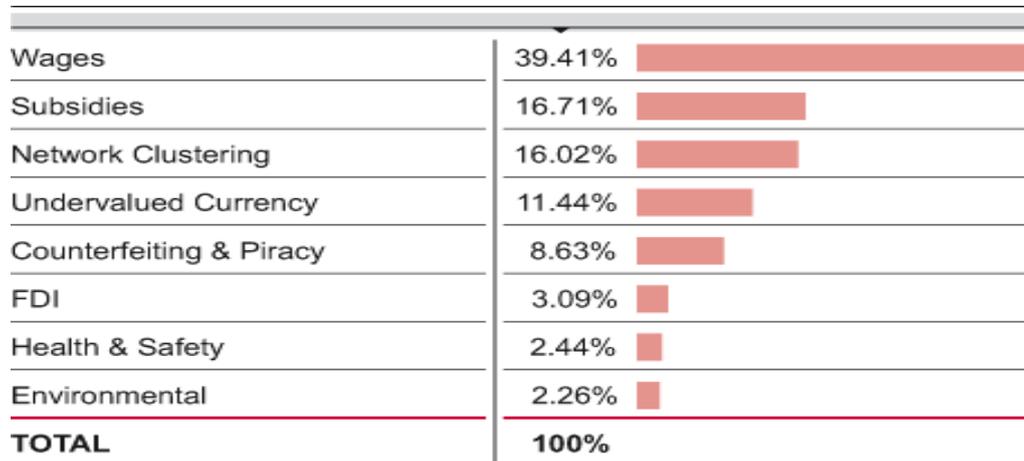


Figure-1. Relative contributions of eight China price drives

Source: Peter (2006)

In order to implement the low price strategy and achieve competitive final prices in small and medium firms have been focused on several issues as, innovation of firms, export development policy, making supportive and facilitative financial policies, developing sectioning policies, market networking, and helping development of knowledge and technology.

Now a days it seems that China is not in the same position as before, Chinese enterprises could apply low price strategy to open new markets for themselves. If we see the 8 element of China price drivers, we can recognize that finished cost is high compare to last years. Exportable subsidies that we call them tax refund has decreased to lower rate and even for some exportable items that make less value added or applying low technology has been omitted. Wage and salary has increase a lot and every employee is in the support of social insurance, which make salary high. Safety is the main concern in factories and it imposes a big cost to business owner, which will influence the finished cost. National currency has evaluated and export is more expensive than before. Environment protection is a big issue and everybody show obey the related rules and regulations and pay a big cost, which makes expensive production and cost.

4.1.2. Overcoming Barriers and Challenges to Domestic and International Competitive Advantage by Internationalization

Chinese SMEs expressed their common weakness and challenges they faced. Despite great development potential, they are often faced with bottlenecks, failing to translate their opportunity into reality. Specifically, stress and challenges faced by SMEs come from three main sources.

- Enterprises have difficulties in finding financing.
- The need for innovation is growing.
- Supply chain development is at a relatively low level. Currently, most domestic SMEs need for supply chain services is relatively simple.

To overcome these barriers, many definitions have been represented, e.g., based upon the case studies of Chinese companies, John and Suzana (2005) declared that Chinese companies need competitiveness in international arena to overcome competitive problems and access to technology and other resources and capabilities. In addition, they confirmed that the second perspective was a better framework for understanding the process of internationalization in China, which this is because international investment can be a tool or vehicle for the readers to take into account the competitive problems. They paid attention to the point that the concepts of “New Vision Development” used for developing economies rate in eastern south can be useful for describing the process of internationalization in most of Chinese companies, whereby the companies can reach to new capabilities and resources to overcome the domestic barriers. Practicably, to overcome the domestic problems, the investments are needed to become international for the purpose of easy access to essential resources (John and Suzana, 2005).

Chinese SMEs are considering going out strategy as an engine to overcome their challenges and barriers. However, there is still a big challenge of international market crises which recent day has suffered all of the factories all over there. Most of the markets are in recession and raw material getting cheap and new challenges rose. In such circumstances innovation in management, marketing, asset management, customer relationship and products designing, finance and manufacturing are the best ways of overcoming such a hard time. And some experts have doubt that how Chinese SMEs could pass this situation.

4.2. Investigation of Iranian SMEs

4.2.1. SMEs Definition in Iran

The definition of SMEs is different from country to country. It seems Iranian SMEs do not follow the same rules. Base on finding of my research there is three definitions for SMEs in Iran. Ministry of industry and mine describe the Small and Medium-sized enterprise based on:

1. The amount of their investment in production unit 750, 000\$,
2. The employment rate maximum 50 people,
3. is not an artistic aspect,
4. Whose capital is Iranian?

Small industries refer to firms which the total industrial workforce is less than 50 people. In 2005, the ministry of industry and mines establish a new organization called ISIP. It is a combination of small industries organization and Iran industrial is state not only to improve the industrial regions but also supporting small business (less than 50 employers) (Kianoosh, 2012).

4.2.2. Iran SMEs Feature

By an investigation done by Shamsuddin ahmed¹ and Zahari taha², they have categorized advantageous and disadvantageous of SMEs as following table (table 5-2) on the other hand we have prepared the barriers ranked by SMEs using the top ten ranking method (table 5-4) which explains the common barriers and challenges that SMEs face and we can also point out among Iranian entrepreneurs. But we want to use these tables as a common explanation of SMEs features and extend it to Iranian SMEs features by utilizing our first hand data which we have gathered within last 15 years professional career and business activities as a case studies. It's clear that features of Iranian SMEs have influenced from social life, religious attitudes, environmental factors and economic and political issues.

In order to implement low price strategy and achieve competitive final prices in small and medium firms have been focused on several issues as follows: innovation of firms; export development policy; making supportive and facilitative financial policies; developing sectioning policies; market networking; and helping development of knowledge and technology.

Now a day it seems that China is not in the same position as before that its enterprises could apply low price strategy to open new markets for themselves. If we see the 8 element of China price drivers, we can recognize that finished cost is high compare to last year's. exportable subsidies that we call them tax refund has decreased to lower rate and even for some exportable items that make less value added or applying low technology has been omitted. Wage and salary has increase a lot and every employee is in the support of social insurance, which make salary high. Safety is the main concern in factories and it imposes a big cost to business owner, which will influence the finished cost. National currency has evaluated and export is more expensive than before. Environment protection is a big issue and everybody show obey the related rules and regulations and pay a big cost, which makes expensive production, cost.

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Table-2. Some of the major advantages and disadvantageous of SMEs

Advantage	disadvantageous
Generally dominated by the entrepreneur (owner-manager)	Scarce resources and manpower
Able to respond quickly to customer requests and market changes, Customers focused	Limited degree of information technology (IT) implementation
Flexible and fast-response to change, easily adaptive to new market conditions, dynamic in behavior, developing customized solutions for partners and customers	Weak at converting research and development into effective innovation
Concentrated production and sales in their home country	Lacking some of the essential resources for innovation (poor innovative capabilities) Severe resource limitations in R&D
Driven by client demands Quick decision making process (decisions are made by an individual or a small number of people, or a single individual)	Strategy is based on low price, high quality offerings, rather than new product innovations
Strongly correlated and inter-related with respect to Innovation and entrepreneurship High innovatory potential	Not having formal R&D activities
More extensive use of external linkages for Innovate.	Strategy formulation on the basis of what available, lack a long run perspective
Un bureaucratic processes, flat and flexible structures	Reliance on small number of customers, and operating in limited markets. Reactive and firefighting mentality.
Strong inter and intra-firm relationships, managing a great amount of information	Rely on outdated technology, labor intensive and traditional management practices
Good at multi-tasking	Lagging in the export, lack the resources necessary to enter foreign markets
Focused on gaining instant gratification with technology solutions.	Lack of formal competitor analysis, data collection during NPD processes.
Informal and dynamic strategies	Absolute size, fewer technological assets
Capable of going international early and rapidly	
Possessing tight control over production processes due to close management involvement	
Productive	
Knowledge creating	
Capable of fast learning and adapting routines and strategy	
Great potential to adapt new production methods	
Creating astute alliances, networking	

Source: Shamsuddin ahmed¹ and Zahari taha²

According to table 2, it has mentioned that main features of SMEs are their easiness for decision making, respond to client demand and changing market test quickly, moving fast to new position and situation and sensitive to the quality issue due to access to limited numbers of client, good in multi-tasking and responsible against customer, manage a big no of information, self-motivated and goal oriented organization, flexible structure and easy going administrative. Inter related to with respect to innovation, mostly working in local markets compare to outside but capable of going international early and rapidly.

There are some common barriers and challenges for SMEs, which barriers have described into the following five categories:

- Market barriers, referring to market restrictions such as contracts, price controls, etc.
- Financial barriers, related to various financial obstacles faced by SMEs such as a lack of appropriate banking services.
- Barriers resulting from inappropriate government interventions.
- Barriers arising from a lack of information needed by SMEs managers.
- Legal barriers for SMEs development.

Due to these challenges and barriers which explain generally in table-3 and nature of SMEs, they also have some disadvantageous as limited resource and human capital, less knowledge of IT and low use of such knowledge applicably also due to lack of fund and knowledge they are not able to convert research and R&D to real and practical and workable innovation. They mostly work on low price strategy to keep his market share, which mostly leads to fail in business. Lack of long life prospective will limit their strategic views, less access to new technology and market data will make them weak in competition and easy entering to new market both inside and out of country. These disadvantageous also can consider as common features of SMEs as well.

Table-3. Barriers ranked by SMEs using the top ten ranking method

Rank – Weighted facto	Description of barriers
1	Shortage of working capital to finance exports
2	Identifying foreign business opportunities
3	Limited information to locate/analyses markets
4	Inability to contact potential overseas customers
5	Obtaining reliable foreign representation
6	Lack of managerial time to deal with internationalization
7	Inadequate quantity of and/or untrained personnel for internationalization
8	Difficulty in matching competitors' prices
9	Lack of home government assistance/incentives
10	Excessive transportation costs

Source: Shamsuddin ahmed1 and Zahari taha2

Study on SMEs behavior and function in Iran from a business point of view will help to have better understanding of its feature and characteristics.

4.2.3. Case Studies Summary for SMEs Features

According to writer experiences and involvement with SMEs issues both in Iran and China, in last 15 years' job career, it has been provided the list of some of business cases in different field that writer had involved directly and indirectly in table 4. there was different subject such as sourcing, tourism cooperation, business negotiation and consulting, assisting for preparation and executing of contract, Inspection Services, settlement of disputes as arbitrator or mediator, Holding Business event such as exhibition and seminars and matchmaking.

Writer understanding of Iranian SMEs features is coming as following point:

- 1- They are more optimistic to the foreign business partners and mostly are easy going.
- 2- They are looking for reliable partners through investigation by themselves and doesn't much rely to the third party report and analyses.
- 3- Lack of finance and lack of accessibility to banks and easy money has pushed them to expand their investment less and keep their current situation well.
- 4- Most of old business owner generation Due to religious and cultural attitudes and traditional education, are more responsible to their wording and commitments.

- 5- Lack of enthusiasm of firms to develop their initial relationship with overseas companies in order to go a step over direct or indirect export.
- 6- Because of political risks (sanctions against Iran and its affect even after removing), banking and finance support of government, fluctuation of exchange rate, lack of government intensity and time spending with government bureaucracy, long term planning is so difficult and the entrepreneurs mostly doing their business in short and medium term programming.
- 7- Lack of access to market analysis and new business opportunities.
- 8- They are quick decision makers and respond fast to client's requirement limited to their capacities.
- 9- Trust is a basic fundament for establishing business with partner and if it is affected in any reason, the business will be affected too.
- 10- Iranian SMEs are more innovative than SMEs in other countries which did not encountered with any big political risk and sanctions, due they should find different solution to overcome difficulties and challenges and it make them more innovative and flexible.

Table-4. Breakdown of case studies by industry

subjects	No. of studied cases	cases	
		Import from China	Import from Iran
Sourcing	<60	Mercury, normal hexane, tractor and combine, iPhone, catalyst for chemical plant, photo frame machinery, refractory bricks, Phallic Acid ,Hexane 1,Normal Hexane 95 %, King flex rubber foam insulation sheet, door lock ,Drawer lock, door handles, Iso phallic Acid, paper A4,douplex board, easy open end, solar plant 1MV, wire steel rope and chain, CRA pipe for POGC, seamless tube,.....	Iron ore, chrome ore ,petrochemical product, decorative stones and marble, carpet ,pistachio, saffron, handicraft ,iron and steel ingot ,etc.
Tourism cooperation	<20	Providing the tourism package ,hosting the business and tourism delegations,	
business negotiation and consulting	<15	For procurement of some items , production plants or getting agency from other parties	
assisting for preparation and executing of contract	<8	Both sides know each other's but need some expert and professional to arrange the contract and execute and supervise them.	
Inspection	<5	Surveillance of cargo ,pre shipment inspection ,inspection of production line, sampling ,etc.	
Services	<15	Money transfer and exchange ,company registration, legalization of documents, rent of office and residence , logistics and transportation	
settlement of disputes, investment	<40	Cheating case, arbitration and mediation ,	
Holding Business event	<10	Organizing seminars and symposiums, business promotion activities ,promotion of trade exhibitions ,etc.	

Source: cases studies by author

Iranian SMEs are relatively unprepared to compete in the global market. This relative underdevelopment can be described to a wide range of macro- and micro-economic and sociocultural conditions. Among these, two sets of interrelated factors are particularly important. The first is the traditional priority given to large-scale projects and enterprises, and the resulting neglect of SMEs. The second is the academic community's disinterest in SMES - specific issues. These two factors are in fact interrelated, since most SMEs studies in other countries are encouraged and financed by government, and in turn, government policies toward SMEs are informed by these studies. This

policy and research interdependence makes a learning loop from which a logically incremental approach to SMES policy evaluation and improvement will emerge. This learning loop has been absent in Iran in the past, or at least has not been functioning very well.

4.3. SMEs and Trade Organisation

SMEs needs are to be supported by different trade organization. Most of these organizations are governmental and some of them are nonprofit organizations or they are private associations in this way they will be empowered. Both Iran and China are enjoying from such a supportive policy but some time functions or operations of such bodies cannot meet to real need of SMEs. For examples chambers of commerce with their strong power and relation internally and externally has some important mission to strengthen bilateral relation.

However, of such a high quality services which can be provided by the chambers of commerce or trade associations, but still in one side SMEs do not know these entities also these entities cannot provide their best services to SMEs.

5. SUMMARY WITH IMPLICATIONS AND DISCUSSION

In this paper the Chinese and Iranian SMEs features has been investigated and briefly pointed out some common features. For better understanding comparable table as bellow has been developed

Table-5. Comparison table of SMEs features

SMEs Features and Characters	Iran	China	Remark (Affects In Business Cooperation)
Strategic planning	Most of SMEs don't have strategic planning view due to lack of confidence to the future of their business	Due to more stability and promising future of national economy, Chinese SMEs are thinking strategically	This feature may affect in closer cooperation of both SMEs due to complementarity affect
Reliance's to counter part	They are more optimistic to the foreign business partners and mostly are easy going	They are not so optimistic to foreign partner and cautiously make contact to other side	This feature may affect in closer cooperation specially from Iranian SMEs side
Marketing orientation	They are looking for reliable partners through investigation by themselves	They are also looking for reliable partners through investigation by themselves or recommendation by trade organization	It makes
Financial strength	Lack of finance and lack of accessibility to banks and easy money has pushed them to expand	They have better access to bank and funds	Lead to closer cooperation between two side due to complimentary affect
Investment possibilities	their investment less and keep their current situation well	They interested to invest more and less consumption	Lead to joint investment specially from Chinese side due to complimentary affect
Business behaviors and attitudes	Most of old business owner generation Due to religious and cultural attitudes and traditional education, are more responsible to their wording and commitments	Old business generation are more reliable than young ones	Two SMEs with young generation managers will make cooperation with doubt and need to be closer and transparent to each other
Enthusiasm for internationalization	Lack of enthusiasm of firms to develop their initial relationship with overseas companies in	There is great interest to go international market due to hard local competition	Chinese SMEs could be leader as joint partner for internationalization of Iranian SMEs

	order to go a step over direct or indirect export		
Short ,medium and long time Planning	Because of political risks, banking and finance support of government, fluctuation of exchange rate, lack of government intensity and time spending with government bureaucracy, long term planning is so difficult and the entrepreneurs mostly doing their business in short and medium term programming	Due to the stability of law and regulation and stable political situation then long term planning is the first priorities of SMEs	Iranian SMEs could rely more on business planning than Chinese to Iranian .
Market intelligence	Lack of access to market analysis and new business opportunities	Easy access to market intelligence	Make more possibilities of cooperation due to complementarity affect
Decision making	They are quick decision makers and fast responding to clients' requirement limited to their capacities	They are not quick decision makers and fast responding to clients' requirement limited to their capacities	Lead to more possibilities of cooperation specially from Iran side due to quick decision making process
Trust to partners	Trust is a basic fundament for establishing business with partner and if it's affected for any reasons, the business will be affected too	Trust is a basic fundament for establishing business with partner and if it's affected in any reason the business will be affected too	Both sides are sensitive to reliabilities of the partner which may affect in easiness of cooperation
International Competiveness	Iranian SMEs are relatively unprepared to compete in the global market	Chinese SMEs are relatively prepared to compete in the global market	
availability of public support	SMEs needs are to be supported by different trade organization. Most of this organization is governmental and some of them are nonprofit organization or they are private association	SMEs needs are to be supported by different trade organization. Most of this organization is governmental and some of them are nonprofit organization or they are private association	It will be lead to more and closer cooperation
Flexibility and innovativeness	Iranian SMEs are innovative and flexible, they should find different solution to overcome barriers, difficulties and challenges coming from unstable economical and political circumstances and it make them more innovative and flexible.	Chinese SMEs looks innovative and flexible due to the pressure of hard competition in local market which lead them to international marketing	It will be lead to more and closer cooperation

Source: summarize by author

But it seems that now a days Chinese companies have lost their advantages to go to the market with low price strategy due to elements which influence their cost to be low is getting expensive. Exportable subsidies which call, tax refund has decreased to lower rate and even for some exportable items that make less value added or applying low technology has been omitted. Wage and salary has increase a lot and every employee is in the support of social insurance, which make salary high. Safety is the main concern in factories and it imposes a big cost to business

owner, which will influence the finished cost. National currency has evaluated and export is more expensive than before. Environment protection is a big issue and everybody obey related rules and regulations and pay a big cost that makes expensive production cost.

SMEs of Iran are more risk taker and also interested to be more active in international markets but due to the lack of enthusiasm to develop their initial relationship with overseas companies, political risks, lack of banking and finance support of government, fluctuation of exchange rate, and then they are not so successful in entering foreign markets despite their suitable capacities and possibilities.

On the other side Chinese SMEs are more cautious and play a more stable economic and political environment and they have also better access to market intelligence, fund and wide range of business services render by different providers. Despite the low cost strategy cannot be hired by Chinese SMEs as a tools to enter to new market but any kind of cooperation between two sides can utilize not only the complimentary in macroeconomic level but also in micro level and in the enterprise level as well.

By studying features of SMEs in both countries we have a better picture on similarity and differences and it could be helpful how to identify and recognize the ways to make SMEs of two countries to be closer to each other and maintain the stable economic and commercial ties between two nations.

As it can be appreciated, the investigation is carried out on a comparative basis, since the existing differences are very wide in terms of legal frameworks, economic contexts, business ethics and culture, etc.

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