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# Exploring the distinctions between Startups and small and medium-sized enterprises (SMEs): A comparative analysis

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**Abstract**--This article delves into the nuanced differences between startups and small and medium-sized enterprises (SMEs). While both categories encompass businesses operating at relatively smaller scales, they exhibit distinct characteristics in terms of their organizational structure, growth trajectory, and risk factors. By conducting a comparative analysis, this study aims to elucidate these disparities, providing valuable insights for entrepreneurs, investors and policymakers.

**Keywords**---startups, SMEs, comparative analysis, organizational structure, growth trajectory, risk factors.

**Jel Classification Codes:** L26, L53, L10, M13.


## 1. Introduction

In recent years, the entrepreneurial landscape has witnessed a proliferation of small and medium-sized enterprises (SMEs) and startups. While these terms are often used interchangeably, they represent distinct types of businesses with unique attributes and objectives. Understanding the disparities between startups and SMEs is crucial for policymakers, investors, and aspiring entrepreneurs seeking to navigate the dynamic business ecosystem. This article endeavors to delineate the key differences between startups and SMEs through a comprehensive comparative analysis.

### 1.1. Research problematic:

Exploring the distinctions between startups and small and medium-sized enterprises (SMEs) can have significant implications for entrepreneurs, and investors, and policymakers.

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## 1.2. Research objectives:

By understanding these differentiating factors, aspiring entrepreneurs and business professionals can gain valuable insights into the unique characteristics of startups and SMEs. This knowledge can inform strategic decision-making, funding choices, and growth strategies specific to each type of organization.

## 1.3. Literature review:

Here are several academic references that delve into the distinctions between startups and small and medium-sized enterprises (SMEs). These sources can provide a comprehensive understanding of their different characteristics, objectives, and business dynamics:

1. **Ries, E.** (2011). "The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses".

- Eric Ries defines startups through the lens of innovation and a methodology that emphasizes lean operations, rapid prototyping, and continuous adaptation, distinguishing them significantly from traditional SMEs.

2. **Aulet, B.** (2013). "Disciplined Entrepreneurship: 24 Steps to a Successful Startup".

- Bill Aulet discusses the structured approach to entrepreneurship that characterizes startups, focusing on systematic growth and scalability which differentiates them from SMEs that may not prioritize rapid scaling.

3. **Schaper, M., & Volery, T.** (2007). "Entrepreneurship and Small Business: A Pacific Rim Perspective".

- This book provides insight into small businesses in the Pacific Rim, offering a broader perspective on SMEs' focus on stability and community integration, contrasting with the disruptive aims of startups.

4. **Blank, S.** (2013). "Why the Lean Start-Up Changes Everything".

- Steve Blank introduces the concept of the Lean Startup, emphasizing the iterative process of learning and adaptation that differentiates startups from the often more rigid and planning-focused SMEs.

5. **Drucker, P.** (1985). "Innovation and Entrepreneurship".

- Peter Drucker explores the processes of innovation and entrepreneurship, providing foundational concepts that help distinguish the entrepreneurial spirit and innovative thrust of startups from more conventional SMEs.

6. **Storey, D. J.** (1994). "Understanding the Small Business Sector".

- This text covers various aspects of SMEs, including their economic impact, management structures, and market roles, contrasting with the high-growth, high-risk characteristics of startups.

7. **Barringer, B. R., & Ireland, D.** (2010). "Entrepreneurship: Successfully Launching New Ventures".

- This resource examines how startups launch and scale new ventures in ways that differ fundamentally from SMEs, which might focus more on local markets and incremental growth.

These references should provide a solid foundation for understanding the theoretical and practical differences between startups and SMEs. Each offers a unique perspective on the various dimensions of operating environments, growth strategies, and business models typical of each type of enterprise.

## 2. Startups:

### 2.1. Definitions and characteristics:

*Steve Blank* and *Bob Dorf* define startups as follows: "A startup is a temporary organization designed to search for a repeatable and scalable business model." (2012) This definition highlights several key characteristics of startups:

1. *Temporary nature*: Startups are not meant to remain in a nascent stage indefinitely. Instead, they are expected to evolve and grow into sustainable businesses or cease operations if they fail to find a viable business model.
2. *Search for a business model*: Startups are engaged in a process of discovery and experimentation to identify a business model that can generate revenue and sustain growth. This process often involves testing assumptions, gathering feedback, and iterating on product or service offerings.
3. *Repeatable and scalable*: The ultimate goal of a startup is to develop a business model that can be replicated and expanded to serve a larger market. Startups seek to create value propositions and operations that can scale efficiently as the business grows.

By emphasizing the dynamic and exploratory nature of startups, Blank and Dorf's definition underscores the inherent uncertainty and risk involved in entrepreneurship, as well as the potential for innovation and growth.

In "The Lean Startup," Eric Ries defines a startup as follows: "A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty." (Ries, 2011)

This definition captures the essence of startups according to the lean startup methodology developed by Ries. Key elements of this definition include:

1. *Human institution*: Ries emphasizes that startups are not just about products or technologies but are fundamentally human endeavors. They involve people coming together with a shared vision and purpose to create something new.
2. *Creating a new product or service*: Startups are focused on innovation and the development of novel products or services. They are often driven by a desire to address unmet needs or solve problems in new ways.
3. *Extreme uncertainty*: Unlike established businesses, startups operate in environments characterized by high levels of uncertainty. This uncertainty arises from factors such as market dynamics, customer preferences, and technological advancements. Startups must navigate this uncertainty through experimentation, iteration, and learning.

Overall, Ries's definition emphasizes the dynamic and adaptive nature of startups, highlighting the need for agility and resilience in the face of uncertainty.

**Paul Graham**, the co-founder of Y Combinator, has written numerous essays on startups, entrepreneurship, and technology.

While he doesn't offer a formal definition of startups per se, his writings provide a deep understanding of the startup ecosystem. In his essays, Graham typically characterizes startups as fledgling companies with high growth potential, often built around innovative ideas or technology. He emphasizes the importance of

ambition, determination, and a willingness to take risks in the pursuit of creating something valuable and scalable.

One of his notable insights is the idea of a startup as a "growth engine." He suggests that startups should prioritize growth above all else, as sustained growth is often a key determinant of success in the startup world. Additionally, Graham often discusses the importance of founders in startups, highlighting their role as visionaries, problem solvers, and leaders. He emphasizes qualities such as resourcefulness, resilience, and the ability to iterate and adapt in response to feedback and changing circumstances. While Graham's writings provide into the nature and dynamics of startups, his approach is more descriptive and illustrative rather than providing a formal definition.

While the **Algerian legislator** defined it according to Article 11 of Executive Decree no: 20-254 in Chapter IV: Conditions for granting the **startup label** as any organisation that is subject to Algerian law and respects the following criteria:

- The age of the organisation must not exceed eight (08) years.
- A startup's business model must be based on a product, service, business model or any innovative idea.
- The annual turnover should not exceed the amount determined by the national Committee
- The company's capital must be at least 50% owned by natural persons, accredited investment funds or other institutions that have the "Startup" label.
- The growth potential of the enterprise should be large enough. The number of workers should not exceed 250

The Algerian Executive Decree no: 20-254 provides a clear definition and sets specific criteria for organizations wishing to obtain the "startup" label, reflecting the government's approach to fostering innovation and entrepreneurship within the country. Here's a breakdown of the criteria mentioned in Article 11 of the decree:

1. Age of the Organization:

- The enterprise must be relatively new, with an age not exceeding **eight years**. This criterion emphasizes the government's focus on nurturing early-stage businesses that are in their developmental and scaling phases.

2. Innovative Business Model:

- The startup must be based on a novel product, service, business model, or an innovative idea. This requirement highlights the importance of innovation in the startup ecosystem, encouraging companies that offer new solutions or disrupt traditional industries.

3. Annual Turnover:

- The startup's annual turnover must not exceed a certain threshold, which is determined by the national Committee. This condition ensures that the benefits of the startup label are reserved for smaller enterprises that are still in their growth phases rather than established, larger companies.

4. Ownership:

- At least 50% of the company's capital must be owned by natural persons, accredited investment funds, or other institutions that have the "Startup" label. This stipulation aims to keep the control of startups in the hands of

individual entrepreneurs and supportive entities that are likely to foster innovation and entrepreneurial spirit.

#### 5. Growth Potential and Size:

- The startup should demonstrate substantial growth potential, yet its workforce should not exceed 250 employees. This criterion supports the development of small to medium-sized enterprises (SMEs) that have the capacity to expand significantly without yet reaching a large corporate size.

These conditions are designed to create an environment that supports young and innovative enterprises with significant growth potential. By establishing such criteria, the Algerian government aims to promote entrepreneurship and innovative projects that can contribute to economic diversification and technological advancement in the country.

### 3. Small and Medium-sized Enterprises:

Small and Medium-sized Enterprises (SMEs) play a crucial role in the economy, contributing to job creation, innovation, and economic growth. They encompass a broad spectrum of small and medium-sized businesses that operate within **established** market niches. They typically exhibit slower growth rates and prioritize **stability** and **sustainability** over rapid expansion (Hua, 2003). As we shift our focus to SMEs, let's explore their characteristics and significance.

#### 3.1. The concept of the small and medium enterprise:

The research of specialists and their many attempts to develop a clear and accurate definition of the small and medium enterprise did not result, and this is what made them use some indicators such as value-added, employment, technological type, turnover, and others to distinguish this type of business from other types of companies, and these criteria did not in fact constitute the consensus of researchers in various countries of the world, and this is what makes highlighting one of the most used standards in many countries, which is the standard of employment.

- The law on small and medium enterprises in **the United States of America** defines small and medium enterprises as an independent enterprise that is managed by self-employed people and does not have a leading position in the sector in which it operates, and it includes less than **500 workers** (Shin, 2015);
- **Britain** relies on other indicators to define the concept of small and medium enterprises which include (Hua, 2003):
  - The amount of invested funds must not exceed **7 million** pounds sterling.
  - Annual sales volume should not exceed **1.4 million** pounds sterling.
  - The number of workers in the project should not be less than **50 workers** per week.
  - The company's market share is **limited**.
- The concept of small and medium enterprises appeared in **Japan** after World War I and was distinguished from other companies by the high rate of mechanization. The employment index used in defining the small and medium enterprise also differed, and Japanese economic jurisprudence

set it at **300 workers** if the enterprise was industrial and **50 workers** if the enterprise was service (commercial). Thus, he did not separate small and medium enterprises and considered them to be an extension of each other (Shin, 2015);

- Definition of the United Nations Commission for Industrial Development in Developing Countries: A **small enterprise** is defined as an enterprise in which between **15 and 19 workers** are active. A **medium enterprise** is an enterprise that employs between **20 and 99 workers**, while a big enterprise employs more than 100 workers;
- Definition according to the **Algerian legislator**: Article 5 of Law No. 02/17 containing the guiding law for the development of small and medium enterprises defines these companies, regardless of their legal nature, as: “an institution that produces goods or services and employs 1 to 250 individuals and whose annual turnover does not exceed 04 billion dinars and whose revenues do not exceed 04 billion Algerian dinars and meets the independence criterion (Official Journal, 2017)

**Table 02**

| Type of entreprise | Number of workers | Annual turnover (DZA) | revenues (DZA) |
|--------------------|-------------------|-----------------------|----------------|
| Micro              | 1-9               | Less than 40M         | Less than 20 M |
| small              | 10-49             | Less than 400M        | Less than 200M |
| Medium             | 50-250            | 400M- 4B              | 200 M- 1B      |

Source: by author

### **3.2. Characteristics:**

#### **Size of Organization**

SMEs are not as large as multinational corporations but are bigger than startups. The specific size definition may vary by country, but generally, SMEs employ a limited number of employees, with thresholds set for both turnover and employee count.

#### **Operational Scope**

SMEs operate across a wide range of industries, including manufacturing, retail, services, and technology. They can be locally focused or serve regional, national, or even international markets, with varying degrees of reach and influence.

#### **Role in the Economy**

SMEs are considered the backbone of the economy due to their contributions to employment and economic growth. They often drive innovation, create job opportunities, and provide essential goods and services to local communities (Agostini, 2017).

- Diverse range of industries and sectors, including manufacturing, retail, and services.
- Focus on local or regional markets, with limited scalability.
- Hierarchical organizational structure with defined roles and responsibilities.

- Funding primarily sourced from traditional sources, such as bank loans or personal savings.

#### 4. Differentiating Factors and Implications:

By understanding these differentiating factors, aspiring entrepreneurs and business professionals can gain valuable insights into the unique characteristics of startups and SMEs. This knowledge can inform strategic decision-making, funding choices, and growth strategies specific to each type of organization.

##### 4.1. Organizational Structure

When examining startups and SMEs, one cannot ignore the importance of **organizational structure** (Schilling, 2016). The way a company is structured can greatly impact its ability to adapt, innovate, and ultimately succeed. Let's take a closer look at how startups and SMEs typically organize their teams, make decisions, and foster a collaborative work environment.

##### 4.1.1. Startups

In the fast-paced world of startups, agility and flexibility are paramount. As these young and dynamic companies strive to disrupt existing markets or create entirely new ones, their **organizational structure** reflects their innovative spirit. Startups usually have a **flat hierarchy**, with a **small team** of highly skilled individuals collaborating closely and wearing multiple hats (Blank, 2010).

- Decentralized Decision-Making: Decision-making in startups tends to be decentralized, allowing employees to contribute their ideas and expertise directly.
- Informal Communication: Communication channels are often informal, promoting free-flowing ideas and fostering a culture of open dialogue.
- Collaborative Work Environment: Startups encourage cross-functional collaboration, bringing together individuals with diverse skill sets to tackle complex challenges.

##### 4.1.2. Small and Medium-sized Enterprises (SMEs)

On the other hand, Small and Medium-sized Enterprises (SMEs) have a more traditional organizational structure, reflecting their relatively established nature and larger employee base. Often, SMEs have multiple departments or divisions, each specializing in a specific function (Agostini, 2017).

- Hierarchical Structure: SMEs follow a hierarchical structure, with clearly defined roles and reporting lines to ensure efficient day-to-day operations.
- Centralized Decision-Making: Decision-making typically resides at higher levels of management within SMEs, with key strategic decisions made by top executives or owners.
- Formal Communication: SMEs generally have more formal communication channels, such as regular team meetings and formal reporting structures.

While startups thrive on **flexibility** and **adaptability**, SMEs benefit from the **stability** and structure provided by their formalized organizational hierarchies. It is important to note that these are generalizations, and both startups and SMEs may deviate from these norms based on their unique circumstances and industry.

**Table 03:**

|                          | <b>Startups</b>             | <b>SMEs</b>  |
|--------------------------|-----------------------------|--|
| Organizational Structure | Flat hierarchy, small teams | Hierarchical structure, multiple departments/divisions |
| Decision-Making          | Decentralized               | Centralized  |
| Communication            | Informal                    | Formal   |
| Collaboration            | Strong emphasis             | Team-centric   |

**Source:** by author

## 4.2. Growth Strategies

### 4.2.1. Startups

When it comes to startups, the path to success is paved with innovative growth strategies. These strategies are designed to help startups navigate the challenges of a competitive market and maximize their potential for rapid **expansion**. Let's explore some of the key growth strategies employed by startups:

- **Rapid Experimentation:** Startups thrive on experimentation. They understand that in order to find the best market fit for their product or service, they need to constantly test and iterate. Rapid experimentation allows startups to gather valuable insights, identify what works, and make necessary adjustments along the way (Otieno & Muathe, 2023). This iterative approach enables startups to refine their offerings, attract customers, and ultimately drive growth.
- **Agile Development:** Agility is a defining characteristic of successful startups. By embracing agile development, startups can quickly adapt to changing market dynamics and customer needs (Blank, 2010). This approach involves breaking down projects into smaller, manageable tasks, prioritizing features based on customer feedback, and delivering incremental updates. Agile development allows startups to respond swiftly to market trends, stay ahead of the competition, and iterate their way towards growth.
- **Market Fit:** One of the most crucial growth strategies for startups is **achieving product-market fit**. Startups need to understand their target market and ensure that their product or service meets a genuine need or solves a specific problem. By conducting market research, analyzing customer feedback, and continuously refining their offerings, startups can align their solutions with market demand (Tidd & Bessant, 2021). This focus on market fit enables startups to attract and retain customers, driving sustained growth.

*"Startups must stay nimble, experiment relentlessly, and constantly seek market feedback to refine their growth strategies." - Eric Ries, author of "The Lean Startup"*

### 4.2.2. Small and Medium-sized Enterprises (SMEs)

While startups focus on rapid growth and innovation, small and medium-sized enterprises (SMEs) employ different strategies to sustain and expand their

businesses. SMEs often prioritize stability, long-term growth, and customer relationships. Let's explore some of the key growth strategies employed by SMEs:

- **Diversification:** SMEs often pursue diversification as a growth strategy to mitigate risks and explore new market opportunities. By diversifying their product or service offerings, SMEs can tap into different customer segments and revenue streams, reducing reliance on a single market or product (Shin, 2015). This approach minimizes the impact of market fluctuations and allows SMEs to adapt to changing consumer preferences.
- **Market Expansion:** SMEs can achieve growth by expanding into new markets. Whether it's entering new geographic regions or targeting different customer demographics, market expansion allows SMEs to reach a wider audience and increase their customer base (Lewandowska & Mateusz, 2019). This strategy often involves conducting market research, adapting products/services to suit local needs, and establishing strategic partnerships to navigate unfamiliar markets.
- **Customer Relationships:** Developing strong customer relationships is crucial for SMEs' growth and sustainability. SMEs often prioritize **personalized** customer experiences, exceptional customer service, and long-term **loyalty**. By understanding their customers' needs and preferences, SMEs can tailor their offerings, build trust, and foster customer loyalty, leading to repeat business and positive word-of-mouth referrals.

Implementing these growth strategies can provide SMEs with a competitive edge in their respective industries. Let's take a closer look at how these strategies have benefited some notable SMEs:

**Table 04:**

| <b>Company</b> | <b>Growth Strategy</b>        | <b>Result</b>  |
|----------------|-------------------------------|--|
| Tesla          | <b>Diversification</b>        | Expanded product line to include electric vehicles, solar energy, and energy storage solutions, leading to increased market share and revenue growth.  |
| Starbucks      | <b>Market Expansion</b>       | Expanded globally, opening stores in new countries and adapting to local preferences, becoming one of the world's most recognized coffeehouse chains.  |
| Zappos         | <b>Customer Relationships</b> | Emphasized exceptional customer service, creating a loyal customer base and differentiating themselves from competitors in the online retail industry. |

**Source:** by author

### 4.3. Risk Factors

#### 4.3.1. Startups

Startups operate in a dynamic and fast-paced environment, subjecting them to unique **risk factors** compared to small and medium-sized enterprises (SMEs). Understanding and mitigating these risks is crucial for startup founders and investors alike. Let's delve into the specific risk factors that startups face:

- **High Failure Rates:** Startups are known for their high failure rates, with many failing within their first few years of operation. The competitive landscape, limited resources, and evolving market conditions all contribute to this risk. Founders must navigate this risk by conducting thorough market research, developing a robust business plan, and staying agile in their decision-making (Gompers, 2001).
- **Market Uncertainties:** Innovative startups often disrupt existing markets or create entirely new ones. However, this disruption comes with inherent uncertainties. Startups face the challenge of predicting market demand, customer acceptance, and competitive pressures with limited historical data. To manage this risk, startups must stay informed of market trends, listen to customer feedback, and remain flexible in their strategies (Tidd & Bessant, 2021).
- **Need for Continuous Innovation:** Innovation is at the core of startups, and continuous innovation is essential for their survival (Ries, 2011). Startups must constantly iterate and improve their products or services to stay ahead of the competition and meet evolving customer expectations. Failing to innovate can result in a loss of market share and relevance (R & Calantone, 2002). Startup founders must foster a culture of experimentation and embrace a mindset of continuous learning and improvement.

By understanding these risk factors and implementing strategies to mitigate them, startups can increase their chances of long-term success and sustainable growth.

**Table 05:**

| <b>Common Risk Factors in Startups</b> | <b>Examples</b>   |
|--|---|
| High failure rates                     | 50% of startups fail within the first five years                |
| Market uncertainties                   | Changing customer preferences and market conditions             |
| Continuous innovation                  | Keeping up with technological advancements and customer demands |

Source: by author

#### **4.3.2. Small and Medium-sized Enterprises (SMEs)**

While small and medium-sized enterprises (SMEs) offer unique opportunities for growth and success, they also face a distinct set of risk factors. Understanding these challenges is crucial for entrepreneurs and business professionals looking to navigate the competitive landscape effectively and sustain long-term growth.

- **Competition and Market Dynamics:** One of the primary risk factors for SMEs is intense competition within their industry. As SMEs operate in various sectors, they often face stiff competition from both established companies and emerging players. This competitive environment can put pressure on SMEs to differentiate themselves, attract customers, and secure market share. The market dynamics that SMEs operate in can also be volatile and rapidly changing (Glaveli & al, 2023). Factors such as economic conditions, consumer preferences, and technological

advancements can greatly influence SMEs' ability to adapt, innovate, and remain competitive.

- **Challenges of Sustaining Growth:** SMEs often encounter challenges when it comes to sustaining growth. While initial growth may be relatively easier to achieve, maintaining consistent growth rates can be more demanding. Issues such as limited resources, difficulties in attracting and retaining talent, and operational inefficiencies can hinder the sustained development of SMEs (Agostini, 2017). In addition, SMEs may face challenges in accessing capital and securing funding for expansion. Financial constraints can limit their ability to invest in new technologies, expand their operations, or explore new markets.
- **Regulatory and Compliance Burdens:** SMEs must comply with legal and regulatory requirements specific to their industry and jurisdiction. These compliance burdens can often place strain on SMEs' resources, as they need to allocate time, personnel, and financial resources to ensure adherence to regulations.

Staying updated with ever-changing regulations and maintaining compliance can be a complex and time-consuming task for SMEs, diverting their focus and potentially impacting their ability to drive growth and innovation. As Warren Buffett once said, "Risk comes from not knowing what you're doing."

Understanding and proactively addressing these risk factors is key for SMEs to mitigate potential challenges and maximize their chances of long-term success. By developing comprehensive risk management strategies and staying agile in a dynamic business environment, SMEs can enhance their resilience and thrive.

**Table 05**

| <b>Common Risk Factors in SMEs</b> | <b>Impact</b>   |
|------------------------------------|---|
| Intense competition                | Increased pressure to differentiate and secure market share         |
| Changing market dynamics           | Need for <b>adaptability</b> and timely response to industry shifts |
| Challenges of sustaining growth    | Resource limitations and difficulties in attracting talent          |
| Access to capital                  | Financial constraints and limited funding options                   |
| Regulatory and compliance burdens  | Allocation of resources for legal obligations                       |

Source: by author

## **5. Implications for entrepreneurs, investors, and policymakers**

Exploring the distinctions between startups and small and medium-sized enterprises (SMEs) can have significant implications for entrepreneurs, investors, and policymakers. Here's a breakdown of how understanding these differences can impact each group:

### **5. 1. Entrepreneurs**

- Resource Allocation: Entrepreneurs can better tailor their strategies for funding, growth, and operations by understanding whether their business model aligns more closely with a startup or an SME. Startups might focus on rapid scaling and innovation, while SMEs might concentrate on steady growth and profitability.
- Strategic Planning: Knowing the category their business falls into helps entrepreneurs set realistic goals and benchmarks. For example, startups may prioritize innovation and market disruption, whereas SMEs might emphasize stability and incremental growth.
- Risk Management: Differentiating between the two can help entrepreneurs assess risk more accurately. Startups typically face higher risks due to unproven business models, whereas SMEs deal with challenges related to sustaining growth and competition in established markets.

### **5.2. Investors**

- Investment Strategies: Investors can make more informed decisions regarding risk tolerance, investment horizons, and potential returns. Startups generally offer higher risk and potentially higher returns, focusing on rapid growth markets. SMEs might provide more stable investment opportunities with slower, but steadier, returns.
- Portfolio Diversification: Understanding the nature of startups versus SMEs enables investors to diversify their portfolios effectively, balancing high-risk, high-reward startups with more stable SME investments.
- Due Diligence: The criteria for evaluating startups versus SMEs differ significantly. Investors might look for innovative potential and scalability in startups, whereas for SMEs, consistent revenue and market presence might be more critical.

### **5.3. Policymakers**

- Regulatory Frameworks: Policymakers can develop tailored regulatory and support frameworks that address the specific needs of startups and SMEs. For instance, startups might benefit from policies that encourage innovation and risk-taking, such as tax incentives for angel and venture capital investments.
- Economic Development: By recognizing the roles startups and SMEs play in the economy, policymakers can better support economic stability and growth. Startups might drive technological advancement and job creation in new sectors, while SMEs often provide the backbone of local economies.
- Support Programs: Differentiating between the two can help in designing effective support programs, such as grants, loans, or training programs that meet the distinct needs of startups and SMEs.

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