

Full Length Research Paper

Management skills and entrepreneurial success of small and medium enterprises (SMEs) in the services sector

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This study attempts to analyze the contribution of entrepreneurs in terms of their management skills towards the success of small and medium enterprises (SMEs) in the services sector in Malaysia. The methods used are descriptive analysis, Pearson correlation, stepwise regression procedures and t-test. The data for the study were collected through mail questionnaires sent out to selected entrepreneurs of SMEs. Of the total number 500 questionnaires mailed, 186 entrepreneurs responded and completed the questionnaires. The empirical information resulted from analyzing the data obtained from the 186 entrepreneurs suggests the findings that high entrepreneurial success was associated with high business operating skills, skills to obtain market share that suits their size and capability and skills to offer more special services; with bumiputera and non-bumiputera being indifferent in their perception towards management skills that affected their success.

Key words: Small and medium enterprises (SMEs), success, entrepreneur.

INTRODUCTION

It is important to study the factors that contribute to the success of entrepreneurs so that they can be emulated and more entrepreneurs can benefit from it. However, there are many factors that determine entrepreneurial success. Those factors are unique to various conditions such as location, culture, heritage and family and so forth. Hence, it is impossible to review all factors simultaneously for the scope may be too broad. Moreover, in the field of social science research, it involves the study of human behavior which is constantly changing and this adds to the complexity of the study.

For the purpose of this study, the focus will be narrowed to one perspective that affects the success of

entrepreneurs, namely management skills. This is line with Yusuf (1995) who found good management skills is one of the critical success factors for entrepreneurs in his study.

The objectives of this study, therefore, are: to analyze the role and extent of management skills in determining the success of entrepreneurs, compare the role of management skills in determining the success of bumiputera entrepreneurs and non-bumiputera entrepreneurs and to identify the most dominant predictors/variables of management skills in influencing the success of entrepreneurs.

LITERATURE REVIEW

There are many studies conducted about management skills in the past. The study by Yusuf (1995) found that good management skills are one of the factors most critical to the success of South Pacific islanders' entrepreneurial activities.

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Abbreviations: K-MAP, Kenya management assistance program; SMEs, small and medium enterprises; GDP, gross domestic product.

Other than Yusuf (1995), several other studies on entrepreneurs in developing countries (Busch, 1989; Huck and McEwen, 1991; Gosh et al., 1993) tried to answer the question which management skills are critical to the success of entrepreneurs.

In the study Huck and McEwen (1991) conducted on small business owners in Jamaica, three management skills were identified as the most important to the success of entrepreneurs, namely (1) efficient administration, (2) careful planning and budgeting and (3) the marketing/sales active. In their study, efficient administration was specifically referred to as the frequency of maintaining financial records, human relations skills and setting clear goals and objectives.

Lorrain and Dussault (1988) found that management's behavior (skills) is different between successful and unsuccessful entrepreneurs and this conclusion is supported by Drucker (1985) who concluded the management's behavior (skills) could better predict entrepreneurial success as compared to personality characteristics.

Similarly Neshamba (2000) found that other than experience, the skills acquired at work are important factors that contribute to business success and growth.

Pratt (2001) also identified through the study made by the Kenya Management Assistance Program (K-MAP) that to have business skills is an important factor for business success.

Apostilidis (1977) outlines six characteristics for successful entrepreneurs. All six cases were on management skills and among the important characteristics a successful entrepreneur must have are the ability to detect and respond quickly to market changes and the appropriate changes in buying habits, having an attractive product range, to gain market share which is in accordance with the firm's size and ability, to have sufficient capital, possess management expertise and create a master plan for growth. All those business management skills are essential to the success of entrepreneurs.

Sarasvathy (2001) also listed management skills as one of the three factors that affect entrepreneurial performance apart from knowledge, relationships and social networks.

Brown et al. (1987) reviewed a total of 602 business owners who have had entrepreneurship courses. The respondents who had attended the course before starting a new business stated that their success were due to factors such as organizational management skills, good cost control and effective marketing.

Richter and Kemter (2000) examined the factors that determine the success of small businesses. Their study compared successful and less successful organizations. Among the criteria for success are the change in the number of employees since the firm was established, market share, the valuation of economic development and sales issues. Richter and Kemter found that having

the ability and competency to control and plan the whole business is an important management skill for business success.

In addition, Richter and Kemter (2000) also stated that more successful business owners have good management skills by offering a special service and paid attention to quality and design of their products or services. Cooperation with similar companies, a flat organizational structure, delegating responsibility and nurturing management capabilities are also management skills that determine business success.

Goldenberg and Kline (1999) examined the perception of entrepreneurs towards success. Among the variables used are the source of motivation for someone to succeed in the business itself (such as the desire to get more money or having been removed from the previous organization), demographic information and business management skills and the four factors described by Drucker (1985). Drucker suggested that to be successful, a business must meet four requirements of management skills which are: (1) Marketing activities and an active business, (2) a strong financial base, (3) building effective top management teams and (4) active role played by entrepreneurs. Goldenberg and Kline (1999) interviewed 128 entrepreneurs representing the manufacturing, retail and services sectors. The findings show that only the variables of marketing strategy and business plan are critical in predicting the likely success of a business.

Entrepreneurs in a study covering Singapore, Jamaica and the United States (Hess, 1997; Herbert, 1989) also found that marketing factors (such as good service, ability to cater to customer satisfaction, ability to look for market opportunities, advertising and sales promotion) are the most critical elements in the success of small businesses. All these involved good management skills.

Hornaday and Aboud (1975) used three objective tests, interviews and a self-assessment scale to test a group of 60 successful entrepreneurs. These results indicated that, compared to the general population, successful entrepreneurs are those who managed to score significantly higher on the scale that represented the need for achievement, self-freedom and effective leadership. Effective leadership in fact refers to management skills.

According to Conger (1999), business operates in an unstable environment. It changes regularly and forces the entrepreneurs to forecast changes, always prepare their business to meet new changes and be able to motivate their employees to operate in a changing environment. Thus, to have the requisite management skills are essential for an entrepreneur to lead and not just to manage in order to continue to compete and be successful in such circumstances.

McDale (1998) stated that the business features mentioned as the contributing factors to business success among entrepreneurial artisans in Ghana are the management skills such as applying for a business loan,

marketing of their products and innovation in their products.

Perelman (2001) reviewed the management style of women entrepreneurs in high technology industries. In a rapidly changing environment, these entrepreneurs make decisions clouded by uncertainty and ambiguity, thus, good decisions are largely dependent on their judgments. Perelman found that to be successful in their businesses, decisions that they made needed to reflect the changing needs of high-tech industries. In addition, there were flexibility in risk-taking, focus, personal involvement in day to day running of the business, creativity, energy renewal (innovation), understanding (insight) and business impulse (intuition) where all these require good management skills.

Brereton (1974) stated that success in business is associated with behavior that involved innovative management skills such as producing new ideas, willingness to try new ventures and reaching out to others who have the same values.

Jelineck and Litterer (1995) agreed that entrepreneurial organizations may be different from the traditional ones in terms of the way in which they adapt to environmental changes. Thus, entrepreneurial organizations need effective management skills to react quickly to internal and external changes, to depend more on social norms and the spirit against the official rules of traditional organization. Giving power and responsibility to the workers and equipping them with management skills to respond are critical so that they may meet the challenges of changes and hence, succeed in their undertaking.

Giving power and responsibility to the workers involved revamping the organizational structure of the business. This among others, means specialization conducted during work. For example, there are individuals who manage the accounts and finance, while others specialize in marketing and resource management in the organization. Thus, the operation can be performed more efficiently and effectively, enabling the organization to compete in the same sector. However, only those who are self-reliant and exercise prudent financial management without seeking help from any party can be deemed a successful entrepreneur. This will make them independent to face all the challenges (including changes in the environment) that are inherent in their business undertakings (Hisrich et al., 2002; Timmons and Spinelli, 2000; Rosdi, 2002).

Ibrahim and Goodwin (1986) suggested that successful entrepreneurial behavior can be explained among others by the strategies, financial management and organizational structure of the variables representing the factors of management skills.

Management skills to obtain capital or funding sources are critical to business success. This is because the chances of obtaining funding are different between small and large companies. Coleman and Cohn (2000) emphasized that small companies can only reach limited

public equity markets and credit facilities are rare. At the same time, large companies can finance their business by issuing shares or bonds which a small company is not able to do so. As an alternative, small companies are very dependent on trade credit, loans from the banks, and informal financing sources such as internal savings, credit cards and loans from family and friends (Ang, 1992; Ang et al., 1995; Bink and Ennew, 1996). Therefore, management skills in terms of securing financing are essential to ensure business success of SMEs.

Hustedde and Pulver (1992) conducted studies on a group of small entrepreneurs, some of whom have succeeded while others have failed in obtaining capital funding. They found that successful entrepreneurs are those who managed to obtain financing, have good management skills to choose the right type of business, industry and to do business in the right location. Hisrich and Brush (1987) also found that the charge imposed by financial institutions is the constraint faced by small companies to get financing. This is where the micro-credit scheme played an important role to provide unsecured capital financing, and it relaxed the conditions for small entrepreneurs to obtain financing.

Among the necessary management skills that entrepreneurs need to have is a good plan. This in turn can help the entrepreneurs in the business marketing and earn the trust of customers and suppliers (Batten, 2002) and thereby contribute to business success.

The success of entrepreneurs is limited because they are weak in the areas of management, particularly in financial management (Rudy, 2002; Malaysia, 2000). They must not expect to start a business based solely on the opportunities provided. Successful entrepreneurs must take rapid action based on the current requirement to change the existing strategy they implemented. This means they can not just depend on the initial strategy that they may have set earlier.

In conclusion, based on the literature review discussed earlier, some of the most important variables that are related to management skills which affect entrepreneurial success are listed in Table 2. The main objective of this study is to study the relationship between management skills and entrepreneurial success through those variables.

Past studies on the relationship between management skills and success were done in different environments and cultures. Hence, the outcome of this study which is conducted in Malaysia, the results may differ from previous studies in line with the theory of Hofstede (1980), which stated that culture influences the relationship between two variables. Accordingly, the following hypotheses are developed for this study:

H₁: There is no correlation between management skills and entrepreneurial success.

H₂: There is no difference between management

Table 1. Respondents' profile.

Variable	{No. (%)}
Gender	
Male	156 (83.9)
Female	30 (16.1)
Age	
<20	0
20-29	48 (25.8)
30-39	28 (15.1)
40-50	76 (40.9)
>50	34 (18.3)
Education	
Primary school	0
Secondary school	35 (18.8)
School certificate	117 (62.9)
Higher School certificate	10 (5.4)
Polytechnics	1 (0.5)
College diploma	21 (11.3)
Degree	2 (1.1)
Experience	
<1 year	23 (12.4)
1-10 years	31 (16.6)
11-20 years	28 (15.1)
>20 years	104 (56.9)
Marital status	
Single	39 (21.0)
Married	147 (79.0)
Ethnic	
Malay	56 (30.1)
Chinese	103 (55.4)
Indian	24 (12.9)
Others	3 (1.6)
Locality	
West coast	98 (52.7)
North	22 (11.8)
East coast	15 (8.1)
Melaka/Johor	28 (15.1)
East Malaysia	24 (12.9)

skills and success of bumiputera and non-bumiputera entrepreneurs

RESEARCH METHODOLOGY

The unit of analysis for this study is the entrepreneur. Study samples were taken from SME entrepreneurs in the services sector in Malaysia. The services sector was chosen because this sector is

the largest contributing sector to the gross domestic product (GDP) of Malaysia.

A random sampling method is adopted and the target is entrepreneurs of SMEs in the services sector in Malaysia. Data collection method is through a questionnaire sent by mail. In the questionnaire there are three main parts which are Part A: Demographics; Part B: Management skills (24 variables as per Table 1), and Section C: Measures of the entrepreneur's success. Factors of management skills in the questionnaires have been validated with the value of Cronbach's Alpha of .87. As for the measures of the entrepreneurs' success it is adopted from Paige (1999) which measured the success from a non financial aspect. This is because financial data is very difficult to obtain due to the fact that the nature of SMEs where many fail to keep accurate financial statements and their refusal to disclose their financial statements to the public.

Methods of data analysis will use descriptive analysis, Pearson correlation, stepwise regression procedures and t-test.

RESULTS

Respondents demographic distribution

Of the 500 questionnaires sent, a total of 186 were successfully received back. Hence, the response rate was 37.2%. This is an acceptable response rate because the data collection method used is through the mail.

Geographically, the majority of 52% of respondents were from the Klang Valley and the west coast of peninsular Malaysia (Kuala Lumpur, Putrajaya, Selangor, Negeri Sembilan dan Perak), 12% from the northern peninsular (Perlis, Kedah, Pulau Pinang), 8% from the east coast of the peninsular (Kelantan, Terengganu dan Pahang), 15% from Melaka and Johor. Meanwhile, respondents from East Malaysia stood at 13%. Overall, from the 186 respondents, only 56 respondents were bumiputera.

The mean age of sample was between 30 - 40 years, and the average length of involvement as entrepreneurs was 11 years. Length of experience ranged from less than one year to more than 20 years. Of the 186 respondents, 62.8% reported to have passed the secondary school examination, 5.5% has higher school certificate and 11.6% with college background. Table 1 shows the respondents' personal profiles.

Descriptive analysis

Means and standard deviations, and inter correlation between study variables of management skills and success are shown in Table 2 and 3.

Mean scores for management skills indicated level of importance ranged between important and very important. Overall, the highest mean is for variable human relations skills ($M = 3.41$, $SD = 1.141$) and skills to build an effective top management ($M = 3.41$, $SD = 1.629$) and the lowest mean is for variable skills to arrange organizational structure to be more horizontal

Table 2. Mean and standard deviation.

S/No.	Management skill	All (n = 186)		Bumiputera (n = 56)		Non-bumiputera (n = 130)	
		Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation
1	Planning skills	2.66	1.517	2.68	1.527	2.65	1.518
2	Careful budgeting skills	3.13	1.258	3.11	1.275	3.14	1.256
3	Skills to ensure that financial records are maintained	2.81	1.389	2.79	1.385	2.82	1.396
4	Human relations skills	3.41	1.141	3.36	1.167	3.43	1.134
5	Clear goals and objectives setting skills	3.28	1.128	3.23	1.144	3.30	1.125
6	Business operating skills	3.20	1.383	3.21	1.385	3.19	1.387
7	Skills to detect changes in the market	2.89	1.461	2.80	1.482	2.92	1.455
8	Skills to act quickly (responsiveness)	3.21	1.174	3.18	1.177	3.22	1.176
9	Skills to provide attractive range of products	3.02	1.599	2.95	1.612	3.05	1.599
10	Skills to obtain market share that suits the size and capability	2.78	1.166	2.80	1.197	2.78	1.156
11	Skills to secure capital	2.84	1.330	2.82	1.336	2.85	1.332
12	Management expertise skills	2.54	1.467	2.52	1.465	2.55	1.474
13	Skills to prepare master plan	2.80	1.384	2.75	1.392	2.82	1.385
14	Good cost control skills	2.81	1.526	2.79	1.522	2.82	1.534
15	Skills to efficiently control and plan changes in the number of employees	2.94	1.532	2.91	1.552	2.95	1.529
16	Skills to assess sales problems	2.95	1.400	2.88	1.402	2.98	1.403
17	Skills to offer more special services	3.15	1.594	3.07	1.605	3.18	1.594
18	Skills to focus on quality and design of the product or service	2.94	1.338	2.95	1.381	2.93	1.325
19	Skills in working together with other business in the similar industry	3.15	1.315	3.09	1.325	3.18	1.315
20	Skills to arrange organizational structure to be more horizontal	1.92	1.112	1.96	1.159	1.91	1.096
21	Skills to delegate responsibility to employees when necessary	2.81	1.479	2.77	1.489	2.83	1.479
22	Skills to ensure a sound financial basis	3.21	1.476	3.16	1.499	3.23	1.471
23	Skills to build an effective top management team	3.41	1.629	3.36	1.656	3.43	1.623
24	Marketing strategy skills	3.19	1.170	3.23	1.191	3.18	1.164

(M = 1.92, SD = 1.112).

As for bumiputera, the highest mean is for variable human relations skills (M = 3.36, SD = 1.167) and skills to build an effective top management (M = 3.36, SD = 1.656) and the lowest mean is for variable skills to arrange organizational structure to be more horizontal (M

= 1.96, SD = 1.159).

The same applies for non-bumiputera as well where the highest mean is for variable human relations skills (M = 3.43, SD = 1.134) and skills to build an effective top management (M = 3.43, SD = 1.623) and the lowest mean is for variable skills to arrange organizational structure to be more

horizontal (M = 1.91, SD = 1.096).

Pearson correlation

A Pearson product-moment correlation coefficient was computed to assess the relationship among

Table 3. Relationship between management skills and entrepreneurs' success

S/No.	Management skills versus success	All (n = 186)		Bumiputera (n = 56)		Non-bumiputera (n = 130)	
		Correlation coefficient (r)	Significance level	Correlation coefficient (r)	Significance level	Correlation coefficient (r)	Significance Level
1	Planning skills	0.664	0.000	0.664	0.000	0.665	0.000
2	Careful budgeting skills	0.136	0.064	0.150	0.271	0.130	0.141
3	Skills to ensure that financial records are maintained	0.590	0.000	0.546	0.000	0.608	0.000
4	Human relations skills	0.287	0.000	0.250	0.063	0.302	0.000
5	Clear goals and objectives setting skills	0.909	0.000	0.918	0.000	0.905	0.000
6	Business operating skills	0.804	0.000	0.795	0.000	0.808	0.000
7	Skills to detect changes in the market	0.760	0.000	0.759	0.000	0.760	0.000
8	Skills to act quickly (responsiveness)	0.715	0.000	0.690	0.000	0.725	0.000
9	Skills to provide attractive range of products	0.908	0.000	0.912	0.000	0.906	0.000
10	Skills to obtain market share that suits the size and capability	0.534	0.000	0.552	0.000	0.513	0.000
11	Skills to secure capital	0.823	0.000	0.826	0.000	0.822	0.000
12	Management expertise skills	0.757	0.000	0.768	0.000	0.752	0.000
13	Skills to prepare master plan	0.646	0.000	0.637	0.000	0.650	0.000
14	Good cost control skills	0.742	0.000	0.752	0.000	0.738	0.000
15	Skills to efficiently control and plan changes in the number of employees	0.853	0.000	0.857	0.000	0.851	0.000
16	Skills to assess sales problems	0.822	0.000	0.807	0.000	0.828	0.000
17	Skills to offer more special services	0.885	0.000	0.881	0.000	0.887	0.000
18	Skills to focus on quality and design of the product or service	-0.292	0.000	-0.248	0.065	-0.311	0.000
19	Skills in working together with other business in the similar industry	0.820	0.000	0.804	0.000	0.827	0.000
20	Skills to arrange organizational structure to be more horizontal	0.410	0.000	0.423	0.001	0.405	0.000
21	Skills to delegate responsibility to employees when necessary	0.841	0.000	0.843	0.000	0.840	0.000
22	Skills to ensure a sound financial basis	0.975	0.000	0.975	0.000	0.976	0.000
23	Skills to build an effective top management team	0.944	0.000	0.945	0.000	0.943	0.000
24	Marketing strategy skills	-0.915	0.000	-0.916	0.000	-0.915	0.000

the 24 variables of management skills as well as with entrepreneurs' success and is shown as per Table 1.

The results show that, there were significant correlations for 23 out of the 24 variables with entrepreneurs' success (Table 3). All the variables either show a positive or negative correlation except for careful budgeting skills. Variables that shows negative correlation are skills to focus on

quality and design of the product or service ($r = -0.292$, $n = 186$, $p = 0.000$) and marketing strategy skills ($r = -0.915$, $n = 186$, $p = 0.000$). On the other hand, variables that shows positive correlation are planning skills, skills to ensure that financial records are maintained, human relations skills, clear goals and objectives setting skills, business operating skills, skills to detect changes in the market, skills to act quickly (responsiveness),

skills to provide attractive range of products, skills to obtain market share that suits the size and capability, skills to secure capital, management expertise skills, skills to prepare master plan, good cost control skills, skills to efficiently control and plan changes in the number of employees, skills to assess sales problems, skills to offer more special services, skills in working together with other business in the similar industry, skills

to arrange organizational structure to be more horizontal, skills to delegate responsibility to employees when necessary, skills to ensure a sound financial basis, and skills to build an effective top management team.

Overall, there were strong, either positive or negative correlations between those 23 variables on the one hand and entrepreneurs' success on the other. Increases in those variables were correlated with increases in entrepreneurial success and vice versa. When the variable bumiputera was controlled and analysis was carried out only on respondents who are of bumiputera status ($n = 56$), the results showed that there were significant correlations for 21 out of the 24 variables with entrepreneurs success (Table 3). The variables that do not show significant correlation are careful budgeting skills, ($r = 0.150$, $n = 56$ and $p = 0.271$), human relations skills ($r = 0.250$, $n = 56$ and $p = 0.063$), and skills to focus on quality and design of the product or service ($r = -0.248$, $n = 56$ and $p = 0.065$). Variables that shows a negative correlation is marketing strategy skills ($r = -0.916$, $n = 186$ and $p = 0.000$).

On the other hand, variables that show positive correlation are planning skills, skills to ensure that financial records are maintained, clear goals and objectives setting skills, business operating skills, skills to detect changes in the market, skills to act quickly (responsiveness), skills to provide attractive range of products, skills to obtain market share that suits the size and capability, skills to secure capital, management expertise skills, skills to prepare master plan, good cost control skills, skills to efficiently control and plan changes in the number of employees, skills to assess sales problems, skills to offer more special services, skills in working together with other business in the similar industry, skills to arrange organizational structure to be more horizontal, skills to delegate responsibility to employees when necessary, skills to ensure a sound financial basis and skills to build an effective top management team.

For respondents who are not of bumiputera status ($n = 130$), the results showed that there were significant correlation for 23 out of the 24 variables with entrepreneurs success (Table 3) and the results is the same as overall analysis earlier mentioned.

t-test

t-test was used to analyse if there is any significant difference statistically between bumiputeras and non-bumiputeras in their perception towards management skills that affected their success. The result of the t-test indicated that there is no difference at all, in any variable, between bumiputera and non-bumiputera in their perception towards management skills that affected their success. Table 4 below shows the result of data analysis regarding the comparison of mean scores, using t-test, between bumiputera and non-bumiputera groups of

SMEs entrepreneurs on their perception of management skills that contribute to success.

Predictor variables of entrepreneurs success

This study examines the possibility of several variables of management skills of entrepreneurs in explaining their success. Variables of management skills was on a 5-point Likert scale in which 1 denotes extreme disagreement and 5 extreme agreement.

Multiple regression analysis was used to test if management skills significantly predicted entrepreneurs' success. The results of the regression indicated that nine predictors explained 92.4% of the variance ($R^2 = 0.924$, $F(9,176) = 252.16$, $p < 0.01$). It was found that careful budgeting skills significantly predicted success ($\beta = -0.481$, $p < 0.001$), as did human relations skills ($\beta = -0.794$, $p < 0.001$), business operating skills ($\beta = 0.274$, $p < 0.001$), skills to obtain market share that suits the size and capability ($\beta = 0.156$, $p < 0.001$), management expertise skills ($\beta = -0.516$, $p < 0.001$), skills to offer more special services ($\beta = 0.910$, $p < 0.001$), skills to focus on quality and design of the product or service ($\beta = -0.208$, $p < 0.001$), skills to arrange organizational structure to be more horizontal ($\beta = -0.322$, $p < 0.001$), and marketing strategy skills ($\beta = -0.469$, $p < 0.001$).

In general the analysis yielded a significant regression model with F value of 252.16 and significant at the 0.01 level. The derived model is:

$$\text{SUCCESS} = -0.481 * (\text{Careful budgeting skills}) - 0.794 * (\text{Human relations skills}) + 0.274 * (\text{Business operating skills}) + 0.156 * (\text{Skills to obtain market share that suits the size and capability}) - 0.516 * (\text{Management expertise skills}) + 0.91 * (\text{Skills to offer more special services}) - 0.208 * (\text{Skills to focus on quality and design of the product or service}) - 0.322 * (\text{Skills to arrange organizational structure to be more horizontal}) - 0.469 * (\text{Marketing strategy skills}) + 7.479.$$

Success was found to be positively correlated with business operating skills, skills to obtain market share that suits the size and capability, skills to offer more special services but had an inversed relationship with careful budgeting skills, human relations skills, management expertise skills, skills to focus on quality and design of the product or service, skills to arrange organizational structure to be more horizontal and marketing strategy skills. High entrepreneurial success was associated with high business operating skills, high skills to obtain market share that suits the size and capability, and skills to offer more special services. This study also found that relax budgeting skills, moderate human relations skills, not so rigorous management expertise skills, moderate skills in focusing on quality and design of the product or service, and skills to arrange organizational structure to be more horizontal, as well as marketing strategy skills were likely to be more

Table 4. Level of Significance and t-value of management skills of the entrepreneurs that are significance.

Factor	t-value	Level of Significance	Result
Planning skills	0.102	0.871	p>0.05
Careful budgeting skills	-0.155	0.959	p>0.05
Skills to ensure that financial records are maintained	-0.133	0.949	p>0.05
Human relations skills	-0.403	0.879	p>0.05
Clear goals and objectives setting skills	-0.375	0.907	p>0.05
Business operating skills	0.099	0.939	p>0.05
Skills to detect changes in the market	-0.511	0.543	p>0.05
Skills to act quickly (responsiveness)	-0.237	0.900	p>0.05
Skills to provide attractive range of products	-0.389	0.978	p>0.05
Skills to obtain market share that suits the size and capability	0.143	0.751	p>0.05
Skills to secure capital	-0.116	0.996	p>0.05
Management expertise skills	-0.153	0.897	p>0.05
Skills to prepare master plan	-0.295	0.916	p>0.05
Good cost control skills	-0.121	0.786	p>0.05
Skills to efficiently control and plan changes in the number of employees	-0.176	0.942	p>0.05
Skills to assess sales problems	-0.489	0.947	p>0.05
Skills to offer more special services	-0.443	0.909	p>0.05
Skills to focus on quality and design of the product or service	0.073	0.692	p>0.05
Skills in working together with other business in the similar industry	-0.416	0.975	p>0.05
Skills to arrange organizational structure to be more horizontal	0.317	0.814	p>0.05
Skills to delegate responsibility to employees when necessary	-0.266	0.930	p>0.05
Skills to ensure a sound financial basis	-0.296	0.726	p>0.05
Skills to build an effective top management team	-0.282	0.697	p>0.05
Marketing strategy skills	0.295	0.734	p>0.05

successful than the other way round.

In addition, this study also found that management skills of bumiputera and non-bumiputera are indifferent towards contributing to their success. Taking the regression model as a whole it was found that the four independent variables were able to explain 92.4% of the variance in levels of success among the studied entrepreneurs.

As shown in Table 5, at the individual level, careful budgeting skills was the most significant variable in explaining variations in levels of entrepreneurial success, followed by business operating skills, skills to focus on quality and design of the product or service, skills to obtain market share that suits the size and capability, human relations skills, skills to offer more special services, marketing strategy skills, skills to arrange organizational structure to be more horizontal, and management expertise skills.

CONCLUSION AND RECOMMENDATION

In conclusion, in this study, for SMEs and their entrepreneurs that operate in the services sector in Malaysia, high entrepreneurial success was associated

with high business operating skills, skills to obtain market share that suits the size and capability, and skills to offer more special services. How refined business skills affect success is in line with Huck and McEwen (1991), Sarasvathy (2001), Brown et al. (1987). In addition, how skills to obtain market share that suits the size and capability of an SME affect success is in line with Apostilidis (1977) and skills to offer more special services is in line with Richter and Kemter (2000).

There are no differences at all, in any variable, between bumiputera and non-bumiputera in their perceptions towards management skills that affected their success.

Limitations of this study are as follows the result is true and applicable only for SMEs in the services sector, the data collected based on the sample are limited and the results are basically influenced by local culture, meaning that different geographical location might produce different results. In this study also, only management skills are being studied due to time constraint whereas in influencing entrepreneurs success there might be more perspectives to look upon.

Therefore, for future research it is recommended that other sectors such as manufacturing, retailing etc. be studied and other perspectives be added other than management skills alone.

Table 5. Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	
	B	Std. error	Beta			
	(Constant)	7.479	0.000		0.000	
1	2	-0.481	0.000	-0.502	12.977	0.000
	4	-0.794	0.000	-0.752	-0.81	0.000
	6	0.274	0.000	0.314	6.74	0.000
	10	0.156	0.000	0.151	1.43	0.000
	12	-0.516	0.000	-0.627	-0.41	0.000
	17	0.91	0.000	1.203	0.77	0.000
	18	-0.208	0.000	-0.231	-3.13	0.000
	20	-0.322	0.000	-0.297	-0.47	0.000
	24	-0.469	0.000	-0.455	-0.54	0.000

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