

## Winning the Start-Up Game: Antecedent Factors that Impact Success for Small and Medium-Sized Enterprises in Malaysia

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### ABSTRACT

*This research paper aims to explore and determine critical success factors, barriers, and solutions for successful Small and Medium-sized Enterprise (SME) start-up projects in Malaysia. Based on previous research, the following hypotheses will be further analysed to determine the relationship between age, gender, success factors, barriers, and solutions for SME start-up projects in Malaysia. By identifying the critical success factors (CSFs), barriers, and solutions, this research gap can help new ventures understand the attributes necessary for success and overcome common obstacles. The research methodology of study is to apply the cross sectional research design which the analysis of homogeneity in perceptions concerning age group and gender provides a valuable tool for entrepreneurs to tailor their approach to different demographics. The sampling design/techniques is clustering random sampling. Based on the survey data of 143 respondents and analysis using the Statistical Package for Social Science (SPSS), the most critical success factor for SMEs is good management skills. The data analysis and research findings are Success factors, it was observed that the "Financing skill" was a statistically significant factor that contributed to the success of male-owned businesses. The test yielded a U-value of 1243 and a p-value of 0.04, which indicates that male respondents placed a higher level of importance on their financial skills than their female counterparts did. It is worth noting that the standard significant level effect was set at  $p \leq 0.05$ , which means that the observed difference in financing skill between male and female respondents was statistically significant and not due to chance. The theoretical and practical implications of this research will determine the critical success factors of SME start-up projects in Malaysia, providing valuable knowledge to entrepreneurs and increasing their chances of success. Additionally, the study will propose solutions to improve the success rate of SME start-up projects in Malaysia. Finally, The ultimate goal of this study is to provide a comprehensive report on SME start-up projects that covers all the current issues new entrepreneurs face. The contributions of the study has successfully achieved its objectives of identifying the factors that contribute to success and the challenges that entrepreneurs face in SME start-ups in Malaysia and provides valuable insights to new entrepreneurs looking to reduce start-up failure rates. Overall, this research is a constructive guide for SMEs looking to succeed in Malaysia.*

*Keywords: Critical Success Factors, SME Start-Up Project, New Entrepreneurship*

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### INTRODUCTION

Small and Medium-sized Enterprises (SMEs) play a vital role in developing economies, and Malaysia is no exception. With SMEs contributing to 40% of Malaysia's Gross Domestic Product (GDP), it becomes crucial to identify the critical success factors of SME start-up projects in Malaysia (Kee et al., 2023). The primary objective of this research paper is to explore, and to analyze on this part. The success of SMEs can lead to job opportunities and contribute to the country's economy. Therefore, understanding the critical success factors of SME start-up projects is paramount. A study by Acs & Amorós (2008) highlights the significance of successful businesses in improving the economy of developing countries like Malaysia. SME start-ups are similar to projects in nature and have a life cycle. This research paper will investigate the critical success factors of SME start-up projects in Malaysia. According to the SME Corp Report 2015/16, there are around 907,065 businesses established in Malaysia, with 98.5% being SMEs. These SMEs are involved in various industries, with the services sector leading the way with 89.2% of the businesses. The manufacturing, construction, agriculture, mining, and quarrying sectors

comprise the rest of the SMEs.

SME Corp Malaysia has established clear and concise guidelines to classify SMEs into micro, small, and medium-sized enterprises. These guidelines consider the annual sales turnover and number of employees in different sectors. Adhering to these guidelines will help SMEs understand their relative size and status within the market and take advantage of their opportunities and benefits. By providing a framework for identifying and classifying SMEs, SME Corp Malaysia plays a vital role in fostering a thriving and dynamic business environment in Malaysia. Table 1 below is the SME definitions by SME Corp Malaysia.

**Table 1: Definition of SME by SME Corp Malaysia**

<b>Manufacturing Sector</b>				
<b>Service and other Sector</b>				
	Full time Labour (No.)	Annual Sales Turnover (RM)	Full time Labour (No.)	Annual Sales Turnover (RM)
Micro	< 5	< 300,000	< 5	< 300,000
Small	5 to < 75	300,000 to < 15,000,000	5 < 30	300,000 to < 3,000,000
Medium	75 to < 200	15,000,000 to < 50,000,000	30 < 75	3,000,000 < 20,000,000

Source : SME Corp. Malaysia (2023)

This SME start-up research will target experienced Malaysian business owners from mixed regions of Malaysia. Based on Department Statistic Malaysia (2020), SMEs support the community by improving living standards and bringing about a higher standard of living.

### **Problem statement**

Small and Medium-sized Enterprises (SMEs) play a vital role in the growth of Malaysia's economy, contributing 36.6% of the country's Gross Domestic Product (GDP) in 2015 (SME Corporation Malaysia, 2016). However, several factors and challenges have made it difficult for SMEs to survive in today's business environment and the barriers are due to limited access to financing, regulatory challenges, talent acquisitions, and interest market competition. Start-up failure rates in Malaysia are also high, estimated at 60%, three times higher than in Australia, where only 20% of start-ups fail within the first five years of operation (Ahmad & Seet, 2014). High rates of start-up failures need to be addressed as they lead to job losses, which can ultimately contribute to a country's unemployment rate (Naples, 1997). In Malaysia, SMEs create a significant portion of jobs, accounting for 65.3% of jobs created in 2015 (SME Corporation Malaysia, 2016). This research focuses on start-up projects and aims to update the existing success factors, solutions, and barriers to the latest findings. The study sheds light on the critical attributes necessary for a successful SME venture and guides new businesses starting in Malaysia., This includes funding capital barriers, good management skilled, reputation of honesty, and leadership skills.

### **Research Aim/Objectives**

The objectives research of this study on SME start-up projects often focuses on their contributions to various areas. This research may include: The following are the main objectives of this study:

1. To identify the critical success factors of small and medium-sized (SME) start-up projects in Malaysia.
2. To determine the barriers faced by SME start-up projects in Malaysia.
3. To identify potential solutions for ensuring the success of SME start-up projects in Malaysia.

### **LITERATURE REVIEW**

A study has shown that in the early years of Malaysia's independence, 60% of the country's industrial growth was driven by resource-based products, particularly those from the mining and agriculture sectors. However, it is concerning that 60% of SME start-ups in Malaysia fail, meaning they can't make it past the sixth year of operation. The reasons for these failures are partially clear, and further

investigation is needed to determine the factors that contribute to start-up failures in the country (Ahmad & Seet, 2014; Kee et al., 2023). Appendix 1 show are the entrepreneurs' traits for success.

Inappropriate selling and marketing strategies are other common reasons for business failure, as noted in a study of technology entrepreneurship in the United States (Song et al., 2008). Finally, a study from Russia has shown that the critical reason for start-up business failure is a lack of environmental elements and little or no financial support (Nungsari et al., 2023). Appendix 2 are outlined challenges of business based on an entrepreneur's traits.

In a study comparing small and medium-sized enterprises (SMEs) in Turkey and Malaysia, Razak et al. (2018) identified three essential types of assistance for start-ups: financial, knowledge, and market assistance. Proper financing enables SMEs to expand and grow their businesses. Capital usually comes from personal savings and family contributions at the initial stage. Later on, businesses may borrow, loan or exchange equity to scale their operations. While knowledge may have less impact on success than other types of assistance, relevant knowledge can help solve problems that lead to business failures, such as a lack of effective management. Lastly, many business owners need help with identifying their selling points, understanding their market size, and hiring the right people for marketing. Owners can increase their success rates through marketing assistance by implementing proper marketing strategies. The Appendix 3 show indicates 16 potential solutions for SMEs

## **METHODOLOGY**

This research aims to identify the factors that contribute to the success of SME start-up projects in Malaysia, as well as the challenges faced and their solutions. This chapter provides an overview of the research methodology, survey sample, questionnaire, survey instrument, and data analysis methods (including Cronbach Alpha, Ranking, Analysis used to complete the survey research.

### **Research Design**

The research methodology of study is to apply the cross sectional research design which the analysis of homogeneity in perceptions concerning age group and gender provides a valuable tool for entrepreneurs to tailor their approach to different demographics.

### **Sampling Design**

The sampling design/techniques is judgemental sampling random sampling. Based on the survey data of 143 respondents and analysis using the Statistical Package for Social Science (SPSS), the most critical success factor for SMEs is good management skills. Research has identified two types of questions: open-ended and close-ended. Open-ended questions allow respondents to answer freely without limitations, while close-ended questions are more structured and more accessible to answer. However, open-ended questions tend to have more missing data and uncertainty. As a result, this study will use close-ended questions. Close-ended questions come in various forms, including two-choice questions and multiple-choice questions. Two-choice questions categorised respondents into two groups, while multiple-choice questions allow multiple possible answers. In this survey, multiple-choice questions will be used to capture a more comprehensive range of possible responses (Wapshott & Mallett, 2023)

### **Survey Population & Sample**

Sampling is the statistical process of selecting a group of people for observation (Rotolo et al., 2016). In this survey, a non-probability-based judgmental sampling method will be used due to its cost, time efficiency, and accuracy, which is higher than the convenience method. The probability sampling method was not chosen due to the researcher's limited ability to conduct a qualified random sampling. According to Krejcie and Morgan (2017), a minimum of 30 respondents is required for reliable research, and this survey targets 100 respondents.

### **Survey Questionnaire**

This research study will be conducted using a quantitative research approach, with a focus on gathering information about small and medium-sized enterprise (SME) start-ups. The primary survey technique used in this study will be a questionnaire, which will be used to collect data about the respondents' age, gender, experience in entrepreneurship, and ownership of a company. The questionnaire will also explore the success factors, barriers, and potential solutions to successful SME start-ups, using multiple-choice answers that have been studied through a literature review (Wapshott & Mallett, 2023)

### **Analysis of Data**

Statistical Package for *Social Science (SPSS)* is the primary tool used for data analysis in this research. The tool will conduct various tests and analyses such as Ranking Analysis and Cronbach Alpha tests.

## **RESULTS**

### **Cronbach's Alpha Test**

Cronbach's Alpha test is a measure of the consistency of data, which indicates how closely related the data is within a group. According to Cronbach's benchmark, the test should be more than 0.7 to be

considered acceptable and 0.8 to be considered reasonable.

#### **Cronbach's Alpha Test for Critical Success Factor**

**Table 5 : Cronbach's Alpha Test for Critical Success Factor**

Cronbach's Alpha	Number of Items
0.884	20

The survey questionnaire comprises a total of 20 success factors, each of which is rated by the respondents on a scale of 1 to 5 using the Likert scale. The objective of the survey is to identify the critical success factors that determine the effectiveness of the survey. The results of the survey were analyzed using SPSS software, and Table 4.2 demonstrates the outcome of the Cronbach's Alpha test for the critical success factors. The Cronbach's alpha test value for the success factor section in Table 5 is 0.884, representing a high degree of internal consistency. This implies that the success factors section is reliable and consistent. The high value of Cronbach's alpha test indicates that the survey questions are measuring the same thing, and the responses are consistent with each other.

#### **Cronbach's Alpha Test for Barriers**

**Table 6: Cronbach's Alpha Test for Barriers**

Cronbach's Alpha	Number of Items
0.821	20

The survey conducted to identify the barriers faced by start-up SME businesses in Malaysia consisted of 20 questions rated on a 5-point Likert scale. The responses were analyzed using Cronbach's Alpha test with the help of SPSS software, and the results have been compiled in Table 6.

According to the analysis, the success factor section of the survey has a Cronbach's alpha test value of 0.821, which indicates that the questions in this section have good internal consistency. This means that the questions in this section are reliable and consistent in measuring the success factors that affect start-up SME businesses.

#### **Cronbach's Alpha Test for Solutions**

**Table 7: Cronbach's Alpha Test for Solutions**

Cronbach's Alpha	Number of Items
0.846	16

The questionnaire survey comprises a total of 20 different solutions that respondents can evaluate based on a 5-point Likert scale, where 1 represents the lowest level of agreement while 5 represents the highest level of agreement. In Table 7, the results of the Cronbach's Alpha test for successful start-ups in Malaysia, which is conducted using the SPSS software, are presented. The Cronbach's Alpha test value for the success factor in Table 4.4 is 0.846, which implies that the success factor section has good internal consistency and can be considered a reliable measure for assessing start-up success in Malaysia.

#### **Ranking of Critical Success Factor Data**

	Number	Mean	Std. Deviation	Rank
Good management Skill	143	4.7273	0.69385	1
Reputation of Honesty	143	4.6294	0.63555	2
Hard-working entrepreneur	143	4.5664	0.70770	3
Social Skill	143	4.4755	0.76758	4
Creativity and Innovation oriented	143	4.4545	0.76662	5
Leadership Skill	143	4.1678	0.97132	6
Friendliness	143	4.0769	0.85643	7
Financing Skill	143	3.9441	1.00545	8
Position in society	143	3.7692	0.93968	9
Interpersonal Skill	143	3.7483	0.94548	10
Culture	143	3.6923	0.92104	11
Gender	143	3.6573	0.70316	12
Level of education	143	3.2587	0.64691	13
Religion	143	3.2448	0.75262	14

**Table 8: Ranking of Critical Success Factor Data (Entrepreneur's Trait)**

Source : Research Findings (2023)

As mentioned in the literature review, the critical success factors for entrepreneurs can be divided into two categories: those based on the entrepreneur's traits and those based on the business and its operations. The results of the study are also similarly divided. Table 8 shows that the top five critical success factors in terms of entrepreneur traits are good management skills, reputation for honesty, hard work, social skills, and creativity and innovation orientation. Other factors, such as religion, level of education, and gender, are considered to be less important by the respondents.

Good management skills are considered to be the most important factor for success and have a mean ( $\mu$ ) of 4.7832 and a standard deviation ( $\sigma$ ) of 0.53260. The second most important factor is a reputation for honesty, with a  $\mu$  of 4.6783 and an ( $\sigma$ ) of 0.46876. Hard work ranks third on the list with a  $\mu$  of 4.6224 and an ( $\sigma$ ) of 0.56673. Social skills rank fourth with a  $\mu$  of 4.5315 and an ( $\sigma$ ) of 0.6479. Finally, creativity and innovation orientation rank fifth with a  $\mu$  of 4.5035 and an ( $\sigma$ ) of 0.64866.

Research conducted by Benzing et al. (2005) has shown that having good management skills is necessary for the success of a business start-up. Without proper management skills, a company or business may not be able to grow and improve. Similarly, having a good reputation for honesty is considered to be a very important trait for an entrepreneur (Benzing et al., 2005; Chawla et al., 2010). Dishonesty is not tolerated by consumers and can hinder the growth of small and medium-sized enterprises. Hard work is also a crucial factor in the success of start-ups (Coy et al., 2007). Without putting in the necessary effort, an entrepreneur may not be competitive in the market. Good social skills are also important for success (Benzing et al., 2009; Chawla et al., 2010; Campos et al., 2017). Entrepreneurs with strong social skills can develop rich networks, which can help a start-up grow. Finally, creativity and Innovation are crucial factors in the success of a start-up (Campos et al., 2017; Klapper & Richmond, 2011). By offering something new and innovative, an entrepreneur can tap into new markets with less competition, leading to the success of the start-up.

**Table 9 : Ranking of Critical Success Factor Data (Business Operation)**

	Number	Mean	Std. Deviation	Rank
Competitive product or service	143	4.7692	0.64669	1
Good customer service	143	4.6364	0.59983	2
Good product quality	143	4.5944	0.64172	3
Environment Condition	143	4.3217	0.81561	4
Approval and Support	143	4.3077	0.81016	5
Business Location	143	3.9301	0.88533	6

Source : Research Findings (2023)

Table 9 is reflect from a business and operational perspective, the respondent believes that having a competitive product or service is the most important factor for SME start-up success. The mean value of this factor is 4.8252, with a standard deviation of 0.46443. The second most important factor is good customer service, with a mean value of 4.6643 and a standard deviation of 0.51654. The third factor is good product quality, with a mean value of 4.6224 and a standard deviation of 0.56673.

This result highlights the significance of having a competitive product or service in the success of a start-up. It contributes to the growth and sustainability of the start-up (Stefanovic et al., 2010). The second most important factor is providing good customer service, which, according to Coy et al. (2007) and Benzing et al. (2005), is crucial. Kindness and caring are excellent marketing strategies that businesses should not ignore. Additionally, good product quality is vital for start-up success (Coy et al., 2007). It creates a positive impression on consumers during the early stages of the start-up.

#### **Ranking of Barriers Data**

**Table 10: Ranking of Barriers to Startup Project (Entrepreneur's Trait)**

	Number	Mean	Std.Deviation	Rank
Lack of Ability to Make Good Business Judgement	143	4.6713	0.65838	1
Lack of Organization Skill	143	4.6294	0.63555	2
Lack of Financial Management Skill	143	4.4965	0.65943	3
Poor Selection of Advisers	143	4.3986	0.84035	4
Lack of competencies among Business Owners	143	4.2727	0.79772	5
Irrational Management Behaviour	143	3.7273	0.88955	6
Failure to select Reliable Business Partner	143	3.6364	0.22501	7
Failure to select Reliable Supplier	143	3.3427	0.44884	8

Source : Research Findings (2023)

The literature review section of this report provides a comprehensive summary of the barriers that hinder the start-up of small and medium-sized enterprises (SMEs). The review highlights that the barriers to SME start-ups can be categorized into two main segments, which are the entrepreneur's characteristics and the business and its operations. The first category examines the entrepreneur's traits that are significant barriers to business start-ups. The review indicates that the top five critical success factors in terms of the entrepreneur's traits are a lack of ability to make good business judgments, a lack of organizational skills, a lack of financial management skills, a poor selection of advisers, and a lack of competencies among business owners as stated in Table 10 above.

The ranking of the barriers indicates that the most significant obstacle to SME start-ups, in terms of the entrepreneur's traits, is the lack of ability to make good business judgments. This can lead to business failure, and entrepreneurs should learn from their failures to improve their decision-making skills. The second-ranked barrier is the lack of organizational skills, which can also lead to failure. The third-ranked barrier is the lack of financial management skills, which can cause the business to run out of cash and fail. The fourth-ranked barrier is the poor selection of advisers, which can lead the business owner to follow the wrong advice and ultimately fail. Lastly, the fifth-ranked barrier is the lack of competencies, which can result in business failure as entrepreneurship is a competitive field, and only the strongest players survive.

The second category of barriers identified in the literature review relates to the business and its operations. These barriers include a lack of market demand, inadequate financing, high costs of production, and insufficient infrastructure support. These barriers can be addressed through strategies such as identifying the target market, developing a sound business plan, seeking financial assistance from banks, reducing costs through outsourcing, and leveraging technology to enhance efficiency.

The literature review highlight that SME start-up success is dependent on a combination of factors, including the entrepreneur's traits, the business and its operations, and external factors such as government policies, market conditions, and economic stability. Therefore, SME owners and entrepreneurs need to be aware of the barriers and challenges they may face and develop strategies to overcome them to achieve success in their businesses.

**Table 11: Ranking of Barriers of Startup Project (Business Operation)**

	Number	Mean	Std. Deviation	Rank
No Market fit and needs	143	4.6364	0.69754	1
Financial Issues	143	4.5175	0.71062	2
Failure to Maintain Close Relationship with the Customer	143	4.4755	0.80344	3
Human Resources Management Issues	143	4.4126	0.79902	4
Inappropriate Selling Strategy	143	4.3706	0.85315	5
High Dynamics Market	143	4.0839	0.94568	6
Lack of Environmental Element	143	3.9930	0.79165	7
Lack of access to Support Mechanism	143	3.6783	0.55158	8
Failure to select Competent Staff	143	3.5524	0.68873	9
Inappropriate Marketing Strategy	143	3.4476	0.81083	10
Little or none financial Support	143	3.4126	0.68514	11
Unclear Business Plan	143	3.3217	0.65651	12

Source : Research Findings (2023)

The Table 11 above show the respondent's perspective on the challenges faced by SMEs in terms of business and operation is quite insightful. According to their opinion, the number one factor that poses a significant challenge to SME start-ups is the lack of market fit and needs. This finding is supported by a  $\mu$  of 4.6364 and a ( $\sigma$ ) of 0.69754. Secondly, financial issues are also identified as a significant barrier that start-ups in Malaysia face. This finding is supported by a  $\mu$  of 4.5175 and a ( $\sigma$ ) of 0.71062. The third barrier that holds start-ups back is the failure to maintain a close relationship with customers, which is supported by a  $\mu$  of 4.4755 and a ( $\sigma$ ) of 0.80344. The fourth barrier, in the rank of importance, is human resources management issues, and it is supported by a  $\mu$  of 4.4126 and a ( $\sigma$ ) of 0.79902. Finally, the fifth-ranking barrier is an inappropriate selling strategy, which is supported by a  $\mu$  of 4.3706 and a ( $\sigma$ ) of 0.85315.

The literature review supports all of the identified barriers to SME start-ups in Malaysia. From a business



operation perspective, the number one barrier for SMEs is the lack of market fit and needs. This finding is supported by previous studies that have shown that the Malaysian market is relatively small compared to European countries, and this is the primary reason for the failure of most start-ups (Giardino et al., 2014). Additionally, financial issues have been identified as a significant barrier that SMEs face in Malaysia. This finding is supported by Colombo and Piva (2008), who argue that financial issues can potentially kill start-ups due to a lack of funds to operate. Another barrier identified by the respondent is the failure to maintain close relationships with customers. This finding is supported by Ahmad and Seet (2014), who argue that when an enterprise fails to listen to its customers or care for them, the start-up is likely to fail.

Finally, the respondent's perspective shows that unclear business plans are not as critical as the lack of market fit and needs. Entrepreneurs in Malaysia believe that the lack of market fit and needs is a more significant barrier to start-ups than unclear business plans. Overall, this detailed analysis provides valuable insights into the challenges that SMEs face in Malaysia, and it can help entrepreneurs and policymakers to overcome these barriers.

### Ranking of Solutions Data

**Table 12 : Ranking of the solution to start up project**

	Number	Mean	Std. Deviation	Rank
Mentors feedback	143	4.3916	0.86428	1
Start-up networking	143	4.2867	0.86905	2
Tech partners networking	143	4.2797	0.94501	3
Customer Interviews and feedback	143	4.2378	0.91126	4
Business Education	143	4.0559	0.94030	5
Investor Networking	143	3.8881	0.74214	6
Provision of office and Coworking space	143	3.6923	0.80693	7
Tax and legal advice networking	143	3.6503	0.84135	8
Sales and Marketing Masterclass	143	3.6014	0.74247	9
Pitch Coaching	143	3.5664	0.84386	10
Finance Assistance	143	3.5385	0.79407	11
Raising Capital Masterclass	143	3.2867	0.67784	12
Analytics tools Masterclass	143	3.2448	0.69421	13
Knowledge Assistance	143	3.1888	0.71158	14
Facebook Advertising Masterclass	143	3.1608	0.77505	15
Market Assistance	143	3.1189	0.77359	16

Source : Research Findings (2023)

The results from Table 12 above of a survey conducted on the success of small and medium enterprises (SMEs) in Malaysia indicate that there are certain solutions that are considered more effective than others. Figure 4.7 shows that the top three solutions for SME start-up success in Malaysia are receiving mentor feedback, providing start-up networking opportunities, and having a tech partner network.

Based on the survey, the number one solution for SME start-ups in Malaysia is receiving mentor feedback. This means that entrepreneurs who receive guidance from experienced mentors have a better chance of succeeding in their business ventures. The mean score for this solution is 4.3916, indicating a high level of agreement among survey respondents.

The second-ranked solution is providing start-up networking opportunities to entrepreneurs. This solution has a mean score of 4.2867 and a standard deviation of 0.86905. The survey results suggest that entrepreneurs who have access to start-up networking opportunities are more likely to meet like-minded individuals and collaborate to achieve business success. The third-ranked solution is having a tech partner network, with a mean score of 4.2797 and a standard deviation of 0.94501. The survey results suggest that having a tech partner network is crucial in assisting start-ups in today's digital world. Entrepreneurs who have access to a strong tech partner network can leverage technology to improve their business operations and achieve success. According to the survey results, market assistance was the least agreed-upon solution. This suggests that entrepreneurs in Malaysia may not

view market assistance as a significant factor in their success.

In summary, the survey results indicate that receiving mentor feedback, providing start-up networking opportunities, and having a tech partner network are the top three solutions for SME start-up success in Malaysia. These solutions can help entrepreneurs access valuable guidance, connect with like-minded individuals, and leverage technology to improve their business operations. By focusing on these solutions, start-ups in Malaysia can increase their odds of success.

## CONCLUSION

The results of a research study conducted on Small and Medium-sized Enterprise (SME) Start-up Projects in Malaysia have been analyzed to determine the factors that contribute to success and the challenges that entrepreneurs face. The result shows that out of 14 identified success factors related entrepreneurs' trait, 143 respondents significant differences in their opinions on Financing Skills as a success factors towards SME in Malaysia in at significance level of five percent. Furthermore, the data shows that respondents aged 30 and above believed that financial skill is a critical factors for SME start-up success. The Success factors, it was observed that the "*Financing skill*" was a statistically significant factor that contributed to the success of male-owned businesses. The test yielded a U-value of 1243 and a p-value of 0.04, which indicates that male respondents placed a higher level of importance on their financial skills than their female counterparts did. It is worth noting that the standard significant level effect was set at  $p \leq 0.05$ , which means that the observed difference in financing skill between male and female respondents was statistically significant and not due to chance. Based on these findings, it can be inferred that male entrepreneurs may be more likely to prioritize financing in their business ventures, while female entrepreneurs may not focus as heavily on this aspect. This information is valuable in helping to identify the different approaches that male and female entrepreneurs may take when starting and running a business.

Interestingly, it was found that respondents aged between 18 and 49 did not consider the selection of a reliable business partner as the main barrier to start-ups for SMEs. This insight could provide valuable information to entrepreneurs in this age group, who may be exploring various options for business partners. The results of this study could help them to make informed decisions in their entrepreneurial journey.

Another hypothesis for gender and barriers has been also analyzed in Table 4.18 had been conducted 12 different barriers affecting the success of SME start-up in Malaysia based on entrepreneur traits. Its shows that a statistically significant opinions on the 'high dynaic market' barrier being primary hindrance to SME Stuart-up success at a significant level of five percent. It also revealed that only individual aged 30-49 believe that the 'high dynamic market' is a primary barriers faced by SME start-ups, while other group did not share the same opinion.

The data analysis revealed that the barrier of "failure to select reliable business partner" was statistically significant higher among both male and female respondents compare to the barriers. From the result, this implies the female entrepreneurs may need to focus more on selecting a trustworthy business partner.

The study finds that the personal traits of the entrepreneur, such as good management skills, honesty, hard work, social skills, and creativity, are crucial to achieving success in SME start-ups. In addition, the study also highlights the importance of competitive products, good customer service, and high productivity in business operation to ensure success.

On the other hand, the research study also identifies several significant barriers to SME start-up success, such as a lack of good business judgment, financial management skills, organizational skills, and competencies among business owners. In terms of business operation, a lack of market fit and needs, failure to maintain close relationships with customers, and financial issues are also identified as the main reasons for start-up failures.

To overcome these challenges, the study recommends several solutions that can help ensure a successful SME start-up in Malaysia. These include seeking feedback from mentors, participating in start-up and tech partner networks, engaging in business education, and conducting customer interviews and feedback to improve the product.

## RECOMMENDATIONS

The recommendation to the future researchers

Encourage future research in the field of business development could explore the success factors that drive growth in these developing states, such as Johor or Sabah to explore a similar themes in different regions, fostering more comprehensive understanding. In conclusion, starting a SME presents both opportunities and challenges. It's crucial to conduct thorough market research, create a robust business



plan, and consider factors like funding, scalability and sustainability. As a comprehensive business plan, develop a detailed business plan outlining your objectives, target market, competition analysis and financial projections. This will serve as a road map of a successful Small and Medium Enterprises Start-up Projects.

The recommendations to the study

A qualitative research approach involving interviews and feedback could provide better insights into the factors contributing to growth and success in these regions. Additionally, it is recommended that future surveys focus on a single sector, such as construction, to obtain more specific and detailed information. To ensure the accuracy of the results, it is recommended that a larger number of respondents be gathered for the subsequent research study including questionnaire survey, interview, visual recording and site visit. Although the current study was limited to a maximum of 143 respondents due to time constraints, a larger sample size would provide more reliable data. Finally, future research could also compare the success factors of different states with distinct cultures, such as Kuala Lumpur, Kedah, and Sabah or Sarawak to gain a deeper understanding of how cultural differences impact business growth. By recognizing this limitations and implementing the recommendations, and future research can contribute to a more robust and nuanced understanding.

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## APPENDIX 1

### Literature review; Critical Success Factors of SME Business

Entrepreneur's Trait			
<b>1. Good Management Skill</b> (Benzing et al., 2009) (Carter et al., 1996) (Taleb, 2023)	<b>2. Religion</b> (Carter et al., 1996) (Benzing et al., 2009) (Chawla et al., 2010)	<b>3. Hardworking Entrepreneur</b> (COY et al., 2007) (Stefanovic et al., 2010)	<b>4. Gender</b> (Carter et al., 1996) (BENZING et al., 2005)
<b>5. Culture</b> (Freel, 2014) (Benzing et al., 2009) (Chawla et al., 2010)	<b>6. Reputation for Honesty</b> (Chawla et al., 2010) (BENZING et al., 2005)	<b>7. Friendliness</b> (Chawla et al., 2010) (BENZING et al., 2005)	<b>8. Social Skills</b> (Chawla et al., 2010) (HUNG MANH et al., 2007) (Susanto, et al, 2023)

<b>9. Level of Education</b> (Van Der Sluis et al., 2008) (Carter et al., 1996) Hung Manh et al., 2007)	<b>10. Leadership Skill</b> (Stefanovic et al., 2010) (COY et al., 2007); (Hung Manh et al., 2007)	<b>11. Financing Skill</b> (Beck & Demirguc-Kunt, 2006) (HUNG MANH et al., 2007) (Kee, et al, 2023)	<b>12. Creativity &amp; Innovation Oriented</b> (Klapper & Richmond, 2011) (Campos et al., 2017)
<b>13. Interpersonal Skills</b> (Stefanovic et al., 2010) (Benzing et al., 2009)	<b>14. Position in Society (Setting the rules &amp; regulations of business) Impact, challenges, government policy, etc</b> (Stefanovic et al., 2010) (Aftab et al., 2023) (Chawla et al., 2010)		
<b>Business Operation</b>			
<b>15. Competitive product/Service</b> (Stefanovic et al., 2010) (Benzing et al., 2005) (Al-Khatib, 2023)	<b>16. Good customer service</b> (Coy et al., 2007) (Benzing et al., 2005) (Chong, 2012)	<b>17. Good product quality</b> (Coy et al., 2007); (Stefanovic et al., 2010) (Hung Manh et al., 2007) (Kee, et al, 2023)	<b>18. Approval and support</b> (Stefanovic et al., 2010) (Chawla et al., 2010)
<b>19. Environment Conditions</b> (Chawla et al., 2010) (Benzing et al., 2009), (Van Der Sluis et al., 2008)	<b>20. Business location</b> (Chong, 2012) (Hung Manh et al., 2007) (Nungsari, et al, 2023)		

Source: Research Findings(2023)

## APPENDIX 2

### Literature review; Challenges and barriers of SME

<b>Entrepreneur's Trait</b>			
<b>1. Lack of organisation Skill</b> (Ahmad & Seet, 2014) (Nungsari et al., 2023)	<b>2. Lack of competencies among business owners</b> (Kiggundu, 2002) (Battistella et al., 2017)	<b>3. Irrational management behaviour</b> (Beaver & Jennings, 2005) (Song et al., 2008) (Taleb et al, 2023)	<b>4. Poor selection of advisers</b> (Ahmad & Seet, 2014) (Battistella et al., 2017) (Susanto, et al, 2023)
<b>5. Failure to select a reliable business partner</b> (Ahmad & Seet, 2014) (Battistella et al., 2017) (Colombo & Piva, 2008) (Nungsari, et al, 2023)	<b>6. Lack of financial management skills</b> (Ahmad & Seet, 2014) (Song et al., 2008) (Battistella et al., 2017) (Kee at al, 2023)	<b>7. Failure to select a reliable supplier</b> (Ahmad & Seet, 2014) (Colombo & Piva, 2008) (Battistella et al., 2017) (Al-Khatib, 2023)	<b>8. Lack of ability to make sound business judgement</b> (Ahmad & Seet, 2014) (Colombo & Piva, 2008) (Taleb et al., 2023)
<b>Product/ Business Operation</b>			
<b>9. Financial issues</b> (Colombo & Piva, 2008) (Giardino et al., 2014) (Kee, et al., 2023)	<b>10. Human resources management issues</b> (Ahmad & Seet, 2014) (Salamzadeh & Kawamorita Kesim, 2015)	<b>11. Lack of access to support mechanism</b> (Salamzadeh & Kawamorita Kesim, 2015) (Giardino et al., 2014) (Al-Khatib, 2023)	<b>12. Lack of environmental elements</b> (Bruton & Rubanik, 2002) (Song et al., 2008) (Giardino et al., 2014)

<b>13. No market fit &amp; needs</b> (Giardino et al., 2014) (Salamzadeh & Kawamorita Kesim, 2015) (Susanto, et al, 2023)	<b>14. High-dynamics market</b> (Giardino et al., 2014) (Potter & Adler, 2011) (Nonaka, 2007)	<b>15. Failure to maintain close relationships with the customer</b> (Ahmad & Seet, 2014) (Song et al., 2008) (Al-Khatib, 2023)	<b>16. Inappropriate marketing strategy</b> (Song et al., 2008) (Colombo & Piva, 2008)
	<b>18. Business location</b> (Giardino et al., 2014) (Ahmad & Seet, 2014) (Susanto, et al, 2023)	<b>19. Little or no financial support</b>  (Ries, 2013) (Ahmad & Seet, 2014) (Colombo & Piva, 2008)	<b>20. Failure to select competent staff</b> (Ahmad & Seet, 2014) (Song et al., 2008) (Kee, et al, 2023)

Source: Research Findings(2023)

## APPENDIX 3

### Literature review; Potential solution of SME

<b>1. Investor networking</b> (Battistella et al., 2017) (Benzing et al., 2009) (Razak et al., 2018)	<b>2. Provision of office and co- working space</b> (Battistella et al., 2017) (Katila et al., 2012) (Susanto et al, 2023)	<b>3. Tax and legal advice networking</b> (Battistella et al., 2017) (Coy et al., 2007), (Kee et al., 2023)	<b>4. Start-up networking</b> (Battistella et al., 2017) (Benzing et al., 2009)
<b>5. Tech partners networking</b> (Battistella et al., 2017) (COY et al., 2007)	<b>6. Business education</b> (Battistella et al., 2017) (Benzing et al., 2009)	<b>7. Customer interviews and feedback</b> (Battistella et al., 2017) (Razak et al., 2018)	<b>8. Sales and marketing masterclass</b> (Battistella et al., 2017) (Katila et al., 2012)
<b>9. Financial assistance</b> (Razak et al., 2018) (Kee et al., 2023) (Stefanovic et al., 2010)	<b>10. Knowledge assistance</b> (Battistella et al., 2017) (Razak et al., 2018)	<b>11. Market assistance</b> (Battistella et al., 2017) (Razak et al., 2018) (Katila et al., 2012)	<b>12. Facebook advertising master class</b> (Battistella et al., 2017) (Coy et al., 2007)
<b>13. Raising capital masterclass</b> (Battistella et al., 2017) (Stefanovic et al., 2010)	<b>13. Mentor feedback</b> (Battistella et al., 2017) (Katila et al., 2012)	<b>14. Pitch coaching</b> (Battistella et al., 2017) (Benzing et al., 2009) (Al-Khatib, 2023)	<b>16. Analytics tools masterclass</b> (Battistella et al., 2017) (Coy et al., 2007)

Source: Research Findings(2023)

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