

Success Factors of Successful Microcredit Entrepreneurs: Empirical Evidence from Malaysia

A.H.Fatimah-Salwa

Department of Syariah and Economics, Academy of Islamic Studies
University of Malaya, 50603 Kuala Lumpur, Malaysia.

&

Faculty of Management and Economics, Universiti Pendidikan Sultan Idris
35900 Tanjung Malim, Perak, Malaysia.

A. Mohamad-Azahari

Department of Shariah Compliance
National Cooperative Force Malaysia Berhad (SPACE)
Selangor, Malaysia.

&

Department of Fiqh and Usul, Academy of Islamic Studies
University of Malaya, 50603 Kuala Lumpur, Malaysia.

B. Joni-Tamkin

Department of Syariah and Economics,
Academy of Islamic Studies
University of Malaya
50603 Kuala Lumpur, Malaysia.

Abstract

The aims of the current paper are twofold: first, to explore the profile of successful microcredit entrepreneurs; second, to examine the key factors contributing to the success. The sample of this study comprises 250 entrepreneurs who joined the scheme of I-Wawasan in Perak. In this study, the total assets owned which is employed to measure success of microcredit entrepreneurs is used as the dependent. The independent variables that measure success factors however comprises the total amount of microcredit financing, education, government support and experience. The result of multiple regression (stepwise) indicated that, all the factors related to the success of microcredit entrepreneurs are significant. This suggests that, those factors are important element towards the success of microcredit entrepreneurs. All the other three variables are positively related to success of microcredit entrepreneurs with the exception of experience which was negatively related. Some recommendations are proposed along with some limitation of the study.

Keywords: Amanah Ikhtiar Malaysia (AIM), Malaysia, multiple regression analysis, success factors, successful microcredit entrepreneurs.

1. Introduction

Microfinance has been recognized as one of the most efficient tools to alleviate poverty by the United Nations considering their significant contribution in term of job creation and revenue generation for the government (Norma and Jarita, 2010). This is due to the empirical finding that accentuated the vast potential of microfinance in improving the quality of life of the poor people. Some of the numerous studies in relation to microfinance include Khander and Pitt (1998), Khander *et al.* (1998), Park and Ren (2001), Afrane (2002), Khander (2003) and Rahman *et al.* (2009). In view of this, microfinance has become a prominent tool of poverty alleviation especially in most of the developing countries among which are Malaysia, Indonesia, Bangladesh, Philippines and others. The history of microcredit institutions in Malaysia can be traced to 1987 following the establishment of Amanah Ikhtiar Malaysia (AIM).

AIM was established based on the model of Grameen Bank that is aimed at making micro financing accessible to the rural folks. The objective of AIM is to assist in alleviating poverty in the rural area through the provision of micro financing to the rural poor in order to provide them with a source of generating income (Norma, 2011). As part of its aim of contributing to economic development, AIM came up with the following three products of financing namely: I-Mesra, I-Srikandi and I-Wibawa. I-Penyayang or recovery financing which serves as credit enhancement has been provided by AIM to cater for any case of default. In addition, I-Bistari and I-Sejahtera are offered for the purpose of education and housing/multipurpose. In the case of failure, no legal action would be taken against the participants of AIM program (Abdullah-Al-Mamun *et al.*, 2012).

Currently (until March 2013), the total amount of financing disbursed is estimated at RM 8,201,128,533 with the rate of repayment put at 99.36 percent. About 332,059 of participants who are divided into 80,968 groups have been indicated to be involved in the program (Amanah Ikhtiar Malaysia, 2013). The achievement of AIM is mainly anchor on its effective risk management capabilities. The social pressures that arise as a result of dividing the participant into groups help in motivating the participants to avoid defaulting on their micro financing. Member of the group always meet on weekly bases. This thus helps in monitoring each member and facilitates rapid repayment. In the event that a group member fails to repay, others in the group will take responsibility to raise funds to help the defaulter. AIM personnel also make field trips to monitor member projects (Norma and Jarita, 2010).

Based on the fact that, AIM is considered as the pioneer and one of the most successful microfinance institutions in Malaysia, it has attracted the attention of researchers who are interested in exploring the contributing factors to its success. Several aspect of AIM among which are institution, financing, repayment, participants and others were evaluated. Despite the successful achievement of some of the participants studies that seek to investigate the critical factors that contribute to their success are limited. The current paper thus seeks to fill this gap by exploring the profile of successful microcredit entrepreneurs and to empirically indentify the critical influencing factors to their success. Hence, the remaining of this paper is organized as follow: section two reviews the literature follow by the discussion of data and methodology used which are discussed in section 3. The empirical finding is presented in section 4 and section 5 consists of conclusion together with some recommendations and limitations of study.

2. Literature review

2.1 Success of entrepreneurs

Several definitions of entrepreneurial success exist in the literature. According to Zinger *et al.* (2001) and Rhodes and Butler (2004), entrepreneurial success has been defined in term of two main aspect namely, objective (financial) and subjective (non-financial). The entrepreneurs are considered as successful based on their financial performance that are measured in term of return on asset (Masuo *et al.*, 2001), return on investment (Gadenne, 1998), asset owned (Norma dan Jarita, 2010; Nwachukwu, 1995; Paige dan Littrell, 2002), profit (Orser *et al.*, 2000), income (Paige dan Littrell, 2002; Duchesneau dan William, 1990; Haber dan Reichel, 2005; Orser *et al.*, 2000).

On the other hand, the non-financial aspect of performance comprises of factors like customers satisfaction, personality development and awareness of entrepreneurs (Masuo *et al.*, 2001). In line with that, McClelland *et al.* (2005) further added the satisfaction of entrepreneurs to measure the society necessities and wants as non-financial indicator of success. Based on this, this study employs financial performance in term of the value of asset owned by the entrepreneurs as indicator of success.

2.2 Success factors of entrepreneurs

There are several factors that influence the success of entrepreneurs. Among them is the microcredit financing which significantly contribute to the success and also positively affect those entrepreneurs who are previously poor. Indeed, the impact of such financing to entrepreneurs go a long way to improve the betterment of poor people in term of income, output, investment and welfare (Copestake *et al.*, 2001; Kuzilwa, 2005, Carter and Shaw, 2006; Hietalahti dan Linden, 2006).

In line with the previous literature discussed, the following hypothesis is developed:

H1: Microcredit financing is positively related to the success of microcredit entrepreneurs.

In many developing countries including Malaysia, government plays a crucial role towards the success of entrepreneurs. According to Yusuf (1995), government support came in many forms among which are financial and technical assistance, training program, development and consultancy, information resources and so on. Many studies which include Sarder *et al.* (1997), Bowen dan De Clercq (2008) and Minniti (2008) described the crucial role of government towards the success of entrepreneurs. The government assistance which include training program, contributes significantly and positively impact the success of entrepreneurs (Cheston and Kuhn, 2002; Jill *et al.*, 2007; Kuzilwa, 2005). Through the training program, the entrepreneurs are expected to be well equipped in term of knowledge and skills necessary in effectively managing their business and which subsequently result to their success. As such, the hypothesis is developed:

H2: Government assistance is positively related to success of microcredit entrepreneurs.

Studies done by Luissier and Pfeifer (2001), Masuo *et al.* (2001), Thapa (2007), Bhutta *et al.* (2008) and Wijewardena *et al.* (2008) indicated the significant and positive relationship between education and the success of entrepreneurs. As suggested by those studies, educated entrepreneurs are more likely to identify their potentials as well as the business opportunities. The ability to recognize the potentials and opportunities thus lead to higher earnings and satisfaction (Ardichvili *et al.*, 2003). For Gerber (2001), formal education leads to competent and skillful entrepreneurs which play significant role in managing their business. In addition, the higher the education of the entrepreneurs, the better the experience of the entrepreneurs which therefore, lead to the wider exposure of the business and success (Luissier dan Pfeifer, 2001). Based on the above arguments, the following hypothesis is developed:

H3: Education is positively related to success of microcredit entrepreneurs.

The entrepreneurs who have past experience before managing their current business tend to be more successful than inexperienced one (Brush and Hisrich, 1991; Coulter, 2003). According to Luissier dan Pfeifer (2001), the experienced entrepreneurs possess the ability to effectively handle problems as they occur by applying the experience they had. Several studies include Harada (2003), Coulter (2003), Alowaihan (2004), Raduan *et al.* (2006), Syed Wajahat (2011) and Muhammad Amjad Saleem (2012) are in support of the fact that, experience has significant positive relationship with the success of entrepreneurs which thus result to the formulation of the following hypothesis:

H4: Experience is positively related to success of microcredit entrepreneurs.

3. Research Methodology

The respondent of the current study comprises of Malaysians who are recipient of microcredit financing program provided by Amanah Ikhtiar Malaysia (AIM). However, the study limited the sample only to those who joined the scheme of I-Wawasan due to several reasons. One of the reasons is that the amount of such financing constitutes the highest and only those successful entrepreneurs are eligible to get it. Besides that, the duration of the financing range between 10 years and more. In addition to that, the study only limited the sample to those residing in the state of Perak, which is the largest number of successful microcredit entrepreneurs.

The data of this study is obtained from the database of AIM. The database was recently updated in March 2013. Since the information needed is available in the database, the systematic probability sampling proposed by Chua (2011) has therefore been applied. Consequently, 250 respondents were selected to participate in this study.

In this study, the dependent variable is measured based on the total value of assets owned by the entrepreneurs such as houses, vehicles, lands, fixed deposit and so on. In this case, only assets owned by the entrepreneurs after joining the AIM program are taking into consideration. Besides that, the source of money must come from the business earnings while others sources are excluded.

Four independent variables have been used in the study. The first one is total amount of financing throughout the program given by AIM to the entrepreneurs which is measured in Ringgit Malaysia (RM). The second variable is the assistance of Malaysian government in term of the number of training attended by the entrepreneurs.

The third one is education which is measured by the number of years in school and the last one is the level of experience gained before managing their current business. To analyze the data, the study employs two methods of analysis which are descriptive and multiple regression (stepwise).

4. Empirical findings

This section is divided into two parts which are the description of respondents and the result of the multiple regression. Table 1 reports the descriptive statistic of the respondents' profile. As indicated in table 1, the successful microcredit entrepreneurs consist of 100 percent women since the whole AIM participants in Perak are women. In term of age, 22.4 percent that amount to 56 and 21.6 percent who consist of 54 respondents are categorized under 46–50 and 51–55. Furthermore, 8 percent are of age equal 35 years old or less while the youngest is 29. About 9.2 percent of entrepreneurs are of aged equal or more than 56 years old and the oldest is 72 years. In term of religious belief, majority of the respondents are Muslim (96.8 percent) and others (3.2 percent) are non-Muslim.

In term of the marital status of the respondents, the overwhelming majority of respondents are married (84.4 percent), while 10.4 and 4.8 percent are divorced and unmarried respectively. In general, the entrepreneurs are literate. All the respondents have formal education with the least of primary school (6 percent). More than half of the respondents (52.8 percent) have Malaysia Certificate of Education (Sijil Pelajaran Malaysia or SPM) and 38 percent of them have Lower Certificate of Education (Penilaian Menengah Rendah or PMR). The highest education level among the respondents is diploma (8 percent). In term of industry classification, almost half of the respondents (44.8 percent) are involved in the production industry such as food production, ceramic, furniture and so on. Besides that, 39.2 percent (98) of them are in trading industry and only 16 percent (40) are involved in services industry. The examples of trading activities are selling cosmetics, textile and mini market while services include hotel, motel, car workshop and so on.

Below are the processes follow to test the underlying assumptions for multiple regression. Some of the tests carried out include analysis of normality, multicollinearity, independence of residuals and outliers. To test normality, the data is assumed to be normally distributed since the number of samples in the study is 250 which is sufficient for the analysis. Based on the tolerance level and VIF, it can be concluded that there is no multicollinearity problem since both are in the acceptable range. This thus indicated that, all the tolerance values are greater than 0.1 and all VIF values are less than 10. Furthermore, the result of the Durbin-Watson value is 1.913 which is very close to 2. This therefore suggests that, the assumption of autocorrelation is not violated. The outliers have no influence on the regression model since the Cook's Distance and Centered Leverage are in the acceptable range. Therefore, the underlying assumptions for multiple regression are fulfilled. The result of the multiple linear regression is presented in Table 2. Based on the output, the model explains 97.5 percent of the variance of the success of microcredit entrepreneurs. Four factors included in the model which are total amount of financing, government support, education, and experience have been indicated to significantly contribute to the success (in term asset value) of microcredit entrepreneurs. However, all factors are positively significant with the exception of experience.

Regarding the amount of financing given by AIM to the microcredit entrepreneurs, the standardized coefficient (beta) is significant ($p < 0.01$) and positive which therefore support the first hypothesis of this study. Hence, this suggests that, the more the amount of financing given by AIM to the entrepreneurs, the more the possibility of success microcredit entrepreneurs. Furthermore, the result of this study also revealed that, government support in term of providing training significantly ($p < 0.01$) contribute to the success of microcredit entrepreneurs which thus support the second hypothesis. The examples of training provided are business management, accounting management, financial management, marketing management and so on. Training program therefore significantly contribute to the success of the entrepreneurs based on the fact that, it can help them in term of knowledge, enhancing productivity and their ability to be successful.

Besides that, the result demonstrates that, education as important factor which is significantly and positively contributes to the success of entrepreneur. For this variable, the p-value is less than 0.05 ($p < 0.05$) and the standardized coefficient (beta) value is positive which thus support the third hypothesis of this study. Finally, the experience variable is significant ($p < 0.01$), but the standardized coefficient (beta) is negative. The negative sign indicated that the respondents who have less business experience tend to possess more valuable asset, vice versa.

Even though all respondents have some experience before doing the current business, all these things could not be applied. This scenario is likely to be caused by several factors like different type, size, market, location of business. Furthermore, the microcredit entrepreneurs have strong character to succeed. Therefore, the experience tends to be negatively related.

5. Recommendation and Limitation

Based on the current practice, the minimum and maximum amount of financing disbursed by AIM are ranged from RM1, 000 to RM50, 000. The amount is substantially small as compared to that of other financial institutions like bank. Since the finding of the study revealed the significant and positive contribution to the success of microcredit entrepreneurs, it is therefore advisable to increase the amount of financing. This is based on the necessity of adequate capital requirement that is needed to expand the business size, acquire more inventories, increase productivity and so on. The more capital they have, the more the success that could be achieved.

For the microcredit entrepreneurs, the Malaysia government provides several types of training to equip the knowledge and skills required. However, only the chosen and selected entrepreneurs are eligible to participate in the training since the number of AIM members is growing. Normally, the opportunity is given to the entrepreneurs who have position like leader in the group. Subsequently, some entrepreneurs might benefit from the program while some could be denied of the opportunity. Since the finding of the study confirms the significant and positive effect of training to the success of microcredit entrepreneurs, all entrepreneurs are therefore advised to strive to grab the opportunities and attend the training program. In order to conduct the training with the minimal cost, the training can be conducted in several ways among which are video, teleconferencing and others. Besides that, the entrepreneurs can also improve their knowledge and skills through education considering the finding of this study. Nowadays, many institution of higher learning especially in Malaysia offer the entrepreneurship courses on full and part time basis. In line with this, the government of Malaysia also provides several scholarships to support education in higher level. Due to the time and cost limitation, the respondents are only limited to the successful microcredit entrepreneurs in AIM. For future research, more respondents can be considered in order to help in generalization.

Acknowledgement

The authors acknowledge the financial support from University of Malaya, Malaysia for this research (Project Number: PS 0352012 A).

References

- Abdullah-Al-Mamun, Joseph Adaikalam and Sazali Abdul Wahab, 2012, Investigating the Effects of Amanah Ikhtiar Malaysia's Microcredit Program on Their Clients Quality of Life in Rural Malaysia. *International Journal of Economics and Finance*, 4 (1), pp. 192-203.
- Afrane, S, 2002, Impact Assessment of Microfinance Interventions in Ghana and South Africa A Synthesis of Major Impacts and Lessons. *Journal of Microfinance*, 4 (1), pp. 37-58.
- Alowaihan, A. K, 2004, Gender and Business Performance of Kuwait Small Firms: A Comparative Approach. *International Journal of Commerce & Management*, 3 (4), pp. 69-82.
- Amanah Ikhtiar Malaysia, <http://www.aim.gov.my/~cms/index.html>, 10 March 2013.
- Amit, R., MacCrimmon, K., Zietsma, C. and Oesch, J., 2000, Does money matter? Wealth attainment as the motive for initiating growth-oriented technology ventures. *Journal of Business Venturing*, 16(2), pp. 119-143.
- Ardichvili, A., Cardozo, R. and Ray, S., 2003, A Theory of Entrepreneurial Opportunity Identification and Development. *Journal of Business Venturing*, 18, pp. 105- 123.
- Bowen, H. P. and De Clercq, D., 2008, Institution Context and the Allocation of Entrepreneurial Effort. *Journal of International Business Studies*, 39 (4), pp. 747-767.
- Brush, C. G. and Hisrich, R. D., 1991, Antecedent Influences on Female Owned Business. *Journal of Managerial Psychology*, 6 (2), pp. 9-16.
- Carter, S. and Shaw, E., 2006, *Women's business ownership: Recent research and policy developments*. UK: Small Business Service.
- Cheston, S. and Kuhn, L., 2002, *Empowering women through microfinance. A case study of Sinapi Aba Trust, Ghana*. USA: Opportunity International.

- Chua Yan Piaw, 2011, *Kaedah Penyelidikan (Buku 1) (Edisi 2)*. Malaysia: McGraw Hill.
- Copestake, J., Bhalotra, S. and Johnson, S., 2001, Assessing the Impact of Microcredit: A Zambian Case Study. *The Journal of Development Studies*, 37 (4), pp. 81-100.
- Coulter, M. 2003. *Entrepreneurship in Action*. New Jersey: Prentice Hall.
- Duchesneau, D. A. and William, B. G., 1990, A Profile of New Venture Success and Failure in an Emerging Industry. *Journal of Business Venturing*, 5 (5), pp. 297-312.
- Gadenne, D., 1998, Critical Success Factors for Small Business: An Inter-Industry Comparison. *International Small Business Journal*, 17 (1), pp. 36-57.
- Gerber, T. P., 2001, Paths To Success: Individual and Regional Determinants of Self-Employment in Post-Communist Russia. *International Journal of Sociology*, 31, pp. 3-37.
- Haber, S. and Reichel, A., 2005, Identifying Performance Measures of Small Ventures – The Case of Tourism Industry. *Journal of Small Business Management*, 43 (3), pp. 257-283.
- Harada, N., 2003, Who Success as an Entrepreneur? An Analysis of the Post-Entry Performance of New Firms in Japan. *Japan and World Economy*, 15 (2), pp. 211-222.
- Hietalahti, J. and Linden, M., 2006, Socio-Economic Impacts of Microfinance and Repayment Performance: A Case Study of Small Enterprise Foundation, South Africa. *Progress in Development Studies*, 6 (3), pp. 201-210.
- Jill, K. R., Thomas, P. C., Lisa, G. K. and Susan, S. D., 2007, Women entrepreneurs preparing for growth: The influence of social capital and training on resource acquisition. *Journal of Small Business and Entrepreneurship*, 20 (1), pp.169-181.
- Khandker, S. R., 2003, Microfinance and Poverty: Evidence Using Panel Data from Bangladesh, *World Bank Policy Research Working Paper 2945*, Washington D.C.
- Khandker, S. R. and Pitt, M., 1998, The Impact of Group-Based Credit Programs on Poor Households in Bangladesh: Does the Gender of Participants Matter? *Journal of Political Economy*, 106, pp. 958-96.
- Khandker, S. R., Samad, H. A. and Khan, Z. H., 1998, Income and Employment Effects of Microcredit Programmes: Village-Level Evidence from Bangladesh. *Journal of Development Studies*, 35 (2), pp. 96-124.
- Kuzilwa, J., 2005, The Role of Credit for Small Business Success: A Study of the National Entrepreneurship Development Fund in Tanzania. *The Journal of Entrepreneurship*, 14 (2), pp. 131-161.
- Lussiers, R. N. and Pfeifer, S., 2001, A Crossnational Prediction Model for Business Success. *Journal of Small Business Management*, 30 (3), pp. 228- 239.
- Masuo, D., Fong, G., Yanagida, J. and Cabal, C., 2001, Factors Associated with Business and Family Success: A Comparison of Single Manager and Dual Manager Family Business Households. *Journal of Family and Economics Issues*, 22 (1), pp. 55-73.
- Minniti, M., 2008, The Role of Government Policy on Entrepreneurial Activity: Productive, Unproductive or Destructive? *Entrepreneurship Theory and Practice*, 32 (5), pp. 779-790.
- Muhammad Amjad Saleem ., 2012, The Impact of Socio- Economic Factors on Small Business Success. *Malaysia Journal Society and Space*, 8 (1), pp. 24-29.
- Nor Ghani, M. N., Abdul Razak, D. and Mohd Ali, M. N., 2002, The Contribution of Zakat as an Income Creating Asset in Selangor and Wilayah Persekutuan, Malaysia. *Jurnal Ekonomi Malaysia*, 36, pp. 68-80.
- Norma Md Saad and Jarita Duasa, 2010, Determinants of Economic Performance of Micro-Credit Client and Prospect of Islamic Microfinance in Malaysia. *ISRA International Journal of Islamic Finance*, 2 (1):, pp. 113-130.
- Norma Md Saad and Jarita Duasa, 2010, Determinants of Economic Performance of Micro-Credit Client and Prospect of Islamic Microfinance in Malaysia. *ISRA International Journal of Islamic Finance*, 2 (1), pp. 113- 130.
- Norma Md. Saad, 2011, Selecting High-Income Generating Activities for Micro-Entrepreneurs: The Case Study of Amanah Ikhtiar Malaysia. *International Journal of Humanities and Social Sciences*, 1 (5), pp. 258-264.
- Nwachuckwu, O. C., 1995, CEO Locus of Control, Strategic Planning, Differentiation, and Small Business Performance: A Test of Path Analytic Model. *Journal of Applied Business Research*, 11, pp. 9-14.
- Orser, B. J., Hogarth-Scott, S. and Riding, A., 2000, Performance, Firm Size and Management Problem Solving. *Journal of Small Business Management*, 38 (4), pp. 42-58.
- Paige, R. C. and Littrell, M. A., 2002, Craft Retailers' Criteria for Success and Associated Business Strategies. *Journal of Small Business Management*, 40 (4), pp. 314-331.
- Park, A. and Ren, C., 2001, Microfinance with Chinese Characteristics. *World Development*, 29 (1).

- Perren, L., 1999, Factors in the growth of micro-enterprise: Developing a framework. *Journal of Small Business and Enterprise Development*, 6(4), pp. 36-385.
- Perren, L., 2000, Factors in the growth of micro-enterprise: Exploring the implications. *Journal of Small Business and Enterprise Development*, 7(1), pp. 58-68.
- Raduan, C. R., Kumar, N. and Lim, L. Y., 2006, Entrepreneurs Success Factors and Escalation of Small and Medium-Sized Enterprises in Malaysia. *Journal of Sciences*, 2 (3), pp. 78-80.
- Rahman, S., Rafiq, R. B. and Momen, M. A., 2009, Impact of Microfinance Programs on Higher Income Borrowers: Evidence from Bangladesh. *International Business & Economics Research Journal*, 8 (2).
- Rhodes, C. and Butler, J. S., 2004, Understanding Self-Perceptions of Business Performance: An Examination of Black American Entrepreneurs. *Journal of Developmental Entrepreneurship*, 9 (1), pp. 55-71.
- Syed Wajahat Hussain Naqvi, 2011, Critical Success and Failure Factors of Entrepreneurial Organizations: Study of SMEs in Bahawalpur. *Journal of Public Administration and Governance*, 1 (2), pp. 17-22.
- Zinger, J. T., LeBrasseur, R. and Zanibbi, L. R., 2001, Factors Influencing Early Stage Performance in Canadian Microenterprises. *Journal of Developmental Entrepreneurship*, 6 (2), pp. 129-150.

Appendix

Table 1: Description of respondents and businesses

Respondents' profile	Items	Frequency	Percentage
Age	≤ 35	20	8.0
	36–40	47	18.8
	41– 45	50	20.0
	46 – 50	56	22.4
	51 – 55	54	21.6
	≥ 56	23	9.2
	<i>Total</i>	<i>250</i>	<i>100</i>
Religion	Muslim	242	96.8
	Non-Muslim	8	3.2
	<i>Total</i>	<i>250</i>	<i>100</i>
Marital status	Married	212	84.8
	Divorced	26	10.4
	Unmarried	12	4.8
	<i>Total</i>	<i>250</i>	<i>100</i>
Highest education level	Diploma	8	3.2
	Secondary school upper (SPM)	132	52.8
	Secondary school lower (PMR)	95	38.0
	Primary school	15	6.0
	<i>Total</i>	<i>250</i>	<i>100</i>
Industry	Production	112	44.8
	Trading	98	39.2
	Services	40	16.0
	<i>Total</i>	<i>250</i>	<i>100</i>

Table 2: Variance Inflation Factors (VIF)

Variables	Tolerance	VIF
Financing	.394	2.535
Education	.215	4.656
Government support	.125	7.985
Experience	.111	8.970

Table 3: Result of multiple linear regression

Variables	Beta (standardized coefficients)	t-value	p-value
Constant		7.083	.000*
Financing	.416	25.943	.000*
Government support	.363	12.738	.000*
Education	.054	2.500	.013**
Experience	-.240	-7.939	.000*

R-squared = 0.975, Adjusted R-squared = 0.975. (*) p<0.01, (**) p<0.05.