

A SURVEY ON BUSINESS SUCCESS FACTORS INFLUENCING BUDGET HOTELS IN KLANG VALLEY

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ABSTRACT

This paper explored the business success factors of budget hotels in Klang Valley as a study of this nature had not been attempted previously. A questionnaire survey was carried out in 2010/2011. The sampling frame was drawn from Malaysian Budget Hotel Association (MBHA) - listed members in Klang Valley region in Malaysia to obtain the perception of respondents from budget hotels. Responses from a sample of 95 respondents was then analysed using the reliability analysis. The alpha coefficients of contextual factors were more than 0.7 and the alpha coefficients of variables of size of business were 0.639. This variable had one item to be dropped from the scale to improve the Cronbach's coefficient alpha. The result of Pearson Product-Moment correlation coefficient indicated *contextual variable, size of business and access to capital* has a positive relationship with a p- value of less than 0.05. Further the regression analysis carried out indicated *contextual factors, size of the business and access to capital* does positively influence the perceived business success of the entrepreneur, while *sources of capital, gender of the entrepreneur, skill and education level and origin of business* does not exert any influence on the business success of the entrepreneur.

Business success factors, contextual factor, size of business, sources of capital, gender, skills and education, access to capital and origin of business.

1. Introduction

Small and Medium Sized Enterprises (SMEs) have been acknowledged to account for a significant share of economic activity. In UK they represented 99.7% of all firms, contributed to 37% of employment whereas they represent 99.2% of the total establishment in Malaysia providing employment for about 56% of the total workforce (SME Annual Report, 2008). Similar statistics are found for most developed and developing countries.

SMEs act as a catalyst for the development of entrepreneurial activities where most of the start-up activity stems from. The SMEs are an important source of innovation for new products and services and obviously a key element for economic and social development.

It is evident that governments place SMEs and entrepreneurship as vital elements in developing their plan or policy to ensure the economic growth and development and Malaysia is not an exception.

The SME owner-manager is recognized by many researchers as the entrepreneur due to their role in starting the business enterprise, managing the business, and being responsible for its success or failure. This undoubtedly explains the sustainability of SMEs being dependent on entrepreneur personality characteristics, capability and motivation.

The tourism sector in Malaysia is one of the main contributors to services sector with tourist arrival of RM24 million in 2010 generating RM56.5 billion in receipt.. The government has allotted RM1.85 billion under the 9MP and the industry is expected to grow at an average rate of 8.4% per annum until 2010(SME Annual Report, 2008). The prime objective of 9MP is to promote the country as a leading global destination and to promote the domestic tourism. The increase in tourism activity will generate a multiplier effect in other sectors in the economy, such as accommodation, transportation, restaurants, souvenir products and leisure activities and hence contribute directly in term of output, employment, income and value added to the SMTEs growth.

The tourism industry comprises a plethora of small, micro and medium sized enterprises (SMTEs). The significance of small firms in delivering a substantial part of the total tourism output is an established feature of the tourism industry. As such this study will focus on investigating the underlying success factors for budget hotels in Klang Valley (SMTEs).

The factors influencing the success of SMTEs are classified into three dimensions as follows;

1. Fundamental Dimension which is the characteristics of the entrepreneur, this includes the age, gender, work experience and education.
2. Structural Dimension which is the characteristics of SMTEs, this includes the origin of enterprise, length time in operation, size of enterprise and capital sources.
3. Sustainability Dimension which include the contextual variables, this will include marketing, technology, information access, entrepreneurial readiness, network, capital access and government support.

2. Objective

This research set out to study the effect of the above mentioned dimension on the success of a budget hotel (SMTEs) in Klang Valley Malaysia. Based on the above dimensions the following objectives were set.

1. To investigate if the fundamental dimension affects the business success of SMTEs
2. To investigate if the structural dimensions affects the business success of the SMTEs
3. To investigate if the sustainability dimensions affects the business success of the SMTEs

3. Review of Literature

This section reviews the relevant literature related to the present study. A brief discussion on the literatures relating to business success factors of SMEs in other countries are discussed.

Business Success Factors

There are many theories and literature on the factors influencing the performance of an enterprise and these factors are generally referred to as business success factors. The previous studies determined success factors by investigating the relationship between selected independent variables and performance of an enterprise. The enterprise performance was mainly measured in terms of financial performance and the factors to be positively related to financial performance of an enterprise were identified as business success factors in the previous studies.

It is worth noting that prior studies on business success factors were undertaken in other countries, such as Australia, New Zealand, Africa, Indonesia, Thailand and United States. None of the existing literature however, has investigated the business success factor of budget hotels in Malaysia. This study focused only on exploring the factors related with successful budget hotels in Klang Valley based on the perception of the entrepreneurs and/or managers of the budget hotels. Below are some of the literatures on business success of an enterprise.

Mazzarol et al., (1999) stated demographic factors such as age, gender, education and work experience has a considerable impact on entrepreneurial intention and venture. Kristiansen, Furoholt and Wahid (2003) in their study found a significant relationship between age of an entrepreneur and business success. Their study indicated that older entrepreneurs were more successful. On the contrary, a researcher from India, Sinha (1996) indicated that younger entrepreneurs tend to be more successful.

Gender differences between the male and female business patters has been a age old research, wherein researchers examining and comparing the differences in performance of female-and male-owned business firms has received much attention in Western countries, especially in the United States and United Kingdom (Shim and Eastlick, 1998).

In a study conducted by Carter et al. (2001), it was indicated that most women owned business tend to have lower sales turnover, fewer employees, serving mostly local markets, furthermore women entrepreneurs were less ambitious to grow and were also less optimistic. According to Mazzarol (1999) the study showed that males were more likely to be founders of new business than females. Likewise, males were also found to have significantly higher entrepreneurial intentions compared to females (Kolvereid, 1996).

According to Charney and Libecap (2000) education increases the formation of new business, self employment and produces enterprising individuals. Further, as indicated by Uit Beierse,

(2000) in his research, knowledge is the factor with which entrepreneurs can differentiate themselves among their competitors and is also the means with which poorly organized business environment can become better organized. According to O'Brien, (1996), skills which graduates gain through their education have an important role in improving business growth of an SME. Further, in a study conducted by Cooper et al. (1994) the results indicated that the chances of both survival and high growth among SMEs were positively associated with having a higher level of education and greater industry-specific know-how. These characteristics of entrepreneurs are what would form the fundamental dimensions of this study.

The characteristics of the enterprise such as origin of the enterprise, the length of the time the business has been in operation, size of the enterprise and finally the capital source utilized to start up as well as to operate the business is of paramount importance to the survival and success of a budget hotel. The existing literature has identified origin of the business, either inherited or established, did not distinguish them in terms of business success (Indarti and Langenberg, 2004). In a study carried out by Smallbone, Leigh and North (1995) indicated ownership and management of small enterprises are determined by personal lifestyle and family factors.

In a study conducted by Kristiansen, Furuholt and Wahid (2003) the outcome indicated that the length of time an enterprise has been in operation was significantly related to the business success however according to the study by Indarti and Langenberg (2004) length of time was not significantly related to business success.

According to McMahon (2001), larger businesses have better business performance and higher level of business success compared to smaller business. Smaller businesses face more uncertainty towards the external environment when compared to the larger businesses (Garengo et al., 2005).

The difficulty of financing SME growth is a universal problem. SMEs to a large extent depend on private equity and debt markets to raise capital for their businesses (Ang, 1991). According to Gregory et al., (2005) access to finance ability is an important contributory factor to a SMEs' business growth. Further according to Chua et al., (1999), financing methods of a SME at the start-up stage is said to have an impact on the growth of the firm in the future.

Generally, dependence on external finances indicated a better business growth in a study conducted by McMahon (2001). In 2003, Kristiansen, Furuholt and Wahid in their research found that financial flexibility was significantly correlated to business success. The SMEs which took advantage of family and third party investment experienced higher level of success. These characteristics of enterprise are what would form the structural dimensions of this study.

Besides the characteristics of an entrepreneur and characteristics of the enterprise itself it is important to note that contextual factors such as marketing, Information technology, access to capital, social network, information access and government supports are essential factor for

business success. Marketing is one of the key elements in the success of small business; it involves determining the product or the product line of the business. The research conducted by Huang and Brown (1999) on the problems faced by SMEs in Australia, it is clear that the most dominant problem faced by SMEs were related to sales and marketing which accounted for (40.2%). In Malaysia a similar study was conducted by Hashim (1999) on the problem faced by the SMEs in the manufacturing sector. His study indicated that 22% of the problems were concerned with marketing management.

Walsh and Lipinski (2009) stated that small firms have to consistently emphasize on the importance of marketing and strategic positioning for market competitiveness and business success. They also indicated that the ability to identify and operate in a particular market niche enables the firm to exploit a range of specialization and offers protection from larger competition. In order to remain competitive and enjoy business success SMEs must identify the precise marketing activities and competencies. Study carried out by Julien and Ramangalahy (2003) showed that strategic marketing practices such as knowledge of current market condition, consumer tastes were positively related to SMEs performance. Wood (2006) identified marketing aspect such as promotional efforts is an important factor for SMEs business success or performance apart from that Pacitto et al., (2007) noted that market orientation as driver for SMEs performance. A study on hospitality industry by Friel (1998) indicated majority of small business in this sector undertake some kind of research into customer needs and formulate marketing plan. He also indicated there is a wide use of various promotional methods and some evident on market oriented pricing. He concluded that there is greater dynamism in terms of marketing among small hospitality firms than is generally considered to be.

It prevalent in the fast changing and competitive environment SMEs must respond to the changes in technology to sustain their competitive advantage by deploying new process and methods. McCole et al., (2001) stated competitive advantage gained through technological advancement transforms old process, making them more speedy and also “radically changes the way the business is conducted”. The changes in technology have close relationship with SMEs business success. Study carried out by Swierczek and Ha, (2003) revealed that lack of equipment and obsolete technology are the main cause of SMEs performance hindrance. Cragg et al., (2002) emphasized the need for understanding the relationship between technology and business performance. Shiels et al., (2003) is in the opinion that entrepreneurs would benefit from support in how to combine and link technology with specific business aspects in the specific organization. According to many researchers Information technology reshapes the nature of competition and changes the competitive game for almost all organization despite the industry they operate in, the location or the size. It is undeniable fact the hospitality industry is also affected by the technological revolution. Budget hotels need to adopt innovative methods to enhance their competitiveness. According to Buhalis, (1998) the new sophisticated, knowledgeable and demanding consumers increasingly becomes familiar with the emergent Information technologies and requires flexible, specialized, accessible, interactive products and communications with principals.

Information access is crucial for the intention to initiate a new enterprise and for informed decision making. According to Drucker (1993) “knowledge is the only meaningful resources today. Lybaert (1998) stated SME owner plays an essential role as searcher and assimilator of information. Duh (2003) pointed out accesses to information is indispensable for the initiation, survival and growth of firms. The availability of new information is determined by factors such as the level of education, infrastructure qualities such as media coverage,

telecommunication systems and social capital such as networks (Kristiansen, 2003). . According Wu (2000) relevant and timely information is essential to any business decision for better decision making. Duncombe and Heeks (2001) noted that SMEs in Botswana were under performing due to lack of relevant information for example how to gain access to finance credit. The barriers to access of information undermine the organization performances. According to Saleh and Ndubisi (2006) it has been documented that the poor performance of SMEs in Malaysia is due barriers such as lack of financing, low productivity, lack of managerial capabilities, access to management and technology an heavy regulatory burdens, among many others.

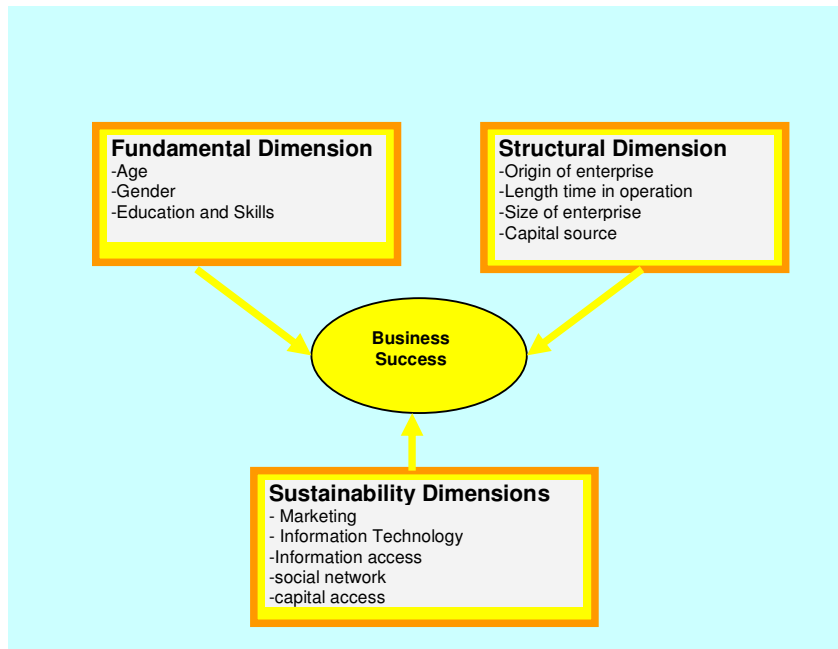
There is a consensus among strategy and entrepreneurship scholars that network plays an important role in successful firm emergence and growth (Hite and Hesterly, 2001). Many researches indicate that network building is a major new source of competitive advantage and an essential regional and indeed global management requirement (Braun, 2002). Networks acts as mean to entrepreneurs to reduce risk, transaction cost, improve access to business ideas, knowledge and capital (Aldrich and Zimmer, 1986).According to Gulati (1998) the firm's network relationships represent critical avenues for the acquisition of necessary resources for the firms' survival and growth. Huggins (2000) emphasized entrepreneurs and new companies must engage in networks to survive. SME networks may include personal contact networks, business networks, industry and marketing networks (Rocks et al., 2005). Braun (2002) in study has suggested that SMEs would benefit from increased information flow through regional networking and cooperative e-marketing campaigns to enhance market visibility, global positioning, and strategic leverage in the new economy.

Lack of financing or access to capital is obviously one the problems faced by SMEs in developing countries due to weak credit or venture capital institutions. Indarti and Langenberg (2004) in their study stated the limitation to access to capital is one of the main hindrances to business growth and success for Indonesian SMEs and Vietnamese SMEs. The problem faced by SMEs in Malaysia is similar to the above mentioned. According to Hashim (2007) the common problem faced by Malaysian SMEs range from lack of capital to the use of outdated technology in their operation. He also stated in many cases, insufficient financing and inability to gain access to sources of financing resulted from small businesses not giving enough attention to planning for their financial needs, as well as not knowing the alternative sources of available funding.

4. Theoretical framework

Based on the literatures above it is apparent the three dimensions discussed is among other important factors to influence the success of SME. The proposed framework is adopted and modified from Indarti and Langenberg (2004) as presented in Figure 1. The framework explains the relationship between fundamental dimension, structural dimension and sustainability dimension toward SMEs success.

Figure 1



re formulated

- H1a: Age of the entrepreneur contribute to budget hotels business success.
- H1b: Gender of the entrepreneur contributes to budget hotels business success.
- H1c: Education and skills of the entrepreneur contributes to budget hotels business success.
- H2a: Origin of the enterprise contributes to budget hotels business success.
- H2b: Length in time of the enterprise contributes to budget hotels business success.
- H2c: Size of enterprise contributes to budget hotels business success.
- H2d: Sources of capital contributes to budget hotels business success.
- H3a: Marketing methods and strategies contributes to budget hotels business success
- H3b: Information technology contributes to budget hotels business success.
- H3c: Information access contributes to business success
- H3d: Capita access contributes to business success.

5. Methodology

Participants and Procedure

A questionnaire survey was carried out in 2010/2011. The sampling frame was drawn from Malaysian Budget Hotel Association (MBHA) - listed members in Klang Valley region in Malaysia. The target groups were budget hotels, considered based on the number of employees and sales turnover. According to Malaysian statistics, an enterprise which have either fewer than 50 full-time employees or an annual sales turnover of less than RM5 million is considered as an SME, as such budget hotel which is generally rated 2 star or equivalent and below clearly fits into the SMTEs classification for this study. The population under this study consists of 165 budget hotels in Klang Valley.

Krejcie and Morgan (1970) in their article "Determining Sample Size for Research Activities" indicated the appropriate sample for a population of 170 is 118 samples. Based on this criterion a total 150 questionnaires was personally distributed to the entrepreneurs and /or the management team of budget hotels in Klang Valley and the returned questionnaire was 102 and 95 questionnaires was usable for analyses. In filling in the questionnaire, personal interview was deployed. In case such interviews were not possible due to the hectic schedule of the entrepreneur, "drop and collect" procedure was adopted to get high response rate. However about 30% of the budget hotels operating in Klang valley was not interested and supportive of the research and returned unfilled questionnaire.

Budget hotel were the focus of study for two reasons. First, there is little research conducted in the area using this type of organization. Second, the aim of the study is to assess the business success factors in the tourism sector. By nature in the tourism sector, majority of firms are SMEs, therefore a study concentrating on the business success factor in this area may act as a catalyst for budget hotel development and as an employment provider.

Justification of Choosing Klang Valley

According to Malaysian Budget Hotel Association membership act "***a budget hotel having basic accommodation facilities which is registered as hotel, lodging houses, rest house, motel, hostel, chalet, guest house, or inn which is generally rated two (2) star or equivalent and below***". The definition was crucial and strictly adhered, to meet the research focus on budget hotels.

For this study Klang Valley area In Malaysia was selected for data collection. The survey was carried out on selected budget hotels in the region of Klang Valley. Klang Valley is an area in Malaysia comprising Kuala Lumpur and its suburbs, and adjoining cities and towns in state of Selangor. Data were collected from budget hotels situated in Federal Territory of Kuala Lumpur, Selangor district of Petaling which includes Shah Alam, Petaling Jaya and Subang Jaya, Selangor district of Klang, Selangor district of Gombak, Selangor district of Hulu Langat.

Klang Valley was chosen due to its focus as the main business hub and as tourist attraction in the country. Klang Valley is typically one of the big Malaysian cities, where we can find large number of SMEs apart from big enterprises. Besides that, due to lack of fund, the study will face difficulties if it is made throughout Malaysia.

Survey instrument

The survey instruments were designed based on 4 scale likert method for identifying the business success factor. The items were designed based on the literature review and the gaps found in the study. The questionnaires were design in dual language (English and Bahasa Malaysia) for flexibility reasons especially for entrepreneurs with minimal English

proficiency. The questionnaire consists of three parts. The first part comprised of the fundamental dimension (Age, gender, work experience and education) of the entrepreneur and set of items to measure the business success. The second part comprised of the structural dimensions (origin of enterprise, length time in operation, size of enterprise and capital sources) of the entrepreneur and set of items to measure the business success.

The third part the respondents are asked on the importance of the 10 factors under the sustainability dimension to determine the business success. Four point Likert scale were used to measure the importance.

Data Analysis

The data collected were coded and keyed into the computer before analysis was carried out using SPSS. Reliability analysis test was carried out to measure the strength of the data collected. Thereafter, the data collected were analysed using the correlation analysis and multiple liner regression (MLR). The reliability of the results collected was tested using the Cronbach's coefficient alpha test.

6. Finding and Discussion

6.1 Reliability Analysis

Data collected will generally be considered reliable and acceptable for further analysis if the alpha coefficients were more than 0.7 as stated by Nunnally (1978) and Hair et al (2006). In order to run a reliability analysis test a minimum of 3 items are required to be tested under a factor. As such the Cronbach's coefficient alpha test was only utilised for the factors of sustainability dimension and structural dimension for the independent variable and business success factors for the dependant variable. Table 1 below displays the Cronbach's Alpha (Reliability Coefficients) between the variables in this research.

Table 1

Variables		Cronbach's Alpha	No. of items
Independent variable	Sustainability dimension	0.766	4 items
	Structural dimension	0.639	4 items (1 item dropped SD2)
Dependant variable	Business success factors	0.843	5 items

From the results, the alpha coefficient of sustainability dimension is more than 0.7. The alpha coefficients of variables of structural dimension is 0.639 these variable had one item to be dropped/deleted from the scale to improve the Cronbach's coefficient alpha. According to Nunnally (1978) psychometric theory, alpha readings near 0.9 represent highly consistent scales, those with scores near 0.7 reflect moderate levels of consistency whilst alpha values below 0.3 levels indicates that the items have little in common. Therefore, from the research findings, this is indicative that the developed scales in this research are reliable and acceptable at moderate levels.

6.2 Pearson Correlation

For this research, the Pearson Product-Moment correlation coefficient was utilised to test the relationship and strength of each independent variable namely *contextual factors* (Factors classified under sustainability dimension), *size of business*, *sources of capital*, *gender of the entrepreneur*, and *skill and education level of the entrepreneur*, *access to capital and origin of business of the entrepreneur in influencing the dependent variable of business success*.

Table 2, describes the results of the descriptive statistics and correlation coefficient for the independent and dependent variables.

Table 2

		F1	F2	F3	F4	F5	F7	F9	DV
Contextual Factors	Pearson Correlation	1	-.067	-.017	-.143	.146	.083	.175	.636(**)
	Sig. (2-tailed)	.	.520	.874	.167	.157	.424	.089	.000
Size of Business	Pearson Correlation		1	-.018	-.271(**)	.057	.054	-.007	.285(**)
	Sig. (2-tailed)		.	.860	.008	.584	.603	.944	.005
Sources of Capital	Pearson Correlation			1	.162	.241(*)	.114	.156	.121
	Sig. (2-tailed)			.	.117	.019	.271	.130	.242
Gender	Pearson Correlation				1	.108	-.069	.052	.082
	Sig. (2-tailed)				.	.296	.504	.618	.432
Skills & Education	Pearson Correlation					1	.150	.069	.214(*)
	Sig. (2-tailed)					.	.148	.506	.037
Access to capital	Pearson Correlation						1	.145	.201(*)
	Sig. (2-tailed)						.	.160	.041
Origin of Business	Pearson Correlation							1	.130
	Sig. (2-tailed)							.	.208
Business success	Pearson Correlation								1
	Sig. (2-tailed)								.

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Contextual factors influences business success

The Pearson correlation analysis results in an r-value of 0.636 with a p-value of 0.000. Based on these results, contextual factors do have a positive relationship with business success of the entrepreneur. The strength of this relationship is 0.404 as measured by the r-square value.

Size of business influences business success

The Pearson correlation analysis results in an r-value of 0.285 with a p-value of 0.005. Based on these results, size of business of the entrepreneur does have a positive relationship with business success of the entrepreneur. The strength of this relationship is 0.0812 as measured by the r-square value.

Sources of capital available to the entrepreneur influences business success

The Pearson correlation analysis results in an r-value of 0.121 with a p-value of 0.242. Based on these results, sources of capital available to the entrepreneur does not have a relationship with business success of the entrepreneur.

Gender of the entrepreneur influences business success

The Pearson correlation analysis results in an r-value of 0.082 with a p-value of 0.432. Based on these results, gender of the entrepreneur does not have a relationship with business success of the entrepreneur.

Skills and education of the entrepreneur influences business success

The Pearson correlation analysis results in an r-value of 0.214 with a p-value of 0.037. Based on these results, skills and education level of the entrepreneur does have a positive relationship with business success of the entrepreneur. The strength of this relationship is 0.0458 as measured by the r-square value.

Access to capital influences business success

The Pearson correlation analysis results in an r-value of 0.201 with a p-value of 0.041. Based on these results, access to capital does have a positive relationship with business success of the entrepreneur. The strength of this relationship is 0.0404 as measured by the r-square value.

Origin of the business influences business success

The Pearson correlation analysis results in an r-value of 0.130 with a p-value of 0.208. Based on these results, origin of business of the entrepreneur does not have a relationship with business success of the entrepreneur.

6.3 Multiple Regression Analysis

Table 3 Regression Analysis – Model Summary

Model	Adjusted R Square	ANOVA	
		F	Sig.
Regression	0.499	14.372	0.000(a)

Table 4: Regression Analysis - Coefficients

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.
		B	Beta	B	
1	(Constant)	29.573		7.843	0.000
	Contextual Factors	3.133	0.641	8.308	0.000
	Size of business	0.527	0.212	2.759	0.007
	Sources of Capital	0.249	0.081	1.057	0.293
	Gender	0.181	0.086	1.096	0.276
	Skills and Education level	0.247	0.097	1.261	0.211
	Access to capital	0.684	0.198	2.690	0.009
	Origin of Business	- 0.056	- 0.018	- 0.243	0.809

a Dependant Variable: Business Success

Table 3 and 4 provides the results of the multiple linear regression analysis for the influence of contextual factors, size of business, sources of capital, gender of the entrepreneur, skill and education level of the entrepreneur, access to capital and origin of business of the entrepreneur on business success of the entrepreneur.

Based on the results the overall regression model with the seven independent variables has worked in explaining the variation in business success. The ANOVA test shows that the significance level = 0.000 ($p < 0.05$). This significance shows that there is a relationship between business success and the independent variables. The adjusted R square value is 0.499 which indicates that 49.9% variance is explained by the independent variables. Based on the results, contextual factors ($B = 0.641$, $p < 0.05$), size of business ($B = 0.212$, $p < 0.05$) and financial support ($B = 0.198$, $p < 0.05$). As such it could be concluded that contextual factors, size of the business and access to capital does positively influence the perceived business success of the entrepreneur, while it could be concluded that sources of capital, gender of the entrepreneur, skill and education level of the entrepreneur and origin of business does not exert any influence on the business success of the entrepreneur.

The equation for the regression model would be:

$$Y = 29.57 + 3.133(\text{contextual factor}) + 0.53(\text{size of business}) + 0.249(\text{sources of capital}) + 0.181(\text{Gender}) + 0.247(\text{skills and education level}) + 0.684(\text{Access to capital}) - 0.056(\text{Origin of business}).$$

7.0 Discussion

The research intended to examine the effect of fundamental dimension, Structural dimension and sustainability dimension on the business success of budget hotels in Klang Valley through hypothesis based on the framework.

Education and skills was found to have a significant relationship with business success. The finding is inline with Dickson and Solomon (2008) and Cooper et al. (1994) which indicated that the chances of both survival and high growth among SMEs were positively associated with having a higher level of education and greater industry-specific know-how. The skills the entrepreneurs acquire through his/her education plays an important role in business success and growth of the firm. The entrepreneurs considered education and skills as a tool to be successful due to the greater industry-specific know-how needed in running a budget hotel. Gender does not have a relationship with business success. This seems to point out the success of budget hotel is driven by education and skills of the entrepreneur and not gender base. Based on the multiple regression analysis it is noted that education and gender does not exert any influence on business success.

The size of the business does have a positive relationship with business success and the multiple regression analysis indicates it does influence the business success of a budget hotel. The finding is inline with McMahon (2001); larger businesses have better business performance and higher level of business success compared to smaller business. The size of the business for a budget hotel is indicated by the number of rooms and the various types of services offered. This indicates that budget hotels with more rooms and services are more inclined to be successful and hence the MLR analysis shows that size of business does influence the business success.

The analysis indicates origin of business either inherited or established does not have a relationship with business success and does not exert any influence on business success. The finding is similar to Indarti and Langenberg, 2004, which stated that origin of business did not distinguish them in terms of business success. This indicates that the success of budget hotels in Klang Valley is not determined by the origin of the business. The fact the enterprise

were considered as the main source of income for the entrepreneur and investment was on personal risk, high commitments were devoted in running a business as a result they enjoyed a business growth and success.

The outcome of analysis also indicates that sources of capital either from, family and / or external financial institutions do not have a positive relationship with business success. MLR shows that sources capital does not influence the business success of a budget hotel in Klang Valley. This seems to explain the entrepreneurs of the budget hotels are not dependent on the sources of capital for their business expansion. This may be due to bureaucracy and formalities in the application process for funds from the government and private financial institution. The lack of knowledge and negative perception of the entrepreneur of budget hotels on the sources of capital which is available to them could be one of the reasons why sources of capital are not correlated to the business success. This finding also tend to show that most budget hotels in Klang Valley are operated with own savings of the entrepreneur. Sources of capital refers to various sources from which the financial support is obtained, this includes financing the through own saving, financial institutions and government support.

The finding revealed access to capital is correlated with business success and the MLR analyses indicates that access to capital does influence business success of a budget hotel. This shows that entrepreneurs of budget hotels considers access to formal financial services and financial flexibility as an important factor for the business growth and the success however lack of access to capital may hinder the business success. Many previous studies had showed that lack of capital is the main hindrance for business growth. Access of capital refers to availability and flexibility in obtaining the funds for business growth.

The study prevails the contextual variables namely marketing, information access and social network does have a positive relationship with business success and the MLR analysis also indicated that these contextual variables does positively influence the business success of the budget hotels. It is necessary for budget hotels to adopt and implement marketing strategies and methods timely to remain competitive in the industry. The afore mentioned can be supported by Friel (1998), a study on hospitality industry indicated majority of small business in this sector undertake some kind of research into customer needs and formulate marketing plan.

The finding also affirms Information access is indispensable for business success. The lack of information poses a great challenge to the budget hotels to survive in the increasing competitive environment. This finding is inline with Duh (2003) who pointed out accesses to information is indispensable for the initiation, survival and growth of firms.

This research also unearthed that social network as an important determinant for business success. This is most probably the entrepreneurs of budget hotels perceive the network building may help them to build new contacts and utilize it in various ways to promote their business. The finding is inline with Hite and Hesterly, 2001.

8.0 Conclusion

This research began with the theoretical framework based on previous researchers however along the course of study the theoretical framework was altered after data collection due to difference in perception of the Malaysian budget hotel entrepreneurs.

Analysis on factors influencing business success among the budget hotels in Klang valley yielded several interesting findings. The reliability and validity analyses have proved that the research instrument was fairly reliable and valid measure.

The Pearson correlation analysis revealed contextual variables classified under the sustainability dimension, skills and education which was classified under fundamental dimension and size of business and access to capital which was classified under structural dimension does have a positive relationship with business success. The MLR analyses unearthed skills and education despite having a positive correlation with business success it does exert any influence on the business success however factors such as gender, sources of capital and origin of business were not correlated with business success. In contrast contextual variable, size of business and access to capital were factors that influence the business success.

In submission it can be concluded that among other factors that influence business success of a Malaysian budget hotel are size of business, access of capital available for business funding, marketing strategies, information access and social networking of the entrepreneurs. This result reveals in order for a budget hotel to be successful the above mentioned factors are essential nevertheless this factors may not be significant for international chain hotels which operate on a larger scales and require more factors to promote business success.

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