

# Factors Affecting Business Success of Small & Medium Enterprises (SMEs) in Thailand

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## Abstract

This study attempted to identify factors that are affecting business success of small and medium enterprises (SMEs) in Thailand. The intention of this study is to provide the understanding on how people should start their business by looking at all the factors affecting business success hence help to reduce the risk of failure and increase chances of success. The study examined eight factors that influence the SMEs business success. These factors are: SMEs characteristic, management and know-how, products and services, Customer and Market, the way of doing business and cooperation, resources and finance, Strategy, and external environment. The theoretical framework has been drawn out and questionnaire was designed based on the factors chosen. Eight hypotheses were developed to find out factors that are affecting Business Success of SMEs in Thailand. The entire hypotheses were successfully tested with SPSS and five hypotheses were accepted. The regression analysis result shown that the most significant factors affecting business success of SMEs in Thailand were SMEs characteristics, customer and market, the way of doing business, resources and finance, and external environment.

**Keywords:** Business success, SMEs, External environment, Management know-how, Thailand

## 1. Introduction

Prior research documented that SMEs play a significant role in the economy of a country. Consequently, the performance of the SME sector is closely associated with the performance of the nation. In Thailand, SMEs account for a large proportion of the total establishments in the various sectors. In the manufacturing sector, for instance, SMEs comprise 93.8 percent of all establishments. Moreover, of the total number of SMEs, small enterprises comprise 76.0 percent, while medium companies account for 17.8 percent of all manufacturing establishments. Meanwhile, the estimated that 90 percent of all manufacturing establishments were SMEs, employing some 868,000 workers or 38.9 percent of the total. Previous studies dealing with the conditions of successful business have focused on large companies rather than SMEs. However, changes in the environment cause more uncertainty in SMEs than in large companies. Their resources for acquiring information about the

market and changing the course of the enterprise are more limited. The response to environmental changes is different in SMEs than in large companies. Large firms may even exit from one of its business areas, but this is not usually possible in a single-business firm. The options for responding are limited by the firms' resources and strategic choices as well as by the opportunities offered by the industry and location. Those ways may also differ between the development stages of the firm. SMEs have long been believed to be important in supporting economics development within a country (Mazzarol, Volery, Doss, & Thein, 1999). One of the important roles of SMEs in this context includes poverty alleviation through job creation. Thai SMEs are increasingly seen as creator of new jobs (Swierczek & Ha, 2003) and Vietnamese SMEs employ 64% of industrial workforce. SMEs in Thailand play an important role in the country's economic development. According to statistics provided by NSO (2007), SMEs accounted for 76.1% per cent of all establishments in the manufacturing sector in the year 2007. The largest concentration, by number, of SMEs in Thailand is in the food and beverage sector, textiles, wearing apparel, and wood and wood products (NSO, 2007).

## 2. Literature Review

The word enterprise has been used in a range of contexts and meanings (Bridge, O'Neill & Cromie 2003). Salminen (2000) describes an enterprise as a controlled system consisting of a detector, a selector and an effector. The detector is the function by which a system acquires information about its environment, which is then used as the basis of the selection of a behavioral response by the selector. Finally, the behavior is executed by the effector. The measurement system of an enterprise gathers information about the changes in both the environment and the performance of the enterprise. This information is then used together with the values and the preferences of the enterprise and its management to produce decisions about the required actions. As a result, the outputs of the enterprise – the products, the services, the operational performance and the financial performance - are changed.

Firm performance refers to the firm's success in the market, which may have different outcomes. Firm performance is a focal phenomenon in business studies. However, it is also a complex and multidimensional phenomenon. Performance can be characterized as the firm's ability to create acceptable outcomes and actions.

Success, in general, relates to the achievement of goals and objectives in whatever sector of human life. In business life, success is a key term in the field of management, although it is not always explicitly stated. Success and failure can be interpreted as measures of good or indifferent management. In business studies, the concept of success is often used to refer to a firm's financial performance. However, there is no universally accepted definition of success, and business success has been interpreted in many ways (Foley & Green 1989). There are at least two important dimensions of success: 1) financial vs. other success; and 2) short- vs. long-term success. Hence, success can have different forms, e.g. survival, profit; return on investment, sales growth, number of employed, happiness, reputation, and so on. In other words, success can be seen to have different meanings by different people. In spite of these differences, people generally seem to have a similar idea of the phenomenon, i.e. of what kind of business is successful.

### 2.1 The Definition of Small Medium Enterprises in Thailand

The definition of small and medium sized enterprise (SME) varies. Because of the diversity of small business, every simple definition is subject to criticism. According to Institute For Small and Medium Enterprises Development enterprises in Thailand have been defined according to 3 broad categories: 1. Production Sector are Agriculture Processing, manufacturing and Mining, 2. Trading Sector are Wholesale and Retail, and 3. Service Sector. Type of SME in Thailand has been defined according 1. Value of assets of each type of enterprises 1.1 Production Sector : medium size not exceeding 200 million bath and small size not exceeding 50 million bath 1.2 Service Sector: medium size not exceeding 200 million bath and small size not exceeding 50 million bath. 3. Trading Sector medium size: wholesale not exceeding 100 million and small size not exceeding 50 million. Medium size: retail not exceeding 60 million and small size not exceeding 30 million. 2 number of full-time employees of each type of enterprises 2.1 Production Sector: medium size not exceeding 200 employees and small size not exceeding 50 employees. 2.2 Service Sector: medium size not exceeding 200 employees and small size not exceeding 50 employees. 2.3 Trading Sector: wholesale medium size not exceeding 50 employees, retail medium size not exceeding 30 employees and small size not exceeding 15 employees (Norlaphoompipat, 2008).

An enterprise is considered to be an SME based on value of assets or number of full-time employees. In terms of the total number of SMEs in the country, the 2002 census, which was conducted by the National Statistic Office Thailand, showed there was a total of 817,691 active establish in the trading sector as shown in Table 1. Out of which 288,877 or 35.3 percents were retail trade. The manufacturing sector accounted for 118,829 or 14.5 percent of the total, followed by hotel and restaurants with more than 116,807 or 14.3 percent, recreation and

other services (10.2 percent), sale and maintenance repair accounted for 8.2 percent. The real estate ( 4.3 percent), wholesale trade and commission (4.1 percent), renting of machinery and equipment (3.8 percent), other land transport activities (3.6 percent), construction (1.2 percent) and computer and related activities (0.5 percent) (NSO, 2007).

As shown in Table 1 the largest concentration of SMEs is in the food and beverage sector (19.85 per cent), followed by textiles (15.05 per cent), wearing apparel (13.80 per cent), wood and wood products (9.51 per cent), other (5.77%), Furniture (5.07%), Fabricated (4.89%), and non-metallic mineral products (2.16%)

## 2.2 Factors affecting business success of SMEs

There is considerable variation in the criteria for success used in previous studies. Empirical studies of factors affecting SME success can be roughly divided into two groups according to whether they focus on a quite limited set of variables or try to capture more holistic profiles of successful SMEs. Previous empirical research has used both surveys and case studies. There are also some compilations of the results of previous studies of the factors contributing to firm success. For instance, Storey (1994) has compiled the results of previous studies focused on the birth, growth and death of small firms, on the basis of which he presents some normative “dos and don’ts” lessons for small firms. Md. Aminul Islam, Ezaz mian and Muhammad Hasmat Ali (2008) in their study of SMEs in Bangladesh found that products and services, the way of doing business, management know-how and, external environment are most significant factors in determining the business success of SMEs.

The following recent studies based on surveys have dealt with the factors affecting SME success. Nurul Indarti and Marja Langenberg (2005) identified key components to be important in analyzing the business success of SMEs which includes the characteristics of the entrepreneurs; the characteristics of the SMEs; and the contextual elements of SME development. Westhead (1995) studied factors influencing the survival of 227 high-technology small firms. Ghosh and Kwan (1996) made a cross national intersectoral study of the key success factors of 152 SMEs in Singapore and 164 SMEs in Australia. Kauranen (1996) carried out a follow-up study of 37 new manufacturing firms in Finland and studied the determinants of the future success of the firm in the short term and in the long term. Yusuf (1995) explored critical success factors for small firms in several industry sectors based on the perceptions of 220 South Pacific entrepreneurs. Wijewardena and Cooray (1996) explored the importance of a set of success factors by studying a sample of 300 small manufacturing firms in Japan. Gadenne (1998) investigated the effect of various management practices on small firm performance by studying 369 small businesses in the retail, service, and manufacturing industry in Australia. Bracker and Pearson (1986) studied planning and financial performance of small mature firms in the dry cleaning business. Baker et al. (1993) studied planning in successful high-growth small firms. Pelham (2000) explored the relationship between market orientation and the performance of manufacturing SMEs in eight industry sectors.

Based on the findings of earlier research, the factors affecting SME business success were classified into the following categories: (1) an entrepreneur Characteristics (Kristiansen, Furuholt, & Wahid, 2003; and Rutherford & Oswald, 2000), (2) characteristic of SME (Kristiansen, Furuholt, & Wahid; 2003), (3) management and know-how (Swierczek & Ha, 2003), (4) products and services (Wiklund 1998; and Hitt & Ireland 2000). (5) customers and markets (William, James, & Susan; 2005), (6) the way of doing business and cooperation (Hitt & Ireland 2000; and Jarillo 1988). (7) resources and finance (Swierczek & Ha, 2003; and Kristiansen, Furuholt & Wahid, 2003). (8) strategy (McMahon, 2001), (9) external environment (Huggins, 2000; and Nurul Indarti & Marja Langenberg, 2005); and (10) internet (Henriette Hesselmann, Comcare, and Peter Bangs; 2002). However only 6 factors namely Characteristics of SMEs, Management and know-how, Products and Services, The Way of Doing Business and Cooperation, Resources and Finance and External Environment were considered for the theoretical framework of this study based on suitability with the Malaysian context. Therefore, Business success is the dependent variable and independent variables are: characteristic of entrepreneur and SMEs, management and know-how, products and services, the way of doing business and cooperation, resources and finance, and external environment.

## 3. Research Methodology

Business success is the dependent variable and independent variables are: characteristic of entrepreneur and SMEs, management and know-how, products and services, customer and market, the way of doing business and cooperation, resources and finance, strategy and external environment. A self-designed questionnaire was used to gather the research data. The questionnaire consisted of three parts. The first part comprised of demographic, characteristic, and profile information of the respondents. The respondents were asked to rank statements on contextual condition related to each success factor faced by the respondents in the second part. This part consisted of 40 questions which were intended to measure factors of business success, using 5-point liker scale

anchored by strongly agree to strongly disagree. The factors were characteristic of SMEs, management and know-how, products and services, customer and markets, the way of doing business and cooperation, resources and finance, strategy, and external environment. In the third part, the respondents were asked to score the importance of perceived of business success. Five-point liker scale anchored by strongly agree and strongly disagree were applied to measure the perceived success. A total 180 sets of questionnaires were distributed through hard copy, only 133 copies were responded, 70 sets of hardcopies of questionnaires were distributed to SMEs directors, managers and management team. Out of 70 sets hardcopies of questionnaires only 40 were responded. Another 100 sets of hardcopies of questionnaire were distributed to friends whom are directors, managers, entrepreneurs, and people from management team and 20 sets of softcopies of questionnaires were distributed by friends and total only 10 were responded. Overall only 143 sets of questionnaires were collected and filled up completely from total of 200 sets that were distributed early.

The study intended to see the relationship between entrepreneur characteristics, characteristic of SMEs, management and know-how, products and services, the way of doing business and cooperation, resources and finance, strategy, and external environment towards business success.

From the above theoretical framework, the following hypotheses were derived:

- H1 There is a relationship between SMEs characteristics and business success in SMEs.
- H2 There is a relationship between management & know-how and business success in SMEs.
- H3 There is a relationship between products & services and business success in SMEs.
- H4 There is a relationship between customer & market and business success in SMEs.
- H5 There is a relationship between the way of doing business & Cooperation and business success in SMEs.
- H6 There is a relationship between resources & finance and business success in SMEs.
- H7 There is a relationship between strategy and business success in SMEs.
- H8 There is a relationship between external environment and business success in SMEs.

#### 4. Survey Results

A total 200 sets hardcopy and softcopy of questionnaires were distributed to selected respondents, only 146 questionnaires were collected back; the response rate is 71.5% (i.e., 143/200). However only 143 questionnaires were used for analysis, three questionnaires was rejected due to incomplete information.

Descriptive analysis shows that out of 143 respondents, there were more male than female respondents. The results show that 53.1% of the respondents are male and the remaining 46.9% are female. The majority of respondents, a total of 62 (43.4%) were aged between 31 to 40 years old, 25.2% (36) were aged between 21 to 30, 15.4% (22) were aged between 41 to 50 years old, 11.2% (16) were above 50 years old, and 4.9% (7) of respondents were from age less then 20 years old. There are 6 (4.2%) respondents from Primary School, 14 (9.8%) were from Secondary School, 16 (11.2%) were from Certificate/Diploma, 68 (47.6%) were from Bachelor's Degree, 35 (24.5%) were from Master's Degree, and 4 (2.8%) respondent from PhD/DBA. 19 respondents having working experience less than 2 years (13.3%), 34 (23.8%) respondents between 2 to 5 years, 41 (28.7%) respondents were between 6 to 10 years, 24 (16.8%) respondents were between 10 to 20 years, and 25 (17.5%) respondents were more than 20 years. The Duration of Organization Operated, 24 (16.8%) were less than 5 years, 20 (14%) were between 5 to 10 years, 37 (25.9%) were between 10 to 15 years, 23 (16.1%) were between 15 to 20 years, and 39 (27.3%) were more than 20 years. The number of employees, 18 (12.6%) were 1-5 employees, 53 (37.1%) were between 6-50 employees, 31 (21.7%) were between 51-100 employees, 15 (10.5%) were between 101-200, and 26 (18.2) were more than 200 employees. On the other hand, the type of organization, 19 (13.3%) were multinational company, 29 (20.3%) were SMEs, 25 (17.5%) were family business, 45 (31.5%) were private company, and 25 (17.5%) were government.

Reliability analysis was used to measure both consistency and internal stability of data. The Cronbach's Alpha measuring the inter-item consistency and reliability measure the coefficient that reflects how well items in a set are positively correlated to one another. Cronbach's Alpha that are less than 0.6 are generally considered to be poor, those in the 0.7 range to be acceptable, and those over 0.8 to be good; the closer the reliability coefficient gets to 1.0, the better. Cronbach's Alpha for 7 and independent variables and the dependent variable were



above .70. Therefore data that were collected for this research were considered to be internally stable and consistent.

#### 4.1 Correlations Analysis

We used correlations analysis to find out whether entrepreneur characteristics, characteristic of SMEs, management and know-how, products and services, the way of doing business and cooperation, resources and finance, strategy, external environment and business success are correlated. Results show that all factors are correlated at 5% significance level. However none of the p-values was above .70. Table 2 presents results of correlation analysis.

#### 4.2 Factor affecting business success of SMEs

Multiple Regression Analysis was used to determine whether the eight independent variables, which are SMEs characteristic, management and know-how, products and services, Customer and Market, the way of doing business and cooperation, resources and finance, Strategy, and external environment, have any significant effect toward Business Success of SMEs in Thailand. The results are shown in Table 3.

The findings of the study revealed that SMEs Characteristic, Customer and Markets, the way of doing Business & Cooperation, Resources and Finance, and External Environment have significant positive effect on the Business Success of SMEs in Thailand. Management know-how, Product and Services, and Strategy were found to have no significant effect on the Business Success of SMEs in Thailand.

The overall results of the regression analysis shows that this model is well constructed and it is well represented as reflected in the variables selected. Table 2, the summary table on regression analysis indicated that the R-square is 53.3 percent. This means that the eight variables which include SMEs characteristic, management and know-how, products and services, customer and markets, the way of doing business and cooperation, resources and finance, strategy, and external environment can explain 53.3 percent variations in the business success of SMEs in Thailand.

The Durbin-Watson statistic shows that the serial correlation of residuals is 1.842, the value falls within the acceptance range. (1.5 and 2.5). This means that there is no auto correlation problem in the data. The Condition Index, Variance Inflation Factors (VIF) and tolerance all fall within the acceptance range (Condition index = 27.544, VIF = 1 - 10, tolerance = 0.1 - 1.0). This means that there is no multi-co linearity problem in the regression model used for this study. The histogram indicates that data used in this study is normally distributed and F-value is found to be significant at 1% significance level (sig. F = .000). This concludes that the regression model used in this study is adequate or in other words, the model was fit.

### 5. Discussion

The purpose of this study was to identify the factors affecting the business success in small and medium sized enterprises in Thailand. A major implication for the findings is that these findings will able to give better understanding for entrepreneurs and business owners in addressing the factors which will significantly affect the business success in SME. The study of the factors affecting business success of SMEs is critical in understanding the business continuity and growth hence help supporting economics development within a country. The results of this study can also be used as reference for anyone who is interested to start their own business which will provide insights into decision making in starting a business and also for any companies which are interested to continue to sustain and grow.

To achieve business success, many factors should be optimal simultaneously, since SMEs success is a multidimensional phenomenon. Both firm-internal and firm-external factors affect firm success. Entrepreneurs in successful SMEs and those in failed SMEs thought that pretty much the same factors are the most important for business success, and held the same views on the factors to be avoided in business. The research has looked into characteristic of SMEs, management and know-how, products and services, customer and market, the way of doing business and cooperation, resources and finance, strategy, and external environment.

The results show that customer and market, and resources and finance played an important role in ensuring the SMEs business success in Thailand. Innovative product, quality, cost, reliability, and services are the key strategic dimension in business success. Innovative product gives added value to the customer and it is important to achieve a suitable balance between product quality and costs. Small-business owners must have a missionary zeal about their products or services, be willing to be personally involved in it, be willing to stick with the business, be able to define the market clearly and pay attention to details and proactiveness. Beside that, companies must compete based on their strength and specialization which is classified as cost leadership,

differentiation, and focused Michael Porter (1985). Cost leadership-based companies have tight controls on their operational costs, have efficient production, are volume producers or focused on tonnage. Differentiation described companies which offer differences in their product or services. They tend to put brands as a market capture, have high service levels, unique distribution and non-standard terms of business. Lastly, focused companies are companies concentrating on a particular buyer, group, geographic area or segment of the product line, continual improvement in quality, cost, delivery lead time, customer service and flexibility are part of the package to become world class. Innovators with continuous growth should pay special attention to their research and development, and the ability to maintain their innovativeness.

External environment factor play a very important role as well for firm success. Social network, government support, and legality, are the key strategic dimension in external environment in business success. Networks represent a means for entrepreneurs to reduce risks and transaction costs and also to improve access to business ideas, knowledge and capital. A social network consists of a series of formal and informal ties between the central actor and other actors in a circle of acquaintances and represents channels through which entrepreneurs get access to the necessary resources for business start-up, growth and success (Kristiansen, 2003). In developing areas, satisfactory government support has been shown to be important for small firm success (Yusuf 1995). In many cases, dealing with legal aspects has forced the SMEs to allocate significant amount of financial resources due to bribery practices. Legal aspect is often also used in selection operating decision in order to ensure future business success (Mazzarol & Choo, 2003).

Business success is usually the outcome of the way of doing business and cooperation. Inter-firm cooperation, consultation, performance measurement, and flexibility may play an important role in business success. Inter-firm cooperation contributes positively to gaining organizational legitimacy and to developing a desirable marketplace reputation. Cooperation also may enable the small firm to improve its strategic position, focus on its core business, enter international markets, reduce transaction costs, learn new skills, and cope positively with rapid technological changes. Successful firms were likely to spend more time communicating with partners, customers, suppliers, employees. Use of outside professionals and advisors, and the advice and information provided by customers and suppliers is also important for business success. Networking seems to be important both between and within firms. The proportion of SMEs led by an entrepreneurial team was high among successful SMEs and low among failed SMEs, so fostering the formation of entrepreneurial teams in starting up businesses is recommended

## 6. Recommendations

Early review indicates that Thai SMEs account for more than 70 per cent of total manufacturing establishments in the country. The evidence suggests that SMEs play a vital role in the nation's economy and wellbeing. The largest concentration of SMEs, in terms of numbers, can be found in the textile and apparel sector, followed by food and beverages, metals and metal products, and wood and wood products.

Despite these governmental programs Thailand SMEs still face many challenges, domestic and external, which could hinder their resilience and competitiveness. They include: i) Ongoing difficulties in obtaining funds from financial institutions and the government. Usually the interest charges by financial institutions on loans borrowed by SMEs are high, and this is compounded by a lack of financial transparency by SMEs; ii) A lack of human capital is the most significant challenge facing Thai SMEs. It is often too expensive for SMEs to employ a professional and competent workforce; iii) SMEs face a high level of international competition; this includes from AFTA member countries and competition from MNCs or new competitors (for example from China and India); iv) A lack of access to better technology and ICT which hinders more efficient and productive business operations; v) A high level of bureaucracy in government agencies hinders efficient SME business development operations; vi) A low level of research and development expenditure; and vii) A substantial orientation towards the domestic rather than international market place.

Having identified some of the challenges facing SMEs in Thailand, we prescribed some strategies that the government and its agencies responsible for SMEs, and SMEs themselves may adopt. The government should play a leading role in educating SME practitioners on the incentives available to them and how to access them. These incentives should be delivered through an establishment that really cares for the success and sustainability of SMEs in the country.

On the other hand, SMEs in Thailand should not totally rely on government agencies; they should attempt to find their own path of progress by relying on strategies which allow them to access new markets, increase their revenue and expand their customer base. First, SMEs facing challenges arising from a more integrated and liberalized world (for example from AFTA, or the ASEAN-China free trade agreement), should consider

networking and forming strategic alliances as viable options. By identifying and cooperating with these allies, SMEs in Thailand can gain access to overseas markets, increase sales and revenue, access external sources of funds, gain technological know-how, and become more resilient and stronger to withstand domestic and foreign competitive onslaughts among other benefits. Second, SMEs should always invest in market research, R&D, and innovation in order to increase their competitiveness. By embarking on market intelligence they will be better able to understand the needs and wants in the marketplace. Such an understanding will assist in delivering superior value to customers and more than their competitors are able to do. This in turn will increase customer retention rates. Third, "Small is beautiful" the saying goes. SMEs should therefore leverage the advantages of being small by deploying the relationship marketing strategy. The relatively small customer base of SMEs makes them more suitable for long-term customer relationships. By establishing long-term relationships with customers they are able to build customer loyalty and in turn reduce the cost of operation. Prior research (for example Reicheld 1993; Ndubisi 2003) has shown that it is far cheaper to serve an existing (loyal) customer than to attract and serve a new one. Lastly, another strategy SMEs should consider is counter-trade. Counter-trade, or reciprocal trade, can assist SMEs in overcoming capital shortages, especially when they contemplate going overseas. A counter-trade strategy can also be used to access closed foreign markets besides allowing for transfer of technology and technological know-how from advanced countries to SMEs in developing nations like Thailand.

## 7. Conclusion

We attempted to find out the most significant factors that affect the Business Success of SMEs in Thailand and found out that SMEs characteristic, customer and market, the way of doing business and cooperation, resources and finance, and external environment are the most significant determinants of Business Success of SMEs in Thailand. Most of the Thailand SMEs adopted Porter's Generic Strategies by Michael Porter; they are cost leadership, differentiation, and focused. To ensure Thailand SMEs can continue successful they need to ensure resources and finance and, customer and market are developed continuously. External Environment hypothesis accepted as social network help entrepreneurs in Thailand to reduce risks and transaction costs, improve access to business ideas, knowledge and capital. Government support in Thailand has help to foster SMEs development and legal aspect is used in selection operating decision in order to ensure SMEs future business success. Hence, Thailand SMEs should ensure they have built a strong social network and good government relationship in order to ensure their business success. The Way of doing Business & Cooperation hypothesis accepted as inter-firm cooperation contribute positively to gaining organizational legitimacy and to developing a desirable marketplace reputation, and enable the small firm to improve its strategic position, focus on its core business, enter international markets, reduce transaction costs, learn new skills, and cope positively with rapid technological changes. Besides that, use of outside professionals and advisors should continue to be practiced by Thailand SMEs.

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Table 1. Distribution of SMEs in the Manufacturing Sector (by Sector) in 2004

<i>Sector</i>	<i>Number of establishments</i>	<i>SMEs</i>	<i>Percentage of SMEs</i>
Food & Beverage	115,866	90,922	19.85%
Textiles	81,976	68,936	15.05%
Wearing Apparel	82,892	63,219	13.80%
Wood & Wood Products	64,573	43,534	9.51%
Other	33,432	26,406	5.77%
Furniture	32,958	23,201	5.07%
Fabricated Metal Products	34,348	22,397	4.89%
Non-Metallic Mineral Products	12,823	9,903	2.16%
Total	457,968	<b>348,518</b>	76.1%

Source: The National Statistical Office (NSO 2007)

Table 2. Results of correlations analysis

	SMEs Characteristics	Management and Know-how	Product and Services	Customer and Market	The Way of doing Business & Cooperation	Resource and Finance	Strategy	External Environment	Business Success
SMEs Characteristics									
Management and Know-how	.624** .000 .143								
Product and Services	.426** .000 .143	.548** .000 143							
Customer and Market	.576** .000 143	.646** .000 143	.664** .000 143						
The Way of doing Business & Cooperation	.501** .000 143	.625** .000 143	.469** .000 143	.560** .000 143					
Resource and Finance	.437 .000 143	.498** .000 143	.395** .000 143	.565** .000 143	.553** .000 143				
Strategy	.589 .000 143	.644** .000 143	.386** .000 143	.516** .000 143	.673** .000 143	.540** .000 143			
External Environment	.499 .000 143	.465** .000 143	.496** .000 143	.490** .000 143	.549** .000 143	.689** .000 143	.589** .000 143		
Business Success	.547 .000 143	.488** .000 143	.458** .000 143	.573** .000 143	.531** .000 143	.409** .000 143	.469** .000 143	.607** .000 143	1

Table 3. Results of Regression Analysis on Business Success of SMEs

<b>Factors</b>	<b>Beta</b>	<b>T-Ratio</b>	<b>Sig. t</b>
SMEs Characteristic	0.214	2.563	<b>0.011</b>
Management and Know-How	-0.086	-0.902	0.369
Products and Services	-0.026	-0.309	0.758
Customer and Markets	0.335	3.445	<b>0.001</b>
The Way of doing Business & Cooperation	0.212	2.380	<b>0.019</b>
Resources and Finance	-0.225	-2.494	<b>0.014</b>
Strategy	-0.058	-0.615	0.540
External Environment	0.462	4.950	<b>0.000</b>
R square = 0.533 Durbin-Watson = 1.842 F = 19.106 Sig. F = 0.000 Condition Index = 27.544			