

**FACTORS THAT INFLUENCE  
THE SUCCESS OF ENTREPRENEURS:  
THE CASE OF AMANAH IKHTIAR MALAYSIA (AIM) PROGRAM**

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## **DECLARATION BY SUPERVISOR**

I hereby declare that I have checked this project and in my opinion, this project is adequate in terms of scope and quality for the award of the degree of Bachelor of Technopreneurship (Honours)

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Date : 25<sup>th</sup> June 2014

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Submitted in Partial Fulfilment of the Requirement for the  
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## **DECLARATION OF ORIGINAL WORK**

“I hereby declare that the work of this project paper is mine except for the quotations and summaries that have been duly acknowledge.”

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Date : 25<sup>th</sup> June 2014

## **DEDICATION**

To my beloved family especially Ibu thank for the education, teaching and give love completely from the uterus until now. I love you. See you later in paradise.

In Shaa Allah.

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## ABSTRACT

Entrepreneurs can significantly contribute in poverty reduction, mobilization of entrepreneurial initiative, autonomy and in accelerating the achievement of wider socio-economic objective. With the right skills and mind-set, everyone can be an excellent entrepreneur. Amanah Ikhtiar Malaysia (AIM) is one of microcredit institution that provide loan to entrepreneur. The Ikhtiar Loan Scheme (ILS) of the AIM is the programmes that design to reduce poverty in Malaysia in their respective ways through their own mechanism. The objectives of this research are to investigate the relationship between the factors towards the successful of entrepreneurs and to identify the most success factors that contribute the successful of entrepreneurs and to in AIM program. The research used a quantitative research method. Data were collected through questionnaires. The sample of this research comprises 100 entrepreneurs who joined the scheme of AIM in Perak. The data were subjected to rigorous content analysis through open, axial, selective and conditional coding. The method of data analysis will measure by using descriptive analysis (SPSS), correlation analysis and regression analysis. This research was founded the elements of financial resources, education, experience and government support (IV) was contributed to the successful entrepreneurs (DV) in AIM program. It is proved by the data analysis using correlation and regression that the education ( $r = 0.872$ ,  $r^2 = 0.761$ ) more significance element towards the successful entrepreneurs, followed by financial resources ( $r = 0.863$ ,  $r^2 = 0.745$ ), experience ( $r = 0.854$ ,  $r^2 = 0.729$ ) and government support ( $r = 0.816$ ,  $r^2 = 0.666$ ). Indirectly, this study has also achieved two objectives.

Keywords: Entrepreneur, Poverty, Amanah Ikhtiar Malaysia (AIM), Microcredit, Success Factors, Successful Entrepreneur

## ABSTRAK

*Usahawan dengan ketara dapat menyumbang kepada pengurangan kemiskinan, penggemblengan inisiatif keusahawanan dan autonomi dalam mempercepatkan pencapaian objektif sosio-ekonomi yang lebih luas. Dengan pemikiran dan kemahiran yang betul semua orang boleh menjadi seorang usahawan yang cemerlang. Amanah Ikhtiar Malaysia (AIM) adalah salah satu institusi mikro kredit yang menyediakan pinjaman kepada usahawan. Dibawah Skim Pinjaman Ikhtiar (ILS) daripada AIM adalah program yang dibentuk untuk mengurangkan kemiskinan di Malaysia melalui mekanisme mereka sendiri. Objektif kajian ini adalah untuk mengkaji hubungan antara faktor-faktor terhadap kejayaan usahawan dan mengenalpasti faktor-faktor yang paling memberi impak kepada kejayaan usahawan dibawah program AIM. Kajian ini menggunakan kaedah penyelidikan kuantitatif. Data dikumpulkan melalui soal selidik daripada 100 usahawan yang menyertai skim dibawah AIM di Perak. Data yang telah dikumpul tertakluk kepada analisis kandungan yang ketat melalui paksi terbuka,, kod terpilih dan bersyarat. Data yang dikumpul akan dianalisis menggunakan analisis deskriptif (SPSS), analisis korelasi dan analisis regresi. Kajian ini telah menerangkan elemen-elemen sumber kewangan, pendidikan, pengalaman dan bantuan kerajaan (IV) yang telah menyumbang kepada kejayaan usahawan (DV) dalam AIM program. Ia dibuktikan dengan analisis data menggunakan kolerasi dan regresi yang menunjukkan pendidikan ( $r = 0.872$ ,  $r^2 = 0.761$ ) lebih signifikansi kepada kejayaan usahawan dalam AIM program, di ikuti sumber kewangan ( $r=0.863$ ,  $r^2=0.745$ ), pengalaman ( $r=0.854$ ,  $r^2=0.729$ ) dan bantuan kerajaan ( $r=0.816$ ,  $r^2=0.666$ ). Secara tidak langsung kajian ini telah mencapai kedua-dua objektif.*

*Kata Kunci: Usahawan, Kemiskinan, Amanah Ikhtiar Malaysia (AIM), Mikro kredit, Faktor Kejayaan, Usahawan Berjaya*



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## LIST OF ABBREVIATIONS

AIM	-	Amanah Ikhtiar Malaysia
ILS	-	Ikhtiar Loan Scheme
USM	-	Universiti Sains Malaysia
PLI	-	Poverty Line Income
SPSS	-	Statistical Package for the Social Science
IV	-	Independent Variable
DV	-	Dependent Variable



## LIST OF SYMBOL

%	-	Percentage
>	-	Greater-than sign
<	-	Less-than sign

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of the Research

The effort against poverty is not a new thing for most developing countries. This is because after 'World Wars II' there are many social and economic development programs have implemented in order to improve the living standard. There are few programs that have implemented such as Community Development Program, Green Revolution (*Revolusi Hijau*), Integrated Rural Development Program and Agricultural Credit Scheme. However, the role of credit in poverty alleviation mechanism is not very prominent in the conventional development approach (Mohamed Zaini, 2002).

Microcredit is one of the most efficient tools to alleviate poverty. Microcredit has been recognized 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 microcredit in improving the quality of life of the poor people. In view of this, microcredit has become a prominent tool of poverty alleviation especially in the most of developing countries among which are Malaysia, Indonesia, Bangladesh, Philippines and others.

The history of microcredit institutions in Malaysia can be traced to 1986, at the beginning of the 5<sup>th</sup> Malaysia Plan (1986-1990) that Universiti Sains Malaysia (USM) initiated ‘Project Ikhtiar’ to complement existing government programme in reducing poverty. By September 1987, Amanah Ikhtiar Malaysia (AIM) was established to institutionalise Project Ikhtiar and to expand the Grameen Bank approach in reducing hard-core poverty across the nation. Furthermore, AIM 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 assists in alleviating in the rural area through the provision of micro financing to the rural poor in order to provide them with the source of generating income (Norma, 2010).

Based on that fact, AIM is considered as the pioneer and one of the most successful microfinance institutions in Malaysia. It has been attracted the attention of researcher who are interested in exploring the contributing factors to its success. Based on the previous research, 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. Thus the research seeks to fill this gap by exploring the profile of successful entrepreneurs and to empirically identify the critical influencing factors to their success. Hence, the remaining of this research is organized as follow: chapter two literature review follow by the discussion of data and methodology used which are discussed in chapter 3. The empirical finding is presented in chapter 4 and chapter 5 consists of conclusion together with some recommendations.

## **1.2 Problem Statement**

Malaysia as a developing country, entrepreneurial activities are seen as a mechanism to improve the social and economic development. According to Abdullah (1999), in a developing country like Malaysia, entrepreneurial activities through venture creation are seen as a mechanism to improve the distribution of income, to stimulate economic growth, and to reshape an economic structure, which has been highly dependent on the activities of large firms. As an entrepreneur, success factor is one of the most important elements to achieve a competitive advantage. Successful entrepreneurs that identify key success factors will create a distinct and enable them to achieve a competitive advantage. It must be supported by related activities. Based on that fact, in this research, the researcher try to identify what are the most potential factors that contribute to the successful entrepreneurs in AIM program? Therefore, researcher also wants to find out the relationship between the factors influence successful entrepreneurs in AIM program?

## **1.3 Research Question**

In this research, the focus is to determine the relationship between the successful factor and how it influences the successful entrepreneurs. So, this research explored the following key questions:

1. What are the affective consequences between the factors influence successful entrepreneurs in AIM program?
2. What are the most potential factors that affect the successful entrepreneurs in AIM program?

#### **1.4 Research Objectives**

The objective of the study basically is to investigate the relationship between the element of financial resources, education, experience, and government support towards the success of entrepreneurs in AIM program. Researcher also identifies the element of financial resources, education, experience and government support which will be the most significant to the success of entrepreneurs in AIM program. The objectives of study are state as below

1. To investigate the relationship between the factors towards the successful entrepreneurs in AIM program.
2. To identify the most affective factors that contributes the successful entrepreneurs in AIM program.

#### **1.5 Scope of the Research**

This research only focused on entrepreneurs in the AIM program as the main respondents. Moreover, this research only covers the entrepreneurs under AIM program in Perak. Besides that, this research is a comprehensive look at what are the factors that contribute the successful entrepreneurs.

#### **1.6 Importance of the Research**

The main reason researcher want to do this research is to exploring the profile of successful entrepreneurs in AIM program. Besides that, researcher wants to empirically indentify the critical influencing factors to their success.

## **1.7 Summary**

This chapter is discussing the background of the research. Next, discuss the problem statement that leads the researcher to achieve the objective of this research. In this chapter also discuss the research question, scope of the research and importance of the research. The problem that researcher will face in this research is the limit of time to complete this report.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

By the critical review of the literature was necessary to help the researcher to develop a thorough understanding of insight into previous work that relates to the research questions and objectives. The review will set the research in contact by critically discussing and referencing work that has already been undertaken by drawing out key points. This chapter will discuss about the literature review. The researcher obtains literature review from several sources such as book, journal and article. Researcher begins the chapter by reviewing the available theory and follow by the application of the theory.

#### **2.2 Overview of Amanah Ikhtiar Malaysia (AIM) Program**

At the beginning of the 5<sup>th</sup> Malaysia Plan (1986-1990), Universiti Sains Malaysia (USM) initiated ‘Project Ikhtiar’ to complement existing government program in reducing poverty. By September 1987, AIM was established to institutionalize Project Ikhtiar. AIM usually provides small scale financial services and training to poor and hardcore poor only, in order to improve their socio-economic condition. Furthermore, AIM established based on the model of Grameen Bank approach that is aimed at making micro financing accessible to the rural folks. The objective of AIM is to assists in alleviating in the rural area thought the prevision