

# Determinant of the Success Factors for Entrepreneurship Business

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## *Abstract*

*Entrepreneurship business contributes toward the economic growth of the country. In Pakistan 85% population depends on entrepreneurship business but contribute only 07% toward economy of the country. The main reason behind this less contribution is may be that businesses not attainment the triumph level due lack of Government support, improper utilization of resources, not avail the right opportunities at right time and eccentric path of risk elimination as well as not clearly / inappropriately established of success elements for success of entrepreneurship business. The objective of this study was to determine the success factors for entrepreneurship business. For this purpose about 360 questionnaires were distributed among the sample. Out of which 289 were found completed / corrected in all respect received back, which was analyzed by using SPSS software with statistical tool cross tabulation along with bar chart. Results show that all factors play vital role in the success of entrepreneurship business except innovation which was considered not that much important for success of entrepreneurship business as compared to other factors.*

**Key Words:** *Entrepreneurship, economic growth, impact, business success.*

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## **Introduction**

Pakistan is considered world sixth largest country in respect of population which enriched huge amount of natural resources, skilled human resource as well as distinguished climate change environment. Regrettably all these resources are not properly utilized for the development of the Pakistan. Entrepreneurship is business which runs for the well being of society as well development of the country. Generally maximum entrepreneurship businesses are self owned / run. Entrepreneurship is systematic phenomena which offered benefits for those who identify or determined opportunities through innovation, taking risk and avail the opportunity by using the available resource in the best way to produce or present something new in the marketplace (Jennifer et al. 2009). Entrepreneur is a person who getting thing done, make more money as well as he love his freedom and also motivated with the creating of thing new by existing resources. Entrepreneur starts his business in very competitive industry with strength of creating and innovating new things identify opportunities in the marketplace.

## **Literature Review**

Pakistan is considered sixth largest country as per population having literacy rate about 60%. Even that 85% entrepreneurship business is running in Pakistan but it contributes only 07% toward the country GDP

(Mustafa and Khan, 2003). This less contribution of entrepreneurship toward GDP is due to traditional business process, lack of market analysis as well as market knowledge. In Pakistan there is no proper environment and support for the promotion of entrepreneurship business and success factors are also unknown. Majority of the entrepreneurs in not obtained loan from the formal financial institution due to non availability of security/guarantee. According to Mueller and Thomas (2000), the success factor of entrepreneurship business as innovation, entrepreneur always produce something new or offer unique services in the existing market which differentiate their business form the competitor. Entrepreneur always present something in the different way, introduce new idea or new process or method of operation.

According to Gem (2002), the success factors of entrepreneurship business is opportunity and entrepreneur need to be alert all the time and evaluate the market for exploring the opportunities. Opportunity in entrepreneurship business means recommendable or favorable situation which are considered constructive for success of a business. The success of every business depends upon the existing market situation and its opportunity for creativity or booms up of the business.

To avail the right opportunity at right time is considered grantee for the entrepreneurship success. Entrepreneur required to evaluate the market segments and locates the best opportunities which are analogous with their resources on the basis of that entrepreneur buildup the business. In the locating of opportunity the key element is entrepreneur intelligence which are the ability of entrepreneur that how accurate he discover and avail the right opportunity from the hodgepodge variety of opportunities.

The opportunity factors basically associated with the exploring of opportunities from the existing marketplace, then evaluate the opportunities and selected accurate opportunities out of them which are suitable according to the resources of the entrepreneurship business. Within the entrepreneurship industry of Pakistan the entrepreneur not like to share their knowledge, intelligence and the opportunities for the entrepreneurship business.

The exploring opportunities source of entrepreneur may be formal or informal. The formal source are consider all government agencies as well as arranged seminars, expos and trading show. However, the informal sources are the personal contacts and resources of the entrepreneur i.e. family members, friends and agents etc. Thembas et al. (1999), recommended that entrepreneur required to take risk for success of business the risk taking tendency is track toward desired goal of the organization. The risk taking attitude is considering most significant element for the success of entrepreneurship business (Frese, Brandjes & Hoorn, 2002).

Peter (2007), research study revealed that innovation is the key element for triumph the entrepreneurship. Innovation orientation differentiates the business in the marketplace and also recognize by society. Innovation is considered the most significant factor for success of entrepreneurship business in strong competitive environment also changes the existing condition of the market. A regular practice of entrepreneur to create something new (innovation) or change the existing operation process also enhances the overall performance of the business Mark and Kickul (2004).

Innovation is similar to other business function which required process, rules as well as tools. For the success of entrepreneurship innovation is consider significant element. Innovation require complete entrepreneur attention to properly allotted budget for it, raw material, required technology and high moral skilled human resource which consist creative ideas and willing to produce something new in the marketplace Habib (2013).

Research study revealed that the foundation element of innovation in entrepreneurship business is creativity (Mark and Jill, 2004). Peter F. Drucker (1985), argue that innovation is most significant factor for success of entrepreneurship business the creative imitation support the firm and develop economy of the firm. According to Ardichvili, Cardoz & Ray (2003), argue that the entrepreneur ability to identify the right opportunity as the inimitable skill which leads the business toward success.

David (2004), recommended that entrepreneur gained gigantic knowledge from different sources, the sources may be formal or informal such as entrepreneur personal experience, training and friends or family suggestion will help entrepreneur to choice right opportunity from the marketplace. The entrepreneur level of education also considered important factor which enhance the revenue. The high level education of entrepreneur creates the great chances of entrepreneurship success (David, 2004).

The factors which gave success or failure to entrepreneurship business within the environment are opportunities, creativities, risk and resources of the entrepreneur (Chandan & Junejo, 2009). Even that socio-cultural and demographics factors are also considered responsible for the success and failure of the business but the key role play in the success or failure of the business are above factors i.e. opportunities, creativities, risk, resources. Dibia (2001), claim that the accurate utilization and harvesting of these factors depends upon the ability of the entrepreneur.

Watjatrakul (2005), research study recognized that entrepreneur required to properly utilize their resources for success of the firm. The resources are the foundation of entrepreneurship business on the basis of which entrepreneur run the business. The resources may be strategic or non-strategic. Strategic resources give and retain the competitive position to the firm.

Whereas, non strategic resources are grant values, extraordinary and immutability to the business. The success of entrepreneurship business depends upon formal and informal support (Claudia et al., 2004). According Linda et al. (2003), the available financial resources, technology and firm strategic collaboration are considered formal support of the firm. Whereas, the informal support of entrepreneurship business are family and friends support, entrepreneur personal contact and agents etc.

Resources are the basic element required for establish and success of entrepreneurship. Resources are the element which strengthen or weakens the entrepreneurship business. The resources of entrepreneurship consist of; financial resources, human resources, technology resources, marketing resources and access to raw material resources. Financial resources mean the entrepreneur to accurately determine, gain as well as invest the financial resources for success of the business.

Human resource are the key resource of every organization and business without human resource all other resources are fruitless. Entrepreneur required to hired, developed and retain the skilled employees as long as possible.

The hiring and retaining of talented human resource is the ability of entrepreneur which give competitive advantage to the business in the marketplace. Marketing resources indicate the resources which inform the entrepreneur about the market trend also advertise, provide, promote and sale of the entrepreneur products. The marketing resources gave exposure the entrepreneur business in the market. Technology resource refer to the resources of entrepreneur in scene of what types of technology required, what type of technology is being used as well as what types of technology are operated by competitor. For success of entrepreneurship business the entrepreneur must be able to acquire the right technology and raw material at right time for success of firm.

## **Statement of the Problem**

In Pakistan the maximum of the research studies were conducted on the management of organization / business, some of them are also conducted to determine the success factors of large organization instated of entrepreneurship business. Evidence also revealed from the existing literature in this regard. In true word the success factor of small self business (entrepreneurship) are still unknown. So, there is need to conduct research study which accurately investigate and determined the success factors for entrepreneurship business in the developing country like Pakistan.

## Objectives of the Study

Life style and businesses are change geographically, every society have their own tradition and culture and if, businesses are run according to existing culture and tradition of that society, it may become success. After reviewing of literature a numbers of factors were found which are granted success factor for the entrepreneurship businesses in foreign countries / society. The objective of this study was to investigate and determined the success factors for entrepreneurship business in Pakistan according to its society.

## Research Hypothesis

1. Opportunity is considered success factor for entrepreneurship business.
2. Innovation is considered success factor for entrepreneurship business.
3. Resources is considered success factor for entrepreneurship business.
4. Risk is considered success factor for entrepreneurship business

## Research Methodology

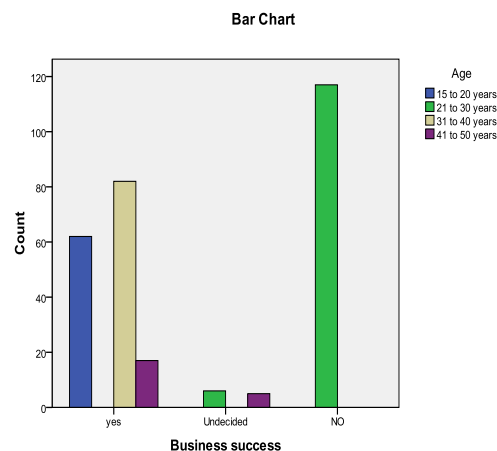
To vetted the research hypothesis Transporters were considered population for this study. However, due to various limitations like time, finance etc. Raksha transport service operated in Lahore city were considered sample for this study. Total about 360 questionnaires were distributed amongst the Raksha transport service operators which were conveniently selected to represent the properties and characteristic of the whole population. Out of which 326 were received back in which 37 were found wrongly filled and only 289 were found correct and ready for analysis. Which were analyzed by using SPSS software by applying statistical tools i.e. cross tabulation and bar chart.

## Limitation

Due to time and financial constrain this study was limited to the Raksha transports service operated in city of Lahore, Pakistan. Moreover, there are numbers of factor which may also be considered for success of entrepreneurship business but this study were limited to demographic factors i.e. entrepreneur age, education and experience as well as business factors i.e. risk taking, innovation, opportunities and resources.

## Data analysis

Business success	Age				Total
	15 to 20 years	21 to 30 years	31 to 40 years	41 to 50 years	
Yes	62	00	82	17	161
Undecided	00	06	00	05	11
No	00	117	00	00	117
Total	62	123	82	22	289

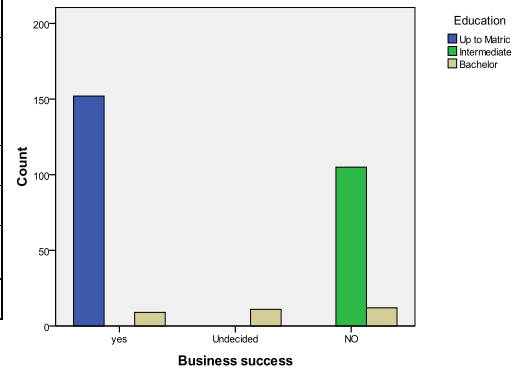


The success of entrepreneurship business depends up the age of the entrepreneur because the baby boomers are much successful due to its life experience. So with this perception to check the impact of age on

business success both are cross tabulation and found that only 62 respondents belong to age group 15 to 20 years, majority of the respondents (123) fall between the age group 21 to 30 years and 82 belong to 31 to 40 years age. However, only 22 between the age group 41 to 50 years. Bar chart also represents the result.

**Crosstab Business success \* Education**

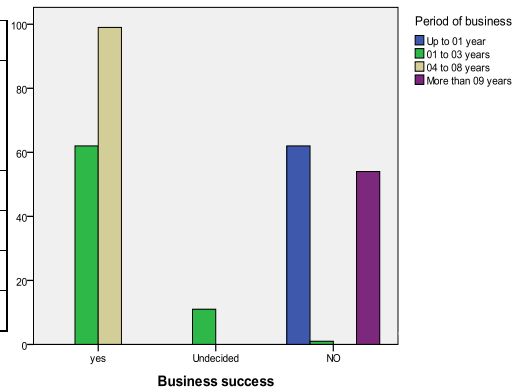
Business success		Education			Total
		Up to Matric	Intermediate	Bachelor	
Yes		152	00	09	161
Undecided		00	00	11	11
No		00	105	12	117
Total		152	105	32	289



The education play vital role in the success or failure of any life cycle. The respondent response for the education show that majority of the respondent i.e. 152 education level were found up to matriculation. 105 respondent education levels were found intermediate and only 32 respondents completed their bachelor degree.

**Crosstab Business success \* Period of business (Experience)**

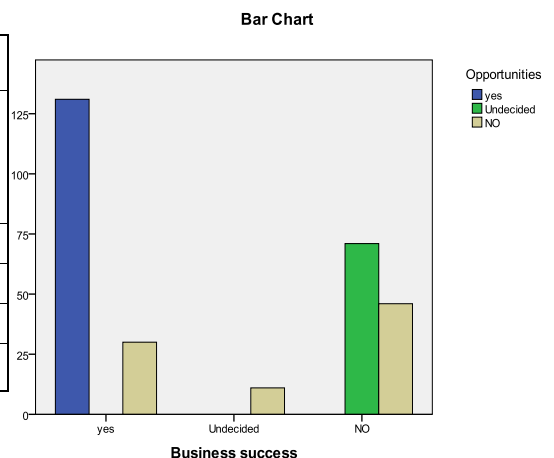
Business success		Period of business				Total
		Up to 01 year	01 to 03 years	04 to 08 years	More than 09 years	
Yes		00	62	99	00	161
Undecided		00	11	00	00	11
No		62	01	00	54	117
Total		62	74	99	54	289



Experience is very essential element for every professional career. With this perception question “from how many years you run this entrepreneurship business (experience) were asked from the respondents. The result show that 62 audience run entrepreneurship business from last one year. 74 run this business from 01 to 03 years, 99 respondents from 04 to 08 years and only 54 respondents were found who run this business from more than 09 years. Bar chart shows the respondents response.

**Crosstab Business success \* Opportunities**

Business success		Opportunities			Total
		Yes	Undecided	No	
Yes		131	00	30	161
Undecided		00	00	11	11
No		00	71	46	117
Total		131	71	87	289

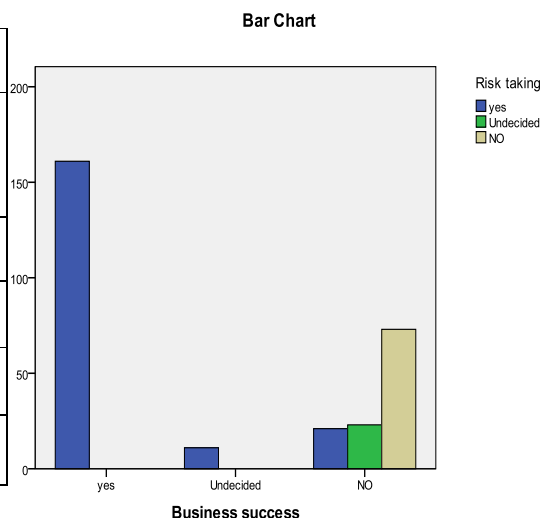




It has been commonly observed those who availed the right opportunity it right time found successful. In this regard question was also asked from respondents to investigate the role of opportunity in business success. Replies of the respondent show that majority were found agreed with the statement.

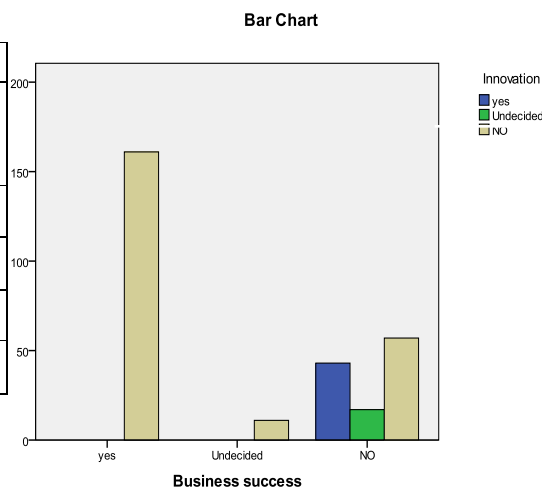
The response of 71 were found undecided, however only 87 entrepreneur considered that for business success opportunities have not that much important and found not agreed with the statement.

Crosstab Business success * Risk taking					
Business success		Risk taking			Total
		yes	Undecided	No	
Yes		161	00	00	161
Undecided		11	00	00	11
No		21	23	73	117
Total		193	23	73	289



The essential factor for entrepreneurship business is risk taking. For the success of entrepreneurship business majority of the entrepreneurs (i.e. 193) considered that risk is important factor. Responses of 23 were found undecided and only 73 were not agreed with statement. The same results are also shown on bar chart.

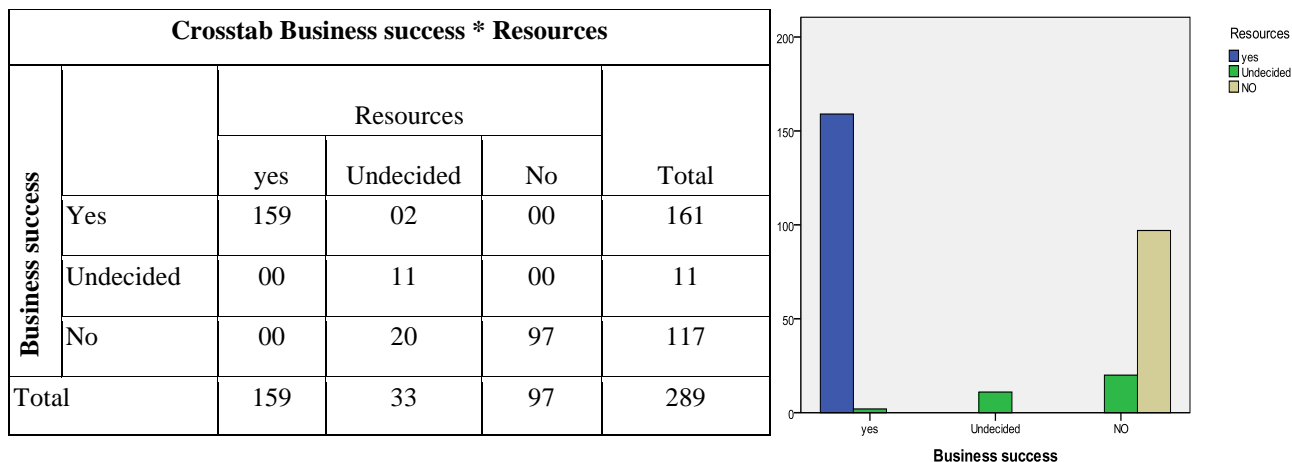
Crosstab Business success * Innovation					
Business success		Innovation			Total
		yes	Undecided	No	
yes		00	00	161	161
Undecided		00	00	11	11
No		43	17	57	117
Total		43	17	229	289



It has been noted from the literature review that innovation play significant role in the success of entrepreneurship business.

Maximum these studies conducted in foreign countries and may be due to culture different responses of respondent for the question “innovation is considered success factor for entrepreneurship business” were found that only 43 agreed with the statement. Responses of 17 were undecided and majority i.e. 229 was found not agreed with the statement.

Bar Chart



The essential element for the entrepreneurship business success is availability and access to resources. In this section business success was cross tabulated with resources. The entrepreneur perception for the said question show that majority 159 respondents were found agreed with the statement. Answered of 33 respondent were found undecided and 97 respondent were found not agreed with the given statement. Their responses are also shown on bar chart.

## Summary and Recommendations

### Summary

The Entrepreneurship contribution in GDP is not ignorable element. This research has been conducted to determine the success factors for entrepreneurship. For this purpose three demographic question (Entrepreneur age, education level and experience) and four component of success entrepreneurship business (Opportunity, Risk taking, Innovation and Resources) were inquire from the respondents. It concluded from the collected data that majority of the entrepreneur between the age group 21 to 30 means initial stage of practical life. Similarly maximum entrepreneur were found hold education up to metric. Research study also found that maximum entrepreneur is well experienced and run this business from last 04 to 08 years. Respondents response for the success factors declared that for the success of entrepreneurship business risk taking is key factor, majority of respondents i.e. 193 considered that risk taking play vital role in the establishing as well as in the success of entrepreneurship business. After it, resources are also not ignorable factor because without sufficient resources entrepreneur unable to establish or run the business, so that 161 respondents marked the resource is significant element for the success of entrepreneurship business. Pakistan is developing country and inflation rate is also increase, so for the success of entrepreneurship business in developing country like Pakistan innovation in not that much important and only 43 respondents acknowledged that innovation is considered success factor for entrepreneurship business the remaining declared that the innovation is not much important. Moreover, the targeted entrepreneur also highlight that opportunities are not ignorable factor and majority respondents (i.e. 131) found agreed with the statement that opportunities is considered success factor for entrepreneurship business. Research study found that if all the success factor are properly harvested than entrepreneurship business also be successful in developing country like Pakistan even that badly damaged by terrorism. It has also found that in Pakistan the entrepreneurship business are not monitor properly. Also have no government support regarding provision of training and new ideas as well as lack of financial support from government side. The policy of financial institutions regarding business loan always demand guaranteed and other formalities which are generally not adhere by common layman. The motivational factors of entrepreneurship business are income increase, boss freedom, independent life, society recognition and family / friends support.

## Recommendations

It is recommended that government need to provide security to the entrepreneurship business and also provide smooth platform for their success. Also encourage them and provide access to international market which lead increase in GDP and also introduce country made articles as well as representing country culture and tradition. Government needs to conduct workshops, seminars and expos which interchange innovation ideas between entrepreneurs and also attract national / international market because entrepreneurship business contribute and strong economic condition of the country, decrease unemployment and inflation rate. It is recommended that financial institutions required to pliable the policy regarding release of loan for entrepreneurship business. Also required establish the fair treatment and vary less percent of interest (profit) may be charged on the loan issued for the entrepreneurship business. It is also recommended that Government required to lunch interest free programs like yellow cab and loan for business etc. which attract youngster to start entrepreneurship business.

It is recommended that entrepreneur needs to be in touch with national / international market and captured / dragged the innovative ideas. Also needs to established union and share their ideas, resources availability, risk eliminating techniques and the tactic to avail the opportunities beneficially. Also encourage family business owners to share their success factors and also helped new budding entrepreneur in this journey. It is also recommended that Government need to support and encourage the young entrepreneur by established quality benchmark and some awards may be introduce as well as awarded to those who achieved this quality benchmark. This will lead to economic growth of the country. This study was conducted it very small level and targeted only transporters of specific area, so its reliability and validity should not be considered in general level. However, it is strongly recommended that conduct systematic research study on this topic with variety of approaches which start from small scale up to large scale.

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