# Developing Entrepreneurial Model for Pakistani SMEs
# A case study on commercial fast-food SMEs

By

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# DEDICATION

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# ABREVIATIONS

| No | Phrase | Abbreviation |
|---|---|---|
| 1 | Academic qualification | ACQ |
| 2 | Access to finance | ATF |
| 3 | Age of Entrepreneur | AGE |
| 4 | Any Other | ANO |
| 5 | Be close to family | BCT |
| 6 | Be my own boss | MOB |
| 7 | Business Experience | BIE |
| 8 | Capital and success | CAS |
| 9 | Corruptions | COR |
| 10 | Creative teams | CRT |
| 11 | Crime and Theft | CAT |
| 12 | Culture and Environment | ECE |
| 13 | Customer database | CUD |
| 14 | Encouragement | ENC |
| 15 | Entrepreneur | ENT |
| 16 | Experience | EXE |
| 17 | Food Business Employment | FBE |
| 18 | Food business self employment | FBS |
| 19 | For legacy | FOL |
| 20 | Freedom | FRE |
| 21 | Gender | GEN |
| 22 | Help from Boss | HFB |
| 23 | Help from family | HFF |
| 24 | Help from friends | HFF |
| 25 | Help from mentor | HFM |
| 26 | Help of Contacts | HOC |
| 27 | Human resource and success | HAS |
| 28 | Increase in income | INI |
| 29 | Innovation | INN |
| 30 | Innovative idea | INI |
| 31 | Invest in training | IIT |
| 32 | Luck | LUC |
| 33 | Marital Status | MAS |
| 34 | Membership | MEM |
| 35 | Mother Tongue | MOO |
| 36 | Networking | NET |

| | | |
|---|---|---|
| 37 | New market | NEM |
| 38 | New product | NEP |
| 39 | Non food Business employment | NBE |
| 40 | Non food business self employment | NBS |
| 41 | Offer discount to vendors | ODT |
| 42 | Offer Financial rewards | OFR |
| 43 | Opportunity | OPP |
| 44 | Others | OTH |
| 45 | Prove I can | PIC |
| 46 | Provide jobs | PRJ |
| 47 | Provided Marketing Training | MAT |
| 48 | Resources | RES |
| 49 | Small and Medium Enterprise | SME |
| 50 | Source is contacts | SIC |
| 51 | Source is family | SIF |
| 52 | Source is friends | SIR |
| 53 | Source is government | SIG |
| 54 | Source is participation in tradeshows | SIT |
| 55 | Success | SUC |
| 56 | Support of government | SOG |
| 57 | Supportive environment | SUE |
| 58 | Tax | TAX |
| 59 | Team | TEA |
| 60 | To have fun | THF |
| 61 | To invest money | TIM |
| 62 | Trained employee | TRE |
| 63 | Use of IT | UOI |
| 64 | Use of past experience | UPE |
| 65 | Vendor database | VED |
| 66 | Weak economy | WEE |
| 67 | Will of Allah | WOA |
| 68 | Years in Business | YIB |
| 69 | Communication | COM |
| 70 | Business started by | BSB |

# ABSTRACT

This thesis has endeavored to develop an entrepreneurial model for Pakistani SMEs. While developing the model, the author has benefited from the experiences of successful entrepreneurs engaged in commercial fast-food sector. The research was conducted through a survey instrument, adopted from the validated questionnaires of the previous research. The instrument included 29 items. This study had a sample size of 257 and these individuals were successful commercial fast-food entrepreneurs. Data collected through survey was statistically analyzed and linear and stepwise regressions were used to test the research hypotheses. The results show that essentially four factors namely culture and environment, resources, innovation and opportunity are main factors of the profitability and business success in this sector. Therefore, favorable synergies ensuring availability of these determinants are required for the promotion and growth of the SMEs which will in turn induce economic growth in economy. It is further argued that seeking economic growth through the growth of SMEs sector is most appropriate strategy given the labor-abundant and capital scarce nature of the economy. The proposed model is analyzed through statistical and econometric techniques. The results so obtained validates theoretical model. The innovation factor turns out to be the most important factor, hence, the study concludes that entrepreneurial success is highly influenced by innovative behavior of the entrepreneurs but being opportunistic, a suitable culture and environment and sufficient resources are also needed for the success of a commercial fast-food SMEs. Extending this result, to the whole SMEs sector, it is maintained that entire entrepreneurial sector could be activated for the benefit of the economy. The results of the thesis are in general in conformity of the other similar studies undertaken in the western countries. It is recommended to conduct similar studies on other Pakistani SMEs sectors by benchmarking this study and the findings of this study must be incorporated in the SMEs policies and guidelines.

# CHAPTER 1: INTRODUCTION

## 1.1. Introduction

Pakistan is 6th largest country in the world in terms of population. It is gifted with substantial amount of natural resources, favorable climatic conditions, abundance human resources both in terms of unskilled, semi-skilled and skilled labor force. Unfortunately, the resources have not been properly used to develop the country so far. The major stumbling block has been application of the Western approach based on capital intensive industrialization. It has led to disastrous consequences to economy as reflected by a situation of mass poverty, huge unemployment and staggering budget and current account deficits causing high level of indebtedness of economy. On the contrary, the most appropriate strategy is following a low-cost home-grown approach through proliferation and promotion of SMEs. The merits of this approach are substantial; it is labor intensive, uses local raw material and technology and income generated in these enterprises favorably affects income distribution in the country.

In spite of the significant favorable role that SMEs can play, the current contribution of this sector is low. SMEs in Pakistan are comprised of 85% of the entrepreneurial sector but its contribution to the GDP is only 7%. Within SMEs sector, fast-food SMEs are growing rapidly in Pakistan but the growth is mostly taking place in Western fast-food franchises. Local fast-food companies are just a few thousands. These local SMEs are constrained to grow. However, a very local few fast-food companies are emerged successfully. Hence, the successful experiences of such SMEs provide an opportunity to investigate causal factors linked to success of such enterprises. Accordingly, an effort is made in this study by developing an entrepreneurial model

for Pakistani SMEs based on an in depth study of successful commercial fast-food SMEs. The proposed model is structured on the experiences of those entrepreneurs who are in the business for at least two years. For this purpose a nationwide survey is conducted and the knowledge so obtained is processed through statistical techniques to validate the proposed model.

## 1.2. The Motivation for the Research

The basic motivation for undertaking this study is that Pakistan is labor-abundant and capital–scarce country. Therefore, the most appropriate strategy for the growth of economy is through the growth of SMEs sector. SMEs output contributes to GDP, increases job opportunities, favorably affects income distribution, reduces poverty level and improves standard of living, In spite of these benefits, this sector has remained dormant in Pakistan mainly due to the policy-bias. Consequently, major section of SMEs sector remains in traditional activities with low level of productivity, poor quality products, serving local markets and with little technological development. Currently SMEs comprised 85% of the entrepreneurial sector and their contribution to the GDP is only 7%. Therefore, there is a need to revitalize this dormant sector through invigorating entrepreneurs in this sector.

Commercial fast-food SMEs segment forms an important part of the entire SMEs sector in Pakistan. This particular segment is rapidly growing but this growth taking place in the Western fast-food franchises and the number of local fast-food SMEs are just a few thousands. The logical outcome of such scenario warrants a deliberate policy-based support for the promotion of the local fast-food industry along with creating an enabling environment for the entrepreneurial growth, expansion and longevity.

Theoretically, quite significant research efforts have been done at the global level on subject of SMEs entrepreneurship and functional and integrative entrepreneurial model of entrepreneurial success have been developed, out of which some have gained wide recognition. But these entrepreneurial models are developed in the western context. In Pakistani context, a very little research work has been done on entrepreneurship in general and SMEs entrepreneurship in particular. Consequently, there is a very small amount of literature available in Pakistani context. This study intends to provide new insight on this subject in the form a model of entrepreneurial success of Pakistani SMEs to promote entrepreneurial education in the country.

## 1.3. The Statement of the Problem

Pakistan, the 6th largest country of the world (174 million) with literacy rate of around 60%, SMEs entrepreneurship is confined to a few business families, operating traditional businesses and in traditional markets (Taha, 2006, SMEDA, 2007). SMEs in Pakistan are comprised of 85% entrepreneurial sector but it contributes only 7% towards the GDP of Pakistan (Mustafa & Khan, 2003). This poor performance is attributed to factors: traditional operations, lack of entrepreneurial acumen, market intelligence and robust business models.

The entrepreneurial environment in Pakistan, in general, is not conducive for the growth and promotion of both entrepreneurial class and SMEs due to particular socio-cultural and economic factors. It has been found that Pakistani's are not socialized to become entrepreneur. The entrepreneurial class is confined to a few business families and most of the entrepreneurs are very small to grow into SMEs. Most of these entrepreneurs lack collateral to obtain finance from formal institutions. In Pakistan, among service sector enterprises, hotel and eating establishments

sector ( employing 5.2 million) has 300-400 thousand small-scale establishments and SMEs are around just a few thousand (Mustafa & Khan, 2003). This entrepreneurial gap in commercial fast- food SMEs is filled by many foreign fast-food franchises as there is an upsurge of foreign food franchises in Pakistan lately. Major international fast-food giants including Pizza Hut, KFC, McDonalds and Dominos are operating in Pakistan (Economic Review of Pakistan, 2007). As a result, Pakistani commercial fast-food entrepreneurs are losing market share to foreign fast-food franchises because of bad or poor management practices, lack of entrepreneurial acumen, market intelligence and business models to compete.

Various studies have been conducted at regional and national levels to establish the factors of entrepreneurial success for SMEs and various entrepreneurial models have been developed. But like many other nations, Pakistani entrepreneurial culture and environment is unique which makes these models irrelevant in Pakistan context. Literature available on Pakistani SMEs is extremely inadequate to make policy (Snage & Nam, 2005) and available management literature on Pakistan business sector is for large corporation (Beaver, 2007). Hence major factors affecting the performance of Pakistani SMEs are unknown. Therefore, in order to capture the true essence of SMEs entrepreneurship in Pakistani context, researchers and academia have a very little to build on despite having a large and growing number data and literature of entrepreneurship in the developed economies. In fact, very little is known about the factors determining success of SMEs. Therefore, there is a great need to investigate what constrains the growth of Pakistani SMEs and what factors promote them. Furthermore, to establish which factors are more important than others. In this context, this study is filling the

gap and undertaking two jobs: to investigate the real factors which influence the success and secondly, to determine which factor contribute most to the success of the Pakistani SMEs.

## 1.4. Research Questions

Essentially this study addresses four questions as listed below:

1. What is the driving force behind SMEs growth?
2. What are the factors of business success of SMEs?
3. What is the inter-relationship between the determinants and how much each of them contributes to the success?
4. What is the most important determent/factor of entrepreneurial success?

## 1.5. Objectives of the Study

The study essentially intends to provide theoretical knowledge on the working of successful entrepreneurs in the commercial fast-food SMEs sector. The knowledge gained from the experiences of such entrepreneurs facilitates in deriving success factors. The sample data obtained through questionnaire process is later on fed into empirical methodology to confirm to what extent these factors contribute to the business success. Accordingly this study wants to achieve these objectives as listed below:

1. The identification of relevant factors of entrepreneurial success
2. Developing of a model of entrepreneurial success based on identified factors
3. Empirical testing of the proposed model of entrepreneurial success

## 1.6. The Significance of the Study

The topic of thesis is being researched for the first time in Pakistan. The focus of the study is on Pakistani SMEs. It analyzes factors of success of SMEs which in term determine growth of SMEs. For this purpose it proposes a comprehensive theoretical model. The proposed comprehensive model is insightful undertaking for the stakes holders in the SMEs sector, academia and policy makers. The thesis is developed out of the information gathered from the successful commercial fast-food SMEs entrepreneurs in Pakistan. The data collection at the national level and its analysis is a new undertaking and it is most likely to be useful for the researchers because such information on this sector is being made available for the first time. For policy makers this study provides a guide map to devise entrepreneurship-friendly polices to facilitate the existing and potential SMEs entrepreneurs.

## 1.7. The Nature of the Study

This is both a theoretical and empirical study. At the theoretical level, it proposes entrepreneurial model consisting of six factors of entrepreneurial success. The demographic data solicited from the participants is comprised of, name, age, mother tongue, experience, academic qualification and gender. This research is intended to examine the relationship between entrepreneurial success and the factors of success. Further the study attempts to sort out the variables which determine these factors. The data is analyzed both through correlation and regression techniques.

## 1.8. Organization of the Study

The rest of the study is organized a follows: Chapter 2 starts with reviewing the concept of Entrepreneurship. Then literature on determining the relationship between entrepreneurship, in particularly, SMEs entrepreneurship and economic growth is critically reviewed. Then some of the most well acknowledged models of entrepreneurial success are discussed to establish similarities and differences of factors proposed in these models. A detail review on the both micro and macro factors of entrepreneurial success of SMEs are presented and summaries of factors identified are presented. Then chapter focuses on development of model of entrepreneurial success by discussing the role of SMEs entrepreneurship in Pakistan and presents the development of model of entrepreneurial success for Pakistani SMEs, parameters of the model and the proposed model of entrepreneurial success. Based on this hypotheses are constructed and the expected relationship between entrepreneurial successes with factors of entrepreneurial success is discussed. Chapter 3 presents the methodology, that is, research strategy used to test the theoretical model of entrepreneurial success developed in preceding chapter 2. The components and variables of factors of entrepreneurial success, development of instrument, the population and the sample are discussed in detail. In chapter 4, results and findings are presented. Then sample demographics, the scale results of each factor and descriptive statistics of all variables for each factor are presented. Then regression analysis is carried out. First, regression models are developed. Second, these models are estimated both at the level of factors and variables and then results are presented. On the basis of these results hypotheses are tested and results are rationalized. Chapter 5 presents: the summary of the study, conclusions, implications and recommendations and suggestions for future research.

# CHAPTER 2: LITERATURE REVIEW

## 2.1. Introduction

This chapter is aimed at reviewing local and international research to identify the factors of entrepreneurial success. The chapter starts with reviewing the concept of Entrepreneurship. Then literature on determining the relationship between entrepreneurship, in particularly, SMEs entrepreneurship and economic growth is critically reviewed. Then some of the most well acknowledged models of entrepreneurial success are discussed to establish similarities and differences of factors proposed in these models. A detail review on the both micro and macro factors of entrepreneurial success of SMEs are presented and summaries of factors identified are presented. The chapter is concluded with the summary of the chapter. The literature review is organized into thematic and cohesive themes to development of theoretical model Based the literature review, a theoretical comprehensive model consists of multistage with an appropriate combination of micro and macro factors and well integrated variables incorporating local context and environment contexts is presented. Later on seven hypotheses to test the model and answer the research questions are proposed. Then expected relationship between the entrepreneurial success and factors is discussed. The chapter concludes with summary.

## 2.2. The Concept of Entrepreneurship

In general, literature on defining entrepreneurship can be divided into three categories: traits, social and process. In trait approach, researchers concluded that need for achievement and power and internal locus of control, risk taking propensity and tolerance for ambiguity are the indicators of entrepreneurship. In social approach, dissatisfaction with previous job or life

experience immigration, ability to form social network and social capital are drivers of entrepreneurship. In process approach, creating and building something of value from practically nothing, the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled are the driving forces for entrepreneurship. Jennifer et al., (2009) argues that entrepreneurship in general is the phenomena to capitalize on identified opportunities or creation of new opportunities through innovation.

## 2.3. Entrepreneurship and Economic Growth

With the spread of capitalism and globalization, entrepreneurship has gained more importance than ever before and there is significant relationship between level of entrepreneurial activity in a country and its economic growth (Wigwam & Venter, 2004 and GEM 2002). Furthermore, level of entrepreneurial activity may account for one third of the variation in national economic growth (GEM, 2002). Empirical research studies concluded there is no better way to provide a broad basis for rapid economic growth than to dramatically increase the number of active entrepreneurs in a society (Mehta, 2009). It is further argued that industrial dynamics, economic growth, job creation, technological innovation and entrepreneurial process are fundamental impulses of economies (Audretsch & Acs, 2003 & Carrie et al., 2002 ) and it argued that entrepreneurship is the engine of economic growth in capitalist societies and an instrument of social transformation in many developing countries (Andreas & Roy, 2007). Furthermore, the amazing economic growth of West owes much to the role of entrepreneurship and these economies are transformed from managed to entrepreneurial economies. In these entrepreneurial economies, entrepreneurship makes a unique contribution to economic growth by permeating knowledge filter and commercializing ideas (Nails et al., 2002; Acs et al., 2004).

In the global economic world, entrepreneurial economies are flourishing due to massive contribution of SMEs and the contribution of a dynamic SMEs sector to economic growth has been widely acknowledged (Blanker & Nielson, 2003). Many authors have pointed out that SMEs contribute: in the GDP as they contribute 30% and 60% of the GDP of many countries (Tustin, 2001, Khurram et al., 2007), in the economic development within a country (Santreli and Vivarelli, 2007), wealth creation (GEM, 2002), job creation (GEM, 2002), innovation and technology transfer, socio-economic transformation (Tustin, 2001) and support during crisis and hardship (Hernan & Lindsay, 2006).

In the Netherlands, SMEs account 98.8% of all private sector companies, contribute 31.6% to Gross Domestic Product (GDP) and employ 55% of total workforce (EIM Business & Policy Research, 1999). In Italy, SMEs contribute to US$35 million in exports and absorb 2.2 million of national labors (Patrianila, 2003). Vietnamese SMEs employ 64% of industrial workforce. In Indonesia, there are 42.4 million SMEs and contribute to 56.7% of GDP, account 19,4% of total export, and employ 79 millions of work force (Blenker & Nielson 2003. Among OECD countries, SMEs represents over 95% of enterprises in most of the countries (Hoang 2006). In the European Union, 98% of enterprises are SMEs, providing 65 million jobs, 66% of the total workforce (Kader & Ibrahim, 2007, Esra, 2007). In the United Kingdom, 99 % of businesses are small businesses, 59% of the nation's employment (Catherine, 2007). In Latin-America, 80-90% enterprises are micro enterprises. Around 80% of employment in Japan and South Korea is based on SMEs (Esra, 2007). In South Africa, the share of the employment located in micro, small and medium sector is high and estimated to around 60%.

However, in many of the developing countries, like Pakistan, significant section of SMEs remain in traditional activities generally with low level of productivity, poor quality products, serving small and localize markets with little or no technological dynamism (GEM 2007). As a result, producing a large group of working poor and their contribution is not of economic significance as in the developed world. In these economies, SMEs has a significant role to play in employment generation (Blawatt K, 2003; Stel & Suddle, 2005), innovation (Bosma et al., 2007), reduction in unemployment (Loomets & Venesaar, 2006).

Based on these findings, it is fair to say that SMEs of developed world are providing a major contribution to GDP, economic development, job creation and innovation and technology transfer while SMEs of developing country are not making significant contribution due to many unknown factors. Furthermore, SMEs entrepreneurship in developing countries can be a major source of alleviating poverty, promote regional trade, investment, technology transfer and source of success for medium and large enterprises. It is agreed that there is a positive correlation between economic growth and entrepreneurship and in particularly SMEs entrepreneurship. Furthermore, entrepreneurship is the major contributor in building and sustaining economic growth.

## 2.4. Models and Factor of Entrepreneurial Success of SMEs

Some of the well acknowledged models of entrepreneurial success are:

### 2.4.1. Models of Entrepreneurial Success of SMEs

Broadly speaking entrepreneurship is based on sociological, psychological and management perspectives. In sociological prospective, entrepreneurship is likely to get a boost in

a particular social culture as society's values, customs, traditions and beliefs influence and shape the behavior of an individual. In psychological prospective, entrepreneurship flourishes in a society which has greater number of people with psychological characteristics, that is, need for achievement, vision, ability to face rejections and oppositions. Management prospective of entrepreneurship takes in account social and psychological prospective and divides entrepreneurship into individual and environment contexts. This prospective is best argued by Kuratko & Hodgetts (2002) who stats that the individual prospective is referred to as micro factors and environment context is referred to as macro factors of entrepreneurship or entrepreneurial success. In micro factors prospective, the focus is on the individual: traits, opportunistic and strategic approach. In macro factors prospective the focuses is on macro environment: capital, business knows-how and other environmental factor.

Some of most acknowledged models of entrepreneurship are discussed here.

The first model reviewed for this study is of Zafar (1983) who proposed "An Indigenous (Indian) model on Entrepreneurial Success". This model argues that entrepreneurship development is dependent on entrepreneurial traits (Et), opportunity (Op), skills (Sk), project report (Pr), finance (F), infrastructure (If) and environment (En). Each of these factors is further divided into variables and these variables are given in table below.

Table 2.1 Indian Model of Entrepreneurial Success

| No | Component | Subcomponents |
|---|---|---|
| 1 | Et | Problem solving, High inspiration, Initiative, Planning, Environment searching, Self concept, Need for achievement, Risk taking and promotional identifying efforts. |
| 2 | Op | Availability of projects to public, training on opportunity search and opportunity evaluation |
| 3 | Sk | Technical, Commercial, Managerial and action plans |
| 4 | Pr | Ready projects, counseling on project preparation |
| 5 | F | Conventional finance, own and need based, |
| 6 | If | Land, Power, water, road, transport, basic amenities and shed |
| 7 | En | Government policies, Promotional institution, economics, social cultural and administration |

This model is based on the economics and psychology of the entrepreneur and social environment. Despite it is a very old model but it is build in Indian context and therefore it is relevant to this study. This model lacks is based on some of fundamental micro factor such as entrepreneurial motivation, vision, strategic planning and innovation and further the some of the most important macro factors such team, entrepreneurial culture and entrepreneurial network is not included.

The second model is of Timmons (1989) who proposed "Timmons Model of the Entrepreneurial Process" The factors of this model are the entrepreneur, the founding team, the opportunity, and the resources. Simplistically, Timmons model is normative. The key ingredient is the entrepreneur; however the model recognizes the fact that the activity of entrepreneurship is too diverse to be preformed by one man and states that three different characteristics required are: the thought man, the man of action and the front man. Further if the entrepreneur has the

right team members, then he or she will deliberately search for opportunities and upon finding the right opportunity the entrepreneur seeks the resources to make this opportunity a commercial success. This model focuses on the fit and balance among these forces of entrepreneurial success and this is integrated and holistic model.

However the focus of the model of individual context of entrepreneurship and environment context is not incorporated comprehensively. In particularly the local cultural and network factor are not included. His model is shown in figure given below

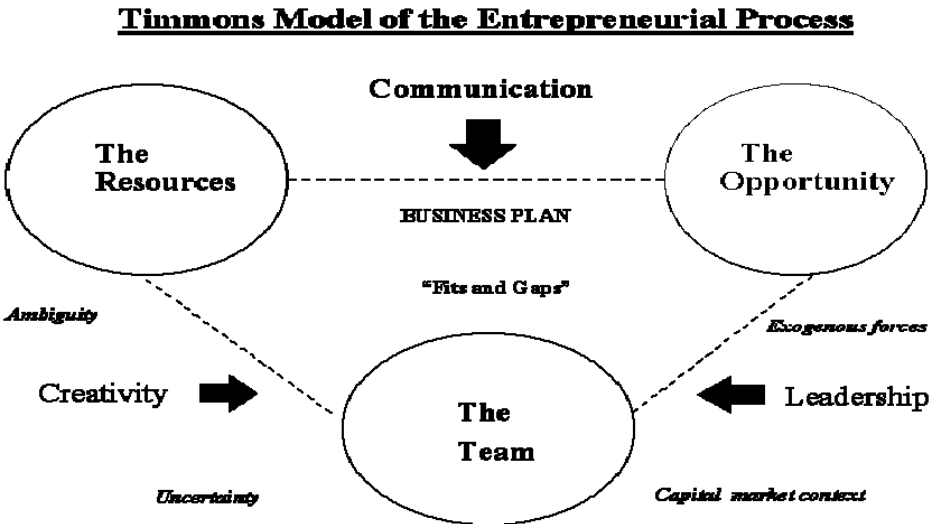


Figure 2.1 Timmons Model of the Entrepreneurial Process

The third model review is of Rauch and Frese (2000) who proposed "General Model of Entrepreneurial Success". This model is based on the Giessen-Amsterdam model of entrepreneurial success. This is an interdisciplinary model and it is a comprehensive model, however it has controversial implications if the arrows in the model are viewed. However this

model focuses on the facts that there is not success without actions and concept of action is central to the model. Well thought strategies and tactics of action are the hurdles through which entrepreneurs has to grow through to be successful. In other words, planning and decision making are the key factors of success and the model assumes that the market is made up of actors who have goals and ideas how to proceed with opportunities.

This model does not consider the effect of environment which contributes to success of the enterprise. Hence, this model focuses more on the individual and less importance is given to environmental context of entrepreneurship. This model is given below.

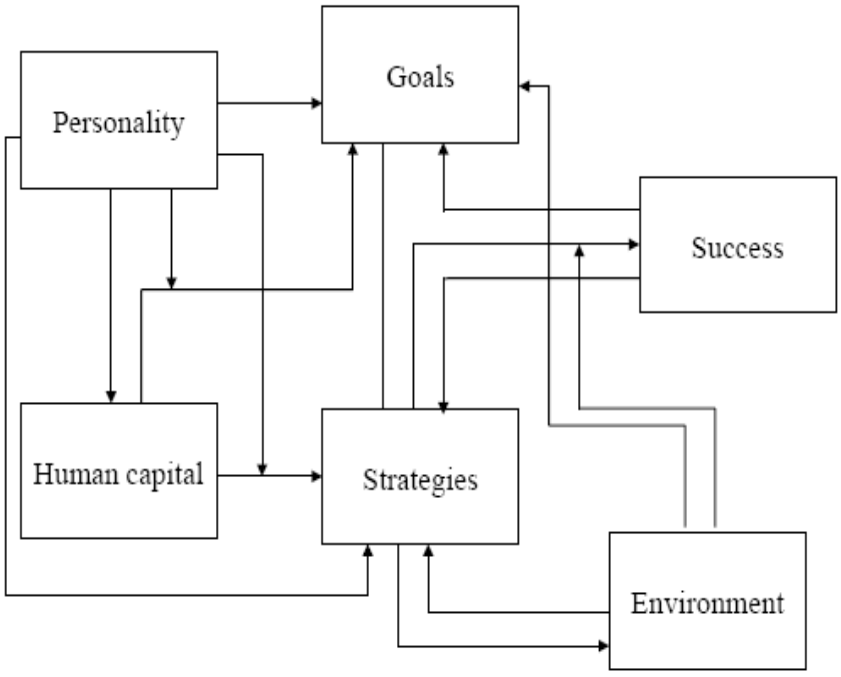


Figure 2.2 General Model of Entrepreneurial Success

The fourth model reviewed is the very famous model of Morris et al. (2005) and it is called "An Integrative Model of Entrepreneurship". This is based on the concept that entrepreneurship is a result of interactions among a number of factors: process, entrepreneur, environment, business concept, resources and organizational context. This model uses a layer approach to explain each factor. The first layer identifies six critical factors of entrepreneurship and each factor represents a collectivity exhaustive set of factors which are important for the occurrence of an entrepreneurial event. His model is shown below.

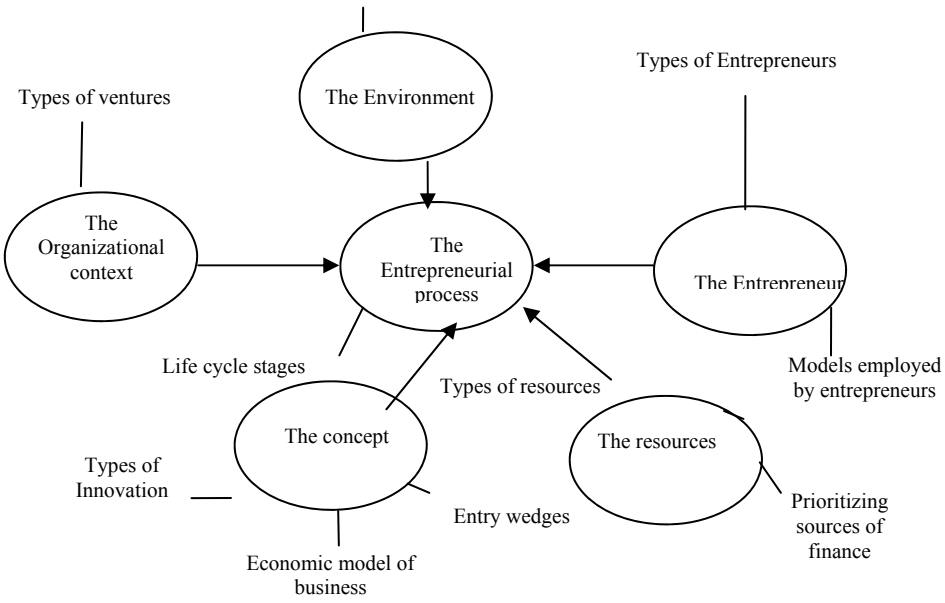


Figure 2.3 An Integrative Model of Entrepreneurship

This model is comprehensive but it has limited depth. For example, the factor of entrepenur is not fully explored and it is just included in the model. In other words, this model is

exactly opposite to the Timmon model of the Entreperneurial Process one factor, entreprenerur dominates.

The fifth model reviwed is of Wickham (2001), who proposed "Wickham Model of Entrepreneurial Performance". According to this model the entrepreneurial performance improves if the entrepreneur has better know-how of the industry in which the firm operates in, management and interpersonal skills and has entrepreneurial motivation to make the firm successful. This model considers administrative and interpersonal skills as key factors of improvement of the entrepreneurial performance and ignores the commonly discussed attributes of entrepreneur: innovation, entrepreneurial mindset and etc. However, the entrepreneurial motivation is considered. Hence, this model does not include micro factors comprehensively. Similarly, from macro factors prospective, the model includes only one macro factor. Therefore, this model is not a comprehensive model to be used as benchmark to develop the best model for entrepreneurial success.

The sixth model reviewed is of Erikoson (2002) who proposed "The Entrepreneurial Capital Model" and this model argues that performance of an entrepreneurial venture is linked to entrepreneurial competence, commitment and motivation. The competence is referred to the ability of the entrepreneur to identify and select the right opportunity and level of commitment entrepreneur shows toward the venture. The model also argues that level of entrepreneurial motivation is also important for the healthy performance of the venture. In other words, key success factors are based on the individual context and environment context is not taken into to consideration

The seventh model reviewed is of Hisrich and Peters (2002) who proposed "Model of Entrepreneurial Process". It is an interdisciplinary model, as it takes into consideration most area that has been studied in entrepreneurship research and considers the personal, sociological and environmental factors. Further each factor is represented by relevant variables. The model has four stages: innovation, triggering event, implementation and growth. Each stage requires certain inputs and variables and some of the variable are required at more than one stages. However, this model clearly has some controversial implications if one looks at some of the arrows. For example, commitment is not just needed at the Triggering event states but it is required at all stages. This model is given below in

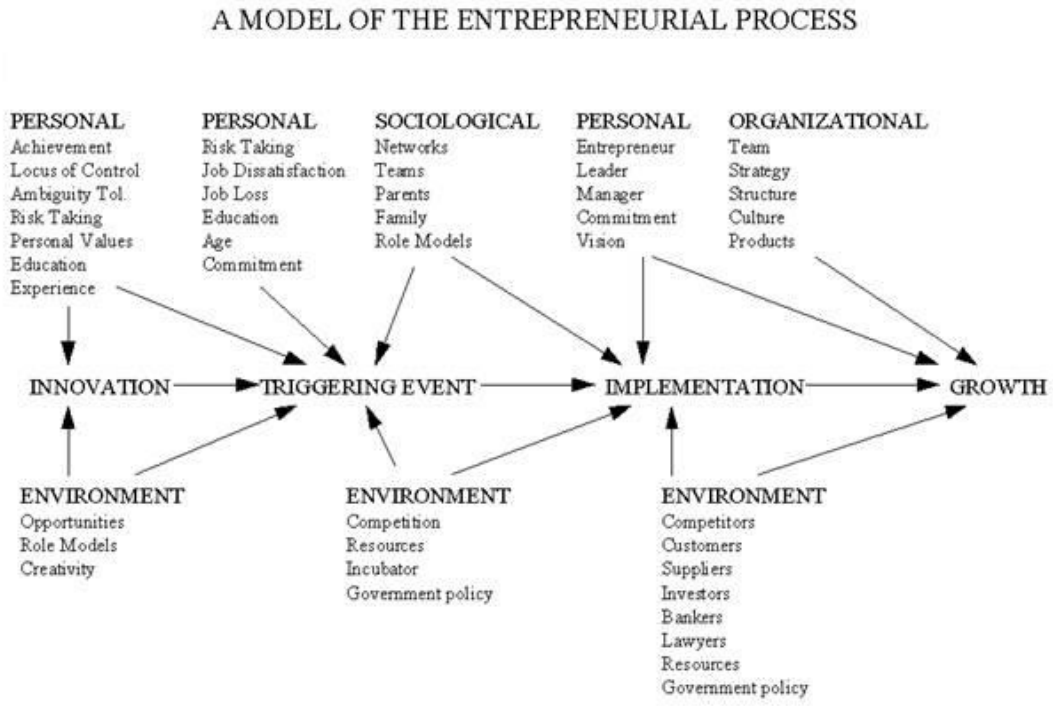


Figure 2.4 A Model of Entrepreneurial Process

The eight model reviewed is of Kumar (2007) who proposed "The Conceptual Model of Entrepreneurial Success". His model is based on Bilijan (2002) position that explaining entrepreneurial success would require explaining three phenomena: willingness to start enterprise, identifying opportunities and success of the enterprise. The willingness is to start an enterprise is determined by the pulls and pushes that an individual faces. The push factors are: job dissatisfaction, job loss, unemployment, career setbacks, saturation in the existing market, language, immigrant status, deprivation, low family income and lack of flexibility in the previous job. Pull is based on the amount of opportunities which surrounds the entrepreneur. Identification of an opportunity is attributed to the creativity of a person to identify the right opportunity. Creation of an enterprise is referred the intelligence to keep the business afloat and it is combination of practical, analytical and creative intelligence. The model is based on psychological and sociological theories as it assumes that information creation and management along with emotions are the heart of entrepreneurial decision-making. This model is more focused on the individual context of entrepreneurship less importance is given to the environmental context. Further this model is relatively new and it is conceptually proposed and yet to be empirically tested. However, this model provides a fresh perspective. It claims novelty because as it includes some factors which has not be previously included. All factors mentioned in all of the above models are summarized based on individual and environmental contexts are shown in Appendix A.

Apart from these models, in general, researchers agree that entrepreneurial success is attributed to personal characteristics and managerial characteristics. Personal factors (micro factors) of entrepreneurs are creativity and innovation, risk taking orientation, leadership, good human relations, positive attitude, perseverance and commitment. Managerial success factors

(macro factors) are planning, knowledge of competitors, mainly market orientated, client service, high quality, financial insight and management, knowledge and skills and use of experts (Page, 2001). Furthermore entrepreneurship: is regional, temporal and strategic phenomenon which alters according to its operating environment, could not be replicated across countries (Acs et al, 2004; Sadler, 2008).

The critical review answers four questions; first what type(s) of factors should be included, second, what should be the composition of the factors and third, what is the ideal number of variables to represent a factor to build a comprehensive model of entrepreneurial success and fourth, type of model. The model reviewed and discussed above show that both types of factors: micro and macro factors, i.e., individual and environment contexts are necessary to build a comprehensive model. Therefore, it can be argued that neither the micro factors alone nor macro factors can explain entrepreneurial success. Hence, the actual root cause of success may lie in the combination of different micro and macro factors within which an enterprise operates. To answer the question what sort of combination of these factors should a comprehensive model of entrepreneurial success contain? Critical analysis of the model discussed above reveals that in order to build a comprehensive model both micro and macro factors are included in fair balance proportion. For example, Indian Model of Entrepreneurial Success and Model of Entrepreneurial Process have fairly balanced number of both micro and macro factors. The third question is how many variables should be representing a factor? This is where local context comes into play. Maximum variables are integrated to represent a factor to a particular cultural context are needed to truly represent a factor. Some of most comprehensive

model used multistage approach to capture the factor of success and therefore, model should be of multistage.

Therefore, it can be established that an ideal model of entrepreneurial success is multistage, comprises of both types of factors in an appropriate combination and each factor is represented optimal number of variables incorporating local context. Hence, a theoretical comprehensive model consists of multistage; an appropriate combination of micro and macro factors; well integrated variables incorporating local context is needed to provide direction for this research.

## 2.5. Factors of Entrepreneurial Success of SMEs

The literature on the subject of factors of entrepreneurial success can be segmented into two main areas: micro and macro factors based on different concepts of entrepreneurial school of thoughts explained earlier.

### 2.5.1. Micro factors of Entrepreneurial Success

Considering entrepreneur is the key in the economic system. Micro factors focus on individual. Some of the micro factors associated with entrepreneur are identified as ability to communicate well (Chandan & Junejo, 2007), creativity ( Brett et al., 2006), decision making (Carland & Peter, 2000; Bird, 2001), energy and capacity to work ( Thomas and Muller, 2000), higher level of education, previous entrepreneurial experience (Bolton & Thompson, 2000), initiative ( Pratt, 2001), innovation ( Mueller & Thomas, 2001), leadership ( Stephanie & Patricia, 2005 ), opportunity alertness ( GEM, 2002), optimists (Bilijan, 2002), perseverance (Chandan & Junejo, 2007), risk taking propensity (Thembas et al., 1999), self confidence (

Rwigema & Venter, 2004), self efficacy (Markman & Bilijan, 2002), self esteem (Pretorus et al., 2005), strategic planning, drive for independence, innovative orientation, attitude towards risk (Frese, Brandjes & Hoorn, 2002; Peter, 2007), time management skills and tolerance of ambiguity (Morris and Zahara, 2000).

Mark and Kickul (2008) argues that innovation is the most important success factor as in an environment of information asymmetries, intense competition and changing market conditions, a variety of innovation practices and processes assist entrepreneurial firm to increase their overall performance. According to Mark and Jill (2004), innovation, foundation of entrepreneurship, begins with creativity. Peter F. Drucker (1985) goes all out for innovation and declares it is the most important ingredient in the success of venture and supports "Creative imitation" for developing economies. Creative imitation is: if someone develops product/service in one economy (parent economy) and it gets replicated in another economy (parasite economy), this imitation is creative imitation as long as product/service produced in parasite economy does not capture market share of the parent economy.

Ardichvili, Cardoz & Ray (2003) stated that identification of opportunities is the most important abilities of a successful entrepreneur. Knowledge gained from various sources such as training or personal experience and through formal and information sources can help an entrepreneur to be innovative which in turn enables entrepreneurs to seize opportunities (David, 2004). Leadership is also another pertinent factor that contributes significantly to business success (Cone, 2007; Han & Meer, 2007). Entrepreneurial motivation is another factor of success. There are different entrepreneurial motivations including: generating income, creating

jobs, supporting family and friends and many other deep psychological motives (Swinney and Runyan, 2007).

Since literature on micro factors of entrepreneurial success of Pakistani SMEs is somewhat limited, therefore, reliance on similar studies from other countries and regions of world is necessary. Some of micro factors of entrepreneurial success identified in others countries are: in Canada and the USA, entrepreneurial values, managerial skills and interpersonal skills, an effective budget system, experience, education and a simple organization structure (Sternier & Solem, 2009). In Jamaica, management, planning, budgeting and marketing (Huck & KeEwen, 1991), in Ghana and Majorena, hard work (Chu, Bensin & McGee, 2007), in Pakistan, hard work, good customer service and good product quality (Khan,2006), in Romania, a reputation for honesty and good customer service (Benzing et al., 2005), in South Pacific islands, good management skills and personal qualities (Yusuf, 1995) and in Vietnam, customer friendliness and good product at a good price (Benzing Chu & Callahan, 2005).

Ajay and Lucky (2008) also summarized that the entrepreneurs with higher education level and experiences have greater chances of success (Rose et al., 2006). Mehralizadeh and Sajady (2006) have also stated that the success of the business depends on the socio-economic factors such as education, skills and training. David (2004) states that high level of education, role model, ownership of the business are some of the major factors to growth revenue in the small business. Hence higher level of education is associated with higher chance of success for an enterprise. The micro factors of entrepreneurial success identified are listed here in table below.

Table 2.2 List of Micro Factors of Entrepreneurial Success

| No | Micro Factors |
|---|---|
| 1 | A reputation for honesty |
| 2 | Ability |
| 3 | Ability to communicate |
| 4 | Achievement |
| 5 | Age |
| 6 | Attitude towards risk |
| 7 | Business skills |
| 8 | Creativity |
| 9 | Customer friendliness |
| 10 | Decision making |
| 11 | Drive for independence |
| 12 | Education |
| 13 | Energy and capacity to work |
| 14 | Entrepreneur |
| 15 | Entrepreneurial traits |
| 16 | Gender |
| 17 | Good customer service |
| 18 | Good management skills |
| 19 | Good product quality |
| 20 | Hard work |
| 21 | Higher level of education |
| 22 | Initiative |
| 23 | Innovation |
| 24 | Learning |
| 25 | Management Skills |
| 26 | Motivation |
| 27 | Opportunistic |
| 28 | Opportunity |
| 29 | Optimists |
| 30 | People skills |

| | |
|---|---|
| 31 | Performance motivation |
| 32 | Perseverance |
| 33 | Personal autonomy |
| 34 | Personal motivation |
| 35 | Personal skills |
| 36 | Personality and Goals |
| 37 | Planning & budgeting |
| 38 | Previous experience |
| 39 | Project report |
| 40 | Risk taking |
| 41 | Self confidence |
| 42 | Self efficacy |
| 43 | Self esteem |
| 44 | Strategic planning |
| 45 | The team |
| 46 | Time management skills |
| 47 | Tolerance of ambiguity |
| 48 | Work Experience |

In Pakistan context there is little research done to establish what really contributes in the success of an enterprise and micro factor identified through previous studies are: hard work, good customer service and good product quality. These factors do not give any clear picture as and also show the poor level research conducted in Pakistan in this domain. Intuitively, there are many other factors of entrepreneurial success in Pakistani context such as age of the entrepreneur, ethnic and family background, personal contacts and social status which are perceived to be the factors of success as well. Therefore there is need to test these factors as well. Similarly micro factors identified in western context as mentioned in above table help us understand what is need to be measure in Pakistani context. Hence no study comprised of comprehensive list micro factors in Pakistani context is conducted so far.

### 2.5.2. Macro Factors of Entrepreneurial Success

The macro factors determine overall environment within which enterprise operates. These factors provide opportunities, threats, information affecting all entrepreneurs within the environment. Chandan & Junejo (2007) listed these factors as socio-demographics, markets, culture, economic, political, legal, productive, technological, infrastructure and other physical factor of particular environment. Furthermore, these factors are not controllable and the success of the SMEs often depends on the management's ability of the entrepreneur (Dibie 2001). Some of the macro factors identified are: culture and environment conditions (Chu, Benzing & McGee, 2007; Chu & Callanan, 2005; Benzing et al., 2003), management team and focus on markets (Ghosh & Liang, 2001), distinctive capabilities, organizational structure, technology, organizational culture and firm characteristics (Dibie, 2000), state of national economy (Bilijian, 2002), inflation (Viviers et al., 2001), interest rate (Charles, 2008), taxation ( Roberston et al., 2003, appropriate trade, labor, investment and tax policies (Casson 2005), access to public infrastructure services (Casson, 2005), access to labor markets ( Shane & Venkatarman, 2000), access to economic resources (Connie & Jerome, 2002), crime and theft (Tustin, 2001), culture (GEM, 2002), role models ( GEM, 2007),

Since literature on macro factors of entrepreneurial success of Pakistani SMEs is somewhat limited, therefore, reliance on similar studies from other countries with help us understand what are some of macro factors identified in west which can be tested in Pakistani context. Some of macro factors of entrepreneurial success identified in others countries are: in Canada and USA, environmental characteristics, i.e., interest rate, taxes and government assistance (Sternier & Solem, 2009), in India, third party assistance, encouragement by family

and friends Raman (2004), in Kenya, access to capital (Pratt, 2001), business connections (Khan at el., 2007), in South Pacific islands, access to financial and satisfactory government support (Yusuf, 1995) and in OECD, technological, economic, institutional and culture, political-legal, macroeconomic, socio-cultural, technological, demographic and competitive environment, i.e., customers, suppliers and competitors play a key role in the success of an enterprise. Societies that legitimize entrepreneurship provide a supportive entrepreneurial environment, which in turn is perceived by individuals as such and reinforces their entrepreneurial inclinations.

An entrepreneurial culture is often a characteristic of industrial clusters and networks that create new knowledge, drive technological innovation, and compete at the international level (Tallman et al. 2004). According to Rachel (2005), there are five cultural indices including power distance, uncertainty avoidance, individualism, masculinity, long term and short term orientation and concluded that power distance and uncertainty avoidance are positively related with rate of entrepreneurship. Government support for entrepreneurial activities are also a very important factor as Temtime & Pansiri (2004) argued that the governments and private enterprises of developing countries doing a lot to support SMEs but inflation, interest and exchange rates are negatively influencing these efforts.

According to Watjatrakul (2005), resources both strategic and non strategic are important for the success of a firm as strategic resources enable organizations to sustain competitive advantage. If the resources are valuable, rare, imperfectly imitable, and non- substitutable, these are considered strategic to the firm. According to Claudia et al. (2004) success of entrepreneurs is influenced by form of formal and informal support.

Formal support comes in the form of financial, technology, and strategic partnerships or industrial contacts. Informal support may come from personal and community-based networks (Linda et al., 2003). Role of kinship, ethnicity and territorial background, which brings the entrepreneurs closer to each other, and consequently becomes barriers to entry for others, who are not from the group is also a very important macro factor of success.

The list of the macro factors identified is list in table given below.

Table 2.3 List of Macro Factors of Entrepreneurial Success

| No | Macro Factors |
|---|---|
| 1 | Access to capital |
| 2 | Access to economic resources |
| 3 | Access to labor markets |
| 4 | Access to public infrastructure services |
| 5 | Appropriate trade and labor laws |
| 6 | Business age |
| 7 | Business Plan |
| 8 | Business Planning |
| 9 | Business resources |
| 10 | Capital access |
| 11 | Capital source |
| 12 | Competitive |
| 13 | Competitive environment |
| 14 | Crime and theft |
| 15 | Culture |
| 16 | Culture and environment conditions |
| 17 | Distinctive capabilities |
| 18 | Encouragement by family and friends |

19 Environment
20 Finance
21 Financial & government support
22 Formal and informal support
23 General environment
24 Government assistance
25 Government support
26 Human capital
27 Industry knowledge
28 Inflation
29 Information access
30 Infrastructure
31 Interest rate and taxes
32 Investment and tax policies
33 Management team and focus on markets
34 Marketing
35 Networks Government
36 Operations
37 Organization
38 Organizational culture
39 Organizational structure
40 Origin of enterprise
41 Resources
42 Role models
43 Role of kinship & ethnicity
44 Size of Operations
45 Social Network
46 State of national economy
47 Strategies
48 Technology
49 Third party assistance

In Pakistan context there is little research conducted to establish what really contributes in the success of an enterprise and macro factor identified in business connections. Intuitively, there are many other macro factors of entrepreneurial success in Pakistani context such as such entrepreneurial communities, informal groups and highly organized informal entrepreneurial markets. Similarly macro factors identified in western context as mentioned in above table help are understand what needs to be included in the model keeping in mind the local context. Hence no study comprise of comprehensive list macro factors in Pakistani context is conducted so far as well. Researcher has identified some other reasons for not being to capture the true determinants of entrepreneurial success and these are: selection of few and limited number of factors of success, entrepreneurial characteristics required to launch a business are not those required for its growth, therefore, the role of entrepreneur change with business cycle. Hence, the factors may be different for start up, early or mature business (Catherine, 2007).

The summary of the identified factors establishes that this list of factors is not comprehensive as there are local factors as mentioned earlier which are not included in the earlier studies. Hence the forgoing studies have not looked into particular entrepreneurial factor which case business success in Pakistani context. For example, the impact and influence of entrepreneurial communities and informal business groups, highly organized informal entrepreneurial markets, age of the entrepreneur, ethnic and family background, networking with entrepreneurial communities, social status of the entrepreneur, opportunity source and etc.

## 2.6. Role of SMEs Entrepreneurship in Pakistan Economy

In Pakistan, 85% of private enterprises are SMEs which employee 78% of non agricultural workforce but these enterprise are engaged in traditional businesses with little or no technological dynamism causing low level of productivity and poor quality products. Consequently, sales revenue and profits remains low and, therefore, are stuck in low–productivity equilibrium and their contribution to the GDP is only 7%. Within SMEs sector, fast-food SMEs are growing rapidly in Pakistan but the growth is mostly taking place in Western fast-food franchises and a very local few fast-food companies are emerged successfully.

These SMEs form an important part of the private sector activities which is driven by profit motives. Intuitively, educating the workforce, provision of socioeconomic and regulatory environment should facilitate the growth and success of SMEs. Further there is need to educate the existing and potential entrepreneurs about the factors that may be necessary for the success of enterprise. Hence, there is great need to conduct an in-depth study to identify the factors of entrepreneurial success of commercial fast-food SMEs. An indigenous entrepreneurial model encompassing the relevant and effective factors of entrepreneurial success is essential for the growth of Pakistani commercial fast-food SMEs. Therefore, in this context this study is addressing the question of developing an entrepreneurial model of entrepreneurial success for Pakistani commercial fast SMEs.

## 2.7. Towards the Development of Model for Pakistani SMEs

A model is logical structure that explains underlying realities of certain phenomenon in systematic fashion. Model building in the field of sciences is difficult because a social phenomenon is affected by so many implicit and explicit factors what are handed to

conceptualize and building an entrepreneurial model is even more difficult as this phenomenon manifests in different forms and in affected by the interactive role of local, national and international factors. Additionally, an entrepreneurial model is constrained by social values and policies and procedure of government. Within this setting, an effort is being made to develop an entrepreneurial model for Pakistani SMEs.

Before laying out the design of the model, it is essential to point out that focus of thoughts is on explaining the phenomenon of entrepreneurial success of typical SMEs. The entrepreneur of this form is looking for business success. Given in the Pakistani context we face a monopolistic market both on the product and resources sides. The existing situation in this sector is that a few families, since independence of Pakistan have come to monopolize the business sector and more particularly in fast-food SMEs. To worsen the monopolistic trends, international companies like Pizza Hut, Macdonald, KFC and etc have established their network. Aside from policy-bias from the public sector, those SMEs firms outside international franchises, established by Pakistan business families face credit constrain as well as constraints of technology, information and training.

Working within the above setting a typical SMEs firm pursues the goal of business success by optimal combination of factors of production. The decision relating to what product to produce and how much to produce and at what location to produce are made in the light of market signals. It is essentially a private concern. It is the researcher hunch that many firms in such circumstances may be dying and new firm may be emerging. After highlighting preliminaries, we now proceed towards the development of the model. Development work requires first to specifying what this model wants to explain and second to proposing the factor

or parameters that explain it. This study wants to explain the phenomenon of entrepreneurial success. It is therefore in order to define the concept of entrepreneurial success.

### 2.7.1. Entrepreneurial Success

Success: a favorable or desired outcome or favor or eminence. From an entrepreneurial prospective it may to be to survive or remain in business, gain in market share, sales growth, profitability, cash flow and fulfillment of the entrepreneur's economic or social or political or personnel or partial and full combination of these aspirations. Hence entrepreneurial success could be tangible outcomes such as market share, sales growth, profitability and cash flow or intangible outcome, that is, the fulfillment of the business owner's specific social, political or personal aspirations of the entrepreneur. For this study the definition of successful business is one which is operating profitably for at least two years.

### 2.7.2. Parameters of the Model of Entrepreneurial Success

This study is proposing a model of entrepreneurial success to capture the factors of entrepreneurial success of Pakistan SMEs. This model is based on prospective of entrepreneurial success of Kuratko & Hodgetts (2002) which consists of individual context referred to as micro factors and environment context referred to as macro factors of entrepreneurship or entrepreneurial success. In micro factors prospective, the focus is on the individual: traits, opportunistic and strategic approach. In macro factors prospective the focuses is on macro environment: capital, business knows-how and other environmental factor. Based on this, the proposed model of entrepreneurial success consists of six major factors of entrepreneurial success including entrepreneur, innovation, opportunity, culture and environment, network and resources. In this proposed model of entrepreneurial success, entrepreneur, innovation and

opportunity are micro factors and network, culture and environment and resources are macro factors. Each factor is further decomposed into components. Each component is represented by a group or groups of variables. Each proposed factors is major ingredient in the success of SMEs. These factors are identified by reviewing similar studies conducted in other countries with similar objectives and researcher's hunch.

Clear and precise definitions are used to clarify and elaborate the specific contextual meaning of the terms and concepts used throughout the study. The intended meaning and detailed description of each factor and term has raised the understanding of the terms and concepts used. The factors, parameters, terms and concepts of significance are discussed here in the following section.

#### 2.7.2.1. The Entrepreneur

Entrepreneur is an individual who is motivated by the joy of creating, getting thing done, and exercising one's energy, make more money, freedom, autonomy and ingenuity to conquer something and etc. Further entrepreneur has the ability to recognizes an opportunity, tolerance for ambiguity, creativity and earns rewards, builds and manages teams, thinks persist with plan, Entrepreneur is someone who starts a venture to make it in a very competitive market, creates and innovates to build something of recognized value around perceived opportunities, generates value through creation or expansion of economic activity by identifying and exploiting new products, processes or markets. Hence an entrepreneur is collective synthesis of motives, characteristics and functions which can be summarized in Table given below.

Table 2.4 Motives, Characteristics and Functions of Entrepreneur

| No | Category | Functions |
|---|---|---|
| 1 | Motives | profit, wealth , social advancement, distinction and creativity |
| 2 | Characteristics | experience and knowledge, risk bearing |
| 3 | Functions | organization, coordination, uncertainty bearing, innovation, exploitation of profit and opportunities, coordination of production |

For this study entrepreneur is a person who has great attitude, entrepreneurial motivation, vision, maturity to create the venture. Therefore, the factor of entrepreneur (ENT), a micro factor, is characterized by three components: entrepreneurial motivation, experience and vision. Entrepreneurial motivation refers to different motivations to endure an entrepreneurial venture. The entrepreneurial motivation could be internal, i.e., to prove that he/she can be an entrepreneur, or external, i.e., to gain freedom from employment, to leverage from professional experience, to leave a legacy for others, to make more money or just to invest money. The experience refers to the entrepreneur's age and vision refers to the ability to plan for long term and to have a clear strategy to ensure survival and expansion of expansion.

The variables capturing the factor of entrepreneur (ENT) are therefore capturing the three aspects of the entrepreneur's personality, i.e., his vision, motivation and age and other micro aspect such as innovation behavior, being opportunistic, resource fullness, market savvy and etc are captured through other micro and macro factors proposed in the model. The variable for the factor of entrepreneurs along with respective abbreviation are shown in Table given below

Table 2.5 Variables of Entrepreneur Factor

| No | Variables | Abbreviations |
|---|---|---|
| 1 | Age of Entrepreneur | AGE |
| 2 | Be close to family | BCT |
| 3 | Be my own boss | MOB |
| 4 | Discount to vendors | ODT |
| 5 | For legacy | FOL |
| 6 | Freedom | FRE |
| 7 | Help from friends | HFF |
| 8 | Increase in income | INI |
| 9 | Leverage on experience | UPE |
| 10 | Marketing Training | MKT |
| 11 | Prove I can | PIC |
| 12 | Provide jobs | PRJ |
| 13 | To have fun | THF |
| 14 | To invest money | TIM |

### 2.7.2.2. The Opportunity

Entrepreneurial opportunity: a favorable or advantageous circumstance or suitable occasion or time to create value in existing venture or a breakthrough emerge out of either entrepreneur's internal disposition, i.e., entrepreneur's own innovation and creativity or is due to entrepreneurial environment which surrounds the entrepreneur. Hence, getting to the right opportunity is dependent of the how smartly an entrepreneur seeks opportunities intelligent and further how resourceful entrepreneur is the get to the right source, i.e., the right environment. Hence, for this study, opportunity is basically the opportunity intelligence, i.e., the ability to locate the right source of the opportunity from a wide variety of opportunity sources and then the selection of the right opportunity from the selected source.

Therefore, opportunity factor, a micro factor, is characterized primarily by being able to locate the right opportunity by explore the right sources of opportunities. In Pakistan, entrepreneurs, organizations and associations with entrepreneurial opportunities are very

reluctant to share information about opportunities. Moreover, there is lack of formal entrepreneurial platforms for budding entrepreneurs to explore what opportunities are out there to choose from. The opportunity source refers to ability to select the right source of opportunities. Sources of opportunities are either formal or informal. The formal sources are government and participation in tradeshows and informal sources are family, friends and personal contacts. The variables along with respective abbreviations capturing the factor of opportunity are shown in Table given below.

Table 2.6 Variables of Opportunity Factor

| No | Variables | Abbreviations |
|---|---|---|
| 1 | Source is contacts | SIC |
| 2 | Source is family | SIF |
| 3 | Source is government | SIG |
| 4 | Source is friends | SIR |
| 5 | Source is participation in tradeshows | SIT |

### 2.7.2.3. Innovation

Innovation: introduction of something new or new idea and method begins with creativity. Like many business functions, innovation is a management process that requires tools, rules and discipline. However, innovation in developing economies, like Pakistan, at times, is based creative imitation. Creative imitation is replicating a product/service for an economy for which the original product is not intended to make for and replica is not market to the original market. For an enterprise to be innovative, a compete innovation mechanism consist of top management buy in, budget, communication, rewards, dedicated innovative team, collaborative innovation tools, effective evaluation system and wiliness to innovative ideas is required. For this study, innovation is defined as introduction of new product or services or markets through

creativity based on the creativity teams and reward systems. Some of the examples of local fast food innovative products are balti ghost, fried dall and mughrah chinay.

Innovation factor, a micro factor, is characterized primarily by two components: innovation system and innovation competence. Innovation system refers to the importance entrepreneur gives to establish to innovation process and culture which encourages innovation. Innovation competence refers to the ability to exhibit action and plans to active involvement in innovation by planning to develop a new product or market for the venture. This is further demonstrated by taking initiative and action to encourage innovation among staff by formally recognizing and rewarding creativity and innovation. The variables along with respective abbreviations capturing the factor of innovation are shown in Table given below.

Table 2.7 Variables of Innovation Factor

| No | Variables | Abbreviations |
|---|---|---|
| 1 | Creative teams | CRT |
| 2 | Innovative idea | INI |
| 5 | New market | NEM |
| 3 | New product | NEP |
| 4 | Use of IT | UOI |

### 2.7.2.4. Culture and Environment

Culture is as integrated pattern of human knowledge, beliefs, social forms and material traits of a group. Culture is manifested in music, literature, lifestyle, painting and sculpture, theater and film, and other similar things. The anthropologists believe that "culture" refers not only to consumption of goods, but also to the general processes which produce such goods and give them meanings, and the social relationships and practices in which such objects and

processes become embedded and hence it is collective programming of the mind. Culture can be measured by looking at ritual, symbols and heroes of a group or a community. The corporate culture is set of shared attitudes, values, goals, and practices that characterize an institution or organization. Hence entrepreneurial culture is referred to pattern of activities, initiatives and symbolic structures that give significance and importance to promote or demote entrepreneurial initiatives.

Environment is formal or informal. Formal: policy and procedures enforced by government and informal: social and cultural norms which promote or inhibit growth of entrepreneurial culture. In Pakistani context, support and guidance for potential entrepreneurs, access to markets, motivational and promotional programs for entrepreneurs, public acceptance, and support from the family and friend's community and government polices and overall law and order situation are the major components of culture and environment. For this study, culture is defined: as attitude and support towards entrepreneurship in the immediate surroundings of an entrepreneur and environment is referred to as government policies, social pattern, trends, and overall economic condition of the country.

Culture and environment factor, a macro factor, is characterized by two components including culture and environment. The culture refers to state of entrepreneurial culture which surrounds the entrepreneur, i.e., the mindset and attitude of immediate family members, friends and employers towards starting an entrepreneurial venture. The pro-entrepreneurial culture facilities startups and provides an incentive for budding entrepreneurs to start. In Pakistan social environment is not much conducive for self-employment. The environment refers to level of

corruption, crime and theft in the society, governments' entrepreneurship supportive policies and tax structure and for overall economic condition of the economy. The variables along with respective abbreviations capturing the factor of culture and environment (CAE) are shown in Table given below.

Table 2.8 Variables of Culture and Environment Factor

| No | Variables | Abbreviations |
|---|---|---|
| 1 | Corruptions | COR |
| 2 | Crime and Theft | CAT |
| 3 | Help from Boss | HFB |
| 4 | Help from family | HFF |
| 5 | Help from mentor | HFM |
| 6 | Support of government | SOG |
| 7 | Supportive environment | SUE |
| 8 | Tax | TAX |
| 9 | Weak economy | WEE |

### 2.7.2.5. Network

A network: interconnected group of individuals made up of formal; business contacts, banks, lawyers, vendors, local government organizations and associations and informal; family, personal friend, acquaintances. Networks are used to gain access to information, opportunity and support. For this study, network is defined as the ability to build and manage both the formal and informal network. Therefore, network factor, a macro factor, is characterized by two components: formal and informal. The informal network consists of contacts with entrepreneurial families, entrepreneurial communities, informal trade associations, traders associations and unions and etc. The formal network consists of membership of professional

associations, formal relationship with customers, vendors and suppliers. The variables along with respective abbreviations capturing the factor of network (NET) are shown in Table given below.

Table 2.9 Variables of Network Factor

| No | Variables | Abbreviation |
|---|---|---|
| 1 | Customer database | CUD |
| 2 | Help of Contacts | HOC |
| 3 | Membership | MEM |
| 4 | Vendor database | VED |

### 2.7.2.6. Resources

Resources (RES), a macro factor, is characterized primarily by four components: finance, experience, marketing and leadership. Finance refers to access to finance and entrepreneur attitude towards the importance of finance. Experience refers to work experience of entrepreneur which is further segmented into two kinds of experiences, that is, employment experience and self-employment experience in both food and non-food businesses. Marketing refers to provision of sales and marketing trainings to employees and entrepreneur's attitude and mindset towards the importance of marketing training. Leadership refers to creating productive and efficient working environment by investing in training, building teams and providing training to employees and building programs to have financial and non financial incentives for staff encouragement and motivation. The variables along with respective abbreviations capturing the factor of resources (RES) are shown in Table given below.

Table 2.10 Variables of Resources Factor

| No | Variables | Abbreviation |
|---|---|---|
| 1 | Access to finance | ATF |
| 2 | Business Experience | BIE |
| 3 | Capital and success | CAS |
| 4 | Encouragement | ENC |
| 5 | Food Business Employment | FBE |
| 6 | Food business self employment | FBS |
| 7 | Human resource and success | HUS |
| 8 | Invest in training | IIT |
| 9 | Non food Business employment | NBE |
| 10 | Non food business self employment | NBS |
| 11 | Offer Financial rewards | OFR |
| 12 | Provided Marketing Training | MKT |
| 13 | Team | TEA |
| 14 | Trained employee | TRE |

The proposed factors of entrepreneurial success along with their respective component s can be shown in a table as follows:

Table 2.11 Components of Factors of Entrepreneurial Success

| No | Factor | Component |
|---|---|---|
| 1 | Entrepreneur | a micro factor comprising of three components: entrepreneurial vision, entrepreneur's age and entrepreneurial motivation |
| 2 | Innovation | a micro factor comprising of two components: innovation system and innovation competence |
| 3 | Culture and Environment | a macro factor comprising of two components: entrepreneurial culture and entrepreneurial environment |
| 4 | Resources | a macro factor comprising of four components: finance, entrepreneurial experience, entrepreneurial marketing and entrepreneurial leadership |
| 5 | Networking | a macro factor comprising of two components: formal and informal network |
| 6 | Opportunity | a micro factor comprising of one component opportunity source |

This figure (Fig 2.5) displays the construct of the model by showing the relationship between success and the proposed factors of success.

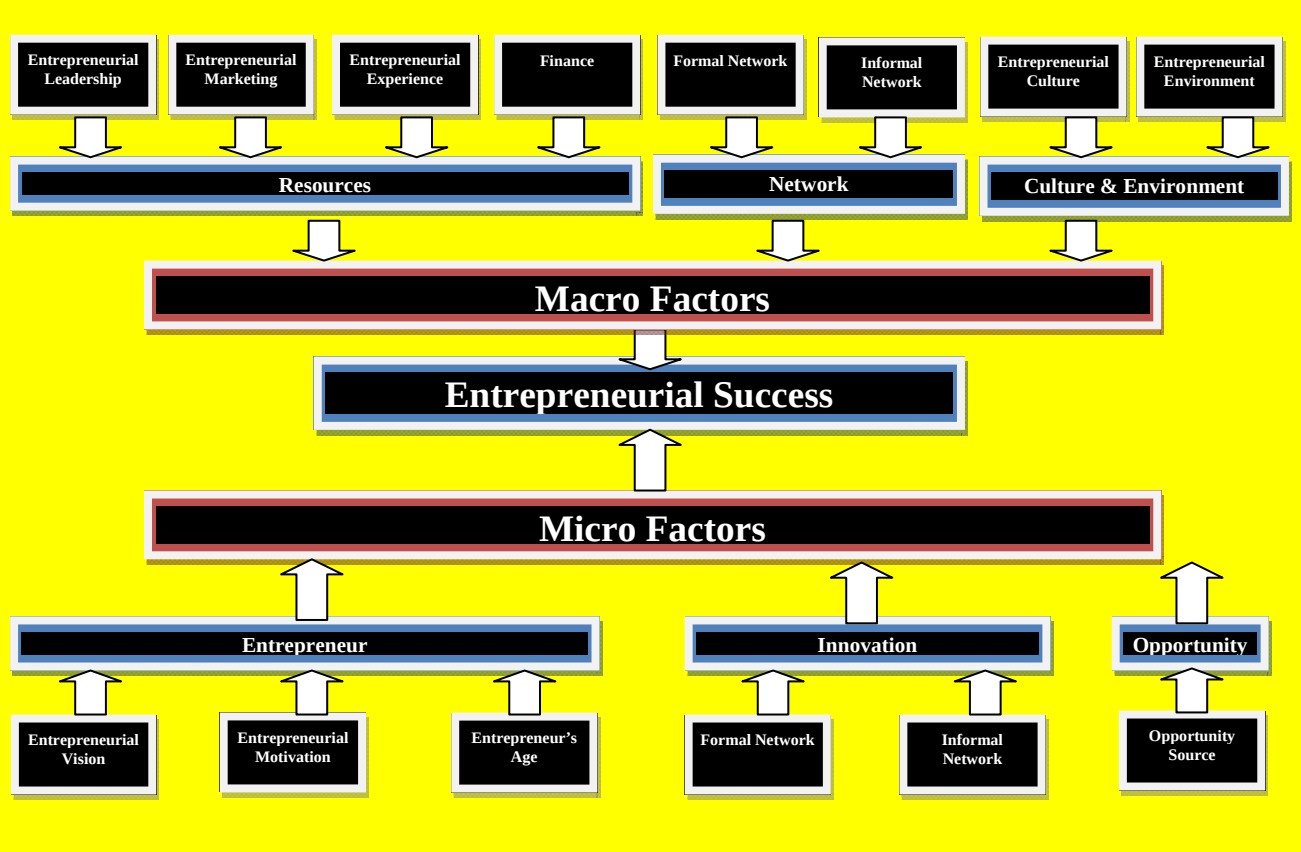


Figure 2.5 Model of Entrepreneurial Success of Pakistani SMEs

SUC = f (ENT, INN, CAE, RES, NET, OPP) 3.1

*Where*

SUC = Entrepreneurial Success of Pakistan SMEs

ENT = Entrepreneur

INN = Innovation

CAE = Culture and Environment

RES = Resources

NET = Networking

OPP = Opportunity

As reflected by equation 3.1 this model proposes that these six factors are contributing positively towards entrepreneurial success of Pakistani SMEs.

## 2.8. Hypotheses

For the purpose of providing scientific support to our proposed model, a number of hypotheses are suggested. These hypotheses are stated in pairs: null hypothesis and alternate hypothesis. The story of our thesis is lumped in null hypothesis. These hypotheses will be checked in light of statistical and regression analysis. The acceptance of null hypothesis means the underlying story of the thesis is validated or vice versa. Since the basic study of the thesis is that six factors, i.e., entrepreneur, innovation, opportunity, network, culture and environment and resources determine the success of a typical commercial fast-food SMEs. Therefore, essentially we have six hypotheses.

$H_{1.a}$ Entrepreneur is a factor causing entrepreneurial success.

$H_{1.0}$ Entrepreneur is not a factor causing entrepreneurial success.

$H_{2.a}$ Innovation is a factor causing entrepreneurial success.

$H_{2.0}$ Innovation is not a factor causing entrepreneurial success.

$H_{3.a}$ Culture & Environment is a factor causing entrepreneurial success.

$H_{3.0}$ Culture &Environment is not a factor causing entrepreneurial success.

$H_{4.a}$ Resource is a factor causing entrepreneurial success.

$H_{4.0}$ Resource is not a factor causing entrepreneurial success.

$H_{5.a}$ Network is a factor causing entrepreneurial success.

$H_{5.0}$ Network is not a factor causing entrepreneurial success.

$H_{6.a}$ Opportunity is a factor causing entrepreneurial success.

$H_{6.0}$ Opportunity is not a factor causing entrepreneurial success.

$H_{7.a}$ Innovation is the most significant factor for entrepreneurial success.

$H_{7.0}$ Innovation is not the most significant factor for entrepreneurial success.

## 2.9. Expected Relationships between Entrepreneurial Success and Factors

The intuition of the study is that there are six factors which contribute in the success of a Pakistani SMEs, that is, entrepreneurial success of a Pakistani SMEs is dependent on the six proposed factors of success. These factors are directly and positively related with the success of a Pakistani SMEs. Therefore, there is a direct and positive relationship between each factor of success as an increase in each proposed factor increases the chance of success of a Pakistani SMEs. Further, among these factors as a group, innovation factor has the strongest positive

relationship with the entrepreneurial success. In addition, the relationship between factors is complementary to the entrepreneurial success.

## 2.10. Summary

The concept of entrepreneurship is reviewed and it is established that entrepreneurship, in particular SMEs entrepreneurship contributes in economic growth as it creates jobs, brings innovation and permeates knowledge filer and commercializes ideas. But the potential of SMEs entrepreneurship in Pakistan is not fully leveraged by Pakistani SMEs and as a result the foreign competition is exploiting these opportunities. Theoretically speaking entrepreneurship has gone through a list of perspectives: sociological, psychological and management prospective and management prospective identify two types of factors: micro and macro factors which contribute in entrepreneurial success. A detail review of well acknowledges western models of entrepreneurial success reveals that most of these models have improper combination of factors, uses single stage approach and not fit to capture the local context. However this analysis helps us understand what may be the key factors of success, help us identify what are potential factors of entrepreneurial success and what are some of the variables to represent the local context. There are no studies conducted to establish factor of success in Pakistani context. It is however concluded that an ideal model of entrepreneurial success is multistage, comprises of both types of factors in an appropriate combination and each factor is represented optimal number of variables incorporating local context. Hence, a theoretical comprehensive model consists of multistage; an appropriate combination of micro and macro factors, well integrated variables incorporating local context is needed to provide direction for this research.

It is concluded SMEs entrepreneurship in Pakistan, like developed economies can play a key role in social-economic devolvement provide SMEs entrepreneurs are made aware of the factors of entrepreneurial success.

Among all Pakistani service SMEs, fast-food SMEs has the greatest potential for social-economic. However, entrepreneurial success is complex phenomenon. Entrepreneur essentially is a micro entity who is filled with motivation of exploiting profitable opportunities. His goal is maximizing wealth as well as social distinction and creativity. His goals are better served with of innovative behavior, risk taking and innovative endeavors, key features that bring greater success and profits to his firm. Entrepreneur with motive of seeking high profitability, spots opportunity but the business success is constrained by the macro factor as well. The removal of these constraining factors favors business success. The denvelopment of a comprehensive model of entrepreneurial success is needed. Hence, a model of entrepreneurial success is proposed which consist of six factor of success including entrepreneur, innovation, opportunity, culture and environment, network and resources based on the similar research conducted previously and are based on researcher‘s hunch. Entrepreneur, innovation and opportunity are micro factors and network, culture and environment and resources are macro factors. Each factor is further decomposed into the components. Each component is represented by a group or groups of variables. Each factor along with its respective components and variables associated with each component are explained in detail. Therefore, this study attempts to include all relevant factors simultaneously in order to get a more accurate assessment of each of these factors on the success of Pakistani SMEs. Hence, the study proposes, a multistage, comprehensive model of entrepreneurial success. The chapter concludes with summary.

# CHAPTER 3: METHODOLOGY

## 3.1. Introduction

This chapter presents research strategy used to test the theoretical model of entrepreneurial success developed in preceding chapter. The data strategy entails selection, design and development of instrument, data collection and management, data analysis and results interpretation. The data analysis is carried out at variable and factor levels. At variable level all factors are decomposed into respective components and each component is transformed into group or groups of variables. At factor level, impact of each factor on the entrepreneurial success is measured and analyzed. It is essential to point out that factors are measured in two ways. First, actual based on the perception of the participants by asking a ranking question for each factor. Second, assumption-based by decomposing each factor into components which are converted into measurable variables. The organization of the chapter is that section 3.2 presents research strategy and design while section 3.3 presents components and variables of factors of entrepreneurial success. Section 3.4 discusses development of instrument, the population and the sample. Section 3.5 presents detail description on data collection and getting data ready for analysis and reliability of measurement instrument. Section 3.6 presents the summary of the chapter.

## 3.2. Data Strategy and Design

Data strategy lays out the steps that are undertaken for the quantification of the effects of the success factors used in testing of the theoretical model. Data design is a plan of what data to

gather, from whom, how and when to collect data and how to analyze it. The proposed factors of entrepreneurial success are measured both directly and indirectly. For direct measurement of factors, each factor is translated into a question to capture participant's perception. For indirect measurement of factors, each factor is decomposed into components which are further converted into group or group of variables. Each variable is translated into a question of the questionnaire. Each question included in the questionnaire of this study is based on the insight learnt from literature review, researcher's hunch and experience and questions used in similar studies in the past. The unit of analysis is a successful commercial fast-food Pakistani SMEs.

## 3.3. Components and Variables of Factors of Entrepreneurial Success

As argued earlier the model of entrepreneurial success states that entrepreneurial success depends on six factors comprising of: entrepreneur, innovation, opportunity, culture and environment, networking and resources. Each factor is a collection of variables grouped in different component based on the context. Therefore, micro factor is a collection and combination of different traits, abilities, skills and aspirations of the individual and macro factor is based on different aspects of surrounding the enterprise and the entrepreneur which act as shift factor. Given a combination of micro factors, an increase supply of macro factors tends to shift level of success of SMEs entrepreneur upward and vice versa. In other words, the micro factors are the reflection of individual and macro factors are reflection of environment surroundings the individual and enterprise. Factors of entrepreneurial success along with their respective abbreviations are shown in table given below.

Table 3.1 Factors of Entrepreneurial Success

| No | Factor | Abbreviation |
|---|---|---|
| 1 | Entrepreneur | ENT |
| 2 | Innovation | INN |
| 3 | Opportunity | OPP |
| 4 | Culture and Environment | CAE |
| 5 | Resources | RES |

The factor of entrepreneur (ENT), a micro factor, is characterized by three components: entrepreneurial motivation, experience and vision. Innovation (INN) factor, a micro factor, is characterized primarily by two components: innovation system and innovation competence. Opportunity (OPP) factor, a micro factor, is characterized primarily by one variable, i.e., being able to locate the right opportunity by exploring the right sources of opportunities. Culture and environment (CAE) factor, a macro factor, is characterized by two components: culture and environment.

Resources (RES), a macro factor, are characterized primarily by four components: finance, experience, marketing and leadership. Network (NET) factor, a macro factor, is characterized by two components: formal and informal networks. Group or groups of variables representing factors are elaborated in details in the previous chapter. For discerning the favorable contribution of these factors in the entrepreneurial success, series of statistical and regression analysis are undertaken.

## 3.4. Measurement Instrument

An instrument comprises of all variables representing the factor of entrepreneurial success and entrepreneurial success is needed to gather data from a carefully selected group representing

the entire population. Then, the data gathered needs to be analyzed. This is done to establish if there is significant relationship between business success and six proposed factor of success. Further, to what extent each factor explains the business success. Therefore, selection of measurement instrument is important and instrument should be reliable, valid and appropriate for answering the research questions.

### 3.4.1. Development of the Questionnaire

This research study is based on primary data. To obtain such data a questionnaire is developed which is given in Appendix B. This questionnaire is primarily derived from two existing instruments used in similar studies. A pilot study is conducted to test questions for completion time, assess appropriateness of the instructions and etc. Twenty pilot questionnaires are distributed to commercial fast food entrepreneurs of Melody Food Market located in Islamabad, Pakistan. The original questionnaire is modified based on the feedback of participants. Then modified questionnaire is distributed to 10 commercial fast food entrepreneurs from 5 selected districts including Islamabad, Rawalpindi, Peshawar, Lahore and Gujarat. The comments and suggestions from these participants are incorporated in the final questionnaire. As a result of these tests, a bi-lingual (English and Urdu) questionnaire comprised of 48 items, 119 well arrayed set of questions and response alternatives using a 1-7 Likert scale, an attractive and appropriate introduction and instructions to complete the questionnaire is prepared.

### 3.4.2. The Population

Pakistan is thickly populated country. It is the 6$^{th}$ largest country of the world (174 million). One third of the population lives in urban areas. These areas provide jobs to 37 percent of total employment. The literacy rate is around 60% which is low. Some of the large sectors of

Pakistan are: agricultural farming, livestock, transport, finance services, manufacturing and community and social services.

In community and social sector, hotel and eating establishments is a small sub sector. In this sub sector, most of enterprises are micro enterprises and there are only a few thousand SMEs. For this study, the population consists of all Pakistani commercial fast-food SMEs in the selected districts. Based on definition of SMEs (SMEDA, 2007), it is best estimated that total population of the fast-food SMEs is around 2100. Since this is the first study of this type and therefore, the population for this study has not been academically defined. In any event this figure is of academic value only.

It is not practical from a research point of view to include the total population in data collection process. Time and cost offered practical limitations in considering the whole population and, therefore, a sample size is selected to represent the population of the study. However, the population is heterogeneous, and it is important to represent sub groups in the population.

### 3.4.3. The Sample Size

Sampling is the process of selecting a sufficient number of elements from the population so that the study of the sample properties makes it possible to generalize such properties of the population elements. Proportionate and stratified random sampling techniques are used to draw the sample. The general rules of thumb for sample size, that is, a) sample sizes larger than 30 and less than 500 are appropriate for most research, b) where samples are to be broken into sub samples, a minimum sample size of 30 for each category is necessary. Based on the population

size, the sample size required for this study is 250. The number of participants required from each district is proportionate to its population to the overall population of all selected districts. For each district, random sampling is used. The survey process aimed at a minimum response rate of 30 percent. The actual response rate is 54 percent. The details of sample size and distribution of questionnaires for each district and questionnaires distributed and collected are noted in the following table.

Table 3.2 Sample Size Distribution of the Selected Districts

| No. | Districts | District Population (persons ) | Percentage of Total Population | Questionnaire Required | Questionnaires Distributed | Questionnaires Collected |
|---|---|---|---|---|---|---|
| 1 | Faisalabad | 2,008,861 | 8.61 | 15 | 35 | 14 |
| 2 | Gujranwala | 1,042,509 | 4.47 | 19 | 34 | 17 |
| 3 | Hyderabad | 1,166,894 | 5.00 | 20 | 60 | 19 |
| 4 | Islamabad | 529,180 | 2.27 | 10 | 32 | 15 |
| 5 | Karachi | 9,269,265 | 39.75 | 71 | 125 | 69 |
| 6 | Lahore | 5,143,495 | 22.06 | 39 | 65 | 42 |
| 7 | Multan | 1,197,384 | 5.13 | 22 | 35 | 21 |
| 8 | Peshawar | 988,005 | 4.24 | 18 | 45 | 22 |
| 9 | Quetta | 565,137 | 2.42 | 10 | 12 | 9 |
| 10 | Rawalpindi | 1,409,768 | 6.05 | 26 | 32 | 29 |
| | Total | 23,320,498 | 100. | 250 | 475 | 257 |

According to table 4.2 the Karachi district has the highest population, and distribution is proportionate based on proportion, therefore, Karachi district requires the highest number of participants and similarly Quetta district requires the smallest number of participants. The second last column shows the number of questionnaires distributed and the last column of the table shows the number of questionnaires collected. Four districts including Lahore, Islamabad, Peshawar and Rawalpindi, the questionnaire collected are more than planned and for other districts the targets are almost met.

## 3.5. Data Collection and Processing

Out of four major data collection techniques, i.e., perusal, observation, questioning survey and measurement, survey questioning is selected. Researcher and a team of research associates conducted the survey to collect data. The process of data collection is explained below.

### 3.5.1. Database of Pakistan Commercial Fast Food Enterprises

The study has used a wide variety of resources to compile a database of potential participants, i.e., commercial fast-food SMEs entrepreneurs. Some of sources are institutions and associations including Chambers of Commerce of selected districts, local trade associations, Higher Education Commission of Pakistan. Local and online directories of Pakistani businesses are also used. The directory complied consists of commercial fast-food outlets in the main cities of selected districts as most of the fast-food enterprises are located in main cities.

### 3.5.2. Management of Data Collection

Research associates are recruited from selected districts for data collection. Upon selection, research associates are formally trained to conduct this survey. Each research associate is provided with a complete "research associate kit" containing 1) directory of commercial fast-food restaurants of the area, 2) appropriate number of color copies of the questionnaire, 3) letter of authority, 4) stamped envelopes to return the completed questionnaires.

The survey procedure consists of formally solicitation of time for meeting from the potential participants. In such meeting research associate have formally explained the objectives

of the study to establish potential participant eligibility to complete the questionnaire. The "eligibility criteria" consisted of three questions, that is, 1) do you have at least 10 employees working for you in this venture, 2) do you own this business for last two years and 3) what is your definition of profitably is part of the questionnaire. If answer to any of the eligibility question is "no", participant is asked not to complete questionnaire as she/he is not eligible to participate. Furthermore, a sample question is included in the questionnaire for participants to understand the nature of the questions.

Majority of the time researcher associate has assisted participants in completing the questionnaire. To increase participants' understanding and to gain confidence, letter of authority is presented to potential participants. No discomfort, stress, social and legal pressure is exercised to complete this survey and participant's potential anxiety while completing questionnaire is appropriately addressed. Upon completion, each participant is asked to place completed questionnaire in envelop, seal and return to the researcher/research associate to maintain anonymity. The data collection took around 6 months. The questionnaire and the letter of consent for research associate are enclosed as Appendix B and Appendix C respectively.

In conclusion, 475 paper based bilingual questionnaires, consisted of 48 questions (110 items) based on 1-7 point Likert scale to measure six factors is used. The factors included are Entrepreneur (14 items), Culture and environment (9 items), innovation (6 items), network (4 items), opportunity (5 items) and resources (10 items). Furthermore six demographic variables: age (AGE), mother tongue (MOO), gender (GEN), marital status (MAS), academic qualification (ACQ) and experience (EXE) are also measured. The number of valid questionnaires received is 257; a response rate of 54 percent. Even through this response rate met the target, however,

some reasons for poor response rate are unavailability of potential participants on committed time, law and order situation in certain cities and potential participates non qualification to participate.

### 3.5.3. Getting Data Ready for Analysis

After data collection, data is made ready for analysis. For this purpose data set is edited and answers to all questions are coded including open ended questions and general comments. After coding, data is entered by using double entry method to ensure accuracy of the data. Responses to some of negatively worded questions are reversed so that all the answers are in same direction. Questions measuring a variable or group of variable are not continuous in the questionnaire and are scattered over various parts of questionnaire, special care is taken to group these answers. Some of the variables are converted into scalar form. Finally the 29 questions survey is translated into 110 entries. There are very few omissions from 257 questionnaires. In fact, of the 28, 270 entries, there were 545 missing values (including the open ended questions), a ratio of just 1.9 %.

### 3.5.4. Reliability of Measurement Instrument

Cronbach's coefficient alpha, the most popular test to measure reliability for the factors, that is, entrepreneur, culture and environment, innovation, network, opportunity and resources are used and the respective values of these factor are 0.74, 0.71, 0.71, 0.54, 0.69, and 0.63 (Appendix D). These values show that the factors have very strong reliability. The questionnaire for this study is built based on two existing questionnaires used in similar studies conducted earlier. One of these questionnaires has a cronbach's coefficient alpha of 0.57. This further validates our claim of validity of the instrument. Professional translation of questionnaire,

setting of study, sample size, unbiased data collection, privacy to complete questionnaire in pre solicited time and utilization of pre-tested instrument are some of features which ensure validity and reliability of the instrument.

## 3.6. Summary

This chapter presents the methodology to test the proposed model of entrepreneurial success by outlining the data strategy and design. First the components and variables of each factor of entrepreneurial success are explained. To capture the responses from a scientifically selected sample of a defined population, a bi-lingual questionnaire, comprised of 48 items including Entrepreneur (14 items), Culture and environment (9 items), innovation (6 items), network (4 items), opportunity (5 items) and resources (10 items), 119 well arrayed set of questions on 1-7 Likert scale, with an appropriate introduction and instructions to complete is prepared. Professional translation of questionnaire, setting of study, sample size, unbiased data collection, privacy to complete questionnaire in pre-solicited time and utilization of pre-tested instrument are some of features which ensure validity and reliability of the instrument. The survey process aimed at a minimum response rate of 30 % but the actual response rate is 54 % (257 responses) and missing value ratio is just 1.9%. The chapter concludes with the summary.

# CHAPTER 4: RESULTS AND FINDINGS

## 4.1. Introduction

In earlier chapters, that is, in chapter 3, relevant factors contributing towards the success of commercial fast-food SMEs are identified and a model is proposed. In this chapter, section 4.2 presents the sample demographics. Section 4.3 evaluates the scale results of each factor and their comparison. Section 4.4 presents the descriptive statistics of all variables for each factor in detail. Section 4.5 presents the findings and results of the descriptive statistics. Then regression analysis is carried out. The goal is accomplished sequentially. First, regression models are developed. Second, these models are estimated both at the level of factors and variables. The regression analysis at variable level shows relative contribution of each variable in each respective factor. The regression analysis at the factors' level shows the contribution of each factor in the success of a typical Pakistani commercial fast-food SMEs. Hence, section 4.6 presents the regression models of factors of success while section 4.7 presents the estimation of factors of entrepreneurial success. Section 4.8 estimates the model of entrepreneurial success and presents the results. In section 4.9 on the basis of these results hypotheses are tested. Section 4.10 rationalizes the results. Finally, section 4.11 presents the summary of the chapter.

## 4.2. Data Analysis

The usual techniques like descriptive statistics, correlation and regression analyses are used to analyze data and to draw inferences. The descriptive and correlation analysis are presented first while the regression analysis is presented later on.

### 4.2.1. Sample Demographics

A series of questions are incorporated in the questionnaire to measure six demographic variables, that is, age (AGE), mother tongue (MOO), gender (GEN), marital status (MAS), academic qualification (ACQ) and experience (EXE). The sample respondents (N=257) comprised of 86.77 % male and 13.22 % female. The proportion of female entrepreneurs is just 13.22% which indicates that food entrepreneurship is not top career choice for Pakistani female entrepreneurs as there are some other sectors of economy where female entrepreneurship is substantially higher than of fast-food sector.

The figure 4.1 shows the distribution of male and female of the sample.

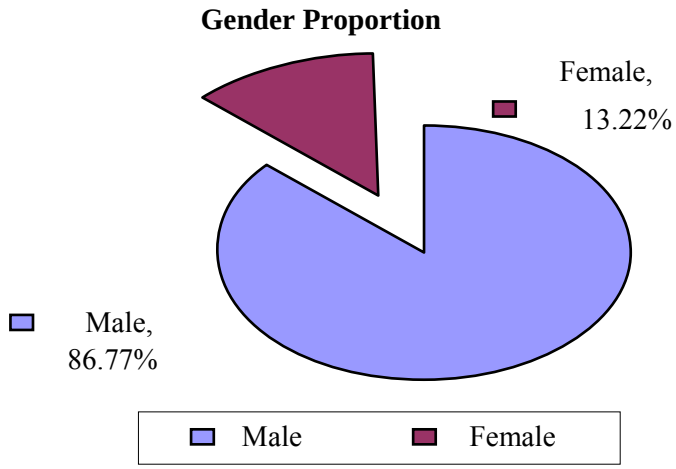


Figure 4.1 Gender Proportion of the Sample

Majority of the participants are of age 31-40 years (28.4%) and the smallest numbers of participants are of 61+ years of age. The average age of the sample is 31-40 years. In Pakistani context, an age of 30-40 years is considered an age of maturity and most of the population of 60+ of age usually do not work. Therefore, the sample truly reflects the true traits of the population. The average of sample age indicates that, on average the sample consists of individual who are

mature enough to do business. The other biggest major of sample is of age 21-30 years which indicates combing these groups, that is, age 21-40 is the majority of sample.

The data also shows there are some young entrepreneurs in the sample as well as 7% of sample consists of age under 20 years. 3% of participants did not share their age which is insignificant for such a large sample size. The figure 4.2 exhibits the age profile of sample.

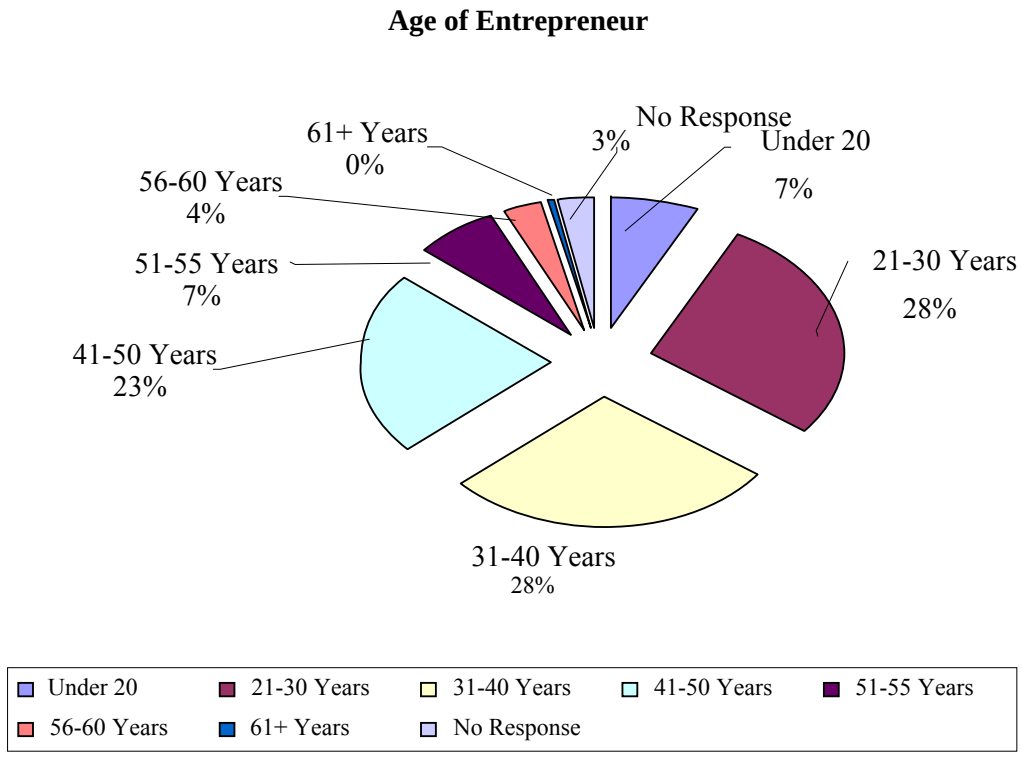


Figure 4.2 Age Profile of the Sample

Majority of participants has Urdu (48.00%) as mother tongue, followed by Punjabi (25%) and then Pashto (12%). Participants with mother tongue: Hindko, Sarakkie and Memon are less than 5% of the overall sample size and therefore it is not significant enough to consider for analysis. Mother tongue, an indication of ethnic background shows there is a diversity of

ethnic groups in this sector of economy. In other words, this distribution indicates that the fast-food entrepreneurship has ethnic diversity. The figure below shows the sample distribution of mother tongue (MOO) of the participants.

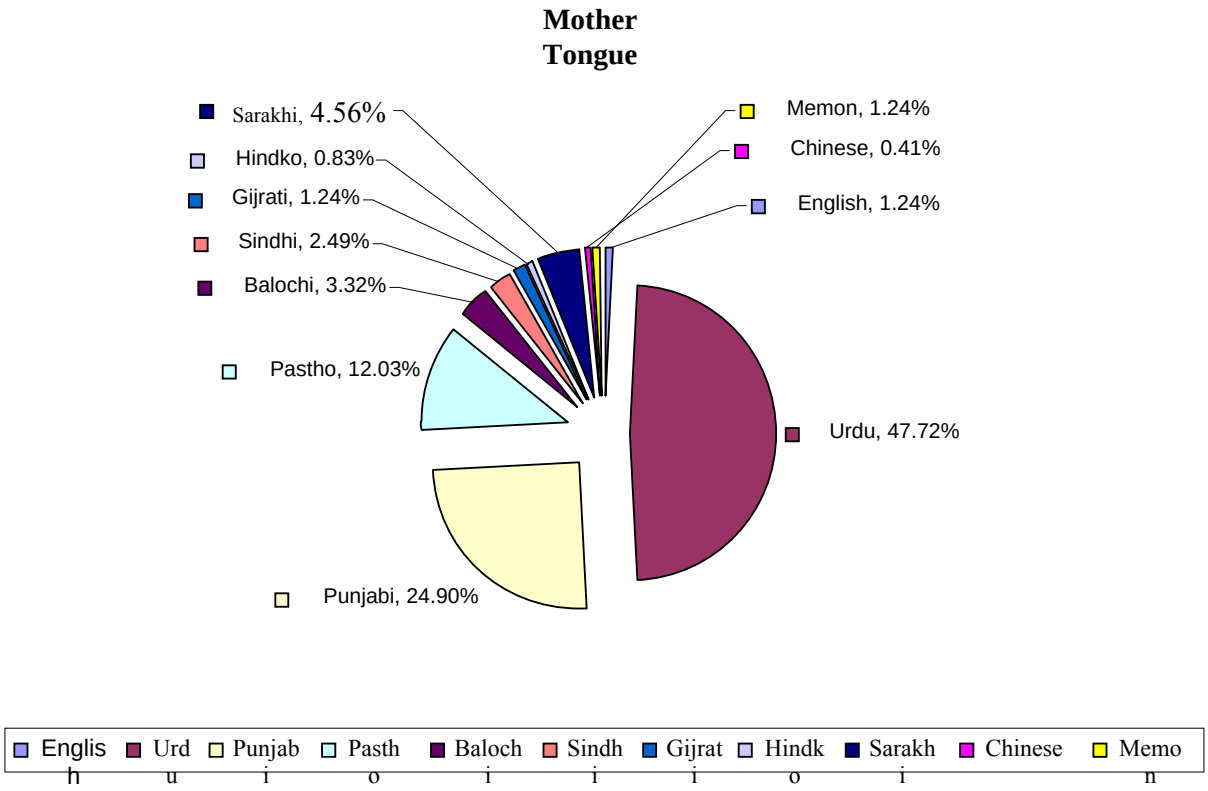


Figure 4.3 Mother Tongue Profile of the Sample

As far as the academic qualifications of participants is concerned more than half of the participants have either high school diploma or higher. The highest number of participants has graduation (33.46%), followed by post graduation (17.51%). The percentage of participants who has no formal schooling is 4.28%. The number of participants who did not like to share their academic qualification is very small (2.3%) and therefore it is insignificant. The average academic qualification of the sample is graduation, indicating fast-food entrepreneurs are highly educated as in Pakistan literacy rate is just 46% and only a small fraction of who are able to go

high school reach to the graduation level. Higher level of education increases the chances of success of an entrepreneurial venture. To sum up, in Pakistani context, the sample with average education of graduation shows this sample is highly educated and represents some of the most educated segments of SMEs in Pakistan. Furthermore, individuals with graduation or higher level of education are inclined to be employed rather than self-employed. The figure 4.4 shows the academic qualification profile of the sample.

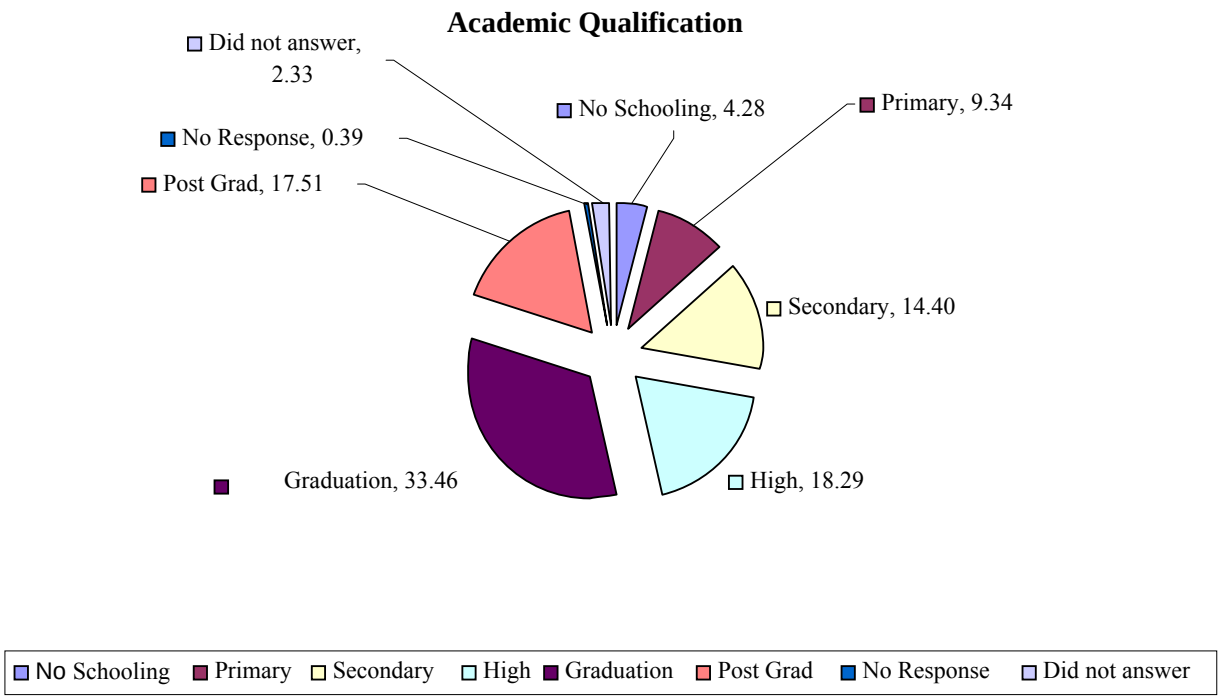


Figure 4.4 Academic Qualification Profile of the Sample

Majority of the participants (72.76%) are married. In Pakistani context, the marriage is financed by parents and after marriage male supports his immediate family and parents as well. The biggest majority of participants are of age 21-40 which is an ideal age to be married in Pakistan. Therefore, age profile supports the marital status profile of the sample. The figure 4.5 shows the marital status of the sample.

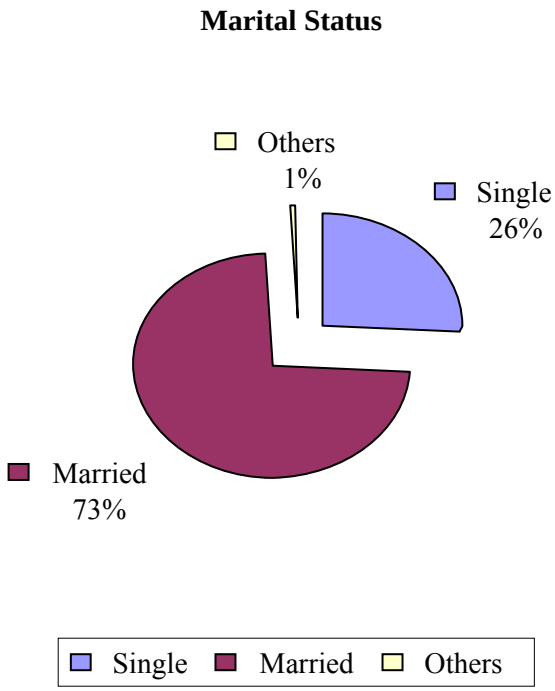


Figure 4.5 Marital Status of the Sample

The experience of sample is divided into two categories, that is, employed and self-employed. Further, both employment and self-employment are segmented into relevant experience (food business) and non-relevant (non-food business).For employment in food business, majority of the participants (29%) has 2-3 years of food business experience, followed by (23%) of 4-5 years of food business experience. The largest group of participants has 2-5 years of food business experience which indicates most the participants has prior food business employment experience. The figure 4.6 shows the food employment experience of the sample.

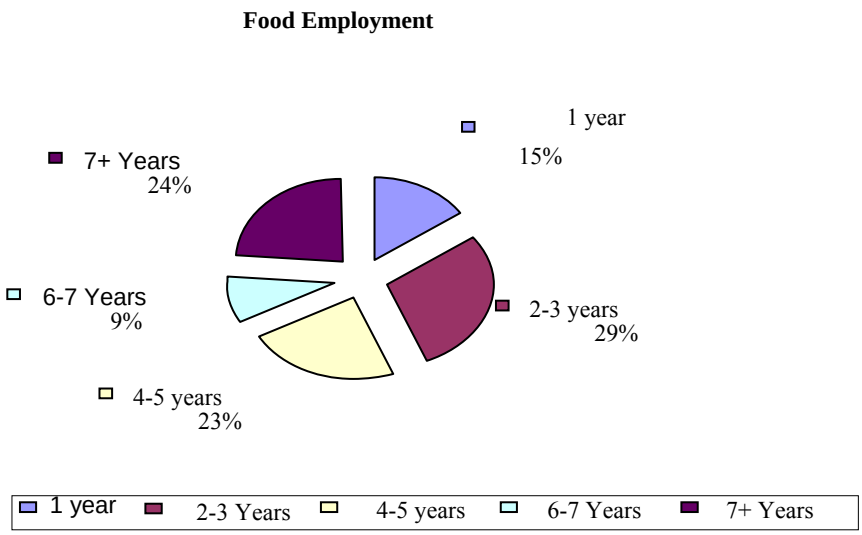


Figure 4.6 Food Employment Experience Profile of the Sample

For employment in non- food business, majority of the participants (37%) has 1 year of non-food business experience, followed by (21%) 2-3 years of non- food business experience. The largest group of participants has 2-5 years of non- food business experience which indicates most the participants have both, i.e., food and non-food employment experience. This also shows that participants are well aware of the business world of Pakistan and this may be a reason for their success as most of these participants have substantial experience. The figure 4.7 shows the non-food employment experience of the sample.

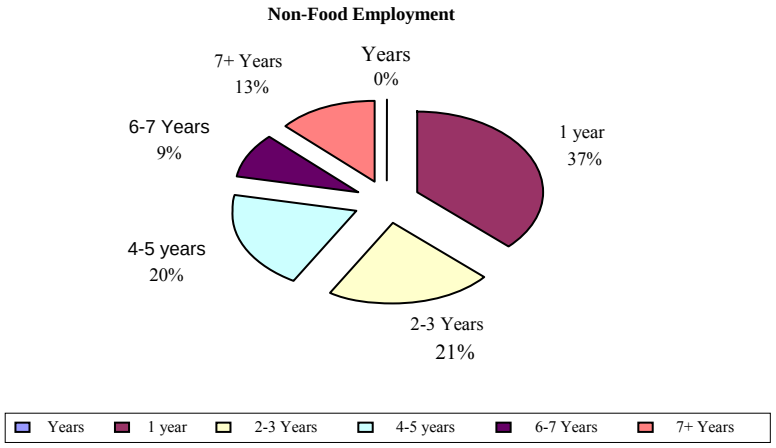


Figure 4.7 Non-Food Self- Employment Experience profile of the Sample

For self employment in non-food business, majority of the participants (46 %) has 1 year of non food business experience, followed by (17%) 2-3 years of non- food business experience. The largest group of participants has 1-3 years of non-food business experience which indicates most the participants has ventured into entrepreneurial initiatives and regardless of the results these participants are well aware of the entrepreneurial world of Pakistan. The figure 4.8 shows the non- food self-employment experience of the sample.

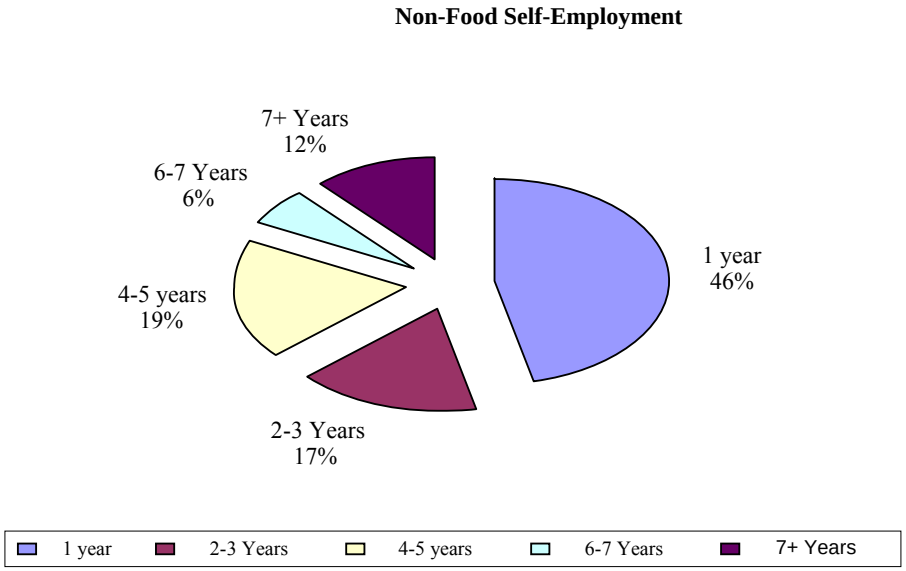


Figure 4.8 Non Food Self-Employment Experience Profile of the Sample

For self employment in food business, majority of the participants (25 %) has 2-3 years of food business experience, followed by (23%) 4-5 years of food business experience. Therefore, the largest group of participants has 2-5 years of food business experience which indicates most the participants are seasoned food entrepreneur regardless of the what type food business ( traditional or fast food) they have were part of. The figure 4.9 shows the food self-employment experience of the sample.

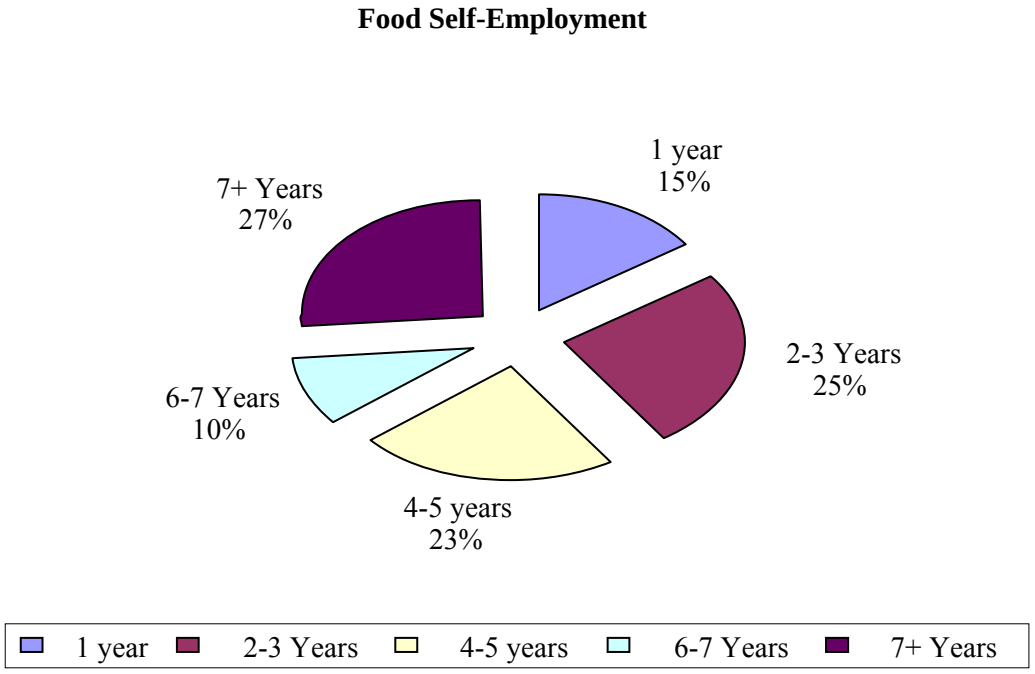


Figure 4.9 Food Self-Employment Experience Profile of the Sample

Majority of participating entrepreneurs has both previous self employed and employed experiences indicates that participating entrepreneur are not new to the entrepreneurial world and had sufficient entrepreneurial experience before venturing into this commercial fast-food business. As shown in figure 4.9 the food self-employment has the highest average indicating among different work experiences, relevant self employment experience is the height of the participating entrepreneurs. The summary prior work experience profile is shown in Table 4.1 shown below.

Table 4.1 Work Experience Profile of the Sample

| | Employment | | Self Employment | |
|---|---|---|---|---|
| Years | Food | Non Food | Food | Non Food |
| 0-1 year | 13.62% | 22.18% | 12.45% | 26.46% |
| 2-3 Years | 24.90% | 12.84% | 20.62% | 9.73% |
| 4-5 years | 20.23% | 12.06% | 19.07% | 10.89% |
| 6-7 Years | 8.17% | 5.45% | 7.78% | 3.50% |
| 7+ Years | 21.01% | 7.78% | 21.79% | 6.61% |
| Ave | 15.59% | 12.06% | 16.34% | 11.44% |
| Total | 87.93% | 60.31% | 81.71% | 57.19% |

Another measure of experience is number of years in existing business. Majority of participants (23%) are in running this business for 3-4 years. Participants with 1-2 years and 11+ years of experience were equal (19%). The average experience in this business is 5-6 years. One of criteria to be eligible to participate in this study is at least 2 years of in business experience, therefore, all participants has at least 2 years of business experience. The smallest numbers of participants (6%) are in this business for 9-10 years of existing business experience. The Figure 4.10 shows the number of years in existing business distribution of the sample.

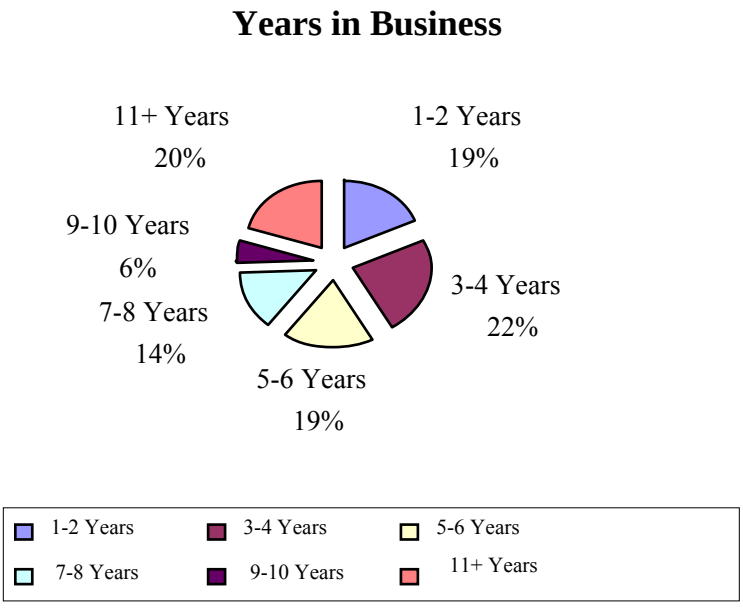

Figure 4.10 Years in Existing Business Profile of Sample

## 4.3. Scale Results of Factors

In order to measure the perception of the participant, a question comprised of all proposed factors of entrepreneurial success is asked. This question is prepared on a Likert scale 1-7 to measure the contribution of each factor of entrepreneurial success in the success of the enterprise. The responses are collected and frequency of each response is computed. Scores 1-3 denote disagreement (least important) score of 4 is neutral and scores 5 -7 denotes agreement (most important).

For the responses on the factor of Entrepreneur (ENT), 26.20% expressed high agreement and 7.60% expressed high disagreement. 12.4% are neutral. The highest numbers of participants (26.6 %) are of opinion that entrepreneur is the most important factor of entrepreneurial success. Table 4.2 and fig 4.11 show the findings in detail are given below.

Table 4.2 Scale Distribution of the Entrepreneur (ENT) Factor

| No | Scale | Entrepreneur |
|---|---|---|
| 1 | 1 | 7.60% |
| 2 | 2 | 8.10% |
| 3 | 3 | 10.00% |
| 4 | 4 | 12.40% |
| 5 | 5 | 13.90% |
| 6 | 6 | 21.70% |
| 7 | 7 | 26.20% |

**Scale Distribution of Entrepreneur Factor**

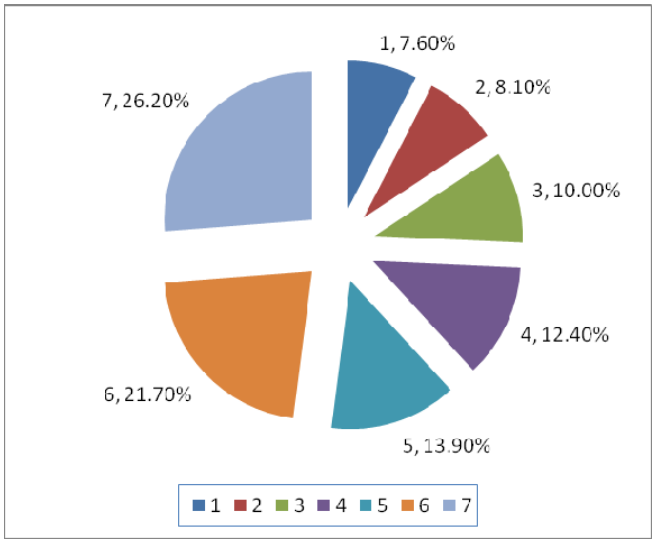


Figure 4.11 Scale Distribution of the Entrepreneur Factor

For the responses on the factor of innovation (INN), the 24.70% expressed high agreement and 10.50% expressed high disagreement. 12.30 % are neutral. The highest numbers of participants (24.6 %) highly agree with the statement that innovation is the most factor of entrepreneurial success. Table 4.3 and fig 4.12 show the findings in detail.

Table 4.3 Scale Distribution of the Innovation Factor

| No | Scale | Innovation |
|---|---|---|
| 1 | 1 | 10.50% |
| 2 | 2 | 5.60% |
| 3 | 3 | 7.20% |
| 4 | 4 | 12.30% |
| 5 | 5 | 18.40% |
| 6 | 6 | 21.30% |
| 7 | 7 | 24.70% |

Figure 4.12 Scale Distribution of the Innovation Factor

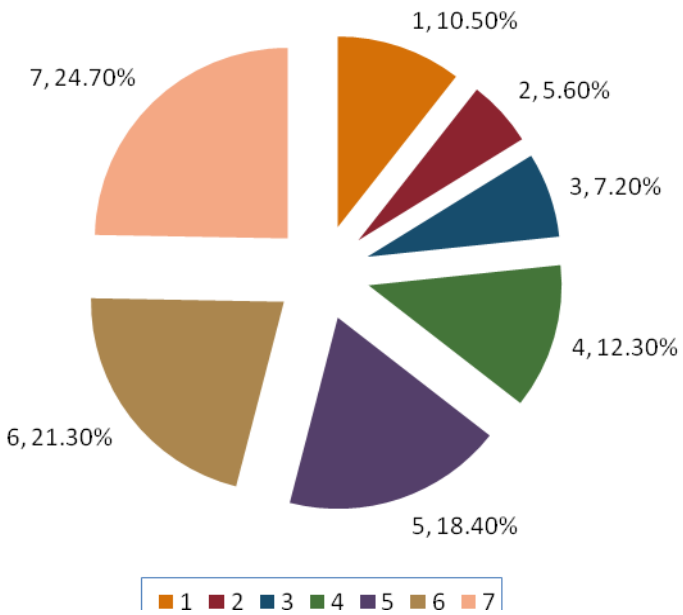


Figure 4.12 Scale Distribution of the Innovation Factor

For the responses on the factor of Opportunity (OPP), the 18.30% expressed high agreement and 22.40 % expressed high disagreement. 11.00 % are neutral. The highest numbers of participants (22.40 %) highly agree with the statement that opportunity is the least important factor of entrepreneurial success. Table 4.4 and fig 4.13 show the findings in detail are given below.

Table 4.4 Scale Distribution of the Opportunity Factor

| No | Scale | Opportunity |
|---|---|---|
| 1 | 1 | 22.40% |
| 2 | 2 | 7.20% |
| 3 | 3 | 8.80% |
| 4 | 4 | 11.00% |
| 5 | 5 | 16.40% |
| 6 | 6 | 16.00% |
| 7 | 7 | 18.30% |

**Scale Distribution of Opportunity Factor**

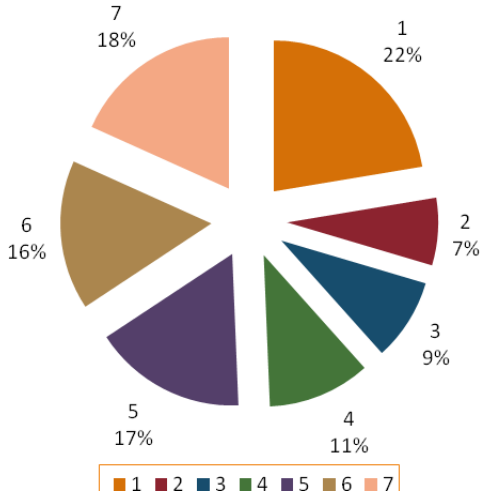


Figure 4.13 Scale Distribution of for the Opportunity Factor

For the responses on the factor of culture and environment (CAE), the 16.00 % expressed high agreement and 21.30 % expressed high disagreement. 13.30 % are neutral. The highest number of participants (21.30 %) agrees with the statement that culture and environment is the least important factor of entrepreneurial success. Table 4.5 and fig 4.14 show the findings in detail are given below.

Table 4.5 Scale Distribution of the Culture and environment Factor

| No | Scale | Culture & Environment |
|---|---|---|
| 1 | 1 | 21.30% |
| 2 | 2 | 10.60% |
| 3 | 3 | 11.70% |
| 4 | 4 | 13.30% |
| 5 | 5 | 13.70% |
| 6 | 6 | 13.40% |
| 7 | 7 | 16.00% |

**Scale Distribution of Culture and Environment Factor**

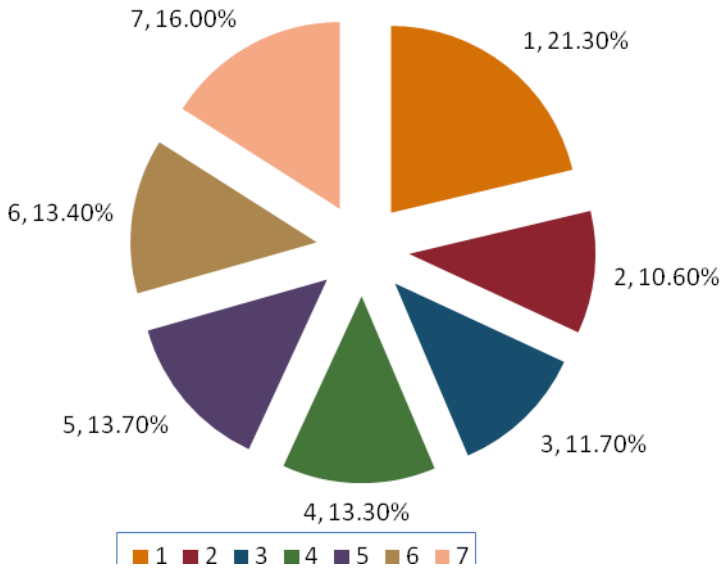


Figure 4.14 Scale Distribution of the Culture and environment Factor

For the responses on the factor of network (NET), 25.40 % expressed high agreement and 4.00 % expressed high disagreement. 14.00 % are neutral. The highest numbers of participants (25.40 %) highly agree with the statement that network is the most factor of entrepreneurial success. Table 4.6 and fig 4.15 show the findings in detail are given below.

Table 4.6 Scale Distribution of the Network Factor

| No | Scale | Network |
|---|---|---|
| 1 | 1 | 04.00% |
| 2 | 2 | 07.60% |
| 3 | 3 | 11.00% |
| 4 | 4 | 14.00% |
| 5 | 5 | 18.00% |
| 6 | 6 | 21.00% |
| 7 | 7 | 25.40% |

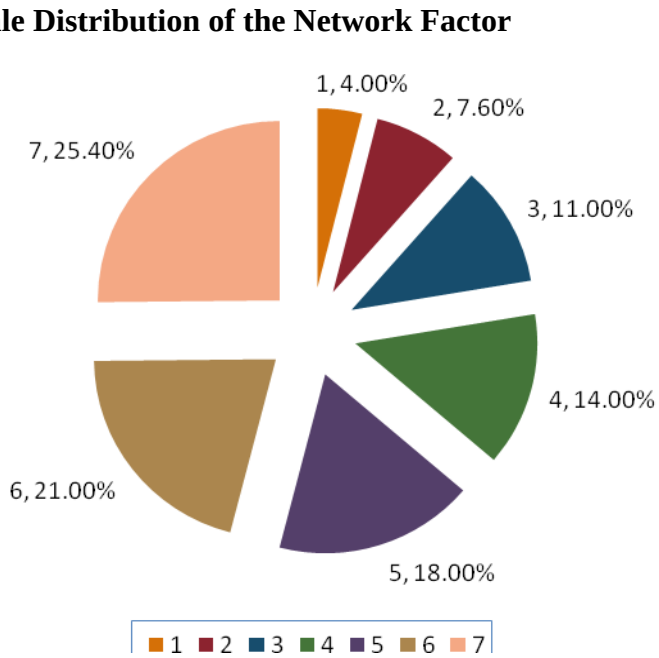


Figure 4.15 Scale Distribution of the Network Factor

For the responses on the factor of resources (RES), 25.00 % expressed high agreement and 4.00 % expressed high disagreement. 14.00 % are neutral. The highest numbers of participants (21.10 %) consider factor of resources is the most factor of entrepreneurial success. Table 4.7 and fig 4.16 show the findings in detail are given below.

Table 4.7 Scale Distribution of the Resources Factor

| No | Scale | Resources |
|---|---|---|
| 1 | 1 | 04.00% |
| 2 | 2 | 17.20% |
| 3 | 3 | 13.00% |
| 4 | 4 | 04.00% |
| 5 | 5 | 18.40% |
| 6 | 6 | 21.00% |
| 7 | 7 | 21.10% |

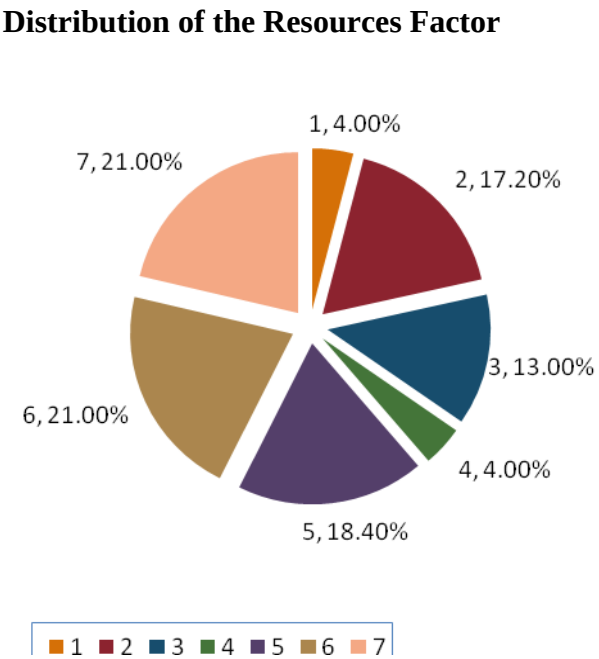


Figure 4.16 Scale Distribution of the Resources Factor

The scale results of all factors show that the highest response rate for the most important category of responses is of the entrepreneur factor followed by the innovation factor. The highest response rate for the least important category is of opportunity factor followed by the culture and environment factor. The scale results, however, do not exhibit clear picture as total of all the responses denoting agreement with statement of all factor is between 43-65% of the overall responses. The factor of innovation has the highest percentage of 64.4%. The total of responses denoting agreement is also in the range of 60-64% for other factors including entrepreneur, network and resources, however, the rate of response for the factor of culture and environment is 43 %.

## 4.4. Descriptive Statistics of Variables of Factors

Descriptive statistics including means (*M)* and standard deviations (*SD*) are calculated for all factors of entrepreneurial success to establish the contribution of these variables in its respective factor. The following section presents the descriptive statistics of variables of each factor.

### 4.4.1. Descriptive Statistics of Variables of Entrepreneur Factor

The factor, entrepreneur (ENT), a micro factor consists of three components: entrepreneurial motivation, age and vision, is comprised of 14 variables: age of the entrepreneur (AGE), marketing training (MKT), help from family (HFF), be close to family (BCT), for legacy (FOL), freedom (FRE), help from friends (HFF), increase in income (INI), be my own boss (MOB), discount to vendors (ODT), prove I can (PIC), provide jobs (PRJ), to have fun (THF) and to invest money (TIM). The descriptive statistics for these variables are given in Table given below.

Table 4.8 Descriptive Statistics of Variables of Entrepreneur Factor (N= 257)

| No | Variable | M | SD |
|---|---|---|---|
| 1 | AGE | 2.97 | 1.32 |
| 2 | MKT | 4.1 | 1.97 |
| 3 | HFF | 4.92 | 1.96 |
| 4 | MOB | 5.07 | 2.06 |
| 5 | UPE | 4.48 | 2.09 |
| 6 | PIC | 5.33 | 3.76 |
| 7 | INI | 5.6 | 1.6 |
| 8 | PRJ | 5.05 | 1.74 |
| 9 | FOL | 5.34 | 1.7 |
| 10 | FRE | 5.36 | 1.71 |
| 11 | BCF | 5.03 | 1.86 |
| 12 | THF | 4.45 | 2.02 |
| 13 | TIM | 4.45 | 2.17 |
| 14 | ODT | 4.89 | 1.68 |

As given in the above table, the comparisons of means show that the variable increase in income (INI) has the highest mean (M = 5.60, SD = 1 .60) followed by freedom (M = 5.36 SD = 1.71) and then for legacy (M = 5.34, SD = 1.70) indicating that the most important motivation for participating entrepreneur to start this business is increase in income (INI). This second and third important motivations are freedom (M = 5.36 SD = 1.71) and for legacy (M = 5.34, SD = 1.70). In developing economies like Pakistan, in general, increase in income (INI) is the most important reason to start this business is justified as the prime derive for mature individuals is to support family as joint family system still prevails in Pakistan.

Furthermore, corporate practices in Pakistan are not very encouraging and conducive for employees; hence, freedom from the boss is the second most important reason to start a business is justified. Lack of employment opportunities and entrepreneurial ecosystem has triggered the trend to build a business and leave it for next generation to cherish. Third motivation factor is well justified as creating a legacy to pass on is important and therefore, participating entrepreneurs selected the choice of, for legacy, as third most import reason to start this business.

### 4.4.2. Descriptive Statistics of Variables of Innovation Factor

The factor innovation (INN), a micro factor, consists of two components: innovation competence and innovation system, is comprised on 5 variables including creative teams (CRT), innovative idea (IND), new product (NEP), use of IT (UOI) and new market (NEM). The descriptive statistics are exhibited in Table given below.

Table 4.9 Descriptive Statistics of Variables of Innovation Factor (N= 257)

| No | Variable | M | SD |
|---|---|---|---|
| 1 | NEP | 4.93 | 1.84 |
| 2 | NEM | 4.64 | 2.02 |
| 3 | UOI | 4.53 | 2.14 |
| 4 | INI | 4.99 | 1.83 |
| 5 | CRT | 5.14 | 1.85 |

As given in the above table, the comparisons of means (M) and standard deviations (SD) of all variables were calculated and compared. The comparisons of means show that the variable creative teams has the highest mean (M = 5.14, SD = 1.85) indicating form and having creative team is the most factor for innovation competence. Furthermore innovation and success (M = 4.99, SD = 1.85) has the second highest mean indication have having innovation mind is also very important for venture to be successful. Similarly innovation in the form of a new product (M = 5.14, SD = 1.85 has the third highest mean indicating planning for innovation is also very important to be innovative.

The participating entrepreneurs declared that a having or building a creative team is the most important factor for innovation. Furthermore, out of choices for innovation in product or service or market, planning for product is the most important innovation.

### 4.4.3. Descriptive Statistics of Variables of Opportunity Factor

The factor opportunity, a micro factor, consists of component of opportunity source, is comprised of 5 variables including source is contacts (SIC), source is family(SIF), source is government (SIG), source is friends (SIR) and source is participation in tradeshows (SIT). The descriptive statistics are exhibited in Table given below.

Table 4.10 Descriptive Statistics of Variables of Opportunity Factor (N= 257)

| No | Variable | M | SD |
|---|---|---|---|
| 1 | SIF | 4.59 | 2.16 |
| 2 | SIR | 4.02 | 2.05 |
| 3 | SIT | 3.47 | 2.12 |
| 4 | SIG | 2.92 | 2.13 |
| 5 | SIC | 5.56 | 1.48 |

As given in the above table, descriptive statistics including means (M) and standard deviations (SD) of all variables are calculated and compared. The comparison show that the variable source is contacts (SIC) has the highest mean (M = 5.56, SD = 1.48) indicating the most important source for entrepreneurial opportunity are the entrepreneurial communities and informal contacts with business communities. The variable with the second highest mean (M = 4.59, SD = 2.16) is source is family (SIF) indicating family is also a source to find entrepreneurial opportunities. The variable source is government (SIG) has the smallest mean (M = 2.93, SD = 2.13) indicating government is not the important source to locate the entrepreneurial opportunities. Based on these results, it is fair to say that Pakistan has a huge informal economy where entrepreneurship communities are the prime source of entrepreneurial ideas and opportunities. Also government is not very supportive to promote entrepreneurship and do not much to offer to individual seeking entrepreneurial opportunities.

### 4.4.4. Descriptive Statistics of Variables of Culture & Environment Factor

The factor culture and environment, a macro factor consists of two components: entrepreneurial culture and entrepreneurial environment, is comprised of 9 variables: crime and theft (CAT), corruptions (COR), help from family (HFF), help from mentor (HFM), support of

government (SOG), supportive environment (SUE), taxes (TAX), weak economy (WEE) and Help from Boss (HFB). The descriptive statistics for these variables are in Table given below.

Table 4.11 Descriptive Statistics of Variables of Culture & Environment (N= 257)

| No | Variable | M | SD |
|---|---|---|---|
| 1 | CAT | 4.02 | 2.16 |
| 2 | WEE | 4.68 | 2.01 |
| 3 | TAX | 4.53 | 1.93 |
| 4 | COR | 4.25 | 2.02 |
| 5 | HFF | 4.28 | 3.36 |
| 6 | HFM | 3.69 | 2.09 |
| 7 | HFB | 3.21 | 2.30 |
| 8 | SOG | 2.74 | 1.90 |
| 9 | SUE | 5.46 | 1.64 |

As given in the above table, descriptive statistics including means (M) and standard deviations (SD) of all variables are calculated and compared. The comparisons of means show that the variable supportive environment (M = 5.46, SD = 1.64) has the highest mean indicating the support from the immediate surroundings, that is, community surrounding an entrepreneur and immediate family members' support is the most important culture and environment factor. Furthermore, the variable of weak economy (WEE) has the highest mean (M = 4.68, SD = 2.01) among all environmental challenges faced by entrepreneur indicating the most challenging factor for entrepreneur from immediate surroundings is weak economy (WEE). From variables of culture, help from family (HFF) has the highest mean (M = 4.28, SD = 3.36) indicating the most contributing factor in the success of this business is help from family (HFF).

Today, Pakistani economy is in turmoil and the participating entrepreneurs considered this the biggest challenge. Similarly, the participants report that family is the biggest support in the success of this business. Pakistan is a society of close and well knitted family structure and the choice of participants under this list of variable is justified in Pakistani context.

Similarly, participating entrepreneurs rank previous boss the least helpful in the setting this business up which also indicates that there lack of entrepreneurial mentorship in the country.

### 4.4.5. Descriptive Statistics of Variables of Network Factor

The network (NET) factor, a macro factor consists of two components formal network and informal network, is comprised on 4 variables: customer database (CUD), help of contacts (HOC), membership (MEM) and vendor database (VED). The descriptive statistics of all variables are shown in Table given below.

Table 4.12 Descriptive Statistics of Variables of Network (N= 257)

| No | Variable | M | SD |
|---|---|---|---|
| 1 | CUD | 1.54 | 0.50 |
| 2 | VED | 1.32 | 0.47 |
| 3 | MEM | 1.79 | 1.36 |
| 4 | HOC | 4.34 | 1.91 |

As given in the above table, descriptive statistics including means (M) and standard deviations (SD) of all variables are calculated and compared. The comparisons of means (M) and standard deviations (SD) of all variables show that variable help of contacts (HOC) has the highest mean (M = 4.34, SD = 1.91) indicating the biggest source to build entrepreneurial network is the contact with entrepreneurial families and communities. The means of variables customer database (CUD) (M = 1.54, SD .50) and vendor database (VED) (M = 1.32, SD .47) indicates that the majority of the participating entrepreneurs have vender and customer databases. This show the participating entrepreneurs are aware of the importance of having formal relationship with customer and vendors.

The mean of variable membership (MEM) (M = 1.79, SD 1.36) indicates that only a few of the participants has membership of professional bodies and trade associations. Based on this analysis, it can be concluded that there is a little support to facilitate and promote entrepreneurship in Pakistan. Despite little support from the government, participating entrepreneurs are successful hence it can be concluded that government support is not the key factor is the success of business in Pakistan.

### 4.4.6. Descriptive Statistics of Variables of Resources Factor

The resources (RES) factor, a macro factor comprising of four components: finance, entrepreneurial experience, entrepreneurial marketing and entrepreneurial leadership is comprised of 14 variables: access to finance (ATF), business experience (BIE), capital and success (CAS), encouragement (ENC), food business employment (FBE), food business self employment (FBS), human resource and success (HAS), invest in training (IIT), provided marketing training (MKT), non food business employment (NBE), non food business self employment (NBS), offer financial rewards (OFR), team (TEA) and trained employee (TRE). The results of descriptive statistics are shown in Table given below.

Table 4.13 Descriptive Statistics of Variables of Resources

| No | Variable | M | SD |
|---|---|---|---|
| 1 | FBE | 3.64 | 1.40 |
| 2 | NBE | 4.13 | 1.39 |
| 3 | FBS | 1.36 | 1.42 |
| 4 | NBS | 3.67 | 1.38 |
| 5 | TRE | 3.77 | 0.55 |
| 6 | IIT | 3.67 | 2.04 |
| 7 | MKT | 5.08 | 1.97 |
| 8 | ATF | 4.37 | 1.94 |
| 9 | HAS | 4.79 | 1.61 |
| 10 | CAS | 4.88 | 1.84 |
| 11 | BIE | 5.04 | 1.69 |
| 12 | TEA | 5.35 | 1.67 |

| | | | |
|---|---|---|---|
| 13 | OFR | 4.42 | 1.64 |
| 14 | ENC | 0.55 | 1.39 |

As given in the above table, descriptive statistics including means (M) and standard deviations (SD) of all variables are calculated and compared. The comparisons of means show that variable team (TEA) has the highest mean (M = 5.35, SD = 1.67) indicating the leadership is the most important resource for the success of an enterprise. The variable marketing training (MKT) has the second highest mean (M = 5.08, SD = 1.97) indicating that marketing focus is also a very important resource.

The third highest mean (M = 5.13, SD = 1.69) of the variable business experience (BIE) indicating the investment of personal time before and during the execution of business is the very important factor and it has more important than finance. The participating entrepreneurs valued team the highest from a list of resources including capital. Furthermore, participating entrepreneurs ranked marketing training the second most important element of business resources.

## 4.5. Findings and Results

This section presents findings and results of statistical analysis. To capture the responses from a scientifically selected sample of a defined population, a bi-lingual questionnaire, comprised of 48 items, 119 well arrayed set of questions on 1-7 Likert scale, with an appropriate introduction and instructions to complete is prepared. The survey process is aimed at a minimum response rate of 30 percent but the actual response rate is 54 percent (275 responses) and missing value ratio is just 1.9%. The sample respondents (N=257) comprised of 86.77 % male and 13.22 % female indicates that food entrepreneurship is not top career choice for Pakistani female

entrepreneurs as there are some other sectors of economy where participation of female entrepreneurship is substantially higher than of fast-food sector. The average age of the participants of sample is 31-40 years, which is considered an age of maturity. Hence, on average, sample consists of mature individuals. However, 7% of the participating entrepreneurs are of age under 20 years.

Mother tongue, an indication of ethnic background shows there is a diversity of ethnic groups in the commercial fast-food SMEs as a big majority (48.00%) speak Urdu followed by Punjabi (25%) and then Pashto (12%). For academic qualification, the highest number of participants has graduation (33.46%), followed by post graduation (17.51%). The average academic qualification of the sample is graduation, indicating fast-food entrepreneurs are highly educated (literacy rate in Pakistan is 46%). Majority of the participants (72.76%) are married. The biggest majority of participants are of age 21-40 which is an ideal age to be married in Pakistan. Therefore, age profile supports the marital status of the sample.

The largest group of participants (24.90%) has 2-5 years of food business experience and majority of the participants (37%) has 1 year of non-food business experience indicating participants have priories business and work experiences and this indicates that most the participants are seasoned entrepreneurs. Hence participants are well aware of the business world of Pakistan and this may be a reason for their business success in this fast-food business. Majority of participants (23%) are in running this business for 3-4 years and the average of running this business is 5-6 years indicates that these entrepreneurs are beyond first 3-4 years of business hardships and challenges and hence are well established. Furthermore, majority of the

participations are founding entrepreneurs (66.00%) and the number of business based on franchise model is the smallest (6%).

The scale results of all factors show that the highest response rate for the most important category of responses is of the entrepreneur factor followed by the innovation factor. The highest response rate for the least important category is of opportunity factor followed by the culture and environment factor. The scale results, however, do not exhibit clear picture as total of all the responses denoting agreement with statement of all factor is between 43-65% of the overall responses.

For the factor of entrepreneur (ENT), a micro factor, the most important motivation for participating entrepreneur to start this business is increase in income (INI), followed by freedom from boss (FRE) and then to leave a for legacy (FOL) In developing economies like Pakistan, in general, increase in income (INI) is the most important reason to start this business is justified as the prime derive for mature individuals is to support family as joint family system still prevails in Pakistan. Furthermore, corporate practices in Pakistan are not very encouraging and conducive for employees; hence, freedom from the boss (FRE) is the second most important reason to start a business is justified. Lack of employment opportunities and entrepreneurial ecosystem has triggered the trend to build a business and leave it for next generation to cherish. Third motivation factor is well justified as creating a legacy to pass on (FOL) is important and therefore, participating entrepreneurs selected the choice of, for legacy, as third most import reason to start this business. For the factor of Innovation (INN), a micro factor, the participating entrepreneurs are of opinion that having or building a creative team (CRT) is the most important factor for innovation. Furthermore, out of choices for innovation in

product or service or market, planning for product (NEP) is the most important innovation. For the factor of Opportunity (OPP), a micro factor, the personal contacts (SIC) is the most important source of opportunity followed by contacts of family (SIF) and the least important source of opportunity is government (SIG). These findings indicate Pakistan has a huge informal economy where entrepreneurship communities and personal contacts are the prime source of entrepreneurial ideas and opportunities. Also government is not very supportive to promote entrepreneurship and do not much to offer to individual seeking entrepreneurial opportunities.

For the factor of culture and environment (CAE), a macro factor, the supportive environment (SUE) is the most important environmental variable indicating the support from the immediate surroundings, i.e., community surrounding an entrepreneur. This is further supported by culture variable as participating entrepreneurs have selected help from family (HFF) as the most important culture variable for the success of entrepreneurial venture. Furthermore, the most challenging variable for entrepreneur from immediate surroundings is weak economy (WEE). Today, Pakistani economy is in turmoil and the participating entrepreneurs considered this the biggest challenge. Similarly, the participants report that family (HFF) is the biggest support in the success of this business. Pakistan is a society of close and well knitted family structure and the choice of participants under this list of variable is justified in Pakistani context. Similarly, participating entrepreneurs rank previous boss (HFB) the least helpful in the setting this business up which also indicates that there lack of entrepreneurial mentorship in the country.

For the factor of network (NET), a macro factor, the variable help of contacts (HOC) is most important indicating the biggest source to build entrepreneurial network is the contact with

entrepreneurial families and communities. The results also show that participating entrepreneurs are aware of the importance of having formal relationship with customer (CUD) and vendors (VED) and only a few of the participants has membership of professional bodies and trade associations (MEM) indicating that there is little support to facilitate and promote entrepreneurship in Pakistan. Despite little support from the government, participating entrepreneurs are successful hence it can be concluded that government support is not the key factor is the success of business in Pakistan.

For the factor of resources (RES), a macro factor, the three most important variables are team (TEA), marketing training (MKT) and business experience (BIE). Hence, leadership (TEA) is the most important resource for the success of an enterprise and marketing (MKT) focus is also a very important, i.e., the there should be substantial emphasis on marketing research, training and development. Furthermore, investment of personal time (BIE) before and during the execution of business is the very important factor and it has more important than finance.

## 4.6. Regression models of Factors of Success

As argued earlier our model for a typical commercial fast-food SMEs revolves around six factors. Hence entrepreneurial success is attributed to these six factors. The model of entrepreneurial success proposed in chapter is reproduced here:

SUC = f (ENT, INN, OPP, CAE, RES, NET) 4.1

*Where*

SUC = Entrepreneurial Success of Pakistan commercial

fast-food SMEs

ENT = Entrepreneur, a micro factor

INN = Innovation, a micro factor

OPP = Opportunity, a macro factor

CAE = Culture and Environment, a macro factor

RES = Resources, a macro factor

NET = Networking, a macro factor

This model proposes that these six factors are contributing positively towards entrepreneurial success of Pakistani commercial fast-food SMEs. Further, each factor of entrepreneurial success is measured sequentially by an equation.

The entrepreneur (ENT) factor is estimated through following equation.

$$ENT = \beta_o + \beta_1 AGE + \beta_2 MAT + \beta_3 HFF + \beta_4 MOB + \beta_5 UPE + \beta_6 PIC + \beta_7 INI + \beta_8 PRJ + \beta_9 FOL + \beta_{10} FRE + \beta_{11} BCT + \beta_{12} THF + \beta_{13} TIM + \beta_{14} ODT + \varepsilon \quad 4.2$$

*Where*

ENT = Entrepreneur is an index of variables of factor entrepreneur (ENT)

AGE = Age of entrepreneur.

MAT = Provision of marketing training.

HFF = Help from family.

MOB = To be my own boss

UPE = To use past experience.

| | | |
|---|---|---|
| PIC | = | To prove I can do. |
| INI | = | To increase income. |
| PRJ | = | To provide jobs. |
| FOL | = | To leave a legacy. |
| FRE | = | To be free from boss. |
| BCT | = | To be close to family. |
| THF | = | To have fun. |
| TIM | = | To invest money. |
| ODT | = | Offer discount to vendor. |
| ε | = | Econometrics error term assumed to be normally distributed with means zero and variance σ=. |
| $\beta_i$ | > | 0 & i = 1,2,3,4,5,6, 7,8,9,10,11,12,13 and 14 |

As regards the factor entrepreneur (ENT), it is assumed that fourteen variables determine the factor. These variables are: age of entrepreneur (AGE), provision of marketing training ( MAT), help from family (HFF), to be my own boss (MOB), to use past experience (UPE), to prove I can (PIC), to increase income (INI), provide jobs (PRJ), for legacy (FOL), freedom (FRE), be close to family ( BCT), to have fun (THF), to invest money (TIM) and offer discount to vendors (ODT). Each of these variables is captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 5.2 shows that fourteen variables explain entrepreneur (ENT) factor which in turn affects entrepreneurial success. The expected relationship between entrepreneur (ENT) and it variables is positive.

Accordingly the innovation (INN) factor is measured through following equation.

$$INN = \beta_o + \beta_1 NEP + \beta_2 NEM + \beta_3 UOI + \beta_4 INI + \beta_5 CRT + \varepsilon \quad 4.3$$

*Where*

INN = Innovation is an index of variables of innovation (INN) factor.

NEP = Launch a new Product.

NEM = Enter into a new market.

UOI = Use of information technology.

INI = Reward for innovative idea.

CRT = Build a creativity team.

ε = Econometrics error term assumed to be normally distributed with means zero and variance σ=.

$\beta_i > 0$ & i = 1,2,3,4 and 5

As regards the factor innovation (INN), it is assumed that five variables determine the factor. These variables are: new product (NEP), new market (NEM), use of information technology (UOI), innovative idea (INI) and creative teams (CRT). Each of these variables is captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 5.3 shows that five variables explain innovation (INN) factor which in turn affects entrepreneurial success. The expected relationship between innovation (INN) and it variables is positive.

Accordingly the factor opportunity (OPP) is measured through following equation.

$$OPP = \beta_o + \beta_1 SIF + \beta_2 SIR + \beta_3 SIT + \beta_4 SIG + \beta_5 SIC + \varepsilon \quad 4.4$$

*Where*

| | | |
|---|---|---|
| OPP | = | Opportunity is an index of variables of opportunity (OPP) factor. |
| SIF | = | Source is family. |
| SIR | = | Source is Friends. |
| SIT | = | Source is participation in tradeshows. |
| SIG | = | Source is government. |
| SIC | = | Source is contacts. |
| ε | = | Econometrics error term assumed to be normally distributed with means zero and variance σ=. |
| $\beta_i$ | > | 0 & i = 1,2,3,4 and 5 |

As regards the factor opportunity (OPP), it is assumed that five variables determine the factor. These variables are: source is family (SIF), source is friends (SIR), source is participation in tradeshows (SIT), source is government (SIG) and source is contacts (SIC). Each of these variables is captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 5.4 shows that five variables explain opportunity (OPP) factor which in turn affects entrepreneurial success. The expected relationship between opportunity (OPP) and its variables is positive.

The culture and environment (CAE) factor is estimated through following equation.

$$CAE = \beta_o + \beta_1 CAT + \beta_2 WEE + \beta_3 TAX + \beta_4 COR + \beta_5 HFF + \beta_6 HFM + \beta_7 HFB + \beta_8 SOG + \beta_9 SUE + \varepsilon \quad 4.5$$

*Where*

| | | |
|---|---|---|
| CAE | = | Culture and environment is an index of variables of culture and environment (CAE) factor. |
| CAT | = | Crime and theft. |
| WEE | = | Weak economy. |
| TAX | = | Tax. |
| COR | = | Corruption. |
| HFF | = | Help from friends. |
| HFM | = | Help from mentor. |
| HFB | = | Help from boss. |
| SOG | = | Support of the government. |
| SUE | = | Supportive environment. |
| ε | = | Econometrics error term assumed to be normally distributed with means zero and variance σ=. |
| $\beta_i$ | > | 0 & i = 1,2,3,4,5,6, 7,8 and 9 |

As regards the factor culture and environment (CAE), it is assumed that nine variables determine the factor. These variables are: crime and theft (CAT), weak economy (WEE), tax (TAX), corruptions (COR), help from friends ( HFF), help from mentor ( HFM), help from boss (HFB), support of government (SOG) and supportive environment (SUE). Each of these variables is captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 5.5 shows that nine variables explain culture and environment (CAE) factor which in

turn affects entrepreneurial success. The expected relationship between culture and environment (CAE) and its variables is positive.

Accordingly the factor of resources (RES) is measured through following equation.

$$RES = \beta_o + \beta_1 FBE + \beta_2 NBE + \beta_3 FBS + \beta_4 NBS + \beta_5 TRE + \beta_6 IIT + \beta_7 MKT + \beta_8 ATF + \beta_9 HAS + \beta_{10} CAS + \beta_{11} BIE + \beta_{12} TEA + \beta_{13} OFR + \beta_{14} ENC + \acute{\varepsilon} \quad 4.6$$

*Where*

RES = Resources is an index of variables of resources (RES) factor.

FBE = Food business employment.

NBE = Non-food business employment.

FBS = Food business self-employment.

NBS = Non-food business self-employment.

TRE = Trained employees need.

IIT = Invest in employees' training.

MKT = Provision of marketing training.

ATF = Access to finance.

HAS = Human resource and success.

CAS = Capital and success.

BIE = Business experience.

TEA = Team.

OFR = Offer financial rewards.

ENC = Encouragement plan.

$\acute{\varepsilon}$ = Econometrics error term assumed to be normally distributed

with means zero and variance σ=.

$\beta_i$ > 0 & i = 1,2,3,4,5,6,7,8,9,10,11,12,13 and 14

As regards the factor resources (RES), it is assumed that fourteen variables determine the factor. These variables are: food business employment (FBE), non food business employment (NBE), food business self employment (FBS), non food business self employment (NBS), trained employees (TRE), invest in training (IIT), provided marketing training (MKT), access to finance (ATF), human resource and success (HAS), capital and success (CAS), business experience ( BIE), team (TEA), offer financial rewards (OFR) and encouragement (ENC). Each of these variables are captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 5.6 shows that fourteen variables explain resources (RES) factor which in turn affects entrepreneurial success. The expected relationship between resources (RES) and its variables is positive.

Accordingly the factor of network (NET) is measured through following equation.

$$NET = \beta_o + \beta_1 CUD + \beta_2 VED + \beta_3 MEM + \beta_4 HOC + \acute{\varepsilon} \quad 4.7$$

*Where*

NET = Network is an index of variables of factor network (NET).

CUD = Build a customer database.

VED = Build a vendor database.

MEM = Membership of organizations and associations.

| | | |
|---|---|---|
| HOC | = | Help of contacts. |
| ε | = | Econometrics error term assumed to be normally distributed with means zero and variance σ=. |
| $\beta_i$ | > | 0 & i = 1,2,3 and 4 |

As regards the factor network (NET), it is assumed that four variables determine the factor. These variables are: customer data (CUD), vendor database (VED), membership (MEM), help of contacts (HOC). Each of these variables is captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 5.7 shows that four variables explain network (NET) factor which in turn affects entrepreneurial success. The expected relationship between network (NET) and its variables is positive.

In estimating factors stepwise regression is adopted. In the first step, Pearson correlation among all independent variables (items) is computed and variables with significant association are dropped to avoid multi-co linearity. In the second step, stepwise regression is used to find causal relationship. In stepwise regression, exercise is repeated by systematically adding independent variables to get variables which provide the best-fit equation. The dependent variable is estimated by taking mean of means of selected variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise.

## 4.7. Estimation of the factors of Entrepreneurial Success

In the light of procedure laid above, the relevant factors of entrepreneurial success are estimated individually.

### 4.7.1. Regression of the factor of Entrepreneur

The correlation statistics of all variables for the factor of entrepreneur (ENT) are exhibited in table 4.14 given below.

Table 4.14 Correlations Matrix of Variables for Entrepreneur (N= 257)

| No | Variable | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | AGE | 1 | 0.03 | 0.01 | 0.04 | -0.01 | 0.01 | -0.03 | 0.03 | -0.05 | 0.04 | 0 | -0.14 | -0.04 | -0.05 |
| 2 | MKT | 0.03 | 1 | -0.05 | 0.1 | 0.07 | 0.08 | 0.07 | -0.04 | 0.04 | -0.07 | 0.08 | -0.01 | 0.11 | -0.08 |
| 3 | HFF | 0.01 | -0.05 | 1 | 0.26 | 0.17 | 0.14 | 0.08 | -0.06 | 0.09 | 0.15 | 0.28 | 0.11 | 0.03 | 0.04 |
| 4 | MOB | 0.04 | 0.1 | 0.26 | 1 | 0.22 | 0.16 | 0.22 | 0.04 | 0.07 | 0.25 | 0.28 | 0.17 | 0.05 | -0.06 |
| 5 | UPE | -0.01 | 0.07 | 0.17 | 0.22 | 1 | 0.17 | 0.04 | 0.25 | 0.05 | 0 | 0.1 | 0.06 | -0.01 | 0.15 |
| 6 | PIC | 0.01 | 0.08 | 0.14 | 0.16 | 0.17 | 1 | 0.21 | 0.13 | 0.02 | 0.03 | -0.01 | 0.05 | -0.03 | -0.03 |
| 7 | INI | -0.03 | 0.07 | 0.08 | 0.22 | 0.04 | 0.21 | 1 | 0.3 | 0.28 | 0.37 | 0.15 | 0.18 | 0.1 | 0.24 |
| 8 | PRJ | 0.03 | -0.04 | -0.06 | 0.04 | 0.25 | 0.13 | 0.3 | 1 | 0.13 | 0.16 | 0.05 | 0.24 | 0.11 | 0.22 |
| 9 | FOL | -0.05 | 0.04 | 0.09 | 0.07 | 0.05 | 0.02 | 0.28 | 0.13 | 1 | 0.32 | 0.3 | 0.23 | 0.17 | 0.22 |
| 10 | FRE | 0.04 | -0.07 | 0.15 | 0.25 | 0 | 0.03 | 0.37 | 0.16 | 0.32 | 1 | 0.41 | 0.22 | 0.09 | 0.2 |
| 11 | BCF | 0 | 0.08 | 0.28 | 0.28 | 0.1 | -0.01 | 0.15 | 0.05 | 0.3 | 0.41 | 1 | 0.35 | 0.35 | 0.08 |
| 12 | THF | -0.14 | -0.01 | 0.11 | 0.17 | 0.06 | 0.05 | 0.18 | 0.24 | 0.23 | 0.22 | 0.35 | 1 | 0.41 | 0.2 |
| 13 | TIM | -0.04 | 0.11 | 0.03 | 0.05 | -0.01 | -0.03 | 0.1 | 0.11 | 0.17 | 0.09 | 0.35 | 0.41 | 1 | 0.12 |
| 14 | ODT | -0.05 | -0.08 | 0.04 | -0.06 | 0.15 | -0.03 | 0.24 | 0.22 | 0.22 | 0.2 | 0.08 | 0.2 | 0.12 | 1 |

The correlation coefficients shown in table 4.14 indicate that there is no statistically significant correlation among variables indicating there is no association between variables. Hence all of these variables are kept for stepwise regression. A stepwise regression is run against all independent variables: age of entrepreneur (AGE), provision of marketing training ( MAT), help from family (HFF), to be my own boss (MOB), to use past experience (UPE), to prove I can (PIC), to increase income (INI), provide jobs (PRJ), for legacy (FOL), freedom (FRE), be close to family ( BCT), to have fun (THF), to invest money (TIM) and offer discount to vendors (ODT) and dependent variable entrepreneur (ENT). Entrepreneur (ENT) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

ENT = -1.22 + .10 THF +.07 ODT + .07 TIM + .06 FRE

+ .03 FOL +.02 UPE 4.8

Table 4.15 Regression Results on Entrepreneur Factor

| No | Variable | β | t- value | P | Tolerance | VIF |
|---|---|---|---|---|---|---|
| 1 | Constant | -1.22 | -11.25 | 0.00 | | |
| 2 | THF | 0.10 | 8.13 | 0.00 | 0.66 | 1.51 |
| 3 | ODT | 0.07 | 5.29 | 0.00 | 0.92 | 1.09 |
| 4 | TIM | 0.07 | 5.67 | 0.00 | 0.70 | 1.43 |
| 5 | FRE | 0.06 | 4.58 | 0.00 | 0.87 | 1.15 |
| 6 | FOL | 0.03 | 2.01 | 0.05 | 0.85 | 1.18 |
| 7 | UPE | 0.02 | 2.00 | 0.05 | 0.97 | 1.03 |

The table reports that final variables: to use past experience (UPE), for legacy (FOL), freedom (FRE), be close to family ( BCT), to have fun (THF), to invest money (TIM) and offer discount to vendors (ODT)and other are dropped in the process of estimation. These variables have positive contribution towards influencing the performance of entrepreneur. The variable, to have fun (THF) representing entrepreneurial motivation has a t-value above 2 (t = 8.30, p=.00) indicating statistically significant relationship with entrepreneur (ENT). The constant has a value of -1.22 and probability can not be negative so we take it equal to 0. The variable, offer discount to vendors (ODT) representing entrepreneurial vision has a t-value = 5.29 indicating a statistically significant relationship with entrepreneur (ENT). To invest money (TIM) representing entrepreneurial motivation has a t-value = 5.67 indicating a statistically significant relationship with entrepreneur (ENT). Freedom (FRE) representing entrepreneurial motivation has a t-value = 4.58 indicating a statistically significant relationship with entrepreneur (ENT). For legacy (FOL), representing entrepreneurial motivation has a t-value = 2.01 indicating a statistically significant relationship with entrepreneur (ENT. To use past experience (UPE),

representing entrepreneurial motivation has a t-value = 2.00 indicating a statistically significant relationship with entrepreneur (ENT). The β coefficient represents the level of probability. The respective β coefficients of THF, ODT, TIM, FRE, FOL and UPE are 0.10, 0.07, 0.07, 0.06, 0.03 and 0.02 and shows that the probability of ENT increases by 10 %, 7 %, 7 %, 6 %, 3 % and 2 % with one unit increase in THF, ODT, TIM, FRE, FOL respectively.

The optimal explanatory power of the model is 65% (Adjusted $R^2$) which means 65% of variance in independent variables being explained by the model. In order to avoid multi-co linearity, VIF test has been performed and results of these tests as reported in table 4.15 show that co linearity among independent variables is within tolerance limit.

### 4.7.2. Regression Analysis of the factor of Innovation

The correlation statistics of all variables for the factor of innovation (INN) are exhibited in table 4.16 given below.

Table 4.16 Correlation Matrix of variables for Innovation (N= 257)

| No | Variable | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | NEP | 1.00 | 0.31 | 0.33 | 0.23 | 0.23 |
| 2 | NEM | 0.31 | 1.00 | 0.41 | 0.29 | 0.33 |
| 3 | UOI | 0.33 | 0.41 | 1.00 | 0.31 | 0.44 |
| 4 | INI | 0.23 | 0.29 | 0.31 | 1.00 | 0.35 |
| 5 | CRT | 0.23 | 0.33 | 0.44 | 0.35 | 1.00 |

As noted in table 4.16, there is no statistically significant correlation among variables. Hence all of these variables are kept for stepwise regression. A stepwise regression is run against all independent variables: new product (NEP), new market (NEM), use of information technology (UOI), innovative idea (INI) and creative teams (CRT) and dependent variable

innovation (INN). Innovation (INN) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

$$INN = -1.20 + .08\,NEP + .07\,UOI + .05\,NEM + .04\,INI + .03\,CRT \quad (4.9)$$

Results of stepwise regression analysis exhibited in table 5.4 are given below.

Table 4.17 Regression Results on Innovation Factor

| No | Variables | β | t- value | P | Tolerance | VIF |
|---|---|---|---|---|---|---|
| 1 | Constant | -1.20 | -11.04 | 0.00 | | |
| 2 | NEP | 0.08 | 6.58 | 0.00 | 0.88 | 1.14 |
| 3 | UOI | 0.07 | 5.45 | 0.00 | 0.71 | 1.41 |
| 4 | NEM | 0.05 | 4.01 | 0.00 | 0.76 | 1.31 |
| 5 | INI | 0.04 | 3.34 | 0.00 | 0.83 | 1.21 |
| 6 | CRT | 0.03 | 2.22 | 0.03 | 0.69 | 1.45 |

The table 4.17 reports that final variables are: new product (NEP), new market (NEM), use of information technology (UOI), innovative idea (INI) and creative teams (CRT). The variable new product (NEP), representing innovation competence has a t-value = 6.58 indicating a statistically significant relationship with innovation (INN). The constant has a value of -1.20 and probability can not be negative so we take it equal to 0. The variable, use of information technology (UOI), representing innovation competence has a t-value = 5.45 indicating a statistically significant relationship with innovation (INN). The variable, new market (NEM), representing innovation competence has a t-value = 4.01 indicating statistically significant relationship with innovation (INN). The variable innovative idea (INI), representing innovation system has a t-value = 3.34 indicating a statistically significant relationship with innovation (INN).

The respective β coefficients of NEP, UOI, NEM, INI and CRT are 0.08, 0.07, 0.05, 0.04 and 0.03 and shows that the probability of INN increases by 8 %, 7 %, 5 %, 4 % and 3 % with one unit increase in NEP, UOI, NEM, INI and CRT respectively.

The variable creative teams (CRT), representing innovation system has a t-value = 2.22 indicating a statistically significant relationship with innovation (INN). Its β coefficient has a positive sign and magnitude of its effect is .03. This shows it has probability of positively influencing entrepreneurial innovation by 3%.

The optimal explanatory power of the model is 63% (Adjusted $R^2$) which means 63% of variance in independent variables being explained by the model. In order to avoid the possibility of multi-co linearity, VIF test has been performed that shows that co linearity among independent variables is within tolerance limit.

### 4.7.3. Regression Analysis of the factor of Opportunity

The correlation statistics of all variables for the factor of opportunity (OPP) are exhibited in table 4.18 given below.

Table 4.18 Correlations Matrix of Variables for Opportunity (N= 257)

| No | Variable | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | SIF | 1.00 | 0.13 | 0.07 | 0.041 | 0.19 |
| 2 | SIR | 0.13 | 1.00 | 0.38 | 0.16 | 0.06 |
| 3 | SIT | 0.07 | 0.38 | 1.00 | 0.41 | 0.34 |
| 4 | SIG | 0.05 | 0..16 | 0..41 | 1.00 | 0.02 |
| 5 | SIC | 0.13 | 0.13 | 0.04 | 0.35 | 1.00 |

As noted in table 4.18, there is no statistically significant correlation among variables. Hence all of these variables are kept for stepwise regression. A stepwise regression is run against all independent variables: source is family (SIF), source is friends (SIR), source is participation in tradeshows (SIT), source is government (SIG) and source is contacts (SIC) and dependent variable opportunity (OPP). Opportunity (OPP) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

$$OPP = -.94 + .09\,SIT + .07\,SIG + .06\,SIF + .06\,SIR + .06\,SIC \quad (4.10)$$

Results of stepwise regression analysis exhibited in table 4.19 are given below.

Table 4.19 Regression Results on Opportunity Factor

| No | Variables | β | t- value | P | Tolerance | VIF |
|---|---|---|---|---|---|---|
| 1 | Constant | -0.94 | -10.35 | 0.00 | | |
| 2 | SIT | 0.09 | 7.39 | 0.00 | 0.68 | 1.48 |
| 3 | SIG | 0.07 | 6.51 | 0.00 | 0.76 | 1.32 |
| 4 | SIF | 0.06 | 6.46 | 0.00 | 0.95 | 1.05 |
| 5 | SIR | 0.06 | 6.05 | 0.00 | 0.86 | 1.16 |
| 6 | SIC | 0.06 | 4.08 | 0.00 | 0.96 | 1.04 |

The table 4.19 reports that final variables are: source is family (SIF), source is friends (SIR), source is participation in tradeshows (SIT), source is government (SIG) and source is contacts (SIC). The variable source is participation in tradeshows (SIT) has a t-value = 7.39 indicating a statistically significant relationship with opportunity (OPP). The constant has a value of – 0.94 and probability can not be negative so we take it equal to 0. The variable, source is government (SIG) has a t-value = 6.51 indicating a statistically significant relationship with opportunity (OPP). The variable, source is family (SIF) has a t-value = 6.46 indicating a statistically significant relationship with opportunity (OPP). The variable, source is friends (SIR) has t-value = 6.05 indicating a statistically significant relationship with opportunity (OPP). The variable source is contacts (SIC) has a t-value t = 4.08, p=.00) indicating a statistically significant relationship with opportunity (OPP). The variable source is participation in tradeshows (SIT) has the highest β indicating SIT is the most important variable of opportunity (OPP).

The respective β coefficients of SIT, SIG, SIF, SIR and SIC are 0.09, 0.07, 0.06, 0.06 and 0.06 and shows that the probability of OPP increases by 9 %, 7 %, 6 %, 6 %, 6 % and 6 % with one unit increase in SIT, SIG, SIF, SIR and SIC respectively.

The optimal explanatory power of the model is 60% (Adjusted $R^2$) which means 60% of variance in independent variables being explained by the model. In order to avoid the possibility of multi-co linearity, VIF test has been performed that shows that co linearity among independent variables is within tolerance limit.

### 4.7.4. **Regression analysis of Factor of Culture and Environment**

The correlation statistics of all variables for the factor of culture and environment (CAE) are exhibited in table 4.20 given below.

Table 4.20 Correlations Matrix of Variables Culture & Environment (N= 257)

| No | Variable | 1 | 2 | 3 | 4 | 5 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAT | 1.00 | 0.33 | 0.20 | 0.33 | 0.15 | 0.01 | 0.03 | 0.13 | 0.09 | 0.09 |
| 2 | WEE | 0.33 | 1.00 | 0.09 | 0.30 | 0.15 | 0.04 | 0.06 | 0.10 | 0.12 | 0.12 |
| 3 | TAX | 0.20 | 0.09 | 1.00 | 0.21 | 0.17 | 0.04 | 0.05 | 0.06 | 0.05 | 0.05 |
| 4 | COR | 0.33 | 0.30 | 0.21 | 1.00 | 0.11 | -0.01 | 0.05 | 0.10 | -0.07 | -0.07 |
| 5 | HFF | 0.15 | 0.15 | 0.17 | 0.11 | 1.00 | 0.28 | 0.33 | 0.30 | 0.06 | 0.06 |
| 6 | HFM | 0.01 | 0.04 | 0.04 | -0.01 | 0.28 | 1.00 | 0.43 | 0.40 | 0.12 | 0.12 |
| 7 | HFB | 0.03 | 0.06 | 0.05 | 0.05 | 0.33 | 0.43 | 1.00 | 0.47 | 0.01 | 0.01 |
| 8 | SOG | 0.13 | 0.10 | 0.06 | 0.10 | 0.30 | 0.40 | 0.47 | 1.00 | 0.00 | 0.00 |
| 9 | SUE | 0.09 | 0.12 | 0.05 | -0.07 | 0.06 | 0.12 | 0.01 | 0.00 | 1.00 | 1.00 |

The correlation coefficients shown in table 4.20 indicate that there is no statistically significant correlation among variables. Hence all of these variables are kept for stepwise regression. A stepwise regression is run against all independent variables: crime and theft (CAT), weak economy (WEE), tax ( TAX), corruptions (COR), help from friends ( HFF), help from mentor ( HFM), help from boss (HFB), support of government (SOG) and supportive environment (SUE) and culture and environment (CAE). Culture and environment (CAE) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

$$\begin{aligned} CAE = {} & -1.16 + .07\,CAT + .06\,TAX + .06\,SUE + .05\,HFF \\ & + .05\,SOG + .04\,HFM + .04\,HFB + .04\,WEE \\ & + .03\,COR \end{aligned} \qquad 4.11$$

Results of stepwise regression analysis exhibited in table 4.21 are given below.

Table 4.21 Regression Results on Culture and Environment Factor

| No | Variable | β | t- value | P | Tolerance | VIF |
|---|---|---|---|---|---|---|
| 1 | Constant | -1.16 | -11.40 | 0.00 | | |
| 2 | CAT | 0.07 | 5.53 | 0.00 | 0.67 | 1.50 |
| 3 | TAX | 0.06 | 5.55 | 0.00 | 0.93 | 1.08 |
| 4 | SUE | 0.06 | 4.30 | 0.00 | 0.94 | 1.07 |
| 5 | HFF | 0.05 | 4.19 | 0.00 | 0.78 | 1.28 |
| 6 | SOG | 0.05 | 3.63 | 0.00 | 0.66 | 1.52 |
| 7 | HFM | 0.04 | 3.33 | 0.00 | 0.67 | 1.49 |
| 8 | HFB | 0.04 | 3.22 | 0.00 | 0.65 | 1.54 |
| 9 | WEE | 0.04 | 2.01 | 0.04 | 0.71 | 1.42 |
| 10 | COR | 0.03 | 2.03 | 0.04 | 0.70 | 1.43 |

The table 4.21 reports that final variables are: crime and theft (CAT), weak economy (WEE), tax ( TAX), corruptions (COR), help from friends ( HFF), help from mentor ( HFM), help from boss (HFB), support of government (SOG) and supportive environment (SUE). The variable crime and theft (CAT), representing entrepreneurial culture has a t-value = 5.53 indicating a statistically significant relationship with culture and environment (CAE). The constant has a value of -1.16 and probability can not be negative so we take it equal to 0.

The variable tax (TAX) representing entrepreneurial environment has a t-value = 5.55 indicating a statistically significant relationship with culture and environment (CAE). The variable supportive environment (SUE), representing entrepreneurial environment has a t-value = 4.30 indicating statistically significant relationship with culture and environment (CAE). The variable help from friends (HFF), representing entrepreneurial culture has a t-value above 2 t = 4.19 indicating a statistically significant relationship with culture and environment (CAE). The variable support of government (SOG), representing entrepreneurial environment has a t-value =

3.63 indicating statistically significant relationship with culture and environment (CAE). The variable help from mentor (HFM), representing entrepreneurial culture has a t-value = 3.33 indicating a statistically significant relationship with culture and environment (CAE).

The variable help from boss (HFB), representing entrepreneurial culture has a t-value = 3.22 indicating a statistically significant relationship with culture and environment (CAE). The variable weak economy (WEE) representing entrepreneurial environment has a t-value = 2.01 indicating a statistically significant relationship with culture and environment (CAE). The variable corruption (COR), representing entrepreneurial environment has a t-value = 2.03 indicating a statistically significant relationship with culture and environment (CAE). The variable CAT has the highest β indicating that CAT is the most important variable among all variables of culture and environment (CAE).

The respective β coefficients of CAT, TAX, SUE, HFF, SOG, HFM, HFB, WEE and COR are 0.07, 0.06, 0.06, 0.05, 0.05 and 0.04 shows that the probability of CAE increases by 10 %, 7 %, 7 %, 6 %, 3 % and 2 % with one unit increase in CAT, TAX, SUE, HFF, SOG, HFM, HFB, WEE and COR respectively.

The optimal explanatory power of the model is 63% (Adjusted $R^2$) which means 63% of variance in independent variables being explained by the model. The results of VIF tests show that co linearity among independent variables is within tolerance limit.

### 4.7.5. Regression Analysis of Variables of Resources

The correlation statistics of all variables for the factor of resources are exhibited in table 4.22 given below.

Table 4.22 Correlations Matrix of Variables for Resources (N= 257)

| No | Variable | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | FBE | 1.00 | 0.15 | 0.45 | 0.06 | -0.06 | -0.01 | -0.06 | 0.17 | 0.03 | -0.22 | 0.02 | 0.04 | 0.03 | 0.00 |
| 2 | NBE | 0.15 | 1.00 | 0.08 | 0.60 | -0.15 | 0.04 | 0.14 | -0.07 | -0.11 | -0.20 | 0.08 | 0.18 | 0.02 | 0.10 |
| 3 | FBS | 0.45 | 0.08 | 1.00 | 0.09 | -0.07 | 0.07 | -0.13 | 0.16 | 0.07 | -0.06 | 0.01 | 0.14 | -0.01 | -0.05 |
| 4 | NBS | 0.06 | 0.60 | 0.09 | 1.00 | 0.01 | -0.01 | -0.06 | 0.06 | -0.15 | -0.29 | 0.01 | 0.08 | -0.08 | -0.06 |
| 5 | TRE | -0.06 | -0.15 | -0.07 | 0.01 | 1.00 | -0.27 | -0.03 | -0.03 | -0.15 | -0.03 | -0.02 | -0.10 | -0.02 | -0.03 |
| 6 | IIT | -0.01 | 0.04 | 0.07 | -0.01 | -0.27 | 1.00 | 0.11 | 0.02 | 0.23 | 0.12 | 0.13 | 0.25 | 0.19 | 0.12 |
| 7 | MKT | -0.06 | 0.14 | -0.13 | -0.06 | -0.03 | 0.11 | 1.00 | 0.20 | -0.03 | 0.01 | -0.10 | 0.00 | -0.04 | -0.13 |
| 8 | ATF | 0.17 | -0.07 | 0.16 | 0.06 | -0.03 | 0.02 | 0.20 | 1.00 | -0.01 | 0.12 | 0.01 | 0.02 | -0.02 | 0.02 |
| 9 | HAS | 0.03 | -0.11 | 0.07 | -0.15 | -0.15 | 0.23 | -0.03 | -0.01 | 1.00 | 0.13 | 0.29 | 0.42 | 0.25 | 0.37 |
| 10 | CAS | -0.22 | -0.20 | -0.06 | -0.29 | -0.03 | 0.12 | 0.01 | 0.12 | 0.13 | 1.00 | 0.26 | 0.14 | 0.16 | 0.14 |
| 11 | BIE | 0.02 | 0.08 | 0.01 | 0.01 | -0.02 | 0.13 | -0.10 | 0.01 | 0.29 | 0.26 | 1.00 | 0.28 | 0.18 | 0.34 |
| 12 | TEA | 0.04 | 0.18 | 0.14 | 0.08 | -0.10 | 0.25 | 0.00 | 0.02 | 0.42 | 0.14 | 0.28 | 1.00 | 0.13 | 0.27 |
| 13 | OFR | 0.03 | 0.02 | -0.01 | -0.08 | -0.02 | 0.19 | -0.04 | -0.02 | 0.25 | 0.16 | 0.18 | 0.13 | 1.00 | 0.61 |
| 14 | ENC | 0.00 | 0.10 | -0.05 | -0.06 | -0.03 | 0.12 | -0.13 | 0.02 | 0.37 | 0.14 | 0.34 | 0.27 | 0.61 | 1.00 |

The correlation coefficients shown in table 4.22 indicate that there is no statistically significant correlation among all variables indicating there is no association between variables. Hence all of these variables are kept for stepwise regression.

A stepwise regression is run against all independent variables: access to finance (ATF), business experience (BIE), capital and success (CAS), encouragement (ENC), food business

employment (FBE), food business self- employment(FBS), human resource and success (HUS), invest in training (IIT), non-food business employment (NBE), Non-food business self employment (NBS), offer financial rewards (OFR), Provision marketing training (MKT), Team (TEA) and trained employee (TRE) and dependent variable resources (RES). Resources ( RES) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

$$\begin{aligned} RES = {} & -1.77 + .09\ TRE + .08\ IIT + .06\ BIE + .06\ MKT \\ & + .06\ OFR + .05\ HUS + .05\ TEA + 04\ ATF \\ & + .03\ CAS \end{aligned} \qquad 4.12$$

Results of stepwise regression analysis exhibited in table 4.23 are given below.

Table 4.23 Regression Results on Resources Factor

| No | Variables | β | t- value | P | Tolerance | VIF |
|---|---|---|---|---|---|---|
| 1 | Constant | -1.77 | -11.18 | 0.00 | | |
| 2 | TRE | 0.09 | 2.01 | 0.05 | 0.92 | 1.09 |
| 3 | IIT | 0.08 | 6.33 | 0.00 | 0.81 | 1.23 |
| 4 | BIE | 0.06 | 4.15 | 0.00 | 0.85 | 1.18 |
| 5 | MKT | 0.06 | 4.52 | 0.00 | 0.91 | 1.09 |
| 6 | OFR | 0.06 | 3.95 | 0.00 | 0.90 | 1.11 |
| 7 | HUS | 0.05 | 3.39 | 0.00 | 0.77 | 1.30 |
| 8 | TEA | 0.05 | 3.01 | 0.00 | 0.79 | 1.27 |
| 9 | ATF | 0.04 | 3.57 | 0.00 | 0.93 | 1.08 |
| 10 | CAS | 0.03 | 2.54 | 0.01 | 0.93 | 1.08 |

The table 4.23 reports that final variables are: access to finance (ATF), business experience (BIE), capital and success (CAS), human resource and success (HUS), team (TEA), invest in training (IIT), offer financial rewards (OFR), Provision marketing training (MKT) and trained employee (TRE) and other are dropped in the process of estimation. The variable trained employee (TRE), representing entrepreneurial team has a t-value = 2.01indicating a statistically significant relationship with resources (RES). The constant has a value of -1.77 and probability can not be negative so we take it equal to 0. The variable invest in training (IIT), representing entrepreneurial team has a t-value = 6.33 indicating a statistically significant relationship with resources (RES).

The variable business experience (BIE), representing entrepreneurial experience has a t-value = 4.14 indicating a statistically significant relationship with resources (RES). The variable provision of marketing (MKT), representing entrepreneurial marketing has a t-value = 4.52 indicating a statistically significant relationship with resources (RES).

The variable offer financial rewards (OFR), representing entrepreneurial team has a t-value = 3.95 indicating a statistically significant relationship with resources (RES). The variable human resource and success (HUS), representing entrepreneurial team has a t-value = 3.39 indicating a statistically significant relationship with resources (RES). The variable team (TEA), representing entrepreneurial team has a t-value = 3.01 indicating a statistically significant relationship with resources (RES).

The respective β coefficients of TRE, IIT, BIE, MKT, OFR, HUS, TEA, ATF and CAS are 0.09, 0.08, 0.06, 0.06, 0.06, 0.05, 0.05, 0.04 and 0.03 respectively show that the probability of RES increases by 9%, 8 %, 6 %, 6 %, 6 %, 5 %, 5% and 4 % with one unit increase in TRE, IIT, BIE, MKT, OFR, HUS, TEA, ATF and CAS.

The variable access to finance (ATF), representing finance has a t-value = 3.57 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .04. This shows it has probability of positively influencing entrepreneurial resources by 4%.

The variable capital access (CAS), representing finance has a t-value = 2.54 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .03. This shows it has probability of positively influencing entrepreneurial resources by 3%. The variable trained employee (TRE) is the most important resource among all resources in the success of the entrepreneurial venture.

The optimal explanatory power of the model is 57% (Adjusted $R^2$) which means 57% of variance in independent variables being explained by the model. In order to avoid the possibility of multi-co linearity, VIF test has been performed that shows that co linearity among independent variables is within tolerance limit.

### 4.7.6. Regression Analysis of variables of Factor of Network

The correlation statistics of all variables for the factor of network (NET) are exhibited in table 4.24 given below.

Table 4.24 Correlations Matrix of Variables for Network (N= 257)

| No | Variables | M | SD | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|---|---|
| 1 | CUD | 1.54 | 0.50 | -0.11 | 0.05 | 0.13 | 1.00 |
| 2 | VED | 1.32 | 0.47 | 1.00 | 0.33 | -0.01 | -0.11 |
| 3 | MEM | 1.79 | 1.36 | -0.01 | 0.07 | 1.00 | 0.13 |
| 4 | HOC | 4.34 | 1.91 | 0.33 | 1.00 | 0.07 | 0.05 |

The correlation coefficients shown in table 4.24 indicate that there is no statistically significant correlation among all variables indicating there is no association between variables. Hence all of these variables are kept for stepwise regression. A stepwise regression is run against all independent variables: customer data (CUD), vendor database (VED), membership (MEM), help of contacts (HOC) and network (NET). Network (NET) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

$$NET = -.91 + .17\,VED + .16\,HOC + .14\,MEM + .12\,CUD \qquad 4.13$$

Results of stepwise regression analysis exhibited in table 4.25 are given below.

Table 4.25 Regression Results on Network

| No | Variable | β | t- value | P | Tolerance | VIF |
|---|---|---|---|---|---|---|
| 1 | (Constant) | -0.91 | -9.61 | 0.00 | | |
| 2 | VED | 0.17 | 3.66 | 0.00 | 0.89 | 1.13 |
| 3 | HOC | 0.16 | 14.16 | 0.00 | 0.97 | 1.03 |
| 4 | MEM | 0.14 | 9.14 | 0.00 | 0.98 | 1.02 |
| 5 | CUD | 0.12 | 2.75 | 0.00 | 0.88 | 1.13 |

The table 4.25 reports that final variables are: customer data (CUD), vendor database (VED), membership (MEM) and help of contacts (HOC). The variable vendor data base (VED) representing formal network has a t-value t = 3.66 indicating a statistically significant relationship with network (NET). The constant has a value of -0.91 and probability can not be negative so we take it equal to 0. The variable help of contacts (HOC), representing informal network has a t-value = 14.16 indicating a statistically significant relationship with network (NET). The variable membership (MEM), representing formal network has a t-value = 9.14 indicating a statistically significant relationship with network (NET). The variable customer database (CUD), representing formal network has a t-value = 2.75 indicating a statistically significant relationship with network (NET). The variable vendor database (VED), representing formal network has the highest β indicating vendor database VED is the most important variable activity for networking.

The respective β coefficients of VED, HOC, MEM and CUD are 0.17, 0.16, 0.14 and 0.12 shows that the probability of NET increases by 17 %, 16 %, 14 % and 12 % with one unit increase in VED, HOC, MEM and CUD respectively.

The optimal explanatory power of the model is 41% (Adjusted $R^2$) which means 41% of variance in independent variables being explained by the model. In order to avoid the possibility of econometric problems like multi-co linearity, VIF test has been performed that shows that co linearity among independent variables is within tolerance limit.

## 4.8. Estimation of Model of Entrepreneurial Success

After separately estimating each factor of entrepreneurial success, we are now able to estimate the overall model as given in equation 4.1 reproduced below:

$$SUC = \beta_o + \beta_1 ENT + \beta_2 NET + \beta_3 INN + \beta_4 OPP + \beta_5 CAE + \beta_6 RES + \varepsilon \quad 4.1$$

*Where*

| | | |
|---|---|---|
| SUC | = | Entrepreneurial Success of Pakistan commercial fast-food SMEs |
| ENT | = | Entrepreneur, a micro factor |
| INN | = | Innovation, a micro factor |
| OPP | = | Opportunity, a macro factor |
| CAE | = | Culture and Environment, a macro factor |
| RES | = | Resources, a macro factor |
| NET | = | Networking, a macro factor |
| $\varepsilon$ | = | Econometrics error term assumed to be normally distributed with means zero and variance $\sigma$=. |

$\beta_i > 0$ & i = 0,1,2,3,4,5 and 6

As reflected by equation 5.1 this study claims that these six factors are contributing positively towards business success. The precise contribution of each factor towards success of this business is going to be tested with the help of the above model.

The approach in estimating this equation is that we first check correlation between entrepreneurial success and factor of entrepreneurial success to establish if there is any association. Then undertake linear regression analysis between entrepreneurial success and factors of success. Finally, stepwise regression on entrepreneurial success and all factors of success as a group is undertaken.

### 4.8.1. Correlation Analyses of Model of Entrepreneurial Success

The correlation analysis is conducted between the factor of entrepreneurial success and entrepreneurial success. The results of correlation between entrepreneurial success (SUC) and factors of entrepreneurial success are reported in following table.

Table 4.26 Correlations Matrix of Success and Factor of Success (N=257)

| No | Factors | M | SD | SUC |
|---|---|---|---|---|
| 1 | ENT | 10.50 | 0.45 | .10 * |
| 2 | INN | 10.59 | 0.43 | .51 ** |
| 3 | NET | 10.44 | 0.57 | .01 |
| 4 | OPP | 10.53 | 0.51 | .21** |
| 5 | CAE | 10.07 | 0.34 | .13* |
| 6 | RES | 10.49 | 0.43 | .25** |
| 7 | SUC | 15.41 | 1.05 | 1.00 |

* Correlation is significant at the 0.05 level (1-tailed).
** Correlation is significant at the 0.01 level (1-tailed).

The table 4.26 shows the correlation coefficient of success (SUC) with factors of entrepreneurial success at 95% and 99% level of significance. At 99% level of significance correlation coefficient of innovation (INN) and (SUC) is r = .51, p= .01 indicating strong positive relationship between innovation (INN) and success (SUC). The coefficient of

opportunity (OPP) and success (SUC) is r = .21, p= .01 indicating strong positive relationship between opportunity (OPP) and success (SUC). The correlation coefficient of resources (RES) and (SUC) is r = .25, p= .01 indicating strong positive relationship between resources (RES) and success (SUC). At 95% level of significance the correlation coefficient of entrepreneur (ENT) and (SUC) is r = .10, p= .01 indicating relatively weak relationship between entrepreneur (ENT) and success (SUC). The correlation coefficient of culture and environment (CAE) and (SUC) is r = .13, p= .01 indicating a week positive relationship between culture and environment (CAE) and success (SUC). The correlation between network (NET) and success (SUC) is r = .01 indicating there is no correlation between network (NET) and success (SUC). In conclusion, success and each of the factors: entrepreneur, innovation, culture and environment, resources and opportunity are positively linked.

### 4.8.2. Linear Regression Analyses of Model of Entrepreneurial Success

To seek causal relationship between entrepreneurial success and factor of entrepreneurial success, regression analyses are conducted. Six linear regressions are run, that is, one regression for each factor of entrepreneurial success and entrepreneurial success. Results of the linear regressions between each factor of entrepreneurial success and success are exhibited in table 4.27

Table 4.27 Results of Linear Regression on Factors of Entrepreneurial Success

| No | Factors | β | t- value | P | Adj. $R^2$ | F |
|---|---|---|---|---|---|---|
| 1 | INN | 0.46 | 8.32 | 0.00 | 0.21 | 11.21 |
| 2 | RES | 0.33 | 5.69 | 0.00 | 0.10 | 32.42 |
| 3 | OPP | 0.26 | 4.38 | 0.00 | 0.06 | 19.25 |
| 4 | CAE | 0.14 | 2.29 | 0.02 | 0.01 | 5.24 |
| 5 | ENT | -0.10 | -1.70 | 0.09 | 0.00 | 2.88 |
| 6 | NET | 0.00 | 7.33 | 0.92 | 0.00 | 0.00 |

According to above table entrepreneur (ENT) and network (NET) do not play causation role in enhancing business success. However, other four factors, namely innovation (INN), opportunity (OPP), culture and environment (CAE) and resources (RES) make positive contribution towards business success. All of these factors are exhibiting attractive t statistics.

As far as the individual contribution of these factors is concerned, the innovation (INN) factor makes the highest contribution (β =.46), that is, one percent increase in the level of innovation increases business success by 46% which is a quite a lot. Likewise resources (RES) also contribute significantly (β =.33). One percent increase in the level of resources (RES) increases business success by 33%. Also, opportunity (OPP) also contributes significantly (β =.26). One percent increase in the level of opportunity (OPP) increases business success by 26%. Similarly culture and environment (CAE) contributes significantly (β =.14). One percent increase in the level of culture and environment (CAE) increases business success by 14%.

The forgoing results identified four factors: innovation, resources, opportunity and culture and environment to be real contributors toward the entrepreneurial success. Furthermore, it is also interesting to investigate their relative ranking. For this end in view we proceed to stepwise regression.

### 4.8.3. Stepwise Regression Analyses of Model of Entrepreneurial Success

To seek causal relationship between entrepreneurial success and factor of entrepreneurial success as group, that is, to seek relative ranking of factors of success, stepwise regression

between factors of entrepreneurial success and success is run. Results of stepwise regression analysis are shown in following table.

Table 4.28 Results of Stepwise Regression on Factors of Entrepreneurial Success

| No | Factors | β | t- value | P | Adj. R2 | Tolerance | VIF |
|---|---|---|---|---|---|---|---|
| 1 | Constant | 3.87 | 2.36 | 0.02 | | | |
| 2 | INN | 0.61 | 7.80 | 0.00 | 0.21 | 0.81 | 1.24 |
| 3 | OPP | 0.31 | 2.50 | 0.01 | 0.23 | 0.82 | 1.23 |
| 4 | NET | -0.36 | -3.34 | 0.00 | 0.25 | 0.85 | 1.18 |

According to above table Innovation (INN) with attractive statistics (t = 7.80, p=.00) is the most contributing factor in enhancing business success (β =.61), that is, one percent increase in the level of innovation increases business success by 61% which is a quite a lot. Hence the innovation (INN) has the highest contribution in the entrepreneurial success (SUC) when measured as group.

## 4.9. Hypotheses Testing

After identifying relevant factors and discerning their contribution towards entrepreneurial success, we can test our hypotheses suggested in chapter 1, section 1.7. These claims are tested on the basis of table 4.26, table 4.27 and table 4.28.

The first pair of hypotheses states

$H_{1.a}$ Entrepreneur (ENT) is a factor causing entrepreneurial success.

$H_{1.0}$ Entrepreneur (ENT) is not a factor causing entrepreneurial success.

The information in tables 4.26 and 4.27 show that entrepreneur (ENT) has correlation coefficient of .10 which means it is weakly linked to business success Similarly, its β coefficient

is -.10 which implies that it has a negative role. Therefore, the first null hypothesis is ($H_{1.O}$) rejected and alternate hypothesis ($H_{1.1}$) is accepted.

The second pair of hypotheses states

$H_{2.a}$ Innovation (INN) is a factor causing entrepreneurial success.

$H_{2.0}$ Innovation (INN) is not a factor causing entrepreneurial success.

The information in tables 4.26 and 4.27 show that innovation (INN) factor has a correlation coefficient of .51 which means that it is strongly linked to success. Similarly, its β coefficient is .46 which implies that it significantly contributes towards success. Therefore, the second null hypothesis is ($H_{2.O}$) accepted and alternate hypothesis ($H_{2.1}$) is rejected.

The third pair of hypotheses states

$H_{3.a}$ Culture and environment (CAE) is a factor causing entrepreneurial success.

$H_{3.0}$ Culture and environment (CAE) is not a factor causing entrepreneurial success.

As shown in tables 4.26 and 4.27, culture and environment factor having a correlation coefficient of .13 is significantly linked to business success. Similarly, its β coefficient is .14 which implies that it contributes towards success though not as much as innovation factor does. Therefore, the third null hypothesis is ($H_{3.O}$) accepted and alternate hypothesis ($H_{3.1}$) is rejected.

The fourth pair of hypotheses states

$H_{4.a}$ Resource (RES) is a factor causing entrepreneurial success.

$H_{4.0}$ Resource (RES) is not a factor causing entrepreneurial success.

As shown in tables 4.26 and 4.27, resources (RES) factor having a correlation coefficient of .25 is significantly linked to business success. Similarly, its β coefficient is .33 which implies

that it significantly contributing towards success. Therefore, the fourth null hypothesis is ($H_{4.O}$) accepted and alternate hypothesis ($H_{4.1}$) is rejected.

The fifth pair of hypotheses states

$H_{5.a}$ Network (NET) is a factor causing entrepreneurial success.

$H_{5.0}$ Network (NET) is not a factor causing entrepreneurial success.

As shown in tables 4.26 and 4.27, network (NET) factor having a correlation coefficient of .01 is not significantly linked to business success. Similarly, its β coefficient is .00 which implies that it is not significantly contributing towards success. Therefore, the fifth null hypothesis is ($H_{5.O}$) rejected and alternate hypothesis ($H_{5.1}$) is accepted.

The sixth pair of hypotheses states

$H_{6.a}$ Opportunity (OPP) is a factor causing entrepreneurial success.

$H_{6.0}$ Opportunity (OPP) is not a factor causing entrepreneurial success.

As shown in tables 4.26 and 4.27, opportunity (OPP) factor having a correlation coefficient of .21 is significantly linked to business success. Similarly, its β coefficient is .26 which implies that it significantly contributing towards success. Therefore, the sixth null hypothesis is ($H_{4.O}$) accepted and alternate hypothesis ($H_{4.1}$) is rejected.

The seventh pair of hypotheses states

$H_{7.a}$ Innovation (INN) is the most significant factor for entrepreneurial success.

$H_{7.0}$ Innovation (INN) is not the most significant factor for entrepreneurial success.

As shown in tables 4.26 and table 4.28, innovation (INN) factor having a correlation coefficient of .51 is significantly linked to business success. Similarly, its β coefficient is .61 which implies that maximum contribution towards entrepreneurial success made by this factor. Therefore, the seventh null hypothesis is ($H_{7.O}$) accepted and alternate hypothesis ($H_{7.1}$) is rejected.

## 4.10. Rationalization of Results

The business activity and particularly activities in the commercial fast-food SMEs sector is quite complex and multidimensional. The existing understanding taking on fast-food SMEs in Pakistan is very much limited due to the nature of its being family-specific. The business activity in this sector like those taking place in other sectors are not influenced and determined by the micro factors only but also by the macro factors, i.e., culture and environment, social network, resources. The profitability and success of a commercial fast-food SMEs essentially depends on innovative behavior of the entrepreneur and the ability to identify the right opportunities.

The regression results reported above have shown that entrepreneur plays no role which needs to be rationalized because he is the driver of business activity. Now this is not like what we see. In fact this means that entrepreneur's vision and motivation is not the driving force of the business success. There are lots of businesses out there that could be exploited if entrepreneur is innovative and opportunistic. The innovative behavior helps him producing new varieties of products and services at competitive prices and opportunistic drive instructs him to grab exciting business opportunities. On the basis of these realities, our sample has generated meaningful results that entrepreneur's innovative and opportunity features are important determinants of

Pakistani commercial fast food SMEs. Hence the unexpected result on entrepreneur gets rationalized. Likewise, social network the macro factor has been found playing no role. The logic is family-oriented nature of the business. A few families dominate the business and try to exclude other entrants into the business.

## 4.11. Summary

The objective of this work has been to increase our knowledge of by identifying first, the relevant factors and second, to quantify their contribution on the success of Pakistani commercial fast food SMEs. For this purpose, this chapter has looked into the correlation and causation processes. Econometric models are constructed. Based on these models, regression analyses both at the level of factors and variables are carried out. At the variable level, each factor of entrepreneurial success is regressed against its variables by using the values of responses. The resulting betas are used to estimate each factor of entrepreneurial success. Then, at the factor level, the overall model is estimated.

The sample respondents (N=257) comprised of 86.77 % male and 13.22 % female indicates that food entrepreneurship is not top career choice for Pakistani female entrepreneurs. On average, participants are of mature age (31-40 years), have graduation, and have 5-6 years prior business and work experiences and doing this business for 3-4 years. These individuals come from diverse background as 48.00% speak Urdu, 25% speak Punjabi and 12% Pashto. Majority of the participants (72.76%) are married. In general, participants are well aware of the business world of Pakistan and are highly educated Pakistanis. Some of the most important variables for micro factors are: increase in income, freedom from boss, leaves a legacy for family, building a creative team, planning for product and personal contacts. Similarly, some of

the most important variables for macro factors are: supportive environment, help and support from family, help and support of family to locate opportunities of personal contacts, formal relationship with customers and vendors, entrepreneurial team, marketing training and business experience. Based of these findings it can be concluded that, fast-food entrepreneurship in Pakistan has ethnic diversity, highly educated individuals, operates in a huge informal economy where entrepreneurship communities are the prime source of entrepreneurial ideas as there is lack of entrepreneurial mentorship in the country and government provides little support to facilitate and promote entrepreneurship in Pakistan.

The regression analysis at the variable level shows that some of the most important variables for micro factors are: to have fun, offer discount to vendors, to invest money, develop new product, use of information technology, support of family and friends, participation in tradeshows. Similarly, some of the macro factors are, less crime and theft, appropriate tax structure, supportive environment, trained employees, market know-how, and formal and informal relationship with customers and suppliers. These estimation shows that entrepreneurial success (SUC) has statistically significant relationship with micro factors: innovation (INN) opportunity (OPP) and macro factors: resources (RES) and culture and environment (CAE).

Further entrepreneurial success (SUC) has statistically insignificant relationship with factors: entrepreneur (ENT) and network (NET). Similarly, entrepreneurial success (SUC) has shown the strongest relationship with innovation (INN) factor among all significant factors. These estimation tests are used to provide statistical evidences to accept or reject the hypothesis. For regression analysis, out of seven hypotheses, five null hypotheses, that is, second, third,

fourth, sixth and seventh hypotheses are accepted and two alternate hypotheses, that is, first and fifth are accepted.

The research study concludes that innovation (INN), opportunity (OPP), resources (RES), and culture and environment (RES) are relevant factors answers the first part of research question. Innovation (INN) is the most important factor of entrepreneurial success factor is the answer to the second part of the question. The results obtained show that the even though success of a Pakistani commercial fast -food SMEs is greatly influenced by the innovative behavior of the entrepreneur but other micro and macro factors also influence in the entrepreneurial success. Hence, the innovative behavior, being opportunistic, suitable entrepreneurial culture and environment and ample resources are needed for the success of a typical commercial fast-food enterprise in Pakistan.

# CHAPTER 5: SUMMARY, IMPLICATIONS, RECOMMENDATIONS AND CONCLUSIONS

This chapter is concluding chapter of the thesis. It presents summary of the entire thesis. Finally, it presents conclusion of the thesis and then presents policy implications and recommendations. The material of this chapter is organized as follows:

Section 5.1 presents the summary of study while section 5.2 discusses the conclusions in detail. Then section 5.3 discusses the implications and presents the recommendations. In section 5.4 suggestions for future research are elaborated and section 5.5 presents the limitations.

## 5.1. Summary

SMEs entrepreneurship is a great source of economic growth. However, Pakistani SMEs, in particularly, Pakistani commercial fast-food SMEs are contributing very little to the economic growth. These SMEs are also losing market share to foreign fast-food franchises due to many constraining factors. The potential of these SMEs can be realized if there are guided and helped properly. This study steps forward in terms of guiding these enterprises. This study presents a competitive business model based on factors which influence entrepreneurial success. Theoretically, quite significant research efforts have been made at the global to identify the factors contributing in success but these are not quite relevant to the developing economies like Pakistan. Hence an indigenous model of entrepreneurial success is developed which comprises of comprehensive and balanced combination of micro and macro factors. It is hoped that development of Pakistani SMEs on the line provided in the model will boost growth of SMEs in Pakistan.

This study is intended to identify first, the relevant factors and second, to identify the factor with greatest influence in the success of a Pakistani commercial fast-food SMEs. The literature of subject revealed that most of the studies geared to establish the factor of entrepreneurial success included traits of the entrepreneur (micro factors) and the impact of macro factor (factors surrounding the entrepreneur and enterprise ) are either ignored and not considered appropriately. Hence, based on the literature review and hunch of scholar an ideal theoretical model referred as model of entrepreneurial success comprised of comprehensive and of balance combination of micro and macro factors of entrepreneurial success is proposed. Each factor of the entrepreneurial success is represented by component(s), group or groups of variables. Each component is represented by a set of variables.

The primary data is used in this study. For this purpose a bi-lingual questionnaire comprised of questions representing variables of six factors and six demographics variables is developed to gather data from 10 scientifically selected districts of Pakistan. As a result of this survey, 257 valid responses are received. The survey process aimed at a minimum response rate of 30 % but the actual response rate is 54 % (257 responses) and missing value ratio is just 1.9%.The proposed model is transformed into a regression model. Then each factor and its associated variables are also transformed into respective models. Regression analysis both at the factor and variable levels are carried out. The resulting β are used to estimate each factor of entrepreneurial success and similarly, the overall model is estimated. To answer the research questions, seven pairs of hypotheses and correlation and regression results provided the evidence to reject or accept the null hypothesis.

The findings from the research provided information necessary to answer the research questions. It is concluded SMEs entrepreneurship in Pakistan, like developed economies can play a key role in socio-economic devolvement provided SMEs entrepreneurs are made aware of the factors of entrepreneurial success. The fast-food entrepreneurship in Pakistan has ethnic diversity, has highly educated individuals, operates in a huge informal economy where entrepreneurship communities are the prime source of entrepreneurial ideas as there is lack of entrepreneurial mentorship in the country and government provides little support to facilitate and promote entrepreneurship in Pakistan. However, fast-food entrepreneurs are well aware of the business world of Pakistan and are highly educated Pakistanis. It is also concluded that even though business success is greatly influenced by the innovative behavior of the entrepreneur but both micro and macro factor are relevant in the success of an enterprise. Based on these findings conclusion are drawn and recommendation are prepared

## 5.2. Implications and Recommendations

The analysis provides insight into specific areas of Pakistani commercial fast-food SMEs. This analysis is primarily descriptive and broad generalization for entire service sector are inappropriate from such a small and selective sample; however, within the confines of this analysis, the results and conclusions provide some implications and recommendations as follows.

For budding and existing commercial fast-food entrepreneurs, it is essential to develop business models consisting of innovation as the major component.

For policy makers like Small and Medium Enterprises Development Authority ( SMEDA) , it is recommended a) to develop incubation centers, a nursery to develop innovative ideas, b) to develop curriculum for entrepreneurs with theories and exercises on innovation at all levels, c) to launch programs through entrepreneurs development centers to learn and educate how to share potential and existing business opportunities, d) to create awareness among family businesses owner to share opportunities with other budding entrepreneurs as these families are the biggest source of entrepreneurial ventures e) to develop a national forum for commercial fast-food entrepreneurs at each district to create a platform to discuss ideas and opportunities by involving successful commercial fast-food entrepreneurs. Promoting culture of innovation and rewarding those individuals and institutions who are innovating is mostly a public matter in countries like Pakistan. Therefore, it is recommended that Government of Pakistan should design programs and provide funding for this purpose. Further to create a culture of innovation and creativity amongst employees and other stakeholders by launching training programs to build trust between employees and entrepreneur to share ideas, to develop creative teams and to build reward system for innovation. Similarly, entrepreneur should increase opportunity competence and improves resources by adapting technology, conduct training on marketing and team building.

For academia, it is recommended a) to hold ideas conferences and forums to develop a culture of ideas sharing, b) to incorporate theories of innovation and creative in the syllabus of formal courses in particular in the class of business studies c) to hold forum/dialogue with successful commercial fast-food entrepreneurs and students, d) to conduct similar studies to develop in depth understanding of the success factors.

## 5.3. Suggestions for Future Research

The theoretical model of the study presented the premise that the success of fast-food enterprise is dependent of different factors, that is, entrepreneur, innovation, culture and environment, opportunity, network and resources. An exhaustive search in the current literature found no previous study to examine the success factor of fast-food entrepreneurs, making this research unique and the conclusion and findings could be a benchmark to stimulate further research.

First, these findings may be used to replicate the study to the other service sectors SMEs of Pakistan and then a comparison of these studies will provide a national level variation of success factors among different services sectors SMEs of Pakistan. These findings can then be compared with similar studies at national level. Similarly, repeating this study in other services sectors of SMEs from South Asian countries will give value information across countries. Second, the model developed can be used as a benchmark to establish factor of success for other SME sectors and by incorporating relevant variables of the sector under study. Third, significant relationship between entrepreneurial success and innovation, culture and environment, opportunity and resources can be further explored in reference to gender, social status and other demographic variables. Fourth, the conclusions drawn are bounded by the inherent limitations and assumptions. A qualitative or mixed research study might discover new knowledge or insight not revealed in this research, for example, by exploring the effect of size and structure of the organization. Last, this model if tested rigorously through more empirical studies may be treated as theory in future and as it is possible to treat a model as a theory provided it is subsequently subjected to rigorous empirical testing

## 5.4. Limitations

All theorization work in social science suffers a number of limitations and this story is not an exception also. It is important that those limitations be mentioned in this beginning. First, the data collected is a snapshot at one point in time; the data is cross-sectional and therefore, it reflects observation of a particular time. Second, honesty of participants; even through the study is intended to solicit responses of each survey item on a 1 -7 Likert scale but the accuracy of responses relies on each participant's honesty. Third, undivided attention of participants; participants are asked to complete this questionnaire at their respective workplace by pre-solicited time but yet at times, the participants have pressure to focus on work rather than the questionnaire. Fourth, language barrier; despite the questionnaire is bilingual but some participants require translation of questions into local language and there might be weakness to translate underlying meanings of a question into local language. Fifth, quantitative nature of survey; the quantitative survey design relies on numbers, statistical analysis and deductive logic to evaluate human behavior.

Sixth, a perfect random sample; it is impossible to have a perfect random sample. Even though, the database of fast-food entrepreneurs of each city is prepared and geographical territories are allocated research associates to get the fair distribution from each area. However, in certain cities, law and order situation made it impossible to travel and collect data from all initially plan areas of city. Lastly, the scope of the study; the scope is limited to only commercial fast food SMEs of Pakistan of selected cities. The data set is based on the 257 responses as getting more data is beyond the financial means.

## 5.5. Conclusions

The findings from the research provided information necessary to answer the research questions. It is concluded SMEs entrepreneurship in Pakistan, like developed economies can play a key role in socio-economic devolvement provided SMEs entrepreneurs are made aware of the factors of entrepreneurial success. Among all Pakistani SMEs, fast-food SMEs has the greatest potential for socio-economic contribution. It is also established that the participants of the sample are (N=257) comprised of 86.77 % male and 13.22 % female indicates that food entrepreneurship is not top career choice for Pakistani female entrepreneurs. On average, participants are of mature age (31-40 years), have graduation, and have 5-6 years prior business and work experiences and doing this business for 3-4 years. These individuals come from diverse background as 48.00% speak Urdu, 25% speak Punjabi and 12% Pashto. Majority of the participants (72.76%) are married.

Therefore, fast-food entrepreneurship in Pakistan has ethnic diversity, has highly educated individuals, operates in a huge informal economy where entrepreneurship communities are the prime source of entrepreneurial ideas as there is lack of entrepreneurial mentorship in the country and government provides little support to facilitate and promote entrepreneurship in Pakistan. However, fast-food entrepreneurs are well aware of the business world of Pakistan and are highly educated Pakistanis

The fast-food entrepreneurs have entrepreneurial motivation to increase in income, freedom from boss and to leave a legacy for family. These entrepreneurs believe that innovation in product which comes from creative teams and use of technology, entrepreneurial teams,

trained employees, marking focus and business experience is the key to be successful. Support and help of family and friends, formal and informal contacts with vendors and customer, overall supportive environment, market know-how, and less crime and theft is also essential for the success of the business. Furthermore, the best source of entrepreneurial opportunities is entrepreneurial communities. This study concludes that for the success of an entrepreneurial venture, both micro and macro factors are important. Among micro factors: innovation and opportunity and among macro factors: resources, and culture and environment are relevant. Innovation, a micro factor, is the most important factor of entrepreneurial success. Therefore, even though business success is greatly influenced by the innovative behavior of the entrepreneur but both micro and macro factor are relevant in the success of an enterprise. Hence, the innovative behavior, being opportunistic, suitable entrepreneurial culture and environment and ample resources are also needed for the success of a typical commercial fast-food SMEs in Pakistan. These finding are also similar to findings of Vietnamese, Romanian and Kenyan entrepreneurs who declared hard work, innovative product and friendly entrepreneurial culture and environment are the factors of success (Benzing and Callanan, 2005; Bruce & Daun, 2008; Chu, Bensin and McGhee, 2007).

This study is conducted according to a set of assumptions, scope and limitation. The scope is framed to the entrepreneurs of Pakistani commercial fast-food SMEs located in selected area. Hence these results are derived based on a sample and may not be the reflection of the entire commercial fast-food sector of Pakistan. Similarly, the results are established based on certain statistical tools and these findings may be different if other similar tools are used for the same sample. We hope that these results, although preliminary, encourage future efforts to obtain

data with which to verify it solidity. The implications of these studies, for the theory of entrepreneurship and for the design of polices towards creation of successful ventures are derived.

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# APPENDICES

## Appendix A: Summary of Models of Entrepreneurial Success

| No | Model | Individual Context | Environmental Context |
|---|---|---|---|
| 1 | Indian Model of Entrepreneurship | Entrepreneurial traits, opportunity, Skills and Project report | Entrepreneurship development, Finance, Infrastructure and Environment |
| 2 | Timmons Model of the Entrepreneurial Process | Opportunity and The team | Resources |
| 3 | General Model of Entrepreneurial Success | Personality and Goals | Human Capital, Environment and Strategies |
| 4 | The Integrative Model of Entrepreneurship | Entrepreneur, Concept | Organization, Environment and resources, and The process |
| 5 | Wickham Model of Entrepreneurial Performance | Personal motivation, Management skills and People skills | Industry knowledge |
| 6 | The Entrepreneurial Capital Model | Opportunity, Ability and Motivation | |
| 7 | Model of Entrepreneurial Process | Innovation, Opportunity, Personal motivation and Management Skills | Business Planning Organization, Environment, and Resources |
| 8 | The Conceptual Model of Entrepreneurial Success | Willingness to start enterprise and Opportunity identification | Success of enterprise |

# Appendix B: Questionnaire

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## Entrepreneurial Model for Pakistani SMEs Survey

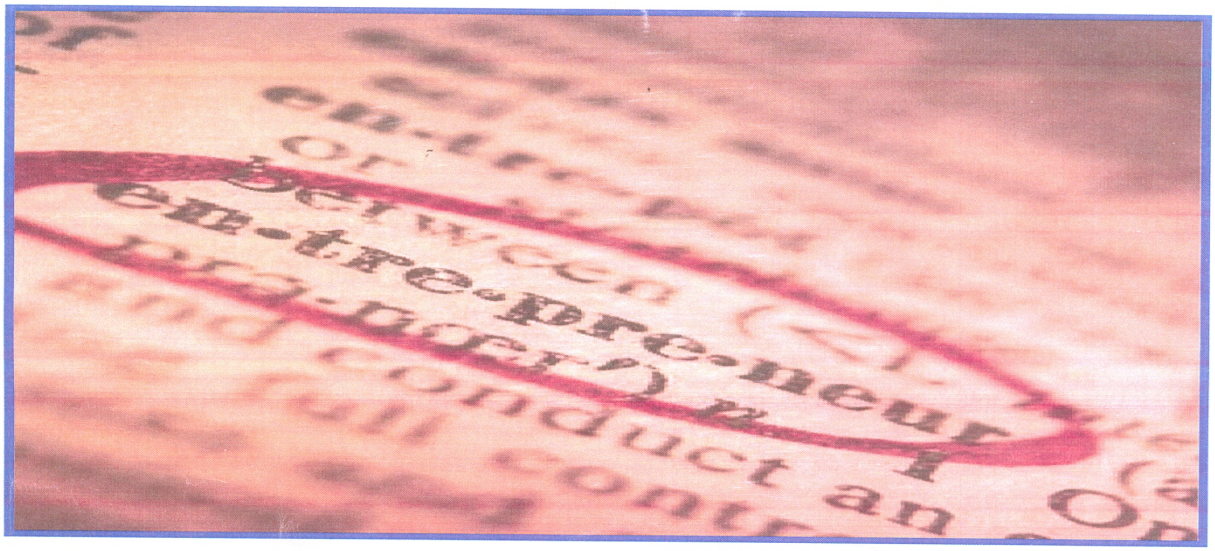
پاکستان میں چھوٹے/درمیانے سرگرم کاروباری سروے کیلئے انٹرپرونوریل (مہم کارانہ کاروباری) ماڈل


Department of Management Sciences

شعبہ مینجمنٹ سائنسز

Mohammad Ali Jinnah University, Islamabad Campus

محمد علی جناح یونیورسٹی اسلام آباد کیمپس



Ansir Ali Rajput , Ph.D. Scholar

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## INTRODUCTION (تعارف)

I am conducting research to develop an entrepreneurial model for Pakistani SMEs. This study is for commercial fast food entrepreneurs. This research will be of great value to develop entrepreneurial model for Pakistani SMEs

میں پاکستان میں چھوٹے اور درمیانے سرگرم کاروبار کیلئے انٹرپرونوریل (مہم کارانہ کاروباری) ماڈل بنانے پر ریسرچ کر رہا ہوں۔ یہ تحقیق سرگرم کمرشل فاسٹ فوڈ (فروخت کاری کیلئے تیار شدہ کھانے) کے کاروبار کیلئے ہے۔ یہ ریسرچ ملک میں سرگرم کاروبار کی ثقافت استوار کرنے میں بہت زیادہ اہمیت کی حامل ہوگی

| | Eligibility Questions مطلوبہ لازمی سوالات | Yes ہاں | No نہیں |
|---|---|---|---|
| 1 | Do you own commercial fast food*business?<br>1۔کیا آپ کمرشل فاسٹ فوڈ (جو پندرہ منٹ یا اس سے کم وقت میں تیار ہوتا ہے) کے مالک ہیں؟ | ☐ | ☐ |
| 2 | Do you have this business for at least 2 years?<br>2۔کیا آپ یہ بزنس کم از کم آخری دو سال سے کر رہے ہیں؟ | ☐ | ☐ |
| 3 | The number **of employees is between 10 and 100?<br>3۔کیا اس بزنس کی کسی شاخ پر ملازمین کی تعداد 10 سے 100 کے درمیان ہے؟ | ☑ | ☐ |
| 4 | Successful business earns profits, Do you agree?<br>4۔ایک کامیاب بزنس سے ہمیشہ منافع حاصل ہوتا ہے۔کیا آپ اس سے اتفاق کرتے ہیں؟ | ☐ | ☑ |

If you have answered **NO to Any** of the questions, please **STOP**. Complete this page and return this survey to the address give below - Thank you. If your responses are "Yes" to all questions, then kindly complete the survey including this page. For additional comments, please use the space provided at he end.

اگر مطلوبہ لازمی سوالوں میں سے کسی ایک کا بھی آپ کا جواب نہیں ہے تو اس سوالنامے کو پُر نہ کیجئے صرف اس صفحے پر پوچھی گئی معلومات کو پُر کریں یا اپنے بزنس کارڈ کو اس سوالنامے کے ساتھ لف کر کے نیچے دیئے گئے (پتے) ایڈریس پر ارسال کر دیں۔ اگر تمام مطلوبہ لازمی سوالات کیلئے آپ کا جواب "ہاں" میں ہے۔ تو برائے مہربانی سروے کے اس سوالنامے کو اس صفحے سمیت پُر کیجئے۔ مذید تبصرے کیلئے سوالنامے کے آخر میں دی گئی جگہ کا استعمال کریں۔

**Definitions** (تعریف)

*Food prepared in 15 minutes or less (۱۵ یا اس سے کم منٹ میں کھانا تیار)

**Number of employees per outlet if you are running more than one outlets (اگر آپ کی ایک سے زیادہ شاخیں ہیں تو ان میں ملازمین کی تعداد)

## CONFIDENTIAL

رازداری

**Survey responses are confidential and individual responses are not identified**

(سروے کے جوابات کو صیغہ راز میں رکھا جائے گا اور انفرادی جوابات کی نشاندہی نہ ہوگی۔)

**Respondent Information** (جواب دہندہ کی معلومات)

Place a copy of your business Card/stamp here or fill in the The information below (in print)

(برائے مہربانی اپنے بزنس کارڈ/مہر کو یہاں پر لگائیں یا نیچے پوچھی گئی معلومات کو تحریر/پرنٹ کریں۔)

Name of your business..... (آپ کے بزنس کا نام۔)

Address..... پتہ (ایڈریس)

Postal Code/City..... (پوسٹل کوڈ/شہر)

Phone/Fax/E-mail..... (فون/فیکس/ای میل)

**Kindly return as soon as possible to:**

(برائے مہربانی جتنی جلدی ممکن ہو واپس ارسال کریں۔)

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**CONFIDENTIALY:** Confidentiality of survey questionnaire responses is ensured. (رازداری: تمام تر معلومات کو صیغہ راز میں رکھا جائے گا۔)

This survey will take about 45 minutes to complete. (یہ سروے 45 منٹ میں مکمل ہوگا۔)

Many of the questions ask you to check a box (using a "√" or "X") or circle a number according to your opinion: (بہت سے سوالات میں آپ سے کہا جائے گا کہ کسی ایک خانے کی تصدیق کریں (xیا v کا استعمال) یا اپنی رائے کے مطابق کسے ایک نمبر کے گرد دائرہ لگائیں۔)

**Example:** (مثال)

**14) What is the level of contribution of the following factors in the success of your business?**

۱۴۔ آپ کے بزنس کی کامیابی میں درج ذیل عناصر کا عمل دخل کس حد تک ہے؟

a Appropriate Training (اے) موزوں تربیت — Least contributing (بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing (بہت زیادہ عمل دخل)

Circling 1: means you agree **completely** with the answer on the left-hand side

(۱۔ مطلب آپ بائیں طرف دیئے گئے جواب سے "مکمل طور پر" متفق ہیں۔)

Circling 2: means you **largely** agree with the left-hand side

(۲۔ مطلب آپ بائیں طرف دیئے گئے جواب سے "بہت حد تک" متفق ہیں۔)

Circling 3: means you **somewhat** agree with the left-hand side

(۳۔ مطلب آپ بائیں طرف دیئے گئے جواب سے "کسی حد تک" متفق ہیں۔)

Circling 4: means you **indifference** between the two answers

(۴۔ مطلب آپ دونوں طرف دیئے گئے جوابات کے درمیان "غیر متعلق" ہیں۔)

Circling 5: means you **somewhat** agree with the right-hand side

(۵۔ مطلب آپ دائیں طرف دیئے گئے جواب سے "کسی حد تک" متفق ہیں۔)

Circling 6: means you **largely** agree with the right-hand side

(۶۔ مطلب آپ دائیں طرف دیئے گئے جواب سے "بہت حد تک" متفق ہیں۔)

Circling 7: means you agree **completely** with the answer on the right-hand side

(۷۔ مطلب آپ دائیں طرف دیئے گئے جواب سے "مکمل طور پر" متفق ہیں۔)

Please **check only one number** per question unless specified otherwise.

(برائے مہربانی ہر سوال میں کسی ایک نمبر کی تصدیق کریں۔ یہاں تک کہ کسی اور طرح سے اس کی وضاحت نہ کی گئی ہو۔)

IF YOU DO NOT KNOW THE ANSWER TO A QUESTION OR IF THE QUESTION DOES NOT APPLY, PLEASE LEAVE IT **BLANK**

(اگر آپ کسی سوال کا جواب نہ جانتے ہوں یا سوال کا اطلاق نہ ہوتا ہو تو برائے مہربانی اُسے خالی چھوڑ دیں۔)

1)

a) Name اے)نام First _____ (پہلا) Last_____ (آخری) Family_____ (خاندانی)

b) Your age (Please check one)
بی) آپ کی عمر (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Under 20 | 21-30 | 31-40 | 41-50 | 51-55 | 56-60 | 61 & older |

c) Mother tongue (Please check one)
سی) مادری زبان (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| English (انگریزی) | Urdu (اردو) | Punjabi (پنجابی) | Pashto (پشتو) | Balochi (بلوچی) | Sindhi (سندھی) | Other_____ (دیگر) |

d) Gender (Please check one)
ڈی) جنس (کسی ایک کی تصدیق کریں)

| 1 | 2 |
|---|---|
| Male (مرد) | Female (عورت) |

e) Marital status? (Please check one)
ای) ازدواجی حیثیت (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 |
|---|---|---|
| Single (غیر شادی شدہ) | Married (شادی شدہ) | Other_____ (دیگر) |

f) Academic Qualification? (Please check one)
ایف) تعلیمی قابلیت (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| No schooling (ناخواندہ) | Primary (پرائمری) | Secondary (میٹرک) | High (ایف اے) | Graduation (گریجویشن) | Post Grad (ماسٹر ڈگری) | Other_____ (دیگر) |

g) Experience (Please check one)
جی) تجربہ (کسی ایک کی تصدیق کریں)

| (1) Employment (ملازمت) | | | | | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| (a) Food Business (فوڈ بزنس) | 0( yr) (سال) | 2 - 3( yr) (سال) | 4 - 5( yr) (سال) | 6 - 7( yr) (سال) | 7+( yr) (سال) |

| | | | | | |
|---|---|---|---|---|---|
| (b) None Food Business (فوڈ بزنس کے علاوہ) | 1 | 2 | 3 | 4 | 5 |
| | 0( yr) (سال) | 2 - 3( yr) (سال) | 4 - 5( yr) (سال) | 6 - 7( yr) (سال) | 7+( yr) (سال) |

| (2) Self Employment (ذاتی روزگار) | | | | | |
|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| (a) Food Business (فوڈ بزنس) | 0( yr) (سال) | 2 - 3( yr) (سال) | 4 - 5( yr) (سال) | 6 - 7( yr) (سال) | 7+( yr) (سال) |

| | | | | | |
|---|---|---|---|---|---|
| (b) None Food Business (فوڈ بزنس کے علاوہ) | 1 | 2 | 3 | 4 | 5 |
| | 0( yr) (سال) | 2 - 3( yr) (سال) | 4 - 5( yr) (سال) | 6 - 7( yr) (سال) | 7+( yr) (سال) |

**2) Please answer the following** (Please check one)
۲۔ برائے مہربانی درج ذیل سوالات کا جواب دیجئے۔ (کسی ایک کی تصدیق کریں)

a. Ever conducted a employee training program
اے) کیا کبھی ملازمین کا تربیتی پروگرام منعقد کروایا؟

| 1 | 2 |
|---|---|
| Yes (ہاں) | No (نہیں) |

b. Faced shortages of skilled work force?
بی) ہنرمند افرادی قوت کا سامنا کیا؟

| 1 | 2 |
|---|---|
| Yes (ہاں) | No (نہیں) |

c. Attended a family function of any staff members
سی) کیا کسی سٹاف ممبر کی خاندانی تقریب میں شرکت کی؟

| 1 | 2 |
|---|---|
| Yes (ہاں) | No (نہیں) |

**CONFIDENTIALY:** Confidentiality of survey questionnaire responses is ensured. (رازداری: تمام تر معلومات کو صیغہ راز میں رکھا جائے گا۔)

**3) Do you maintain a customer database?** (Please check one)

۳۔کیا آپ گاہکوں کا ریکارڈ رکھتے / اعداد و شمار / ڈیٹا بیس بناتے ہیں؟

| 1 | 2 |
|---|---|
| Yes (ہاں) | No (نہیں) |

**4) Do you maintain a vendor's database?** (Please check one)

۴۔کیا آپ مال فروخت کرنے والوں کا ریکارڈ رکھتے / اعداد و شمار / ڈیٹا بیس بناتے ہیں؟

| 1 | 2 |
|---|---|
| Yes (ہاں) | No (نہیں) |

**5) No of outlets of business?** (Please check one)

۵۔ بزنس کی شاخوں کی تعداد؟ (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 |
|---|---|---|
| 1 Outlet (شاخ) | 2 - 5 Outlets (شاخیں) | 6+ Outlets (شاخیں) |

**6) In your opinion the best source of innovation is?** (Please check one)

۶۔آپ کی نظر میں بزنس میں جدت کا بہترین ذریعہ؟ (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| Competition (مقابلہ بازی) | Western World (مغربی دنیا) | Employees (ملازمین) | Self (خود اپنی ذات) | Other _____ (دیگر) |

**7) Who is primarily responsible for networking in your business?** (Please check one)

۷۔آپ کے بزنس کی مربوط عملی کارروائیوں (نیٹ ورکنگ) کا ذمہ دار کون ہے؟ (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| In-house specialist (ماہر بزنس) | Myself (بذات خود) | Nobody (کوئی نہیں) | Everyone (سارے) | Others _____ (دیگر) |

**8) This Business is started by** (Please check one)

۸۔ بزنس کا آغاز کیسے ہوا؟ (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| Self (خود) | Purchased (خریدا) | Inherited (موروثی) | Purchased from Franchisor (کسی ایجنسی سے لیا) |

**9) How long have you been doing this business?** (Please check one)

۹۔آپ کب سے یہ بزنس کر رہے ہیں؟ (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| 1 – 2 (سال) | 3 – 4 (سال) | 5 – 6 (سال) | 7 – 8 (سال) | 9 – 10 (سال) | 11+ (سال) |

**10) How many trade associations, business organizations you are member of?** (Please check one)

۱۰۔آپ کتنی تجارتی انجمنوں / بزنس تنظیموں کے ممبر ہیں؟ (کسی ایک کی تصدیق کریں)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| 0 (تنظیم) | 1 – 2 (تنظیمیں) | 3 – 4 (تنظیمیں) | 5 – 6 (تنظیمیں) | 7 – 8 (تنظیمیں) | 9 – 10 (تنظیمیں) | 10+ (تنظیمیں) |

**11) Please rank the importance of following based on your current business experience in last three years.**

۱۱۔ برائے مہربانی آخری تین برسوں میں حاصل ہونے والے اپنے موجودہ تجربے کی بنیاد پر درج ذیل کی اہمیت کے اعتبار سے درجہ بندی کیجئے۔

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | New product or services<br>اے) نئی مصنوعات یا خدمت کا اضافہ | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| b | Sell to a new market<br>بی) نئی مارکیٹ میں فروخت | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| c | Use of IT<br>سی) انفرمیشن ٹیکنالوجی کا استعمال | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| d | Add specialized employees<br>ڈی) ماہر ملازمین کا اضافہ | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| e | Invest in employees training<br>ای) ملازمین کی تربیت پر سرمایہ کاری | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |

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**12) Attach level of importance to following traits and skills in success of your business.**

۱۲۔ آپ اپنے بزنس کی کامیابی میں درج ذیل امتیازی خصوصیات اور مہارتوں کو کس حد تک اہمیت دیتے ہیں؟

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Commitment<br>اے) عزم | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| b | Hard work<br>بی) سخت محنت | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| c | People Skills<br>سی) شخصی مہارتیں | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| d | Supervision<br>ڈی) نگرانی | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| e | Decision making<br>ای) فیصلہ سازی | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| f | Communication<br>ایف) معلومات کی فراہمی اور دستیابی | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |

**13) Please rank following factors in terms of importance in the success of your business.**

۱۳۔ برائے مہربانی اہمیت کے اعتبار سے مندرجہ ذیل عناصر کی درجہ بندی کیجیے اور اپنے بزنس میں انکی اہمیت کا تعین کریں۔

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Entrepreneur<br>اے) سرگرم کاروباری انتظام | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| b | Networking<br>بی) نیٹ ورکنگ (مربوط عملی کارروائیاں) | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| c | Culture and Environment<br>سی) ثقافت اور ماحول | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| d | Innovation<br>ڈی) جدت پسندی | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| e | Opportunity<br>ای) موقع | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| f | Resources<br>ایف) وسائل | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| g | Others_____<br>جی) دیگر | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |

**14) What was your source of opportunity for this business?**

۱۴۔ اس بزنس کا موقع پانے میں آپ کا ذریعہ کیا تھا؟

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Family<br>اے) خاندان | Least helpful<br>(بہت کم مددگار / معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful<br>(بہت زیادہ مددگار / معاون) |
| b | Self Discovery<br>بی) خودکی دریافت | Least helpful<br>(بہت کم مددگار / معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful<br>(بہت زیادہ مددگار / معاون) |
| c | Friends<br>سی) دوست احباب | Least helpful<br>(بہت کم مددگار / معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful<br>(بہت زیادہ مددگار / معاون) |
| d | Trade shows and exposition<br>ڈی) تجارتی میلے اور نمائش | Least helpful<br>(بہت کم مددگار / معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful<br>(بہت زیادہ مددگار / معاون) |
| e | Education<br>ای) تعلیم | Least helpful<br>(بہت کم مددگار / معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful<br>(بہت زیادہ مددگار / معاون) |
| f | Discussion with entrepreneurs<br>ایف) کاروباری حضرات سے گفت وشنید | Least helpful<br>(بہت کم مددگار / معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful<br>(بہت زیادہ مددگار / معاون) |
| g | Government<br>جی) حکومت | Least helpful<br>(بہت کم مددگار / معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful<br>(بہت زیادہ مددگار / معاون) |
| h | Others_____ | Least helpful | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful |

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ایچ) دیگر (بہت کم مددگار/معاون) (بہت زیادہ مددگار/معاون)

**15) Please rank the following in terms level of challenge you have faced in this business.**

۱۵۔مندرجہ ذیل کی ان چیلنجوں کے حوالے سے درجہ بندی کیجئے جن کا آپ نے اپنے بزنس میں سامنا کیا ہے۔

| | | | | |
|---|---|---|---|---|
| a Unreliable employees<br>اے) ناقابل اعتبار ملازمین | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| b Too much competition<br>بی) بہت زیادہ مقابلہ بازی | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| c No short-term loan<br>سی) مختصر المعیاد قرضہ حاصل کرنے کے قابل نہ ہونا | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| d No long term loan<br>ڈی) طویل المعیاد قرضہ حاصل کرنے کے قابل نہ ہونا | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| e Too much regulations<br>ای) بہت زیادہ حکومتی قواعد وضوابط | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| f Crime & Theft<br>ایف) جرم اور چوری چکاری | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| g Weak economy<br>جی) کمزور معیشت | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| h Lack of management training<br>ایچ) انتظامی تربیت کی کمی | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| i Lack of marketing training<br>آئی) مارکیٹ ٹریننگ کی کمی | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| j Complex tax structure<br>جے) ٹیکس کا پیچیدہ ڈھانچہ | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| k Inadequate infrastructure<br>کے) ناموزوں بنیادی ڈھانچہ | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| l Access to financing<br>فنانس کی فراہمی | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |
| m Corruption<br>ایم) بدعنوانی | Least challenging<br>(بہت ہی کم چیلنج) | 1 2 3 4 5 6 7 | Most challenging<br>(بہت ہی زیادہ چیلنج) |

**16) Rank the following (resources) in terms of importance in the success of your business.**

۱۶۔اپنے بزنس کی کامیابی میں درج ذیل وسائل کی اہمیت کے اعتبار سے درجہ بندی کیجئے۔

| | | | | |
|---|---|---|---|---|
| a Human<br>اے) انسانی | Least importance<br>(بہت ہی کم اہم) | 1 2 3 4 5 6 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| b Financial<br>بی) مالی | Least importance<br>(بہت ہی کم اہم) | 1 2 3 4 5 6 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| c Technological<br>سی) ٹیکنالوجی | Least importance<br>(بہت ہی کم اہم) | 1 2 3 4 5 6 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| d Infrastructure<br>ڈی) بنیادی ڈھانچہ | Least importance<br>(بہت ہی کم اہم) | 1 2 3 4 5 6 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| e Time<br>ای) وقت | Least importance<br>(بہت ہی کم اہم) | 1 2 3 4 5 6 7 | Most importance<br>(بہت ہی زیادہ اہم) |

**17) How much the following contributed in the success of your business?**

۱۷۔کیا آپ اتفاق کرتے ہیں کہ درج ذیل کا آپ کی کامیابی میں حصہ ہے؟

| | | | |
|---|---|---|---|
| a Business Plan<br>اے) کاروباری منصوبہ بندی | Least agreed<br>(بہت ہی کم متفق) | 1 2 3 4 5 6 7 | Most agreed<br>(بہت ہی زیادہ متفق) |
| b Feasibility<br>بی) (اسکا) قابل عمل ہونا | Least agreed<br>(بہت ہی کم متفق) | 1 2 3 4 5 6 7 | Most agreed<br>(بہت ہی زیادہ متفق) |

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**18) Who helped you the most to start this business?**

۱۸۔اس بزنس کوشروع کرنے میں کس نے آپ کی سب سے زیادہ مدد کی؟

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Self | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |
| | اے) خود | | | | | | | | | |
| b | Family | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |
| | بی) خاندان | | | | | | | | | |
| c | Friends | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |
| | سی) دوست احباب | | | | | | | | | |
| d | Mentor | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |
| | ڈی) ماہر صلاح کار | | | | | | | | | |
| e | Seminar | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |
| | ای) سیمینار | | | | | | | | | |
| f | Contacts | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |
| | ایف) تعلقات | | | | | | | | | |
| g | Teachers | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |
| | جی) اساتذہ | | | | | | | | | |
| h | Previous Boss | Least helpful (بہت کم مددگار/معاون) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most helpful (بہت زیادہ مددگار/معاون) |

**19) What motivated you to start this business?**

۱۹۔اس بزنس کوشروع کرنے میں کس نے آپ کو متحرک کیا؟

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Be my own boss | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | اے) خود باس بننا | | | | | | | | | |
| b | Use my past experience | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | بی) سابقہ تجربے کا استعمال | | | | | | | | | |
| c | Prove I can do it | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | سی) ثابت کرنا کہ میں کچھ کر سکتا ہوں | | | | | | | | | |
| d | Increase my income | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | ڈی) آمدنی میں اضافہ | | | | | | | | | |
| e | Provide jobs | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | ای) ملازمتیں پیدا کرنا | | | | | | | | | |
| f | My own satisfaction | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | ایف) ذاتی اطمینان | | | | | | | | | |
| g | Job Security | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | جی) ملازمت کا تحفظ | | | | | | | | | |
| h | Build a business to pass on | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | ایچ) اگلی نسل کیلئے کاروبار کی بنیاد ڈالنا (اولاد کیلئے کاروبار بنانا) | | | | | | | | | |
| i | Personal freedom | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | آئی) ذاتی آزادی | | | | | | | | | |
| j | Closer to my family | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | جے) خاندان کی قربت | | | | | | | | | |
| k | Have fun | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | کے) شوق | | | | | | | | | |
| l | Just to invest money | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | ایل) سرمایہ کاری | | | | | | | | | |
| m | Others_____ | Least Motivated (بہت ہی کم متحرک کیا) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most Motivated (بہت ہی زیادہ متحرک کیا) |
| | ایم) دیگر | | | | | | | | | |

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**20) What is the level of contribution of the following factors in the success of your business?**

۲۰۔ آپ کے بزنس کی کامیابی میں درج ذیل عناصر کا عمل دخل کس حد تک ہے؟

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Appropriate Training<br>اے) موزوں تربیت | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| b | Government support<br>بی) حکومتی تعاون | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| c | Access to capital<br>سی) سرمائے تک رسائی | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| d | Business experience<br>ڈی) کاروباری تجربہ | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| e | Innovative idea<br>ای) نت نئے (اختراعی) خیالات | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| f | The team<br>ایف) ٹیم | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| g | Support of family<br>جی) خاندان کی معاونت | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| h | Marketing<br>ایچ) مارکیٹنگ | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| i | Product Quality<br>آئی) مصنوعات کا معیار | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| j | Position in Society<br>جے) معاشرتی حیثیت | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| k | Political involvement<br>کے) سیاسی مداخلت | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |
| l | Networking<br>ایل) نیٹ ورکنگ (مربوط عملی کارروائیاں) | Least contributing<br>(بہت کم عمل دخل) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most contributing<br>(بہت زیادہ عمل دخل) |

**21) How important are the following in motivating and retaining employees in a business.**

۲۱۔ ملازمین کو بزنس میں متحرک اور قائم دائم رکھنے کیلئے درج ذیل کی کیا اہمیت ہے؟

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Financial rewards<br>اے) مالی معاوضہ | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| b | Growth in career<br>بی) پیشہ وارانہ ترقی (پیشے کی بڑھوتی) | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| c | Encouragement<br>سی) حوصلہ افزائی | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| d | Respect<br>ڈی) عزت | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |

**22) Please indicate level of importance to locate a business opportunity in Pakistan.**

۲۲۔ پاکستان میں بزنس کا موقع تلاش کرنے میں درج ذیل کی اہمیت کی نشاندہی کیجئے۔

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Technology and education<br>اے) ٹیکنالوجی اور تعلیم | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| b | Personal and family contacts<br>بی) سازگار ماحول | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| c | Supportive environment<br>سی) ذاتی اور خاندانی تعلقات | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |
| d | Other (please specify)_____<br>ڈی) دیگر (برائے مہربانی واضح کریں) | Least importance<br>(بہت ہی کم اہم) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most importance<br>(بہت ہی زیادہ اہم) |

**CONFIDENTIALY:** Confidentiality of survey questionnaire responses is ensured. (رازداری: تمام تر معلومات کو صیغہ راز میں رکھا جائے گا۔)

**23) Have you ever performed any of the following?**

۲۳۔ برائے مہربانی درج ذیل پر تبصرہ کیجئے۔

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Developed reward system<br>اے) تخلیقیت پر انعام دینے کا نظام | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |
| b | Discounts for vendors<br>بی) فروخت کاروں اور ضابطہ کاروں کیلئے رعائت | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |
| c | Promote problem solving<br>سی) مسئلہ کے حل کیلئے ملازمین کی حوصلہ افزائی | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |
| d | Develop creativity team<br>ڈی) تخلیقیت کیلئے ماہر سے مدد لینا | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |

**24) Please comment on the following statements (after becoming an entrepreneur)**

۲۴۔ برائے مہربانی درج ذیل بیانات پر تبصرہ کیجئے۔

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a | Social status has improved<br>اے) سماجی رتبے میں اضافہ | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |
| b | More personal contacts<br>بی) ذاتی تعلقات میں اضافہ | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |
| c | Friends seek business advice<br>سی) دوست احباب کاروباری مشورہ مانگتے ہیں | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |
| d | Financial position improved<br>ڈی) مالی حالت میں بہتری آئی ہے | Least agreed<br>(بہت ہی کم متفق) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Most agreed<br>(بہت ہی زیادہ متفق) |

**25) What were the other factors in the success of your business? Please describe**

۲۵۔ آپ کے بزنس کی کامیابی میں دیگر عناصر؟ تبصرہ کیجئے۔

**CONFIDENTIALY:** Confidentiality of survey questionnaire responses is ensured. (رازداری: تمام تر معلومات کو صیغہ راز میں رکھا جائے گا۔)

# Appendix C: Letter for Research Associates

M.A.J.U.

**Mohammad Ali Jinnah University**
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## To Whom It May Concern

I am conducting a research to develop "Entrepreneurial model for Pakistani SMEs" and my research work focuses on fast food entrepreneurs in Pakistan. This questionnaire is self explanatory as it asks the participant (fast food entrepreneurs) qualifier questions on the first page of the questionnaire.

Please complete this questionnaire and return to research associate. Your cooperation is greatly appreciated.

Ansir Ali Rajput
Associate Professor
Mohammad Ali Jinnah University
Islamabad Campus
0345-5097971

## Appendix D: Reliability Statistics

| Factor | Items | Combat's Alpha |
|---|---|---|
| Entrepreneur | 14 | 0.74 |
| Entrepreneurial Culture and Environment | 9 | 0.71 |
| Innovation | 6 | 0.71 |
| Network | 4 | 0.54 |
| Opportunity | 5 | 0.69 |
| Resources | 10 | 0.63 |