

## Examining Factors of Entrepreneurial Success: Culture, Gender, Education, Family, Self-Perception

Dr. Sohail Zafar

Dean, Lahore School of Economics

Email: sohail@lahoreschool.edu.pk

Iqbal M. Khan

Senior Fellow Entrepreneurship, Lahore School of Economics

Email address: ibajauri@gmail.com

### Abstract

**Objective:** To examine the potential and contribution of culture, gender, education, family background and self-perception as factors of success in entrepreneurial ventures in Punjab the largest (64%) population province of Pakistan.

In the context of developing countries economic growth is attributed to small enterprises as they generate employment. Mortality rate of small enterprises is exceedingly high; and a study by Khawaja (2006) on Pakistan SME has reported that only 19% start-ups survived before they reach the 5<sup>th</sup> year.

**Prior Work:** However in another study by Vesper (1990), in non-Pakistani environment found that only 10% of ventures survive after three years of existence. Therefore it is important to study success as perceived by entrepreneurs and various contributing influences. About the definition of entrepreneurial success there is no consensus among researchers. Stefanovic et al 2010 enumerated previous experience, hard work, access to capital, personal capabilities, and leadership skills as factors affecting success experience and knowledge. Focus on role of education is not meant to deny the importance of other factors that contribute to entrepreneurial success, such as, the nature of the entrepreneur; his/her character traits. McClelland (1961) had attributed achievement motivation as an entrepreneurial success factor. Cox and Jennings (1995) had identified innovativeness in decision making. Hodgets and Kuratko (1992) have identified opportunity recognition as an important characteristic of entrepreneurs; Dafna (2008) has focused on leadership qualities as factors affecting success.

**Approach:** However this study is an attempt to understand the role of selected influences that have been mentioned as having some contribution toward success of entrepreneurs; and these were: 1) education, 2) gender, 3) culture, 4) family, and 5) subjectively self - perceived reason of success. Therefore this study is more exploratory than theoretical. Two research questions were explored in this study.

**Result:** Male and female entrepreneurs differed significantly with respect to years of formal education completed as well as with respect to the medium of instructions during formal schooling. Male and female entrepreneurs differed about their reasons for success, especially about God-gifted qualities and hard work being main reasons for success. Successful entrepreneurs were found more likely to have taken college level SME/ entrepreneurship courses. Other successful entrepreneurs were found educated informally and gained knowledge through own reading as well. Other successful entrepreneurs reported that their family background of being in business, their father being in business, and maternal uncle being in business were the likely influences of family and friends. Less successful entrepreneurs were found blaming government failure in providing support to entrepreneurial activity. The successful did not blame the government. Successful entrepreneurs were found likely to be college educated Punjabis.

**Implication:** the Punjabi factor is crucial in this study as Pakistan has a population of 180 million and the Punjabi community comprises of nearly 64% of the population. A knowledge into entrepreneurial success and motivation would help in policymaking oriented toward entrepreneurial development leading to economic development. The other implication would be less reliance to prepare job seekers who are professionals – hence working towards a paradigm shift in education policy.

**Value:** The paper is one of the first to focus on detailed research related activity on the subject of entrepreneurial success factors. Therefore adds to mote comprehensive understanding of creating an Enterprising Entrepreneurship Ecosystem.

**Keywords:** Entrepreneurial Success factors; education, gender, family, self-perception, culture

### Introduction

In the context of developing countries economic growth is attributed to small enterprises as they generate employment, contribute 30% of GDP and are heterogonous in nature (Economic Survey of Pakistan 2008-9). Mortality rate of small enterprises is exceedingly high; and a study by Khawaja (2006) on Pakistan SME has reported that only 19% start-ups survived before they reach the 5<sup>th</sup> year.

However in another study by Vesper (1990), in non-Pakistani environment found that only 10% of ventures survive after three years of existence. Therefore it is important to study success as perceived by entrepreneurs

and various contributing influences. Not many research studies are available on Pakistani entrepreneurs, and probably none about entrepreneurs in Lahore area.

About the definition of entrepreneurial success there is no consensus among researchers. Amit et al (2000) and Walson et al (1998) have focused on continuous trading as a proof of success. Stefanovic et al 2010 have enumerated many factors such as previous experience, hard work, access to capital, personal capabilities, and leadership skills as factors affecting success. Experience and knowledge have been identified by Hussain and Windsperger (2010) as a success factor; whereas knowledge acquired can be formal or informal, and it can be sourced in the modern age from internet and information technology widespread availability. Many sources of knowledge acquisition are but not limited to: from market and environment, formal educational infrastructure available for training or education (Chu Benzing et al 2007). Focus on role of education is not meant to deny the importance of other factors that contribute to entrepreneurial success, such as, the nature of the entrepreneur; his/her character traits such as independence, persistence, innovativeness, risk taking ability, and planning and management ability are some personal entrepreneurial competences. McClelland (1961) had attributed achievement motivation as an entrepreneurial success factor. Rotter (1966) had identified internal locus of control; and Cox and Jennings (1995) had identified innovativeness in decision making, confidence, risk taking as contributing to success of entrepreneurs. Markman and Baron (2003) have identified self- efficacy, opportunity recognition, and social skills as success related factors among the entrepreneurs. Hodgets and Kuratko (1992) have identified opportunity recognition as an important characteristic of entrepreneurs; Dafna (2008) has focused on leadership qualities as an entrepreneurial competency.

However this study is an attempt to understand the role of selected influences that have been mentioned as having some contribution toward success of entrepreneurs; and these were: 1) education, 2) gender, 3) culture, 4) family, and 5) subjectively self - perceived reason of success. A Relationship between self perceived success of entrepreneur and performance of his or her business was reported by Perez and Canino, 2009. Choice of above stated 5 areas as relevant factors that influence entrepreneurial success was justified from the previous studies. Though there is an unresolved debate between the proponents of 'nature' versus 'nurture' schools of thought about the entrepreneurial success; this study has consciously avoided subscribing to the one or the other school of thought about entrepreneurial success. Therefore this study is more exploratory than theoretical. Two research questions were explored in this study.

1. Are there differences in male and female entrepreneurs with respect to formally and informally acquired knowledge base, influence of family and friends, perceived reasons for their success, and the perceived role of economy and culture?
2. Do highly successful entrepreneurs differ from less successful entrepreneurs with respect to gender, formally and informally acquired knowledge base, influence of family and friends, perceived reasons for their success, and the perceived role of economy and culture?

## **Review of Literature**

Selected studies about each influencing factor have been reviewed in the following paragraphs.

### *Education*

Relationship of entrepreneurial success with the education has been studied in the last decade in multiple settings and contexts. Most of the findings report a positive relationship of education with success. Following paragraphs discuss some of the studies reporting this relationship.

Kolstad and Wiig (2011) have used distance to school as a variable for education and land availability as an instrument for entrepreneurship. They found that entrepreneurial returns to education were considerable for at least some groups of entrepreneurs in Malawi. Block, et. al. (2010) estimated the returns to education for entrepreneurs. These attempts were aimed at quantifying the effect of education on entrepreneurs' success. Entrepreneurs who invested more time and money in knowledge acquisition were found more successful, whereas time shortage was reported as the major reason that entrepreneurs gave for avoiding to invest in knowledge acquisition (Erzetic, 2008). It was further reported that 72% of entrepreneurs used "one day seminars" and "reading professional literature" as their preferable knowledge updating process, only 18% entrepreneurs reported using money consuming and time consuming formal education process. Van der Sluis et al (2005) found that an additional year of education increased entrepreneurial profits by 5.5 percent in developing countries and 6.1 percent in developed countries; which implies that returns to education were slightly higher in developed countries.

Interestingly the respondents with a Bachelor's degree and without any business degree were found more likely to view themselves as entrepreneurs as compared to persons with Master's degree or business degree (Verheul et al. 2005). These findings point to the lack of entrepreneurial orientation of formal business degree programs. Other studies have found female entrepreneurs had similar years of education as male entrepreneurs or even more education than male entrepreneurs ( Cowling and Taylor, 2001; Birley et al 1987). Charney and Libecap (2000) have reported that entrepreneurship education was found likely to foster risk taking creation of new business ventures.

### *Culture*

Lindsay (2005) has argued that culture must feature as a contextual variable in indigenous entrepreneurial attitude theory. Stephen et al (2010) has reported findings of a cross cultural study of multiple cultures whereby cultures were divided into two categories: performance based and socially supportive.

### *Gender*

Mixed results have been reported regarding gender differences with respect to entrepreneurial motivation. According to some studies female and male entrepreneurs were found to be equally motivated (Fisher, 1992; Catley and Hamilton 1998; Minnito et al, 2005). In these studies success was implicitly equated with motivation to start business, but no attempt was made to measure success directly or indirectly. Shaver and Scot (1991) have conjectured that the possibility of different set of factors for men and women entrepreneurs influencing their success. Muller (2004) has reported that based on different socialization patterns of girls and boys, the career aspirations of two genders are likely to be different; and that extends to aspiration to opt for entrepreneurial career.

Some authors have reported findings that suggest that perception of entrepreneurial success differed between two genders. Female entrepreneurs were found more likely to give more importance to social ethics and qualitative criteria of success (Buttner and Moore, 1997; Still and Timms, 2000) while male entrepreneurs were found more likely to emphasize quantitative yard sticks and economic standards to measure their entrepreneurial success (Unger and Crawford, 1992; Williams, 1987). Studies by Hudson, Smart, and Boure (2001) and Walker and Brown (2004) have explored the definition of success that was not limited to financial measures of performance. Entrepreneurs' subjective perception about their own success is probably more meaningful concept from their perspective. Support for such subjective measures of self perceived success among female entrepreneurs was reported by Fenwick and Hutton (2000) and Valencia Silva and Lamolla (2005).

Influence of gender on the decision to start a new venture has been studied by Reynolds et al (2005). It seems that the gender gap in entrepreneurship has narrowed during the past decade, but the share of female entrepreneurs engaged in venture creating activities was still comparatively low in many countries as reported by Delmar and Davidsson (2000), Reynolds et al (2004), Arenius and Minniti (2005), and Parker (2009). Rosenbusch et al (2009) have reported that gender gap in human capital vary depending on national culture, therefore it would be misleading to assume that gender differences apply universally. Allen et al (2008) have reported in a 41-country study that women dominated in entrepreneurial activities in 4 countries, namely, Japan, Thailand, Peru, and Brazil; while in remaining 35 countries males dominated the entrepreneurial activities. Interestingly the most important difference between success of male and female entrepreneurs was reported to be their managerial experience. Existence of relatively low proportion of female entrepreneurs as compared to male entrepreneurs was reported by multiple authors such as Delmar and Davidsson (2000); Reynolds et al (2005); Arenius and Minniti (2005). Gender differences with respect to growth and success of enterprise were also reported: female-owned enterprises were found to underperform on these two counts. It was reported that lack of minimum necessary human and financial resources were reasons for relative underperformance and lack of success among female entrepreneurs (Lerner et al, 1997). Relative lack of relevant work experience, lack of managerial experience, and lack of self employment experience were reported for female entrepreneurs as compared to their male counterparts by Boden and Nucci (2000); Hisrich and Brush (1983); Watkins and Watkins (1983); Kalleberg and Leicht (1991). Motivation, goals, and personal perception about entrepreneurial success were influenced by gender as reported by Starr and Yudkin (1996); Walker and Brown (2004). These findings seem to imply that male and female entrepreneurs are motivated differently, have different goals, and measure their success differently. Realizing that training needs might be different due to gender difference, Birley, Moss, and Saunders (1987) researched suitability of tailor made training programs for female entrepreneurs. Verheij, Uhlaner, and Thurik (2005) have argued in favor of including gender as an explanatory variable while studying entrepreneurs. The findings of these studies lead to realization that the existence of gender differences are real; and such differences are likely to have significant effect on multiple aspects of entrepreneurial activity including success as entrepreneur. Cowling and Taylor (2001) have forcefully presented gender difference related implications for female entrepreneurs in almost provoking terms as if Men and Women entrepreneurs could be viewed as two different species.

### *Role of Family*

Krueger, Reilly, and Carsrud (2000) have reported influence of family, friends, and role models on entrepreneurs; though they were studying not the success but the entrepreneurial intention. Bandura (1982) has indicated impact of role model on entrepreneurs, and has outlined multiple mechanisms through which such impacts are made upon the entrepreneurs. Shapero and Sokol (1982) have reported about the importance of the family, specially father and mother, on entrepreneurial behavior. In a sample of Japanese entrepreneurs Ray and Turpin (1990) have reported influence of friends and family on entrepreneurial behavior. Mathews and Moser (1996) have reported the influence of both family background and gender on entrepreneurial behavior. Male and female entrepreneurs were influenced differently by their parents as reported by Van Auken, Fry, and Stephens

(2006) in a sample from New Zealand.

Zhang et al (2009) studied entrepreneurs with respect to hereditary / genetic influences. They defined shared environmental effects as “the extent to which growing up in the same family makes people similar”. They also defined non-shared-environment as “unique environment that people experience despite growing up in the same family. Extraversion and neuroticism were used as two variables through which genetic influences were hypothesized to influence decision to initiate entrepreneurial activity. They found that female entrepreneurs have displayed more genetic influence and zero shared environment influence on their tendency to become entrepreneurs. In contrast male entrepreneurs have shown zero genetic influence but more shared environment influence on their tendency to become entrepreneurs. These findings tend to dampen the role of family background in the success of entrepreneurs; and supports those who propose ‘nature’ as the driving force for individuals to become entrepreneurs. But on the other hand Justo, Cruz, and DeCastro (2007) have found that female entrepreneurs’ parental status has played a key role in establishing females’ perception about their entrepreneurial success. This finding supports the influence of family factors on entrepreneurial success; and supports those in favor of ‘nurturing’ the entrepreneurs. Djankov, et al (2007) have reported , in a sample of Brazilian entrepreneurs, that multiple family related factors influenced the decision to become entrepreneur; but they also reported that family related factors were not found related to entrepreneurial success. Interestingly they found negative relationship between success and family members of entrepreneur also running businesses. Bertrand, et al (2008), in a sample of Thailand, have also reported low success among entrepreneurs whose family members were in business.

### **Methodology**

A convenience sample was taken from Lahore and surrounding areas; and tailor made questionnaire was circulated among those individuals who were currently engaged in business activity regardless of the length of their involvement in the entrepreneurial activities. Almost all questions were dichotomous and had response options of yes and no; except one question about formal education level which has 4 response categories. Success as entrepreneur was the dependent variable. The remaining questions served as grouping (independent) variables. Instead of using financial or otherwise quantifiable measure of business performance, self perceived success as entrepreneur was used as dependent variable and it was also measured as a dichotomous variable. Pe`rez and Canino (2009) have reported 162 indicators of entrepreneurial success. Customer satisfaction was reported as most popular indicator of success followed by profits, sales level, liquidity and number of customers. Other studies which have focused on success of entrepreneurs using varying criteria of success include Baron and Markman (2003), Reid and Smith (2000), Kaplan and Norton (1992), Bruderl and Preisendorfer (1998), Duchesneau and Gartner (1990), Hay and Ross (1989), and Venkataraman and Ramanujan (1986). Sapienza et al (1988) have reported divergence between entrepreneurs subjective view of their success versus objective measures of success based upon the data provided by the same entrepreneurs about their organizations. It was, therefore, decided to use entrepreneurs’ self perception about their success as a categorical variable dividing the respondents into two categories of “highly successful” and “not so highly successful” entrepreneurs. Success in the first year of business is used by many authors as measure of success; no such temporal restriction was imposed in this study. Rather entrepreneurs were allowed to categorize themselves as highly successful or not so highly successful based upon their life time experience as entrepreneurs.

Chi-square ( $X^2$ ) tests were applied on the data to draw inferences about various influences on success of entrepreneurs. Since data were nominal therefore the application of non-parametric  $X^2$  statistic was deemed appropriate.

### **Results**

#### *Research Question 1*

Are there differences in male and female entrepreneurs with respect to formally and informally acquired knowledge base, influence of family and friends, perceived reasons for their success, and the perceived role of economy and culture?

#### *Formal Sources of Information*

Multiple questions were asked about the formal sources of knowledge accumulation by the respondents.

<b>Gender Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
formal education level completed	16.98	3	437	0.001***1
college/university level SME courses	0.197	1	435	0.657
attended workshops/seminars organized by government organizations	0.775	1	435	0.379
attended workshops/seminars organized by non-governmental organizations	1.197	1	335	0.274
usefulness of college / university level SME education	2.14	1	442	0.143
Medium of instruction in formal schooling	2.91	1	435	0.088*

These findings were related to the males and female entrepreneurs' educational background, formal and informal sources of information, and their overall knowledge base about starting a business venture.

Significant differences were found between male and female entrepreneurs in formal education level completed. Female entrepreneurs were found more likely to have completed higher level of formal education than their male counterparts. Female entrepreneurs were found more likely to have English medium education. This finding may be a result of highly educated females' disproportionate representation in the sample. No significant difference was found between male and female entrepreneurs with respect to college/university level courses taken in the area of entrepreneurship/SME. The result indicates that neither gender was more likely to have taken Small and Medium Enterprise (SME) Management / entrepreneurship courses at college level. Similarly with respect to having attended workshops/seminars organized by government organizations, no significant difference was found between male and female entrepreneurs. Also with respect to having attended entrepreneurship/SME related workshops/seminars organized by non-governmental organizations (such as industry and trade groups), there were no significant differences found between male and female entrepreneurs. Significant difference was found between male and female entrepreneurs about the medium of instruction during their formal education.

#### *Informal Sources of Information*

Not only formal education is relevant with success but also informal learning. The following informal sources of information about starting a business were studied:

<b>Gender Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Discussion among family/relatives	0.138	1	441	0.71
Discussion with friends	0.162	1	441	0.68
Discussion with neighbors	1.570	1	441	0.21
Reading on own initiative	0.572	1	441	0.44
Exposure to mass media	1.757	1	441	0.18

No significant differences were found between males and females with respect to the influence of various informal sources of information and knowledge acquisition, as p value in the above table is more than 0.1 for all the informal sources of information.

#### *Friends and Family Influences*

Friends and family may serve as role models for initiating a venture and also may have influence on success of a venture.

<b>Gender Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Influence of family and friends	8.03	1	368	0.009***
family tradition of being in business	0.399	1	437	0.528
father was business owner	9.72	1	441	0.008***
paternal uncles in business	0.928	1	434	0.335
maternal uncles in business	0.69	1	435	0.40
spouses in business	6.88	1	427	0.009***

With respect to persons who become sources of inspiration to start business venture, the male and female entrepreneurs were found to have significant differences. Among these sources of inspiration were included father, uncle, in laws, friends, neighbors, boss, siblings, spouse, and cousins. Females entrepreneurs were found more likely to be inspired by their fathers and friends, where as males were more likely to be inspired by their uncles and in-laws. Male entrepreneurs were not found significantly different from female entrepreneurs with respect to believing that family tradition of being in business played a part in their becoming an entrepreneur. But interestingly males were found more likely than females to have father who was business owner. This finding read along with the previous finding implies that though male entrepreneurs may not identify their father as a source of inspiration to start a business, yet male entrepreneurs were found more likely than female entrepreneurs to have a business man father. Males and females entrepreneurs did not show significant

1 Note: \* = significant at less than 0.1. \*\* = significant at less than 0.05. \*\*\* = significant at less than 0.01

differences with respect to their paternal uncles being in business; and differences were also insignificant with respect to maternal uncles being in business; but they did show significant differences with respect to their spouses being in business. Spouses of male entrepreneurs were found less likely to be in business.

*Perceived Reasons for Success as Entrepreneurs*

Though success was measured subjectively as self-perception of respondents, yet the following findings give a clear distinction for reasons for success as perceived by male and female entrepreneurs. Multiple questions were asked about their perception about possible reasons for success as entrepreneurs to see if there were differences between male and female entrepreneurs with respect to their perceived reasons for their success; on some reasons females differed from male entrepreneurs significantly as shown in the table below. Literature has also reported women assigning different criteria to measure success than the criteria used by males. Success is not viewed by males and females in similar manner; females were reported to give more considerations to certain soft parameters while males were reported to be more concerned with more concrete and quantifiable parameters of success.

<b>Gender Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Born with God gifted qualities	4.10	1	441	0.052*
By hard work you can be entrepreneur	3.59	1	441	0.059*
By hard work you can succeed as entrepreneur	3.78	1	438	0.052*
Luck as sole reason for success	1.44	1	439	0.23
Entrepreneurial spirit is reason for success	0.15	1	438	0.69
Education as main reason for success	0.001	1	434	0.97
Ascribing success to the family background	1.99	1	439	0.15
Risk taking was main reason for success	0.90	1	441	0.86
I am successful as entrepreneur	0.907	1	438	0.63

Males and females entrepreneurs did show significant differences (at 10%) in their belief that entrepreneurs are born with God gifted qualities. As to their belief about anyone being able to become an entrepreneur with sheer hard work, a significant difference was found between male and female entrepreneurs at 10% significance level. With respect to hard work being the main reason for their success as entrepreneurs, there were found significant differences between male and female entrepreneurs at 10% significance level. When asked about luck as the sole reason for the success as entrepreneurs, males and females entrepreneurs did not show significant differences. Significant difference was not found between males and females about their perception as to the entrepreneurial spirit being the main reason for their success as entrepreneurs. Male and Female entrepreneurs, did not report significant differences in giving credit to their education as main reason for their success. Male and female entrepreneurs were not found significantly different in ascribing success to their family background. With respect to risk taking as the main reason for success, male and female entrepreneurs showed no significant difference. Females were found equally likely to perceive themselves highly successful as there was no significant difference found between males and females in this regard.

*Economy & Culture*

Some aspects of Pakistan's government and culture were also studied to get response of entrepreneurs about those issues.

<b>Gender Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Pakistanis are entrepreneurial	0.18	1	443	0.66
lack of finances being an impediment	0.48	1	440	0.4
Informal sector viewed as hub of entrepreneurial activities	3.02	1	430	0.08*
government's role in promoting entrepreneurship	4.21	1	442	0.04**

Interestingly male and female entrepreneurs did see government role in promoting entrepreneurship differently; the two genders also had different views about the informal economy of Pakistan as being a hub of entrepreneurial activities. No significant differences were found in the perception of both genders with respect to lack of financing being a hurdle in their entrepreneurial success. The gender difference was also not significant about viewing Pakistanis as entrepreneurial people.

**Research Question 2**

Do highly successful entrepreneurs differ from less successful entrepreneurs with respect to gender, formally and informally acquired knowledge base, influence of family and friends, perceived reasons for their success, and the perceived role of economy and culture?

*Formal Sources of Information*

The following findings are related to differences between highly successful entrepreneurs versus not so successful entrepreneurs with respect to their educational background, formal and informal sources of information, and their overall knowledge base about starting a business venture.

<b>Success Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
formal education level completed	0.484	3	439	0.92
college/university level SME courses	7.04	1	438	0.008***
attended workshops/seminars organized by government organizations	0.14	1	437	0.43
attended workshops/seminars organized by non-governmental organizations	0.04	1	338	0.47
usefulness of college / university level SME education	1.99	1	438	0.09
Medium of instruction in formal schooling	0.36	1	437	0.31

No significant differences were found between highly successful and less successful entrepreneurs in the formal education level completed by them. But significant difference was found between the two groups of entrepreneurs with respect to college/university level courses taken in the area of entrepreneurship/SME. The result indicates that highly successful entrepreneurs were more likely to have taken formal entrepreneurship/SME courses at college level. With respect to having attended workshops/seminars organized by government organizations, there were no significant differences found between highly successful and less successful entrepreneurs. Also with respect to having attended entrepreneurship/SME related workshops/seminars organized by non-governmental organizations (such as industry and trade groups), there were no significant differences found between highly successful and less successful entrepreneurs.

#### *Informal Sources of Information*

Entrepreneurial success may not depend on formal education and training alone; in fact informal sources of information and knowledge are likely to play a vital role in entrepreneurial success. Multiple sources of such information include discussion with family members/relatives, discussions with friends, discussions with neighbors, readings on one's own initiative and exposure to mass media. Significant difference was found between highly successful and less successful entrepreneurs with respect to their own reading of relevant literature; there were not found significant differences between highly successful and less successful entrepreneurs with respect to all other informal sources of information. The following are the results:

<b>Success Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Discussion among family/relatives	0.003	1	438	0.52
Discussion with friends	0.232	1	438	0.35
Discussion with neighbors	0.09	1	438	0.45
Reading on own initiative	2.68	1	438	0.10*
Exposure to mass media	0.18	1	438	0.38

Highly successful and less successful entrepreneurs did show significant difference (at 10%) with respect to their belief about the usefulness of college/ university level education in entrepreneurship/SME area. No significant difference was found between highly successful and less successful entrepreneurs about the medium of instruction during their formal education

#### *Friends and Family Influences*

<b>Success Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Influence of family and friends	20.6	10	365	0.024**
family tradition of being in business	7.36	1	4347	0.007***
father was business owner	5.86	1	436	0.015**
paternal uncles in business	1.28	1	436	0.15
maternal uncles in business	5.45	1	437	0.013**
spouses in business	0.20	1	429	0.65

Role models and sources of inspiration one wants to copy are important sources of motivation to start new business ventures and initiate entrepreneurial activity. With respect to persons who were sources of inspiration to start business venture, highly successful and less successful entrepreneurs were found to have significant differences. Among these sources of motivation or inspiration were included father, uncle, in laws, friends, neighbors, bosses, siblings, spouse and cousins. Highly successful entrepreneurs were found more likely to be inspired by their family members. Highly successful and less successful entrepreneurs were found to differ significantly with respect to believing that family tradition of being in business played a part in their becoming an entrepreneur. Highly successful entrepreneurs were found more likely to believe that family tradition of being in business played a role in their success. Significant differences were found between highly successful and less successful entrepreneurs with respect to their father being a business owner. A bigger proportion of highly successful entrepreneurs (68%) reported that their father was a business owner as compared to less successful entrepreneurs about (57%) whose father was a business owner. This finding suggests that majority (above 50 percent plus) of both groups of entrepreneurs (highly successful and less successful) came from families with business background; which implies two things: 1) those with family - business background were likely to be in business and 2) business family background is no guarantee for success as entrepreneur. No

significant differences with respect to their paternal uncles being in business were found between highly successful and less successful entrepreneurs. But the difference between the two groups was significant with respect to maternal uncles being in business. Highly successful and less successful entrepreneurs did not show significant differences with respect to their spouses being in business.

*Reasons for Success as Entrepreneurs*

<b>Success Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Born with God gifted qualities	0.29	1	439	0.59
By hard work you can be entrepreneur	4.57	1	438	0.032**
By hard work you can succeed as entrepreneur	0.002	1	435	0.964
Luck as sole reason for success	3.49	1	436	0.554
Entrepreneurial spirit is reason for success	0.094	1	435	0.759
Education as main reason for success	4.471	1	430	0.034**
Ascribing success to the family background	1.67	1	435	0.19
Risk taking was main reason for success	1.99	1	434	0.15

Highly successful and less successful entrepreneurs did show significant differences in giving credit to their education as main reason for their success as entrepreneurs. Highly successful entrepreneurs were found more likely to ascribe their success to education. As to their belief about anyone being able to become an entrepreneur with sheer hard work, a significant difference was found between highly successful and less successful entrepreneurs. Highly successful and less successful entrepreneurs did not show significant differences in their belief that entrepreneurs are born with God gifted qualities. When asked about luck as the sole reason for success as entrepreneurs, highly successful and less successful entrepreneurs did not show significant differences. With respect to hard work being the main reason for their success as entrepreneurs, no significant differences were found between highly successful and less successful entrepreneurs. When asked about their perception as to entrepreneurial spirit being the main reason for their success as entrepreneurs, no significant differences were found between highly successful and less successful entrepreneurs. Highly successful and less successful entrepreneurs did not show significant difference when asked if family background was main reason for their success. About risk taking orientation as main reason for success, successful and less successful entrepreneurs showed no significant differences. It is revealing that role of hard work and education were the two counts on which perception of successful and not-so-successful entrepreneurs differed significantly.

*Economy & Culture*

<b>Success Differences</b>	<b>Chi-square</b>	<b>df</b>	<b>N</b>	<b>p</b>
Pakistanis are entrepreneurial	0.004	1,	440	0.95
lack of finances being an impediment	0.595	1	436	0.441
Informal sector viewed as hub of entrepreneurial activities	0.85	1	426	0.35
government's role in promoting entrepreneurship	4.83	1	438	0.028**

Interestingly the two groups of entrepreneurs differ significantly in their perception about government actually providing help and guidance to the entrepreneurs. Highly successful and less successful entrepreneurs were not found having significant difference as to their perception about general entrepreneurial spirit of Pakistani people. As to their perception about informal sector of Pakistan's economy being hub of entrepreneurial activities, no significant difference of opinion was found between highly successful and less successful entrepreneurs. The less successful entrepreneurs were found more likely to believe that government is providing help and guidance to entrepreneurs. Highly successful and less successful entrepreneurs did not show significant difference in their perception about lack of finances being an impediment in the way of starting business ventures. Except the role of government in promoting entrepreneurial activities, the two groups did not differ significantly on any other issue related to general economy or Pakistani culture.

*Multiple Factors jointly Affecting Success*

To further analyze factors affecting success, a log linear model for association of success with age, education, ethnicity, and role models was estimated. Role models were divided into two categories: either family or non-family. Age was divided into two groups of forty plus or less; and ethnicity was divided into two groups of Punjabi and non Punjabi; Education was also divided onto two groups of college educated and not college educated. Success was found associated with college education, and Punjabi ethnicity; other two variables which were not found associated with success were age and role models. The findings reported in tables below show that Punjabi entrepreneurs with college level education were more likely to be successful than other three categories: 1) college educated non-Punjabis, 2) non college educated non Punjabis, 3) non college educated Punjabis.



**Step Summary**

Step	Effects	Chi-Square(a)	df	Sig.	Number of Iterations	
0	Generating Class(c) Deleted Effect	College, NewAge, NewSuccess, Punjabi, RoleModel	36.542	26	.082	
	1 Deleted Effect	College	220.042	1	.000	2
	2 Deleted Effect	NewAge	.823	1	.364	2
	3 Deleted Effect	NewSuccess	55.925	1	.000	2
	4 Deleted Effect	Punjabi	118.735	1	.000	2
	5 Deleted Effect	RoleModel	.513	1	.474	2
1	Generating Class(c) Deleted Effect	College, NewAge, NewSuccess, Punjabi	37.055	27	.094	
	1 Deleted Effect	College	220.042	1	.000	2
	2 Deleted Effect	NewAge	.823	1	.364	2
	3 Deleted Effect	NewSuccess	55.925	1	.000	2
	4 Deleted Effect	Punjabi	118.736	1	.000	2
2	Generating Class(c) Deleted Effect	College, NewSuccess, Punjabi	37.877	28	.101	
	1 Deleted Effect	College	220.042	1	.000	2
	2 Deleted Effect	NewSuccess	55.924	1	.000	2
	3 Deleted Effect	Punjabi	118.735	1	.000	2
3	Generating Class(c)	College, NewSuccess, Punjabi	37.877	28	.101	

a For 'Deleted Effect', this is the change in the Chi-Square after the effect is deleted from the model.

b At each step, the effect with the largest significance level for the Likelihood Ratio Change is deleted, provided the significance level is larger than .050.

c Statistics are displayed for the best model at each step after step 0.

Table titled Step Summary given above shows that after 3 steps, it was clear that success was found associated with college education and Punjabi ethnicity. It is therefore concluded that successful entrepreneurs were more likely to be those Punjabi who were more highly educated.

Significance has improved from 0.08 to 0.09 to 0.1 in three steps as different combinations and interactions of success with education, ethnicity, role models, and age were tested for the data fit. The best model that fits the data has success, college education, and Punjabi ethnicity in it as associated factors. Removing any of these factors resulted in change in chi-square that was significant at less than 0.05 level. Therefore it is concluded that success of entrepreneurs was found associated with their college education and their ethnicity. It can be inferred that successful entrepreneurs in this sample were more likely to be college educated Punjabis as compared to non-college educated Punjabis, and college educated non Punjabis, and non-college educated non-Punjabis. Whether role model was a family member (relative) or a non family member (friend, neighbors, etc) had apparently no bearing on success. Similarly, whether the entrepreneur was from 40 plus or below 40 age category also had no bearing on success.

**Goodness-of-Fit Tests**

	Chi-Square	df	Sig.
Likelihood Ratio	37.877	28	.101
Pearson	34.214	28	.194

Goodness of fit test given in table above shows that significance is more than 0.05; that means null hypothesis that says that this model fits the data, cannot be rejected. So it is concluded that model fits the data well. The table above gives detail of data fitting process. Initially 5 variable (factors) were tested for their mutual association; these were education, age, ethnicity, role model, and success; three factors were found associated, that is, success, college education, and ethnicity.

**Conclusions**

Male and female entrepreneurs differed significantly with respect to years of formal education completed as well

as with respect to the medium of instructions during formal schooling. Significant differences were also found with respect to influence of family members, father being in business, and spouse being in business between males and females entrepreneurs. Male and female entrepreneurs differed about their reasons for success, especially about God-gifted qualities and hard work being main reasons for success. Two genders held different opinions about the private sector being hub of entrepreneurial activity in Pakistan; and also about the role of government in supporting and promoting entrepreneurial activities in the country.

Successful entrepreneurs were found more likely to have taken college level SME/ entrepreneurship courses. More successful entrepreneurs reported to gain knowledge informally through own reading as well. More successful entrepreneurs reported that their family tradition of being in business, their father being in business, and maternal uncle being in business were the likely influences of family and friends; and they differed on these counts from less successful entrepreneurs. More successful and less successful entrepreneurs differed with respect to education and hard work being main reasons for their success. Less successful entrepreneurs were found more likely to perceive government providing support to entrepreneurial activity in Pakistan as compared to more successful entrepreneurs. Successful entrepreneurs were found likely to be college educated Punjabis.

## References

- Allen , E. Elan, A., Langowitz, N., and Dean, M. ( 2008). Global Entrepreneurship Monitor-2007, report on women and entrepreneurship, Babson and London School of Business.
- Amit R., K. Maccrimmon, K., Zietsma, C. and Oesch, J. (2000). Does money matter? Wealth attainment as the motive for initiating growth – oriented technology ventures. *Journal of Business Venturing* 16(2), 119-143.
- Arenius P., and Minniti M., (2005). “Perceptual variables and nascent entrepreneurship”, GEM 2005 Conference, Budapest.
- Bandura, A. (1982). “ Self Efficacy: toward a unifying theory of behavioral change,” *Psychological Review*, 84(2), 191-215
- Baron, R.A and Markman, G.D. (2003). “Beyond and social capital: the role of entrepreneurs social competence in their financial success” *Journal of Business Venturing*, 18 (1), 41-60.
- Betrand, M., Johnson, S. H., Samphantharak, K., and Scholar, A. (2008). “ Mixing family with business: A study of Thai business groups and families behind them”. *Journal of Financial Economics*, 88, 466-498
- Block, J. and Sander, P. (2009). “Necessity and opportunity entrepreneurs and their duration In self-employment: evidence from German micro data”, *Journal of Industry, Competition, and Trade*, 9(2), 117-137
- Boden Jr., R. J., and Nucci A.R.(2000). “On the survival prospects of men’s and women’s new business ventures” *Journal of Business Venturing*, 15, 347-362.
- Birley, S., Moss, C., and Saunders, P. (1987). “Do women entrepreneurs require different Training”, *American Journal of Small Business*, 12(1), 27-35.
- Bruderl, J and Preisendorfer, P. (1998). “Network support and the success of newly founded business,” *Small Business Economics*, 10, 213-225.
- Buttner, E. H. and Moore, D. P. (1997). ” Women’s organizational exodus to entrepreneurship : self reported motivation and correlates with success”, *Journal of Small Business Management*, (January), 35(1),
- Catley S., and Hamilton R., (1998). ”Small Business Development and Gender of Owner”, *Journal of Management Development*, 17 (1), 70-82.
- Chu, H. M., Benzing, C. & McGee, C. (2007). Ghanaian and Kenyan Entrepreneurs: A Comparative Analysis of their Motivations, Success Characteristics and Problems. *Journal of Development entrepreneurship*, 6, 17-31.
- Cox, C., & Jennings, R. (1995). The foundations of success: The development and characteristics of British entrepreneurs and intrapreneurs. *Leadership and organizational development Journal*, 16(7), 4 -9.
- Cowling, M., Taylor, M. (2001). “Entrepreneurial Women and Men: Two different species?”, *Small Business Economics*, 6 (3). 167 - 175.
- Dafna, K. (2008), 'Managerial performance and business success: gender difference in Canadian and Israeli entrepreneurs', *Journal of Enterprising communities: People and places in the Global economy*, 2(4), 300-331.
- Delmer , F., Davissdon, P. (2000). “ Where do they come from? Prevalence and characteristics of nascent entrepreneurs’. *Entrepreneurship and Regional Development: An International journal*, 12 (1), 1 -23.
- Djankov, S., Qian, Y., Roland, G., and Zhuravskaya, E. (2007). “ What makes a successful entrepreneur? Evidence from Brazil”, <http://emlab.berkeley.edu/~groland/pubs/brazilent0907.pdf>
- Duchesneau, D.A. and Gartner, W.B. (1990). “A profile of new venture success and failure in an emerging industry,” *Journal of Business Venturing*, 5, 297-312.
- Economic Survey of Pakistan (2009), Ministry of Economic Affairs, Government of Pakistan, Islamabad.
- Fenwick T., and Hutton S., (2000). “Women crafting new work: The learning and development of women entrepreneurs ” . in T.J. Sork, V. L Chapman, and R . St. Calir (Eds.), *Proceedings of the 42<sup>nd</sup> Annual*

- Adult Education Research Conference (pp.112-117). Vancouver, British Columbia: University of British Columbia.
- Fisher E.,(1992). "Sex differences and small business Performance among Canadian retailers and Service Providers ", *Journal of Small Business and Entrepreneurship*, 9, 2-13.
- Hay, R. K. and Ross, D.L. (1989). "An assessment of success factors of non-urban start-up firms based upon financial characteristics of successful versus failed ventures" in Brockhaus, R.H., Sr., Chuckhill, N.C., Katz, J.A. et al (eds) *Frontiers of Entrepreneurship Research*, Wellsely, MA: Babson College. 148-158.
- Hisrich, R., Brush, C.G., (1983). The women entrepreneur: implication of family, educational, and occupational experience. In: Hornaday, J. A., Vesper, K. H., (eds), *Frontiers of entrepreneurship research*, Wellsley, MA, Babson college. 225- 270.
- Hodgetts, R.M., & Kuratko, D.F. (1992). *Effective Small Business Management*, 4<sup>th</sup> ed., Harcourt Brace Jovanovich, San Diego, FL.
- Hudson M., Smart A., and Bourne M. (2001). "Theory and practice in SME performance measurement systems", *International Journal of Operations and Production Management*, 21(8), 1096-1113.
- Hussain, D., and Windsperger, J. (2010). Multi-unit ownership strategy in franchising: Development of an integrative model. *Journal of Marketing Channels*, 17(1), 3-31.
- Justo, R., Cruz, C., and DeCastro, J., (2007). "Entrepreneurs' perception of success: the role of family status", *Frontiers of Entrepreneurship Research*, 27(4), 14.
- Kalleberg A.L., and Leight K.T., (1991). "Gender and Organizational Performance: Determinants of small business survival and performance", *Academy of Management Journal*, 34 (1), 136-161.
- Kaplan, R. S. and Norton, D. P. (1992). The Balanced Scorecard – Measures that Drive Performance, *Harvard Business Review*, 69 (1), 71-79.
- Khawaja, S. (2006). Unleashing the Potential of the SME Sector with a Focus on Productivity Improvements, *Pakistan Development Forum*. Retrieved on 10-12-2011, <http://siteresources.worldbank.org/PAKISTANEXTN/Resources/293051-1147261112833/Session-3-2.Pdf>
- Kolstad, I. and Wiig, A. (2011). "Is it both what you know and who you know"? Human Capital, Social Capital and Entrepreneurial Success, mimeo, Bergen: Chr. Michelsen Institute.
- Krueger, N.F., Reilly, M., and Casrud, A. ( 2000). " Competing models of entrepreneurial intentions," *Entrepreneurship Theory and Practice*, 24(3), 5-24.
- Lerner, M., Brush, C., Hisrich, R. ( 1997). " Israeli women entrepreneurs: An examination of factors affecting performance", *Journal of Business Venturing*, 12, 315- 339.
- Lindsay, N. J. (2005). " Toward a cultural Model of indigenous entrepreneurial attitude, *Academy of Marketing Science Review*, 5,
- Markman, G., and Baron, R. (2003). Person- entrepreneurship fit: why some people are more successful as entrepreneurs than others. *Human Resource Management Review*, 13(2). 281-301.
- Mathews, C. and Moser, S. (1996). "A longitudinal investigation of the impact of family background and gender on interest in small firm ownership," *Journal of Small Business Management*, 34(2), 29-43.
- McClelland, D.C. (1961), *The Achieving Society*, Van Nostrand Co. Inc, 210-215.
- Minniti M., Arenius, P. and Langowitz, N., (2005). *Global Entrepreneurship Monitor 2004 Report on Women and Entrepreneurship*, The Centre for Women Leadership at Babson College.
- Muller , S. L. (2004). " Gender gap in potential for entrepreneurship across countries and cultures," *Journal of Developmental Entrepreneurship*, 9(3), 199-220.
- Parker, S. C. (2009). *The Economics of Entrepreneurship*. Cambridge University Press, Cambridge.
- Perez, E. H and Canino, R. S. B.,(2009). "The Importance of Entrepreneur's Perception of Success", *Review of International Comparative Management*, 10 (5), 990 -1010.
- Reid, G.C. and Smith, J. A. (2000). "What makes a new business start-up Successful?" *Small Business Economics*, 14, 165-182.
- Rey, D. and Turpin D. ( 1990) " factors influencing Japanese entrepreneurs in high-technology ventures," *Journal of Business Venturing*, 5(2), 393-411
- Reynolds, P. D., Bygrave, W. D. and Autio, E. (2004), *Global Entrepreneurship Monitor: 2003 Executive Report*, accessed at [www.gemconsortium.org](http://www.gemconsortium.org).
- Reynolds, P., Bosma, N., Autio, E., Hunt, S., DeBono, N., Servais, I., Lopez-Garcia, P., and Chin, N., (2005). *Global entrepreneurship monitor: data collection design and implementation 1998-2003*. *Small Business Economics*, 24, 205-231.
- Rosenbuch, N., Muller, V., and Bausch, A. (2009). " Performance consequences of internationalization Ambidexterity in entrepreneurial Firms: The effects of absorptive capacity", *Frontiers of Entrepreneurship Research*, 29(18), Article 15.
- Rotter, J.B. (1966). "Generalized expectancies of internal versus external control of reinforcements". *Psychological Monographs: general and Applied*, 80(1), 1 -27.

- Sapienza, H.J., Smith, K.G. and Gannon, M.J. (1988). "Using subjective evaluations of organizational performance in small business research". *American Journal of Small Business*, 12(3), 45-53.
- Shapero, A. and Sokol, P. (1982). "Social dimensions of entrepreneurship," In Kent, C.A., Sexton, D.L., and Vesper, K.H. (eds), *The Encyclopedia of Entrepreneurship* (27-90). Prentice-Hall: Englewood Cliff, NJ.
- Shaver, K., and Scott, L. (1991). "Person, process, choice: the psychology of new venture creation," *Entrepreneurship Theory and Practice*, 16(2), 23-45.
- Starr, J., and Yudkin, M. (1996). *Women entrepreneurs: A review of current research*, Center for Research on Women, Wellesley, MA.
- Stefanovic, I., Prokic, S. and Rankovic, L. (2010). Motivational and Success Factors of Entrepreneurs: the Evidence From a Developing Country. *Zb. Rad. Ekon. Fak. Rij. 2010. Vol 28. 2.251-269.*
- Stephan, U., and Uhlaner, M. L. (2010). "Performance –based vs. socially supportive culture: A cross-national study of descriptive norms and entrepreneurship". *Journal of International Business Studies* 41 (8), 1347 – 1364
- Still L.V. and Timms W. (2000). "Women's business: the flexible alternative work style for women", *Women in Management Review*, 15 (5/6), 272-282.
- Unger R. K. and Crawford M. (1992). *Women and gender: a feminist psychology*, New York: McGraw- Hill.
- Van der Sluis, J., van Praag, M., and Vijverberg, W. (2005). "Entrepreneurship Selection and Performance: A Meta-Analysis of the Impact of Education in Developing Economies". *World Bank Economic Review*, 19 (2):225-261
- Valencia Silva M. and Lamolla L. (2005). "The female entrepreneurship field: 1990-2004", 4<sup>th</sup> International Conference of the Iberoamerican Academy of Management, December, 8-11, Lisbon.
- Van Auken, H., Fry, F., and Stephens, P. (2006). "The influence of role models on entrepreneurial intentions," *Journal of Developmental Entrepreneurship*, 11(2), 157-167.
- Venkatraman, N. and Ramanujam, V. (1986). "Measurement of business performance in strategy research: A comparison of approaches," *Academy of Management Review*, 11, 801-814.
- Verheul, I., Uhlaner, L., and Thurik, R. (2005). Business accomplishments, gender, and entrepreneurial self-image'. *Journal of Business Venturing*, (20), 483-518.
- Vesper, K.H. (1990). *New Venture Strategies*, 2<sup>nd</sup> ed. Englewood Cliffs, N.J: Prentice-Hall.
- Walker, E and Brown, A. (2004) "What success Factors are Important to small Business Owners?", *International Small Business Journal*, 22 (6), 17-25.
- Watkins, J. M., Watkins, D. S. (1983). "The female entrepreneur: Hae background and determinants of business choice-some British data. In: Hornaday, J. A., Timmons, J., Vesper, K.H. (eds), *Frontiers of entrepreneurship research*, Babson College, Wellesley, MA. 271-288.
- Williams, J. H. (1987). *Psychology of Women: Behavior in a Biosocial Context*. New York: W.W. Norton & Company, Inc.
- Zhang, Z., and Avery, R. D. (2009)." Rule breaking in adolescence and entrepreneurial status: An empirical investigation". *Journal of Business Venturing*, 24(5), 436–447