

Exploring the Problems Towards Entrepreneurship Development in Pakistan

Naeem Ullah* Muhammad Saqib Khan† Muhammad Anwar‡

Vol. II, No. I (2017)

Pages: 1 – 9

DOI: 10.31703/gesr.2017(II-1).01

Abstract: *The entrepreneurship has been widely described by researchers as intermingling of the different innovative techniques used by the individuals through risk taking behavior to avail the available business opportunity. The entrepreneurship has some positive as well as negative consequences for individual who desired to invest their resources in the business opportunities. In Pakistan, there are many opportunities for entrepreneurship development as supported by government in diverse spheres. In Pakistan, the risk taking and innovation is inhibited severely by invasive role of government in marketplaces related to the diverse businesses. To examine phenomenon by analyzing the views, the data was collected from students hailing from the universities located in southern region of Khyber Pakhtunkhwa, Pakistan. The study is expected to provide certain valuable information about relationships among the research variables thereby extracting some recommendation from the results for the policy makers and future researchers to cater the situation related with entrepreneurship development in Pakistan.*

Key Words: Entrepreneurship, Problems, Development, Pakistan.

Introduction

to start their own businesses falls in the forced category of the entrepreneurship ([Palaniappan, Ramanigopal & Mani, 2014](#)). The researchers congregated the entrepreneurs into different categories which the individuals usually experience during their inking for fulfilling of their social and economic needs. Thus, individuals then engage themselves in the entrepreneurship opportunities for steering their businesses at small scales ([Shaukat & Hameed, 2016](#)). To problems (financial, technical & cultural) of entrepreneurship development in Pakistan were analyzed with different scopes and this study aimed to explore the views of the university students from southern region of Khyber Pakhtunkhwa about problems as related with entrepreneurship development in Pakistan. These views are aimed to be analyzed through the different statistical procedures to make sure the feedback about research questions of study. This study is aimed in providing significant contribution to prevailing literature about problems of entrepreneurship development in Pakistan.

Problem Statement

The major concern towards inspiration for conducting this research is vital prerequisite in development of an understanding about nature of problems confronted by the entrepreneurs in Pakistan. The present study endeavors to conduct a survey about statistically significant results regarding problems (financial, technical & cultural) of entrepreneurship development in Pakistan by exploring the views of university students from southern region of the Khyber Pakhtunkhwa, Pakistan. This study will provide suitable suggestions as emerged from results through statistical procedures in reaching the conclusion.

Hypotheses of Study

1. The study aims to examine views of the students about association between the problems
2. (financial, technical & cultural) and entrepreneurship development (Hypothesis # 1).

*MPhil Scholar, Department of Business Administration, Gomal University, Dera Ismail Khan, KP, Pakistan.

†PhD Scholar, Department of Management Sciences, Khushal Khan Khattak University Karak, KP, Pakistan.

Email: saqibkhan@gu.edu.pk

‡Assistant Professor, Department of Media Studies, Khushal Khan Khattak University Karak, KP, Pakistan.

3. The study intends to observe opinions of students about impact of problems (financial, technical & cultural) on entrepreneurship development (Hypothesis # 2).

Literature Review

The fast growing population, lack of the long-term policies, poor economic conditions, lack of the suitable infrastructure and insufficient provision of business occasions are main challenges which makes Pakistan the world most puzzling country towards long-term economic sustainable growth that might consume and integrate the prolonged functioning population ([Ahmed & Azim, 2010](#)). The Pakistan young population is comprising 46% of the total population. The decision powers and resources and the governmental machinery have moved towards the provincial administrations after the eighteenth amendment in the constitution of Pakistan ([Akbar & Bashir, 2006](#)). The provinces of Pakistan have to plan their own policies concerning development in different sectors like education, health and economic strategies by observing the situations at the gross root level in the provinces (Muhammad et al., 2012). In Pakistan, unfortunately, no such policies exist which might lead to the uniformed policies regarding the decision-making in each province about situation, characteristics, economies and particular developments towards the youth.

The youth in Pakistan is most agonized segment of the population which needs special policies and strategies towards social, cultural and economic development ([Shaukat & Hameed, 2016](#)). [Aslam and Hasnu \(2016\)](#) argued that government of Pakistan procured various steps for making the youth conditions as much as sophisticated in which the entrepreneurship development is the most significant initiative. The government of Pakistan offered various chances for development to young entrepreneurs to come across and utilize their knowledge and skills by availing diverse business opportunities to make their condition better and to contribute in economic development of Pakistan ([Mahmood et al., 2017](#)). There are certain measures confirmed by government of Pakistan for the entrepreneurship development in Pakistan. Limited research studies have been conducted about students' perceptions about problems about entrepreneurship development in Khyber Pakhtunkhwa, thus, this study will provide practical hints to policy-makers to develop comprehensive strategies based upon gaps involved in the entrepreneurship development in Pakistan.

Entrepreneurship Development

The edification of entrepreneurship has become the leading issue and thus develop the burning issue gradually. Concerning the youth, universities have brought together curricula and programs towards the introduction to entrepreneurship ([Afza, Hassan & Rashid, 2010](#)). For this purpose, various universities have offered various courses and curriculum towards the entrepreneurship development that how youth can have utilized relevant skills and knowledge in building their sound/strong financial and social conditions and to make contribution in economic development of the country (Mahmood et al., 2016). The entrepreneurship concept was emerged during the past decades and growing fast to become leading miracle. Eventually, entrepreneurship is the concerned mainly with instigation of individuals' innovative ideas thereby starting their own inventive business in different spheres ([Veciana, Aponte & Urbano, 2005](#)). Most of individual are enthusiastic to take menace for the beginning their own businesses with the aim to take the chances for wealth maximization and thus became entrepreneur ([Azhar, Javaid, Rehman & Hyder, 2010](#)).

Problems of Entrepreneurship

The entrepreneurs have some problems which influences the potential individuals to become the entrepreneurs. In Pakistan, while speaking about the entrepreneurship culture, individuals are inevitable to investigate obstacles and problems impending in ways of young entrepreneurs ([Ahmed, Manzoor, Hussain & Farooq, 2012](#)). Pakistan as experienced corruption at larger scale during the past decade which hamper the idea of entrepreneurship development. Thus, these complications ensure to overcome in country makes Pakistan on media pages around the globe while stating to bad economy and governance (Muhammad et al., 2012). The individual, in the country, entrepreneur about economic difficulties as

dominant which eventually made hard quite to emphasis on and facilitating out entrepreneurship in Pakistan. Thus, when new entrepreneur arrives in market, might have to face various problems in becoming entrepreneur ([Anderson & Starnawska, 2008](#)). The utmost problems are dealt usually with is social restriction and the culture system as succeeds in Pakistan as young individuals are totally dependent on their family backgrounds.

Financial Problems

The prevailing economic conditions is offering some growing opportunities for countries like Pakistan. Actually, Pakistan is facing unemployment in widening range, causing to poverty, which leads to tremendous problems and results in unbalanced development with regard to economic prosperity (Muhammad et al., 2012). To overcome these financial problems and situations, the entrepreneurship development in Pakistan is the best resolution. Thus, it becomes vital to know that whether individuals are enthusiastic to come into entrepreneurial domain or more willingly to employ in diverse service organizations instead of entrepreneurship ([Douglas & Shepherd, 2000](#)). The young individuals ought to be considered so as to comprehend that which factors makes them inspired to initiate their own businesses ([Audretsch & Thurik, 2001](#)). The future selection career might depend on individuality, creativity and strong financial position of people in different situations. Still, reasonably inadequate information of individuals about appearance into entrepreneurship is main hindrance in the entering into entrepreneurship (Veciana et al., 2005).

Technical Problems

The entrepreneurial problems are related to predicting potentials about technical knowledge and skills which become most significant problems for entrepreneurs as related with the adaptation of entrepreneurial opportunities. The main problem of entrepreneurial is to grow the technical knowledge of concerned individuals towards potential development towards their careers (Douglas & Shepherd, 2000). It helps individuals in building their abilities towards the expansion in their wealth and in economic resources by availing the entrepreneurial opportunities. The entrepreneurial helps the individuals to aware about the technological changes as required in contemporary spheres (Donald & Kurtoko, 2005). The entrepreneurship is also vital for the production and development of the working forces in the different spheres which are vital for promotion of working potential and competencies of individuals in diverse fields (Veciana et al., 2005). Likewise, entrepreneurship is also vital for the delegation of the professional skills to the individual who are desirous to keep social and economic skills and requirements (Mahmood et al., 2016).

Cultural Problems

The cultural problems are mainly related with the norms and values of the individuals in different spheres of the country. It is mainly concerning with customs and traditions of the specific region since every region has their own customs and traditions and this might be the great cause for the development in Pakistan (Akbar & Bashir, 2006). The entrepreneurship is greatest source for the cultural development when taking in the priority to up bring the main issues on the surface by reducing the hindrances which are effective in development process of the entrepreneurship in the developing areas of the country like Pakistan (Muhammad et al., 2012). The cultural issues are also the issue for great concern for individuals who are connected with the entrepreneurship businesses in less developed regions of Pakistan as it is the main source of the entrepreneurship opportunities for the individuals in making better their life standards and to improve financial and cultural dimensions. It is measured as main source for the growth in the individual financial position which is mainly affected by cultural values and the traditional dimensions of the specific regions ([Mahmood et al., 2017](#)).

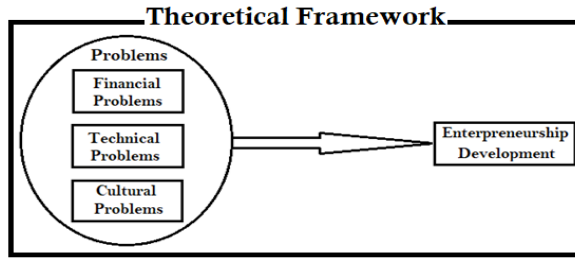


Figure 1: Conceptual Framework/Model

Research Methodology

The research design is the procedure of methods and tools used for conduction of the research studies in native environments (Creswell & Williams, 2012). The research design of the study is descriptive thereby describing the research variables of study and exploratory thereby exploring the relationships among the independent and dependent variables of the study. The survey approach will be used in the study to measure characteristics of the population over the sample size thereby asking the relevant questions from the respondents of the study who are basically the university students from southern region of Khyber Pakhtunkhwa, Pakistan. The population comprising the complete description of the respondents and the sample if the sub-set of the population which is used for collection and analyzing data about the variables of the study (Lance & Hattori, 2016).

The population of study comprised of the university students from southern region of Khyber Pakhtunkhwa, Pakistan while the sample was chosen by applying the particular formula of the sample size. The data collection is the prerequisite for all the research studies as conducted by the student scholars. Without data collection process, no research study is possible (Lescroel, Ballard, Authier & Ainley, 2014). Without the data analysis, the data collection will be useless. The tools for data analysis are those which have to be applied by the scholar in finding out the answers of the research questions (Tabachnick & Fidell, 2007). The questionnaire for the primary data collection was adapted for Aslam and Hasnu (2016) which was conducted by exploring issues and constraints perceived by young entrepreneurs of Pakistan.

Results OF Study

This is helpful in providing the relationships between the research variables through the correlation and regression. The correlation will show the association and regression will show the impact of independent on the dependent variable.

Hypothesis No. 1: The Correlation (Association among Research Variables)

Table 1. The Correlation

		Financial Problems	Technical Problems	Cultural Problems
Financial Problems	Pearson Correlation	1	.393**	.356**
	Sig. (2-tailed)		.000	.000
	N	214	214	214
Technical Problems	Pearson Correlation	.393**	1	.334**
	Sig. (2-tailed)	.000		.000
	N	214	214	214
Cultural Problems	Pearson Correlation	.356**	.334**	1
	Sig. (2-tailed)	.000	.000	
	N	214	214	214

Entrepreneurship Development	Pearson Correlation	.646**	.411**	.601**
	Sig. (2-tailed)	.000	.000	.000
	N	214	214	214

** Correlation is significant at the 0.01 level (2-tailed).

The correlation between the problems (financial, technical & cultural) of entrepreneurship and entrepreneurship development shows positive association between all the variables. The analysis shows the association between the entrepreneurship development and financial problems is positive and significant (.646 & .000). The association between the technical problems and entrepreneurship development is (.411 & .000) while association between the cultural problems and the entrepreneurship development is (.601 & .000). Therefore, the weak association is between technical problems and entrepreneurship development. Therefore, entrepreneurship brings along some problems for the individual entrepreneurs while availing the entrepreneurship opportunities. This strong relationship between the variables is the sign that entrepreneurship is playing vital role in making attitudes of individuals towards the investment in the opportunities for entrepreneurship. Thus, from this result, the hypothesis No. 1 is accepted.

Hypothesis No. 2: The Regression (Problems & Entrepreneurship Development).

Table 2. The Model Summary

Model	R	R ²	Adjusted R ²	Std. Error Estimate	F	Sig.
1	.732 ^a	.536	.529	.43028	80.854	.000 ^b

Table 3. The Coefficient of Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	BI	Std. Error	Beta		
(Constant)	.353	.216		1.635	.104
Financial Problems	.476	.055	.472	8.706	.000
Technical Problems	-.010	.055	-.010	-.183	.855
Cultural Problems	.453	.068	.392	6.704	.000

a. Predictors: (Constant), Cultural Problems, Financial Problems, Technical Problems

b. Dependent Variable: Entrepreneurship Development

The regression procedure provided the outcomes of impact of problems (financial, technical & cultural) on entrepreneurship development. The regression results show the 54% impact of the problems (financial, technical & cultural) on the entrepreneurship development. The regression further shows the significant impact of the problems towards the entrepreneurship development (financial problems = .476 & .000), (technical problems = -.010 & .855) and (cultural problems = .453 & .000). It means that the problems (financial & cultural) have significant impact on entrepreneurship development. Therefore, from the regression results, hypothesis No. 2 is partially accepted. It means that the technical issues have no significant impact on the entrepreneurship development. These findings also support the results from the correlation wherein the correlation between the technical problems and entrepreneurship development is weak as compared to other variables (financial and cultural).

Discussion and Conclusion

The entrepreneurship has become vital concept in modern ages where most of individuals are agreed to become part of the entrepreneurship in different fields of economies (Mahmood et al., 2017). It has different opportunities for the individuals to become successful entrepreneurship by availing the available business opportunities (Clifford & Catherine, 2013). Different studies provided different findings about relationships amid prospects, problems and entrepreneurship development (Muhammad

et al., 2012; Shaukat & Hameed, 2016). This study also follows the existing trend by exploring the problems and prospects of the entrepreneurship development in Pakistan. Concerning the prospects and entrepreneurship development, this study provided significant information about association between prospects and entrepreneurship development. The main studies showed positive relationships between prospects and entrepreneurship development (Ramoglou & Tsang, 2016; Ahmed & Azim, 2010). The fact is that entrepreneurship provided diverse opportunities to individuals to become successful entrepreneurs in different situations (Veciana, Aponte & Urbano, 2005; Black, Burton, Wood & David, 2010; Ferriani, Cattani & Baden, 2009).

This study aimed to examine the critical issues concerning problems of the entrepreneurship development in Pakistan by collecting data from university students and thereby analyzing thought the statistical procedures by using correlation and regression. Both the procedures have provided significant information in concluding this study. The study is significant in providing the requisite information about relationships among the research variables which were previous endorsed by many studies conducted by different researchers in different contexts. Therefore, this study provided valuable information which can be concluded in the following decisions.

1. About the association between the problems and the entrepreneurship development, this study provided the positive and significant information about the relationship between (financial & cultural) problems and the entrepreneurship development. The deciding notion will the positive role of entrepreneurship in developing managerial skills of individual entrepreneurs thereby building the relationships among different groups of individuals which might further help them to nurture their abilities to become the successful entrepreneurs. This can help the individuals about the positive dimensions of the entrepreneurship.
2. The problem (technical) have shown insignificant relationship with entrepreneurship development which was also validated by previous results from different studies. The reason behind this negative relationship is the limited resources available to the individual entrepreneurs along with limited technical knowledge and skills of the individual entrepreneurs which might be significant reason behind this negative link. The inexperience and limited technical resources are vital predictors behind negative relationship between the problems and the entrepreneurship development due to the empirical findings and results.
3. The problems (financial & cultural) have significant impact on the entrepreneurship development as per results obtained from empirical findings. The entrepreneurship provides different opportunities to the individuals in competitive markets by helping them to become the effective entrepreneurs. This is only possible when individuals have required knowledge and skills necessary for development of entrepreneurship. Moreover, individuals are required further to focus on both the positive and negative dimensions of said available opportunities by obtained desired financial outcomes.
4. The problem (technical) has insignificant impact on entrepreneurship development as offered by statistical results of this study. The study provided valuable information through regression about the impact of problems on entrepreneurship development. The main reason behind is lack of required experiences, resources and managerial skills which are critical for individual entrepreneurs. Also, insufficient support from the government and the higher taxation rate is also the main reason that discourages the entrepreneurs to avoid the entrepreneurship opportunities.

Recommendations

1. The students should be provided the training opportunities at the university level to aware them about the significances of the entrepreneurship towards the development of the individuals' economic and social status.
2. The university should offer the entrepreneurship courses to the students at the university level to get them informed about the optimistic role of entrepreneurship in development of the individual personality.

3. The individual entrepreneurs should be offered the relaxation in the taxation system of the government to attract the new entrepreneurs in initiating their own businesses at the regional level.
4. The individual entrepreneurs should be making available by providing them the basic and prerequisite facilities in starting their businesses thereby becoming independent and the affective entrepreneurs.

Future Research

1. The students are required to study positive and negative scopes of entrepreneurship before entering to the field of entrepreneurship as it might help them to critical examine the situation before their decisions.
2. The future research and student can obtain desired data about entrepreneurship development in Pakistan by studying the research findings of this study.
3. The students might be able to obtained valuable information about the research guidelines and the literature offered in this study.
4. The students and the expected entrepreneurs can obtain significant information from the results of this study about the entrepreneurship development in Pakistan.

References

- Afza, T., Hassan, M., & Rashid, M.A., (2010). 'Enterprising Behavior of Enterprise-less Rural Entrepreneurs of Khyber Pakhtunkhwa of Pakistan', *European Journal of Social Sciences*, 18, (1), 109-119.
- Ahmed, M., Manzoor, R., Hussain, M., & Farooq, M.A. (2012). Problems faced by entrepreneurs in Kohat city of Khyber Pakhtunkhwa Pakistan. *International Journal of Human Resource studies*, 2, 1.
- Ahmed, R., & Azim, P. (2010). "Youth Population and the Labor Market of Pakistan: A Micro Level Study", *Pakistan Economic and Social Review*. Vol. 48(2).
- Akbar, U., Bashir, N. (2006). "Entrepreneurial Environment in Pakistan for Start-Ups", *National University for Science and Technology*.
- Anderson, A., & Starnawska, M. (2008). Research practices in entrepreneurship Problems of definition, description and meaning. *The International Journal of Entrepreneurship and Innovation*, 221-223.
- Aslam, S., & Hasnu, A. (2016). Issues and constraints perceived by young entrepreneurs of Pakistan. *World Journal of Entrepreneurship, Management and Sustainable Development*, 12 (1), 50-65.
- Audretsch, D., and A. Thurik (2001) Linking Entrepreneurship to Growth. Science, Technology and Industry OECD Publishing. (Working Papers 2001/2.).
- Azhar, A., Javaid, A., Rehman, M., & Hyder, A. (2010). "Entrepreneurial Intentions among Business Students in Pakistan". *Journal of Business Systems, Governance and Ethics*, Vol. 5 (2).
- Black, Ervin L.; Burton, F. Greg; Wood, David A. (2010). "Entrepreneurial success: differing perceptions of entrepreneurs and venture capitalists". *The International Journal of Entrepreneurship and Innovation*. 11 (3): 189-198.
- Clifford, M., & Catherine, N. (2013). Why everyone will have to become an entrepreneur. *Entrepreneur.com*. Retrieved 8 May 2016.
- Creswell, J. W., & Williams, P. (2012). Educational research: Planning, conducting and evaluating quantitative and qualitative research. Upper Saddle River, NJ: Prentice Hall.
- Douglas, E. J., & Shepherd, A., (2000). Entrepreneurship as a utility maximizing response. *Journal of Business Venturing*, 15 (3), 231-25.
- Ferriani, S., Cattani, G., C. Baden-Fuller (2009) "The Relational Antecedents of Project-Entrepreneurship: Network Centrality, Team Composition, and Project Performance", *Research Policy*, 2009, 38 (10): 1545-1558.
- Lance, P., & Hattori, A. (2016). *Sampling and Evaluation*. Web: MEASURE Evaluation. pp. 6-8, 62-64.
- Lescroël, A., Ballard, G., Authier, M., & Ainley, D. (2014). Data Collection and Analysis by Dr. Roger Sapsford, Victor Jupp ISBN 0-7619-5046-X.
- Mahmood, N., Farhan, J., & Nosheena, Y. (2017). Role of business incubators in entrepreneurship development in Pakistan. *City University Research Journal*, Special Issue: 37-44.
- Mahmood, N., Jianfeng, C., Munir, H., & Yasir, N. (2016). Impact of Factors that Inhibit the Drive of Entrepreneurship in Pakistan: Empirical Evidence from Young Entrepreneurs and Students. *International Journal of U- and E- Service, Science and Technology*, 9(12), 163-174.
- Muhammad, A., Khan, N., Raza, S., & Fatima, S. (2012). Problems and Prospects of Entrepreneurs: A case study of Quetta-Pakistan. *International Journal of Business and Social Science*, 3 (23).
- Palaniappan, G., Ramanigopal, C., & Mani, A., (2014). 'A study on problems and prospects of Women Entrepreneurs with special reference to ERODE DISTRICT', *Journal of Physical and Social Sciences*, Vol. 2, No. 3, March.
- Ramoglou, S.; Tsang, E.W.K.; et al. (2016). "A realist perspective of entrepreneurship: Opportunities as propensities". *Academy of Management Review*. 41 (3): 409-434.
- Shaukat, t., & Hameed, K. (2016). Productivity Growth and Entrepreneurship in Pakistan: The Role of Public Policy in Promoting Technology Management. *The Lahore Journal of Economics*, 21: SE: pp. 427-446.
- Tabachnick, B. G., & Fidell, L.S. (2007). *Using Multivariate Statistics*, 5th Edition. Boston: Pearson Education, Inc/Allyn and Bacon.

Veciana, J. M., Aponte, M., & Urbano, D., (2005). University students' attitudes towards entrepreneurship: A two countries comparison. *The International Entrepreneurship and Management Journal*, pp. 165-182.