

## **Examining success factors: Entrepreneurial approaches in mountainous regions of Pakistan**

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### **Abstract**

Amongst the challenges faced by developing countries, one of the major challenges is the development of successful enterprises that not only helps its people but also contributes significantly in economic development of the country. This paper gauges the factors that contribute to the success of entrepreneurial activities. The focus is on the mountainous region, which faces many challenges. Ultimately, a framework of success has been proposed for consideration of policy makers. To measure the contribution of these factors a survey instrument has been used on a sample of 100 entrepreneurs in different sectors (mountainous region of Pakistan). The findings show the local perspective that entrepreneurs feel that these factors contribute significantly towards success. The eight factors used are advancement drive, achievement oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism. Pakistan having a geographical importance in the region has the potential of growth and development, the unexplored natural resource, a trade route with China and potential trade route with Central Asian countries, diversified culture and tourism gives it an edge over other countries. The lack of effective policies and governance is the biggest problem Pakistan faces.

**Key words:** Entrepreneurship, Gilgit Baltistan, Success factors, Trade & Manufacturing, Tourism & Social Enterprises, Pakistan

### **1. Introduction**

Entrepreneurship is often difficult and tricky, resulting in many new ventures failing. The word entrepreneur is often synonymous with founder. Most commonly, the term entrepreneur applies to someone who creates value by offering a product or service, by carving out a niche in the market that may not exist currently. Entrepreneurs tend to identify a market opportunity and exploit it by organizing their resources effectively to accomplish an outcome that changes existing interactions within a given sector.

Entrepreneurship is the act of being an entrepreneur, which is a French word meaning "one who undertakes an endeavor". Entrepreneurs assemble resources including innovations, finance and business acumen in an effort to transform innovations into economic goods. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity or necessity. The most obvious form of entrepreneurship is that of starting new businesses; however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. As mentioned above, Entrepreneurship brings with itself a whole set of risks of failure and factors to success. This paper focus on identifying factor to success in entrepreneurship. Entrepreneurial activity is a major factor of economic development of a country and its regions.

In countries like Pakistan, sustainable economic development is a dilemma, besides many factors that add to the causes of underdevelopment regardless of the efforts made by people and its leadership in last 63 years, failures of enterprises or at least lack of contribution toward growth of Pakistan is also considered a prime factor. Economic growth requires institutional prerequisites which underpin human transactions, these prerequisites are those that human civilization has evolved over the years – rule of law, democratic institutions, sound legal

framework including an efficient and independent judiciary, modern economic governance including property rights and market developing regulations, and a free and open media (Haque, 2007).

Entrepreneurship in Pakistan is seriously impaired by government policy, legislations and regulations. The government has focused on investment at large industrial level, as a result genuine entrepreneurship has not been promoted to an extent it should have been. The development of small-scale sector to some extent reflects the characteristics of entrepreneurship however; this sector has grown mainly as an informal sector. Small-scale enterprises play an important role in development of a country. The growth of small-scale enterprises could take place in major urban centre, semi-urban and rural areas of the country, if we are to achieve sustainable growth we need to focus on every geographical region of the country. This paper focuses on entrepreneurship in the mountainous region of Pakistan hence focusing on Gilgit Baltistan (GB). GB holds a key trade route with China called the Karakorum highway, which is a pride of Pakistan. Focusing development of entrepreneurial activity in that region could help the development of the area as well as Pakistan.

The general business scenario in GB gives a mixed outlook. On one hand, the small population size, low national earning average, geographic obstructions, political uncertainty and uncertain law and order situation, in the face of rising sectarian militancy, are some of the factors that might strike Gilgit – Baltistan off the investor's priority list. While, on the other hand, rich natural beauty, unexplored minerals industry, underserved consumer base and growing personal earnings of a select group (or the emergence of a regional consumerist class) provide opportunities for investment in commercial enterprises (Noor, 2009).

It focuses on factor for success of entrepreneurship in GB. So far, the region has not experienced entrepreneurship in the form of huge industrial investments as compared to other major regions of Pakistan. However, there are few example plus the small scale enterprises have emerged to fill the gap. Social entrepreneurs, backed by NGOs have also surfaced. There could be multiple factors for success however the paper focuses on 8 factors identified in a published study. Abdullah *et al.* (2009) lists the 8 success factors as follows: Achievement oriented, advancement drive, tenacity, commitment, networking, decision-making ability, managing risk and optimism. The paper discusses the relationship between these factors and successful entrepreneurship, therefore this study attempts to establish the relative importance of the critical success factors and provides suggestions for policymakers that could be useful especially since the region is in the process of developing policies after the change in governance structure. The paper is based on a local perception and tests factors considered to be of importance to the people of GB.

## 2. Aims and Objectives

The constraints of mountainous entrepreneur businesses varied ranging from leakage/wastage of resources due to poor managerial skills; lack of information regarding inputs, markets and low cost technologies and high costs on transfer; perceived threat from modern industries and international goods; lack of confidence among the mountainous entrepreneur and perceived inferiority of goods and services produced by them; mountainous areas not very well connected by road net works and are dependent on middlemen to lack of adequate assets for collateral, high interest rates and short repayment periods. Keeping in mind the above facts relating to the significance and constraints in the development of mountainous entrepreneur businesses, the present study has been carried in Gilgit Baltistan province.

The above-discussed aims will be explored through the following points:

The survey was conducted to

- 1) Test the relationship among the critical factors of successful entrepreneurship, in different enterprises,
- 2) Attempts to establish the relative importance of the critical success factors
- 3) Provides suggestions for policymakers

## 3. Literature Review

In developing countries, small-scale enterprises are considered to be the backbone of development. This sector normally called the Small and medium enterprises (SME) and Micro enterprises contribute significantly to the economy in terms of both value addition and employment. Snodgrass and Biggs' (1996) exhaustive study regarding SMEs reveals interesting patterns in this regard. They show that in low-income countries it is the micro and the small enterprises that dominate their industrial sector, the findings on structural change reveal that the percentage importance of SMEs in an economy's industrial structure goes up initially at low levels of development, peaks at the middle and high-middle income level, and then declines with further development.

Their role is not only important as a provider of employment and output in the early and middle stages of the structural transformation, it is very important in facilitating the transition itself (Bari *et al.*, 2002).

SMEs do allow a large number of entrepreneurs and self-employed to survive and exist. However, there is little evidence to suggest that the number of entrepreneurs is a sufficient or necessary condition for growth. The number of rural businesses has increased in last decade, but still there is a critical shortage of entrepreneurship in many rural communities (Drabenstott, 2001). It was found that indiscipline and poor integrity were the key factors contributing to the failure of entrepreneurs in their business (Bernama, 2006). Capabilities like collective action, decision-making, partnerships formation, and building social capital are the key factors to the success entrepreneurship in rural areas (Norris et al, 2008). Snodgrass and Biggs (1996) argue that the literature shows little conclusive evidence to suggest that a large number of SMEs allow a significant number of entrepreneurs to come through and graduate into larger firms. In fact, the literature points out more failures than successes in this regard.

However, SMEs are better able to adopt the learning process; they tend to generate higher levels of competition and mobility, which forces higher level of learning. The learning process forces firms to compete in innovative models to survive and the liberal entry into the population of firms allows greater experimentation increasing the probability of developing and adapting better and efficient organizations. This forces the inefficient firms to exit resulting in higher failure rates. A study conducted by Bari *et al.*, (2002) summarizes the impediments to growth of SME in Pakistan, as follow: First, trade was regulated in ways which discriminated against small firms since large firms were better able to obtain import licenses, official exchange rates for imports, and were better able to obtain tariff rebates intended to alleviate some of the harmful effects of protection. Furthermore, the anti-export bias induced by import substitution strategies discriminated against the labor intensive SMEs. According to the literature, there was also discrimination against SMEs through investment incentives, which SMEs were unable to access because of high rent-seeking costs.

Second, it is argued that financial sector interventions also discriminated against SMEs. Selective credit controls in conjunction with controlled interest rates prevented banks from compensating for the higher cost of small loans by charging more. As a result, limited credit was allocated to the smaller clients, which allowed large firms to grow at the expense of small firms. Third, a bias is also argued to arise because the problems of dealing with government regulations and tax authorities weigh more heavily on small rather than large firms. This is because SMEs face higher compliance costs and because of the fixed-cost entailed in complying with government regulations. Import/export regulations, tax regulations, labor-market regulations, licensing and price controls are argued to be the main areas of constraints hampering SME growth.

Fourth, underdevelopment of the physical and social infrastructure is argued to create a binding constraint for SME growth. In the case of physical infrastructure, this is because SMEs rely more heavily on inefficiently provided state infrastructure as alternatives entail too high a fixed-cost for them to develop. Similarly, the paucity of investment in human capital is deemed to constrain SME growth because of the lack of availability of skilled workers, managers and entrepreneurs. Lastly, the market failure inherent in adopting technology in developing countries is argued to constrain SMEs from adopting a path of dynamic growth.

Roomi and Hussain's (1998) survey on constraints to SME growth in Pakistan list the following to be the major problems:

- 1) Inadequate infrastructure
- 2) Financing barriers and disincentives
- 3) Adverse government policies
- 4) Shortage of skilled personnel
- 5) Technological constraints and lack of innovation
- 6) Entrepreneurial handicap

The causes of failure could in turn become factors to success if addressed at the right level and time. Besides these, there could be other factors that might result in success. These could be classified as personal/trait, social psychological, behavioral, and demographic factors. There have been a number of empirically based researches to describe the attributes of entrepreneurship. The trait-based perspective has predominated and continued to be applied where it focused on the personality or psychological makeup of the individual entrepreneurs. The social psychological perspective defines those external factors that act as potential stimulant to entrepreneurial activity and this approach places entrepreneurship within the wider social environment.

The most commonly cited personal characteristics of owner/entrepreneurs that had been suggested by the majority of authors as key success factors were summarized by Zimmerer and Scarborough (1998) and Dollinger (1999). These attributes include need for achievement, locus of control, propensity for taking risk, desire for responsibility, future orientation, tolerance for ambiguity, knowledge, experience, skill at organizing, reputation, tenacity (commitment to work, long working hours, persistence, high level of energy, flexibility, willingness to work), trust, credibility, leadership, self-confidence, capable of sustained intense effort, personal values and accountable.

The geographical areas of focus in this paper i.e. GB has also seen the transition. From being a remote inaccessible location accustomed to living as a self-reliant economy badly hampered by poverty and lack of infrastructure, to a major trade route with China resulting in changes to culture, environment and exposure. Thousands of families are now dependant on two major most vulnerable industries i.e. trade and tourism.

Trade covers the transit route for trade with China, supply chain for local consumption and a complete value chain system of local produce in terms of agricultural, mineral and heritage products. Over the number of years, many development organizations such as AKF, World Bank, K.F.W, and EC etc. have invested in the uplifting of social and economic facilities. The government has also made an effort on its part with institutions such as PPAF and Khushali Bank. However, the locals feel that there is need to do more on part of the government. Since the local people are not ready yet for any major entrepreneurship, the region offers an opportunity for encouraging small and medium enterprises amongst the educated youth, it definitely needs institutional framework and opportunities but it also needs the development of an entrepreneurial spirit (Noor, 2009).

Empirical evidences show that both internal and external factors are crucial for the success of small rural entrepreneurs. Furthermore, external factors are more important than internal for success of rural entrepreneurs in Malaysia (Kader et al, 2009). The major determinants of success among rural entrepreneurs are need for achievement, internal locus of control, innovation, marketing and lack of bureaucracy. Moreover, there is a significant relationship between these variables and success (Papzan *et al.*, 2008). Masuo et al. (2001) in their literature survey found that business success is commonly defined in terms of economic or financial measures which include return on assets, sales, profits, employees and survival rates; and no pecuniary measures, such as customer satisfaction, personal development and personal achievement.

Generally, all-inclusive lists of business success and failure could be developed. However, the two most common broadly stated variables that are considered to make a difference are Capital and Management experience. On a macroeconomic level, there could be multiple factors and on micro economic level, there could be a set of factors determining successes and failures. There have been several studies, which seek to identify the critical success factors for businesses. It is important to define these factors since business owners are concerned about the chances for success while at the same time a country usually depends upon information relative to the success or failure of businesses for maintaining a stable economy (Gaskill et al., 1993). Yusuf (1995) in his study on 220 small business entrepreneurs in the South Pacific region listed nine factors that would contribute to the success of small businesses; but the most critical factors were good management, access to financing, personal qualities and satisfactory government support. Moreover, he found that government assistance was more critical for the success of small indigenous entrepreneurs than the non-indigenous ones.

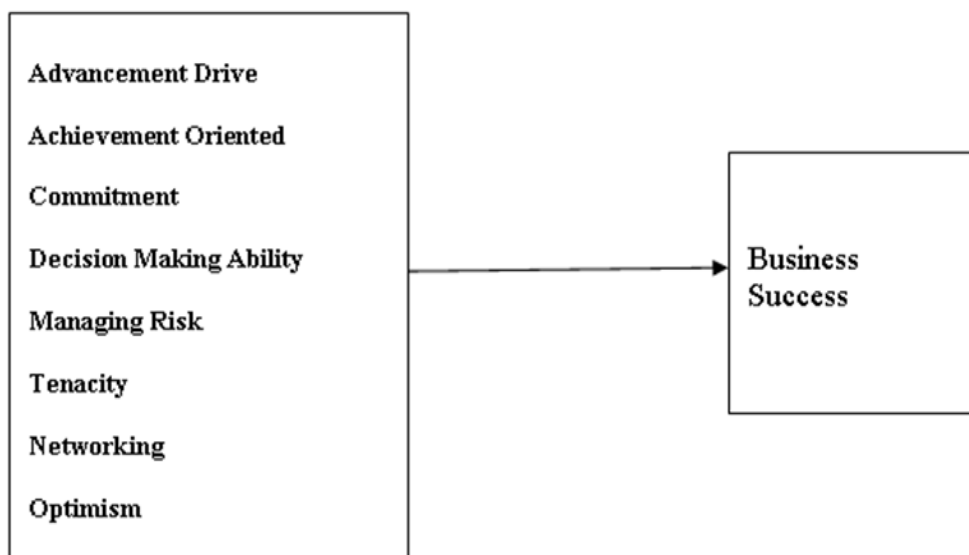
The present study is focused more upon the success of businesses, however; failure data were also mentioned to indicate how this data can be translated into survival information, and to discuss discrepancies in the existing data. The most commonly cited personal characteristics of owners/entrepreneurs that had been suggested by the majority of authors as key success factors were summarized by Zimmerer and Scarborough (1998) and Dollinger (1999).

These attributes include need for achievement, locus of control, propensity for taking risk, desire for responsibility, future orientation, tolerance for ambiguity, knowledge, experience, skill at organizing, reputation, tenacity (commitment to work, long working hours, persistence, high level of energy, flexibility, willingness to work), trust, credibility, leadership, self-confidence, capable of sustained intense effort, personal values, and accountable. In addition to the personal characteristics of the entrepreneur, several demographic factors of entrepreneurs had also been indicated to have some positive effects on business success. They are age, gender, education, marital status, race, education, experience in the business or prior experience, and had previous training (Hand et al., 1987).

In sum, the core characteristics of successful entrepreneurs who are often described as conscientious individuals value self-control, highly achievement oriented, ambitious, and persistent. Generally, there is no accepted list of variables distinguishing business success and failure. However, it is argued that the two most commonly stated variables that seem to make the difference are capital and management experience. On a macro-economic level, it was found that external factors such as sale tax rates, infrastructure expenditures, university research and expenditure amounts, credit market conditions and outstanding corporate debt significantly influence business failure rates (Chen and Williams, 1999). The literature also provides evidence that the absence of success factors may also contribute to business failure.

#### 4. Conceptual Framework

The conceptual framework is supposed to help the reader make logical sense of the relationships of the variables and factors that have been deemed relevant to the problem. It provides definition of relationships between all the variables so the reader can understand the theorized relationships between them. As far as our research is concerned, we have adopted the following conceptual framework:



#### 5. Variables

Dependent and independent variables for study are discussed as:

##### *Dependent Variable*

- i) Business Success

##### *Independent Variables*

- i) Advancement Drive
- ii) Achievement Oriented
- iii) Commitment
- iv) Decision Making Ability
- v) Managing Risk
- vi) Tenacity
- vii) Networking
- viii) Optimism

#### 5.1 Defining the variables

The nine variables included in the study are:

##### 5.1.1 Business Success

Everyone has his or her own definition of success. It could be a day filled with accomplishment. To an entrepreneur, it could be finally making that big sale, obtaining a contract or completing a first year in business and preparing for the next. Everyone who starts or has a business wants to be successful. Many define success by the amount of money they earn whereas others may define it as the goals they achieve.

### **5.1.2 Advancement drive**

It is the internal drive of accomplishment and continuous business improvement. It covers the importance of expanding business, striving to improve past performance, networking, building relationships and self-confidence.

### **5.1.3 Achievement oriented**

It is the ability to know how they are progressing and the belief that they can overcome challenges.

### **5.1.4 Commitment**

Deals with determination in solving business related problems. It also covers dedication in completing planned work.

### **5.1.5 Decision-making ability**

It relates to Innovation and effectiveness. It also includes the ability to confront differences in opinion openly and converting it into opportunity. It also covers their ability to anticipate outcome of their major decisions.

### **5.1.6 Managing risks:**

It is the ability of entrepreneurs to strive to be the pioneer in the industry, setting realistic goals, manage risk by researching and assessing relevant risk factors. It also includes the ability to utilize available resources efficiently and being aware of their strength and weakness.

### **5.1.7 Tenacity**

It describes entrepreneurs' capacity to work hard and strive for the best and his ability to complete task on time along with monitoring business trends.

### **5.1.8 Networking**

It describes entrepreneurs' ability in building and developing excellent networking and interpersonal skills, and sensing of business opportunities.

### **5.1.9 Optimism**

It is their belief to manage and sustain high level of performance through effective planning and a feeling of being superior.

## **6. Design**

### **6.1 Instrument and Data Collection**

Primary data has been collected through structured questionnaires. The factors tested have been incorporated using a Likert-type method. The research framework and the questionnaire have been adopted from a published study of Abdullah *et al.*, (2009). The various steps were carried out for short-listing the variables of interest. The process started with literature review to identify critical factors for success. Focus group meetings were held to obtain a more comprehensive review; these groups were selected from various geographical regions and were facilitated by a team of consultants. The first draft of factors was prepared and piloted. Testing for reliability and validity checks were conducted. Finally, a list of 9 variables was prepared taking input from leading entrepreneurs, policy makers and academics. Two major types of enterprise groups were chosen from all over the Gilgit-Baltistan Province which were:

- i) Trade & Manufacturing.**
- ii) Tourism & Social Enterprises.**

The variables and questionnaire has been adopted for testing hence is considered to be reliable. The exploratory factor analysis and confirmatory factor analysis were used. Prior to the exploratory factor analysis, a reliability test was performed to check the consistency of the items. Factor analysis was applied to various factors to

identify the success factors of entrepreneurs and eight factors were shortlisted. The number of factors and the items loading to each factor were specified and the hypothesized measurement model was then tested for model fit. The result showed that the respective items indeed belong to the construct as hypothesized.

## 6.2 Sample Size

This primary data collection survey covers 100 entrepreneurs from GB belonging to various valleys. Out of total 100, 44 were from Trading & Manufacturing sector and 56 were from Tourism and Social Enterprises.

Table 3.1 Geographical spread.

Area	Frequency	Percent	Cumulative Percentage
Yasin/Gupis	12	12	12
Punial/Ishkoman	25	25	37
Hunza	20	20	57
Nagar	8	8	65
Gilgit Town	35	35	100
Total	100	100	

Since Gilgit town is the biggest and most densely populated area in all of Gilgit-Baltistan province, maximum number of entrepreneurs i.e. 35 were taken from there. Punial/Ishkoman valleys second the population and the geographical importance in the province. Hunza, being a popular tourism area, has many local businesses and thus is ranked third in the province. Nagar, Yasin/Gupis are comparatively smaller and less populated valleys and have less number of businesses. Business in this newly born province has been a historical activity, being the route of China, Russia and Central Asian states. Nevertheless, with the construction of silk route, the businesses have been developed to considerable extent and what used to be a very much limited a local business, has now been turned into a successful and growing entrepreneurial activity.

## 6.3 Statistical Tools

After coding the data statistical techniques, regression and correlation were applied to analyze the data with the help of Software SPSS version 19.

## 7. Hypotheses

Following hypothesis in both Trade & Manufacturing and Tourism & Social Enterprises sectors have been developed:

- $H_{0a}$  : Advancement drive is not a critical success factor in business
- $H_{1a}$  : Advancement drive is a critical success factor in business
- $H_{0b}$  : Achievement orientation is not a critical success factor in business
- $H_{1b}$  : Achievement orientation is a critical success factor in business
- $H_{0c}$  : Commitment is not a critical success factor in business
- $H_{1c}$  : Commitment is a critical success factor in business
- $H_{0d}$  : Decision making ability is not a critical success factor in business
- $H_{1d}$  : Decision making ability is a critical success factor in business
- $H_{0e}$  : Managing risks is not a critical success factor in business
- $H_{1e}$  : Managing risks is a critical success factor in business
- $H_{0f}$  : Tenacity is not a critical success factor in business
- $H_{1f}$  : Tenacity is a critical success factor in business
- $H_{0g}$  : Networking is not a critical success factor in business
- $H_{1g}$  : Networking is a critical success factor in business
- $H_{0h}$  : Optimism is not a critical success factor in business
- $H_{1h}$  : Optimism is a critical success factor in business

## 8. Results

### 8.1 Regression Analysis of Trade & Manufacturing:

**Table 8.1**

<i>Regression Statistics</i>	
Multiple R	0.74
R Square	0.55
Adjusted R Square	0.45
Standard Error	0.52
Observations	44.00

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	8	11.47	1.43	5.40	0.00
Residual	35	9.29	0.27		
Total	43	20.77			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	-3.67	1.70	-2.16	0.04
Advancement Drive	0.62	0.33	1.86	0.07
Achievement Oriented	0.38	0.19	1.98	0.06
Commitment	0.50	0.23	2.14	0.04
Decision making Ability	0.51	0.26	1.95	0.06
Managing Risk	-0.17	0.24	-0.72	0.48
Tenacity	0.11	0.20	0.55	0.59
Networking	0.15	0.17	0.87	0.39
Optimism	0.28	0.17	1.63	0.11

Table 8.1 belongs to Trade & Manufacturing sector of Gilgit-Baltistan province. The level of significance is kept 0.1 because of the primary nature of data that has more chances of being uncertain. Except for managing risks, Tenacity and Networking, all other five independent variables i.e. advancement drive, achievement oriented, commitment, decision-making ability and optimism were found to be significant in their p-values.

$R^2$  (the coefficient of determination) is adequately explanatory. Hence, the hypotheses  $H_{0a}$ ,  $H_{0b}$ ,  $H_{0c}$ ,  $H_{0d}$  and  $H_{0h}$  were rejected and the hypotheses  $H_{0e}$ ,  $H_{0f}$ ,  $H_{0g}$ ,  $H_{1a}$ ,  $H_{1b}$ ,  $H_{1c}$ ,  $H_{1d}$  and  $H_{1h}$  were accepted for the Trade and Manufacturing Sector of Gilgit Baltistan Province.

### 8.2 Regression Analysis of Tourism & Social Enterprises

**Table 8.2**

<i>Regression Statistics</i>	
Multiple R	0.81
R Square	0.66
Adjusted R Square	0.60
Standard Error	0.49
Observations	56.00

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	8	21.41	2.68	11.25	1.00103E-08
Residual	47	11.18	0.24		



Total	55	32.59		
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	-3.62	1.19	-3.03	0.00
Advancement Drive	0.62	0.17	3.64	0.00
Achievement Oriented	0.81	0.18	4.57	0.00
Commitment	-0.06	0.17	-0.39	0.70
Decision making Ability	0.15	0.14	1.03	0.31
Managing Risk	-0.02	0.19	-0.09	0.92
Tenacity	0.24	0.14	1.72	0.09
Networking	0.23	0.17	1.34	0.19
Optimism	0.34	0.14	2.38	0.02

Table 8.2 belongs to Tourism & Social Enterprises sector of Gilgit-Baltistan province. The level of significance is kept 0.1 because of the primary nature of data that has more chances of being uncertain. Except for managing risks, Decision making ability and Commitment, all other five independent variables i.e. advancement drive, achievement oriented, Tenacity, Networking and optimism were found to be significant in their p-values where networking is weakly significant.  $R^2$  (the coefficient of determination) is adequately explanatory. Hence, the hypotheses  $H_{0c}$ ,  $H_{0d}$  and  $H_{0e}$  were accepted and the hypotheses  $H_{1c}$ ,  $H_{1d}$ ,  $H_{1e}$ ,  $H_{0a}$ ,  $H_{0b}$ ,  $H_{0f}$ ,  $H_{0g}$  and  $H_{0h}$  were rejected for the Tourism and Social Enterprises Sector of Gilgit Baltistan Province.

### 8.3 Correlation Analysis of Trade & Manufacturing

**Table 8.3**

	<i>Adv Dri</i>	<i>AcOr</i>	<i>Comm</i>	<i>DcAb</i>	<i>Mng. Risk</i>	<i>Tenacity</i>	<i>Network</i>	<i>Optism</i>	<i>BusSucce</i>
Adv Dri	1								
AcOr	0.06	1							
Comm	0.03	0.44	1						
DcAb	0.26	0.24	0.22	1					
Mng. Risk	0.14	0.05	0.34	0.16	1				
Tenacity	0.19	0.24	0.02	0.05	0.34	1			
Network	0.21	0.12	0.08	0.02	0.35	0.53	1		
Optism	0.27	0.14	0.20	0.10	0.39	0.53	0.68	1	
BusSucce	0.32	0.28	0.23	0.15	0.36	0.46	0.51	0.58	1

1% level of significance

Table 8.3 shows the relationship among all the variables, dependent and independent, in the Trade & Manufacturing sector of Gilgit-Baltistan province. Most important is the relationship between dependent variable i.e. business success and the independent variables. The table shows that the relationships are all in positive direction which means that all the factors are positively correlated with business success, most highly positive of which is optimism and the least positive is decision-making ability.

### 8.4 Correlation Analysis of Tourism & Social Enterprises:

Table 8.4 shows the relationship among all the variables, dependent and independent, in the Tourism & Social Enterprises sector of Gilgit-Baltistan province. Most important is the relationship between dependent variable i.e. business success and the independent variables. The table shows that the relationships are all in positive direction, with the exception of few negative relationships among the independent which means that all the

factors are positively correlated with business success, most highly positive of which is optimism and the least positive is decision-making ability.

**Table 8.4**

	<i>Adv Dri</i>	<i>AcOr</i>	<i>Comm</i>	<i>DcAb</i>	<i>Mng. Risk</i>	<i>Tenacity</i>	<i>Network</i>	<i>Optism</i>	<i>BusSucce</i>
Adv Dri	1								
AcOr	0.27	1							
Comm	0.25	0.54	1						
DcAb	0.22	0.09	0.06	1					
Mng. Risk	0.10	0.42	0.23	-0.05	1				
Tenacity	0.02	0.24	0.06	-0.09	-0.24	1			
Network	0.03	-0.04	-0.16	0.08	0.29	0.43	1		
Optism	0.02	-0.10	-0.07	-0.19	-0.45	0.10	0.56	1	
BusSucce	0.49	0.56	0.43	0.13	0.03	0.13	0.36	0.32	1

1% level of significance

Table 8.4 shows the relationship among all the variables, dependent and independent, in the Tourism & Social Enterprises sector of Gilgit-Baltistan province. Most important is the relationship between dependent variable i.e. business success and the independent variables. The table shows that the relationships are all in positive direction, with the exception of few negative relationships among the independent which means that all the factors are positively correlated with business success, most highly positive of which is optimism and the least positive is decision-making ability.

## 9. Conclusion & Recommendations

This study evaluates the perceived relationship by entrepreneurs of factors that determine or contribute significantly to the success of enterprises. The results for the eight factors tested statistically through the questionnaire suggest that entrepreneurs give significant weight to these factors. As discussed before, there may be multiple internal and external factors that would determine the success. This study has determined intrinsic categories of success factors. These principal success factors have been derived through extensive literature review. The emphasis for the adopted framework of success is on the principal success factor as they have been statistically validated. The principal success factors for entrepreneurs in business can be grouped into eight major dimensions in rank order: advancement drive, achievement oriented, commitment, decision-making ability, managing risks, tenacity, networking, and optimism.

During the discussion that took place with respondents there were many factors that did not fall under the purview of this study, the most highlighted were the availability of funds (either formally or informally i.e. either through banking sector or individual investors), financial management skills, family background and effective structured marketing strategies. The recording of these factors was not part of this study and were not formally recorded, however informal notes taken during discussions have been compiled to be considered for developing conclusions. It is recommended a similar study with broader scope be carried out to formally document these suggestions, which could become valuable information for the policy makers.

The results of factors recorded suggest that the policy makers need to concentrate on capacity building of current and prospective entrepreneurs, especially since the region has a potential to contribute to the GDP of Pakistan. Construction of Bhasha Dam, widening of Karakorum highway, potential trade routes with Central Asia, high level of unexplored minerals, very high potential for a structure tourism industry and its culture and heritage are few of the potential areas. The capacity building of entrepreneurs would act as a catalyst for improving business environment and attract foreign as well as domestic investment opportunity. The NGO sector as well as the private investor (for profit or not for profit) can also consider these factors as an avenue of investment for long-term development. The success gauged in this paper is relative. Comparing those

indicators with developed areas would also suggest that the scale of success has a potential to expand. There is a need to build confidence and change the expectation and cultural mindset of these entrepreneurs towards becoming more entrepreneurial.

Government could focus on these factors while allocating its development budget. They could also launch unique programs for their capacity building that could include a entrepreneurial mentoring program, it could provide sufficient capital base, promote research trends for innovative solutions to the problems being faced currently, the government bodies such as SMEDA could develop a comprehensive program for their support, arrange international/national conferences in the region that could give exposure to the entrepreneurs and exposure trips could also be arranged as part of mentoring program.

The current change in governance structure in GB provides a unique opportunity for the policy maker, people are ready for a change since the process has already started after long and painful delays, it's prime time to come up with entrepreneurial friendly policies that could promote the activity hence contribute significantly towards the Government exchequer and people of GB. Finally, the Government needs to develop a plan to increase the usage of Information Technology in the region. This will not only enable the region to gain access to quick and reliable information and will assist in cost effective capacity building.

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