

Issues and constraints perceived by young entrepreneurs of Pakistan

Saad Aslam

*Department of Management Sciences,
COMSATS Institute of Information Technology, Abbottabad, Pakistan and
Department of Management Sciences, Preston University, Islamabad, Pakistan, and
S.A.F. Hasnu*

*Department of Management Sciences,
COMSATS Institute of Information Technology, Abbottabad, Pakistan*

Abstract

Purpose – The purpose of this paper is to find out intentions of business graduating students regarding launching their own business, and their perception regarding issues and constraints entrepreneur would encounter after entering into entrepreneurial activities. In addition, it focusses to provide a general understanding regarding entrepreneurship. The study also argues unfriendly policies and environment for entrepreneurship slows down poverty reduction and economic development.

Design/methodology/approach – For this research, data were collected through structured questionnaire. Population of this study comprised of all the MBA final semester students of Pakistan. Statistical techniques were used for analysis.

Findings – Research shows that most MBA graduating students actually plan to launch their own business, but perception about different issues and constraints refrain them to enter into the entrepreneurial field. The study also shows that policies of government and country's environment effect entrepreneurship which further effects poverty reduction and economic development.

Originality/value – Different constraints are highlighted in the study due to which business graduates hesitate to become an entrepreneur, plus importance level of each constraint is also calculated in the study.

Keywords Business, Entrepreneurship, Business education and entrepreneurship, Business students perception, Constraints in launching a business, Financial and economical constraints for business launch

Paper type Research paper

Introduction

Education of entrepreneurship has increased enormously. Universities have introduced programs and curricula of new venture creation and entrepreneurship. Number of colleges and universities offering courses related to entrepreneurship has increased from a handful to 1,600, from 1970s to 2005 and they are still increasing (Donald and Kurtoko, 2005). Entrepreneurship education and entrepreneurial know-how is most promising factor of economic development and it is most difficult to implement (Mcmullan and Long, 1987). Business education has been promoted to encourage entrepreneurial behavior (Shariff and Saud, 2009). But a big question arises why business students are not going for entrepreneurship.

Developing countries face poverty, unbalanced development and unemployment, among these problems unemployment is the most blazing problem (Dev and Mahajan, 2003). To overcome these issues in Pakistan entrepreneurship is the best solution (Haque, 2011). It is important to find out whether people are devoted to enter into entrepreneurial world rather than employed in large-scale or government



organization and factors which frightens and seizes entrepreneurial graduates going for a new venture launch (Audretsch and Thurik, 2001).

Young people should be analyzed in order to understand which factors affect their intentions to startup a business. As Henderson and Robertson (2000) stated that the future career selection will depend on the creativity and individuality of the young. However, comparatively low information is known regarding view-point of individuals regarding entrance into entrepreneurship (Neck and Greene, 2011).

Decision of becoming an entrepreneur made by individuals can be modeled as utility maximizing career choice (Douglas and Shepherd, 2000). Individuals choose to become entrepreneur if the total utility they expect to originate by means of risk-taking ability, work effort and benefits associated with launching own business is greater than the expected utility from their best option of employment. However people are attracted toward entrepreneurship due to following reasons:

- Entrepreneurs are their own bosses. They make the decisions. They choose with whom to do business and what work they will do. They decide what hours to work, as well as what to pay and when to take vacations (Scott and Twomey, 1988).
- Average earnings of entrepreneurs are significantly higher than those workers of same qualification, expertise and experience in employment (Hasnu, 1994).
- Entrepreneurship presents the prestige of becoming the person in charge (Veciana *et al.*, 2005).
- Opportunity of building equity is always available for entrepreneurs, which can be kept, passed on to next generation or sold when required.
- Entrepreneurship is very helpful in developing a countries economy, new entrepreneurs help local economy, and among them some contributes to society as a whole through innovation.

This research examines the proportion of business graduates willing to opt for entrepreneurship, identify their problems and the reasons for preference of jobs instead of setting up their own business.

Literature review

Entrepreneurship

Definition of entrepreneurship remained an immense topic of discussion since a long time. In 1700 the concept of entrepreneurship emerged and since then its meaning kept on developing. Some associate concept of entrepreneurship as launching one's own new business. Many others believe that individuals are willing to take risk for launching new business in order to take a chance for profits as an entrepreneur. Others emphasize on innovation (Bull and Gary, 1993).

Derived definition from previous concepts of entrepreneurship is innovation and bearing risk holds the key to entrepreneurship. Innovation can be further explained as bringing together factors of production in a new way for more profits; and carrying out new combinations through the process of "creative destruction" old being washed away by the new. Bearing risk can be further explained by readiness to bear uncertainty; and taking risky decisions (Robinson *et al.*, 1991; Gartner, 2007; Michael, 2012).

Entrepreneurial career as a choice

People have different opinion in selecting their career, some choose entrepreneurship as a career and some go for employment. Few individuals do not find opportunities of doing businesses with their interests and skills. Other people actually refused to go along with working for others. Studies in literature explaining concept of selecting career are Bonnett and Adrian (1991) and Brockhaus (1980). These studies primary focusses on impact of personality characteristics on deciding career, they indicated link between entrepreneurial intentions and personality characteristics, which are risk-taking ability, self-confidence, locus of control and need to achievement. Some studies identified linkage between selecting entrepreneurial career and surroundings, and they explain surrounding by an extended range of social, cultural, political, economic, technological and demographical factors (Shapero and Sokol, 1982; Audretsch and Thurik, 2001; Acs and Audretsch, 1988). Institutional framework and culture also affect entrepreneurship (Wennekers and Thurik, 1999). For that reason, personality character cannot be isolated from surrounding factors. This research present the effect of personal characteristics and surrounding on entrepreneurial intention.

Entrepreneurial perception factors

Scholars who have investigated the entrepreneurial intentions, interests, or tendencies of students in literature are “Ang and Hong (2000), Brettel *et al.* (2013), Turker and Selcuk (2009), Neck and Greene (2011), Autio and Klofsten (1997), Begley *et al.* (1997), Henderson and Robertson (2000), Lee *et al.* (2005), Shariff and Saud (2009), Scott and Twomey (1988), Turker *et al.* (2005), Veciana *et al.* (2005) and Wang and Wong (2004).” They use different approaches to investigated entrepreneurship, some focus on personal background or personality characteristics of respondents, and their effect of decision of becoming an entrepreneur, e.g. Ang and Hong (2000) examined entrepreneurial spirits of two different university students, they found out that personality characteristics (i.e. innovativeness, tolerance for ambiguity, independence, risk-taking propensity, and internal locus of control) and motivational factors (desire for status, desire for security and love for money) effect entrepreneurial decision. On the other hand Wang and Wong (2004) investigated entrepreneurial interest of students in Singapore on the basis of their personal background; Wang discovered that willingness for going into entrepreneurship is high when an individual's family has a business experience; and level of business education is high. Henderson and Robertson (2000) explained useful insight regarding perception of young adult on entrepreneurship as a career, results shows that entrepreneur intention is mostly due to personal characteristics of an individual. Some studies show that entrepreneurial traits are nurtured by external factors. Wawro (2000) and Krueger (1993) explains demographics and personality traits effects on attitude, and attitude have indirect impact on entrepreneurial intentions. Shapero and Sokol (1982) connect entrepreneurial intentions with desirability of individual perception of business feasibility, and this connection is effected by social and cultural context. Robinson *et al.* (1991) elaborate the concept that business attitudes such as independence and attitude to take risk better predicts entrepreneurial intentions than demographic characteristics. This study also suggests a dynamic model of entrepreneurship process.

Various researchers investigated impact of family history on entrepreneurial intentions, the study of Scott and Twomey (1988) and Chamard (1989) explains the

concept, that students whose parents have their own business express high level of interest for self-employment and the low for employment:

H1. There exist a positive relationship between self-efficacy and entrepreneurship.

Self-employment activities are considered to be more risky then being an employee for someone else, therefore for interpretation of entrepreneurial intentions risk-taking attitude is a major source. Moreover reasons for choosing career between entrepreneurs and employees among business graduates are risk, independence, and work efforts, these three reasons are the most important factors that separate future employees from potential entrepreneurs:

H2. There exist negative relationship between risk and entrepreneurship.

Furthermore Douglas and Shepherd (2000) suggests variables effecting decisions of adapting entrepreneurial activities as a career than working for someone else can be measured by four variables which are: first, expected income, there is a chance of higher income in entrepreneurial activities then employment, individuals may plan to enter into entrepreneurship for higher income. Second, risk anticipation, perceived risk in entrepreneurial activities and unstable income also effect decisions of launching business. Third, excepted work effort and finally, independent variables which identifies willingness to launch business. An individual with an attitude to take risk, strive to work hard and a strong liking for independence has more chances of choosing entrepreneurship as a career (Anderson and Starnawska, 2008):

H3. There exist a positive relationship between personal achievements and entrepreneurship.

Financial factors have high importance on entrepreneurial decision, (Ihugba *et al.*, 2014). Research shows that getting finance for launching a business in underdeveloped countries is very difficult; banks hesitate to give loans due to unbalanced economic conditions. Moreover Van *et al.* (2011) explains that obtaining desired amount of finances for a new launch is an issue which leads potential entrepreneurs to join employment. Finance is directly affecting entrepreneurial intentions:

H4. There exist a positive relationship between financial factors and entrepreneurship.

Dyer (1994) and Douglas and Shepherd (2000) researched on economic factors, they explained that entrepreneurial intentions are influenced by external conditions, if students believe that economical and political conditions of a country is stable, then they will have highest intention level for opting entrepreneurship. Later studies focus more on personal attitudes and self-perception of the environment (Begley *et al.*, 1997).

Cheema and Asad (2006) investigated the role of government and economic conditions effecting entrepreneurship, they found out that Pakistan's Government disturbing role potential entrepreneurs opting for employment.

Government policies resist entrepreneurial culture in Pakistan, they create challenges for entrepreneurs in several dimensions, in particular contract enforcement is very weak in Pakistan (Chemin, 2010). Furthermore this paper emphasis on factors such as labor/workers regulation, credit acquisition, taxes and rules and regulations are obstacles of emergence of entrepreneurship in Pakistan.

On the other hand Pakistan Government is seriously motivating youngsters to launch their businesses, government has launched a program to provide loan to young entrepreneurs of age group 21-45 years at the rate of 8 percent markup per annum, for 100,000 beneficiaries.

Government has established SMEDA in 1998, it is premier institution of the government of Pakistan under ministry of industries. It focusses on developing small and medium enterprises (SMEs) in Pakistan. With a futuristic approach and professional management structure it has focus on providing an enabling environment and business development services to SME. SMEDA is not only an SME policy-advisory body for the government of Pakistan but also facilitates other stakeholders in addressing their SME development agendas. SMEDA organizes training programs, seminars, workshops and conferences of short duration in major cities across the country for raising awareness and capacity building of SMEs. These need based training programs are affordable, appropriate and innovative (SMEDA, 2015).

Another effort for increase in entrepreneurship in launching information technology (IT) parks in all over the country. Pakistan Software Export Board (PSEB) is mandated to facilitate Pakistani IT industry and increase in the export of software and services from Pakistan. One of the major functions of PSEB is to setup and operate IT parks and provide conducive and enabling infrastructure for the development of IT industry. (PSEB, 1995):

H5. There exist negative relationship between Pakistani environment and entrepreneurship.

Entrepreneurial intentions among individuals having business education can be linked with five main factors such as: personal achievements (Baum *et al.*, 2014) (more struggle than employee, more stress and pressure); risk (perceived risk, unstable income); self-efficacy (entrepreneurial personality, family history, good career perspective as employee, no business experience and technological knowledge); financial factors (banks hesitance in financing SMEs is due to risk in proceedings, no startup capital); (Pakistan's environment (political, corruption, rules and regulation, economy, tax regulation, technology, labor regulation) (Haque, 2006, 2011; Cheema and Asad, 2006; Wang *et al.*, 2001) (Figure 1).

Methodology

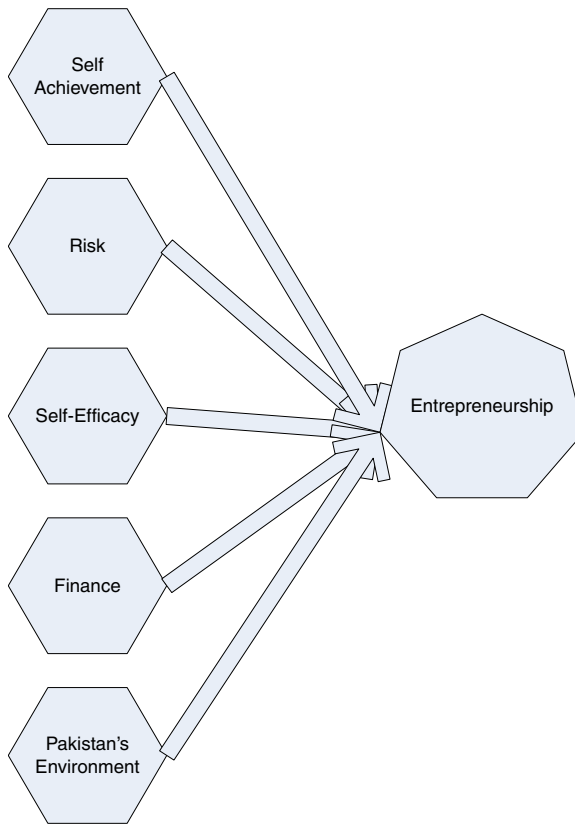
Cross-sectional survey was conducted by using Likert scale questionnaires. Questions representing a variable have two parts. In first part respondents were asked to assign weights (0-10) to the respective variable (0 for least important and 10 for highest importance) it would indicate importance level of constraints which refrain business students to enter into entrepreneurial career, and in the second part Likert scale was used. Questionnaire was developed by the author with the help of previous studies (Haque, 2011; Scott and Twomey, 1988; Wang and Wong, 2004).

Data analysis techniques

Cronbach's α is used to check internal consistency. In order to prove that the questionnaire of this study is reliable, Cronbach's α is applied as questionnaire which is developed through different previous studies (Santos and Reynaldo, 1999; Jessica *et al.*, 2003).

Descriptive statistics describe, show or summarize data in a meaningful way. This data analysis technique is utilized in the study. Data has been described in two ways. First one is description of likert scale, and second is description of importance level of each variable (Wigginton and Gonalo, 2005; Liñan and Chen, 2006).

Regression analysis is a statistical process for estimating the relationships among variables. This test is used to validate hypothesis in the study (Bates and Watts, 1999; Wang *et al.*, 2001).



Sources: Haque (2006, 2011), Cheema and Asad (2006) and Wang *et al.* (2001)

Figure 1.
Shows conceptual
framework of
the study

Item-total correlation test is performed to check if any item in the set of tests is inconsistent with the averaged behavior of the others. The analysis is performed to purify the measure by eliminating “garbage” items prior to determining the factors that represent the construct, that is, the meaning of the averaged measure. The last section of results and discussion is factors effecting entrepreneurship, this analysis is drawn by weight given by respondents and values of item-total correlation of each variable are also mentioned.

Sample

The population of this study comprises of all the MBA final semester students of Pakistan. Sampled population for this study comprises of the MBA final year students of Islamabad and Hazara Division University. Islamabad was selected because students from all over Pakistan come to here for completion of their studies. Primary data were collected from eight different universities of Islamabad and Hazara: universities were selected on the basis of judgmental sampling. Total 250 questionnaires were distributed, and 152 provided the useable data, so the response rate is 60.8 percent.

Results and discussion

Reliability test result

Value of Cronbach's α was 0.689 suggesting that the items have internal consistency. By considering this, the validity and reliability of the questionnaire used in this study falls within acceptable level.

Age of respondents

The targeted sample was final year students of MBA, So most of the respondents fall between 23 and 27 years of age, this shows that most of the respondents do not have market experience and they joined MBA after completion of their BBA (Honors).

Entrepreneurship (dependent variable)

Pakistan has strong potential to be an entrepreneurial nation: there are certain problems that prevent it from being so. Business graduating students seriously plan for their own setup. Data shows that 69 percent of the respondents are planning to start their own business rather than applying for job in the market, this shows willingness to become self-employed but, because of so many factors they are reluctant to start their own businesses.

Independent variables

Risk. Risk has many permutations for an entrepreneur. It may be financial, career, family, social, or psychic (Kuratko, 2013). Whatever its form, risk is certainly an important component in the entrepreneurial process. Entrepreneurial activities are more risky than getting employed by someone else. Two variables were used for quantifying risk. First is regarding perception of risk of individuals for launching their own business and second is regarding unstable income in business while comparing with employment.

Perceived risk. If an individual is willing to take risk, it is more likely that he would go for self-employment. Mean of all weights is 7.04, which shows importance of risk as a variable to judge intentions of becoming entrepreneur is high. In total, 90 percent feel that risk is the main constraint for not opting entrepreneurial activities and they also believe that setting up your own business is a risky activity. If perceived risk is high than it will negatively affect intentions of individuals opting for entrepreneurship.

Unstable income of business. More than three-quarter respondents feel that business is not a secure source of stable income, due to this they will go for employment. Importance level of this factor is 6.36, which shows its moderate importance.

Respondents are reluctant to start their business because of high-risk involvement and unstable income in business. If instability in economy would be decreased than there are chances that business graduated would take the risk of entrance into the entrepreneurial world.

Personal achievement. Those who show willingness of bearing stress and pressure for greater achievement, they will opt for self-employment. Variables which effect an individual's achievement are first, readiness to absorb more stress and pressure in business. Usually people avoid taking stress and pressure, and it is less in employment than in self-employment and second, more struggle in entrepreneurship, people are work averse.

More stress and pressure in business. Entrepreneurs faces list of struggles while launching their business and running it. Young Pakistani entrepreneurs do not have deep resources, they find themselves working hard to generate revenue and become profitable. Employee turnover, access to new technology, time management, financing

and marketing costs are some basic struggles of entrepreneurs. Almost half of the respondents feel entrepreneurship as a stressful job than employment, and 20 percent respondents do not have idea regarding routine of entrepreneurs and employees. Importance level of this variable is 6.38.

Workload of entrepreneurs is more than employees. Setting up a new business is very hectic job, and normally young entrepreneurs work more than 12 hours a day, mental pressure and workload on young entrepreneurs is much more than an individual working for someone else. Importance level of this variable given by respondents is 6.84, this shows that this variable has a moderate importance level, more than 80 percent respondents has accepted the fact that this is one of a main cause which drag back business students of entering into business.

Finance factors. Financial constraints are one of the biggest concerns impacting potential entrepreneurs. Entrepreneurship is believed to contribute in the process of economic growth. Improving financing constraints for entrepreneurs is important for policymakers worldwide (Lee *et al.*, 2005; Baumol, 2004). Variables defining financial factors are no startup capital for launching a new business; and banks hesitance in financing SMEs is due to risk in proceedings.

No startup capital. Starting a business is tough and, for many entrepreneurs, one of the most daunting challenges is raising startup capital. Finance is an issue for every business, regardless of size, industry or location. Around 70 percent respondents are facing problem which refrains them from entering into entrepreneurial field is no startup capital. In total, 124 respondents assigned weight to this variable, and mean of all weights is 6.71, this shows that this variable has a moderate importance level.

Banks hesitance in financing SMEs is due to risk in proceedings. This research was against perception of business students, so majority of students has low knowledge regarding banks, but still it is an important factor, mean of all weights is 7.18, this shows that this variable has a high importance level.

Self-efficacy. Self-efficacy is a person's judgment about being able to perform a particular activity; it is the belief in one's capabilities. It may influence one's perception as well.

Have only special technical skills but no practical business/management experience. Majority of the respondents agree with the above statement. For starting their own business they do not have any business/management experience. We found that the self-perceived level of business knowledge of the students is poor while their interest to start own business is high. People hesitate to do business without any practical experience. On the other hand mean of all weights is 4.864, this shows that this variable has no or very less importance.

Do not have entrepreneurial personality. Business students believe that they have an entrepreneurial personality, and personality has not refrains them from launching a business; this variable has low importance as well which is 4.81.

Family history. Respondents showed negative opinions regarding this variable, when they were asked that bad examples in family is the cause of avoiding business, and opting for employment. Results shows majority of respondents have examples in their family which influence them to enter into entrepreneurship. Importance level is around 6 which show moderate importance level.

Good career perspective as employee. Respondents showed mixed opinion but majority believed that self-employment career is better than working for someone else. Importance level of this variable is 6.47, this shows that this variable has a moderate importance level.

Pakistan's environment. Entrepreneurship plays a great role in development of Pakistan's economy, how policy and the environment of Pakistan affect business students from becoming entrepreneurs. Pakistan's environment is explained by eight variables whose descriptive statistics is given below.

Pakistan's macro environment supports the entrepreneurial activities? If the countries environment is very uncertain and full of risk than it impairs entrepreneurship and investment. Students showed mixed opinion regarding Pakistan's environment, the ratio of disagreement was higher in the response of question regarding supporting environment of Pakistan for business.

Which regulation hurt you most? *Labor regulation and tax regulation.* Labor regulation is a problem in entering into an entrepreneurial world, 50 percent respondents highlighted labor issue, and importance level given to this factor is around 7.

Heavy taxes in Pakistan are not the main cause for business graduates for not opting for self-employment. Importance level of tax regulation is 7.47, but still tax regulation is not the cause which refrains respondents from entering into entrepreneurial field.

Political. When respondents were asked to assign weights to political issue they ranked it as it is an important problem for entrepreneurs to launch their business, mean of weight is 7.19 and 51 percent respondents said that political activities in Pakistan is negatively affecting entrepreneurship.

Corruption. Corruption has a negative effect in overall whole economy, so, researcher tried to investigate perception of business students regarding effect of corruption on self-employment, 75 percent response was that corruption has a negative impact on entrepreneurship, and importance level of corruption is 8.01.

Rules and regulation. Importance level assigned to hard rules and regulations of Pakistan regarding entrepreneurship is 8.38, which is very high, but propel do not feel that hard rules and regulations in Pakistan refrains potential entrepreneurs from launching a business.

Economy. Unstable economy of Pakistan has also been ranked as 7.4 which shows the importance of economic conditions effecting entrepreneurs, and responses shows that positive impact of unstable economy in Pakistan on launching new business is more than its negative impact, but still its importance level is 8.22. It means technology is a very important factor but it is not effecting negatively on business graduates from entering into entrepreneurship.

Hypotheses assessment

H1 examined the relationship between self-efficacy and entrepreneurship. Students who believe that they can launch a business and have the ability to make it a success than they will go for self-employment. Regression analysis shows, self-efficacy has a positive effect on entrepreneurship, its significance level is 0.014 and value of β is 0.688. Choosing self-employment as a career is influenced by self-efficacy (Krueger, 1993).

Second hypotheses examined effect of risk of entrepreneurial activities, result shows that risk has a negative effect on entrepreneurial activities, as entrepreneurship is more risky activity, than employment; so, it is more likely for risk averse people to go for employment, than entering into entrepreneurship, and regression results supports *H2*. ($R^2 = 0.653$, $p < 0.05$, see regression table). Moreover from this research we concluded that risky environment would refrain business graduates to enter into entrepreneurial activities.

Researchers believe that innovation, risk taking and internal locus of control are important for deciding to start a business. Wang and Wong (2004) discovered negative relationship between risk and entrepreneurial intention. Opting entrepreneurship as a career is of high risk and high return.

Third hypotheses examined the relationship between personal achievements and entrepreneurship, regression analysis shows that personal achievements has a positive effect on entrepreneurship, its significance level 0.03 is and value of β is 0.12. Individuals who are self-motivated and willing to work hard to achieve their goals would opt entrepreneurship rather than employment. Similarly students who believe that they can work effectively under high stress and pressure would be more likely to enter into entrepreneurship.

Entrepreneurs also are characterized by a high-achievement orientation and this is the key to entrepreneurial behavior. Individuals seek entrepreneurial positions because they derive satisfaction from knowing that they can accomplish tasks that most otherwise would find challenging. They tend to set moderately difficult goals for themselves where the chances of success are greater than those of failure. Such achievement orientation has been observed empirically among entrepreneurs from across various countries (Ang and Hong, 2000).

Last hypotheses examined the relationship between finance and entrepreneurship. Results of regressing shows that Finance has a positive effect on entrepreneurship its significance level is 0.00 and β value is 0.486. If availability of finances is high than business graduating students will go for self-employment and if they do not have financial access than the only option left for business graduates is working for someone else.

Potential entrepreneurs go through many hardships when trying to access finance for their businesses. If they get the desired amount of finances they go for entrepreneurship, and if they fail to collect finances they would opt for employment (Ihugba *et al.*, 2014) (Table I).

Majorly these variables are problems which refrains business students from launching their businesses, but if these problems are solved than these variables would be the main fundamentals to go for entrepreneurship (Table II).

H1	There exist a positive relationship between self-efficacy and entrepreneurship	Supported
H2	There exist negative relationship between risk and entrepreneurship	Supported
H3	There exist a positive relationship between personal achievements and entrepreneurship	Supported
H4	There exist a positive relationship between financial factors and entrepreneurship	Supported

Table I.
Hypothesis

Model	Standardized coefficients		Sig.
	β	<i>t</i>	
(Constant)	(0.816)	1.035	0.302
High risk	-0.691	-11.893	0.000
Personal achievements	0.121	2.125	0.035
Average finance	0.486	7.615	0.000
Self-efficacy	0.166	2.499	0.014

Notes: $R^2 = 0.653$; Adjusted $R^2 = 0.644$. Dependent variable: entrepreneurship

Table II.
Regression model
summary coefficients

Factors effecting entrepreneurship

Major focus of this research is to figure out variables that refrains business students from entering into entrepreneurship. Following variables are the prime factors holding business graduates back from entering into entrepreneurship. On the other hand if these factors are addressed properly then they will lead people to go for entrepreneurship. Following graph shows weights given by respondents to each variable, weights actually describes importance level of each variable. In front of each variable in graph corrected item- total correlation value is written, which indicates reliability of each variable. Total 16 variables are present in the graph (Figure 2).

Conclusion and recommendation

Conclusion

Aim of the study was to discover the assumption of MBA students regarding issues and constraints in entering into entrepreneurship. For this purpose views and opinion of MBA final year graduating students was examined, they were seriously thinking of starting their own businesses, but they will opt for employment rather than setting up their own business because of numerous issues and constraints entrepreneurs are facing and new comers do not find it a better option to become an entrepreneur in Pakistan. Reasons behind business graduates for opting job instead of entrepreneurship are (first, high risk second, more work in business as compare to an employee third, income in business is unstable, and business graduates assume that working for someone may grant them a good salary and stable income fourth, startup capital requirements are not available and access to finance is also difficult. There are low opportunities for business graduates to gather finance for launching a new enterprise fifth, Lack of business/ management experience sixth, Pakistan's environment also has a negative impact on entrepreneurial intentions. New entrepreneurs believes that there is no proper implementation of rules and regulations in Pakistan and taxes are so high. Corrupt

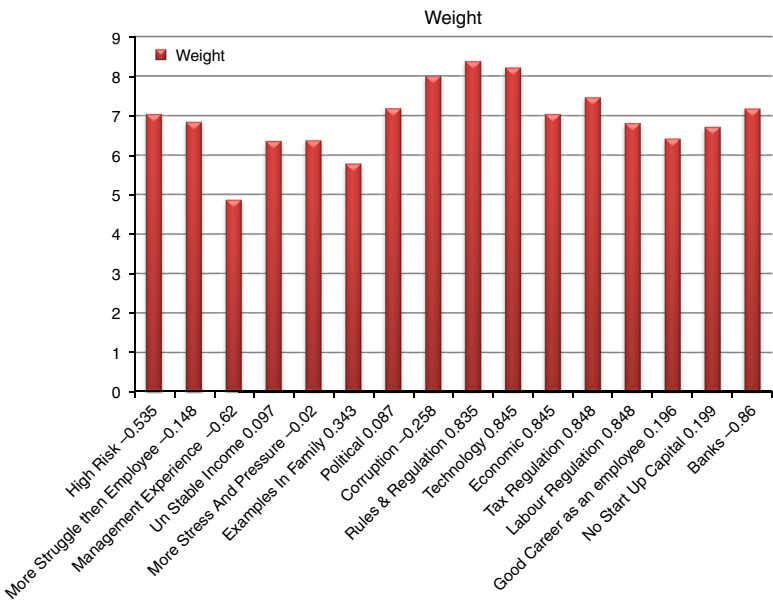


Figure 2.
Importance level of
variables

government employees/politicians are hurdle in entrepreneurial culture. On the other hand government has launched different programs to boost up entrepreneurship. Loans had been offered for launching a business, SMEDA is providing guideline and assistance for a new launch, and for software developers IT parks has been introduced.

Recommendations

In order to bring entrepreneurial trend among business graduates it is recommended to promote benefits of entrepreneurship, and awareness of new business opportunities. Universities should organize at least two seminars per semester in which local entrepreneurs should be invited and requested to share their experiences with students. Research should be done on rising demands of the market in universities and proper guidance should be provided by universities to new entrants. Universities should also work on developing risk-taking ability among their business students. So, an individual who is willing to put some extra effort is more likely to launch his own business. Universities should transmit governments offerings regarding entrepreneurship to their students.

Government should launch interest free programmes which financially helps new commers in their launch. Government understands that enterpreneurship is the best possible solution for unemployment, and economic growth, they should make new policies which attracts entrepreneurs. For any business activity proper implementation of rules is compulsory. New small businesses cant afford generators, government should resolve eletricity crisis from the country.

If universities fail to develop entrepreneurial skills and capabilities among their students, employment rate of their students would decrease as there are not enough jobs available in the market. This would become bad representation for universities.

Benefits and importance of entrepreneurship is unquestionable, especially in developing economies, and country like Pakistan where unemployment rate is too high. Promotion of entrepreneurial culture is compulsory for sustainable growth. It is government responsibility to provide shelter to young entrepreneurs otherwise unemployment and poverty rate would become uncontrollable.

References

- Acs, Z.J. and Audretsch, D.B. (1988), "Innovation in large and small firms: an empirical analysis", *The American Economic Review*, Vol. 78 No. 4, pp. 678-690.
- Anderson, A.R. and Starnawska, M. (2008), "Research practices in entrepreneurship problems of definition, description and meaning", *The International Journal of Entrepreneurship and Innovation*, Vol. 9 No. 4, pp. 221-223.
- Ang, S.H. and Hong, D.G. (2000), "Entrepreneurial spirit among east Asian Chines", *Thunderbird International Business Review*, Vol. 42 No. 3, pp. 285-309.
- Audretsch, D.B. and Thurik, R. (2001), "Linking entrepreneurship to growth", OECD publishing in its series OECD science, technology and industry, Working Papers No. 2001/2, Indiana University and Centre for Economic Policy Research (CEPR).
- Autio, E. and Klofsten, M. (1997), *Entrepreneurial Intent Among Students: Testing an Intent Model in Asia*, Babson College, Wellesley, MA and Scandinavia, pp. 133-147.
- Bates, D.M. and Watts, D.G. (1999), *Nonlinear Regression: Iterative Estimation and Linear Approximations*, Wiley Series in Probability and Statistics, John Wiley & Sons Inc, Bates University of Wisconsin, Madison, WI and Queen's University, Kingston. doi. 10.1002/9780470316757.ch.

- Baum, R.J., Michael, F. and Robert, A.B. (2014), *The Psychology of Entrepreneurship*, Psychology Press, New York, NY and London.
- Baumol, W.J. (2004), "On entrepreneurship, growth and rent-seeking: Henry George updated", *The American Economist*, Vol. 48 No. 1, pp. 9-16.
- Begley, T.M., Tan, W.L., Larasati, A.B., Rab, A., Zamora, E. and Nanayakkara, G. (1997), "The relationship between socio-cultural dimensions and interest in starting a business: a multi-country study", *Frontiers of Entrepreneurship Research*, Vol. 17.
- Bonnett, C. and Adrian, F. (1991), "Who wants to be an entrepreneur? A study of adolescents interested in a young enterprise scheme", *Journal of Economic Psychology*, Vol. 12 No. 3, pp. 465-478.
- Brettel, M., Mauer, R. and Appelhoff, D. (2013), "The entrepreneur's perception in the entrepreneur-VCF relationship: the impact of conflict types on investor value", *Venture Capital*, Vol. 15 No. 3, pp. 173-197.
- Brockhaus, R.H. (1980), "Risk-taking propensity of entrepreneurs", *Academy of Management Journal*, Vol. 23 No. 3, pp. 509-520.
- Bull, I. and Gary, W.E. (1993), "Towards a theory of entrepreneurship", *Journal of Business Venturing*, Vol. 8 No. 3, pp. 183-195.
- Chamard, J. (1989), "Public education: Its effect on entrepreneurial characteristics", *Journal of Small Business & Entrepreneurship*, Vol. 6 No. 2, pp. 23-29.
- Cheema, A. and Asad, S. (2006), *Bureaucracy and Pro-Poor Change*, Pakistan Institute of Development Economics, Islamabad.
- Chemin, M. (2010), "Entrepreneurship in Pakistan: government policy on SMEs, environment for entrepreneurship, internationalisation of entrepreneurs and SMEs", *International Journal of Business and Globalisation*, Vol. 5 No. 3, pp. 238-247.
- Dev, M.S. and Mahajan, V. (2003), "Employment and unemployment", *Economic and Political Weekly*, Vol. 38 No. 12, pp. 1252-1261.
- Donald, F. and Kurtoko, D.F. (2005), "The emergence of entrepreneurship education: development, trends, and challenges", *Entrepreneurship Theory and Practice*, Vol. 29 No. 5, pp. 577-598.
- Douglas, E.J. and Shepherd, D.A. (2000), "Entrepreneurship as a utility maximizing response", *Journal of Business Venturing*, Vol. 15 No. 3, pp. 231-252.
- Dyer, G.W. (1994), "Toward a theory of entrepreneurial careers", *Entrepreneurship Theory and Practice*, Vol. 19 No. 2, pp. 7-22.
- Gartner, W. (2007), "Is there an elephant in entrepreneurship? Blind assumptions in theory development", *Entrepreneurship*, Vol. 25 No. 4, pp. 229-242.
- Haque, N.U. (2006), "Beyond planning and mercantilism: an evaluation of Pakistan's Growth Strategy", *The Pakistan Development Review*, Vol. 45 No. 1, pp. 3-48.
- Haque, N.U. (2011), "Awake the sleeper within: releasing the energy of stifled domestic commerce", PIDE working papers.
- Hasnu, S.A.F. (1994), "Microenterprise in Pakistan, an efficiency & performance analysis of manufacturing microenterprise in North-West Frontier Province", unpublished PhD dissertation, University of Bradford, Abbottabad.
- Henderson, R. and Robertson, M. (2000), "Who wants to be an entrepreneur? Young adult attitudes to entrepreneurship as a career", *Career Development International*, Vol. 41 No. 5, pp. 279-287.
- Ihugba, O.A., Odii, A. and Njoku, A.C. (2014), "Theoretical analysis of entrepreneurship challenges and prospects in Nigeria", *International Letters of Social and Humanistic Sciences*, Vol. 5, pp. 21-34.
- Jessica, K., Drennan, J. and Renfrow, P. (2003), "Situational factors and entrepreneurial intentions", *16th Annual Conference of Small Enterprise Association of Australia and New Zealand, University of Ballarat*, Vol. 28, September 28.

- Krueger, N.F. (1993), "The impact of prior entrepreneurial exposure on perceptions of new venture feasibility and desirability", *Entrepreneurship Theory and Practice*, Vol. 18 No. 1, pp. 5-21.
- Kuratko, D. (2013), *Entrepreneurship: Theory, Process, and Practice*, Cengage Learning, Boston, MA.
- Lee, S.M., Chang, D. and Lim, S.B. (2005), "Impact of entrepreneurship education: a comparative study of the US and Korea", *The International Entrepreneurship and Management Journal*, Vol. 1 No. 1, pp. 27-43.
- Liñán, F. and Chen, Y.-W. (2006), *Testing the Entrepreneurial Intention Model on a Two-Country Sample*, Departament d'Economia de l'Empresa, Facultat de Ciències Econòmiques i Empresariales Edifici B, Universitat Autònoma de Barcelona, Barcelona.
- Mcmullan, W.E. and Long, W.A. (1987), "Entrepreneurship education in the nineties", *Journal of Business Venturing*, Vol. 2 No. 3, pp. 261-275.
- Michael, C.A. (2012), "Innovation and entrepreneurship", *The Bottom Line*, Vol. 25 No. 3, pp. 98-101.
- Neck, H.M. and Greene, P.G. (2011), "Entrepreneurship education: known worlds and new frontiers", *Entrepreneur Journal of Small Business Management*, pp. 55-70.
- PSEB (1995), Pakistan Software Export Board, available at: www.pseb.org.pk/pseb-programs/it-parks.html (accessed May 4, 2015).
- Robinson, P.B., Stimpson, D.V., Huefner, J.C. and Hunt, H. (1991), "An attitude approach to the prediction of entrepreneurship", *Entrepreneurship Theory and Practice*, Vol. 49 No. 1, pp. 13-31.
- Santos, J. and Reynaldo, A. (1999), "Cronbach's alpha: a tool for assessing the reliability of scales", *Journal of Extension*, Vol. 37 No. 2, pp. 1-5.
- Scott, M.G. and Twomey, D.F. (1988), "The long-term supply of entrepreneurs: students' career aspirations in relation to entrepreneurship", *Journal of Small Business Management*, Vol. 26 No. 4, pp. 1-5.
- Shapero, A. and Sokol, L. (1982), "The social dimensions of entrepreneurship", *Encyclopedia of Entrepreneurship*, pp. 72-90.
- Shariff, M.N.M. and Saud, M.B. (2009), "An attitude approach to the prediction of entrepreneurship on students at institution of higher learning in Malaysia", *International Journal of Business and Management*, Vol. 4 No. 4, p. 129.
- SMEDA (2015), "Enterprises development", Small and Medium Enterprises Development Authority (SMEDA), available at: www.smeda.org/ (accessed May 4, 2015).
- Turker, D. and Selcuk, S.S. (2009), "Which factors affect entrepreneurial intention of university students?", *Journal of European Industrial Training*, Vol. 33 No. 2, pp. 142-159.
- Turker, D., Onvural, B., Kursunluoglu, E. and Pinar, C. (2005), "Entrepreneurial propensity: a field study on the Turkish university students", *International Journal of Business, Economics and Management*, Vol. 1 No. 3, pp. 15-27.
- Van, G., Roy, T. and Pankaj, P. (2011), "Encountered problems and outcome status in nascent entrepreneurship", *Journal of Small Business Management*, Vol. 49 No. 1, pp. 71-91.
- Veciana, J.M., Aponte, M. and Urbano, D. (2005), "University students' attitudes towards entrepreneurship: a two countries comparison", *The International Entrepreneurship and Management Journal*, Vol. 1 No. 2, pp. 165-182.
- Wang, C.K. and Wong, P.-K. (2004), "Entrepreneurial interest of university students in Singapore", *Technovation*, Vol. 24 No. 2, pp. 163-172.
- Wang, C.K., Wong, K.P. and Lu, Q. (2001), "Entrepreneurial intentions and tertiary education", *Conference on Technological Entrepreneurship in the Emerging Regions of the New Millennium, Singapore, June*.

- Wawro, T. (2000), *Radicals and Visionaries: The True Life Stories Behind the Entrepreneurs Revolutionized The 20th Century*, Entrepreneur Media, Irvine, CA.
- Wennekers, S. and Thurik, R. (1999), "Linking entrepreneurship and economic growth", *Small Business Economics*, Vol. 13 No. 1, pp. 27-56.
- Wigginton, J.E. and Gonalo, R.A. (2005), "PEDSTATS: descriptive statistics, graphics and quality assessment for gene mapping data", *Bioinformatics*, Vol. 21 No. 14, pp. 3445-3447.

Further reading

- Abbey (2002), "Cross-cultural comparison of the motivation for entrepreneurship", *Journal of Business and Entrepreneurship*, Vol. 14 No. 1, pp. 69-81.
- Acemoglu, D. (1996), "A Microfoundation for social increasing returns in human capital accumulation", *The Quarterly Journal of Economics*, Vol. 111 No. 3, pp. 779-780.
- Bates, T. (1995), "Self-employment entry across industry groups", *Journal of Business Venturing*, Vol. 10 No. 2, pp. 143-156.
- Baumol, W.J. (1993), *Entrepreneurship, Management, and the Structure of Payoffs*, MIT Press.
- Bowen, D.D. and Hisrich, R.D. (1986), "The female entrepreneur: a career development perspective", *Academy of Management Review*, Vol. 11 No. 2, pp. 393-407.
- Bygrave, W.D. and Charles, H.W. (1991), "Theorizing about entrepreneurship", *Entrepreneurship Theory & Practice*, Vol. 16 No. 2, pp. 13-22.
- Cohen, L. (1996), "Managing the transition: employment to self-employment", *Journal of Small Business and Enterprise Development*, Vol. 3 No. 1, pp. 13-22.
- Crant, M.J. (1996), "The proactive personality scale as a predictor of entrepreneurial intentions", *Journal of Small Business Management*, Vol. 34 No. 3, pp. 62-74.
- Dainow, R. (1986), "Training & education of entrepreneurs: the current state of the literature", *Journal of Small Business & Entrepreneurship*, Vol. 3 No. 4, pp. 10-23.
- Donckels, R. (1991), "Education and entrepreneurship experiences from secondary and university education in Belgium", *Journal of Small Business & Entrepreneurship*, Vol. 9 No. 1, pp. 35-42.
- Drucker, P.F. (2007), *Innovation and Entrepreneurship: Practice and Principles*, Elsevier Ltd.
- Forlani, D. and John, M.W. (2000), "Perceived risks and choices in entrepreneurs' new venture decisions", *Journal of Business Venturing*, Vol. 15 No. 4, pp. 305-322.
- Gasse, Y. (1985), "A strategy for the promotion and identification of potential entrepreneurs at the secondary school level", *Frontiers of Entrepreneurship Research*.
- Hussain, I. (2000), "Pakistan: the economy of an elitist state", OUP Catalogue.
- Jacobowitz, A. and Vidler, D.C. (1982), "Characteristics of entrepreneurs: implications for vocational guidance", *Vocational Guidance Quarterly*, Vol. 30 No. 3, pp. 252-257.
- Johnson, B.R. (1990), "Toward a multidimensional model of entrepreneurship: the case of achievement motivation and the entrepreneur", *Entrepreneurship Theory and Practice*, Vol. 14 No. 3, pp. 39-54.
- Koh, H.C. (1995), "Factors associated with entrepreneurial inclination: an empirical study of business undergraduates in Hong Kong", *Journal of Small Business & Entrepreneurship*, Vol. 12 No. 2, pp. 29-41.
- Kourilsky, M.L. (1995), "Entrepreneurship education", Opportunity in Search of Curriculum.
- Robinson, P.B. and Sexton, E.A. (1994), "The effect of education and experience on self-employment success", *Journal of business Venturing*, Vol. 9 No. 2, pp. 141-156.
- Shapero, A. (1975), "The displaced, uncomfortable entrepreneur", *Psychology Today*, Vol. 9 No. 6, pp. 83-88.

- Shaver, K.G. and Scott, L.R. (1991), "Person, process, choice: the psychology of new venture creation", *Entrepreneurship Theory and Practice*, Vol. 16 No. 2, pp. 23-45.
- Stewart, J., Wayne, H., Carland, J.C. and James, W. (2003), "Entrepreneurial dispositions and goal orientations: a comparative exploration of United States and Russian entrepreneurs", *Journal of Small Business Management*, Vol. 41 No. 1, pp. 27-46.
- Timmons, J.A. (1985), *New Venture Creation*, Tata McGraw-Hill Education, New Delhi.

Appendix

	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Cronbach's α if item deleted
Entrepreneurship	73.7100	72.703	0.616	0.630
High risk	72.6968	99.691	-0.535	0.726
More struggle than employee	72.9271	92.859	-0.148	0.702
Management experience	73.1837	90.614	-0.062	0.711
Unstable income	74.1310	87.457	0.097	0.690
More stress and pressure	73.3152	90.124	-0.020	0.700
Examples in family	74.4995	82.875	0.343	0.667
Family	74.5587	94.625	-0.212	0.716
Self-efficacy	73.6277	87.533	0.503	0.674
Pakistan's macro environment	74.1179	91.933	-0.093	0.700
Political	74.2692	88.894	0.087	0.687
Corruption	74.8284	95.620	-0.258	0.718
Rules and regulation	73.9402	70.275	0.835	0.608
Technology	73.9008	69.770	0.845	0.606
Economic	73.9008	69.770	0.845	0.606
Tax regulation	73.8909	69.636	0.848	0.605
Labor regulation	73.8909	69.636	0.848	0.605
Good career as an employee	73.4995	84.436	0.196	0.681
No startup capital	73.1902	85.492	0.199	0.680
Fin	73.2758	84.984	0.345	0.670
Banks	73.3284	91.813	-0.086	0.698
Average finance	73.2648	86.818	0.377	0.673
Average Pakistan's environment	75.0866	94.233	-0.662	0.699
Average personal achievements	73.4995	84.436	0.196	0.681

Table AI.
Reliability analysis
and item-total
statistics

Corresponding author

Saad Aslam can be contacted at: m.saad.aslam@hotmail.com

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgroupublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com