

## THE IMPACT OF RESOURCES ON ENTRAPRENEURIAL SUCCESS - A CASE STUDY ON COMMERCIAL FAST FOOD SMES

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### ABSTRACT

*This thesis has endeavored to investigate the impact of resource (RES) factor on entrepreneurial success for Pakistani SMEs. While investigating the impact, the author has benefited from the experiences of successful entrepreneurs engaged in commercial fast-food sector. It argues that resource (RES) is a very important factor that determines profitability and business success in this sector. It is further argued that seeking economic growth through the growth of SMEs sector is most appropriate strategy given the labor-abundant and capital scarce nature of the economy. The proposed model is analyzed through statistical and econometric techniques. The results so obtained validates theoretical model. The study concludes that sufficient resources including finance, marketing, leadership and experience are needed for the success of commercial fast-food SMEs. This study also suggests that entrepreneurial leadership is the most important resource among several other resources identified in the study that contribute towards the success of Pakistani SMEs. It is recommended to conduct similar studies on other Pakistani SMEs sectors by benchmarking this study and the findings of this study must be incorporated in the SMEs policies and guidelines.*

### KEYWORDS

Resources, entrepreneurial success, Pakistan, leadership, marketing.

### INTRODUCTION

Pakistan is 6<sup>th</sup> largest country in the world in terms of population. It is gifted with substantial amount of natural resources, favorable climatic conditions, and abundance human resources both in terms of unskilled, semi-skilled and skilled labor force. Unfortunately, the resources have not been properly used to develop the country so far. The major stumbling block has been application of the Western approach based on capital-intensive industrialization. It has led to disastrous consequences to economy as reflected by a situation of mass poverty, huge unemployment and staggering budget and current account deficits causing high level of indebtedness of economy. On the contrary, the most appropriate strategy is following a low- cost homegrown approach through proliferation and promotion of SMEs. The merits of this approach are substantial; it is labor intensive, uses local raw material and technology and income generated in these enterprises favorably affects income distribution in the country. In spite of the significant favorable role that SMEs can play, the current contribution of this sector is low. SMEs in Pakistan are comprised of 85% of the entrepreneurial sector but its contribution to the GDP is only 7%. Within SMEs sector, fast-food SMEs are growing rapidly in Pakistan but the growth is mostly taking place in Western fast-food franchises. Local fast-food companies are just a few thousands. However, a very local few fast-food companies are emerged successfully. Hence, the successful experiences of such SMEs provide an opportunity to investigate causal factors linked to success of such enterprises. Accordingly, an effort is made in this study by developing a model for Pakistani SMEs based on an in depth study of successful commercial fast-food SMEs. The proposed model is structured on the experiences of those entrepreneurs who are in the business for at least two years. For this purpose a nationwide survey is conducted and the knowledge so obtained is processed through statistical techniques to validate the proposed model. The entrepreneurial environment in Pakistan, in general, is not conducive for the growth and promotion of both entrepreneurial class and SMEs due to particular socio-cultural and economic factors. The entrepreneurial class is confined to a few business families and most of the entrepreneurs are very small to grow into SMEs. Most of these entrepreneurs lack collateral to obtain finance from formal institutions. In Pakistan, among service sector enterprises, hotel and eating establishments sector (employing 5.2 million) has 300-400 thousand small-scale establishments and SMEs are around just a few thousand (Mustafa & Khan, 2003). This entrepreneurial gap in commercial fast- food SMEs is filled by many foreign fast-food franchises, as there is an upsurge of foreign food franchises in Pakistan lately. Major international fast-food giants including Pizza Hut, KFC, McDonalds and Dominos are operating in Pakistan (Economic Review of Pakistan, 2007). As a result, Pakistani commercial fast-food entrepreneurs are losing market share to foreign fast-food franchises because of bad or poor management practices, lack of entrepreneurial acumen, market intelligence and business models to compete. Various studies have been conducted at regional and national levels to determine the impact of resources (RES) on entrepreneurial success for SMEs and various entrepreneurial models have been developed. Literature available on Pakistani SMEs is extremely inadequate to make policy (Snage & Nam, 2005) and available management literature on Pakistan business sector is for large corporation (Beaver, 2007). Hence the impact of resources on the performance of Pakistani SMEs is unknown. This study is filling the gap and undertaking the job: to investigate the impact of resources (RES), which influence the success.



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The study essentially intends to provide theoretical knowledge on the working of successful entrepreneurs in the commercial fast-food SMEs sector. The knowledge gained from the experiences of such entrepreneurs facilitates in having the proper use of resources available. Accordingly this study wants to achieve these objectives as listed below:

The identification of the impact of resources (RES) on entrepreneurial success.

1. Developing of a model of entrepreneurial success based on resource (RES) factor and its constructs.
2. Empirical testing of the proposed model.

Essentially this study addresses three questions as listed below:

1. What is the driving force behind SMEs growth?
2. What is the impact of resource factor on business success of SMEs?
3. What are the components of resource (RES) factors?

## THE MOTIVATION FOR THE RESEARCH

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

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

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

## HYPOTHESES

For the purpose of providing scientific support to our proposed model, the hypothesis is suggested. Hypotheses is stated in pairs: null hypothesis and alternate hypothesis. The story of the thesis is lumped in null hypothesis. This hypotheses will be checked in light of statistical and regression analysis. The acceptance of null hypothesis means the underlying story of the thesis is validated or vice versa. Since the basic study of the thesis is that a factor i.e., resources (RES) determine the success of a typical commercial fast-food SMEs. Therefore, essentially the hypotheses are:

**H1.0 Resource is a factor causing entrepreneurial success.**

**H1.1 Resource is not a factor causing entrepreneurial success.**

## LITERATURE REVIEW

### THE CONCEPT OF ENTREPRENEURSHIP

In general, literature on defining entrepreneurship can be divided into three categories: traits, social and process. In trait approach, researchers concluded that need for achievement and power and internal locus of control, risk taking propensity and tolerance for ambiguity are the indicators of entrepreneurship. In social approach, dissatisfaction with previous job or life experience immigration, ability to form social network and social capital are drivers of entrepreneurship. In process approach, creating and building something of value from practically nothing, the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled are the driving forces for entrepreneurship. Jennifer et al., (2009) argues that entrepreneurship in general is the phenomena to capitalize on identified opportunities or creation of new opportunities through innovation.

### ENTREPRENEURSHIP AND ECONOMIC GROWTH

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

In these entrepreneurial economies, entrepreneurship makes a unique contribution to economic growth by permeating knowledge filter and commercializing ideas (Neials et al., 2002; Acs et al., 2004). According to Watjatrakul (2005), resources both strategic and non-strategic are important for the success of a firm as strategic resources enable organizations to sustain competitive advantage. If the resources are valuable, rare, imperfectly imitable, and non-substitutable, these are considered strategic to the firm. Timmons's model states that entrepreneurial leadership is very important to manage the available resources in the most effective manner. Agus and Hassan (2010) in their study suggested that entrepreneurial leadership, communication skills, determination and motivation exhibit high and significant structural effects on entrepreneurial performance.

In the global economic world, entrepreneurial economies are flourishing due to massive contribution of SMEs and the contribution of a dynamic SMEs sector to economic growth has been widely acknowledged (Blenker & Nielson, 2003). Many authors have pointed out that SMEs contribute: in the GDP as they contribute 30% and 60% of the GDP of many countries (Tustin, 2001, Khurram et al., 2007), in the economic development within a country (Santreli and Vivarelli, 2007), wealth creation (GEM, 2002), job creation (GEM, 2002), innovation and technology transfer, socio-economic transformation (Tustin, 2001) and support during crisis and hardship (Hernan & Lindsay, 2006). In the Netherlands, SMEs account 98.8% of all private sector companies, contribute 31.6% to Gross Domestic Product (GDP) and employ 55% of total workforce (EIM Business & Policy Research, 1999). In Italy, SMEs contribute to US\$35 million in exports and absorb 2.2 million of national labors (Patrianila, 2003). Vietnamese SMEs employ 64% of industrial workforce. In Indonesia, there are 42.4 million SMEs and contribute to 56.7% of GDP, account 19.4% of total export, and employ 79 millions of work force (Blenker & Nielson 2003). Among OECD countries, SMEs represents over 95% of enterprises in most of the countries (Hoang 2006). In the European Union, 98% of enterprises are SMEs, providing 65 million jobs, 66% of the total workforce (Kader & Ibrahim, 2007, Esra, 2007). In the United Kingdom, 99 % of businesses are small businesses, 59% of the nation's employment (Catherine, 2007). In Latin- America, 80-90% enterprises are micro enterprises. Around 80% of employment in Japan and South Korea is based on SMEs (Esra, 2007). In South Africa, the share of the employment located in micro, small and medium sector is high and estimated to around 60%.

However, in many of the developing countries, like Pakistan, significant section of SMEs remain in traditional activities generally with low level of productivity, poor quality products, serving small and localize markets with little or no technological dynamism (GEM 2007). As a result, producing a large group of working

poor and their contribution is not of economic significance as in the developed world. In these economies, SMEs has a significant role to play in employment generation (Blawatt K, 2003; Stel & Suddle, 2005), innovation (Bosma et al., 2007), reduction in unemployment (Loomets & Venesaar, 2006). Based on these findings, it is fair to say that SMEs of developed world are providing a major contribution to GDP, economic development, job creation and innovation and technology transfer while SMEs of developing country are not making significant contribution due to many unknown factors. Furthermore, SMEs entrepreneurship in developing countries can be a major source of alleviating poverty, promote regional trade, investment, technology transfer and source of success for medium and large enterprises. It is agreed that there is a positive correlation between economic growth and entrepreneurship and in particularly SMEs entrepreneurship. Furthermore, entrepreneurship is the major contributor in building and sustaining economic growth.

## CONCEPTUAL FRAMEWORK

This study is proposing a model to capture the impact of resources (RES) on entrepreneurial success of Pakistan SMEs. Based on this, the proposed model consists of a resource (RES) factor. In this proposed model resources are taken as macro factors. This factor is further decomposed into components. Resource (RES) factor is identified by reviewing similar studies conducted in other countries with similar objectives and researcher's hunch.

## RESOURCES

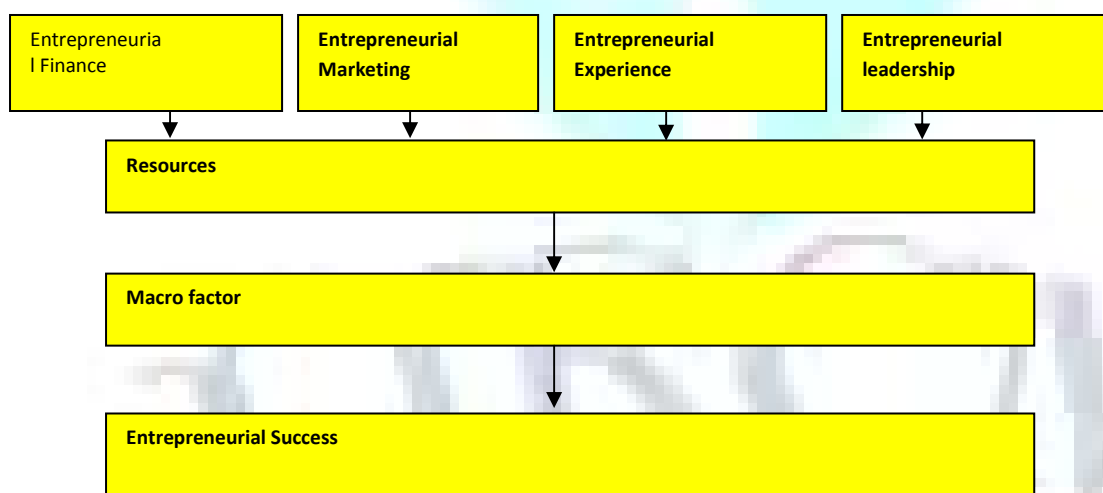
Resource (RES), a macro factor, is characterized primarily by four components: finance, experience, marketing and leadership. Finance refers to access to finance and entrepreneur attitude towards the importance of finance. Experience refers to work experience of entrepreneur which is further segmented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

TABLE 1: VARIABLES OF RESOURCES FACTOR

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

This figure (Fig 1) displays the construct of the model by showing the relationship between success and resources (RES).

FIGURE 1: MODEL OF ENTREPRENEURIAL SUCCESS OF PAKISTANI SMES



$$SUC = f(RES)$$

Where

SUC = Entrepreneurial Success of Pakistan SMEs

RES = Resources

As reflected by equation 1 this model proposes that resources are contributing positively towards entrepreneurial success of Pakistani SMEs.

## RESEARCH METHODOLOGY

This research study is based on primary data. The questionnaire is primarily derived from two existing instruments used in similar studies. A pilot study is conducted to test questions for completion time, assess appropriateness of the instructions and etc. The original questionnaire is modified based on the feedback of participants. Then modified questionnaire is distributed to 10 commercial fast food entrepreneurs from 5 selected districts including Islamabad, Rawalpindi, Peshawar, Lahore and Gujarat. As a result of these tests, a bi-lingual (English and Urdu) questionnaire using a 1-7 Likert scale is prepared. Cronbach's coefficient alpha, the most popular test to measure reliability for the factor that is, resources is used. The Cronbach's value of the resource factor is



0.53. This value shows that the factor has very strong reliability. The questionnaire for this study is built based on two existing questionnaires used in similar studies conducted earlier. One of these questionnaires has a cronbach's coefficient alpha of 0.57. This further validates our claim of validity of the instrument. The usual techniques like descriptive statistics, correlation and regression analyses are used to analyze data and to draw inferences.

### SCALE RESULTS OF RESOURCE FACTORS

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

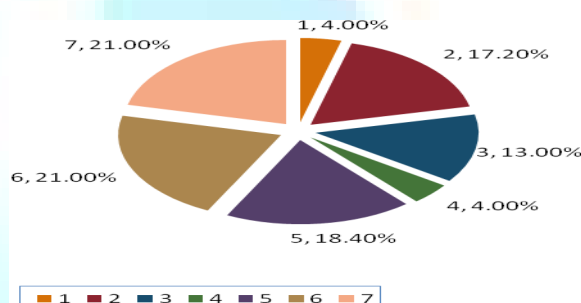
For the responses on the factor of resources (RES), 25.00 % expressed high agreement and 4.00 % expressed high disagreement. 14.00 % are neutral. The highest numbers of participants (21.10 %) consider factor of resources is the most factor of entrepreneurial success. Table 2 and fig 2 show the findings in detail are given below.

TABLE 2: SCALE DISTRIBUTION OF THE RESOURCES FACTOR

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

### SCALE DISTRIBUTION OF THE RESOURCES FACTOR

FIGURE 2: SCALE DISTRIBUTION OF THE RESOURCES FACTOR



### DESCRIPTIVE STATISTICS OF VARIABLES OF RESOURCES FACTOR

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

TABLE 3: DESCRIPTIVE STATISTICS OF VARIABLES OF RESOURCES

| No | Variable | M    | SD   |
|----|----------|------|------|
| 1  | FBE      | 3.64 | 1.40 |
| 2  | NBE      | 4.13 | 1.39 |
| 3  | FBS      | 1.36 | 1.42 |
| 4  | NBS      | 3.67 | 1.38 |
| 5  | TRE      | 3.77 | 0.55 |
| 6  | IIT      | 3.67 | 2.04 |
| 7  | MKT      | 5.08 | 1.97 |
| 8  | ATF      | 4.37 | 1.94 |
| 9  | HAS      | 4.79 | 1.61 |
| 10 | CAS      | 4.88 | 1.84 |
| 11 | BIE      | 5.04 | 1.69 |
| 12 | TEA      | 5.35 | 1.67 |
| 13 | OFR      | 4.42 | 1.64 |
| 14 | ENC      | 0.55 | 1.39 |

As given in the above table, descriptive statistics including means (M) and standard deviations (SD) of all variables are calculated and compared. The comparisons of means show that variable team (TEA) has the highest mean ( $M = 5.35$ ,  $SD = 1.67$ ) indicating the leadership is the most important resource for the success of an enterprise. The variable marketing training (MKT) has the second highest mean ( $M = 5.08$ ,  $SD = 1.97$ ) indicating that marketing focus is also a very important resource. The third highest mean ( $M = 5.13$ ,  $SD = 1.69$ ) of the variable business experience (BIE) indicating the investment of personal time before and during the execution of business is the very important factor and it has more important than finance. The participating entrepreneurs valued team the highest from a list of resources including capital. Furthermore, participating entrepreneurs ranked marketing training the second most important element of business resources.

### FINDINGS AND RESULTS

For the factor of resources (RES), a macro factor, the three most important variables are team (TEA), marketing training (MKT) and business experience (BIE). Hence, leadership (TEA) is the most important resource for the success of an enterprise and marketing (MKT) focus is also a very important, i.e., there should

be substantial emphasis on marketing research, training and development. Furthermore, investment of personal time (BIE) before and during the execution of business is the very important factor and it has more important than finance.

## REGRESSION ANALYSIS: RESULTS AND FINDINGS

### REGRESSION MODEL

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

$$\text{RES} = \beta_0 + \beta_1 \text{FBE} + \beta_2 \text{NBE} + \beta_3 \text{FBS} + \beta_4 \text{NBS} + \beta_5 \text{TRE} + \beta_6 \text{IIT} + \beta_7 \text{MKT} + \beta_8 \text{ATF} + \beta_9 \text{HAS} + \beta_{10} \text{CAS} + \beta_{11} \text{BIE} + \beta_{12} \text{TEA} + \beta_{13} \text{OFR} + \beta_{14} \text{ENC} + \epsilon$$

Where

|            |   |                                                               |
|------------|---|---------------------------------------------------------------|
| RES        | = | Resources is an index of variables of resources (RES) factor. |
| FBE        | = | Food business employment.                                     |
| NBE        | = | Non-food business employment.                                 |
| FBS        | = | Food business self-employment.                                |
| NBS        | = | Non-food business self-employment.                            |
| TRE        | = | Trained employees need.                                       |
| IIT        | = | Invest in employees' training.                                |
| MKT        | = | Provision of marketing training.                              |
| ATF        | = | Access to finance.                                            |
| HAS        | = | Human resource and success.                                   |
| CAS        | = | Capital and success.                                          |
| BIE        | = | Business experience.                                          |
| TEA        | = | Team.                                                         |
| OFR        | = | Offer financial rewards.                                      |
| ENC        | = | Encouragement plan.                                           |
| $\epsilon$ | = | Econometrics error term assumed to be normally distributed    |

with means zero and variance  $\sigma^2$ .

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

As regards the factor resources (RES), it is assumed that fourteen variables determine the factor. These variables are: food business employment (FBE), non food business employment (NBE), food business self employment (FBS), non food business self employment (NBS), trained employees (TRE), invest in training (IIT), provided marketing training (MKT), access to finance (ATF), human resource and success (HAS), capital and success (CAS), business experience (BIE), team (TEA), offer financial rewards (OFR) and encouragement (ENC). Each of these variables are captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 1.2 shows that fourteen variables explain resources (RES) factor which in turn affects entrepreneurial success. The expected relationship between resources (RES) and its variables is positive. In estimating factor stepwise regression is adopted. In the first step, Pearson correlation among all independent variables (items) is computed and variables with significant association are dropped to avoid multi-collinearity. In the second step, stepwise regression is used to find causal relationship. In stepwise regression, exercise is repeated by systematically adding independent variables to get variables, which provide the best-fit equation. The dependent variable is estimated by taking mean of means of selected variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise.

### REGRESSION ANALYSIS OF VARIABLES OF RESOURCES

The correlation statistics of all variables for the factor of resources are exhibited in table 4 given below.

TABLE 4: CORRELATIONS MATRIX OF VARIABLES FOR RESOURCES (N= 257)

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

The correlation coefficients shown in the above table indicate that there is no statistically significant correlation among all variables indicating there is no association between variables.

Hence all of these variables are kept for stepwise regression. A stepwise regression is run against all independent variables: access to finance (ATF), business experience (BIE), capital and success (CAS), encouragement (ENC), food business employment (FBE), food business self-employment (FBS), human resource and success (HUS), invest in training (IIT), non-food business employment (NBE), Non-food business self employment (NBS), offer financial rewards (OFR), Provision marketing training (MKT), Team (TEA) and trained employee (TRE) and dependent variable resources (RES). Resources (RES) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

$$\text{RES} = -1.77 + .09 \text{TRE} + .08 \text{IIT} + .06 \text{BIE} + .06 \text{MKT} + .06 \text{OFR} + .05 \text{HUS} + .05 \text{TEA} + .04 \text{ATF} + .03 \text{CAS}$$

Results of stepwise regression analysis exhibited in table 5 are given below.

**TABLE 5: REGRESSION RESULTS ON RESOURCE FACTOR**

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

The table 5 reports that final variables are: access to finance (ATF), business experience (BIE), capital and success (CAS), human resource and success (HUS), team (TEA), invest in training (IIT), offer financial rewards (OFR), Provision marketing training (MKT) and trained employee (TRE) and other are dropped in the process of estimation. The variable trained employee (TRE), representing entrepreneurial team has a t-value = 2.01 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .09. This shows it positively influences entrepreneurial resources by 9%. The variable invest in training (IIT), representing entrepreneurial team has a t-value = 6.33 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .08. This shows it positively influences entrepreneurial resources by 8%. The variable business experience (BIE), representing entrepreneurial experience has a t-value = 4.14 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .05. This shows it positively influences entrepreneurial resources by 5%. The variable provision of marketing (MKT), representing entrepreneurial marketing has a t-value = 4.52 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .06.

This shows it positively influences entrepreneurial resources by 6%. The variable offer financial rewards (OFR), representing entrepreneurial team has a t-value = 3.95 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .06. This shows it positively influences entrepreneurial resources by 6%. The variable human resource and success (HUS), representing entrepreneurial team has a t-value = 3.39 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .05. This shows it positively influences entrepreneurial resources by 5%. The variable team (TEA), representing entrepreneurial team has a t-value = 3.01 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .05. This shows it positively influences entrepreneurial resources by 5%.

The variable access to finance (ATF), representing finance has a t-value = 3.57 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .04. This shows it positively influences entrepreneurial resources by 4%. The variable capital access (CAS), representing finance has a t-value = 2.54 indicating a statistically significant relationship with resources (RES). Its  $\beta$  coefficient has a positive sign and magnitude of its effect is .03. This shows it positively influences entrepreneurial resources by 3%. The variable trained employee (TRE) is the most important resource among all resources in the success of the entrepreneurial venture. The optimal explanatory power of the model is 57% (Adjusted  $R^2$ ), which means 57% of variance in independent variables being explained by the model. In order to avoid the possibility of multi-collinearity, VIF test has been performed that shows that collinearity among independent variables is within tolerance limit.

### ESTIMATION OF MODEL OF ENTREPRENEURIAL SUCCESS

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

$$SUC = \beta_0 + \beta_1 RES + \epsilon$$

Where

SUC = Entrepreneurial Success of Pakistan commercial

Fast-food SMEs

RES = Resources, a macro factor

$\epsilon$  = Econometrics error term assumed to be normally

Distributed with means zero and variance  $\sigma^2$ .

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

As reflected by equation this study claims that resources (RES) are contributing positively towards business success. The precise contribution of resources (RES) towards success of this business is going to be tested with the help of the above model.

### CORRELATION ANALYSES OF MODEL OF ENTREPRENEURIAL SUCCESS

The correlation analysis is conducted between the factor of resources (RES) and entrepreneurial success. The result of correlation between entrepreneurial success (SUC) and factor of resources (RES) is reported in following table.

**TABLE 6: CORRELATIONS MATRIX OF ENTREPRENEURIAL SUCCESS AND RESOURCES (N=257)**

| Factors | M     | SD   | SUC   |
|---------|-------|------|-------|
| RES     | 10.49 | 0.43 | .25** |

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

The table 6 shows the correlation coefficient of success (SUC) with resources at 95% and 99% level of significance. The correlation coefficient of resources (RES) and (SUC) is  $r = .25$ ,  $p = .01$  indicating strong positive relationship between resources (RES) and success (SUC). In conclusion, entrepreneurial success and resources are positively linked.

### LINER REGRESSION ANALYSES OF MODEL OF ENTREPRENEURIAL SUCCESS

To seek causal relationship between entrepreneurial success and resource (RES) factor regression analyses is conducted. Results of the liner regression between resources (RES) and entrepreneurial success are exhibited in table 7.

**TABLE 7: RESULTS OF LINEAR REGRESSION ON RESOURCE FACTOR OF ENTREPRENEURIAL SUCCESS**

| Factors | $\beta$ | t- value | P    | Adj. $R^2$ | F     |
|---------|---------|----------|------|------------|-------|
| RES     | 0.33    | 5.69     | 0.00 | 0.10       | 32.42 |

According to the above table resources (RES) make positive contribution towards business success. It is exhibiting attractive statistics. As far as the contribution of resources (RES) is concerned it contributes significantly ( $\beta = .33$ ) towards entrepreneurial success. One percent increase in the level of resources (RES) increases business success by 33%. The foregoing results identified the resources factor significantly contributes towards the entrepreneurial success.

## HYPOTHESES TESTING

The hypotheses states

H<sub>1.0</sub> Resource (RES) is a factor causing entrepreneurial success.

H<sub>1.1</sub> Resource (RES) is not a factor causing entrepreneurial success.

As shown in table 6 and table 7, resources (RES) factor having a correlation coefficient of .25 is significantly linked to business success. Similarly, its  $\beta$  coefficient is .33 which implies that it significantly contributing towards success. Therefore, the null hypothesis is (H<sub>1.0</sub>) accepted and alternate hypothesis (H<sub>1.1</sub>) is rejected.

## CONCLUSIONS AND IMPLICATIONS

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

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

For policy makers like Small and Medium Enterprises Development Authority (SMEDA), it is recommended a) to launch programs through entrepreneurs development centers to learn and educate how to share potential and existing business opportunities, b) to create awareness among family businesses owner to share opportunities with other budding entrepreneurs as these families are the biggest source of entrepreneurial ventures c) to develop a national forum for commercial fast-food entrepreneurs at each district to create a platform to discuss ideas and opportunities by involving successful commercial fast-food entrepreneurs. Entrepreneur should increase opportunity competence and improves resources by adapting technology, conduct training on marketing and team building. The findings from the research provided information necessary to answer the research questions.

## SUGGESTIONS FOR FUTURE RESEARCH

The theoretical model of the study presented the premise that the success of fast-food enterprise is dependent on resources. These findings may be used to replicate the study to the other service sectors SMEs of Pakistan and then a comparison of these studies will provide a national level variation of success factors among different services sectors SMEs of Pakistan. Similarly, repeating this study in other services sectors of SMEs from South Asian countries will give value information across countries. Second, the significant relationship between entrepreneurial success and resources can be further explored in reference to gender, social status and other demographic variables. Third, the conclusions drawn are bounded by the inherent limitations and assumptions. A qualitative or mixed research study might discover new knowledge or insight not revealed in this research, for example, by exploring the effect of size and structure of the organization. Last, this model if tested rigorously through more empirical studies may be treated as theory in future and as it is possible to treat a model as a theory provided it is subsequently subjected to rigorous empirical testing.

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