
Motivation, perceived success factors and problems of entrepreneurs: evidence from a developing country in Asia

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Abstract: Small enterprises are increasingly playing a significant role in Sri Lankan economy. But, only a few studies have been conducted on motivations of individuals who are entering into entrepreneurial career, their perceived success factors and problems of Sri Lankan entrepreneurs. This study is based on the survey conducted with 76 entrepreneurs in Colombo district, Sri Lanka, to understand their motivations for entrepreneurial career; perceived success factors, and problems. The sample was selected from a list of entrepreneurs who were following the Certificate Course on Entrepreneurship at Open University of Sri Lanka. Results show that primary reasons for starting a business are to increase income, to obtain personal freedom, and to ensure job security. Factor analysis results revealed that owners of small and medium-sized enterprises are driven more by income related rewards than intrinsic rewards. Important business success variables include entrepreneur related characteristics, product and finance issues, social connections and human capital. Other critical success factors include management skills and government connections. Lack of reliable employees is the most serious problem faced by small entrepreneurs in Sri Lanka. In addition to that, weak economy, inability to obtain long-term finance, and too much competition, were also identified as important problems.

Keywords: Sri Lanka; small entrepreneurs; motivation; perceived success factors.

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1 Introduction

Sri Lanka is a developing country in Asia which has achieved around 6% to 8% economic growth in the last few years. Due to the civil war that dragged on for nearly 30 years, Sri Lanka could not achieve her full potential. The civil war ended in 2008 and it paved the way to a healthier situation for local and foreign entrepreneurs to start new businesses. Sri Lanka has the highest literacy rate in South Asia, which was 91.4 in 2009 (Central Bank of Sri Lanka, 2009).

Similar to other developing countries, small and medium enterprises (SMEs), play a vital role in the Sri Lankan economy. “Sri Lanka’s economy is predominantly a small and medium enterprise economy where over 50% of GDP is produced by the SME sector” (Fairoz et al., 2010). Sri Lankan Government recognised small enterprises as the engine of growth of the economy and has taken various measures to promote entrepreneurial culture in Sri Lanka.

This study examines the motivations, success factors and problems of small entrepreneurs in Sri Lanka. A better understanding of the motivators, success factors and problems will help policy makers to design policies that encourage and promote small enterprises. On the other hand, knowledge on success factors and potential problem areas will be useful for practicing entrepreneurs to keep their organisations on right track.

This paper is structured as follows: first, the literature review on the topics of motivation, perceived success factors and problems is presented, and then the methodology used for the study is discussed. Afterwards, the results obtained in the research are presented, and finally, conclusions and implications are discussed.

2 Literature review

2.1 Motivators

Considerable numbers of researchers in developed countries have taken various approaches to explain important motivators of entrepreneurs that have influenced them to start their own businesses. As highlighted by some researchers, motivation for entrepreneurial career is determined by inner personality traits such as the need for achievement, a desire for innovation, propensity for risk taking, and a preference for locus of control (Benzing and Chu, 2009). Some researchers believe that external/situational factors are more important than personality factors. Situational or external factors are classified into two sub factors namely, push factors and pull factors. While pull factors, which include desire to be one's own boss, change of life style, increasing wealth and getting the advantages of prior work experience, attract individuals to enter entrepreneurial careers, external negative conditions such as unemployment, loss of job or low-paying job with little upward mobility, also attract individuals for entrepreneurial careers, and these situations are considered as push factors.

Studies on entrepreneurial motivation are very rare in Sri Lanka and the prevailing studies also have only indirectly searched the entrepreneurial motivations. The present study examines motivations of small entrepreneurs in Sri Lanka. The goal is to determine which factors serve to motivate Sri Lankan entrepreneurs to create and operate their own businesses.

2.2 Perceived success factors

Business success can be defined as the ability to survive or remain in the business. Researchers in entrepreneurship area have considered success factors in three different aspects. The first group looked into psychological and personality traits, while substantial numbers of researchers in a second group have focused on variables related to external environment. Researchers in the third group have argued that managerial skills and training are important success factors. Psychological traits such as innovativeness, drive for independence, attitude toward risk and competitiveness have been found as drives for business success (Frese et al., 2002). Frese et al. (2002) have examined the relationship between psychological strategy process characteristics, entrepreneurial orientation and entrepreneurial success in Namibia and found that complete planning and high entrepreneurial orientation positively related to entrepreneurial success. Moreover, the results of that study have highlighted the moderate effect of the perceived environmental difficulties between entrepreneurial orientation and success. According to some researchers, psychological and behavioural traits and business success have been described ambiguously. Therefore, it is difficult to determine and to reach more valuable insights. It is important to examine the managerial skills and environmental factors necessary for success (Benzing et al., 2005). Al-Mahrouq (2010) has examined the success factors of SMEs in Jordan and the results of the study revealed that business success is determined by five factors namely: technical procedure and technology, structure of the firm, financial structure, marketing and productivity and human resources structure. In the Asian context, another study was conducted in Vietnam to find the perceived success factors of entrepreneurs in two regions and the results revealed that the most important factors contributing to business success are friendliness to customers, a

good product at a competitive price, good customer service and a reputation for honesty (Benzing et al., 2005).

This study is primarily focused on managerial skills, training and external environment related factors which small entrepreneurs perceive as instruments for business success.

3 Problems

Despite the advancements made over the last few decades from independence, entrepreneurs in Sri Lanka face several barriers that hinder their progress. Problem can be defined as the individuals' perceived difference between a current and a desired state of reality. Organisational problems can be classified into different categories namely, human relations and technical issues, organisational inputs and outputs or as strategic and operational issues. At the macro level, the problems facing entrepreneurs in Sri Lankan small enterprise sector are similar to those facing entrepreneurs in other emerging economies. First, entrepreneurs in emerging countries face an unstable, highly bureaucratic business environment. The laws governing private enterprise, especially business registration and taxation systems, are overly complex and difficult to understand. As highlighted in the white paper on SMEs development in Sri Lanka, Sri Lankan SMEs are facing a number of problems or constraints in areas such as less access to credit, information technology and markets. Alam (2010) studied on Malaysian SMEs and found that small enterprises in the food processing sector are encountering issues with internal and external environments, availability of both tangible and intangible resources as well as organisational and managerial issues that are most likely to affect the growth of firms. In a study of Turkish entrepreneurs, Benzing et al. (2009) have found that complex and confusing tax structure, unreliable employees, inability to maintain good records, and a weak economy as the most critical problems.

4 Methodology

4.1 Sample and data sources

The definition of an SME is differs from organisation to organisation and from country to country. This study used the definition given by Industrial Development Board (IDB) of Sri Lanka, "an enterprise with annual turnover less than 1 million and/or full time employees not exceeding 50 employees". By using convenience sampling method, 80 entrepreneurs were selected from those who registered for Certificate Course in Entrepreneurship Development at the Open University of Sri Lanka. In a four weeks period, entrepreneurs answered the survey questions, but four of them were excluded because they answered in an inappropriate manner. Thus, the final sample contained 76 SMEs. The data has been collected through face-to-face individual interviews.

4.2 Instrument development

Motivation factors, perceived success factors and problems were measured using a five-point Likert-scale. The variables were selected based on previous surveys as

described in previous section. Responding entrepreneurs were asked to indicate which motivation, success factors and problems are strongest and which problem was most severe. Respondents were encouraged to add their own motivation, success factors and problems if it was not on the list. Similar method was used by Benzing et al. (2005) to collect data for a similar study on Vietnamese entrepreneurs.

4.3 Data analysis

The data analysis had three stages. Stage one consisted of a descriptive analysis of variables that belongs to motivation for entrepreneurial career, perceived success factors and perceived problems. A mean score for each motive, success variables, and problems were calculated and a higher mean score reflects the importance of that variable. Phase two involved a principal component factor analysis and it determined whether or not a stable and reliable set of motivators, success factors and problems existed. An item factor loading of at least 0.40 was required for an item to be included on a factor. As phase three, summated sales for each factor was calculated by taking average of the Likert score of variables included in the factor and these scales were used to determine which factor had the greatest influence on the business owners.

5 Results

Table 1 presents the profile of interviewees. Majority of the respondents (81%) identified themselves as male, and 9% as female. This finding is consistent with previous studies on Sri Lankan entrepreneurs. The mean age of the respondents was 40.62. More than 57% have passed the GCE A/L examination and around 28% respondents in our sample have passed the GCE O/L examination. While 8.5% entrepreneurs have received a university degree, 6.4% of respondents replied that they have not passed GCE O/L.

Considering the characteristics of enterprises the average number of employees is 5.11. A total of 88% of the businesses were sole proprietorships, 10% were partnerships, and 1% was limited liability companies.

5.1 Motivation

Respondents were asked to provide ten reasons for selecting entrepreneurial career. The results are shown in Table 2. On a five-point Likert-scale with one (1) being the 'least important' and five (5) being 'extremely important', it was found that most important three reasons were 'to increase income', 'to maintain personal freedom' and 'to have job security.'

'To increase income' is the highest motivator for entering into entrepreneurial career. Very similar to other developing countries, individuals who want to become rich people are entering in to entrepreneurial career rather than selecting salaried jobs which provide a relatively stable income. 'Maintaining personal freedom' is the second most important motivation. As Sri Lanka was a British colony for a long period up to 1948, organisations in government sector are still following bureaucratic characteristics which have been introduced by the British for day to day administration. If an individual selects salaried employment option, he or she needs to work in a highly formalised environment and those who do not prefer such formalised working conditions enter into entrepreneurial

career. 'To have job security' is the third most important motivator, because people start their own businesses to create their own employment opportunity.

Table 1 Profile of the interviewees

<i>Characteristics of the interviewees</i>		
Gender		
Male	62 (81.6%)	
Female	14 (18.4%)	
Age	39.59	
Marital status		
Married	58 (76.3%)	
Educational level		
No school	1 (1.3%)	
Primary school (< O/L)	9 (11.8%)	
O/L pass	17 (22.4%)	
A/L pass	43 (56.6%)	
Degree (first degree)	6 (7.9%)	
<i>Characteristics of enterprises</i>		
Type of business ownership		
Sole proprietorship	67 (88.2%)	
Partnership	8 (10.5%)	
Incorporated	1 (1.3%)	
Average number of employees	5.11	
Average age of business (years)	8.89	

Table 2 Mean score for motivation

	<i>Motivational factors</i>	<i>Mean</i>	<i>Standard deviation</i>
1	To be my own boss	3.33	1.50
2	To be able to use my past experience and training	3.56	1.59
3	To prove I can do it	3.76	1.29
4	To increase my income	4.38	0.85
5	To provide jobs for family members	2.19	1.29
6	For my own satisfaction and growth	3.67	1.34
7	So I always have job security	4.09	1.05
8	To build a business to pass on	3.18	1.57
9	To maintain my personal freedom	4.25	0.91
10	To have fun	2.41	1.53

The results of the factor analysis for the motivation for entrepreneurial career suggested a four factor solution. The resulting factors were interpreted as *intrinsic rewards* (three items), *family security* (three items), *independence* (three items), and *income* (two items).

The complete factor matrix is shown in Table 3. The resulting factor solution accounted for 69.6% of the variance.

Table 3 Principal component analysis results for motivation for entering entrepreneurial career (varimax rotation)

Motivation	Factor 1	Factor 2	Factor 3	Factor 4	Communalities
For my own satisfaction and growth	0.818	0.038	0.019	0.206	0.713
To have fun	0.771	0.287	-0.047	-0.006	0.680
To prove I can do it	0.713	0.049	0.336	-0.036	0.626
To build a business to pass on	0.171	0.806	-0.018	-0.168	0.708
To maintain my personal freedom	0.146	0.619	-0.119	0.226	0.470
So I always have job security	0.141	0.563	0.475	0.198	0.602
To be able to use my past experience and training	-0.010	-0.156	0.859	0.145	0.784
To be my own boss	0.321	0.186	0.554	-0.283	0.525
Provide jobs for family members	0.182	0.043	-0.011	0.819	0.707
To increase my income	-0.134	0.456	0.195	0.479	0.493
Eigenvalue	2.725	1.347	1.228	1.007	
Proportion of variance explained	27.251	13.468	12.279	10.069	
Cumulative variance explained	27.251	40.719	52.998	63.068	

We used summated scale to see the most important motivating factor of small entrepreneurs in Sri Lanka and the results are shown in Table 4. The highest mean score (3.842) was for factor 2, the 'security' factor. 'Independence' emerged as the second most important motivating factor reporting a mean of 3.662 with 0.976 SD. The only motive that emerged concerning earnings is 'income' and it reports a mean of 3.289 (SD = 0.976), thus becoming the third most important factor. The least important motivation factor is factor 1, *intrinsic rewards* (Mean = 1.117) which relates to *satisfaction and growth, having fun and proving the abilities*.

Table 4 Mean scores of Sri Lankan small entrepreneurs by factors related to motivation

Summated scale	Mean	SD	No. of variables	Rank
Scale 1 – Factor 1: Intrinsic rewards	3.281	1.117	3	4
Scale 2 – Factor 2: Security	3.842	0.875	3	1
Scale 3 – Factor 3: Independence	3.662	0.976	3	2
Scale 4 – Factor 4: Income	3.289	0.826	2	3

5.2 Perceived success variables

Table 5 shows the mean scores of variables related with business success (five-point Likert-scale with five (5) being extremely important and one (1) being least important) and entrepreneurs in the sample rated friendliness as the most important success variable. Reputation for honesty was ranked second among the elements necessary for building a flourishing enterprise. Hard work, customer service, good product at competitive price and social skills, were also cited by responding entrepreneurs as important. Entrepreneurs in Sri Lanka gave the least importance to 'political involvement'.

As shown in Table 6, the factor analysis indicates that 17 success variables could be grouped into six factors. The first factor can be called 'entrepreneur related characteristics' and includes six success variables namely, hard work, reputation for honesty, position in society, customer service, friendliness and social skills, and explains 29% of the variability. The second factor relates to 'management skills' and comprises of five variables, namely, previous business experiences, maintenance of accurate records, marketing, managing personnel, and good management skills. Factor 3 can be referred to as a 'human capital' because it consists of two success variables; good management skills and appropriate training.

Table 5 Mean score for perceived success variables

Success factors	Mean	Std. deviation
Good management skills	4.26	1.12
Charisma: friendliness	4.75	0.52
Satisfactory government support	3.02	1.47
Appropriate training	4.22	1.04
Access to capital	4.13	1.02
Previous business experience	3.66	1.37
Support from family and friends	3.92	1.13
Marketing/sales promotion	4.12	1.11
Good product at competitive price	4.67	0.59
Customer service	4.68	0.77
Hard work	4.69	0.58
Position in society	4.56	0.80
Maintenance of accurate records	4.31	0.98
Ability to manage personnel	4.48	0.85
Social skills	4.60	0.75
Political involvement	1.99	1.24
Reputation for honesty	4.72	0.70

Factor 4 can be called as 'government connections' and includes two variables: political involvement and government support. Factor five comprises of two variables namely, social skills and support from family and friends. This factor might best be called 'social connections'. Factor six is called 'product and finance issues' and it consists of two variables; access to capital and good product at competitive price.

Table 6 Principal component factor analysis result for perceived success factors

<i>Success factors</i>	<i>Factor 1</i>	<i>Factor 2</i>	<i>Factor 3</i>	<i>Factor 4</i>	<i>Factor 5</i>	<i>Factor 6</i>	<i>Communalities</i>
Hard work	0.834	0.170	0.071	-0.126	0.131	0.126	0.778
Reputation for honesty	0.804	0.102	0.203	0.098	-0.001	0.154	0.732
Position in society	0.728	0.203	-0.074	-0.183	0.112	-0.365	0.756
Customer service	0.705	0.270	-0.065	-0.169	-0.130	0.108	0.632
Charisma/friendliness	0.622	-0.067	0.620	0.087	0.083	0.025	0.791
Social skill	0.594	0.058	0.070	0.206	0.496	0.075	0.654 /
Previous business experience	-0.028	0.735	-0.086	0.092	0.272	-0.075	0.637
Maintenance of accurate records	0.223	0.685	0.359	0.232	-0.077	0.322	0.812
Marketing/sales promotion	0.273	0.682	0.127	-0.193	0.192	-0.067	0.634
Ability to manage personnel	0.355	0.679	0.144	0.090	-0.287	-0.046	0.700
Good management skill	0.182	0.575	0.415	0.250	-0.049	0.299	0.691
Appropriate training	-0.008	0.287	0.789	-0.062	0.118	-0.241	0.780
Political involvement	-0.004	-0.012	-0.204	0.783	0.088	-0.244	0.723
Government support	-0.156	0.179	0.267	0.707	-0.141	0.036	0.648
Support from family and friends	0.079	0.121	0.097	-0.084	0.882	0.151	0.837
Access to capital	0.080	0.128	0.173	0.221	-0.220	-0.710	0.653
Good product and competitive price	0.361	0.216	-0.014	-0.037	0.026	0.571	0.505
Eigenvalue	4.972	2.171	1.443	1.205	1.146	1.025	
Proportion of variance explained	29.250	12.770	8.488	7.087	6.742	6.031	
Cumulative variance explained	29.250	42.019	50.508	57.594	64.336	70.368	

Table 7 shows the summated scale score for each factor. The summated scale is the average score of the items in that factor. The mean score of 4.671 for the entrepreneur related characteristics factor is significantly higher than any other success factor.

This indicates that among the six reported factors, Sri Lankan small entrepreneurs believe their success is most closely related to entrepreneur related qualities such as their hard work, reputation for honesty, position in society and customer service. The second highest mean score is recorded by the product and finance issues. It implies the importance of supplying a good product at competitive price and access to capital for business success. Social connections are the third highest important perceived success factor and it highlighted the importance of social skills and support from family and friends. Interestingly, factor four (government connections), which includes government

support and political involvement is viewed as the least important factor among the six factors.

Table 7 Summated scales of factors related to success variables

Summated scale	Mean	SD	No. of variables	Rank
Scale 1 –Factor 1: Entrepreneur related characteristics	4.671	0.517	6	1
Scale 2 – Factor 2: Management skills	4.168	0.806	5	5
Scale 3 – Factor 3: Human capital	4.243	0.893	2	4
Scale 4 – Factor 4: Government connections	2.507	1.072	2	6
Scale 5 – Factor 5: Social connections	4.263	0.789	2	3
Scale 6 – Factor 6: Product and finance issues	4.401	0.554	2	2

5.3 Problems

As shown in Table 8, the most critical problems faced by Sri Lankan small entrepreneurs are:

- 1 inability to attract and retain good employees (Mean = 4.10, SD = 1.05)
- 2 weak economy (Mean = 3.82, SD = 1.02)
- 3 too much competition (Mean = 3.66, SD = 1.05)
- 4 inability to obtain long-term finance (Mean = 3.66, SD = 0.95).

A similar study conducted in Turkey also has found that weak economy and attracting and retaining good employees, were main problems (Benzing et al., 2009).

Table 8 Problems faced by entrepreneurs

Problems	Mean	Std. deviation
Unreliable employees	4.10	1.05
Too much competition	3.66	1.05
Unable to obtain short-term finance	3.34	0.96
Unable to obtain long-term finance	3.66	0.95
Too much government regulations	3.22	1.24
I have to look after everything	3.19	1.41
Weak economy	3.82	1.02
Lack of management training	3.43	1.31
Lack of marketing training	3.37	1.19
Lack of accounting records	3.62	1.37
Complex tax structure	3.14	1.27
High interest	3.59	1.17
Poor transport	3.17	1.37
Difficulty of finding raw material	3.43	1.33

The results of the principal component factor analysis with varimax rotation are presented in Table 9. The factor loadings have ranged from 0.885 to 0.519. The higher the factor loading, the more its test reflects or measures the factor. The analysis of the 13 variables yielded four significant factors which explained 69.516 of the total variance. The first factor was represented by three variables. They are lack of marketing training, lack of accounting records and lack of management training. The first factor can be named as 'lack of business training' and this factor accounted for 32.81% of the rated variance. The second factor consists of five variables namely, high interest rates, poor transport, difficulty of finding raw materials, too much government problems and complex tax structure. This factor explained 15.17% of the rated variance and this factor may be termed as 'government problems'.

Table 9 Principal component factor analysis for problems faced by small entrepreneurs

	Component				Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	
Lack of marketing training	0.837	0.280	-0.068	0.215	0.830
Lack of accounting records	0.836	0.283	0.158	-0.007	0.804
Lack of management training	0.828	0.328	-0.123	0.204	0.849
High interest	0.109	0.785	0.063	-0.031	0.633
Poor transport	0.095	0.683	0.337	-0.299	0.678
Difficult at finding raw material	0.320	0.604	0.091	0.034	0.477
Too much government regulations	0.228	0.555	0.028	0.293	0.447
Complex tax structure	0.346	0.519	-0.089	0.298	0.486
Unable to obtain short-term finance	-0.037	0.154	0.811	0.402	0.845
Unable to obtain long-term finance	-0.219	0.424	0.766	0.003	0.815
Too much competition	0.472	-0.220	0.679	-0.124	0.747
I have to look after everything	0.065	0.094	0.048	0.885	0.798
Unreliable employees	0.441	-0.129	0.232	0.603	0.629
Eigenvalue	4.266	1.972	1.637	1.162	
Proportion of variance explained	32.813	15.170	12.595	8.938	
Cumulative variance explained	32.813	47.983	60.579	69.516	

Three variables namely, unable to obtain short-term finance, unable to obtain long-term finance and too much competition load on third factor and that factor could be called 'lack of finance' as the two variables are related to shortage of funding. Fourth factor comprised of two variables associated with employees and it was termed as 'lack of employees.' The summated scales on perceived problems are shown in Table 10. These scales were calculated as average score across items contained in factors and identified

factors were ranked based on the mean values reported for four problems. ‘Lack of employees’ which reported a mean of 3.651 with 1.033 SD emerged as the most crucial problem. ‘Lack of finance’ emerged as the second most crucial problem reporting a mean of 3.553 with 0.769 SD. The next two major problems are ‘lack of business training’ and ‘government problems’ which reported a mean of 3.473 (SD = 1.197) and 3.313 (SD = 0.886), respectively.

Table 10 Summated scales of perceived problems of entrepreneurs

Summated scale	Mean	SD	No. of variables	Rank
Scale 1 – Factor 1: Lack of business training	3.473	1.197	3	3
Scale 2 – Factor 2: Government problems	3.313	0.886	5	4
Scale 3 – Factor 3: Lack of finance	3.553	0.769	3	2
Scale 4 – Factor 4: Lack of employees	3.651	1.033	2	1

6 Discussion and recommendations

“Entrepreneurs have multiple motives for creating their enterprises” (Cromie, 1987). According to the survey results, Sri Lankan small entrepreneurs are motivated to enter into entrepreneurial career by four different motives: security; independence; income and intrinsic rewards. Although the mix of motivations is very similar in different countries, their levels of importance are different. Cromie (1987) has conducted a survey on entrepreneurial motivation in Northern Ireland and has found that entrepreneurs are primarily motivated by autonomy, achievement, desire for job satisfaction and other non-economic rewards. Based on the study conducted in three African countries (Ghana, Kenya and Nigeria), Benzing et al. (2009) found that the strongest motivation factor across countries was the opportunity to increase income. Some researchers argue that entrepreneurs in developed countries are motivated by independence and self-fulfilment more than income (Benzing and Chu, 2009). This study also supports the idea that entrepreneurs in developing countries are primarily ‘pushed’ into entrepreneurial career by security, independence and income factors.

According to the survey results, Sri Lankan small entrepreneurs believe that the most important success factors are entrepreneur related characteristics, product and finance issues and social connections. Based on the factor analysis, ‘entrepreneur related characteristics’ factor, which included hard work, reputation for honesty, and position in society was the most important success factor. As these variables are mainly associated with personality of an individual, it means that entrepreneurs in Sri Lanka believe they can influence their own business success. According to the results of the study, it is interesting to note that, entrepreneurs view government connections in terms of political involvements and government support as relatively unimportant factors for venture success. Benzing and Chu (2009) also have experienced same results on similar studies in Turkey.

Similar to other developing countries, Sri Lankan entrepreneurs are also facing multiple problems. “Understanding the problem patterns can make policy makers of small business in designing and implementing appropriate small business assistance programs” (Huang and Brown 1999). The item analysis of problems indicates that small

entrepreneurs in Sri Lanka perceive inability to attract and retain reliable employees, as the most serious problem. Educated young people in the workforce are reluctant to join small enterprises due to their uncertainties of survival and they prefer more secured jobs in reputed private sector organisations or government sector. At the same time, substantial numbers of employees who are working in small enterprises are joining the large enterprises after they receive sufficient work experience. In addition to the lack of employees, other critical problems facing Sri Lankan entrepreneurs were lack of finance, lack of business training and government related problems. As shown in Table 10, entrepreneurs are facing problems in obtaining long-term finance and short-term finance. On the other hand, access to finance has been identified as one of the perceived success factors (Table 6). Due to the lack of collateral, financial institutions are reluctant to finance small entrepreneurs and many entrepreneurs borrow money from other informal sources at high rates of interest (Nishantha, 2005). Therefore, the government needs to establish specialised banks for small entrepreneurs and introduce new loan schemes to provide short- and long-term finance at concessionary interest rate. Government and other supportive organisations need to focus attention to addressing the crucial problems such as lack of business training and government problems. Especially, the government has to take measures to implement training programmes for entrepreneurs and that training should cover the areas such as marketing, record keeping and business management.

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