

Devkota, N., Shreebastab, D. K., Korpysa, J., Bhattarai, K., & Paudel, U. R. (2022). Determinants of successful entrepreneurship in a developing nation: Empirical evaluation using an ordered logit model. *Journal of International Studies*, 15(1), 181-196. doi:10.14254/2071-8330.2022/15-1/12

Journal
of International
Studies

© Foundation
of International
Studies, 2022
© CSR, 2022

Scientific Papers

Determinants of successful entrepreneurship in a developing nation: Empirical evaluation using an ordered logit model

Niranjan Devkota

Quest International College, Pokhara University, Gwarko, Lalitpur, Nepal

niranjandevkota@gmail.com

ORCID 0000-0001-9989-0397

Dhiraj Kumar Shreebastab

Quest International College, Pokhara University, Gwarko, Lalitpur, Nepal

dbirajshreebastab18@gmail.com

Jaroslaw Korpysa

Department of Support Decision's Methods and Cognitive Neuroscience, University of Szczecin, Poland

jaroslaw.korpysa@usz.edu.pl

ORCID 0000-0002-2400-3308

Kumar Bhattarai

Patan Multiple Campus, Tribhuvan University, Patan Dhoka, Lalitpur, Nepal

bhattarai1000@gmail.com

ORCID 0000-0002-0846-5465

Udaya Raj Paudel

Quest International College, Pokhara University, Gwarko, Lalitpur, Nepal

udayapaudel7@gmail.com

ORCID 0000-0002-5234-5081

Abstract. Entrepreneurship has always been a crucial issue in the economic development of the countries as it has the ability to enhance standards of living and create wealth, not only for the entrepreneurs but also for related businesses and people. This paper aims to provide insights into how to build successful entrepreneurship in Kathmandu valley (KV). Using the descriptive method, we have applied non-probability sampling technique to select 302 entrepreneurs from KV. The structured questionnaire is used for data collection. Descriptive statistics, correlation, regression, pre-estimation, and post-estimation are used for data analysis. The research finds that entrepreneurs are more successful when

Received:

December, 2020

1st Revision:

February, 2022

Accepted:

March, 2022

DOI:

10.14254/2071-8330.2022/15-1/12

possessing such qualities as creativity and leadership. Furthermore, the results reveal that technology plays a vital role while initiating entrepreneurship and education helps raise positive output in entrepreneurship. Based on the findings, the study concludes that entrepreneurship has been one of the important issues in the context of Nepal to open up employment opportunities and bring economic progress.

Keywords: successful entrepreneurship, entrepreneurs' skills, developing nation, resources, logistic estimation

JEL Classification: L26, J24, L31, L72

1. INTRODUCTION

Betterment of the national economy is usually characterized by the growth of entrepreneurial activity. At present, favorable conditions for the development of the entrepreneurship are being created in the world (Zabelina et al., 2019). The creativity and development of a successful new business enterprise needs not only focus on the financial capital but also that entrepreneurs should convert those visions into an effective practice (Lee, 1996). To start a business, an entrepreneur should have the ability to identify entrepreneurial opportunities at the initial Phase (Li et al., 2020). After securing enough financial resources, human resources, and physical facilities, entrepreneurs can help sell goods or services. Generally, it takes a long time and needs strong determination to start a business (Cho & Lee, 2016). While the founder of a new business is most often called an entrepreneur, it can be argued that the entrepreneur can also be regarded as a leader when the founder leads the development of ideas and resources (especially human resources) into essence and success (Jensen & Luthans, 2006; Murad et al., 2022).

The impact of entrepreneurship on wealth creation, employment opportunities, and economic growth has been confirmed by an increasing number of researchers in recent years (Khalilov & Yi, 2021). The practice of entrepreneurship emerges as the formation of entrepreneurial opportunities and the realization of entrepreneurial capacities, which leads to new business creation (Bakar et al., 2017). Managing innovation has become important at the organizational level. This is because organizations who cope with innovation challenges tend to outperform and maintain their market competitiveness, profitability, and growth. Thus, encouraging creativity in the workplace has become a major concern for the survival and success of companies, especially for startups (Wilson, 2007). Entrepreneurship create more employment and production and stimulates high-quality innovations. Recent research has shown that the economy is positively influenced by entrepreneurship and the creation of new businesses (Jones et al., 2019). Entrepreneurship is one of the most anticipated factors that will lead to a successful business performance under highly risky conditions. The driving force to economic development and social change is the innovation that destroys the existing products or markets. This is also called creative destruction and the core of this activity is an innovative entrepreneur (Fischer, 1993).

Similarly, it must be understood that industries have opted to gain another competitive advantage on the market of volume and distribution efficiency varies from the majority of the packages (Alfoqahaa, 2018). Accountancy, Business and, Management Strand (ABM) can be divided into three major components to answer these questions: first, how entrepreneurs' grow, second, how they link to others, and third, how well they function. Studies may compile detail empirical data through literature review, data collection, and field studies on successful entrepreneurs and their firms (Yang, 2012). Entrepreneurship-oriented companies seek product and business creativity and take the necessary changes rather than stopping them from and responding proactively to environmental changes and opportunities. Enterprise-based companies may

identify new markets, build tangible and intangible investments and regularly deliver innovative products. By creative and efficient technologies, they can sell more products and make a high profit.

Further, Abubakar et al. (2017) mentioned that successful entrepreneurship gets affected through several factors. They talked about the essential requirement for starting entrepreneurship in Saudi Arabia. They have pointed out the different dimensions that are crucial for successful entrepreneurship. However, their model was applied in the study because the same criterion is required to build successful entrepreneurship as well. This study has modified the concept of Abubakar et al. (2017) with the help of different and related papers. Moreover, entrepreneurial personality, entrepreneurial competencies, social legitimacy, and different socio-demographic variables create an immense impact on successful entrepreneurship (Wach & Głodowska, 2021). Meanwhile, this study has considered one of the essential factors for building successful entrepreneurship.

Although entrepreneurship provides benefits, it requires some conditions and resources to become successful (Balawi, 2021). In this segment, it is figured that resources availability, infrastructure, and services are not the same when compared among regions within countries (Jalan et al., 2015). Policymakers are introducing tax privileges, simplifying the system of registration of small businesses and the control and verification measures by supervisory bodies, allocating state subsidies and grants for innovative development and production, and favoring the creation of business incubators (Zabelina et al., 2019). Although a number of papers has been written theoretically and descriptively on how entrepreneurship affects the economy, there is an insufficiency of empirical evidence that analyses the determinants of firm creation in developing countries (Bakar et al., 2017). It is highlighted that these inequalities lead to the existence of differences in levels of entrepreneurial activity among cities. For this reason, there is a need for researching the factors that assist in understanding this and, thus, in strengthening entrepreneurship in cities or regions within countries (Jalan et al., 2015).

1.1. Entrepreneurship in Nepal

There are three interrelated elements; entrepreneurs, industries, and employment. Nevertheless, industrialization is the result of entrepreneurs' business initiatives, which eventually create jobs in every nation's labor market. Further, in a country like Nepal, where unemployment is a significant problem, entrepreneurs play a multi-dimensional part e.g., entrepreneurial, investment, and managerial parts (Gaudel, 2016). Without innovative initiatives by entrepreneurs, economic development cannot be realized. Government should enforce a suitable strategy to attract entrepreneurs and businesses. Eventually, an effective policy might assist to shift people's attitude toward becoming rich overnight (KC, 1989).

In the selection of a profession, parental career plays an important role. In Nepalese culture, this is more valid. Particularly fathers are role models for their children and also play a strong role in the choice of a career for their children. Culture integrates attitudes, beliefs, values, and styles of life. All of them help to influence the entrepreneurship attitude of an individual (Pant, 2015). In this sense, the major obstacles faced by Nepalese entrepreneurs are limited capital exposure, political instability, lack of skilled manpower and technology, low return from investment, domination of imported products, insufficient infrastructures and a small market. These factors are the outcome of lack of motivation, personal interest, and the problems with financial issues (Gaudel, 2016). It is acknowledged that Nepal cannot compete globally with this slow pace of industrialization.

In spite of many studies conducted in business sector in Nepal - business (Paudel & Devkota, 2020), farmers (Rai et al., 2020), agricultural entrepreneurship (Devkota et al., 2021a), tourism entrepreneurship (Devkota et al., 2020b, 2021b, 2022), small business generation (Karki et al., 2021), pertinent issues of entrepreneurship could not be identified. Such studies have given top priority to family businesses but

entrepreneurship and startup related activities have been sidelined. The government has always intended to develop this sector but the effectiveness of government's efforts could not be experienced. In such situation, there is the need to raise the awareness on the entrepreneurship and its impact on the economy.

In such discourse of the need for successful entrepreneurship, this study raises several questions: What are the factors determining successful entrepreneurs? How to identify obstacles to be a successful entrepreneur? What are the measures for promotion of Nepalese startups in Kathmandu valley? Thus, the right assessment is required to explore these questions in the context of entrepreneurs of KV. The aim of this research is to measure entrepreneur's opinions on enterprise development in KV. Moreover, this study provides interesting insights into the obstacles to entrepreneurship in KV.

Further, section two presents the research methodology employed for this study; section three presents results and discussions; and the final section concludes the study with necessary recommendations.

2. METHODOLOGY

2.1. Theoretical debates on entrepreneurial success

Several socio-cultural and political factors influence entrepreneurship. So, successful entrepreneurship and related phenomena can be classified into three theoretical approaches: Thorstein Veblen's 'The Business Enterprise Theory', Clayton M. Christensen's 'Disruptive Innovation Theory', and Amartya Sen's 'Capability Theory'. Veblen (1958) in his 'The Theory of Business Enterprise' argues that the goal of business is pecuniary gain. According to Wray (2007), Veblen's main goal in the Theory of Business Enterprise is to investigate the operations of the credit economy, and his analysis focuses on the divergence between the value of industrial capital and the value of business capital. It doesn't recommend an enterprise, company, association, or such a specific organization but it can vary from organization to organization (Matzler et al., 2013).

In another theoretical underpinning to interlink entrepreneurship with successful ending, Christensen (1997) introduced 'Disruptive Innovation' theory and concentrated primarily on technological innovation and investigated how new technologies came to outperform ostensibly superior technologies in a market. Disruptive innovations, as per Christensen and Raynor (2003), include discounted sales of department stores; low-cost, point-to-point airlines; low-cost, mass-market products such as power tools, copiers, and motorcycles; and online marketplaces such as bookselling, education, brokerage, and travel agents. Moreover, Danneels (2004) summed up disruptive innovation theory by arguing that disruptive technologies appear to be associated with the replacement of incumbents by entrants.

Finally, another theoretical debate regarding the successful entrepreneurship is Capability Theory. Robeyns (2011) argues that while some aspects of the capability approach can be traced back to Aristotle, Adam Smith, and Karl Marx, the approach was pioneered by economist-philosopher Amartya Sen. According Robeyns (2005), the capability approach considers all dimensions of human well-being and development, well-being, and justice in a comprehensive and integrated manner, with special emphasis placed on the links between material, mental, and social well-being, as well as the economic, social, political, and cultural dimensions of life. Further, Sen (1997) contended that the better-established ethical strategies, such as utilitarianism or wealth, focus solely on moral well-being or the availability of good life means. These all theories have explained how different factors make an impact on successful entrepreneurship.

2.2. Entrepreneurs behavior functions model

As this study tries to analyze the behavior of entrepreneurs, entrepreneur behavior function model is used in this study, for function model is an assumption of entrepreneurial activity. According to Paudel et al. (2020), people perceive things as per their understanding, knowledge and their wish to a greater extent, so the viewpoint on entrepreneurs and entrepreneurial activities may differ accordingly from person to person. The activities contain many appropriate variables that make a relevant impact to build a successful entrepreneurship. In the following eq. 1, S_y can be referred to successful entrepreneurship, E_y attributes to the joint effect of entrepreneurial activities. This can be formally stated as:

$$S_y = f([\Sigma y E_y]) \quad (1)$$

Subscript “y” reflects each individual successful entrepreneur. In addition, the set of variables to be used in empirical estimations is described to make this model functional. In the case of determining a successful entrepreneur if attributes of joint entrepreneurial activities are higher, then there is more likely chance than individual can be successful entrepreneur.

This set of variables makes it possible to test five different criteria correlated with practice of entrepreneurship. Besides, for a successful entrepreneurship, we can determine the major factor affecting the function of entrepreneurship, precisely, availability of resources, entrepreneurial personality, entrepreneurial competencies & social legitimacy. Hence, on the basis of assumed distribution, various qualitative models like logit, probit, and linear probability models can be used. However, order and probit models are generally preferred in case of behavioral studies as reviewing various literatures (Paudel et al., 2020). Thus, ordered logit model is used in the study.

2.3. Ordered logit model

The data analyses were done with descriptive and inferential statistics. The data were analyzed in relation to entrepreneurial opinion, factors affecting entrepreneurship, obstacles of successful entrepreneurship, and managerial solution-related entrepreneurship in KV.

This model was selected to determine the significant variables that identify the factors affecting successful entrepreneurship. As Paudel et al. (2020) mentioned that the response of ordered logit has some order and is coded as 0,1, and 2 that indicate factors affecting successful entrepreneurship. Let the factor affecting successful entrepreneurship as indicated by the ordered logit model be;

$$P_r(Y = C/X_i) = F(X_i\beta) \dots \dots \dots \quad (2)$$

Here, the outcome generated as the response of successful entrepreneurship is depicted as Y which is coded as 0= less successful, 1= moderately successful, and 2= highly successful. F is the standard logistic cumulative function and set of independent variable id denoted by X. For this study there are 9 independent variables that estimate logistic model denoted by the following formula;

$$P(Y_i > j) = \frac{\exp(X_i\beta - K_j)}{1 + [\exp(X_i\beta - K_j)]}, j = 1, 2 \dots M-1, \text{ which implies}$$

$$P(Y_i = 1) = 1 - \frac{\exp(X_i\beta - K_1)}{1 + [\exp(X_i\beta - K_1)]} \quad (3)$$

$$P(Y_i = j) = \frac{\exp(X_i\beta - K_{j-1})}{1 + [\exp(X_i\beta - K_{j-1})]} - \frac{\exp(X_i\beta - K_j)}{1 + [\exp(X_i\beta - K_j)]}, j = 2 \dots M-1, \text{ implying}$$

$$P(Y_i = M) = \frac{\exp(X_i\beta - K_{M-1})}{1 + [\exp(X_i\beta - K_{M-1})]} \quad (4)$$

In the case of $M=2$, these equations simplify to:

$$P(Y = 0) = \frac{1}{1 + \exp(Z_i - K_i)} \quad (5)$$

$$P(Y = 1) = \frac{1}{1 + \exp(Z_i - K_2)} - \frac{1}{1 + \exp(Z_i - K_1)} \quad (6)$$

Further, Paudel et al. (2020) also mentioned that using the value of z and assumed logistic distribution of disturbance term the ordered logit model can be used to estimate the probability that the unobserved variable Y^* falls within the various threshold limits. In our case, it is to measure factors affecting successful entrepreneurs.

The empirical specification of the model can be stated in equation 7 below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \dots + \beta_9 X_9 + e \quad (7)$$

Where, Y = factors affecting successful entrepreneurship ($i = 0, 1, 2$), X are independent variables which are further explained in Table 1 and e is an error term.

Moreover, technology, risk-taking capacity, creativity, leadership, and attractive career are other factors than socio-demographic that are responsible to promote successful entrepreneurship. The impact of technology on the industry has resulted in a massive increase in trade and commerce. As a result of the advent of technology, business ideas and models were revolutionized. This is due to the fact that technology has provided a modern and improved method of doing business. It enabled businesses to conduct transactions in a more timely, convenient, and effective manner (Gali, 2004).

Table 1

Variables and their definitions

Variables	Description	Values	Expected Sign*	Mean	Std. Dev.	Max	Min
Age	Age of the respondents	In Years	±	32.70	5.97	18	53
Sex	Gender of the interviewee	1=Male 0=Otherwise	±	0.59	0.49	0	1
Education	Level of education of participant	1=Above bachelor 0=Otherwise	±	-	-	-	-
Involvement	Experience of the participant	In Years	±	7.89	5.56	0	30
Technology	Technology assists to boost entrepreneurial outcome	If yes= 1; 0=Otherwise	+	0.98	0.15	0	1
Leadership	Leadership helps to achieve entrepreneurial goals	If yes= 1; 0=Otherwise	+	0.98	0.14	0	1
Risk taking Capacity	Successful entrepreneurs should have risk taking capacity	If yes= 1; 0=Otherwise	+	0.99	.09	0	1
Creativity	Creative entrepreneurs are more successful	If yes= 1; 0=Otherwise	+	0.996	0.57	0	1
Attractive career choice	To make an attractive career they build entrepreneurship	If yes= 1; 0=Otherwise	+	0.950	.22	0	1

Source: Authors' calculation/ assumption. * Sign of expected sign represent the sign of the variables.

Risk is characterized as the possibility of failure, loss, or other negative consequences as a result of engaging in a particular activity or venture. Risk-taking and entrepreneurship are inextricably related. Entrepreneurial behavior is affected by risk as an attribute. Many people are reluctant to become entrepreneurs for a number of reasons, including the element of risk involved (Sullivan et al., 2003). Creativity is a critical source of inventiveness that can contribute to the creation of new companies and the enhancement of existing ones in order to make a company more effective and competitive in the marketplace (Fillis & Rentschler, 2010). Transformational leadership, servant leadership, and entrepreneurial leadership are some of the various styles of leadership that can be used to better explain and describe leadership (Majed, 2019). While many entrepreneurs use their expertise to start and run a company, others choose to work as a business manager, finance manager, financial analyst, or CEO. Entrepreneurial careers can be found in a variety of sectors, as any company requires individuals who can foster success while juggling various responsibilities (Maalu, 2012).

2.4. Research design

Explanatory research design is applied in this study. As explained by Ivankova et al. (2006), explanatory research design includes qualitative, quantitative or both approaches followed by data collection and analysis and since our study is based on the collection of information through survey, it is based on explanatory research design. As the concern of study is to examine how a change in one variable can bring change in other variables, this study follows explanatory research design. Yin (2003) stated explanatory research focuses on explaining cause and effect relationship and further helps in answering why and how questions.

2.5. Study area, study population and sampling technique

Kathmandu Valley is taken as an area of study. Out of 77 districts in Nepal, 3 districts- Kathmandu, Bhaktapur and Lalitpur have been taken for the study located in Bagmati Province. Kathmandu's total population is 1,442,271 with the largest population as opposed to other districts. The entrepreneurial process requires great exposure and potentiality to become successful. Moreover, market size is the key determinant for its major impact. Thus, KV (Bhaktapur, Kathmandu & Lalitpur districts) has all the opportunities that an entrepreneur needs to grow and boost. It is becoming a center for many entrepreneurships and due to the lack of infrastructural growth and services in other parts of nation. People from all regions reside in KV for various entrepreneurship opportunities. Meanwhile, entrepreneurs need market size, innovative ideas, infrastructures, locations, etc., and almost every type of business exists in KV. Further, innovative business is also growing in this valley. Therefore, sufficient information and a good number of entrepreneurs are available in the valley which gives the fruitful output required for the study.

Following Paudel et al. (2020) and Devkota et al. (2020a), the following formula is used for the determination of sample size:

$$n = z^2 pq / l^2 \quad (8)$$

Where, n = sample size required for the study, standard tabulated value for 5% level of significance (z) = 1.96, p = of prevalence of entrepreneurs' opinion on enterprise development 50% = 0.5, Allowable error that can be tolerated (e) = 6%. In calculation, $n = (1.96)^2 \times 0.5 \times 0.5 / (0.06)^2$ that results total 266.78 respondents. We also added 6% non-response error 6%, i.e., $266.78 \times 6 / 100$ (i.e., 13.34). Thus, adding all these results, the representative sample would be $(266.78 + 13.34) = 280.12$ (≈ 280). Based on this calculation 280 would be a sufficient sample for this study, however, due to the available resources, the study was able to cover 302 respondents.

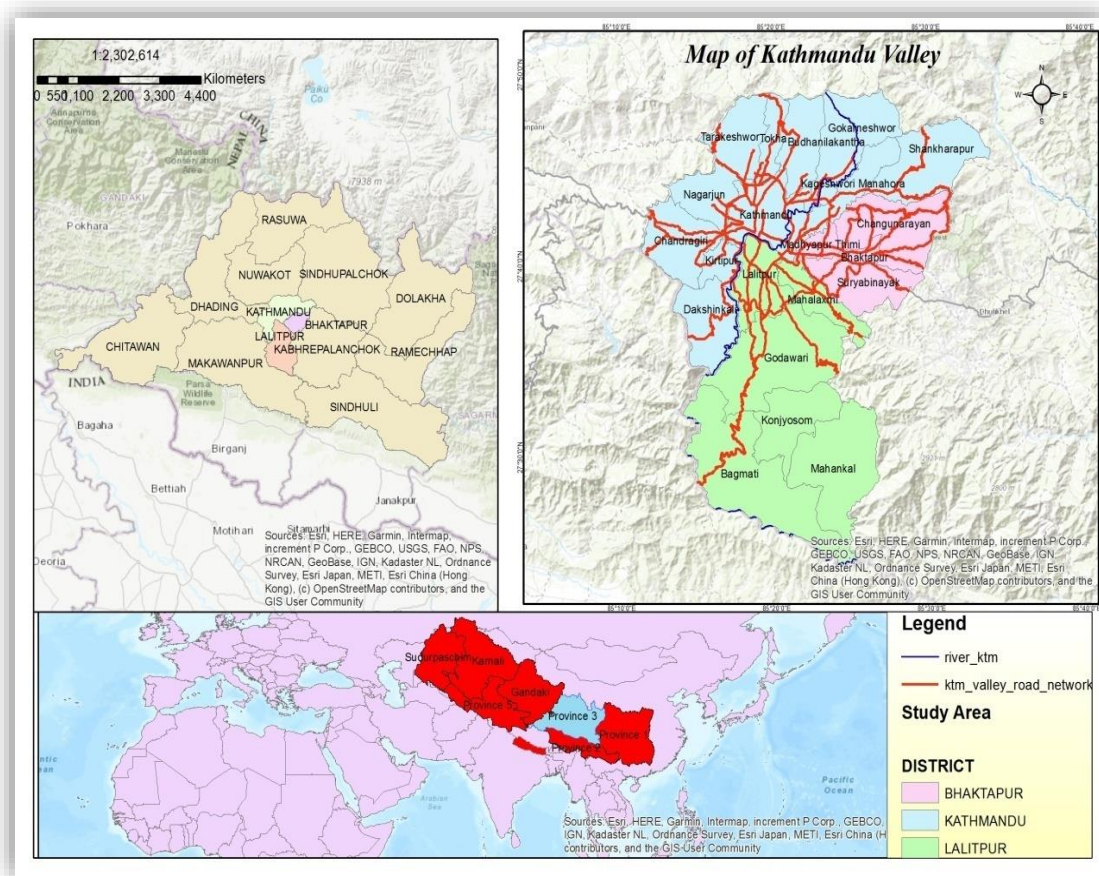


Figure 1. Study Area

Source: Authors' results

2.6. Data collection and analysis

Primary data were collected through key informant interviews (KII). KII was conducted to get information on successful entrepreneurship with experts. In order to get quantitative data from individual respondents, an entrepreneur survey was conducted. A structured questionnaire was used for this purpose. After the preparation of the questionnaire, 5% of the total sample size was pre-tested. Data were managed by using Kobo toolbox. Further, data was analyzed with the help of charts and bar diagrams for the descriptive part whereas, STATA was used for the analysis of inferential data.

3. EMPIRICAL RESULTS AND DISCUSSION

3.1. Socio-demographic characteristics

Socio-demographic statistics, essentially, explain individual characteristics of the population in terms of age, gender, marital status, level of education, level of income, experience, number of children and so on (Bergman & Strulovici, 1970). The study found that males were more interested in entrepreneurship than females. This is considered as normal since Nepal is a male-dominated country, and due to cultural restrictions, it is simply difficult to obtain more information from females. In this context, Bhardwaj (2014) argues that entrepreneurship in developing countries differs from that in developed countries due to

differences in cultural history, government tendencies, and community innovations. In our research, the result also demonstrates that people who lie in the 30-39 age group is in majority in entrepreneurship. Moreover, 30.80% respondents earn 5-10 lakh per annum and 24.83% earn 11-20 lakhs. In contrast, almost 40% entrepreneurs have bachelor's degrees. Likewise, 68.21% respondents were married and the remaining 31.79% were unmarried.

Table 2

Profile of the respondents

Profile	Frequency n= 302	Percentage
Gender:		
Male	123	41.00
Female	179	59.00
Age:		
Below 20	2	0.67
20-29	100	33.12
30-39	160	52.98
40-49	39	12.91
50 and Above	1	0.34
Income:		
Below 5 Lakh	26	8.60
5-10 Lakh	93	30.80
11-20 Lakh	75	24.83
Above 20 Lakh	28	9.27
Blank	80	26.49
Education Level:		
None	1	0.33
Primary	16	5.29
Secondary	43	14.23
Higher Secondary	96	31.78
Bachelors	118	39.07
Masters	26	8.60
Above Masters	2	0.66
Marital Status:		
Married	206	68.21
Unmarried	96	31.79
Family Types:		
Nuclear		51.00
Joint		49.00
Number of Family Members:		
Below 5		
6 – 9	127	42.00
10 and above	131	43.50
	44	14.50
Experience on Entrepreneurship:		
Below 5 years	101	34.6
5 – 9 years	96	32.8
10 – 20 years	79	27.1
20 years and above	16	5.50
Income from Current Entrepreneurship:		
Below 500000		
500000-1000000	26	11.7
1000000-2000000	93	41.9
Above 2000000	75	33.8
	28	12.6

Source: Authors' results.

As shown in the table 2 below, the major age group that involve in entrepreneurship in KV 30-39, which is 52.98% out of 302. The age group of 20-29 with 33% follows this. Moreover, 12.91% respondents were of the 40-49 age groups. Furthermore, a couple of respondents was below 20 years and only a single

respondent was above 50. The study revealed that there were altogether 59% male and 41% female respondents, which means that males were more inclined towards entrepreneurship than females as depicted in the study. The respondents are classified in seven categories such as illiterate, primary, secondary, higher secondary, bachelor, and masters and above masters. Precisely, the figure provided below shows that 39% out of 302 respondents have the bachelor's degree which is the most in among all categories.

Marital status is another key determinant in entrepreneurship. It can make an impact directly or indirectly. For such circumstances, Krueger (1993) significantly clarifies that family business experience is a significant predictor of future entrepreneurial innovativeness in developing countries. In this survey, the figures depict that almost 70% of the respondents are married and the remaining 31.78% are unmarried. Experience is one of the crucial aspects in entrepreneurship. It plays a vital role in establishing a business. 33.44% out of 302 business persons has an experience of less than 5 years, which is one-third of full respondents. Moreover, 31.78% have experience between 5-9 years. Similarly, 26.15% respondents have revealed that they have experience of 10-19 years in entrepreneurship. Lastly, the remaining 5.29% has an experience of more than 20 years.

3.2. Entrepreneurship types and motivation

In terms of types of entrepreneurship in KV, most of the business persons are embedded with trading (67.21%), followed by service-oriented entrepreneurship (25.8%), manufacturing (3.64%) and other sectors (2.83%). Further, the result reveals that the majority of the respondents believed to be an entrepreneur is to be a money maker (84.44%) and risk-taking behavior (82.45%), whereas only 22.85% respondents perceived those entrepreneurs are motivators and leaders. From this, we can conclude that people are generally inclined toward entrepreneurship because they think they can earn more money from this profession. When asked with respondents regarding their motives to be an entrepreneur most of the individuals stated it was for wealth creation purposes i.e., 85.09% which is in line with our previous data that shows they elaborated entrepreneur as a money maker. However, for Malhotra et al. (2006), because of a lack of knowledge and an inability to take risks due to financial constraints, there is an information gap between entrepreneurs and potential international markets in developing countries. Moreover, our study reveals that 47.35% of the respondents wanted to become entrepreneur to expand their creativity followed by enhancing problem-solving skills (43.38%). Some respondents (54.3%) wanted to be entrepreneurs to have a flexible lifestyle, whereas 24.18% respondents regarded being an entrepreneur was their passion. However, only 2.64% respondents had various other motives to be an entrepreneur.

3.3. Challenges regarding entrepreneurship

Every entrepreneur faces a different kinds of challenges not only in Nepal but also worldwide. The result shows that for entrepreneurs, the major challenges are lack of financial resources, shortage of innovation and creativity and lower size of the market. In this sense, Gockel and Akoena (2002) maintain that many developing-country entrepreneurs face difficulties in accessing international markets due to the lack of financial resources. Moreover, 82.27% businessmen, out of 302 respondents revealed that they faced a financial resource crisis. Likewise, 78.48% perceived that a lower size of the market creates challenge during entrepreneurship. Similarly, more than two-third of individuals said there is the shortage of innovation and creativity in entrepreneurship. In such a context, Ratten (2014) believes that many entrepreneurs are susceptible to market requirements due to short-term volatility in pricing and consumer quantity demand. Furthermore, Nichter and Goldmark (2009) argued that because of the more time and cost requirements, entrepreneurs in developing countries frequently avoid formal business practices such as having registrations.

Respondents were asked about who is responsible for the challenges? They opined that the majority of challenge arises from the government side. In this study, 81.78% respondents perceive that government rules, policies, systems are not business friendly. Likewise, 215 respondents spoke that individuals are also major responsible for challenges. Individual skills, capacity, supports, networking, ideas, innovation, and creativity play a vital role. Additionally, 43.04% respondents asserted that society brings challenges in initiating entrepreneurship. Meanwhile, 27.15% respondents told family can also create challenges. For Franco and Haase (2013), because the future potential of a business idea is commonly unknown, entrepreneurs must understand the strategic unpredictability of their decisions.

3.4. COVID-19 and entrepreneurship

Entrepreneurs in KV witnessed the impact on their business due to the COVID-19 pandemic. The majority of respondents (85%) revealed that the current pandemic made an enormous impact on business. It brought many issues in their social life, economic life, and health sector. However, 15% of the individuals responded that there were not any major impacts on their entrepreneurship. Precisely, those businesses were embedded of grocery stores, medical stores, and others where lockdown was not imposed.

The Covid-19 has vastly affected the entrepreneurship of not only Nepalese society but also the whole globe in many ways. During the survey, we found that around 39.73% of respondents had witnessed a decrease in revenue as the economic activities were banned due to lockdown they suffered in their businesses. Further, 27.48% of individuals thought of an increase in rent in the sense that they had to make expenses without earning income and many of them argued that they had payable rent.

Moreover, we also collected information from our survey that entrepreneurs suffered from the critical issues regarding bank loans. As 14.90% of respondents think that the loan added to their account, because of new investments, clear payment of creditors. Likewise, 12.58% of people revealed that the demand for cheap products has been rocketed in the market. The purchasing power has been reduced and that is not a good sign for the national economy. Meanwhile, 5.29% of respondents discussed about they had accounts receivable which is yet to collect Parker (2009), in this regard asserts that entrepreneurship is a critical component of developing-country growth because it allows a country to grow economically and encourages long-term business activity.

3.5. Managerial solutions for entrepreneurship

Solutions for Challenges: Respondents opined those challenges in entrepreneurship can be tackled with different strategies. 81.78% of entrepreneurs revealed that such issues can be solved by grabbing market opportunities. Similarly, 76.15% of have asserted that proper utilization of capital can be a better solution as we can see businesses becoming more successful while maintaining investment and finance with better strategy and allocation. 216 (71.52%) respondents think that learning entrepreneurial and managerial skills can be fruitful to develop and enhance entrepreneurship. Meanwhile, 68.54% of entrepreneurs had an opinion that bringing innovation and creativity can assist to overcome many challenges in entrepreneurship. We have also witnessed that innovative and creative businesses are being more successful in comparison to others. Simultaneously, very few respondents revealed other tactics that can be convenient and satisfying for better result in entrepreneurship. For such scenarios, Dess et al. (2008) contend that entrepreneurship is an attitude that individuals and businesses adopt in order to solve existing problems in the business environment that are heavily affected by financial position.

Improvement of Entrepreneurship: Governments in Nepal and elsewhere can be responsible for the improvement of entrepreneurship. They can provide incentives by providing training and assist financially as well. However, as suggested by Dana (2004) too, opportunities in developing countries are

sometimes hindered by government influences that can undermine entrepreneurship. This implies that people's ability to start businesses and obtain financing is limited (Douglas and Shepherd, 2002). In our research, more than 82.78% of individuals revealed that government support, policy, system, and rules can assist to bring and motivate new businesses. It was also found that more than 80% respondents perceive that individual can be solution to their entrepreneurship with creativity, innovation, idea, leadership, influence, and skills. Moreover, almost 49.66% of individuals revealed that society also can be responsible for improvements. Similarly, almost 33.12% thinks that their family can help to improve entrepreneurship in Kathmandu valley. Consequently, only a few respondents talked about other criteria to bring solutions and enhancement in entrepreneurship.

Suggestions by Respondents for Creating Successful Entrepreneurship: During our survey, out of 302 respondents, 23.50% and 23.17% of respondents have revealed competitiveness and support of government as crucial factors to create a better entrepreneurship platform. Moreover, 20.52% of individuals think that proper location selection makes a significant impact on entrepreneurship. Furthermore, 19.53% of respondents perceived that innovation and creativity play a vital role and it is being one of the major requirements to crack the success in the entrepreneurship field. Likewise, 13.24% of entrepreneurs suggested that new entrepreneurs should have the sense of grabbing the market opportunities. Thus, this is how different individuals suggested according to their opinion regarding entrepreneurship in Kathmandu valley. For these circumstances, research findings indicate that youthful innovative have evolved to a greater degree the key business trait, analytical and interpersonal abilities, driving factors, relational capacity, trust and constitutional concerns (Subotic et al., 2018).

3.6. Econometric estimations

In order to test the hypotheses that we have set earlier in equation 1, this study applied econometric estimations using ordered logistic regression. Before performing the actual tests, both pre-test and post-test estimations were made in order ascertain that the entire data undertaken for the study satisfied both necessary and sufficient conditions of hypotheses testing. Studies (Green, 2003; Paudel and Devkota, 2018; Devkota et al., 2020a) have argued that cross-sectional data analysis involves two major problems, which are heteroscedasticity in the error term and multicollinearity among explanatory variables. To overcome this, the variance inflation factor (VIF) test was performed in STATA to deal with the problem of multicollinearity. The VIF estimates how much the variance of a regression coefficient is inflated due to multicollinearity in the model. VIF as per the calculation for undertaking model for this study is 1.89 that indicates there is no multicollinearity in the used data set. Similarly, looking towards heteroscedasticity, we perform Breusch-Pagan / Cook-Weisberg test for heteroskedasticity in STATA, the result appeared for model is Prob > chi2 = 0.0721. It indicates there is not a presence of heteroscedasticity in the case of the model. Further, correlation analysis was performed where the existing positive or negative correlation between dependent and independent variables was ascertained. Both the pre-test and post-test estimations indicate that all the models selected for the study are fit and can accurately estimate factors determining successful entrepreneurship. The final results for the analysis have been derived from the same dataset under three different techniques i.e. coefficient analysis and odds ratio test (Table 3). In the table, there are five significant variables namely, age, gender, education, involvement in entrepreneurship, and leadership having a p-value less than 5%. There is a negative relationship between age and gender, and successful entrepreneurship, whereas positive relationship between education, involvement in entrepreneurship and leadership, and successful entrepreneurship.

Talking about the results, an increase in age of people by one year leads to a decrease in successful entrepreneurship by 13%. Being male entrepreneur has the odds of enhancing successful entrepreneurs by

56.7%. Similarly, if there is an increase in the education level of people by one unit, the odds of enhancing successful entrepreneurship increase by 41.6%. In this regard, Rushing (1990) discussed the relationship between low educational levels and significantly lower entrepreneurial capabilities, as well as a lack of access to financial resources. Again, an increase in the involvement in entrepreneurship by one unit increases the odds of successful entrepreneurship by 17.4%. Similarly, an increase in leadership capability of people by one unit increases the odds of successful entrepreneurship by 21.15%.

Table 3

Final Regression Table

Variables	(1) Logit coeff	(2) Odds ratio
Successful entrepreneurship		
Age	-0.140*** (0.0424)	0.870*** (0.0369)
Gender	-0.836*** (0.308)	0.433*** (0.133)
Education	0.348** (0.148)	1.416** (0.210)
envlv_ent	0.160*** (0.0491)	1.174*** (0.0576)
Technology	1.938 (1.404)	6.948 (9.752)
Leadership	3.098** (1.547)	22.15** (34.27)
rsk_cpct	-3.643* (1.924)	0.0262* (0.0504)
Creative	4.226 (3.198)	68.41 (218.8)
attr_crr	1.223* (0.641)	3.399* (2.179)
Constant cut1	-1.484 (3.668)	0.227 (0.832)
Constant cut2	4.272 (3.745)	71.65 (268.3)
Observations	291	291

Source: Authors' results. * indicates significance level at 0.10 level, ** indicates significance level at 0.05 level, *** indicates significance level at 0.01 level. Values in parenthesis represents standard errors.

This study tries to explore the process of building successful entrepreneurship in Kathmandu valley. In the 21st century, most entrepreneurs are becoming aware of the importance of factors affecting entrepreneurship. According to Cho & Lee (2018) enterprises will be enthusiastically pursued by creative, ambitious and risk-taking businessmen and thus offer good business performance. Entrepreneurship-oriented companies seek product and business creativity and take the necessary chances rather than stopping them from and responding proactively to environmental change and opportunities.

CONCLUSION

This study provides insights into various dimensions of successful entrepreneurship. Thus, this paper aims to explore entrepreneur's opinions on entrepreneurship development. The major problems associated with entrepreneurship are lack of financial resources, political instability, lower level of market size, shortage of creativity and innovation, lack of family and social support, and other reasons, which create obstacles to successful entrepreneurship. Further, this study showed that there are significant differences in the entrepreneurial ability of the student population between the adapters and innovators identified by the KAI Model. It was evident from the study that competitiveness and support of government are crucial to create a better entrepreneurship platform. Moreover, many individuals think that the selection of a proper location makes significant impact on entrepreneurship. Furthermore, entrepreneurs perceive that innovation and creativity play a vital role and belong to major requirements to enhance success in entrepreneurial field. Likewise, few of them suggested that new entrepreneurs should have the sense of taking the market opportunities. Thus, this is how different individuals expressed their opinions regarding entrepreneurship in Kathmandu valley.

From the overall study, we found that the factors influencing entrepreneurship are age, gender, education, involvement in entrepreneurship, and leadership. There is the need to examine not only entrepreneurship but also a deeper understanding of the determinant factors of entrepreneurship. Thus, some further research questions were elicited which could be investigated in future studies. For example, to what extent does leadership make an impact on successful entrepreneurship? How do cultural expectations impact initiating entrepreneurship? What are the needs of managerial and entrepreneurial skills while building entrepreneurship? Additionally, a wider range of coverage and larger-scale research would be beneficial. Likewise, perspectives from other family members, business partners, or employers may be an imminent area to investigate.

REFERENCES

- Abubakar, A. M., Ilkan, M., Al-Tal, R. M., & Eluwole, K. K. (2017). eWOM, revisit intention, destination trust and gender. *Journal of Hospitality and Tourism Management*, 31, 220-227.
- Alfoqahaa, S. (2018). Critical success factors of small and medium-sized enterprises in Palestine. *Journal of Research in Marketing and Entrepreneurship*, 20(2), 170-188.
- BalawiA. (2021). Entrepreneurship ecosystem in the United Arab Emirates: An empirical comparison with Qatar and Saudi Arabia. *International Entrepreneurship Review*, 7(2), 55-66. <https://doi.org/10.15678/IER.2021.0702.05>
- Bergman, R., & Strulovici, N. (1970). Socio-demographic characteristics of Israeli student nurses. *International journal of nursing studies*, 7(2), 67-79.
- Bhardwaj, B. R. (2014). Impact of education and training on performance of women entrepreneurs. *Journal of Entrepreneurship in Emerging Economies*, 6(1), 38-52.
- Cho, Y. H., & Lee, J. H. (2018). Entrepreneurial orientation, entrepreneurial education and performance. *Asia Pacific Journal of Innovation and Entrepreneurship*, 12 (2), 124-134
- Cho, Y. J., & Lee, B. Y. (2016). A study on social environmental factors affecting university students' entrepreneurial intention. *Asia-Pacific Journal of Business Venturing and Entrepreneurship*, 11(4), 17-25.
- Christensen, Clayton and Raynor, Michael (2003). *The innovator's solution: creating and sustaining successful growth*. Boston: Harvard Business School Press.
- Christensen, L. T. (1997). Marketing as auto-communication. *Consumption, markets and culture*, 1(3), 197-227
- Dana, L. P. (Ed.). (2004). *Handbook of research on international entrepreneurship*. Edward Elgar Publishing.
- Danneels, E. (2004). Disruptive technology reconsidered: a critique and research agenda. *Journal of Product Innovation Management*, 21(4), 246-258.
- Dess, G., Lumpkin, G. and Eisner, A, (2008), *Strategic management-creating competitive advantage*, 4th ed, New York, McGraw Hill/Irwin.

- Devkota, N., Paudel, U., & Bhandari, U. (2020a). Does westernization influence in business culture of a touristic city?. *Economics and Sociology*, 13(4), 154-172.
- Devkota, N., Paudel, U. R., & Bhandari, U. (2020b). Tourism entrepreneurs' expectation from the provincial government in touristic city–Pokhara, Nepal. *Journal of Hospitality and Tourism Insights*, 3(3), 329-351.
- Devkota, N., Joshi, A., & Paudel, U. R. (2021a). Youth willingness to accept agricultural entrepreneurship in Bedkot municipality, Kanchanpur, Nepal. In *Examining International Land Use Policies, Changes, and Conflicts* (pp. 162-185). IGI Global.
- Devkota, N., Paudel, U. R., & Bhandari, U. (2021b). Conveying impetus for fostering tourism and hospitality entrepreneurship in touristic destination: lessons learnt from Pokhara, Nepal. *The Gaze: Journal of Tourism and Hospitality*, 12(1), 88-111.
- Devkota, N., Gautam, S., Parajuli, S., Bhandari, U., & Paudel, U. R. (2022). Tourism entrepreneurial prospects in Bardiya, Nepal: challenges and way-forwards. *The Gaze: Journal of Tourism and Hospitality*, 13(1), 70-92.
- Douglas, E. J., & Shepherd, D. A. (2002). Self-employment as a career choice: Attitudes, entrepreneurial intentions, and utility maximization. *Entrepreneurship theory and practice*, 26(3), 81-90.
- Fillis, I., & Rentschler, R. (2010). The role of creativity in entrepreneurship. *Journal of enterprising culture*, 18(01), 49-81.
- Fischer, E. M., Reuber, A. R., & Dyke, L. S. (1993). A theoretical overview and extension of research on sex, gender, and entrepreneurship. *Journal of business venturing*, 8(2), 151-168.
- Franco, M., & Haase, H. (2013). Firm resources and entrepreneurial orientation as determinants for collaborative entrepreneurship. *Management Decision*, 51(3), 680-696
- Galí, J. (2004). On the role of technology shocks as a source of business cycles: Some new evidence. *Journal of the European Economic Association*, 2(2-3), 372-380.
- Gaudel, S. (2016). Entrepreneurs, industries and employment opportunities in Nepal. *International Journal of Research in Business Management*, 4(5), 85-98.
- Gockel, A. F., & Akoena, S. K. (2002). *Financial Intermediation for the Poor: Credit Demand by Micro Small and Medium Scale Enterprises in Ghana: a Further Assignment for Financial Sector Policy?*. ILO.
- Ivankova, N. V., Creswell, J. W., & Stick, S. L. (2006). Using mixed-methods sequential explanatory design: From theory to practice. *Field methods*, 18(1), 3-20.
- Jalan, R., Pavesi, M., Saliba, F., Amorós, A., Fernandez, J., Holland-Fischer, P., ... & EASL-CLIF Consortium. (2015). The CLIF Consortium Acute Decompensation score (CLIF-C ADs) for prognosis of hospitalised cirrhotic patients without acute-on-chronic liver failure. *Journal of Hepatology*, 62(4), 831-840.
- Jensen, S. M., & Luthans, F. (2006). Relationship between entrepreneurs' psychological capital and their authentic leadership. *Journal of managerial issues*, 254-273.
- Jones, P., Ratten, V., Klapper, R., & Fayolle, A. (2019). Entrepreneurial identity and context: Current trends and an agenda for future research. *The International Journal of Entrepreneurship and Innovation*, 20(1), 3-7.
- Karki, D., Upreti, S., Bhandari, U., Rajbhandari, S., Devkota, N., Parajuli, S., & Paudel, U. R. (2021). Does the Formal Financial Sector Enhance Small Business Employment Generation in Nepal: Evidence from Cross-Sectional Data. *Journal of Social Economics Research*, 8(2), 155-164.
- KC, F. B. (1989). Entrepreneurship in Nepal. *Nepalese Journal of Government Auditing*, 3(7), 6.
- Khalilov, L., & Yi, Ch.D. (2021). Institutions and entrepreneurship: Empirical evidence for OECD countries. *Entrepreneurial Business and Economics Review*, 9(2), 119-134. <https://doi.org/10.15678/EBER.2021.090>
- Krueger, N. (1993). The impact of prior entrepreneurial exposure on perceptions of new venture feasibility and desirability. *Entrepreneurship theory and practice*, 18(1), 5-21.
- Lee, J. (1996). The motivation of women entrepreneurs in Singapore. *Women in Management Review*, 11(2), 18-29.
- Li, C., Murad, M., Ashraf, S.F., Syed, N., & Riaz, M. (2020). Entrepreneurial nascent behaviour: The role of causation process in opportunity discovery and creation. *Entrepreneurial Business and Economics Review*, 8(4), 183-200. <https://doi.org/10.15678/EBER.2020.0804>
- Maalu, E. W. K. J. K. (2012). Perception of entrepreneurship as a career by students from selected public secondary schools in Nairobi. *Perception*, 2(3), 101-120.
- Majed, S. Z. (2019). The role of leadership soft skills in promoting the learning entrepreneurship. *Journal of Process Management. New Technologies*, 7(1), 31-48.

- Matzler, K., Abfalter, D. E., Mooradian, T. A., & Bailom, F. (2013). Corporate culture as an antecedent of successful exploration and exploitation. *International Journal of Innovation Management*, 17(05), 1350025.
- Murad, M., Ashraf, S.F., Syed, N., Munir, M., & Butt, R.S. (2022). Social identities and nascent entrepreneurial behaviour: Mediating role of entrepreneurial self-efficacy. *Entrepreneurial Business and Economics Review*, 10(1), 129-143. <https://doi.org/10.15678/EBER.2022.100109>
- Nichter, S., & Goldmark, L. (2009). Small firm growth in developing countries. *World development*, 37(9), 1453-1464
- Pant, S. K. (2015). Role of the family in entrepreneurship development in Nepal society. *Journal of Nepalese Business Studies*, 9(1), 37-47.
- Parker, S. C. (2018). *The economics of entrepreneurship*. Cambridge University Press.
- Paudel, U. R. & Devkota, N. (2018). Socio-economic influences on small business performance in Nepal/India Open Border: Evidence from Cross-sectional Analysis. *Economics and Sociology*, 18(4), 11-30.
- Paudel, U. R., & Devkota, N. (2020). Harmonization of socioeconomic policy and institutional set-up for efficient operation on Nepal-India open border small business. *Journal of International Studies*, 13(1), 108-122.
- Paudel, U. R.; Parajuli, S.; Devkota, N. and Mahapatra, S. K. (2020). What Determines Customers' Perception on Banking Communication? Evidence from Nepalese Commercial Banks. *Global Economy Journal*, 20(4), 1-21.
- Rai, A., Devkota, N., Bhandari, U., & Paudel, U. R. (2020). Land Management for Agricultural Entrepreneurship Development: Farmers' Perspective from Udayapur, Nepal. *Asian Journal of Agriculture and Rural Development*, 10(2), 612-627.
- Ratten, V. (2014). Encouraging collaborative entrepreneurship in developing countries: the current challenges and a research agenda. *Journal of Entrepreneurship in Emerging Economies*, 6(3), 298
- Rider, C. I., Thompson, P., Kacperczyk, A., & Tåg, J. (2013). *Experience and entrepreneurship* (No. 970). IFN Working Paper 24(9), 36-41.
- Robeyns, I. (2005). The capability approach: a theoretical survey. *Journal of human development*, 6(1), 93-117.
- Robeyns, I. (2011). The capability approach. *Stanford*.
- Rushing, F. W. (1990). Entrepreneurship and education. *Entrepreneurship education: Current developments, future directions*, 29-40.
- Sen, A. K. (1997). From income inequality to economic inequality. *Southern Economic Journal*, 64(2), 384-401.
- Subotic, M., Maric, M., Mitrovic, S., & Mesko, M. (2018). Differences between adaptors and innovators in the context of entrepreneurial potential dimensions. *Kybernetes*, 47(7), 1363-1377
- Sullivan Mort, G., Weerawardena, J., & Carnegie, K. (2003). Social entrepreneurship: Towards conceptualisation. *International journal of nonprofit and voluntary sector marketing*, 8(1), 76-88.
- Veblen, Thorstein ((1958). *The Theory of Business Enterprise*. A Mentor Book. New York: The New American Library of World Literature, Inc.
- Wach, K., & Głodowska, A. (2021). How do demographics and basic traits of an entrepreneur impact the internationalization of firms?. *Oeconomia Copernicana*, 12(2), 399-424. <https://doi.org/10.24136/oc.2021.014>
- Wilson, F., Kickul, J., & Marlino, D. (2007). Gender, entrepreneurial self-efficacy, and entrepreneurial career intentions: Implications for entrepreneurship education. *Entrepreneurship theory and practice*, 31(3), 387-406.
- Wray, L. R. (2007). Veblen's theory of business enterprise and Keynes's monetary theory of production. *Journal of Economic Issues*, 41(2), 617-624.
- Yang, N. (2012). Small businesses and international entrepreneurship in the economic hard time: A global strategic perspective. *International Journal of Entrepreneurship*, 16, 113.
- Yin, R. K. (2003). Designing case studies. *Qualitative Research Methods*, 359-386.
- Zabelina, E., Deyneka, O., & Tsiring, D. (2019). Entrepreneurial attitudes in the structure of students' economic minds. *International journal of entrepreneurial behavior & research*, 25(8), 1621-1633.
- Zhang, T., & Acs, Z. (2018). Age and entrepreneurship: nuances from entrepreneur types and generation effects. *Small Business Economics*, 51(4), 773-809.