

**Institutional and Non-Institutional Factors Affecting Entrepreneurial Readiness in
Pakistan**

Research Thesis

By Tooba Shakoor Qureshi

M Phil (Management Sciences)

Bahria University

Submission Date: 15.06.2015

Acknowledgement

My feelings are beyond gratitude for the Creator who gave me mental fortitude to achieve my goals. I am beyond gratitude for the support, the care, the love given to me and even for the expectations from me which help me strive each day to give a meaning to what I do.

I am forever thankful to Dr. Muhammad Ayub Siddiqui, my supervisor and Head of FAST Scholl of Management Sciences National University of Computer and Emerging Sciences, for his patience, and constant guidance for making the execution and completion of this thesis an addition to the ocean of research. He is indeed an inspiration for me in pedagogical creativity. It was because of his constant encouragement that I see research as not an obstacle but a vehicle of goal-directed learning.

To thank my parents I am deficient in words that are worthy of the gratitude I have for them. Nevertheless, simply put, I would like to thank my parents for their persistent efforts to make my education, and whatever academic and non-academic achievements I have, possible.

I would like to thank Prof.Dr.M. Iqbal Saif for his assistance and enlightening discussions on perspectives.

I am also thankful to all my friends, colleagues and students whose cooperation is the corner stone in my M Phil thesis. I would especially like to convey a sincere thank you to my classmate and friend Ms.Noushah Arshad, whom I have nagged constantly throughout this thesis for all kinds of assistance.

My acknowledgment would not be complete without thanking Dr. Zahid Mehmood. He was indeed a beacon of possibility at the start of this degree program. I will forever remain indebted to him for this academic achievement.

Tooba Shakoor Qureshi

Table of Contents

SUBMISSION FORM OF THESIS	ii
APPROVAL SHEET	iii
DECLARATION OF AUTHENTICATION.....	iii
ACKNOWLEDGEMENT	iii
DEDICATION	iii
 Abstract.....	 1
Chapter 1: Introduction	2
1.1	B
ackground	2
1.2 Contextual Overview.....	4
1.3 Problem Statement	6
1.4 Research Objectives.....	6
1.5 Research Questions.....	7
1.6 An Overview of Theoretical Framework	7
1.7 An Overview of Research Methodology	8
1.8 Structure of Thesis	9
 Chapter 2: Literature Review.....	 10
2.1 What is Entrepreneurship?.....	10
2.2 What is Institution?.....	13
2.3 What is Market?	13

2.4 Institutional Factors	14
2.4a Entrepreneurship and Economy	14
2.4b Entrepreneurship and Government's Role.....	15
2.4c Entrepreneurship and Banks	15
2.4d Entrepreneurship and Market.....	16
2.4e Entrepreneurship and Family	17
2.4f Entrepreneurship and Religion	18
2.4g Entrepreneurship and Society (Social Attitudes).....	19
2.4h Entrepreneurship and Education.....	20
2.5 Non-Institutional Factors	23
2.5a Entrepreneurship and Consumer Behavior	24
2.5b Entrepreneurship and Attitude towards Risk.....	25
2.5c Entrepreneurship and Motives	27
2.5d Intrinsic and Extrinsic Motivation.....	28
Chapter 3: Theoretical Framework	30
3.1 Defining Theoretical Framework.....	31
3.2 Theoretical Contribution.....	33
3.3 Limitations of the Study.....	36
Chapter 4: Methodology.....	37
4.1 Instrument of Data Collection.....	37
4.2 Unit of Analysis	38
4.3 Sampling Technique	38
Chapter 5: Results.....	39
5.1 Response Frequencies.....	39
5.1a Institutional Factor: Government	42

5.1b Institutional Factors: Banks	43
5.1c Institutional Factors: Market	44
5.1d Institutional Factors: Education	46
5.1e Institutional Factors: Family	47
5.1f Institutional Factors: Religion	48
5.1g Institutional Factors: Society	49
5.1h Non-Institutional Psychological Factors: Attitude towards Risk.....	50
5.1i Non-Institutional Psychological Factors: Consumer Behavior	51
5.1j Non-Institutional Factors: Extrinsic Motivation.....	52
5.1k Non-Institutional Factors: Intrinsic Motivation	53
5.2 Cross Tabulation Results with Gender as a Moderating Variable.....	52
5.2a Government and Banks	54
5.2b Government and Society.....	54
5.2c Government and Market	55
5.2d Banks and Market	56
5.2e Risk and Market	57
5.2f Education and Consumer Behavior	60
5.2g Education and Risk	61
5.2h Education and Family	62
5.2i Education and Religion.....	63
5.2j Education and Extrinsic Motivation	64
5.2k Education and Intrinsic Motivation	65
5.2l Family and Risk.....	67
5.2m Religion and Society.....	68
5.2n Religions and Consumer Behavior	69

5.2o Risk and Intrinsic Motivation	71
5.2p Intrinsic Motivation and Family	72
5.2q Consumer Behavior and Extrinsic Motivation	73
5.2r Family and Extrinsic Motivation.....	75
5.2s Risk and Consumer Behavior.....	77
5.3 Paired Sample t-tests: Results.....	79
5.3a Measuring the relationship between Gender and Entrepreneurial Readiness and Understanding through Paired Sample t-tests.....	81
5.3b Measuring the relationship between Governmental factors and Entrepreneurial Readiness through Paired Sample t-tests	82
5.3c Measuring the relationship between Banks and Entrepreneurial Readiness through Paired Sample t-tests	83
5.3d Measuring the relationship between Religion and Entrepreneurial Readiness through Paired Sample t-tests	85
5.3e Measuring the relationship between Market factors and Entrepreneurial Readiness through Paired Sample t-tests	86
5.3f Measuring the relationship between Social factors and Entrepreneurial Readiness through Paired Sample t-tests	87
5.3g Measuring the relationship between Attitude towards Risk and Entrepreneurial Readiness through Paired Sample t-tests	88
5.3h Measuring the relationship between Consumer Behavior and Entrepreneurial Readiness through Paired Sample t-tests	89
5.3i Measuring the relationship between Extrinsic Motivation and Entrepreneurial Readiness through Paired Sample t-tests	90
5.3j Measuring the relationship between Intrinsic Motivation and Entrepreneurial Readiness through Paired Sample t-tests	91
5.3k Measuring the relationship between Employment, Qualification and Provinciality and Entrepreneurial Readiness through Paired Sample t-tests.....	92
5.3l Measuring the relationship between Household Income and Institutional Factors that determine Entrepreneurial Readiness through Paired Sample t-tests	93

5.3m Measuring the relationship between Education and Entrepreneurial Readiness through Paired Sample t-tests	95
5.3n Measuring the relationship between Family and Entrepreneurial Readiness through Paired Sample t-tests	95
5.3o Measuring the relationship between the Demographics, Religious Orientation, Education and Qualification (in years) of the respondents and Entrepreneurial Readiness through Paired Sample t-tests	97
5.4 Wilcoxon Signed-Rank Tests with Result Tables	100
5.4a Entrepreneurial Readiness and Government.....	100
5.4b Entrepreneurial Readiness and Banks.....	101
5.4c Entrepreneurial Readiness and Market	103
5.4d Entrepreneurial Readiness and Demographic Factors	106
5.4e Entrepreneurial Readiness and Education.....	110
5.4f Entrepreneurial Readiness and Family	112
5.4g Entrepreneurial Readiness and Religion.....	116
5.4h Entrepreneurial Readiness and Society.....	121
5.4i Entrepreneurial Readiness and Attitude towards Risk	122
5.4j Entrepreneurial Readiness and Consumer Behavior	127
5.4k Entrepreneurial Readiness and Extrinsic Motivation	128
5.4l Entrepreneurial Readiness and Intrinsic Motivation	132
5.5 Kruskal-Wallis Test and Cumulative Result Tables.....	135
5.6 Cumulative Discussion	188
Chapter 6: Conclusion	193
6.1 Study Delimitations	194
6.2 Recommendations for future research	194
References.....	196
Appendices.....	

Survey Questionnaire	I
Frequencies	II
Cross tabulations Tables	III

Tables

Table 1 Gender and Entrepreneurial Readiness relationship	81
Table 2 Governmental Factors and Entrepreneurial Readiness relationship	82
Table 3 Banks and Entrepreneurial Readiness relationship	84
Table 4 Religion and Entrepreneurial Readiness relationship	85
Table 5 Market Factors and Entrepreneurial Readiness relationship	86
Table 6 Social Factors and Entrepreneurial Readiness relationship	87
Table 7 Attitude Towards Risk and Entrepreneurial Readiness relationship	89
Table 8 Consumer Behavior and Entrepreneurial Readiness relationship	90
Table 9a Extrinsic Motivation and Entrepreneurial Readiness relationship	91
Table 9b Intrinsic Motivation and Entrepreneurial Readiness relationship	92
Table 10 Employment, Qualification, and Provinciality	93
Table 11 Household income and various other factors determining Entrepreneurial Readiness relationship	94
Table 12 Education and Entrepreneurial Readiness relationship	95
Table 13a Family, Decisions and Entrepreneurial Readiness relationship	96
Table 13b Family, Decisions and Entrepreneurial Readiness relationship	97
Table 14 Demographics, Religious Orientation, Qualification and Education on Entrepreneurial Readiness	97
Table 15	100
Table 16	101
Table 17	102

Table 18	102
Table 19	103
Table 20	103
Table 21	104
Table 22	104
Table 23	105
Table 24	105
Table 25	106
Table 26	106
Table 27	107
Table 28	107
Table 29	108
Table 30	108
Table 31	109
Table 32	109
Table 33	110
Table 34	110
Table 35	111
Table 36	111
Table 37	112
Table 38	112
Table 39	113
Table 40	113
Table 41	114
Table 42	114

Table 43	115
Table 44	115
Table 45	116
Table 46	116
Table 47	117
Table 48	117
Table 49	118
Table 50	118
Table 51	119
Table 52	119
Table 53	120
Table 54	120
Table 55	121
Table 56	121
Table 57	122
Table 58	122
Table 58	123
Table 60	123
Table 61	124
Table 62	124
Table 63	125
Table 64	125
Table 65	126
Table 66	126
Table 67	126

Table 68	127
Table 69	127
Table 70	128
Table 71	128
Table 72	129
Table 73	129
Table 74	129
Table 75	130
Table 76	130
Table 77	131
Table 78	131
Table 79	132
Table 80	132
Table 81	133
Table 82 The Effect of Institutions and Psychological Factors (IVs)on Entrepreneurial Readiness (DVs).....	133
Table 83	136
Table 84	136
Table 85	137
Table 86	137
Table 87	138
Table 88	138
Table 89	139
Table 90	139
Table 91	140

Table 92	140
Table 93	141
Table 94	141
Table 95	142
Table 96	142
Table 97	143
Table 98	143
Table 99	143
Table 100	144
Table 101	144
Table 102	145
Table 103	145
Table 104	146
Table 105	146
Table 106	147
Table 107	147
Table 108	148
Table 109	148
Table 110	149
Table 111	149
Table 112	149
Table 113	150
Table 114	150
Table 115	151
Table 116	151

Table 117	152
Table 118	152
Table 119	153
Table 120	153
Table 121	154
Table 122	154
Table 123	155
Table 124	155
Table 125	156
Table 126	156
Table 127	157
Table 128	157
Table 129	157
Table 130	158
Table 131	158
Table 132	159
Table 133	159
Table 134	160
Table 135	160
Table 136	161
Table 136	161
Table 137	161
Table 138	162
Table 139	162
Table 140	163

Table 141	163
Table 142	164
Table 143	164
Table 144	165
Table 145	165
Table 146	166
Table 147	166
Table 148	167
Table 149	167
Table 150	168
Table 151	168
Table 152	169
Table 153	169
Table 154	170
Table 155	170
Table 156	170
Table 157	171
Table 158	171
Table 159	172
Table 160	172
Table 161	172
Table 162	173
Table 163	173
Table 164	173
Table 165	174

Table 166	174
Table 167	174
Table 168	175
Table 169	175
Table 170	176
Table 171	176
Table 172	176
Table 173	177
Table 174	177
Table 175	178
Table 176	178
Table 177	179
Table 178	179
Table 179	180
Table 180	180
Table 181	181
Table 182	181
Table 183	182
Table 184	182
Table 185	183
Table 186	183
Table 187	184
Table 188 The Relationship between Institutional and Non Institutional Factors (IVs) and Entrepreneurial Readiness (DVs) using Kruskal Wallis Test.....	184

Figures

Figure 1 Factors affecting entrepreneurial readiness with gender as a moderating factor29

Figure 2 A cross-cultural cognitive model of venture creation (Busenitz and Lau 1996).....30

Figure 3 Parson’s Structural Functionalism Model of society.....32

Abstract

The thesis offers an analysis of the factors responsible for entrepreneurial readiness in Pakistan. These factors include institutions such as government, banks, market, family, religion, society and its culture and education. Non-institutional factors include consumer behavior, attitude towards risk extrinsic and intrinsic motivation. A quantitative research method is used. A survey questionnaire was developed with 166 categories divided into institutional aspects and non-institutional aspects. The impact of these factors on entrepreneurial intentions has been evaluated and analyzed through Paired sample t-test, Wilcoxon Test and Kruskal-Wallis test.