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FACTORS CONTRIBUTING TO SMALL BUSINESS SUCCESS, A CASE STUDY OF DISTRICT CHARSAKDA

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ABSTRACT

Focusing on a general understanding of a successful small business, this study will help to explore the reasons for a successful business in Charsakda, Pakistan. To examine the various factors that contribute to the success of small businesses, data were collected from 70 randomly selected respondents. Charsakda District, Khyber Pakhtunkhwa, Pakistan. A structured questionnaire was used to collect basic data. Our research shows that for small businesses to be successful, they need entrepreneurial experience, motivation, technology, and an understanding of the internal and external environment. Small businesses have become an important and dynamic sector in the global economy. Small industries play an important role in economic development in the form of innovation, competition, and employment. Many researchers have written about various factors that play a key role in running a successful business. Entrepreneurs are responsible for their business success and face serious challenges in doing so.

INTRODUCTION

According to Wikipedia, a small business is a privately owned business. A small business is a very small-scale business with low sales and few employees. Most are managed by one person. By this definition, a small

business has 5 to 19 employees. Most of the entrepreneurs were not aware of the relationship between small businesses and Economic Growth until 1934 (Shumper, 1934). Since then countries have started focusing on entrepreneurship to promote economic growth.

The literature review shows that building small businesses is very useful for both developed and developing countries (W. Bank,2016). Researchers have found that 90% of SMEs are small businesses that play a key role in any country. That is, how small firms are important in economic growth and job creation, (M. T. Shaper, 2006). 58% of job creation in the United States is through small businesses alone (D. and FIG. G. Insley,1996). Similarly, in Europe, there is a big role of small businesses in job creation (D. Smallbone, B. Piacceci, U.S.A. Venesar, K. Todrov, and L. Labranidis,1999). SMEs in Estonia are job-creating and a positive factor in economic growth (D. Small bone and U. Wenner, 2004). That is why small businesses are the backbone of any country (C M V Prague & P H Versalt, 2007). All researchers find that entrepreneurial activity and economic growth have a direct association.. D. Valier and R. A recent study by Peterson, (2009) also shows that entrepreneurship is important in assessing and explaining developing and developing countries' economic performance. As a developing country, Pakistan has fought for economic development. In the past, they were small-scale industries and they gave no importance (N.U. Haq, 2007). Small businesses in Pakistan are informal because there are no official government policies for this sector in that country (W Bank, 2009).

There are 32 lakh enterprises in Pakistan, of which about 30 lakh are small businesses. Small businesses across the country are like a network, with the wholesale and retail trade accounting for 53 percent of retail trade, restaurants, and hotels 27 percent, and manufacturing 20 percent. Smaller firms contribute 30 percent, the report said. GDP and Pakistan account for 25 percent of total exports. The above report shows that SMEs play a vital role in the economic development of Pakistan and therefore require the special attention of policymakers (M.S.Dar, Shakoor Ahmad,2017).

According to Wikipedia, Charsadda is a district in the Peshawar Division of Khyber Pakhtunkhwa Province. In Pakistan. Charsadda is located west of Khyber Pakhtunkhwa and borders Malakand district to the north. Mordan District to the east, Nowshera and Peshawar Districts to the south, and the Federally Administered Tribal Areas Mohammed Agency to the west. The district covers an area of 996 square kilometers. According to the 2017 Census, Charsadda district has a population of 1,616,198.

Agriculture is the main sector in the Charsadda district. Most people do government jobs for a living. People who do their job are not effective. They have no managerial skills, no knowledge of business methods, and have not adequate business facilities. The physical infrastructure of the small business is not developed to support them. The unbalanced political situation is also an obstacle in this way. Currently, there is less demand in the local market due to the low purchasing power of the buyers. The government provided facilities to

encourage investment but did not pay much attention to business training programs.

LITERATURE REVIEW

Small business is defined by different scholars in a different scope. Paige and Littlerell, (2002), who defined the small business by internal criteria such as freedom and independence, and controlling an individual's future. It has an external consequence, including financial returns, personal income, and wealth. Masuo et al, (2001) reported that small business success is generally defined in terms of financial or economic measures such as assets, sales, profits, employees, and survival rates; And no financial activities such as customer satisfaction, personal development, and personal practice. What determines business success also varies in nature. For example, Grambush, (1987); Kullerberg and Leacht, (1991) discovered the size of investment and access to investment are the important factors to influence entrepreneurial experience to be successful to run small businesses. Meng and Liang, (1996) did not find the effect of experience on commercial success. Hisrick, (1990); Kullerberg & Leacht, (1991); Kruger, (1993), Row et al. (1993); Luciers and Pfeiffer, (2001); Masuo et al., (2001); Thapa, (2007); Education has been found to have a positive impact on business success. According to Minnie and Bygrave (2003), more educated people are not the guarantee of being successful entrepreneurs. Grumbush (1987), Hisrick (1990) Kullerberg & Leacht (1991), Kruger (1993), Rowe et al., (1993).

In the aftermath of the global financial crisis, all governments placed great importance on SMEs because they knew that it was the only major factor in economic growth and development. SMEs play an important role as they contribute 40% and 70% of GDP to employment in our country (Roy, KC; Hassan, S.2020). It allows small businesses to create jobs, contribute to economic growth, development, and innovation. The success of SMEs is essential for the overall economic development of countries at the national and international levels (Inderti and Langenberg, 2008).

The potential for globalization has become a competitive advantage for many SMEs Enable them to reach large markets and allow their stability to improve the globalization of SMEs and to support different approaches to social interaction (collaboration, knowledge sharing, and collective action), (Costa, e. Soares, A.L. ; De Sousa, 2014). The findings of F. Alan C. and RW Pricers (1991), provide many reasons for small business success, such as entrepreneurial leadership qualities, motivation for entrepreneurs, good time management, operational management, and the availability of competent employees for the business. W.P. Sinath and W.E. Howie's (1987), the study focused primarily on entrepreneurs' age, education, experience, planning abilities, and demographic characteristics that deal with different stakeholders, such as customers and employees in the organization. B.W. Keats and J.S. Brocker (1988) focused their research on the general and working environment of an organization, along with the characteristics of entrepreneurs as found in previous studies. A study by ZM, "Off the Beat Path" (1995), focused on product quality and its commitment to business success and appeared in addition to more four factors: marketing, innovation, flexibility,

and relationships with suppliers and customers. A more focused study of the success of the retail business by Windsberger,(2010) is a business experience and his / her knowledge of the retail market is crucial to success. Considering the research studies on the factors of success in small businesses around the world and the importance of SMEs in Pakistan, the current study explores the reasons for success in small businesses in Charsadda, district of Pakistan.

METHODOLOGY

A descriptive research study was conducted to seek information from successful small business owners to gather basic data. Small businesses include retailers and service businesses. The rest of these businesses have been running successfully for the last 8 to 10 years. RN Luzier and S. Pfeiffer, (2001), defined survival as the ability to succeed in the market. In the literature review, it was learned that many factors make any small business successful. It is difficult to make a simple list of factors for success. It was decided to use the literature review information, observation technique, and interview to examine all the insights from the founders. And then to make it simpler and more general, it was decided to develop a set of factors for the debating district. In this research study, a stratified sampling technique was used to collect data from 70 successful small businessmen through interviews. The questions were simple; to the point and easy to understand, so no further changes were made.

DATA ANALYSIS AND DISCUSSION

The basic data we collected through the questionnaire from our respondents who were successful small business owners revealed that there were many aspects to their successful business. To make these variables more understandable, some related issues were combined and common categories of variables were developed. These categories are described below.

Motivation

Most entrepreneurs who started new businesses do not succeed beyond 5 years (SBA, 2014).it is a common belief that all individuals were immense their businesses because of the desire for financial rewards (Carter, 2011), but in this study, most of the entrepreneurs stated that they started their business because they wanted to be independent. This finding showed that entrepreneurs were not only motivated for independence but also financial rewards (Carter,2011).In this study, we found that the entrepreneurs who were more motivated to run a business successfully started with financial planning and become successful. Thus motivation is the most important success factor to run the business effectively. Self-motivation and financial planning both are required for a successful business.

Persistence / Patience

Without persistency, the chances are that all businesses will fail (Yadollah Mehralizadeh,2006). The researchers explain that persistence is the key to success in small businesses (T.young,2015). Most successful small business owners take persistence and patience.it was proved that owners expect many

new entrepreneurs to be discouraged during the OFF season, especially when sales fall in the retail business (Manzoor Ali Mirani and Syed Mir Muhammad Shah,2012).

This study confirmed that without persistence any business cannot be successful. in the OFF season, they become disappointed and then windup the business. They do not consider this effect and face failure. All they need is persistence and patience to run the business successfully.

Characteristics of Entrepreneurs

It is revealed that experience is a very important factor for any kind of business (Yadollah Mehralizadeh,2006). The respondents gave lower ratings to age, education, and business experience. In all of this, self-employment is important due to the scarcity of work in this area. While family history played a role in beginning a new firm, it was not the only influence. (Manzoor Ali Mirani and Syed Mir Muhammad Shah,2012).

Research has shown that self-employment is an important factor in running a business because the owner is always fully committed to his business and gives full time and is devoted to being successful in establishing his own business. Their family background is another moderator factor in that business. Most of the younger generation did not follow the family business, they had a new idea in their mind where they have no experience and this was the main reason for their failure. Entrepreneurs suggest that the characteristics of an educated person will run more successfully due to effective management.

Structure of relationships

The researcher explains that developing good relations with suppliers to get timely deliveries and discount is the key to success in running the business (M.A. Mirani and S.M. Shah,2012). Creating a good relationship with the suppliers and customers is one of the important factors (Namrata Chatterge,2016).This study suggests that relationship is an important factor in running a business, having a good relationship with suppliers is essential and deliveries should be on time. An entrepreneur needs a lot of good behavior because a good attitude attracts the customer and promotes the business. The employer must maintain a good relationship with the customers. This behavior supports the business and delivers on time. In every type of business, good behavior is the highest priority.

Business environment

The business environment plays a significant role in all kinds of business. It is the environment that leads towards profitably (Yusuf, Attahir,1995). Environment and skills are the most important factors regarding a successful business (Namrata Chatterge,2016). The law and order situation in Pakistan was not favorable for doing business in Pakistan, but now Govt is trying to provide a good environment for entrepreneurs (M.A. Mirani and S.M. Shah,2012).It was mentioned that there are two aspects of the environment,

the internal and external environment. The researchers reveal that there are many obstacles to running a business successfully in this environment. New entrants may face various issues such as government policies, political situations, gas, and electricity load shedding. But a motivated entrepreneur can overcome these obstacles by implementing effective strategies. However, the government is offering free loans to support small businesses. Good competition in the market is one of the factors that contribute to the success of small businesses.

Experience and skills

The researcher proved that education, Training, and Skills are needed to run the business successfully. Above all experience is the key to success (Namrata Chatterge, 2016). Without experience, the owner may face a lot of problems (T.young,2015).This study suggests that experience and skills are also the most successful factors in small businesses. An entrepreneur with the skills and experience of his own business can run his business more effectively than others. Without such factors, a person can face many problems. Experience and skill factors can make entrepreneurs the most successful business owners.

Innovation

To become successful in any kind of business then business owners have to focus on innovation. This is the innovation factor that can make entrepreneurs unique in their business (Darmer, P. (2008). Most of the businessmen who adopted the innovation become more successful (Namrata Chatterge,2016). The researcher found that entrepreneurial resourcefulness and adoption of innovation were critical for survival (Ayala and Manzano,2014).A detailed analysis of the basic data revealed that innovation is also a secret for successful small businesses. This study explains that it is an innovation factor that makes entrepreneurs more successful than others. Entrepreneurs with innovative ideas to start their own business can become market leaders. Here in the Charsadda district entrepreneurs who adopted the innovative ideas are working successfully and have more market share than others in a very short period.

CONCLUSION

Comparing the results of studies with the literature on small company success determinants, it is difficult to find a universal answer. However, the current results present real implications for exploring the variables that are driving emerging entrepreneurs in Pakistan to success and reducing their chances of failure. Business success in Charsadda is motivated, excellent relationship with customers in suppliers and retail services, thorough understanding of the business environment to develop business sustainability, and effective strategies to overcome seasonal impacts.In this research area, research results can be applied to new and existing organizations. The results help them to assess the business environment and design the company plan accordingly. Entrepreneurs in this field should focus on new business opportunities rather than following current trends in business. Entrepreneurs in small businesses, especially in the service industry, should also pay attention to relationships.

Perseverance is another key to the success of a small company. Their success depends on a thorough understanding of their local business environment.

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