



**ADDIS ABABA UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**COLLEGE OF DEVELOPMENT STUDIES**

**TOURISM DEVELOPMENT AND MANAGEMENT PROGRAM**

**MOTIVATION, CHALLENGES AND PERFORMANCE OF TOURISM**

**ENTREPRENEURS IN ADDIS ABABA**

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This is to certify that the thesis prepared by Shewangizaw Getachew, entitled: **Motivation, Challenges and Performance of Tourism Entrepreneurs in Addis Ababa**. Submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Tourism Development and Management accordance with the regulations of the University and meets the accepted standard with respect to originality and quality.

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## **DECLARATION**

I, the undersigned do hereby declare that this thesis is my original work entitled “motivation, challenges and performance of tourism entrepreneurs in Addis Ababa” which hasn’t been presented in any university for similar degree awards and that all materials and sources used for this thesis have been fully acknowledged.

Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

## **DEDICATION**

Enormously, I dedicated this thesis to my grand mum Askale Woldegiorgis. I left with so many debts for sacrifice you are paying for me. Your prayers always strengthen me. Thank you for been my grand mum and see your son's fruit of academics. Love you Ema!



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## **ABBREVIATIONS AND ACRONYMS**

<b>AACTB</b>	Addis Ababa Culture and Tourism Bureau.
<b>AATIDB</b>	Addis Ababa Trade and Industry Development Bureau
<b>CPSC</b>	Central Plan Staff College
<b>EEA</b>	Ethiopian Economic Association
<b>MoCT</b>	Ministry of Culture and Tourism (Ethiopia)
<b>MUDC</b>	Ministry of Urban Development and Construction (Ethiopia)
<b>SPSS</b>	Statistical Package for Social Science
<b>TSME</b>	Tourism Small and Medium Enterprise
<b>SME</b>	Small and medium Enterprise
<b>FA</b>	Factor Analysis
<b>PCA</b>	Principal Component Analysis
<b>GDP</b>	Gross Domestic Product

## **ABSTRACT**

*The objective of this study is to assess motivation, challenges and performances of tourism entrepreneurs in Addis Ababa city. Cross sectional design was employed to explain the major factors like motivation, challenges and performance of entrepreneurs by conducting survey among 144 souvenir entrepreneurs. The challenge of business performance was analyzed by ranking order of items. The result reveals too much government taxation, lack of access to finance are the constraining challenges. Principal component analysis (PCA) was used to identify the motivational factors of business startups and the result also reveals four pull motivational factors such as independence, alertness, confidence and initiation which are validated by discriminatory analysis test. Additionally, four factors such as risk, satisfaction, effectiveness and unemployment factors are identified under push motive factors and validated in the same procedures. The reliability of each factors were tested using Cronbach alpha and validated for the first time in Ethiopia especially in tourism sector.*

*Finally, hierarchical regression analysis was conducted to measure the impact of independent variables (control variables) on independent variables such as sales, profit, and asset and employment performance of the firms. The result implies factors, such as independence has positive association with sales while effectiveness, risk taking, initiation and alertness have negative association with sales performance whereas effectiveness and alertness have negative association with profit performance due to the firms weren't used resources wisely for profit making.*

**Key Words:** Motivation, Challenges, Tourism, Entrepreneur, performance

# CHAPTER ONE

## 1 INTRODUCTION

### 1.1 Background of the study

Tourism has become one of the strategies for economic regeneration and local economic development in the world, particularly since the 1950's (Law, 1996; Beauregard, 1998 and Telfer, 2002). Many localities, which formerly were centers of production, have developed into centers of consumption. This in turn has created ways for the emergence and development of privately owned small businesses, including Tourism firms. Currently, tourism entrepreneurship is recognized as an important driver of economic growth, productivity, innovation, large employment creation and accepted as a key aspect of economic dynamism by transforming ideas into economic opportunities (Bulanova, 2015). This shows that entrepreneurship in tourism has a great contribution for the startup of small tourism entrepreneurs who are recognized as the significant role player in resource utilization and fostering sustainable economic development.

A country can enjoy competitive advantage by productive and entrepreneurial individuals as one of the options to utilize the resources countries endowed. This requires creation of sufficient opportunities for human resource to change the resources in economic benefits. Thus, the best alternative way is generating and nurturing a robust entrepreneurial culture even though different constraints and motivations are existed to identify a profitable opportunity at the startup of a new business (Kuratko and Hodgetts 2004).

The potential contributions of motivation for successful firm performance have been recognized as a crucial factor to set up a new business (Zhao and Seibert 2006). Therefore, it is a vital to identify the influence of motives among entrepreneurs to be engaged in the business.

However, motives for becoming an entrepreneur differ from person to person depending on economic, political, social and cultural environment in which entrepreneurs operate their businesses. For instance, Metchell (2003) explained motivational factors as such the need for independence, material incentives and the need for achievement as a primary factors which initiates entrepreneurs to startup a new business.

In the context of Africa, South Africans tourism entrepreneurs are motivated to startup a new business is such as for independence and self-employment (Rogerson 2003). Thus potential new opportunities are offered by tourism for entrepreneurs to be engaged in many tourism activities including tour guiding, the provision of accommodation, food, services and local entertainment in urban areas of South Africa as an indications for tourism business startups even though they have different firm business performance and challenges (Nxumalo, 2003). Nevertheless there are many tourism entrepreneurs; they faced critical constraints which hinder the performance of their business such as lack of starting capital as identified by Jemal (2013).Therefore, identifying challenges that hampers the business performance of the firm has a tremendous importance for motivations of individual.

Scholars pointed out that individual job performance is a function of ability and motivation which originates from both internal and external stimulations (Hung and Mchu 2011).This is since motivation is a key factor in the start-up process and eventual success of the businesses as a set of forces that initiate behavior and determine its form and direction for entrepreneurs.

Like motivation and challenges of entrepreneurs, business performance is the other dimension of the firm operation measured in variety ways which includes different meaning as long as it relates to organizational functioning outcomes over the time. This is because firm performance can be measured by outcomes of their operation which affects the business of the entrepreneurs such as profitability, income and growth of asset (Amit R, 2000).

The business aspect of tourism firms are also another interest of different researchers in Ethiopia such as the work of (Yemane, 2018).This study was conducted on E. Marketing and implications for firm performances and challenges of business running among Ethiopian tour operator. Different studies were also conducted on the theme of motives to startup a new business for sufficient employment creation (Chanda and Mohammad 2018). Identifying motivational factor of business startup is very important for entrepreneurial business venture development. Hence, this study was conducted to identify motivations, encountering challenges and firm performance of tourism entrepreneurs found in Addis Ababa. Therefore, it has a contribution for entrepreneurs in the tourism sector of the country by identifying motivational factors of business startups and its association on firm performance.

## **1.2 Statement of the Problem**

Entrepreneurial motivation and challenges are extensively researched and discussed in the context of developed countries well. Those studies have provides knowledge on the driving factors in the entrepreneurial process (Shane, Locke and Collins 2003). Understanding how individuals perceive the external environment in relation to their internal beliefs, the decision-making process to engage in entrepreneurship and the like is also important especially among tourism entrepreneurs in a context of developing countries including Ethiopia for unemployment eradication.

Nonetheless, there is hardly any study conducted in Ethiopia on the motivational factors and challenges to establish small businesses in the tourism sector, this study fills such a research gaps and by doing so it adds new knowledge and insights about the motivation, challenges and performance of tourism entrepreneurs in their efforts to startup a new business in the context of a developing country by taking owner- managers of souvenir shops. Therefore, this study was attempted to identify the motivations, challenges and operational performance of souvenir tourism entrepreneurs found Addis Ababa. Hence, it contributes to the limited literature on tourism entrepreneurship in Ethiopia by adding a new knowledge on the motivation and challenges faced by tourism entrepreneurs in their endeavor of establishing a new business.

Even though there are different studies conducted by different scholars on different aspects focusing on Ethiopian Tourism industry such as Yemane (2018), there is little or no study conducted on tourism entrepreneurs in Ethiopia. For instance, Shiferaw (2017) conducted a study on entrepreneurial behavior and firm performance of Ethiopian tour operators. This study was focused on how small business owners identify and exploit entrepreneurial opportunities and their resulting effects on firm performance among Ethiopian Tour operators (Shiferaw 2017). Hence these researchers weren't included motivational factors of business startup in their study. To the best knowledge of the researcher, there is no/little study conducted focusing on the theme of tourism entrepreneur in Ethiopia, particularly on the motivation. Hence it is important to conduct study on the theme of entrepreneurial motivation to fill this gap by conducting ample of research for sustainable tourism development.

## **1.3 Objectives of the Study**

### **1.3.1 The general objective of the study**

The general objective of this thesis was to assess the motivations, Challenges and performance of tourism entrepreneur focusing on souvenir business in Addis Ababa.

### **1.3.2 Specific Objectives of the study**

The specific objectives of this thesis are:

- 1) To identify motivational factors of tourism entrepreneurs business startups.
- 2) To describe the challenges tourism entrepreneurs faced to sustain their business.
- 3) To examine firm performance of tourism entrepreneurs.

## **1.4 Research Questions**

This thesis tried to answer the following basic research questions:

- 1) What are the motive factors of tourism entrepreneurs to start up their business?
- 2) What are the challenges encountering tourism entrepreneurs to sustain their business activities?
- 3) What are the firm performances of tourism entrepreneurs?

## **1.5 Significance of the Study**

As of the literature and different study investigation, tourism entrepreneurial activities are yet not investigated well even though there are some studies conducted on tour operator's firm performances previously and this problem is not only limited to this thesis result .Thus since this thesis was conducted on the motivation, challenges and performance of tourism entrepreneurs business areas of the country, the result was used to different units.



## **I. Academic significance**

The finding of this thesis would have a significant contribution to public and private university academic researcher for further implications on the thematic areas of tourism business studies especially on entrepreneurial motivation. Therefore, it contributes as a reference for empirical reviews since as it was indicated in the limitation of the study; there are no empirical literatures especially on tourism entrepreneurial motivation to start up business in Ethiopia even if little is there on the other sectors.

## **II. Policy significance**

The thesis finding is used as input for different policies targeting issues like tourism business startup guide to policy and decision makers as a manual.

## **III. Stakeholders significance**

Regards to the contribution to stakeholders, the finding of this thesis has numerous benefits for stakeholders. It can be used as a training manual for consultants, Government and none government organizations as a path way to initiate new entrepreneurs to engage in the business and create large employment opportunities.

### **1.6 Scope of the study**

This study was conducted in Addis Ababa city focused on tourism businesses, more specifically on souvenir business located in the city. Conceptually, it was restricted to motivational factors to start up the business, operational challenges they faced and business performance by souvenir tourism entrepreneurs as retailer and product developers. This thesis was also used owner- manager of souvenir business found in Addis Ababa city as unit of analysis.

### **1.7 Limitations of the study**

Several unavoidable limitations were faced the researcher to accomplish the required progress in this thesis work. Unavailability of empirical and theoretical literatures which were done by indigenous knowledge regarding to motivational factors of tourism entrepreneurial business startup

indications were among the limitations in the entire work of this study. Therefore, the researcher is forced only to use articles published by abroad researchers as most of the literature reviews. There is also financial limitation on the phase of field work in this study. In addition, some of entrepreneurs were very reluctant to provide the data during the field work due to the fear of their business secret is disclosed since one of the objectives of this thesis was to investigate their business performance. This also leads the analysis of the data only to be conducted based on 144 owner managers out of 188 sample respondents. Moreover, there was a methodological limitation; for instance regarding to the associations of motive factors, the macro level of unemployment dimension was applied in the regression model and found low result in the model due to the difficulties faced to find previous works particularly on tourism entrepreneur's motivation to start up business and its association on firm performance in Ethiopia. On the other hand, moderating variables (challenges) aren't regressed in the model and hence it scores low association finding in the final model.

### **1.8 Organization of the paper**

This thesis was organized in to five chapters. The first chapter, the introduction part which is aimed at introducing the reader on the rational of the study, statement of the problem, objectives, significance and scope of the study, limitation of the study is covered. On the second chapter the researcher presented concepts, empirical and theoretical reviews on the business startup motives, operational challenges and firm performance of entrepreneurs and develop own conceptual framework. On the third chapter, the methodological approaches of the thesis was presented first by the description of souvenir business, research design and method, data source and types, target population, sample size and sampling techniques and data collection instruments and procedures. The fourth chapter deals with analysis, interpretation and presentation of data. Finally, the fifth chapter presents the conclusion and recommendations of the study based on the findings. References and Annexes are also attached at the end of this study.

### **1.9 Ethical consideration**

Ethical considerations in research are critical and most important to collect all necessary information from the subjects of the study. Therefore, during the thesis work, the primary activity

was establishing a good relationship and the information about the participant, their culture and norms are ensured confidentiality not to expose for any other purposes.

### **1.10 Operational definitions**

**Motivation:** Extrinsic rewards, independence/autonomy/ intrinsic rewards and family security which determine the motivation level of entrepreneurs and turns affect their business success (Roger 2001).

**Challenges:** Various internal and external factors that will jeopardize the Successful endeavor and performance obstacles of efforts (Zimmerman and Zeitz, 2002).

**Firm performance:** it is a measure of sales volume, profitability, employment creation and asset accumulation over the span of the period (Filavian and Guinalu 2006).

## CHAPTER TWO

### 2 LITERATURE REVIEW

#### 2.1 Entrepreneurial motivations: Theory and concepts

Various thoughts, books and written literatures by different authors on entrepreneurship asserted that, the study of entrepreneurs motivation to startup a business activity is based on individual perspectives of analysis and explained variables such as personal characteristics, psychological profiles like that of the need for achievement, the capacity to control, tolerance of ambiguity and a tendency to take risks or non-psychological variable such as education, experience, networks, the families and others factors in the motivation theories of entrepreneurial business startups.

Entrepreneurs are traditionally viewed as “innovators” in terms of the Schumpeterian perspective (Schumpeter 1934). Such view indicates the nature of entrepreneurs as business pioneers driven by strong profit making motives by producing new products. However, Shaw (2004) identified that a limited number of small scale businesses within tourism share these characteristics and at best, they may be described as “reproducers” of standard formats rather than business innovators. He also revealed how more socially led perspectives have modified these views and possibilities and recognizes a range of entrepreneur types such as classical and artisan entrepreneur who are mainly interested in employment satisfaction, independence and promotes the recognition of managerial skills in the business. As such he mentions that within tourism increasing attention has been directed towards the artisan type of entrepreneurs especially for souvenir business.

##### 2.1.1 The Motivational Factors in a Push-Pull Theory of Entrepreneurship

The expression of being either ‘pulled’ or ‘pushed’ into starting a business has been used extensively in the literature regarding owner-managers’ motivation to start a business (Moore and Burtner 1997). The ‘pull’ motivation factor is associated with the individual’s strong positive internal desire to start a business venture. The opposite ‘push’ motivation factor is associated with a possible equally strong desire to start a business venture, but based on external negative reasons. Behind every successful entrepreneur there are some questions which make people curious all the time, where do the persistent motivations come from and help them achieve their goals.

The positive motivations for an individual to be an entrepreneur are pull factors. The reason for a person to enter self-employment is that he/she has seen a chance of better working condition and self-expression or even to gain financial freedom opportunity. A chance to introduce a new business idea to the market or an opportunity to create a new business is some of the pull factors that drive entrepreneurs to start their own new business. Here are explained factors such as a need for achievement, independence, financial freedom and need of persistent love for doing something great and new as pull or intrinsic factors in entrepreneurship (Nel, Maritz and Thongprovati 2010). The Push factors are negative motivation for a person to set up his or her own business. These pushed entrepreneurs are those groups of people who motivated and start self-employment so that they can overcome the impoverished negative environmental impacts such as unemployment, unstableness of job market, dissatisfactions caused in workplace competitive situations and lack of jobs. These factors which are related to work are the key factors to push these individuals to be prepared for an entrepreneurial career (Nadire 2018).

### **2.1.2 Achievement Motivation Theory of Entrepreneurship**

Harvard psychologist David McClelland developed the Achievement Motivation Theory in 1967. McClelland sought to explain why some societies are more economically successful than others. In this case, he looks at the entrepreneurial behaviors of individuals which he thought were basic to the development of all economies. In theory perspectives, entrepreneurs do things in a new and better way and make decisions even in under uncertainty conditions to start a business. Entrepreneurs are characterized by an achievement orientation as a drive to excel, advance and growth intentions. Hence by focusing on a particular need, he/she was able to challenge and then prevailing greater control.

The need for achievement on the other hand, contrasts with the need for power that is a drive to dominate others in all situations and with the need for affiliation that is, a drive for close personal relationships in the society. However, power and affiliate legitimacy may help with achievement and can thus be considered as valuable means or resources that can help to satisfy the need for achievement. Achievement oriented motivation is developed during middle childhood through family socialization emphasizing high standards of life, self-reliance with less dominant families. It is characterized by behaviors such as problem solving, need for reaching goals through efforts

and moderate risk-taking. However, a controversial implication of this theory is that lower performing economies can be boosted by adopting social policies that alter socialization processes in ways that encourages the development of more individuals with achievement motivations which can also be seen as the development of innovation as social engineering. McClelland was careful to note that since achievements are not to be confused with outcomes such as wealth or income gaining as these is merely measures of achievement independently without getting something done and in the society which is satisfied intrinsically with a feeling of personal accomplishment. The evidence of this theory seems fairly strong with meta-analyses confirming a positive relationship between need for achievement, entrepreneurial entry and performance (Collins, 2004). The problem with theories like this is that while many entrepreneurs may display a need for achievement, many non-entrepreneurs may also have a strong need for achievement that is being satisfied with success in other professional careers. Thus, it offers only a partial picture of the drivers of entrepreneurial entry.

### **2.1.3 Regulatory Focus Theory of Entrepreneurship**

Regulatory focus theory was developed by psychologist E.Tory Higgins of Columbia University in the 1990s. In this theory, there is a concept which indicates that an individual's changes between two states of promotion focus and a prevention focus. When individuals are in the promotion focused state, they initiated to bring themselves into alignment with their need for growth and advancement causing them to focus on potential gain rather than risk-taking. Whereas when they are in the prevention focused state, they tend to their needs for security and safety forcing them to focus on potential losses from risk-taking as entrepreneurial motivation (Edward Tory H, 1990).

Brockner (2004) used regulatory focus theory to explain entrepreneurial phenomena and argue that entrepreneurial process requires a greater promotion focus during the idea-generating phase and a greater prevention focus during the idea filtering stage. Therefore, entrepreneurs are able to match their promotion and prevention focus phases better functioning even if some researchers suggest that entrepreneurs with a promotion focus perform better in dynamic environments, whereas those with a prevention focus perform better in stable environments (Hmieleski and Baron 2008).

## **2.2 Empirical literature review**

The motivation literature has found difficulties of defining motivation; however most definitions include aspects of activation, direction and maintenance of behavior. Whether looking at the stage of life or their personality, it is clear to us now that individuals are affected by both internal and external sources of motivation as revealed by (Schultheiss, et al., 2012). Those sources of motivation have an influence on the decision to start a business. But the most successful individuals in any endeavor are able to balance both extrinsic and intrinsic motivation factors in the right ways and in different contexts. However, studies are investigated those external factors within important findings including the external monetary rewards of entrepreneurship are not nearly as powerful as the internal non- monetary rewards as reported by the study of (Alstete, 2008). Thus the decision to become an entrepreneur across career course is influenced by various factors within different motivational power.

Different scholars have also studied entrepreneurial motivations and provided many insights in to entrepreneurial behavior. Some of those studies were attempted to explain the entrepreneurial intentions through internal factors such as personality traits, like a propensity for taking risks (Caliendo, Fossen, and Kritikos, 2011). Other researchers like Ivan Stefanovic and Sloboda Prokic (2010) has found that four factors that affect motivations among Serbian entrepreneurial motives of business startups such as achievement, intrinsic, independence and job security factors. However, they concluded that all those factors are similar in the world even though individual has different motives.

According to Carsrud and Brannback, (2011), motivation is the link between intention and action. It can be supposed that without motivation occurring the individual will not engaged in entrepreneurial activities. Because of this, motivation has gained a lot of attention as the link between possessing certain entrepreneurial characteristics and taking the action of exploiting an opportunity. Therefore, motivation is required for the entrepreneur to engage in business creation. This is one reason why an understanding of entrepreneurial motivation has been deemed an important area of study in different countries. For example in Turkey, entrepreneurs are motivated to start their own business to provide security for themselves and their family and to increase income as investigated by (Ozsoy, Oksoy and Kozan 2001). They are motivated to start a business compared to other individuals for the desire of greater control, increased satisfaction, to make

more money and creating a legacy for children. Additionally, motivations are creating a change of lifestyle, expanding employment opportunities for family members, increasing community status and contributing to the direction of local development as claimed by (Getz, 2000 ; Carlson, 2005).

Roy and Wheeler (2006) found that business owners in West Africa were motivated by a desire to satisfy basic psychological needs such food and shelter compared to other African entrepreneurs whereas, in East African countries such as Kenya, entrepreneurs are motivated and start a business venture to get income and provide employment as revealed by the study finding of (Chu, Benzing and McGee 2007).

Gemechis (2007) on attitude of college students towards entrepreneurship has investigated various influences that initiate or discourages students to get into their own business such as the role of parents and Media in addition to the influence from friends, teachers or instructors. On the other hand, influences that are negative could mostly arise from complex bureaucracies and other form of intervention as a push or external factor. However this does not mean that the other variables that have mostly positive influences will not result in negative consequence. Elsabet (2018) found that women entrepreneurs' growth expectation in Ethiopia is in preference of working collaboratively for the development of new product and her study finding also claimed that as contrary to other research findings, the nature of business startup motivation isn't directly correlated with business growth. This indicates that motivations to start and run a business can be different based on the end over goal of the owner- manager. For instance, Chanda and Mohammad (2018) explored that tourism entrepreneurs are motivated to create employment opportunities for locals and get more earnings rather growth motives in other aspects. Another study of Chang (2011) explained that tourism businesses entrepreneurs are initiated with the aim of supplying leisure and recreational opportunities for tourists there by generating income. In this study different related empirical finding of prior researches are reviewed even though they aren't directly related to tourism entrepreneurship and entrepreneurial motivations of owner managers to start a business. Hence this is a clear implication for the lack of literatures and studies conducted previously on tourism entrepreneurial motivation of starting a business separately in developing countries especially in Ethiopia. Therefore, the empirical review in the study at hand is based on different sectors entrepreneurial motivation and business performance findings.



Creating and engaging in one's own business as an entrepreneur is not a simple way even though innovative individuals are motivated within different motivational factors. There are various internal and external challenges that need to be tackled eventually. Ahmad and Xavier (2012) in their study of entrepreneurship investigated several obstacles that retard entrepreneurial efforts such as inadequate financial support, bureaucracy and inconsistency of government policies, lack of entrepreneurial education at tertiary level and inadequacy of entrepreneurial training as major challenges. Trauma Kanti (2013) in the study of business environment also identified business performance challenges such as infrastructures, policy issues, inadequate raw material, political instability and costs of equipment's as major obstacles of entrepreneurs in Khulna city. In context of some countries in Africa, numerous studies have foundings that showed the psychological and personality traits of entrepreneurs, the managerial skills and training of entrepreneurs and the external environment as variables that affect the entrepreneur's performance (Benzing, Chu and Kara 2009). In case of Ethiopia, the tourism sector is one of the essential components of Ethiopia's national development and transformation. It is set in a national environment that faces tremendous opportunities such as fast rate of economic growth, significant expansion of transportation and communication facilities, a massive construction boom and an entrepreneurial population. At the same time, challenges such as widespread poverty, massive unemployment and underdevelopment of the productive forces of the economy are obstructing the tourism business and the industry as depicted in the study of (Tesfaye and Taye 2017). Buznesh (2014) also found issues like human resources management, raw material supply and access to finance as well as business regulations which posed as challenges of entrepreneur's performance in Addis Ababa implying that business operational challenges need to be given due accord and further investigations. The study finding of Amdemariam (2018), on tour guide practice in Addis Ababa among tourism business entrepreneurs has investigated 33.6% training related challenges for the sustainable performance of the firm. Hence it requires due attention and provide training for better practice of the business.

Firm entrepreneurial performance is another concern of studies regarding with motivational factors to start-up business and challenges related with entrepreneur as the important variables. Despite its relevance, a research on firm performance suffers from problems such as lack of consensus on selections of measurement indicators (Combs, Crook and Shook 2005). Different studies were measured firm performance within single indicator. However, Fillis, Johannson and Wagner

(2004) were pointed the aggregation of various measurement indicators of firm performance in their study of “Factors impacting on e-business adoption and development in the smaller firm”. The research findings of Scholars such as Filavian and Guinalu (2006) implied that Firm performance is measured through sales volume, profitability, employment, and asset to market share for the current period and perceived satisfaction with these measures by considering the previous year performance.

A Study finding of Shiferaw, (2017) on Ethiopian Tour operator’s entrepreneurial behavior and firm performance implies and suggested that Ethiopia is a diverse country with a varied culture manifested through diversified ethnicity, language and religion. Hence, further probing on the charismatic leadership style of small business owners in such a diverse context is needed. His finding also shows that the human resource practices of Ethiopian tour operators are mainly characterized by discovery behavior. The sector hires individuals with specific skills, with existing social networks. Thus it requires employees with specific skill of the industry which might not be create opportunities for other field of studies and make the tourism industry more exclusively advantageous. The study finding of Yemane (2018), of five E- marketing dimensions on firm performance among 132 Ethiopian Tour operators have implied that some of dimensions are positively and negatively associated with firm performance. For example in his finding, the use of E-privacy and E-service are positively associated with an increase in sales whereas E-payment is negatively associated with employment performance even though it isn’t related with motivations of business startups and its effect on the tourism firm performance.

### **2.3 Conceptual literature review**

The word Entrepreneur is derived from the French word “entrepender” which means a person who undertakes the task of bringing together various resources and manages them to achieve desired results and take some share (Jayan, 2013). Therefore, Entrepreneurs identify resources and develop business to create opportunities.

Bennet (2000) defined an entrepreneur as a person who has established the business as a new venture, where business growth is intended for the prime reasons of generating profit and achieving personal satisfaction. In this case, they are people who primarily recognize the strengths, weaknesses, opportunities and threats of their enterprise based on updated information and build opportunity for its success. Therefore, their decisions are also based on better information than other none entrepreneurial individuals. What others perceive as risky may not be risk to those who have more information and skills.

The entrepreneur also plays a mediating role between the larger society and economic units. Entrepreneurial action is likely to initiate advantages for both the economic unit and its environment Colombo Plan Staff College (CPSC 1998).

The entrepreneurs are also important agents of changes of livelihood of the society yet they present the most enigmatic characters in the economic development particularly in the less developed world. Hence the Entrepreneurs are purposively bridges the gap between plan and actions in precise ways to generate a profit even in unpredictable conditions that which have a significant contribution to the livelihood of individual in the society (Shane et al, 2003). They have been changing the resources as an opportunity for employment to the youth with continues performance of their business in the sector of small business enterprise (SME) than other groups of the society.

Entrepreneurship is a dynamic process of creating incremental wealth. As we can understand from different perspectives, creating wealth is on-going process which is different from any other person making it. Entrepreneurs do the work with different ability and skill in the way of making the product/service/ unique and adding some values as of Ethiopian Economic Association (EEA 2005). Nevertheless, they perform uniquely; it requires government strategic and societal entrepreneurial cultural support within internal and external motivations for more rewards and less of retards.

Tourism entrepreneur is an individual who creates touristic enterprises which is not an act of nature but an act of the Tourism Entrepreneur. Only when Tourism Entrepreneurs are present, do a community's climate, landforms, flora and fauna, historic vestiges, become tourism resources that may be transformed into tourist attractions. Drucker (1985) summed this perspective well: "There is no such thing as a resource until man finds a use for something in nature and thus endows it with

economic value. Until then, every plant is a weed and every mineral just another rock”. This shows that the contributions of tourism entrepreneurs are of great importance for the development of tourism destinations.

Tourism entrepreneurs are also labeled lifestyle entrepreneurs due to self-employment and control are more important motives for these entrepreneurs and disparities occur among tourism small and medium enterprises (TSMs) in relation to the aims and objectives of the individual business which are not always consistent with economic profit objectives. Skokic and Morrison (2011), asserts that motivation among Tourism entrepreneurs is associated with family lifecycles, rejection of the corporate way of life and the general pursuit of a work/life balance of which contributes to the majority of small and medium tourism enterprises (STMEs) set up mainly to satisfy of personal and family goals.

### **2.3.1 Determinants of entrepreneurial motivations**

Understanding what motivates individuals in to entrepreneurial engagement is important in the study of business creation for entire firm performance and successful operations. Excluding motivation from the study of business creation result is incompleteness (Herron and Sapienza 1992). Therefore, incorporating entrepreneur’s motivation to startup of given business is avital for new venture development even though there are different actors determining the motivations of individual who have intention to become entrepreneur.

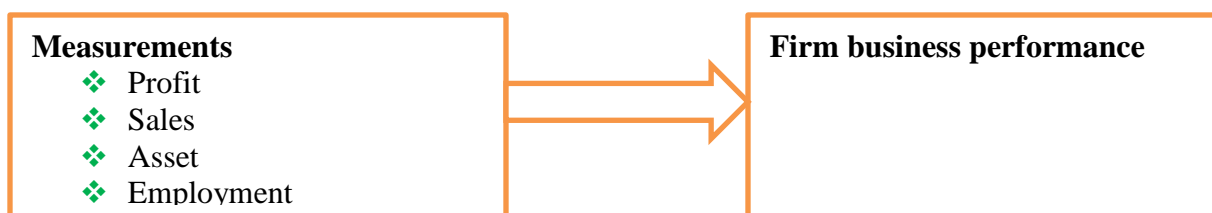
According to Yalcin and Kapu (2008), the motives and problems of entrepreneurs are two of the important internal and external dimensions to be considered in studying the entrepreneurship process. Motives provide insight into the entrepreneur’s intentions and problems which is affecting the startup and performance of the business as determining factors of motivation. However, the traditional reason for a person choosing to be an entrepreneur is financial gains as a determinant of entrepreneurial motivation. But, according to recent studies, the motivation of a person's entrepreneurial activities cannot be necessary only to fulfill the economic benefits rather it can be also to gain social or lifestyle reasons. Thus, People have different motivations and desires to become entrepreneurs.

### 2.3.2 Entrepreneurial firm performance

Entrepreneur manages to get more out of less by finding ways to push even with minimum resource. Being an entrepreneur is stressful and demanding which usually requires vision, passion, commitment, motivation and willingness to take a calculated risk both personal and financial in order to invest (Elleni, 2005). This shows that it isn't an easy task to engage in the entrepreneurial activities within only perceptions getting profit as performance measurement. For instance in Tanzania personal wealth was used as firm performance measure in informal economy (Eijdenberg, 2016). Hence there are different measurements of firm performance are existed.

According to Venkatraman and Ramanujam (1986), the concept of firm performance is different from the broader construct of entrepreneurial effectiveness by operational performance rather than financial performance. The other factors are the profit and growth which is relevant justification for business performance of firm's measured by internal or external growth (Selvam.et al., 2010).This is implication for existence of different dimensions of business performance measurements which are found by different authors in the firm's business performance small and medium enterprise (SME) currently in the business environment. Figure 2. 1 displays the list of identified measurements of firm performance.

Figure1. List identified firm performance measurements.



Source: Constructed from Krauss et al., (2005) and Selvam.et al., (2010).

### 2..3.3 Challenges encountering Tourism entrepreneurs

In the business environment, the other frequently focused dimesons of entrepreneurship research addressing the problems faced by entrepreneurs (Yalcin and Kapu 2008). In the business world, most of entrepreneurs faced different challenges in every aspects of their business activity which hinders their eventual performance. These are problems such as newness or lack of experience, high competition, management skill, identifying appropriate market segments and regulatory issues are among the factors hampering entrepreneurs.

Access to finance enables small businesses to be engaged in different business activities and investments for the development of the national economy by creating various job opportunities (Beck and Demirguc-Kunt 2006). On the other hand, access to finance is also serious barrier to the expansion of businesses and start-ups which have been mentioned by different owner managers of small and medium enterprises (SME) and potential operators as revealed by (Olomi and Urassa 2008). Constraints such as inadequate investment capital, inefficient loan in the financial market are the major obstacles in doing business and most MSE's are highly in risky ventures involving excessive administrative costs.

In developing countries, unstable and complex bureaucratic context of the business environment is a common problem. For example, entrepreneurs in Kenya and Ghana in the context of Africa, struggles with laws governing private enterprises and overly complex business registration and tax laws including weak economy as the most pressing challenges (Chu, Benzing and McGee 2007). Hence this is also another obstacle for tourism entrepreneur's business performance.

According to Ministry of Culture and Tourism (MoCT) the sector has various entrepreneurial opportunities compared to the rest of African countries having various tourism products such as historical heritages, favorable weather, hospitable people, unique landscapes for entrepreneurial business engagement (MoCT, 2009). Hence, the tourism sector can also become the most viable and sustainable economic development option to overcome high unemployment rate especially in developing countries including nevertheless it is constrained with different challenges of firm performance.

According to Tesfaye (2013), the Ethiopian economic policy situation of the previous regime for almost two decades was not favorable for private business development. This also constrains business start-ups to link regional and global facilities available for entrepreneurship development and to utilize the existing tourism potentials to create a new tourism product which adds values to the tourists, local communities and to different tourism business operators in the country.

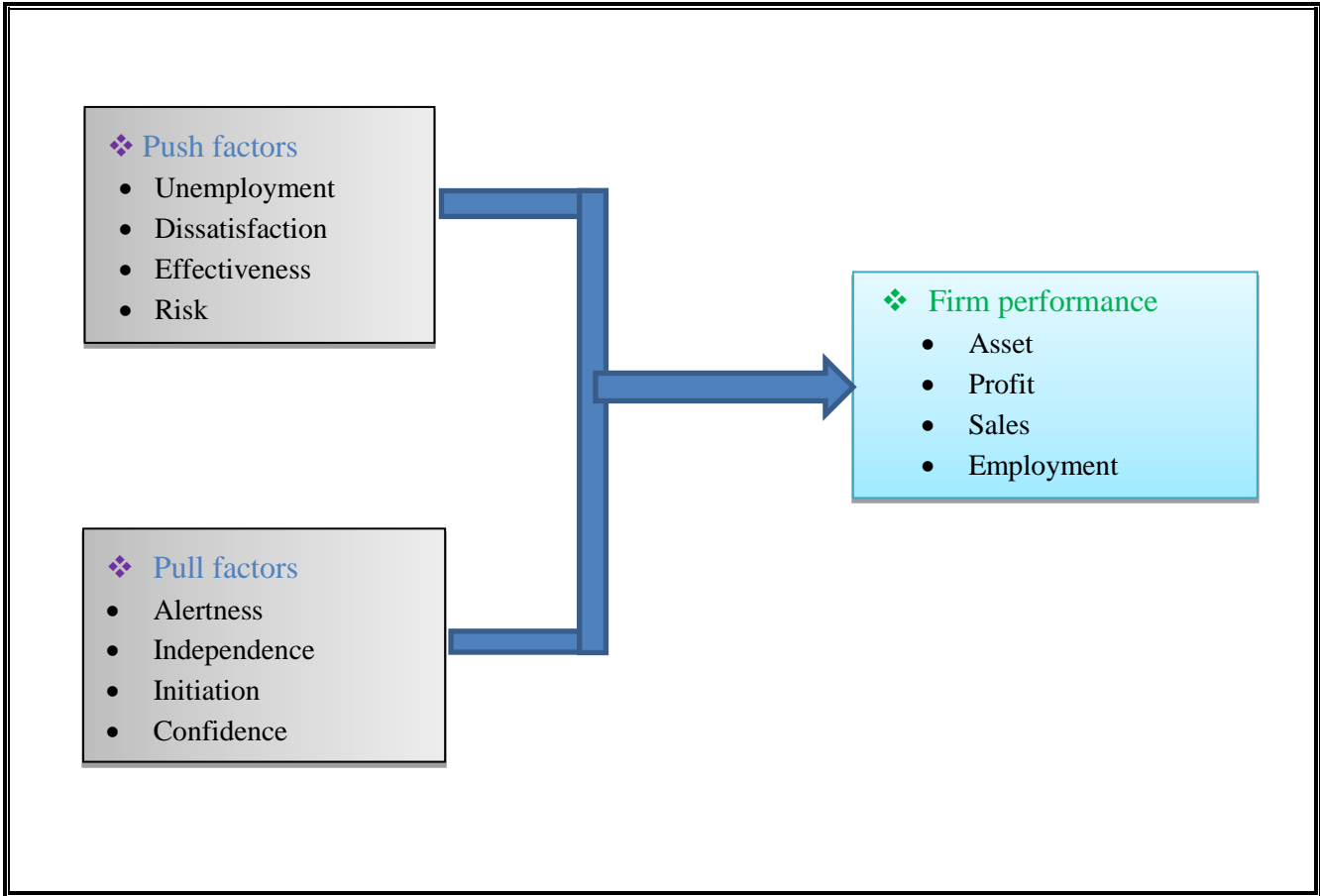
According to the report of Ministry of Urban Development and Construction (MuDC), marketing knowledge is important for the promotion, growth and development of (SME) small and medium enterprises. In this regard, the Ethiopian government has formulated strategies to ease marketing challenges by creating inter-linkage mechanisms with other institutions, providing training on

marketing, developing export support programs and marketing information center. However, inability to sell the products and services, lack of adequate marketing channels and marketing skills are the existing problems of further growth (MoUDC 2013).

## **2.4 Conceptual framework**

From the above literatures that are on conceptual, empirical and theoretical reviews on the motivation, challenges and performance of tourism entrepreneur's, there are different definitions, thoughts and theories by different scholars on the problems under the study. Accordingly, there are two types of motivational factors of business startup i.e. Pull and Push motivation in theories reviewed above. Some of these factors are such as a need for achievement, independence, financial freedom as positively motivating factor (pull) of entrepreneurship (Nel, Maritz and Thongprovati 2010). Whereas prevention and promotion, risk and dissatisfaction caused by work nature can be seen as push motivational factors. Finally, the association between motivational factors and firm performance measures such as sales, profit, asset and employment is revealed in this study as a conceptual framework. Therefore, the following conceptual structure summarizes the concepts mentioned above in figure 2.2 below.

**Figure 2. 1 Conceptual framework for motivation and firm performance**



Source: Own construction (2019).

## CHAPTER THREE

### 3 METHODOLOGY

#### 3.1 Introduction

Research is the systematic investigation into a study of sources and materials in order to find out facts and get new conclusions. There are steps to finalize the whole research starting from



introducing the main objective to the final results. Accordingly, this chapter includes study area descriptions including souvenirs and related tourism businesses, research design and method, data source and type, target population of the study, sampling techniques, data collection instruments, data refining and treatment as well as data presentation.

### **3.2 Descriptions of study area**

This study was conducted among souvenir business entrepreneurs who are located in Addis Ababa city. Therefore, a brief description of Addis Ababa (mainly focusing on its business environment is presented in this section.

Addis Ababa is the capital city of the federal democratic republic of Ethiopia (EPRDF) and seat for different national and international organizations and foreign embassies. These makes the city unique to become center of tourism and became one among tourism related businesses activities of African cities.

The city is also home for all Ethiopian Nations, Nationalities and peoples which can be considered as an opportunity for different tourism activities in the city. Moreover, Addis Ababa has a pleasant weather and high altitude advantage. The city is also a center for commerce and businesses. Among the business activities currently flourished in abundant way is a tourism business activity such as tour operating, souvenir business, accommodation services and others.

According to Addis Ababa Culture and Tourism Bureau (AACTB), the city is currently seen as a place often visited by international tourists due to its natural and cultural attractions. A souvenir business in the city is one of the tourism products which adding values for tourists. In Addis Ababa, they are located abundantly on Churchill Avenue, Merkato and Addis Ketema sub city relatively, according to the information obtained from the document of Addis Ababa culture and tourism bureau, (AACTB, 2017).

Swanson and Timothy (2012) also described souvenirs business as producing, selling and buying activities in tourist destinations that generate billions of dollars each year. They are an integral part of the travel experience and most tourists return home with souvenirs to preserve and commemorate such experiences. Therefore, this study was conducted among souvenir business entrepreneurs stationed in Addis Ababa.

### 3.3 Research design and Method

This study is empirical research type and its design is cross-sectional which was a one-time survey conducted among souvenir owner managers in Addis Ababa. The rationale is because it allows analyzing, interpreting the status of variables by tables along a continuum in numerical form, such as scores of percentage and frequency. Moreover it suits to analyze the data by using inferential analysis and used to describe empirical findings quantitatively. Therefore, empirical research type and quantitative research approach is solely employed since the data in this study was gathered only by structured survey questioner.

### 3.4 Target population and sample size of the study

According to the data gained from Addis Ababa Trade and Industry Development Bureau (AATIDB) there are 353 souvenir business owners which were registered under the office for the last three years (AATIDB, 2018). Therefore, these souvenir entrepreneurs are the subjects of this study and the unit of analysis was owner managers. The reasons to select owner-manager of the business is because of they are ideal respondents to provide detailed information on the problem under the study. Furthermore, their response allows confidentiality.

### 3.5 Sample size and sampling technique

The list of 353 souvenir entrepreneurs who has three to five years of business experience was used as a sampling framework for this study. The sample size of the respondent was determined by formula of Yamane (1967), and sample size in this study was 188 respondents. A 95% confidence and 5% error margin used as shown below:

$$n = \frac{N}{1+(N \times (e^2))}$$

$$n = \frac{N}{1+(N \times (e^2))}$$

$$n = \frac{353}{1+(353 \times (0.05^2))}$$

$$n = \frac{353}{1+(353 \times 0.0025)}$$

$$n = \frac{353}{1+0.8825} = \frac{353}{1.8825} = 187.5166003 \approx \underline{188}$$

Whereas:

N= Total population

n = sample size

e = error (0.05%)

In this study, a random sampling technique was used to select sample respondents (n=188) out of the total 353 owners manager of souvenir business. The rational to use random sampling is due to it gives equal chance for respondents to be selected and the entire finding also applied to the population without bias.

### **3.6 Data Collection instrument and procedure**

A survey questionnaire is the major tool of data gathering in this study. A total of 16 and 11 items used to measure different dimension of entrepreneurial business startup motives under pull and push factors were designed with five point Likert scale measurement such as (1=strongly disagree, 2= disagree, 3=moderately agree/disagree, 4= agree and 5=strongly agree) to rate each items. The items under entrepreneurial business performance challenges are measured by ranking scale such as (the first challenges as 1<sup>st</sup>, the second challenge as 2<sup>nd</sup>, the third challenge as 3<sup>rd</sup> and the fourth challenge as the 4<sup>th</sup>) for 28 items. Finally, 4 items used to measure the firm performance (sale, profit, asset and employment) were designed and rated as (1. Decreased dramatically, 2.Decreased somewhat, 3. Remained/ stayed the same 4.Increased somewhat and 5.Increased dramatically). This survey questionnaire was prepared in English language first and translated to widely spoken Amharic language of the city then distributed to 188 owner manager of souvenir entrepreneurs who has three and above of years business experience from the end of March- May 2019.

### **3.7 Data analysis and presentation**

In this thesis work, statistical package for social science (SPSS) Version 20 was used to analyse the data numerically.

The analysis and data presentations of the research at hand started with personal background of the respondents including sex, marital status, age, educational level and experience they have in the business and the result was presented by descriptive statics such as percentage by using table. The second part was the business performance challenges of entrepreneurs which were also computed by ranking the order of item. The third section was covered by determining factors of motivations to startup a new business which were composed of 16 items under pull factors and 11 items similarly under push factors separately. Therefore, Validations of the items were conducted by principal factor analysis (PCA). Reliability of the items under each dimension was tested by using

Cronbach's Alpha. Lastly, linear hierarchical regression analysis was used to measure the effect of independent variables on the dependent variables (pull and push factors) and business performance.

### **Dependent variables**

An empirical literature reports a high diversity of business performance indicator of entrepreneurs (Crook and Shook, 2005). Moreover lack of consensus on the type of measures that should be considered for accurate and appropriate measurement of performance as a critical strategy of successful venture. Therefore, it requires distinguishing between financial and nonfinancial measures of performance such as sales growth or the satisfaction of customers. However, Droge et al (2004) recommends subjective and self-reported measures of business performance. The studies conducted in sub-Saharan Africa were based on self-reported measures of firm performance, such as changes in annual sales, number of employees; profit and total assets in a given time span (Krauss et al., 2005, Frese et al., 2007 and Cruz et al., 2012). Therefore, the study at hand measures the entrepreneurial business performance over the last three and above years based on financial and none financial dimensions of performance. The dependent variable used in this study is the entrepreneurial business performance which includes sales, profit, and employment and asset dimensions as mentioned above. Accordingly, a 5-point Likert scale measurement is implemented to measure the annual sales, profit, asset and employment creation performance of souvenir tourism entrepreneurs by using scales such as decreased dramatically (1), decreased somewhat (2), remained the same (3), increased somewhat (4) and increased dramatically (5) (See appendix).

### **Independent variables**

The independent variables in this study is the eight dimensions of entrepreneurial business startup motives which includes four dimensions from pull motivations and the other four dimensions are extracted from push motives of business startup. As presented in the push-pull theory of entrepreneurship motivations of business startups, being either 'pulled' or 'pushed' into starting a business has been used extensively (Moore and Burtener 1997). Therefore, motives of business startups which are measured by five point Likert scale measurement are used as predictors. As such, the total validated dimensions of motivations of business startup motives under pull and push factors are the independent variables used to measure their association on the firm performance. .

## **Control variables**

In this study personal characteristics such as age, gender, education and firm experience are control variables used to predict the impact of independent variable(s) over the dependent variable(s).

## CHAPTER FOUR

### 4 RESULTS AND DISCUSSIONS

The data was collected only from 144 respondents. The others were not willing and unable to fill the questionnaire as they were claiming as if the objective of the study is to disclose their business secret. Therefore, 76% of the response rate was obtained from 144 respondents. Hence the data presentation, results and discussion is based on 144 respondents.

#### 4.1 Demographic Characteristics of the Respondents

The demographic characteristics of the respondents are analyzed and presented by descriptive statistics such as frequency and percentage in the table 4.1 below.

**Table 4. 1 Descriptions of respondent’s demographic characteristics**

Dimension	Category	Frequency	Percentage
Gender	Male	65	45.1
	Female	79	54.9
Age	20-25	25	17.4
	26-30	32	22.2
	31-35	39	27.1
	>35	48	33.3
Marital status	Married	57	39.6
	Single	67	46.5
	Divorced	13	9.0
	Widowed	7	4.9
Education	Elementary(grade 1-8)	5	3.5
	High school (grade 9-12)	42	29.2
	TVET certified	19	13.2
	Diploma	29	20.1
	First degree	44	30.6
	Masters and above	5	3.5
Work experience	Less than three years	15	10.4
	Three years	24	16.7
	Four years	24	16.7
	Five years	28	19.4
	Above five years	53	36.8

Source: field survey (May 2019).

As it is presented in the table above (table 4.1), among the sample respondents 45.1 % male and 54.9 % female respondents were individuals participated in this study of the sampled respondents. The majority of the respondents were female in this study and this implies that in souvenir tourism business, the involvement of female entrepreneur were high in Addis Ababa. However, most of the studies with regard to male and women entrepreneurial owned businesses found that the number of male were greater than female (George 2015), but in this study number of females were greater than male which implied that females were more interested in souvenir business than male due to the nature of the business itself attracts females.

Regarding to their age, 17.4% of the respondents reported that their age category was between 20-25 years. Nearly 22.2% of the respondents revealed that their age category was found between 26-30 years. Others, 27.1% of the respondents claimed that their age group category is between 31-35 years and the remaining 33.3% of the entrepreneurs are under the age category of > 35 years old. This age categorical distribution shows that the majority of the respondents were grouped under the age of > 35 years. Hence, this category is represented who were better motivated to startup a souvenir tourism business more than the rest age categories. Therefore, such working age distribution is more interested to run such a business.

Pertaining to marital status of the respondents, 39.6% of the respondents operating souvenir tourism business were married and 46.5 % of them are single. However of the total respondents 9.0% of them reported that they are divorced whereas only 4.9% of them were replied as widowed. Majority of the respondents demonstrated in this business were single and not married which indicates that the majority of the entrepreneur are free of dual responsibility which in turn has the benefit of not stressing except managing and sustaining their business.

Educational level is the vital for entrepreneurial orientations by creating opportunities to acquire understanding about motives factors of business startups. Hell et al. (2009) conducted a survey on entrepreneurial aspirations and sources of motivation for entrepreneurship and found that 29.8% of the observed population had entrepreneurial intentions through educational level. The educational level of the respondents ranges from high school to Masters Holder and above. Accordingly, 3.5% respondents had completed elementary level of education and 29.2% of them were high school completed. Nearly, 13.2% of the respondents revealed as certified from TVET level of education and 20.1% were also Diploma holders whereas, 30.6% of the respondents were first degree holders

and lastly 3.5% of the respondents have earned above masters or degree level of education. This shows that, the greater proportion of the respondents were degree holders as pointed out by 30.6% which shows that the more educated individual are motivated to startup souvenir tourism business.

With regard to work experience of owner managers, 10.4% of the respondents have less than three years work experience and 16.7% of them also have work experience of three and four years. 19.4% account of the respondents have five years business experience whereas, only 36.8% of them have more than five years work experience. This indicates that majority of the respondents have more than five years business experience which has impact on their business performance. Therefore, it can give conclusions of insights learned from experience is a vital to understand the changing trends and demands in their respective business for better performance.

## **4.2 Challenges of Tourism entrepreneurs business performance**

Tourism is one among the business environment to create employment opportunities for the large portion of the population in different aspects even though it is hampered by different challenges.

Therefore, it requires an entrepreneur who is belonging to a person of superior ability to pursue his or her goals despite of obstacles, opposition, setbacks and failures. He or she must persist in the face of adversity, challenges and risks to learn from it by having confidence in his or her own capacity to deal with problems and take practical rational steps to achieve the given goal (Benazir B, 2014). Some of the business performance challenges of owner managers now days are lack of workplace/ shades/, marketing, too much government taxation and complex control, lack of skills, shortage of capital and loss of confidence to being profitable due to different constraints. Hence this implied further investigation works to change those aforementioned challenges in to profitable opportunities for more entrepreneurial culture development and contributions to the sector. Here are some of the challenges related to the business performance of souvenir entrepreneurs in Addis Ababa as per the data gained from field survey questionnaires and analysis results as follow.

### **4.2.1 Employee related challenges**

Most of individuals perceived that finding employee is an easy task as if only employees are searching a good job.



However finding a right employee and job descriptions isn't simple for Business owner who knows how difficult it is to find a hardworking, trustworthy employee. Most employees want to work less and get paid more. Therefore, hiring good employee who was passionate about delivering his or her services is quite difficult. Table 4.2 below presents the employee related challenges in the context of souvenir tourism business.

**Table 4. 2 Ranking order of items related to employee challenges**

Item	Rank frequency					Weighted sum	Rank order
	1	2	3	4	Total		
Turnover of employee	44	27	40	33	144	350	3 <sup>rd</sup>
Low skilled employee	32	45	44	23	144	346	2 <sup>nd</sup>
Shortage of employee	31	50	39	24	144	344	1 <sup>st</sup>
Hiring new employee	35	23	25	61	144	400	4 <sup>th</sup>

Source: field survey (May 2019).

According to the responses presented in (Table 4.2) the first ranked employee related challenge in souvenir business is shortage of business experienced employee with a weighted sum of 344. The second challenge according to the respondents is low skilled employee by counting weighted sum of 346 whereas the third ranked challenge is turnover of employee with weighted sum of 350 regardless of tourism business areas. The last and the fourth ranked employee related challenge is hiring new employee to expand the business with a weighted sum of 400. From this one can conclude that shortage of employee is the among the major employee related constraint that highly affects souvenir entrepreneurs business performance.

#### **4.2.2 Legal issue related challenges**

Many entrepreneurs while starting the business, they were failed to understanding legal issues of the government regardless of the business they are running. The interventions of the government can be through taxation policies and entrepreneurial incentive supports of small and medium tourism firm activities in the country while having their own challenges on the development of their venture and firm performance on the other hand also. Table 4.3 presents the ranking order of legal issue related challenges of souvenir tourism entrepreneurs.

**Table 4. 3 Ranking order of items showing legal issues related challenges**

Item	Rank frequency					Weighted sum	Rank order
	1	2	3	4	Total		
Too much Government taxation	61	34	15	34	144	310	1 <sup>st</sup>
Complex Bureaucracy	23	58	37	26	144	328	2 <sup>nd</sup>
Existed political instabilities	22	37	55	30	144	381	4 <sup>th</sup>
Corruption in sanction of subsidy, loan and incentive of government	41	13	36	45	144	355	3 <sup>rd</sup>

Source: field survey (May 2019).

In reference to the table above (table 4.3) the first ranked legal issue which is hampering the performance of souvenir tourism entrepreneurs is too much government taxation as mentioned by respondents within weighted sum of 310. The second ranked legality issue related challenge is complex bureaucracy compared to other challenges as presented by a weighted sum of 328 and whereas, third ranked challenge related to regulatory issue is corruption in sanction of subsidy, incentive & loan of Government for entrepreneurs by a weighted sum of 355. The last and the fourth ranked challenge of legal issue related challenge is existed political instabilities with sum of 381 for the last three years. This remarks that majority of souvenir entrepreneurs are highly affected by too much government taxation.

#### **4.2.3 Financial related challenges**

There are a lot of business ventures that are run and owned by individuals, group of people or association and government with the aim of maximizing profits. They ranged from small scale to large firms who are in searching of finance or working capital for further business growth in developing countries. The importance of finance in promoting the growth of small business has been acknowledged in prior studies on small business growth and development. In Ghana for example according to study finding of Abor and Quartey (2010), small and medium enterprises (SME) provides 85% of manufacturing employment, 70% to the Gross Domestic Product (GDP) and it also accounts for about 92% of businesses who are in searching of finance. Therefore, in developing countries finance is a vital to for further growth and performance of the firms. However financial related challenge is one of constraining factor for entrepreneurial business

performance including souvenir firms. The table below presents the financial related challenges of souvenir tourism business entrepreneurs of Addis Ababa.

**Table 4. 4 Ranking order of items showing financial related challenges**

Item	Rank frequency					Weighted sum	Rank order
	1	2	3	4	Total		
Obtaining short term finance	31	41	30	32	144	331	2 <sup>nd</sup>
Obtaining long term finance	44	50	33	17	144	311	1 <sup>st</sup>
In adequate financial supply	29	32	45	38	144	380	3 <sup>rd</sup>
Limited working capital	38	20	29	57	144	393	4 <sup>th</sup>

Source: field survey (May 2019).

According to table 4.4, the first ranked financial related challenge retarding the performance of souvenir tourism entrepreneur is obtaining long term finance with weighted sum of 311 and the second ranked financial related challenge by the respondent is obtaining short term finance which is presented with weighted sum of 331. The third ranked challenge related to finance is in adequate financial supply of agencies such as Banks for entrepreneur’s business growth and the fourth and the last ranked financial related challenge is also the limited working capital of entrepreneurs to further growth and obtaining profit of the business they are running. The detail finding of the financial related challenge as it is mentioned above is that souvenir entrepreneur in Addis Ababa running currently this business were challenged mostly by problem of obtaining long term finance.

#### **4.2.4 Entrepreneurial competition related challenges**

Competition is a very big part of business, yet it often cloud entrepreneur’s minds and hearts as well to the degree that they start acting, thinking and planning. However, the lesson for entrepreneurs here is that before jumping into business, they have to make sure to see where the completions that will keep them profitable or unprofitable. There are different completions related obstacles in the business environment. Table 4.5, presents the competition related challenges of souvenir tourism business entrepreneurs among the respondents.

**Table 4. 5 Items showing rank of competition related challenges of souvenir entrepreneurs**

Item	Rank frequency					Weighted sum	Rank order
	1	2	3	4	Total		
Raw material	50	24	36	34	144	342	2 <sup>nd</sup>
Market	27	59	36	22	144	341	1 <sup>st</sup>
Price	26	44	52	22	144	358	3 <sup>rd</sup>
Product	42	17	18	67	144	398	4 <sup>th</sup>

Source: field survey (May 2019).

According to the responses presented in the (Table 4.5), the first ranked competition-related challenge is marketing competition with a weighted sum of 341. Raw material competition is second ranked by the respondents since it accounts for 342. The third competition-related challenge is the price of the product with a weighted sum of 358, and the fourth ranked one is product-related competition hampering the souvenir entrepreneurs. So, in this regard, the most serious impact/challenge to the business of souvenir entrepreneurs is market share competition. A raw material competition is also constraining their business. It is one of the serious challenges for the production since some of the entrepreneurs are producing by themselves.

#### 4.2.5 Business location related challenge

Getting a good business location at the right place is definitely not easy. Accessible location that has a rapidly growing population, good road network, and other amenities at a good place is vital for the profitability of the business. Tourism is a complex system, which consists of many complex and interdependent components. Attractions cannot function well without services. Souvenir shops provide a variety of services to tourists because tourists buy souvenirs to remember the attractions they are visiting. Therefore, choosing the right location is the most important for souvenir business. The table below (table 4.6) presents the location challenges of souvenir business entrepreneurs in Addis Ababa.

**Table 4. 6 Items ranking order of location related challenges**

Item	Rank frequency					Weighted sum	Rank order
	1	2	3	4	Total		

Nearness to the airport	49	27	41	27	144	334	1 <sup>st</sup>
Accessibility	24	43	49	28	144	369	3 <sup>rd</sup>
Safe/secured location	20	50	35	39	144	381	4 <sup>th</sup>
Nearness to attraction	51	23	22	48	144	355	2 <sup>nd</sup>

Source: field survey (May 2019).

As of the response presented in the above table ( table 4.4.5), related to the business location of souvenir, the first ranked one is nearness to the airport with a weighted sum of 334 and the second ranked is nearness to the attractions/ museums/ accounted with weighted sum of 355. The third ranked location related challenge by respondent is accessibility of their business having a weighted sum of 369. Save and secured location is ranked as the fourth challenge by weighted sum score of 381. Pertaining to this finding as it is clearly mentioned above the majority of the respondents were ranking first that they are highly challenged with their business location by claiming that nearness to the airport and followed by nearness to the attractions in the city as the most important for their business to easily accessible by the tourists. Therefore this shows that most of them aren't located at the right places recommended for souvenirs business. They also have little faced with accessibility and secured locations compared to other business location challenges.

#### 4.2.6 Training related challenges

Globally, entrepreneurship skill acquisition programs introduced into educational institutions were meant to provide the level of education or knowledge needed to exploit entrepreneurial opportunity which could help the economic development of countries (Emaikwu, S. 2011). this implied us that skill acquisition is the most critical factor in the utilization of entrepreneurship opportunity for self-employment. It is a process whereby a person acquires or learns a particular skill or type of behavior needed for business through training or education. The table below shows the challenges related training that faced souvenir entrepreneurs.

**Table 4. 7 Items showing ranking order of training related challenges**

Item	Rank frequency					Weighted sum	Rank order
	1	2	3	4	Total		

Lack of managerial training	39	31	37	37	144	360	3 <sup>rd</sup>
Lack of accounting records training	27	50	41	26	144	354	2 <sup>nd</sup>
Customer handling training problem	24	45	46	29	144	368	4 <sup>th</sup>
Marketing related	56	18	19	51	144	353	1 <sup>st</sup>

Source: field survey (May 2019).

According to the table above (table 4.7) the first ranked of all entrepreneurs training related challenge is marketing with a weighted sum of 353. The second ranked training related challenge is training problem of accounting records accounted by a weighted sum of 354 and the third ranked training related challenge is about lacking managerial training with a weighted sum of 360 while the last ranked training related challenge face entrepreneur is customer handling training problem accounted weighted sum of 368. Based up on the finding, majority of the respondents lacking marketing training which was a very vital for the profitability of the business. Accounting record is also not seen as simple function for a given business as such it also hampers them highly. The managerial training is also very neckless issue of entrepreneur's as it was a backbone since it includes all skills required to run the business however it isn't to the level required. Therefore, provision of different training is important for reductions of a challenges and increment of profitability of the business.

#### 4.2.7 Marketing related challenges

Marketing has come to describe all mixes of marketing activities of existing and new firms. Therefore, it is a fresh and serious agenda of researchers today while the analysis of marketing in business is an important issue.

**Table 4. 8 Items showing ranking order of marketing related challenges**

	Rank frequency	Weighted	Rank
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Item	1	2	3	4	Total	sum	order
Inadequate advertising	49	33	40	22	144	323	1 <sup>st</sup>
Inadequate publicity and promotion	28	58	36	22	144	340	2 <sup>nd</sup>
Poor marketing knowledge	27	34	47	36	144	380	3 <sup>rd</sup>
Low market demand	41	19	22	62	144	393	4 <sup>th</sup>

Source: field survey (May 2019).

According to the table above (table 4.8), the first ranked marketing related challenge is inadequate advertisement work within weighted sum of 323 and the inadequate publicity and promotion is among marketing related challenge presented with a weighted sum of 340 as the second challenge. The third ranked marketing related challenge is poor marketing knowledge of entrepreneurs which accounted the weighted sum of 380. The last and the fourth ranked marketing related challenge with a weighted sum of 393 is low market demand. The finding of marketing related challenge in general as it was presented above reflects that majority of the souvenir entrepreneurs were challenged by inadequate advertisement using different plat forms of marketing, the utilizations of marketing mixes either by poor knowledge of marketing or any other contributing reasons. As per this reflection entrepreneurs for the last three years were challenged by effective advertisement of their business and this also makes low performance of their business.

### **4.3 Motives of business startups**

To identify pull and push motivational factors of business startups in this study, factor analysis, basically principal component analysis (PCA) is used to analyze motivational factors to obtain the same items of pull and push factors. The main aim is to reduce a large number of variables down to a smaller set and to obtain an empirical summary of the data and then principle components analysis is most appropriate. Hence it suits to figure out which items or combinations best measure of mood in this study.

#### **4.4.1 Scale validation procedures**

As discussed before, 16 items of pull motives and 11 items of push motives were used to measure business startup motives in this study. These items were validated by factor analysis using statistical

package for social science version 21 (SPSS). First, a convergent validity test for each of the dimensions under pull and push motive of business startup was conducted to test whether the items measure the same concept. The items were extracted using principal component analysis based on fixed number of values of 4 with Varimax rotation method used to determine the factors loading. The Kaiser-Meyer-Olkin (KMO) results, which are above the recommended 0.6 value (Hair *et al.*,2010) and the Bartlett's Test of Sphericity ( $p<0.001$  in all cases), prove the factorability of the items. Except three items of pull motives all items under each dimension were confirming the convergent test and those three items failed of fitting convergent validity were dropped. Similarly, only one item used to measure push motives of business startup is dropped out because it can't fit convergent validity test.

Secondly, a discriminant validity test was conducted based on 13 items used to measure pull motives of business startup by principal component analysis. The KMO value was 0.771 which is exceeded the recommended value of 0.6 (Hair *et al.*, 2010) and Bartlett's test of Sphericity reached statistical significance at Chi-Square test of 393.592,  $df =78$ ,  $p<0.001$ ), supporting the factorability of items and the rest items were dropped out which violates the rule of discriminant validity test.

Finally, the result of principal component analysis (PCA) revealed four components exceeding value of 0.4 for both pull motivation of business startup items. This four component solution explained a total variance of 57.308 % showing good loading of each items under independence, alertness, confidence and initiations dimensions of pull motives with no cross loading which affects discriminant validity as it can be seen from the table 4.9 below.



**Table 4. 9 Discriminant validity test results for dimensions of pull motives of business startup of souvenir tourism entrepreneurs**

Item	Components			
	1	2	3	4
1.The idea to start this business has come due to the profitability of the business				.660
16.To be always a person belongs to functioning better				.763
13. It is my interest to run this business				.664
3. I look upon my work as simply a way to set my goals	.743			
4. I started this business to be my own boss independently.	.590			
5. I engaged in this business to have a chance of protecting my interest	.767			
8. I am a self-reliant person to start and manage this business	.589			
7. To be innovative on my own businesses and get income		.696		
11. I am generally cautious about accepting new ideas		.678		
2. I have learned about this business by my own		.627		
10. I developed this idea, because of I am skilled			.632	
9.Because I have ability to deal with problems that come up while running the business			.604	
12.I am an imaginative and right person and able to run this business			.770	
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization				

Source: field survey (May 2019).

#### **4.4.2 Reliability tests for pull motives of business startups**

Reliability analysis is one of the main indications of internal consistency of scales and it also refers to the degree to which each items in the scale hang together having values of more than 0.4 as reviled by (Hair *et al.*, 2010). However, sometimes the reliability values is less than the acceptable value due to Cronbach alpha is sensitive to the number of items and it is common to obtain quite low Cronbach values. In this study, four components measuring pull and push motivations of business startup were extracted by using principal component analysis under four dimensions (factors) within more than two items loading. Each dimension have Cronbach alpha values ranging

from 0.505 - 0.711 which is advisable to consider the inter item correlation between items since Cronbach alpha is sensitive to the number of items in the loading (Pallant 2010). Thus all items computed in both pull and push motives under each dimension have inter item correlations ranging from 0.2 to 0.4 which fits the recommended value (Pallant 2010). Accordingly, the Cronbach alpha values of both pull and push motives of business startups are reliable as explained by (Hinton et al, 2004). The table below shows the detail of Cronbach alpha scores values of pull motives of business startups under each dimension.

**Table 4. 10 Descriptive statistics and Cronbach's Alpha value of pull motives**

<b>Dimension</b>	<b>No of items</b>	<b>Mean</b>	<b>St.Dev</b>	<b>Inter item correlation<sup>1</sup></b>	<b>Cronbach alpha value</b>
Independence	4	2.74	1.383	.321	0.711
Alertness	3	2.91	1.409	.241	0.574
Confidence	3	2.81	1.386	.273	0.622
Initiation	3	2.63	1.337	.217	0.553

Source: field survey (May 2019).

#### **4.4.3 Pull motive factors analysis results and discussions**

The result of principal component analysis and the complete varimax rotation illustrates the four component extractions of pull motive factors.

It can be seen in the rotation matrix, that all the four pull motive factors have an eigenvalue greater than 1, ranging from 1.125 to 3.836 and 3 to 4 loading of items under each factors with variance above 12.301% as illustrated and the total factors cumulative variance explained here is 57% which is all most approached to the given standard (See appendix).

##### **Factor 1**

The first pull motive of business startup of souvenir tourism business is independence as also revealed by Niel, Martiz and Thongprovati (2010). This factor has eigenvalue of 3.836 with item number 3, 4, 5 and 8 (I look upon my work as simply a way to set my goals, I started this business to be my own boss idependently, I engaged in this business to have a chance of protecting my interest and I am a self-reliant person to start and manage this business). It also has a score of

<sup>1</sup> The inter-item correlations shown here are the minimum once.

17.665% cumulative variance. This shows that the desire for independence to be free from the control of employer drives many individuals entrepreneur. For instance, workers tired of their previous companies' poor performances, or those working under an inept manager might be especially motivated by this factor. Once rooted in a business, entrepreneurs have full control over every decision made under them. The flip side is, of course, the additional stress and pressure that go along with that responsibility and get the privilege of setting the course for their business.

### **Factor 2**

The second pull motivational factor is alertness with items loading of number 7, 11 and 2 (to be innovative on my own business and get income, I am generally cautious about accepting new idea, I have learned about this business by my own. This factor has an eigenvalue of 1.294 and 13.877 percentage of cumulative variance in the rotation. This spontaneous involvement in work is not merely related to monetary awards but it can be seen also a means of motivation to start a new business. If the entrepreneur feels motivated, his behavior will bring about the desired action because of being alertness. Hence motivational factors constitute the inner drive present in an individual's and continuously demands something new and unique. These motivational factors are also investigated as stimulant motivations of business startups for entrepreneurs (Palanivelu A, 2008).Therefore, regards to alertness of tourism entrepreneurs in this study is confirms the same finding.

### **Factor 3**

The third factor is self-confidence of entrepreneurs as a pull motives souvenir tourism business within items including, 10,9 and 12 (I developed this idea, because of I am skilled, because I have ability to deal with problems that come up while running the business and I am an imaginative and right person and able to run this business). It also has scored eigenvalue of 1.194 and variance of 13.464%. Hence personal self-confidence is very important in the business startup context. It is the assessment and evaluation of the personal qualities and necessary motivations for a successful entrepreneurial intention for individuals. Therefore for carrying on a business requires certain mental prerequisites and skills which are needed and the finding in this study also confirmed that personal confidence is among the motivational factors for tourism entrepreneurs. Hence personal self-confidence and skill of entrepreneurs are motives to start a business for the owners of the business.

#### Factor 4

The fourth pull motive factor is initiation having items loading of number 1, 16 and 13 (the idea to start this business has come due to the profitability of the business and to be always a person belongs to functioning better. This factor had eigenvalue of 1.125 and variance of 12.301% contribution to the total factors explained. Initiation is an important part of motivation to start up a business and ability to get started on a task, something all to take for granted. In some cases individuals needs verbal reminders and prompts to begin a business activities and often further reminders are also needed to see the task. However, in this study entrepreneurs were initiated by themselves for strong desire to startup business which is also depicted by (Moore and Burtner 1967). This shows that tourism entrepreneurs were initiated for better functioning in the business as a motivation factor rather having external reminders. Table 4.11 presents the short summary of pull motive factors, their eigenvalues, items loaded, factors cumulative and their total variance

**Table 4. 11 Factors, eigenvalue, items loaded and their cumulative variance.**

Factors	Eigenvalue	No of items loaded <sup>2</sup>	Cumulative variance
Independence	3.836	4 (3,4,5 & 8)	17.665
Alertness	1.294	3 (7, 11 & 2)	13.877
Confidence	1.194	3 (10, 9 &12)	13.464
Initiation	1.125	3 (1, 16 &13)	12.301
Total			57%

Source: field survey (May 2019).

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<sup>2</sup> The items number are as they appear in the survey questionnaire (see Appendix)

#### 4.4.4 Push motive factors

In the same procedure, 10 items were taken to measure push motive and the result of KMO value, Bartlett’s test of Sphericity depicts factorability of the items with recommended variance value of 62% which is exceeding 0.6%.

**Table 4. 12 Discriminant validity test results for the four dimensions of push motives of business startup of souvenir tourism entrepreneurs**

Item	Components			
	1	2	3	4
1.I have started the current business because I was unemployed person				.844
4.The entrepreneur Incentives and loan support of the government				.772
2.I started this business because I was not satisfied with my previous job		.693		
5.The prevention of my previous job		.847		
11.To avoid having work for others		.551		
6.The own Initiative to prove one's worth in the market			.735	
7.The response to favorable Business			.777	
8.Contribution of other members to family Income and taking risk	.802			
9.I stay here and find it as only way to make a living otherwise I will fail	.526			
10.Finding more paid work and being secured is a prime element in my life	.680			
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization				

Source: field survey (May 2019).

#### 4.4.5 Reliability tests of push motives factors business startups

The reliability of push motive factors of business startups items are calculated in the same manner with pull motives. The result indicates the moderate values of Cronbach alpha (Hinton et al, 2004). The tables below displays the Cronbach alpha values and minimum values of inter item correlation of items under each push dimensions (factors) of business startup of souvenir tourism entrepreneurs.

**Table 4. 13 Descriptive statistics and Cronbach's Alpha value of push motives**

Dimension	No of items	Mean	St.Dev	Inter item correlation <sup>3</sup>	Cronbach alpha value
Risk	3	8.992	2.999	.290	0.579
Dissatisfaction	3	7.92	3.261	.312	0.622
Effectiveness	2	6.30	2.181	.338	0.505
Unemployment	2	4.69	2.160	.353	0.522

Source: field survey (May 2019).

#### **4.4.6 Push motive factors analysis results and discussions**

The complete rotations of factor analysis of push motive items of business startup result using principal component extractions has a four components scored a cumulative variance of 62% as indicated in the finding. Based on this finding the four push motivation factor of business startup result is presented below.

##### **Factor 1**

Risk is the first push motivation of business startup factor which has scored eigenvalue of 2.942 within three items loaded. These items are number 8, 9 & 10 (contribution of other members to family income, I stay here and find it as only way to make a living and finding more paid work) and the cumulative variance of this factor is 17.925 contributions to the total rotations. Risk oriented motivation pushes towards prompting us to step out of our comfort zones to accomplish seemingly impossible tasks even though overcoming obstacles aren't easy for entrepreneurs. Therefore, tourism entrepreneurs are risk oriented as it can be also seen from the nature of tourism industry in comparison to other sectors. This implies that the ability of risk taking of entrepreneurs in tourism business is also among the motivations to start a new business by their own so it can be seen as tourism entrepreneurs are more risk taker.

##### **Factor 2**

The second push factor is dissatisfaction with possible combinations of item number 2, 5 & 11(contribution of other members to family income, I stay here and find it as only way to make a living and finding more paid work. The eigenvalue of this factor is explained as 13.306 and the variance of 16.778% of total rotations. Rama (2010) in the study of micro entrepreneurs of

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<sup>3</sup> The inter- item correlation shown here are the minimum once

Thenzawl handloom cluster, Mizoram also confirms job dissatisfaction as a compelling reason for entrepreneurs to start up a business. Therefore they were turned to their own business activities because they were dissatisfied with their previous job and they feel that their aspiration is more than what normally the job provides. Moreover, they may feel that their abilities were certainly more than what the job requires and this also initiated them to start their business as per their skill and aspiration.

### **Factor 3**

The third possible push factor of souvenir tourism entrepreneur is effectiveness within items including number 6 & 7 (the own Initiative to prove one's worth in the market and the response to favorable Business within total Eigen value of 1.068 and 13.959% variance. Effectiveness in the business startup is one of the factors initiating the behaviors of individuals to being entrepreneur. This shows that how well a person performs value-creating tasks of business activities worth together. Effectiveness can be applied from different stand points as motivational factor of business startup. The more consistently he/she performs tasks properly, the more effective they are. This includes proper usage of resources which increases effectiveness and this can be used as motivation to start a new business by their own.

### **Factor 4**

The fourth push factor identified here is unemployment within combinations of item 1 & 4. These items are such as I have started the current business because I was unemployed person and the entrepreneur incentives and loan support of the government are external motive factors combined together as employment motive factor affecting business startup of souvenir entrepreneurs. The Eigen value and the total variance of this factor is 1.892 and 13.421% respectively. This is evidence for entrepreneurs who were motivated due to unemployment are categorized as necessity entrepreneurs due to ups and dawn they faced in their life. Their transition from unemployment to entrepreneur follows a common pattern. At first, their struggle is centered on gaining distance from a previous social position with a clear work identity. Losing a job goes beyond losing an income; they also lose identity, structure in their daily lives, and a defined place in their social structure. Hence, they are transited between two periods. It is a period from unemployment to self-employment motivation. This is a period of transformation where necessity entrepreneurs find their social and community structure dissolving and pushed to find structure by their own since the institutions they used to rely on (e.g., government or employers) find it difficult to provide one.

This is also observed among tourism entrepreneurs in Addis Ababa as startup of new business. Moreover, these entrepreneurs find themselves working at the limit of what they know, trying to create new realities and transform ideas into productive initiatives and this motivates them to being tourism entrepreneur. The table 4.14 shows the identified push motive factors, their score of eigenvalues, number of items loaded and cumulative variance.

**Table 4. 14 Factors, eigenvalue, items loaded and their cumulative variance**

<b>Factors</b>	<b>Eigenvalue</b>	<b>No of items loaded <sup>4</sup></b>	<b>Cumulative variance</b>
Risk	2.942	3 (8, 9 & 10)	17.925
Dissatisfaction	1.306	3 (2, 5 & 11)	16.778
Effectiveness	1.068	2 (6 & 7)	13.959
Unemployment	1.892	2 (1 & 4)	13.421
Total			62.083

Source: field survey (May 2019).

#### **4.5 Regression analysis**

This section is aimed at investigating the effect of business startup motivations as main predictors and personal characteristics as control variables. Hierarchical regression analysis was utilized as the main statistical procedure in this study since it adds terms to the regression model in stages and enables to see the additional term or terms that are added to the model and the change in  $R^2$  (Pallant, 2010). The mean scores of each dimension were calculated to use in the hierarchical regression model.

Accordingly, four personal characteristics, namely gender, age, education level and work experience were entered into step 1. The identified factors of business startups under both pull and push motives are entered at the second stage in considerations of developing countries situation thus push factors such as unemployment, satisfaction, effectiveness and risk taking dimension are entered and finally at the third stage pull motive factors (independence, initiations, alertness and confidence) are entered as the main predictors of the sales, profit, asset and employment. The correlation coefficient isn't violating multicollinearity cases and isn't greater than cut value of 10

<sup>4</sup> The items number are as they appear in the survey questionnaire (see annexes I)



(Hair et al., 2010). Table 4.16 presents the descriptive statistics and bivariate correlation matrix of all the dimensions used in the analysis.

**Table 4. 15 The Descriptive statistics and Correlation matrix of variables used in the regression model.**

No	Dimension	Mean	St.Dev.	1	2	3	4	5	6	7	8	9	10	11	12
1	Unemployment	2.3438	1.07980	1.000											
2	Satisfaction	2.6389	1.08711	.216**	1.000										
3	Effectiveness	3.1493	1.09045	.136	.339**	1.000									
4	Risk	2.9699	.99954	.119	.439**	.388**	1.000								
5	Independence	2.9120	1.00889	.185*	.113	.212*	.131	1.000							
6	Initiation	2.7292	1.03543	.111	.209*	.280**	.129	.325**	1.000						
7	Alertness	2.9699	1.05403	.015	.121	.116	.130	.300**	.388**	1.000					
8	Confidence	2.7454	1.07525	.048	.207*	.224**	.210*	.313**	.458**	.424**	1.000				
9	Sales	2.72	1.157	.126	.148	.017	.019	.060	-.014	-.043	.067	1.000			
10	Profit	2.76	1.154	.028	.034	-.077	.002	-.004	.026	-.098	.053	.435**	1.000		
11	Asset	3.06	1.127	.102	-.004	-.007	-.013	.039	.016	-.061	.114	.313**	.521**	1.000	
12	Employment	3.06	1.059	.070	.018	-.044	-.018	.042	.006	-.128	.035	.237**	.419**	.442**	1.000

Pearson correlation coefficients. \*\*p <0.01 level and \*p< 0.05 level (2-tailed).

#### **4.5.1 Results of regression analyses and discussion**

The result of hierarchical regression analysis was used to assess the effects of business startup motivation factors on firm performance such sales, profit, asset and employment over three years by controlling effects of personal characteristics in this study based on 144 respondents.

The descriptive results of normality, linearity, multi-collinearity and homoscedasticity were analyzed first. For instance, there was no deviation from normality as proved from the normal probability plot of the standardized residuals and the variance inflation factors (VIF) were all below the recommended cut value of 10 (Hair et al., 2010). The results of hierarchical regression models are presented as follows in the table 4.16.

**Table 4. 16 The regression results of motivations on firm performance**

Model	Dimension	Firm performance measures			
		Sales	Profit	Asset	Employment
I	(constant)	1.921	1.917	2.444	2.551
	Gender	.158	.240	.173	.150
	Age	.201	.229	.170	.129
	Education	.160	.101	.389	.087
	Work experience	-.057**	-.300	-.420**	-.162
	R <sup>2</sup>	.036	.052	.067	.020
	F- value (R <sup>2</sup> )	1.303	1.896	2.508	.722
	P- value (R <sup>2</sup> )	.000	.000	.000	.000
II	(Constant)	1.623	2.043	2.435	2.606
	Gender	.162	.235	.153	.136
	Age	.170	.222	.164	.119
	Education level	.124	.094	.396	.084
	Work experience	-.040**	-.293**	-.411	-.153
	Unemployment	.023	.007	.008	.005
	Dissatisfaction	.059	.059	.075	.025
	Effectiveness	1.068	1.047	1.371	.438
	Risk	.014	.002	.000	.000
	R <sup>2</sup> - change	.091	.000	.087	.056
	R <sup>2</sup>	.141	.039	-.050	.015
	F- value (R <sup>2</sup> )	-.022**	-.094	.005	-.046
	P- value (R <sup>2</sup> )	-.047**	.030	-.014	-.011**
III	(Constant)	1.658	2.187	2.513	2.780
	Gender	.153	.178	.092	.098
	Age	.161	.221	.154	.113
	Education level	.093	.073	.375	.047
	Work experience	-.027	-.298**	-.394	-.156**
	Un employment	.085	-.010**	.086*	.040
	Dissatisfaction	.146	.028	-.063	.015
	Effectiveness	-.028**	-.122**	-.019**	-.069*
	Risk	-.056**	.034*	-.024**	-.008
	Independence	.070	.033*	.019	.082
	Initiation	-.064**	.092	.015*	.040
	Alertness	-.076**	-.156**	-.117**	-.181**
	Confidence	.090	.074*	.159	.072
	R <sup>2</sup> - change	.011	.019	.021	.027
	R <sup>2</sup>	.070	.078	.096	.052
	F- value (R <sup>2</sup> )	.823	.920	1.160	.606
P- value (R <sup>2</sup> )	.023	.003	.000	.000	

Pearson correlation coefficients \*\*p < 0.01 level and \*p < 0.05 level (2-tailed).

#### **4.5.1.1 The associations of motivations on sales change**

On the first stage, gender age, education and work experience were entered and explained a variance of 36 % change in sales. Only 23% of variance is explained at the second stage after entering the push predictors (unemployment, dissatisfaction, effectiveness and risk taking).The total variance explained is 70% after lastly entering the pull motive factors ( independence, alertness, initiation and confidence) within 1.1% of additional variance of predictors.

Control variables such as gender ( $\beta=153$ ), age ( $\beta=161$ ) and education ( $\beta=091$ ) are positively associated with sales except work experience which is negatively associated ( $\beta=-027$ ) whereas among the predictors, independence ( $\beta=070$ ), confidence ( $\beta=090$ ), unemployment ( $\beta=085$ ) and dissatisfaction ( $\beta=146$ ) dimensions are positively associated with sales. Therefore as it can be seen from the result, all the predictors haven't positive association with sales performance. For instance, predictors such effectiveness ( $\beta=-028$ ), risk ( $\beta=-056$ ), initiation ( $\beta=-064$ ) and alertness ( $\beta=-076$ ) are negatively associated with sales. Hence this is an indication for half of motivational factors have contribution while some others don't have any change on sales performance. In case of dissatisfaction for example, as it was also discussed in the factor analysis among of motivations of entrepreneur's business startups here it can be seen from the perspectives of the level of dissatisfaction of individual from previous experience leads them to have better sales performance. Hence the more they are dissatisfied from their past experience, the more they achieve sales performance over their business whereas if initiation of entrepreneurs is decreased, their sales performance is also decreased. This is because being innovative and alertness to every changes of the business environment is important to their performance with regards to introducing even new product to the market. Except age all variables are statistically significant and the full model is significant at 0.05 level ( $p=0.23$ ). This is an indicative for most of motivational factors of business startups have significant change on sales performance though age isn't have a change.

#### **4.5.1.2 The associations of motivations on profit change**

In the former ways, gender, age, education and work experience were entered and explained a variance of 52% change in profit at the first stage while also there is 0.7% of additional explanation to the model after entering unemployment, dissatisfaction effectiveness and risk in step 2 and lastly after independence, alertness, initiation and confidence were entered, the total variance explained by a model as a whole is 78% with  $p < 0.001$ . The predictors explained an additional 1.9% of the

variance in profit over three years, after controlling for personal characteristics. In the model age isn't statistically significant whereas the full model is statistically significant at 0.01 level ( $p=0.000$ ). From the control variables only work experience ( $\beta=-298$ ) have negative association with profit change. Gender ( $\beta=178$ ), age ( $\beta=221$ ), Education ( $\beta=073$ ) are positively associated with profit change of entrepreneurs. Among predictors unemployment ( $\beta=-010$ ), effectiveness ( $\beta=-122$ ) and alertness ( $\beta=-156$ ) are negatively associated with profit performance whereas dissatisfaction ( $\beta=028$ ), risk ( $\beta=034$ ), independence ( $\beta=033$ ), initiation ( $\beta=092$ ) and confidence ( $\beta=074$ ) are positively associated with profit change. Majority of motivational factors have positive contributions for profit performance of tourism entrepreneurs. According to the finding, the more they developed risk taking capability; their profit performance is similarly increased due to they were changed this as a profitable opportunities of business startups first whereas when being alertness of entrepreneur is decreased their profit making is decreased due to they were not innovative and alert to produce a new product. Initiation has also a contribution to their profit making performance due to it is the internal trust and feeling to perform better than other motives. So if they developed first initiation towards their business they can be relatively profitable.

#### **4.5.1.3 The associations of motivations on asset change**

Gender age, education level, previous work experience was entered at step 1 and explained 67% of the variance in perceived changes in assets. An additional of 0.8% of variance was explained after entering unemployment, satisfaction, effectiveness and risk at step 2. Finally, after entry of independence, initiation, alertness and confidence, the total variance explained by the model is 96%,  $p<0.001$ . These predictors explained an additional 2.1% of the variance in assets, after controlling for personal characteristics. The full model is statistically significant at 0.01 level ( $p= 0.000$ ). In the final model only education is significant at ( $p= 081$ ) is statistically significant at a significant level of 0.05. Therefore, educational level has a contribution for asset performance of souvenir entrepreneurs. This is an indication for education level of business owner is important for asset performance due to their knowledge acquired from education background. Gender of status of entrepreneurs ( $\beta=092$ ), age ( $\beta=154$ ), education ( $\beta=375$ ) are positively associated with asset change whereas among the predictors such confidence ( $\beta=159$ ), independence ( $\beta=019$ ) and initiation ( $\beta=015$ ) have also positive association with asset change even though dissatisfaction ( $\beta=-063$ ), effectiveness ( $\beta=-019$ ), risk ( $\beta=-024$ ), alertness ( $\beta=-117$ ) were negatively associated with asset. In this case for example among the

predictors, independence have a contribution to asset change over the last three years for entrepreneurs since one of the objective of being independence is to achieve certain goals such as asset accumulation at the beginning stage of entrepreneurs among the motivational factors. Effectiveness is the use of resources for better performance, however here it is negatively associated with asset performance so this is an implication for business owners that effectiveness negatively decreases their asset as it can be clearly regressed. This is due to ineffective usage of resources as a result of constraining factors presented in the firm business performance challenges. Therefore effective utilization of resource is important.

#### **4.5.1.4 The associations of motivations on employment change**

Gender, age, education level and work experience were entered at step1, explaining 20% of the variance in perceived changes in employment. Only 0.5% of variance was explained after entering unemployment, satisfaction, effectiveness and risk at step 2 and finally at the last stage of entering independence, initiation, alertness and confidence, the total variance explained by the model is 53%,  $p < 0.001$ . These predictors therefore explain an additional 2.7% of the variance in the change of employment size over the three years. The full model is statistically significant ( $p < 0.001$ ) except age of the respondent. Among control variables only work experience ( $\beta = -156$ ) is negatively associated with employment change but the other control variables such as gender ( $\beta = 098$ ), age ( $\beta = 113$ ) and education ( $\beta = 047$ ) are positively associated with employment. This shows that work previous business experience of entrepreneurs has negatively affect the employment performance due to their awareness about the business and most tourism business are owned by families and they also employed their relatives rather than professional from the job market and this leads negative. From the predictors such effectiveness ( $\beta = -069$ ), risk ( $\beta = -008$ ) and alertness ( $\beta = -181$ ) are negatively associated with employment change. As it can be presented above, effectiveness of entrepreneurs has also negative association with employment performance. This is due to less effectiveness in the resource utilization and for risk taking due to shortage of skilled and experienced employees. The rest predictors in the final model such as unemployment ( $\beta = 040$ ), dissatisfaction ( $\beta = 015$ ), independence ( $\beta = 082$ ), confidence ( $\beta = 072$ ) and initiation ( $\beta = 040$ ) were positively associated to employment change. Accordingly, the change in employment performance can be seen as a result of control variables and predictors over the last three years among tourism entrepreneurs. For instance, independence motivation is associated employment performance due to being achieving a position

of owner manager of the employees and the business. Hence it is positively associated to employment performance whereas confidence of entrepreneurs makes to hired employees for being more productive and competent in the market.



## **CHAPTER FIVE**

### **5 CONCLUSION AND RECOMMENDATIONS**

This chapter begins with the central findings of the study. It gives conclusions based on the presentations, discussions and analysis made in the previous chapters and provides some recommendations and ways forward on motivation of business startups, challenges and performance of tourism (souvenir) entrepreneurs in the area. Entrepreneurial motivation is a vital for the contemporary world for business startup even though little is investigated about tourism business startup motives. However, there are recent explorations of entrepreneurial motivations associated with the start-up of new businesses to push and pull motives.

As motivation is base for business startups of entrepreneurs, it again requires identifying the challenges of entrepreneurial business running. Starting a business and becoming an entrepreneur is exciting and it is also terrifying because of so many challenges; such as instability, lack of support, feelings of wanting to give up, growing a business, problems of raw material, problems relating to marketing, lack of skilled labors etc. Business performance is also one of the most important variables for entrepreneurs with almost all the areas of businesses because it explains how well an entrepreneur is doing. Therefore, the main aim of this study was to identify the motivations, challenges and performance of tourism entrepreneurs in Addis Ababa. The following specific objectives are also included thoroughly in this study. They are such as: (1) To assess the factor that motivates entrepreneurs to start up their business, (2) To identify the challenges entrepreneurs faced to sustain their business and (3) lastly to determine the business startup motives on firm performance of entrepreneurs.

#### **5.1 Conclusion**

Conclusion of this study was based on the findings and analysis results as per the objectives of the thesis more specifically. This conclusion comprehends the empirical knowledge generated on the problems of the research at all. Hence the conclusion of major findings and its implications was presented accordingly.

Souvenirs business is among the tourism businesses associated with a commercially produced tangible item specifically purchased to remind tourist's intangible experiences of places which are owned and managed by different entrepreneurs. The demographic findings of this study shows, majority of the souvenir entrepreneurs were female which are accounted by 54.9% compared to male within more than 35 years age category. The reason is due to females were naturally attracted to run such a souvenir business. Marital status of souvenir business owner managers reveals that majority of them were single hence one can conclude that they didn't have dual responsibilities rather they always focused on their business activities. Most of owner managers of souvenirs have first degree educational level with more than five years of business experience on the field. This indicates that they have promising business experience with first degree requirement which is vital to manage the business they are engaged in to sustainable future and this can be seen as their education background and experience is motivated them towards the business.

Currently, the business performances of entrepreneurs are affected by different challenges. The findings and discussion reveals challenges such as shortage of employee, high government taxation, obtaining long term, high marketing competition, and location related such as nearness to airport marketing related training and inadequate advertisement work is presented as one of the major challenges hampering their business.

Regarding to the motivational factors, the principal component analysis result reveals that four factors which measures different dimension of motivations under both pull and push items. Hence one it can be concluded motivational factors of business startups such independence, confidence, alertness and initiations under intrinsic or pull factors whereas risk taking, unemployment, effectiveness and job dissatisfaction motivations are motivations initiated entrepreneurs to start their business as a push factors. Based on the finding and discussion result regarding to motivation factors, entrepreneurs were motivated to startup souvenir business was due to the demand free from the control of employers and the desire to manage their business by themselves, internal initiation rather than having reminder, personal self-confidence to run the business also seen as among the factors of business startup motives. It can also be concluded tourism entrepreneurs (souvenir) owner mangers are initiated by risk taking as a reason to engage in this business. Finally, previous job dissatisfaction due to having more ability than what their previous company aspires and this leads them to start the business.

According to the finding of this research, regarding to the impact of control variables and motivation of business startups as predictors on firm performance over the last three years among souvenir entrepreneurs have their own positive and negative associations. Pertaining to sales performance of entrepreneurs, the full model is significant at 0.05 ( $p=0.23$ ). In this case one can generalize that half of the predictors have positive association to sales performance. Souvenir tourism entrepreneurs were changed due to the dissatisfaction level of their previous employer. The internal initiation and risk taking motivation has positive association for profit making due to entrepreneurs changed this situation in to profitable opportunities while other dimension are negatively associated with profit.

Only education is statistically significant for contributions of asset accumulation and performance of entrepreneurs over the last three years at the significant for asset change of entrepreneurs because of the knowledge acquired from their education background. Effectiveness is negatively associated with the entrepreneur's asset performance as a result of different challenges which leads them to ineffective usage of resources.

With regards to employment performance, effectiveness in the resource utilization and risk taking due to shortage of skilled and experienced employees, the employment performance of entrepreneurs is low over the last three years whereas some other entrepreneurs hire employee for more control of their business to achieve owner manger position.

## **5.2 Recommendation**

Based on the findings of the study, the following general recommendations are forwarded for the business startup motives, challenges and performance of souvenir tourism entrepreneurs.

### **5.2.1. Recommendations for policy makers, academicians, and stakeholders**

#### **Implications for policy makers**

The implication of this research for policy maker is to understand the motivations of individuals who have intentions to being entrepreneur and engaged in the business as a combination of “pull” and “push” motives which reinforces the significance of creating incentives and opportunities for the establishment of businesses and unemployment reduction. It also has a great contribution for policy makers as a source of confidentiality for financial decisions once the motivations of

business startup were identified. Therefore, the concerned stakeholders are kindly advised to use the result of the research at hand.

### **Providing training**

The finding of the study has significance for government organizations such as small and medium enterprise development the agencies to provide training by identifying the motives of entrepreneurial business startups and challenges of business running which are also identified in this study for sustainable business performance.

### **Awareness Creation**

Identifying entrepreneurial motivation is a vital especially in the tourism sectors since tourism is one of the sector and strategy as a means for economic growth of most of the countries including Ethiopia. However it lacks investigations of factors motives of business startups beyond getting profit while running the business traditionally. Therefore, more effort is required to identify the pull and push motivations of entrepreneurial business startup including their impact on firm performance since tourism is the largest service sector by crating job opportunities. Hence, it is kindly recommended to provide awareness regarding to the impact of motivation on firm performance in tourism business. This awareness creation is required to be done for all stakeholders, institutions and individuals.

### **Establishing accessible locations**

Accessible business location is a vital for the sustainable performance of the given business. Similarly for souvenirs shops it is uncompromising to being located near to the airport and attractions so that they were easily accessed at departure, arrival and tour time. However one of the major challenges identified in this study was location problems. Therefore, souvenir business should have to be located and stablished near to the airport and attraction within the concerned bodies such as the ministry of culture and tourism.

### **Marketing and promotions**

Entrepreneurs particularly souvenir tourism business should use marketing and promotion platforms to contact their customer easily and it also used to shut up the seasonality of tourism businesses. This also helps them greatly to maximize their profit, sales, and assets since as it was

the major challenge identified in this study. Therefore, they are advised to use different marketing platforms to sustain their business by offering seasonality nature of tourism also.

### **5.3 Future research implications**

After discussing the limitations observed in this study, the following future research implications are recommended for academicians, researchers and stakeholders.

This research is intended to look at motives of entrepreneurs through a lens of identifying start-up motives of souvenir entrepreneurs. In-depth research could be recommended to investigate the impacts of motives on firm performance since in this study; motivation has low contribution on firm performance. For instance, the whole identified motives have a contribution of 0.7% on sales.

It is also recommended to conduct a study at the national level because this study is focused only on souvenir entrepreneur who are located only in Addis Ababa to identify their motive factors of business startups for the first time. It is also recommended to identify both pull or push motive factors even among other tourism business entrepreneurs separately.

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**ANNEXES**  
**Addis Ababa University**  
**School of Graduate Studies**  
**College of Development Studies**  
**Survey questioner for selected souvenir owner managers**

**Dear respondent,**

This survey questionnaire is solely prepared to conduct a study titled, *“motivation, challenges and performance of tourism entrepreneur in Addis Ababa”* for the partial fulfillment of the requirements for the degree of Masters in Tourism Development and Management at Addis Ababa University. The main objectives of this study will be to identify motivation, challenges and performance of tourism entrepreneur. In this regard, the findings of the study will have some contribution on the current motivation to start up, challenges confronting and performance related issues of the business.

Besides, the findings of the study will also have some practical implications for tourism development in Ethiopia. Hence, your participation in this study is crucial for the success of the study. Therefore, you are kindly requested to take some minutes from your precious time and provide your genuine responses to the questions under this survey questionnaire. Any information provided will be treated with utmost confidentiality and no single response will be reported on its own, but as a summation of all responses.

The questions are mostly close ended questions, which are easier to provide responses. There is no any right or wrong answer. Just provide me your genuine answers by making circles for the choices or putting a tick mark when appropriate. Whenever there is a need some open ended questions, which need responses in writing, are also included in this questionnaire. If you have any question, I can be reached by the address below.

Nb. No need of writing your name.

Thank you in advance for your cooperation.

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Questionnaire code:

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**Part I. General information of the respondents**

- a. Sex                1. Male                                 2. Female
- b. Age                1. 20-25                                 2. 26-30                 3. 31-35                    4. >35
- c. Marital Status   1. Married    2. Single    3. Divorced      4. Widowed
- d. What was the highest educational level you attained? 1. Elementary (Grade 1-8)
- 2. High School (Grade 9-12)      3. TVET Certified         4. Diploma
- 5. First Degree                                 6. Masters and above
- e. How many years of experience do you have in this business? 1. Less than three years  2.  
                              Three years                 3. Four years         4. Five years     5.  Above five years

**Part II. Questions related to the factor that motivates entrepreneurs to start up their business.**

Q1. How has the idea to start this business come up? To what extent do you agree with the following motivational factors to start your souvenir business? Please rate each of the statement in the table below by using the following scale:

1. Strongly disagree 2. Disagree 3. Moderately agree/ disagree 4. Agree 5.Strongly agree

No	Reasons to start this business /pull/ factors	Scale				
		1	2	3	4	5
1	The idea to start this business has come due to the profitability of the business					
2	I have learned about this business by my own					
3	I look upon my work as simply a way to set my goals					
4	I started this business to be my own boss independently					
5	I engaged in this business to have a chance of protecting my interest					
6	To be closer to my family					
7	To be innovative on my own businesses and get income					
8	I am a self-reliant person to start and manage this business					
9	Because I have ability to deal with problems that come up while running the business					
10	I developed this idea, because of I am skilled					
11	I am generally cautious about accepting new ideas					

12	I am an imaginative and right person and able to run this business					
13	It is my interest to run this business					
14	Potential or existing customers motivated me					
15	To get recognition from my accomplishment					
16	To be always a person belongs to functioning better					

Q2. Which of the following statements corresponds with your opinion on startup of your business and pushed you away? Please give to each item on the scale below, show the extent to which you consider each statement listed reflects your opinion by using the following scale:

1. Strongly disagree 2. Disagree 3. Moderately agree/ disagree 4. Agree 5.Strongly agree

No	Statements that pushed business startups /push factors/	Scale				
		1	2	3	4	5
1	I have started the current business because I was unemployed person					
2	I started this business because I was not satisfied with my previous job					
3	The budget I had allowed to run only this business					
4	The entrepreneur Incentives and loan support of the government					
5	The prevention of my previous job					
6	The own initiative to prove one's worth in the market					
7	The response to Favorable Business					
8	Contribution of other members to family Income and taking risk					
9	I stay here and find it as only way to make a living otherwise I will fail					
10	Finding more paid work and being secured is a prime element in my life					
11	To avoid having work for others					

**Part III. Question related to challenges of business performance**

Q1. In your opinion, which item are the most important challenges of your business performance under each of the constraining factors? Please read all of the items under each factor first and rank the most one challenges as 1, the second challenge as 2, the third challenge as 3 and the 4 one as the 4<sup>th</sup>.

No	Employee related challenges	Rank Order
3.1	Turnover of employee	
	Low skilled employee	
	Shortage of man power	
	Hiring new employee	

No	Legal issue related challenges	Rank Order
3.2	Too much Government taxation	
	Complex Bureaucracy	
	Existed political instabilities	
	Corruption in sanction of subsidy, incentive & loan of Government	

No	Financial related challenges	Rank Order
3.3	Obtaining short term finance	
	Obtaining long term finance	
	In adequate financial supply of agencies such as Bank	
	Limited working capital	

No	Competitions related challenges	Rank order
3.4	Raw material	
	Market	
	Price	
	Product	



No	Location related challenges	Rank Order
3.5	Nearness to the airport	
	Accessibility	
	Safe/secured location	
	Nearness to the attraction /museums /	

No	Training related challenges	Rank Order
3.6	Lack of managerial training	
	Lack of accounting records and training	
	Customer handling training problem	
	Marketing related	

No	Marketing related challenges	Rank Order
3.7	Inadequate advertising	
	Inadequate publicity and promotion	
	Poor marketing knowledge	
	Low market demand	

#### **Part IV. Questions related to business performance**

How do you evaluate your business performance over the last years? Please rate the following questioners used to measure your business performance by using:

1. Decreased dramatically 2. Decreased somewhat 3. Remained/ stayed the same 4. Increased somewhat 5. Increased dramatically and circle the number matches your opinion.

Q1. How do you see the change in your annual sales over the last three years in comparison to other competitors?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat
5. Increased dramatically

Q2. In your opinion how do you see your firm's profit within the last three years of functioning in this business?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat
5. Increased dramatically

Q3. How do you see the changes in your firm's total assets within the last three years of running this business?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat
5. Increased dramatically

Q4. How do you evaluate the changes in number of employees in your business over the last three years in your opinion?

1. Decreased dramatically
2. Decreased somewhat
3. Remained/ stayed the same
4. Increased somewhat
5. Increased dramatically

**Thank you very much!!!**

## APPENDIX

### Principal factor analysis output for pull factors

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.771
Approx. Chi-Square	393.592
Bartlett's Test of Sphericity    Df	78
Sig.	.000

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.836	29.511	29.511	3.836	29.511	29.511	2.296	17.665	17.665
2	1.294	9.958	39.469	1.294	9.958	39.469	1.804	13.877	31.543
3	1.194	9.182	48.651	1.194	9.182	48.651	1.750	13.464	45.007
4	1.125	8.657	57.308	1.125	8.657	57.308	1.599	12.301	57.308
5	.848	6.521	63.829						
6	.821	6.317	70.146						
7	.721	5.546	75.692						
8	.693	5.334	81.026						
9	.688	5.294	86.319						
10	.560	4.308	90.627						
11	.471	3.623	94.250						
12	.430	3.310	97.560						
13	.317	2.440	100.000						

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

	Component			
	1	2	3	4
1. The idea to start this business has come due to the profitability of the business				.660
16.To be always a person belongs to functioning better				.763
13. It is my interest to run this business				.664
3. I look upon my work as simply a way to set my goals	.743			
4. I started this business to be my own boss independently	.590			
5. I engaged in this business to have a chance of protecting my interest	.767			
8. I am a self-reliant person to start and manage this business	.589			
7. To be innovative on my own businesses and get income by being creative		.696		
11. I am generally cautious about accepting new idea		.678		
2. I have learned about this business from my own		.627		
10. I developed this idea, because of I am skilled			.632	
9. Because I have ability to deal with problems that come up while running the business			.604	
12. I am an imaginative and right person and able to run this business			.770	

**Principal factor analysis output for push factors**

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.739
Bartlett's Test of Sphericity	Approx. Chi-Square	219.827
	df	45
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.942	29.422	29.422	2.942	29.422	29.422	1.793	17.925	17.925
2	1.306	13.061	42.482	1.306	13.061	42.482	1.678	16.778	34.703
3	1.068	10.676	53.159	1.068	10.676	53.159	1.396	13.959	48.662
4	1.892	8.925	62.083	1.892	8.925	62.083	1.342	13.421	62.083
5	.823	8.232	70.316						
6	.696	6.959	77.275						
7	.665	6.654	83.928						
8	.629	6.290	90.218						
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Rotated Component Matrixa

	Component			
	1	2	3	4
1.I have started the current business because I was unemployed person				.848
4.The entrepreneur Incentives and loan support of the government				.772
2.I started this business because I was not satisfied with my previous job		.693		
5.The prevention of my previous job		.847		
11.To avoid having work for others		.551		
6.The own Initiative to prove one's worth in the market			.735	
7.The response to Favorable Business			.777	
8.Contribution of other members to Family Income and risk taking	.802			
9.I stay here and find it as only way to make a living otherwise I will fail	.526			
10. Finding more paid work and being secured is a prime element in my life	.680			